Annual Report 2002

contents

Contents

address to shareholders

Address to shareholders

Dear Shareholders,

During 2002, Zurich Airport felt the full impacts of the dissolution of SAirGroup, which gave rise to the need for comprehensive restructuring measures. The fundamental changes in ownership also led to a number of major challenges. Existing structures had to be completely reorganised, a task which Unique (Flughafen Zürich AG) successfully mastered. We were able to extract all the airside functions and infrastructures that are essential for airport business from the operations previously controlled by SAirGroup and now under new ownership, and bring them under our own control. This means that we have eliminated all interconnections with and dependencies on external providers in the area of airside operations. We can therefore look back on a period of extremely intensive activity. But we still have a very busy time ahead of us, partly due to the step-by-step hand-over of components associated with expansion stage 5, but also in view of the political uncertainties throughout the world and their impacts on international civil aviation, and the ongoing debate on the home front concerning the function, size and operation of Zurich Airport. Unique (Flughafen Zürich AG) has proved to be extremely resilient in the past, however, and it has a smoothly functioning management and highly motivated employees.

Traffic volume and course of business

The changeover from Swissair to our new main client, Swiss, has had a significant impact on the traffic volume at Zurich Airport. Our new home carrier is approximately 25% smaller than its predecessor (Swissair/Crossair). The overall traffic volume in Zurich diminished by 3 million passengers (or around 14.6%) versus the prior year, and this was primarily attributable to the lower capacity of the new home carrier, whose share of the overall traffic volume fell from 64% to 60%. Transfer passengers (whose share of the overall passenger volume decreased from 46% to 38%) accounted for two thirds of the decline in passenger volume.

The drop in the number of flight movements was less pronounced at around 9%. This was mainly due to the fact that other airlines – most notably Lufthansa, British Airways, Iberia, Austrian Airlines and easyJet – stepped up their services to Zurich and thus partially compensated for the reduction in our home carrier's schedule.

The reported results are in line with group expectations. At 528 million Swiss francs, earnings were approximately 2% below the prior-year figure. It was not possible to fully compensate the lower earnings in the Non-Aviation segment (revenue from multi-storey car parks, retail outlets and duty-free shops) through additional income in the Aviation segment (revenue from the baggage handling and aircraft energy supply systems with effect from 1 January 2002). At 320 million Swiss francs, the total operating costs were approximately 9% below the corresponding prior-year figure, which included the bad-debt write-offs due to the SAirGroup crisis. If we exclude these write-offs, operating costs rose by approximately 3.6%. Expenditure was higher in the areas of personnel and security (additional personnel for operating the infrastructure relating to the take-over of airside operations, and additional security costs as a consequence of the events of 11 September 2001) and maintenance and materials, while the costs associated with energy and waste disposal and other operating costs declined.

Profit before interest and taxes (EBIT) rose sharply from 7.7 million Swiss francs to 69.1 million. The reported group profit of 8.1 million Swiss francs reflects write-offs to the tune of 138 million Swiss francs, versus the prior-year figure of 178 million Swiss francs (including special write-offs totalling 49.6 million Swiss francs distributed as follows: Freight East, 24.0 million; demolition of parts of terminals A and B, 18.0 million; catering facilities in terminals A and B, 2.3 million; and Bus Gate South, 5.3 million).

In 2002, Unique (Flughafen Zürich AG) generated cash flow from business activities amounting to 330 million Swiss francs (prior year, 209 million), while the net outflow of resources totalled 455 million Swiss francs (prior year, 627 million), mainly due to the large investments in expansion stage 5 as planned for this period.

Cash flow rose from 1.577 million Swiss francs to 1.854 million in 2002. Once expansion stage 5 reaches completion in 2004, the self-financing potential of Unique (Flughafen Zürich AG) will allow us to reduce our financial liabilities.

In view of the uncertainties concerning the development of the global civil aviation sector against a backdrop of military conflicts and acts of terrorism, the course of business of the national airline, Swiss, and the obligations to compensate losses incurred during the prior year, the Board of Directors has resolved to waive the payment of a dividend again for this year.

In the Non-Aviation segment, the focus was clearly on planning and licensing activities in preparation for the opening of the new commercial zones. The situation with regard to rental of real estate is especially pleasing. Despite the considerable upheavals among our tenants and the resulting cancellations of rental agreements, we were able to rent practically all our office and commercial space again by the middle of the year.

As far as commercial activities are concerned, earnings for the year were satisfactory, despite the inconvenience and disturbances caused by the ongoing construction work. This was largely a result of intensive client relationship management, numerous PR and promotion campaigns, and consistent implementation of new marketing concepts.

Current issues

Treaty with Germany

At its June 2002 session, the National Council resolved not to ratify the civil aviation treaty concerning approaches to Zurich Airport over German airspace negotiated a year earlier between the transport ministers of Switzerland and Germany. The Council of States, at its winter session, referred the matter back to its transport commission, at the same time requesting the Federal Council to examine the potentials for renegotiating the contents of the treaty. The ensuing discussions held in February 2003 resulted in a deadlock, however, and this means that the treaty will not be renegotiated. Despite the fact that it was far from certain whether Parliament would ratify the treaty, certain measures nonetheless had to be implemented in advance, namely the introduction of a "weekend clause" that came into effect as of the end of October 2002 and which imposes longer curfews for approaches via Germany at weekends and on public holidays. As before, Unique (Flughafen Zürich AG) is of the opinion that this treaty is unacceptable in its present form, since it is discriminatory and severely hampers the future development of Zurich Airport.

Operating regulations

Following a comprehensive evaluation of a number of options with respect to the future operating regulations, Unique (Flughafen Zürich AG) decided in favour of a concept that focuses on operations with an orientation towards the north. Into the medium term, the operating system that has been in place to date is to serve as the basis for the new regulations. The only deviations here concern those that may be imposed upon us by compelling legal provisions governing approaches via German airspace. At the same time we aim to start planning for an efficient and suitable long-term solution that will also be based on an orientation towards the north. It is especially important to ensure that these efforts take into account area planning issues as well as operational considerations.

Status of expansion stage 5

During 2002, work on the different projects within the scope of expansion stage 5 proceeded according to plan. This means that we will be able to complete and hand over a variety of objects for operation in the course of 2003. Costs are in line with the budget, and work is progressing on schedule. The decision to put certain components into operation even despite the recent fall-off in traffic volumes must be viewed against the fact that expansion stage 5 was initially planned more than ten years ago. The electorate of the Canton of Zurich originally decided in favour of the expansion proposal by the former Flughafendirektion, which was then under the control of the Canton of Zurich Department of Economic Affairs, on the occasion of the cantonal referendum held in 1995.

The development of an airport and its infrastructure always has to be aligned on long-term demand. This means that expansions have to be planned and implemented in comprehensive stages without regard to short-term fluctuations in demand. Generally speaking, it is not realistic to expect that new infrastructures will be fully utilised immediately upon completion after so many years of planning and construction work.

Outlook

The future of Zurich Airport will depend on the trend in the civil aviation sector in general, as well as on the development of the airline Swiss, the trend in the global economy and the currently almost incalculable geopolitical risks. Unique (Flughafen Zürich AG) is therefore examining several options for discontinuing the use of certain parts of the airport infrastructure and/or using these in other ways, should passenger volumes decline to an extent that would make such action necessary.

During 2003, Unique (Flughafen Zürich AG) will be handing over a number of important components of expansion stage 5 for operation. The launch of the first stage of the new landside complex will significantly increase the range of shopping and service facilities, and when Dock E (Midfield) is officially opened, Zurich Airport will have an ultra-modern and extremely user-friendly dock with 27 aircraft stands at its disposal.

We would like to take this opportunity to sincerely thank all our employees for their valuable efforts and outstanding commitment. We also extend our thanks to all our shareholders as well as to our clients and business partners for the confidence they have placed in the future of Zurich Airport.

Zurich Airport, 27 February 2003

Andreas Schmid
Chairman of the Board of Directors

Josef Felder
Chief Executive Officer

key data

Key data

Key financial data

(CHF thousand, all amounts in accordance with International Financial Reporting Standards [IFRS])

	2002[1]	2001	Change in percent
Turnover	527,555	537,726	–1.9%
of which income from aviation operations	287,324	279,738	+2.7%
of which income from non-aviation operations	240,231	257,988	–6.9%
Operating costs	320,191	351,595	–8.9%
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	207,364	186,131	+11.4%
EBITDA margin	39.3%	34.6%	
Result	8,117	(36,245)	+122.4%
Investments	547,102	666,039	–17.9%
Cash flow[2]	138,008	133,867	+3.1%
Capital employed	2,544,873	2,170,015	+17.3%
Return on average capital employed (ROCE)	2.1%	0.3%	
Shareholders' equity as of 31 December	819,062	833,117	–1.7%
Return on equity	1.0%	–4.1%	
Equity ratio	27.5%	31.5%	
Interest-bearing debt (net)	1,834,914	1,565,751	+17.2%
Interest-bearing debt/EBITDA	8.85x	8.41x	

Key operational data

	2002[1]	2001	Change in percent
Number of passengers	18,401,178	21,012,282	–12.4%
Number of flight movements	282,154	309,230	–8.8%
Freight in tonnes	421,811	492,869	–14.4%
Number of full-time positions as of 31 December	1,286	1,215	+5.8%
Number of employees	1,449	1,406	+3.0%

Key data for shareholders

	2002	2001	Change in percent
Number of issued shares	4,912,300	4,912,300	
Proposed dividend per share (in Swiss francs)	0.00	0.00	
Dividend total in thousand Swiss francs	0.00	0.00	
Payout ratio	0.0%	0.0%	
Capital per share (in Swiss francs)	166.75	169.60	–1.7%
Earnings/(loss) per share (in Swiss francs)	1.70	(7.48)	+122.7%
Adjusted share price (Swiss francs) high	136.75	277.00	
low	42.00	88.00	
	Sec. number	SWIX symbol	Reuters
Flughafen Zürich AG registered share	1,056,796	UZAN	UZAZn.S

[1] Consolidated figures including interests in three airports in Chile

[2] Result for year plus depreciation and amortisation and change in long-term provisions

Comments on the financial statements

Comments on the result

The dissolution of SAirGroup had a significant impact on Zurich Airport during the 2002 financial year. The associated restructuring process (including our take-over of infrastructures for airside operations such as the baggage handling and aircraft energy supply systems) resulted in additional investments as well as higher income and increased costs.

At 528 million Swiss francs, the turnover for 2002 was 1.9% down versus the prior year. The operating result before write-offs (EBITDA) rose by 11.4% to 207 million Swiss francs, which is equivalent to an EBITDA margin of 39.3% (prior year, 34.6%). The reported group profit of 8.1 million Swiss francs is in line with expectations.

The group financial statements include the interests acquired during 2002 in companies in Chile that operate the following three airports in that country: Calama, La Serena and Puerto Montt (see explanatory notes on the group financial statements, "Changes in the consolidation structure" and "Further details", note 6, "Composition of the group").

The Board of Directors therefore petitions the Annual Meeting of Shareholders to approve its proposal not to pay a dividend for the year 2002.

Trend in traffic volume

In the year under review, the figures for the three airports in Chile (over which the group has control through the holdings in the Chilean operating companies) have been included in the key operational data for the first time. Only the number of passengers is reflected here, since the operators each hold a licence to operate the respective terminals (right to collect the relevant licence income such as passenger fees, retail income, etc.):

	Zurich	Puerto Montt (El Tepual)	Calama (El Loa)	La Serena (La Florida)	Total 2002	Total 2001	Change in %
Number of passengers	17,948,058	253,856	106,011	93,253	18,401,178	21,012,282	–12.4%
Number of flight movements	282,154	–	–	–	282,154	309,230	–8.8%
Freight in tonnes	421,811	–	–	–	421,811	492,869	–14.4%

Result by segment

The two segments that form the basis for segment reporting are defined as follows:

Aviation

This segment secures the construction, operation and maintenance of the airport operations infrastructure. It incorporates all the core services provided to airlines and passengers by Unique (Flughafen Zürich AG) in its capacity as operator of Zurich Airport.

These services include the runway system, all apron zones (including control activities), passenger zones in the terminals, freight operations, baggage handling and aircraft energy supply systems, passenger handling and services, safety and security, and airport police activities.

The main sources of income in the Aviation segment are passenger and landing fees. Third-party earnings here are determined by passenger volumes, flight volumes and the trend with respect to aircraft take-off weights.

Non-Aviation

Non-Aviation encompasses all activities relating to the development, marketing and operation of the commercial infrastructure at Zurich Airport.

This segment includes all retail operations at the airport, revenue from rented premises and supplementary costs (energy supply, etc.), parking fees plus a broad range of commercial services provided by Unique.

For reporting purposes, we have adopted the method of allocation of each profit centre to a primary segment. Any internal supplies and services that have been provided for the other segment have been booked as inter-segment earnings or offset against costs.

For example, the Information and Communications Technology (ICT) profit centre is allocated to Non-Aviation as primary segment, and proportionate costs are charged to Aviation on a "user pays" basis. Similarly, our corporate centres are allocated to Non-Aviation as primary segment, and are offset accordingly.

Earnings from third parties

Breakdown of earnings by segment:

CHF million	2002	2001	Change in %
Segment			
Aviation	287.3	279.7	+2.7%
Non-Aviation	240.2	258.0	–6.9%
Total	527.5	537.7	–1.9%

Despite a further drop in traffic volume, the Aviation segment posted earnings growth of 2.7% thanks to additional income from the operation of the baggage handling and aircraft energy supply systems (with effect from 1 January 2002). Furthermore, we were able to pass on some of the additional costs that were incurred in the Safety & Security division to the airlines.

Overall earnings from the Non-Aviation segment fell by almost 7%, and this trend may be explained as follows:

Revenue from multi-storey car parks, retail outlets and duty-free shops fell by 5.2%, since these operations depend greatly on passenger volumes. Income from advertising media and promotion was almost the same as in the prior year (minus 2.7%). Thanks to increases in turnover fees and additional earnings from vending machines and entertainment facilities, other licence revenue rose by approximately 17%.

Third-party income from fixed rentals and energy and incidental cost allocation fell sharply as a result of the take-over of the baggage handling and aircraft energy supply systems. There was a decline of 16.4 million Swiss francs to 95.7 million (minus 14.6%).

Income from services rose by 4% to 26.0 million Swiss francs. This figure includes 2.1 million Swiss francs for external consulting services provided by the company (2001: 0.8 million Swiss francs).

Segment results

CHF million	2002	2001	Change in %
Segment			
Aviation	(7.0)	(69.7)	+90.0%
Non-Aviation	76.1	77.3	–1.6%
Total	69.1	7.6	+809.0%

Personnel costs rose by 7.3% during 2002, from 127.8 million Swiss francs to 137.2 million. The take-over of the baggage handling and aircraft energy supply systems included the corresponding personnel (17 jobs, which also generated additional earnings). And for the first time, the figure includes the 43 jobs associated with the take-over of the three airports in Chile. The increase in contributions to the "Beamtenversicherungskasse des Kantons Zürich" (BVK) pension fund from 6.7 million Swiss francs to 9.0 million was primarily attributable to the discontinuation of the premium reduction with effect from 1 January 2002.

Number of full-time positions by segment:

(as of 31 December, in CHF million)	2002	2001	Change in %
Segment			
Aviation	600	558	+7.5%
Non-Aviation	686	657	+4.4%
Total	1,286	1,215	+5.8%

Employees active in the area of support (Finance & Controlling, Human Resources, Corporate Communications) have been allocated to the Non-Aviation segment. These costs have been booked accordingly to each segment on a "user pays" basis. Costs in the area of **police and security** rose again by 2.3% versus the prior year despite significantly lower traffic figures. The costs for services provided by the Zurich cantonal police force increased by 4.4% to 68.3 million Swiss francs, while costs for external security personnel fell by 17.2% to 5.9 million Swiss francs. The higher costs for services provided by the Zurich cantonal police force were attributable to the more intensive security measures which were introduced following the events of 11 September 2001 and are still in place. These amounted to 2.4 million Swiss francs, and can only be passed on to the airlines to a limited extent.

Total **operating costs** were 8.9% lower than in the prior year (320 million Swiss francs versus 352 million in 2001, including written-off debts due to the SAirGroup crisis amounting to 42.45 million Swiss francs). If we exclude these write-offs, operating costs were up by around 36%. The higher expenses in the areas of personnel, security, maintenance and materials were only partially offset through lower costs in the areas of energy and waste and miscellaneous operations.

A total of 547.1 million Swiss francs was **invested** during 2002, versus 666 million in the prior year. Overview of investments by category:

CHF million	**2002**	**2001**
Land	0.0	0.6
Movables	11.2	29.4
Projects in progress (leasing)	33.9	32.8
Projects in progress	482.0	564.2
Intangible assets	17.9	8.7
Financial assets	2.0	30.3
Total	547.1	666.0
Portion of which for expansion stage 5	429.7	456.2

The investments reported under "Projects in progress" include not only investments pertaining to expansion stage 5, but also the acquisition of six special vehicles for the cleansing of aprons, runways and taxiways (4.8 million Swiss francs), investments in the aircraft de-icing system for Dock E (Midfield; 4.3 million Swiss francs), the new DARTS software for landings and take-offs (3.1 million Swiss francs) and other investments in the area of information and communications technology (7.6 million Swiss francs).

During 2002 we covered 25.2% of our investments (prior year, 20.1%) via cash flow.

At 138.3 million Swiss francs, **write-offs** were 22.5% lower than the prior-year figure of 178.5 million Swiss francs (which included 50 million Swiss francs for special write-offs due to the events of autumn 2001). If we exclude these special write-offs, the figure for 2002 rose by 7.3%. The facilities directly associated with Dock E (Midfield) – encompassing Dock E, the surrounding apron, the road tunnel serving as a link to Dock E, plus Skymetro, including the station in the new Airside Center – represent a special case. These were originally intended to be handed over for operation in autumn 2002 (actual completion date), but the opening date was postponed and has now been set for 1 September 2003. This means that, as of 1 November 2002, no more interest on borrowings and no more expenditure will be capitalised. Also with effect from 1 November 2002, due to minimal technical wear and tear these objects will be written off pro rata at 1/3 of the normal annual depreciation rate until they are effectively put into operation. The booked 1/3 pro rata write-off for the year amounts to 1.5 million Swiss francs (the amount for the full year would have been 4.5 million Swiss francs pro rata). This procedure was adopted following consultation with, and the approval of, our auditors.

Capital expenditure rose by 31% to 62.8 million Swiss francs in 2002. This change is mainly attributable to an increase in interest-bearing borrowings and additional expenditure associated with the interest rate swap held by the company.

board of directors and management

Board of Directors

Chairman

Andreas Schmid
Chairman of the Board of Directors
of Barry Callebaut AG

Vice Chairman

Dr. Ruedi Jeker
Member of the Cantonal Government,
Economic Director of the Canton of Zurich

Members

Dorothée Fierz
Member of the Cantonal Government,
Head of Construction and Land Development,
Canton of Zurich

Dr. Christian Huber
Member of the Cantonal Government,
Financial Director of the Canton of Zurich

Dr. Elmar Ledergerber
Mayor of the City of Zurich

Jacob Schmidheiny
Chairman of the Board of Directors of Conzetta Holding

Dr. Martin Wetter
Member of the Executive Board of Credit Suisse

Eduard Witta
Civil Engineer, co-owner of MWV Bauingenieure AG

General Secretary

Thomas Egli

Advisory Board

Chairman

Andreas Schmid
Chairman of the Board of Directors of
Unique (Flughafen Zürich AG)

Vice Chairman

Dr. Ruedi Jeker
Vice Chairman of the Board of Directors of
Unique (Flughafen Zürich AG)

Members

Urs Adam
Deputy Director, Federal Office for Civil Aviation

Dr. Lukas Briner
Director, Zurich Chamber of Commerce

Bruno Heinzelmann
Mayor of Kloten

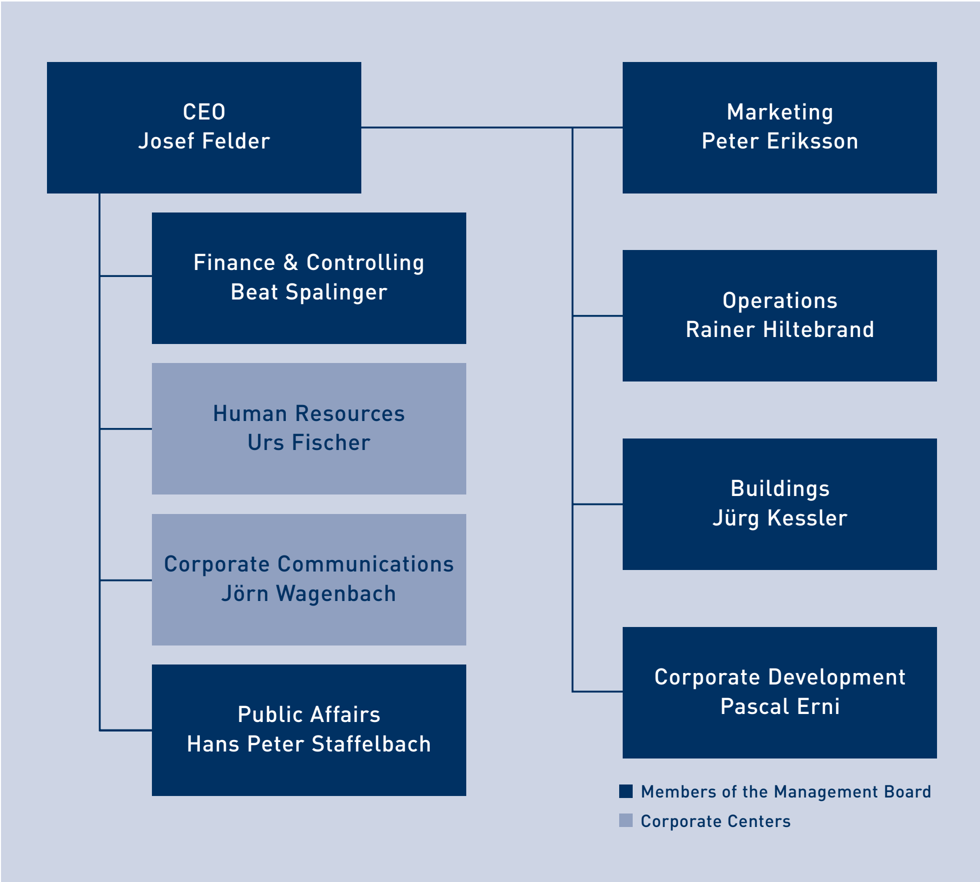
Prof. Dr. Franz Kellerhals
Chairman of the Board of Directors of Skyguide

Dr. Thierry Lalive d'Epinay
Chairman of the Board of
Directors of Swiss Federal Railways

Vreni Spoerry
Member of the Council of States

Dr. Sven von Ungern-Sternberg
Chairman of the Regional Council,
Freiburg im Breisgau (Germany)

Organisation, 2002



corporate governance

Information concerning corporate governance

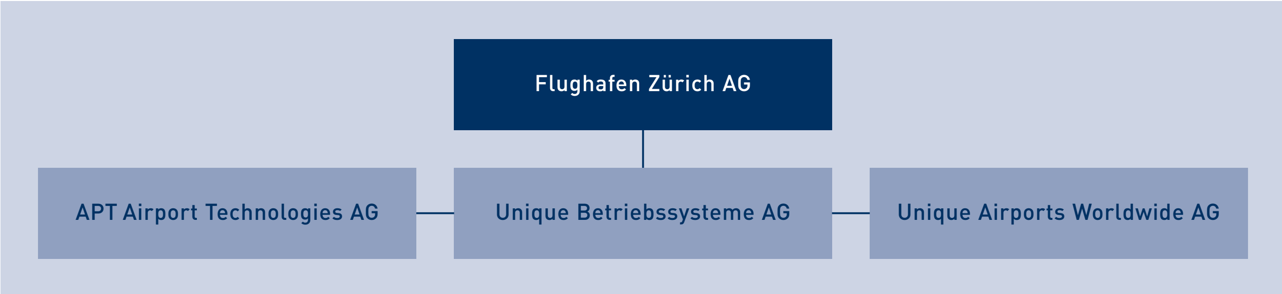
in accordance with the Corporate Governance Guidelines of SWX Swiss Exchange dated 17 April 2002.

Group and capital structures

Group structure

Apart from Flughafen Zürich AG, the consolidated group does not comprise any other listed companies, but it does include the following three unlisted companies:

Name	Domicile	Share capital	Holding
APT Airport Technologies AG	Kloten	CHF 100,000	100% Flughafen Zürich AG
Unique Betriebssysteme AG	Kloten	CHF 100,000	100% Flughafen Zürich AG
Unique Airports Worldwide AG	Kloten	CHF 100,000	100% Flughafen Zürich AG



Capital structure

The group's ordinary share capital amounts to 245,615,000 Swiss francs, which is divided into 4,912,300 fully paid-up registered shares with a nominal value of 50 Swiss francs each. No approved or conditional capital, no participation or dividend right certificates and no outstanding convertible bonds or options existed as of balance sheet date.
The changes in share capital, reserves and net balance sheet loss during the past three years are shown in the financial section of this Annual Report (see balance sheet at 31 December 2002 and 31 December 2001, financial statement according to the provisions of commercial law, p. 89) and the Annual Report 2000 (covering the year 2000).

Shareholder structure and voting rights

Major shareholders

As of balance sheet date (31 December 2002), the Canton of Zurich held 49% and the City of Zurich held 5.41% of the company's shares/voting rights. There were no other shareholders whose holdings exceeded 5% of the total number of shares with voting rights. As reported in the disclosures of shareholdings as required by the provisions of the Swiss Stock Exchange Act, during the year under review UBS Fund Management (Switzerland) AG, Basel, exceeded the level of 5% on 31 January 2001 (5.069%) and subsequently reduced its holdings to 4.969% on 17 October 2002.
There are no cross-holdings and no shareholder agreements of which the company is aware.

Control adjustment

The company's Articles of Incorporation contain an opting-up clause which stipulates that, in the event that the threshold at which an offer is required in accordance with the provisions of the Swiss Stock Exchange Act should be exceeded, it shall be raised to 49%.
No clauses exist regulating a change of control in favour of members of the Board of Directors or Management Board.

Limitation of transferability of shares and nominee registrations

Registration with voting rights is limited to 5% of the share capital. This limit applies both to individual investors and groups of shareholders, with the exception of the Canton of Zurich (limit = 49%) and the City of Zurich (limit = 10%). Other exceptions may be granted by the Board of Directors, specifically in association with contributions in kind, participations, mergers and easing of tradability of shares on the stock market. No exceptions were granted during the year under review.
The above limitations with respect to transferability are stipulated in the company's Articles of Incorporation, which may be amended by resolution of the General Meeting of Shareholders by a $2/3$ majority of represented votes.
Nominees are exclusively registered as shareholders without voting rights.

Voting rights at the General Meeting of Shareholders

Entries in the share register are normally made up to one week before the General Meeting of Shareholders.
With respect to the convening of the General Meeting of Shareholders and inclusion of items on the agenda, no statutory regulations exist that deviate from the relevant legal provisions.

In accordance with the Articles of Incorporation, all shareholders are entitled to appoint another registered shareholder to act on their behalf at the General Meeting of Shareholders upon presentation of a written power of attorney.
A qualified majority in accordance with Article 704 of the Swiss Code of Obligations is also required for the following cases in addition to those defined in the above legal provisions:
– Amendments to the Articles of Incorporation
– Easing or elimination of limitations with respect to transferability of registered shares
– Conversion of registered shares into bearer shares

Board of Directors

Election and term of office

Members of the Board of Directors are elected by the General Meeting of Shareholders for a term of office of 4 years. They may stand for re-election, though members of the Board of Directors are required to step down for age reasons at the General Meeting of Shareholders that is held in the year in which they turn 71. The current term of office for all members of the Board of Directors elected by the General Meeting of Shareholders expires as of the 2004 Annual General Meeting (AGM).
In accordance with Article 762 of the Swiss Code of Obligations, the Canton of Zurich has a statutory entitlement to appoint three of seven or eight, or four of nine persons to the Board of Directors.

Members

Andreas Schmid
Swiss citizen; MA (Law); member of the Mövenpick group executive board from 1993 to 1997, then CEO of Jacobs AG (until 2000) and Barry Callebaut AG (until mid-2002); also Chairman of the Board of Directors of Barry Callebaut AG since 1999.
Member of the Board of Directors since the 2000 AGM.
Other activities and commitments: Chairman of the Board of Directors of Kuoni Holding AG; member of the Board of Directors of Adecco SA; member of the Advisory Board of Credit Suisse.

Dorothée Fierz
Swiss citizen; qualified teacher; full-time politician since 1991, member of the government of the Canton of Zurich since 1999.
Appointed to the Board of Directors in 2000.
Other activities and commitments: Member of the Board of Directors of AXPO, NOV and EKZ.

Christian Huber
Swiss citizen; PhD (Law); 1981 to 1999, positions as public prosecutor, presiding judge and foreman of the jury; member of the government of the Canton of Zurich since 1999.
Appointed to the Board of Directors in 2000.
Other activities and commitments: Member of the Board of Directors of Vereinigte Schweizerische Rheinsalinen AG.

Ruedi Jeker
Swiss citizen; PhD (Technical Sciences), Federal Institute of Technology; member of the government of the Canton of Zurich since 1999.
Member of the Board of Directors since 1999 (appointed to the board of former Flughafen Immobilien Gesellschaft).
Other activities and commitments: Member of the Board of Directors of Messe Schweiz AG; Chairman of the "Greater Zurich Area" foundation.

Elmar Ledergerber
Swiss citizen; MA, member of the Zurich City Council since 1998, Mayor of the city of Zurich since 2002.
Member of the Board of Directors since 1998 (originally appointed to the Board of Directors of Flughafen Immobilien Gesellschaft as part of the statutory entitlement of the City of Zurich; elected by the General Meeting of Shareholders in 2000).
Other activities and commitments: none.

Jacob Schmidheiny
Swiss citizen; MA (Economics); managing director of Conzzeta Holding (formerly Zürcher Ziegeleien) from 1978 to 2001, Chairman of the Board of Directors since 1984.
Member of the Board of Directors since the 1982 AGM (former Flughafen Immobilien Gesellschaft).
Other activities and commitments: none.

Martin Wetter
Swiss citizen; PhD (Law); joined Credit Suisse Group in 1973 (focus on commercial and financial participations divisions). Member of the Board of Directors since the 1993 AGM (former Flughafen Immobilien Gesellschaft).
Other activities and commitments: Member of the Board of Directors of Zürcher Freilager AG.

Eduard Witta
Swiss citizen; MA (Civil Engineering), Federal Institute of Technology; own engineering business since 1969.
Member of the Board of Directors since the 1982 AGM (former Flughafen Immobilien Gesellschaft).
Other activities and commitments: none.

None of the members of the Board of Directors hold executive positions, and none were members of the management board of Unique (Flughafen Zürich AG) or any of its group companies during the three financial years prior to the period under review.

The following business relationships between members of the Board of Directors or the entities they represent and Flughafen Zürich AG are deemed significant and thus worthy of mention:
Within the scope of a framework credit agreement, the Canton of Zurich – in the government of which members of the Board of Directors Dorothée Fierz, Christian Huber and Ruedi Jeker hold seats – has granted Unique (Flughafen Zürich AG) a loan in the amount of 826 million Swiss francs with a duration of 10 years, of which 400 million Swiss francs had been drawn as of 31 December 2002.
Credit Suisse – on the executive board of which member of the Board of Directors Martin Wetter holds a seat – is one of the principal banks of Flughafen Zürich AG.

No cross-ties exist in the form of mutual membership of boards of directors of listed companies.

Internal organisation

Chairman of the Board of Directors: Andreas Schmid
Vice Chairman: Ruedi Jeker

The Board of Directors has formed the following committees:

Audit & Finance Committee
Members: Jacob Schmidheiny (Chairman), Christian Huber, Elmar Ledergerber, Andreas Schmid
Duties: This committee is responsible for close supervision of the annual accounts and monitoring of compliance with the accounting principles, evaluation of financial reporting and auditing activities, assessment of findings obtained from audits and recommendations by the auditors, definition of the group's financing policy and examining business transactions of special importance.

Nomination & Compensation Committee
Members: Martin Wetter (Chairman), Dorothée Fierz, Andreas Schmid
Duties: This committee deals with all issues relating to nomination and/or removal of members of the executive management of the group, including their compensation and questions relating to succession planning. It defines the principles of the group's personnel and compensation policies and ensures that these are duly complied with. It is also responsible for assessing any potential conflicts of interest on the part of members of the Board of Directors or Management Board.

The executive bodies of Flughafen Zürich AG convene meetings as required. As a general rule, the Board of Directors holds approximately 10 meetings a year with an average duration of 5 hours each, while its committees hold 2 to 3 meetings a year with an average duration of 3 hours each. The committees pass on recommendations and submit petitions to the Board of Directors and order clarifications to be carried out by internal or external offices.
The CEO, CFO and General Secretary are regularly invited to attend meetings of the Board of Directors and the Audit & Finance Committee, while the CEO and head of HRM are invited to attend meetings of the Nomination & Compensation Committee. Other members of the Management Board or representatives of the auditors are invited to attend meetings dealing with pertinent topics.

Competence regulations

Based on the Articles of Incorporation, the Board of Directors has issued a set of organisation regulations in accordance with the provisions of Article 216b of the Swiss Code of Obligations. Alongside the duties that are non-delegable by law, the Board of Directors has retained numerous fundamental strategic competencies, in particular those associated with the rights and obligations arising from federal civil aviation concessions, while entrusting the Management Board with the general management of the company.

Information and controlling tools

The Management Board reports to the Board of Directors by means of monthly updates via the Management Information System. This tool encompasses marketing activities, traffic developments, non-aviation business, personnel controlling, balance sheet management, project information and participation management. Since the 2002 business year, quarterly financial statements have also been provided.

Management Board

Members

Josef Felder
Swiss citizen; Chairman.
Qualified accountant/controller; joined Crossair AG in 1989, where he was CFO until 1993, head of Marketing until 1996 and head of Product Management until 1998; joined Flughafen Zürich AG (at that time, Flughafen Immobilien Gesellschaft) in November 1998.
Other activities and commitments: Member of the Board of Directors of skyguide.

Peter Eriksson
Swedish citizen; head of Marketing.
Business and management studies, specialising in commerce and retail; 1976 to 2001, various management positions in the area of marketing and sales at IKEA, Tip Top AG, Jelmoli AG and The Nuance Group AG; joined Flughafen Zürich AG in April 2002.
Other activities and commitments: none.

Pascal Erni
Swiss citizen; head of Corporate Development.
MA (Business Economics), University of St. Gallen; joined Flughafendirektion Zürich in 1992; from 1997, headed up project to separate the airport from the cantonal administration and merge Flughafendirektion Zürich and Flughafen Immobilien Gesellschaft to form Flughafen Zürich AG.
Other activities and commitments: none.

Rainer Hiltebrand
Swiss citizen; head of Operations.
Qualified airline pilot (SLS); joined Swissair as pilot in 1978 (DC9, MD80, MD11, A320, A330); 1999, chief pilot of entire Swissair fleet; joined Flughafen Zürich AG in April 2002.
Other activities and commitments: none.

Jürg Kessler
Swiss citizen; head of Buildings.
MA (Engineering), Federal Institute of Technology, Zurich; MA (Economics), University of Zurich; 1991 to 2000, various management positions at Zurich Insurance; joined Flughafen Zürich AG in February 2001.
Other activities and commitments: none.

Beat Spalinger
Swiss citizen; head of Finance and Controlling.
MA (Business Economics), School of Economics and Business Administration; 1983 to 1986, CFO of a general contracting group; 1986 to 1999, partner at KPMG Fides (head of Corporate Finance); joined Flughafen Zürich AG (at that time, Flughafen Immobilien Gesellschaft) in autumn 1999.
Other activities and commitments: none.

Hans Peter Staffelbach
Swiss citizen; head of Public Affairs.
MA (Engineering), Federal Institute of Technology, Zurich; 1966 to 1985, various positions at IBM; 1981 to 1985, managing director of Heliswiss; 1985 to 2000, managing director of Zurich Airport.
Other activities and commitments: none.

In the year under review there were no management agreements associated with the assignment of management duties to third parties.

Remuneration, participation and loans

Specification and scope of remuneration

Remuneration of active members of the Board of Directors is based on an annual lump sum plus payments for attending meetings. The applicable amounts are specified by the Board of Directors as proposed by the Nomination & Compensation Committee. There are no participation programmes for members of the Board of Directors. The total remuneration paid to members of the Board of Directors during the year under review was 519,750 Swiss francs.
The highest amount paid to a member of the Board of Directors during the year under review was 121,800 Swiss francs.
Remuneration of members of the Management Board is based on individual employment contracts and comprises a fixed salary and a variable performance component that mostly takes the form of shares in the company. The amounts concerned are specified by the Nomination & Compensation Committee. The total remuneration paid to the seven members of the Management Board during the year under review was 2,337,100 Swiss francs.
During the year under review, no severance payments were made to persons who terminated their executive function, and no relevant compensation was paid to resigning members of the Board of Directors or Management Board.

Share allocation and holdings

1,454 company shares were allocated to members of the Management Board during the year under review.
No company shares were allocated to members of the Board of Directors during the year under review.
As of 31 December 2002, the number of company shares held by members of the Management Board and related parties was 5,848.
As of 31 December 2002, the number of company shares held by members of the Board of Directors and related parties was 103,170. (This figure does not include the holdings of the Canton and the City of Zurich as cited under "Major shareholders".)
There are no options on the company shares.

Other fees and remuneration

MWV Bauingenieure AG, whose co-owner Eduard Witta is a member of the Board of Directors, received payments totalling 950,000 Swiss francs for engineering work carried out in association with the airport multi-storey car parks. Otherwise no member of the Board of Directors or Management Board received any remuneration during the year under review for services provided to Flughafen Zürich AG or any of its group companies, the total of which would equal or exceed half the normal remuneration of the person concerned.

Loans to executive personnel

There are no outstanding loans granted by the company to members of the Board of Directors or Management Board.

Auditors

The audit mandate is awarded each year by the General Meeting of Shareholders. The current auditors first assumed their mandate prior to 1992 (at that time for Flughafen Immobilien Gesellschaft), i.e. while the former Company law was still in effect. The current auditor in charge has been responsible for this mandate since 2000.
The fee charged by the auditors for the year under review amounted to 307,381 Swiss francs. The auditors also charged a total of 31,885 Swiss francs for services beyond the scope of the audit mandate.
The Audit & Finance Committee is responsible for supervising and controlling external audits.

Information policy

Shareholders regularly receive information about the company and its activities in the Interim Report and Annual Report, and ongoing developments are reported on in the form of news flashes.
Furthermore, the Investor Relations page on our web site (www.uniqueairport.com) is intended as a permanent source of information to the public.
Contacts:
Postal address: Unique (Flughafen Zürich AG), P.O. Box, 8058 Zurich Airport
Investor Relations: Beat Spalinger, e-mail: beat.spalinger@uniqueairport.com
Corporate Communications: Jörn Wagenbach, e-mail: joern.wagenbach@uniqueairport.com

risk management

Risk management

Comprehensive risk management

Unique (Flughafen Zürich AG) has set itself the strategic goal to have in place a comprehensive risk management system, and is committed to carrying out holistic and systematic risk management. For Unique (Flughafen Zürich AG), risk management means approaching and managing risk in a clearly defined and disciplined manner, thereby securing transparency with respect to all risks associated with our business activities, and constantly improving and monitoring the group's risk situation.

Unique risk management system

Unique (Flughafen Zürich AG) has its own risk management system which serves as one of its corporate governance tools. It came into effect on 1 December 2000 and functions as a valuable practical tool for managing corporate risk. It comprises the following components:

- Risk policy objectives and principles
- Risk management organisation
- Risk management process (method for managing risk)
- Risk reporting and risk dialogue
- Auditing and review of the risk management system
- Risk culture

Risk management organisation forms the backbone of this system and it encompasses the following roles and competencies:

- Board of Directors/Management Board and Chief Risk Officer:
  The Board of Directors and Management Board bear the overall responsibility under company law for securing the group's existence and profitability. The Board of Directors is responsible for the overall supervision of risk management. The Chief Financial Officer is simultaneously the Management Board's risk management officer (Chief Risk Officer).
- Line management (divisions and corporate centres):
  Line units and individual line managers bear the responsibility for risks and they manage these risks within the scope of the risk management system.
- Risk Management Centre:
  The Risk Management Centre is headed by the Corporate Risk Manager, who reports to the Chief Risk Officer. It supports line management in all matters relating to risk management and is responsible for the operation and further development of the risk management system.
- Specialised units:
  Specialised units perform specific risk-related cross-section functions within the group (e.g. cash management, occupational safety and health, information security, fire prevention, emergency management) co-ordinated through the Risk Management Centre.

Current risk situation

In the past, the continued existence of Zurich Airport was largely dependent on SAirGroup. By taking over vital airport infrastructure components (cf. Operations section), Unique was able to minimise the risk for flight operations.

The current risk situation is primarily characterised by the following factors:

- Home carrier:
  The new national airline is Unique's main client. It accounts for approximately 63 percent of Zurich Airport's flight traffic and 60 percent of its passenger volume. Approximately 24 percent of our total turnover (excluding passenger fees) is realised directly through this airline. Although this is a much lower proportion than was the case with the former SAirGroup, the continued development of Unique (Flughafen Zürich AG) nonetheless still greatly depends on the future development of Swiss.
- Falling demand:
  The course of business at Unique (Flughafen Zürich AG) depends on developments in the civil aviation sector throughout the world. Wars and acts of terrorism could give rise to further setbacks for civil aviation. The economic situation may also have a negative impact on demand.
- Legal conditions:
  As a result of internal political restrictions and the civil aviation treaty between Switzerland and Germany, it is possible that Unique (Flughafen Zürich AG) will not be able to fully utilise its opportunities for business development, especially those it has created through expansion stage 5, or it may have to carry out further investment or bear additional costs.

events

Significant events during 2002

15 February
Unique (Flughafen Zürich AG) submits its application to the Federal Office for Civil Aviation for approval of the amendments to its operating regulations required for the implementation of the weekend clause in the treaty with Germany.

30 May
Airport Safety & OPS section awarded "SN EN ISO 9001:2000" quality assurance certificate.

June
At its June 2002 session, the National Council resolves not to ratify the civil aviation treaty concerning approaches to Zurich Airport over German airspace negotiated a year earlier between the transport ministers of Switzerland and Germany.

19 August
Federal Tribunal rules in favour of Unique (Flughafen Zürich AG)'s appeal against the obligation to disclose its business plans within the scope of the proceedings concerning objections against the award of the operating licence.

27 August
Conclusion of co-ordination discussions on the Civil Aviation Infrastructure Plan led by Hans Lauri, member of the Council of States.

September
Unique (Flughafen Zürich AG) organises three events at which it informs municipal authorities about the status of the Civil Aviation Infrastructure Plan and the new operating regulations.

21 October
All additional levels in multi-storey car park F opened for operation.

24 October
Completion of Dock E (Midfield) road tunnel (opened to traffic on 4 November).

24 October
Administrative Court of Mannheim rules that stage 2 of the civil aviation treaty between Switzerland and Germany is to become effective without delay despite pending legal proceedings.

27 October
Weekend clause (stage 2) of civil aviation treaty comes into effect.

1 November
Completion of new taxiways and Midfield apron.

8 November
At a joint press conference, the government of the Canton of Zurich and the Board of Directors of Unique (Flughafen Zürich AG) announce that the new operating regulations will be based on the existing operating system.

14 November (beginning of 2002/03 winter season)
Hand-over of new sprinkler system for disposal of waste water from de-icing pads (environment-friendly disposal of de-icing agents).

15 November
Federal Office for Civil Aviation releases applications for new instrument landing systems on runways 28 and 34 for public debate.

December
At its winter session, the Council of States refers the matter concerning the civil aviation treaty back to its transport commission, at the same time requesting the Federal Council to examine the potentials for renegotiating the contents of the treaty.

5 December
Completion of construction of Dock E (Midfield).

16 December
Unique's Rescue Services awarded IVR Certificate, and is thus the first holder of this certificate in the canton of Zurich.

17 December
Opening of expanded customs hall B.

operations

Airport operations

One of the consequences of the dissolution of SAirGroup was that it was no longer possible to co-ordinate the various activities carried out at the airport by its former subsidiaries. The companies that were taken over by new investors were no longer prepared to provide all the services on their own that are required by the various airport partners. This meant that, in order to secure the efficient operation of the airport, Unique (Flughafen Zürich AG) was forced to take over responsibility for a variety of operations that had previously been carried out by these companies, e.g. the baggage handling and aircraft energy supply systems that had previously been operated by Swissport, and aircraft de-icing pads that had previously been operated by SR Technics.

In the meantime, plans have been drawn up for the creation of a new Operation Control Centre that will allow us to optimise the various operational processes at the airport and continually improve them in the future. The new centre will co-ordinate the activities of both the Operations division of Unique (Flughafen Zürich AG) as well as the airport's service providers, and we hope to have it ready for the first stage of operation by November 2003.

With the opening of the new aircraft de-icing pads in winter 2002/03 we are now able to significantly and sustainably enhance the environmental compatibility of this vital service for ensuring the safe operation of aircraft during the winter months.

Information technology

During the first half of the year, Unique (Flughafen Zürich AG) put a comprehensive new IT network into operation that encompasses all key systems associated with operational activities at the airport. This move means that, with respect to vital networks, Zurich Airport is now fully independent of external partners. This convincing high-quality infrastructure has already gained us new clients – for example, Cargo Logic has decided to use our telecommunications services from now on. We have also completed the installation of CUTE (Common User Terminal Equipment) – a system that allows airlines to access their own IT systems directly from check-in desks – on this new network.

During the year under review, the main focus of activities of APT Airport Technologies AG – a wholly-owned subsidiary of Unique (Flughafen Zürich AG) – was on the construction of a new trunking system that is to be available to all our business partners as of 2003. Furthermore, as part of the expansion of the wireless LAN infrastructure that will be required for the operation of Dock E, we are currently making preparations for the substitution of the existing wireless LAN without causing any interruption to ongoing operation, as well as for the provision of a corresponding publicly accessible service.

Security

As is the case at all intercontinental airports throughout the world, safety and security have been constantly growing in importance at Zurich Airport since the events of 11 September 2001. The European Union has recently announced that new, far-reaching security measures are to be introduced at airports over the next few years, and these are of course likely to be adopted in Switzerland too. During the year under review, the Airport Authority and Operational Safety division was awarded the ISO 9001 Quality Assurance certificate, thus guaranteeing the highest possible standard of security organisation at Zurich Airport. And on the occasion of an emergency drill carried out at Zurich Airport during the autumn in accordance with the requirements of the ICAO, our emergency services received a very pleasing rating.

Modified flight concept

As of the end of October, we were forced to implement the second stage of the civil aviation treaty between Switzerland and Germany, even though the treaty has not yet been ratified. It contains a clause that prohibits aircraft movements over southern German airspace during certain times of day at weekends and on public holidays below an altitude of 3,000 metres above sea level. This means that additional approaches now have to be made from the east, and furthermore, that from autumn 2003 onwards flights will also have to approach from the south over Swiss territory. In order to ensure sufficient capacity and adequate safety in periods of poor visibility, we are currently working together with skyguide on plans for installing new instrument landing systems on runways 28 and 34.

New licensing process

Within the scope of the deregulation process, the EU has stipulated that licences for all service providers at airports have to be awarded on the basis of market economy principles. In accordance with a mandate issued by the Federal Office for Civil Aviation, Unique (Flughafen Zürich AG) is obliged to carry out this new licensing process in the areas of passenger, baggage and freight handling by the middle of next year. We already sent out our first series of requests for tenders in the autumn of the year under review.

marketing

Formation of new marketing team

The organisation and competencies in the newly formed Marketing division have now been finalised and the recruitment of personnel has been completed. The new division will primarily focus on the development of products relating to airport services, on key account management and sales promotion, and on project management and innovation.

Client relationship management

One of the main priorities during the year under review was to build up and strengthen client relationships. We were able to record pleasing progress in this respect thanks to a number of special events such as slot conferences in San Diego and Vancouver (which are especially important for the preparation of flight plans, since these are where time slots are allocated to airlines), and a meeting of international airline network planners in Zurich that was initiated by Unique (Flughafen Zürich AG) itself.

Our efforts were rewarded in that we were able to convince a number of additional airlines about the benefits Zurich has to offer. For example, Volare Airlines, Germanwings, Skyeurope and Pulkovo Aviation now fly via Zurich, and a number of new destinations have thus been added to the flight plan.

We were also able to intensify our relationships with existing business partners in the areas of commerce and services – primarily through increased personal contacts – as well as to simplify the process of searching for new partners.

Product and business development

We resolutely continued to pursue the strategic objectives defined within the scope of expansion stage 5, namely to enhance quality and earnings potentials in non-aviation business. Our goal is to maximise earnings potentials by optimising interior design in the commercial zones (especially in the new Airside Center, which is currently under construction) as well as the overall range of products and services, and thus to help create a highly attractive image for Zurich Airport.

Despite the slightly downward trend in the Swiss advertising market and the inconvenience caused by the ongoing construction work associated with expansion stage 5, our Advertising & Sales/Promotions section was able to achieve satisfactory turnover for the year under review, thanks to intensive client relationship management and the consistent implementation of new marketing concepts.

The dissolution of SAirGroup led to the cancellation of numerous rental agreements, but following the formation of the new home carrier, Swiss, we were able to conclude new rental contracts for land and office space, so that practically all our property has been rented again since the first half of 2002.

Landside traffic

Construction work on the landside traffic connections is proceeding according to schedule, and the bulk will be over once the new series of multi-storey car parks is opened to the public in the middle of 2003. The additional 800 parking spaces in car park F have already been opened for operation.

In order to optimally utilise the available parking capacities, Unique (Flughafen Zürich AG) decided to request tenders for the operation of a new valet parking service, which is due to be launched in July 2003. The new licences for taxi services are due to come into effect at the beginning of 2004.

The proportion of airport employees travelling to work by public transport has been declining over the past few years. In keeping with the airport's targeted balance between public and private transport, efforts will need to be taken to counter this trend. A study on traffic connections to Zurich Airport carried out by Unique (Flughafen Zürich AG) together with the University of Zurich (Irchel Campus) revealed that, in an international comparison and in proportion to the size of the airport, public transport services to and from the airport are well above average. In order to increase the proportion of people travelling to the airport by public transport, the study goes on to recommend the introduction of a combined ticket that makes it easy to switch between private and public transport depending on working hours, and thus also takes due account of the requirements of part-time employees. First steps have already been taken in this direction through the creation of an option to purchase full-day parking tickets, which was introduced at the same time parking fees for employees were increased.

buildings

Organisational adjustments

The service agreement governing the activities of the Buildings division, which was established at the beginning of the year under review, incorporates construction project management for the airport infrastructure, maintenance of value, operation and maintenance of buildings and the supply of energy to the entire airport. For practical reasons and in the interests of efficiency, the construction project management associated with expansion stage 5 has been divided into two separate sections – Dock E (Midfield) and Main Passenger Facilities – each of which is responsible for all engineering projects within its own zone.

Expansion work proceeding on schedule

Expansion stage 5 is proceeding according to schedule. Approximately three years after work on this major project was initiated, many of the main components of the new airport facilities have been completed within budget and on schedule, and some are already in operation.

The construction of Dock E in the Midfield zone is now almost completed. During the autumn we were able to hand over the new central aircraft de-icing pads and sprinkling system for waste water from de-icing operations, the expanded taxiways network, Midfield apron and underground road link between the main airport building and Dock E for operation, and construction work on Dock E itself was also completed. The final stage in this section (namely the installation of shops, catering facilities and lounges for airlines) is due to be completed in the course of 2003.

It has been a major challenge for the management of the construction project to organise the expansion and renovation of buildings in and around the main airport complex while normal airport operations are in progress. Despite every possible effort on the part of everyone concerned, it has not been possible to avoid inconvenience to airport users altogether. But the various structures are now rapidly taking shape, and it will not be long before we can place spacious, user-friendly facilities at the disposal of visitors to Zurich Airport.

The upper levels of the new Airside Center have risen quickly, and by the end of the year the framework of the roof was clearly visible along the entire length (300 metres) of this massive steel structure.

The focus of expansion work in the landside zone was on the construction of the railway terminal and airport shopping centre, the new multi-storey car park (C) and the access roads to the airport.

To date, a total of approximately 1.6 billion Swiss francs has been invested in expansion stage 5, and up to 1,000 people have been involved in work on this immense project.

Greater comfort and convenience for airport users

The added comfort provided by the new airport infrastructure will be instantly apparent to passengers and visitors.

The expansion of customs hall B was completed in December, and other new and improved facilities will also soon be ready for operation: the new airport shopping centre will be opened in the spring, multi-storey car park C and its access roads are due to be completed in the summer, along with a new restaurant in Terminal B, and in September, Dock E (Midfield) will be opened with the Skymetro shuttle for passengers and the underground arrivals hall below the new Airside Center.

Enhancement of security of energy supply

We have now been able to increase the security of the primary energy supply to the airport (medium-tension network). The necessary installations have been completed in the final sector, and this means that the entire zone is now equipped with redundant medium-tension supply lines and a network control system. In the event of any faults or interruptions to power supply, it is possible to automatically switch to an alternative source.

Increased efficiency of cleaning services

The extensive construction work being carried out during normal airport operations means that major demands are being placed on our cleaning services. We are anxious to make sure that the airport maintains its high standards of cleanliness and tidiness, and we have largely been able to achieve this goal thanks to the enormous commitment and flexibility displayed by our cleaning organisation and close co-operation with the various construction project leaders. As a result of the collapse of SAirGroup, we had to completely reorganise our property rental business and associated service agreements, and the adjustments that were made during this process led to an increase in the overall capacity of our cleaning organisation.

corporate development

Main focus

During the year under review, the Corporate Development division focused on regulating future procedures relating to flight operations.

Operating licence and future operating regulations

The legal proceedings concerning the numerous objections to the award by the federal government of a fifty-year licence to Unique (Flughafen Zürich AG) to operate Zurich Airport are still pending with the appeals commission of the Federal Department of Environment, Transport, Energy and Communications. In the meantime, Unique (Flughafen Zürich AG) has succeeded in obtaining a provisional ruling from the Federal Tribunal to the effect that it does not have to disclose its business plans until such time as the legitimation of those submitting an objection has been duly confirmed.
When the Federal Department of Environment, Transport, Energy and Communications (DETEC) granted Unique (Flughafen Zürich AG) the operating licence for Zurich Airport, it also stipulated that the new operator has to submit its operating regulations for approval within one year after joint signature of the treaty between Switzerland and Germany. DETEC has meanwhile extended the deadline for this requirement since a number of important fundamentals are not yet finalised.

Civil Aviation Infrastructure Plan (SIL)

SIL is the federal government's long-term planning tool in the area of civil aviation. One of its purposes is to specify noise levels, and this means it forms a basis for future development planning. The associated co-ordination process – which has been carried out under the leadership of the federal government, with significant contributions coming from Unique (Flughafen Zürich AG) – has now been formally concluded, but a variety of major differences of a material nature still have to be overcome.

Treaty with Germany and associated lawsuit

The Federal Office for Civil Aviation has approved the amendments to the operating regulations that were required in order for the second stage of the civil aviation treaty between Switzerland and Germany to be put prematurely into effect (regulations governing flights at weekends and on public holidays). Following the rejection of the petition for provisional legal protection submitted by Unique (Flughafen Zürich AG) within the scope of its contestation of the ordinance issued by Germany, the second stage of the treaty came into effect on 27 October 2002. And following the decision announced by Switzerland's Council of States in December to refer the matter back to its own transport commission, the new regulations will remain in effect until further notice. The Council of States will be making its decision concerning the ratification of this treaty in March 2003.

Implementation of the treaty, reactions by the general public, noise insulation programme

The amendments to the operating regulations made necessary by the treaty between Switzerland and Germany, and the various discussions concerning future operating procedures, gave rise to numerous reactions from the general public. We responded in writing to approximately 1,800 related enquiries.
Good progress has been made with respect to the attachment of tile clamps to roofs in the approach zones to runways 28 and 34, which became necessary as a result of the new regulations. Most of the work on the approach to runway 28 has already been completed.
Within the scope of our noise insulation programme, further extensive measures were realised to upgrade windows in the vicinity of runways 16 and 34 (these outlays totalled 9 million Swiss francs in 2002).

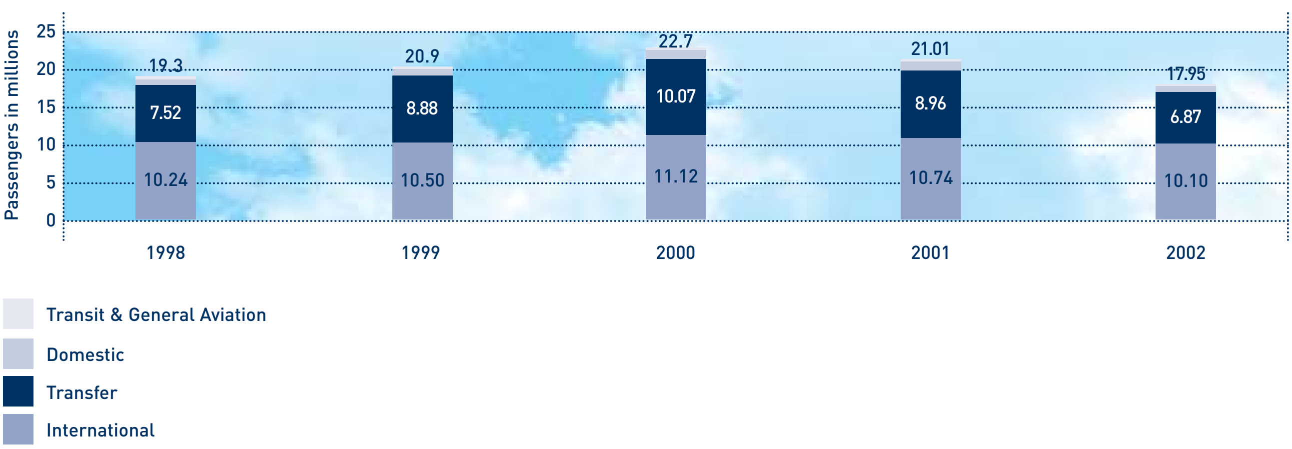
International activities

Unique Airports Worldwide is a wholly-owned subsidiary of Flughafen Zürich AG. It functions as the co-ordination centre for all our international holdings and interests. In South America, Unique (Flughafen Zürich AG) has assumed control over three Chilean airports (Puerto Montt, La Serena and Calama) via a joint venture. These three regional airports handle approximately half a million passengers per annum. They mainly serve domestic routes with a strong focus on connections with the country's capital city, Santiago. They are centrally managed by our subsidiary, Unique Airports Latin America (UALA) S.A., which employs approximately 40 staff and has its head office in Santiago de Chile.
Unique (Flughafen Zürich AG) is also part of a consortium in India that plans to build and operate a new airport in Bangalore, Karnataka. For this purpose it has acquired a stake in Bangalore International Airport Limited (BIAL), which has its head office in Bangalore. The new airport is due to be ready for operation in 2006.

flight statistics

Passenger volumes

	2002	2001	2000	1999	1998
Total no. of passengers	17,948,058	21,012,871	22,675,366	20,925,667	19,326,589
Change	–14.6%	–7.3%	8.4%	8.3%	5.5%
By passenger category					
International	10,098,435	10,738,438	11,124,284	10,498,162	10,239,881
Change	–6.0%	–3.5%	6.0%	2.5%	0.7%
Transfer	6,872,308	8,959,558	10,068,036	8,879,782	7,516,976
Change	–23.3%	–11.0%	13.4%	18.1%	12.7%
Domestic	772,823	1,115,541	1,253,274	1,264,790	1,145,969
Change	–30.7%	–11.1%	–0.9%	10.4%	11.0%
Transit	158,507	157,204	181,799	232,577	373,956
Change	0.8%	–13.5%	–21.8%	–37.8%	–6.0%
General aviation	45,985	42,130	47,973	50,356	49,807
Change	9.2%	–14.3%	–4.7%	1.1%	–0.1%
By flight category					
Scheduled flights	15,904,090	18,916,434	20,551,503	18,876,843	17,142,169
Change	–15.9%	–8.0%	8.9%	10.1%	8.3%
Domestic airlines	10,512,058	13,386,227	14,483,050	13,121,143	11,407,710
Change	–21.5%	–7.6%	10.4%	15.0%	12.4%
Foreign airlines	5,392,032	5,530,207	6,068,453	5,755,700	5,734,459
Change	–2.5%	–8.9%	5.4%	0.4%	0.9%
Charter and special flights	1,997,983	2,054,307	2,075,890	1,998,468	2,134,613
Change	–2.7%	–1.0%	3.9%	–6.4%	–12.5%
Domestic airlines	1,360,692	1,524,660	1,422,044	1,421,549	1,537,982
Change	–10.8%	7.2%	0.0%	–7.6%	–15.8%
Foreign airlines	637,291	529,647	653,846	576,919	596,631
Change	20.3%	–19.0%	13.3%	–3.3%	–3.0%
General aviation and other flights	45,985	42,130	47,973	50,356	49,807
Change	9.2%	–14.3%	–4.7%	1.1%	–0.1%
Seating capacity utilisation *)	60.2%	63.7%	64.0%	63.8%	63.9%
Change					
*) Proportion of occupied seats					
Passengers per flight	63.6	68.0	69.6	68.3	67.1
Change	–6.4%	–4.0%	1.9%	1.8%	1.2%
Capacity	74.8	77.5	79.5	79.1	79.2
Change	–3.5%	–2.5%	0.5%	–0.1%	0.9%
Capacity	**2002**				
Daily average (passengers)	49,172				
Peak day (passengers)	71,835 Saturday, 5 October 2002				



flight statistics

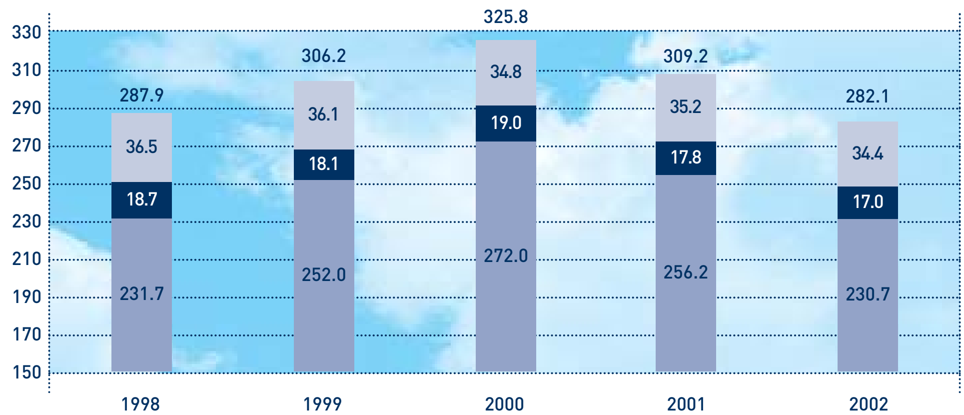
Movements

	2002	2001	2000	1999	1998
Total movements	282,154	309,230	325,622	306,182	287,885
Change	–8.8%	–5.0%	6.3%	6.4%	4.3%
By business category					
Commercial flights	259,149	285,605	302,792	280,985	261,961
Change	–9.3%	–5.7%	7.7%	7.3%	4.3%
Non-commercial flights	23,005	23,625	22,830	25,197	25,924
Change	–2.6%	3.5%	–9.4%	–2.8%	3.7%
By flight category					
Scheduled flights	230,699	256,244	271,838	252,018	231,738
Change	–10.0%	–5.7%	7.9%	8.8%	5.9%
Charter and special flights	17,021	17,810	19,029	18,088	18,686
Change	–4.4%	–6.4%	5.2%	–3.2%	–17.8%
General aviation and other flights	34,434	35,176	34,755	36,076	36,461
Change	–2.1%	1.2%	–3.7%	–1.1%	5.2%
By origin and destination					
Switzerland (domestic)	13,403	18,955	21,800	21,615	20,468
Change	–29.3%	–13.1%	0.9%	5.6%	4.5%
Europe	203,629	219,782	225,697	208,578	193,269
Change	–7.3%	–2.6%	8.2%	7.9%	4.7%
Africa	8,728	9,212	9,667	9,122	8,465
Change	–5.3%	–4.7%	6.0%	7.8%	–10.7%
Asia	11,418	12,610	19,891	18,709	17,868
Change	–9.5%	–36.6%	6.3%	4.7%	2.8%
South and Central America	1,427	1,611	1,462	1,737	1,745
Change	–11.4%	10.2%	–15.8%	–0.5%	11.8%
USA/Canada	9,120	11,883	12,350	10,347	9,609
Change	–23.3%	–3.8%	19.4%	7.7%	8.9%
By type of aircraft					
Combined passenger/cargo	281,541	308,437	325,019	306,057	287,751
Change	–8.7%	–5.1%	6.2%	6.4%	4.2%
Full freighters	613	793	603	125	94
Change	–22.7%	31.5%	382.4%	33.0%	6.8%

	2002	2001	2000
Daily averages			
– commercial flights	710	782	827
– non-commercial flights	63	65	63
Total	773	847	890

Peak day	888 movements Friday 12 July 2002
Peak hour	81 movements Saturday 8 June 2002, 10.45–11.45

Trends in traffic movements (movements in thousands)



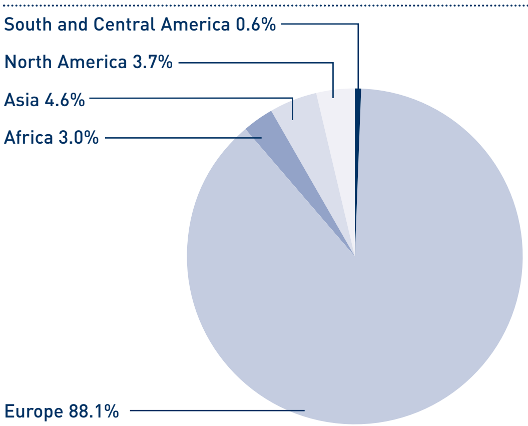
General aviation and other flights | Charter and special flights | Scheduled flights

Freight and mail

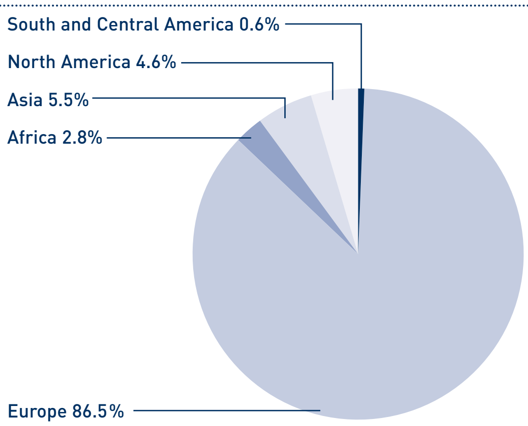
	2002	2001	2000	1999	1998
Freight in tonnes	421,811	492,872	545,423	495,090	473,704
Change	–14.4%	–9.6%	10.2%	4.5%	0.3%
By type of transport					
Air freight	309,724	352,607	395,142	356,643	329,842
Change	–12.2%	–10.8%	10.8%	8.1%	–1.5%
Road freight	112,087	140,265	150,281	138,447	143,862
Change	–20.1%	–6.7%	8.5%	–3.8%	4.8%
Mail in tonnes	22,990	21,680	22,843	21,806	20,824
Change	6.0%	–5.1%	4.8%	4.7%	2.7%

	2002	2001	2000	1999	1998
Number of airlines					
Scheduled flights	61	70	69	71	70
Charter flights	51	61	61	60	54
Destinations (cities)					
Europe	86	92	105	101	110
Africa	22	25	25	26	31
Asia	29	33	30	33	35
North America	17	17	13	11	15
Central and South America	10	9	6	8	6
Total	164	176	179	179	197
Destinations (countries)					
Europe	34	34	34	35	36
Africa	13	15	17	18	19
Asia	22	24	22	23	21
North America	2	2	2	2	2
Central and South America	5	6	4	5	4
Total	76	81	79	83	82

Origin and destination by movements (2002)



Origin and destination by movements (2001)



Airlines in Zurich 2002 (more than 5 landings)

Scheduled flights

Adria Airways
Aeroflot Russian International
Air Alps
Air Canada **
Air Direct **
Air Enterprise Pulkova *
Air Europa, Lineas Aéreas S.A.
Air France
Air Glacier **
Air Malta
Air Mauritius
Air Portugal, TAP
Air Seychelles
Albanian Airlines MAK
Alitalia
American Airlines
Austrian Airlines
Avioimpex**

Balkan, Bulgarian Airlines **
British Airways
Continental Airlines
Croatia Airlines
Crossair **
CSA, Czech Airlines
Cyprus Airways
Delta Air Lines
Deutsche Lufthansa
easyJet
Egyptair
EL AL, Israel Airlines
Emirates
Eurowings
Finnair
Germanwings *
Hahn Air */**
Iberia

Japan Air Lines
JAT, Yugoslav Airlines
KLM, Royal Dutch Airlines
Korean Airlines
LOT, Polskie Linie Lotnicze
Macedonian Airlines
Maersk Air **
MAS, Malaysian Airlines System
Malev, Hungarian Airlines
Montenegro Airlines *
Olympic Airways **
Royal Air Maroc
Royal Jordanian Airline*
SAA, South African Airways
SAS, Scandinavian Airlines System
Singapore Airlines
Skyeurope Airlines *
Srilankan Airlines LTD

Swiss International Airlines *
Swissair **
TAM, Linhas Aereas S.A.**
Thai Airways International
Tunis Air
THY, Turkish Airlines
Ukraine International Airline *
Virgin Express**
Volare Airlines*

Total 63 airlines

*) = commenced operation during 2002
**) = ceased operation during 2002

Charter and special flights

Aegean Aviation (Greece)
Aeris S.A. (France)
Aero Lloyd Flugreisen (Germany)
Aero Freight Airlines (Russian Fed.)
Aigle Azur (France)
Air Anatolia (Turkey)
Air Excel (Netherlands)
Air Holland (Netherlands)
Air Independence GmbH (Germany)
Air Srpska (Bosnia)
Air Jet (France)
Alpi Eagles SPA (Italy)
Atlas International (Turkey)

Augsburg Airways (Germany)
Azzura Air (Italy)
Belair Airlines AG (Switzerland) *
Bosphorus European Airline (Turkey)
Braathens ASA (Norway)
Classic Air AG (Switzerland)
Condor Flugdienst (Germany)
Edelweiss Air (Switzerland)
Farner Air Transport AG (Switzerland)
Flash Airlines (Egypt)
Free Bird Airlines (Turkey)
Hamburg Internat. Luftverk. (Germany)
Helios Airlines (Cyprus)

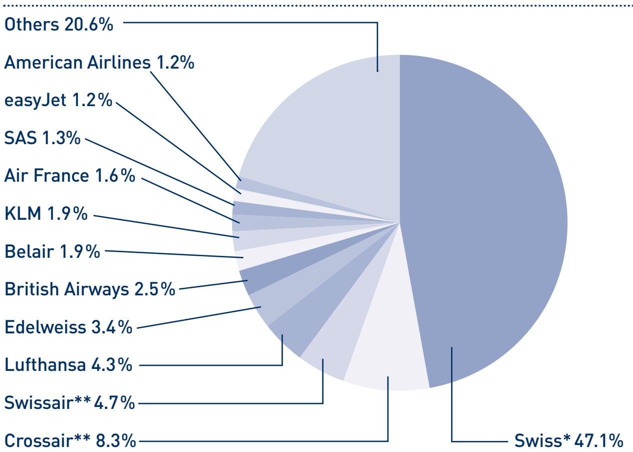
Hemus Air (Bulgaria)
Hola Airlines (Balearic Islands)
Iberworld Airlines S.A. (Spain)
Lauda Air (Austria)
LTE International Airways (Spain)
Luxor Air (Egypt)
Meridiana (Italy)
MNG Airlines (Turkey)
Montenegro Airlines (Yugoslavia)
MTM Aviation GmbH (Germany)
Nouvel Air (Tunisia)
Odette Airways (Switzerland)
Onur Air (Turkey)
Pegasus (Turkey)

Portugalia (Portugal)
Spanair (Spain)
Sun Express (Turkey)
Tyrolean Jet Service (Austria)
UPS Worldwide Forwarding (Germany)
Via Est Vita (Bulgaria)
WDL Flugdienst (Germany)
Welcome Air Luftfahrt (Austria)

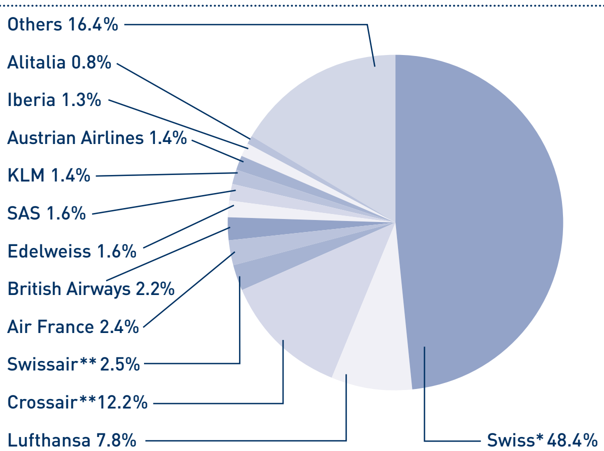
Total 48 airlines

*) = commenced operation during 2002

Passengers by airline (2002)



Flights by airline (2002)



Origin and destination of movements by country

	Scheduled flights	Charter flights	Total	in %
Europe				
Albania	735	15	750	0.3%
Austria	12,863	156	13,019	5.3%
Belarus	0	9	9	0.0%
Belgium	5,029	15	5,044	2.0%
Bosnia/Herzegovina	710	121	831	0.3%
Bulgaria	622	112	734	0.3%
Canary Islands	1	1,409	1,410	0.6%
Croatia	1,404	3	1,407	0.6%
Cyprus	565	530	1,095	0.4%
Czech Republic	2,872	8	2,880	1.2%
Denmark	4,851	8	4,859	2.0%
Finland	1,421	17	1,438	0.6%
France	14,390	179	14,569	5.9%
Germany	55,410	759	56,169	22.7%
Greece	2,261	2,001	4,262	1.7%
Hungary	2,475	43	2,518	1.0%
Iceland	0	15	15	0.0%
Ireland	721	168	889	0.4%
Italy	14,950	982	15,932	6.4%
Luxembourg	2,152	3	2,155	0.9%
Macedonia	1,342	613	1,955	0.8%
Malta	485	1	486	0.2%
Moldova	0	1	1	0.0%
Netherlands	7,045	38	7,083	2.9%
Norway	1,441	1	1,442	0.6%
Poland	3,592	1	3,593	1.5%
Portugal	3,622	301	3,923	1.6%
Romania	1,423	4	1,427	0.6%
Russian Federation	2,052	15	2,067	0.8%
Slovakia	579	1	580	0.2%
Slovenia	1,485	3	1,488	0.6%
Spain	11,431	1,895	13,326	5.4%
Sweden	4,208	38	4,246	1.7%
Turkey	2,625	1,621	4,246	1.7%
Ukraine	534	5	539	0.2%
United Kingdom	22,461	126	22,587	9.1%
Yugoslavia	2,492	2,158	4,650	1.9%
Domestic flights	13,066	337	13,403	5.4%
Total Europe	**203,315**	**13,712**	**217,027**	**87.6%**
of which EU	163,582	8,323	171,905	79.2%
Africa	6,367	2,361	8,728	3.5%
Near/Middle East	3,984	40	4,024	1.6%
Far East/Australia	7,082	312	7,394	3.0%
South and Central America	881	546	1,427	0.6%
North America	9,070	50	9,120	3.7%
Total intercontinental	**27,384**	**3,309**	**30,693**	**12.4%**
Overall total	**230,699**	**17,021**	**247,720**	**100.0%**

Market positioning – 2002 flight statistics

Number of passengers

	in millions	Change in %
London-Heathrow	63.3	4.3%
Frankfurt	48.5	–0.2%
Paris-CDG	48.3	0.6%
Amsterdam	40.7	3.1%
Madrid	33.9	–0.4%
London-Gatwick	29.6	–5.0%
Rome-FCO	25.3	–0.9%
Munich	23.2	–2.0%
Paris-Orly	23.2	0.6%
Barcelona	21.3	2.9%
Manchester	19.0	–2.6%
Copenhagen	18.2	0.9%
Zurich	**17.9**	**–14.6%**

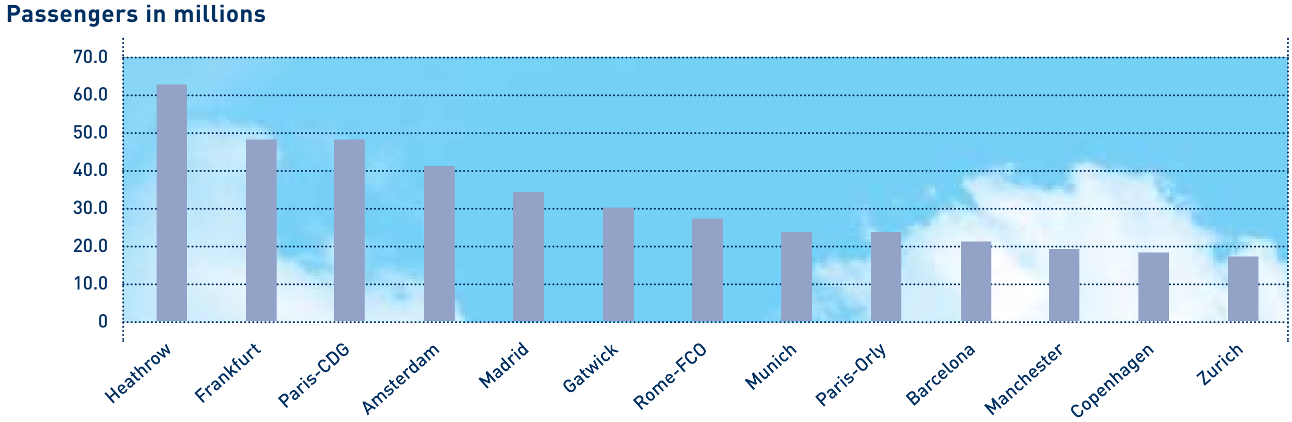
Number of commercial movements

	in thousands	Change in %
Paris-CDG	501.5	–2.7%
London-Heathrow	460.3	0.6%
Frankfurt	442.3	0.5%
Amsterdam	401.4	–3.6%
Madrid	367.2	–2.0%
Munich	320.3	3.2%
Rome-FCO	282.8	–0.3%
Barcelona	267.8	–0.9%
Copenhagen	262.5	–7.6%
Zurich	**259.1**	**–9.3%**
Brussels	237.6	–17.1%
Stockholm	236.2	–11.7%
London-Gatwick	234.7	–4.3%

Freight

	in tonnes	Change in %
Frankfurt	1,495,044	1.3%
Paris-CDG	1,399,100	2.8%
Amsterdam	1,244,350	5.2%
London-Heathrow	1,234,973	4.6%
Zurich	**421,811**	**–14.4%**
Madrid	295,293	–0.2%
Milan Malpensa	281,407	1.4%
London-Gatwick	242,633	–13.4%
London-Stansted	186,265	11.3%
Munich	144,398	17.0%
Rome-FCO	130,664	–2.6%
Stockholm	123,123	9.2%
Manchester	115,039	5.7%

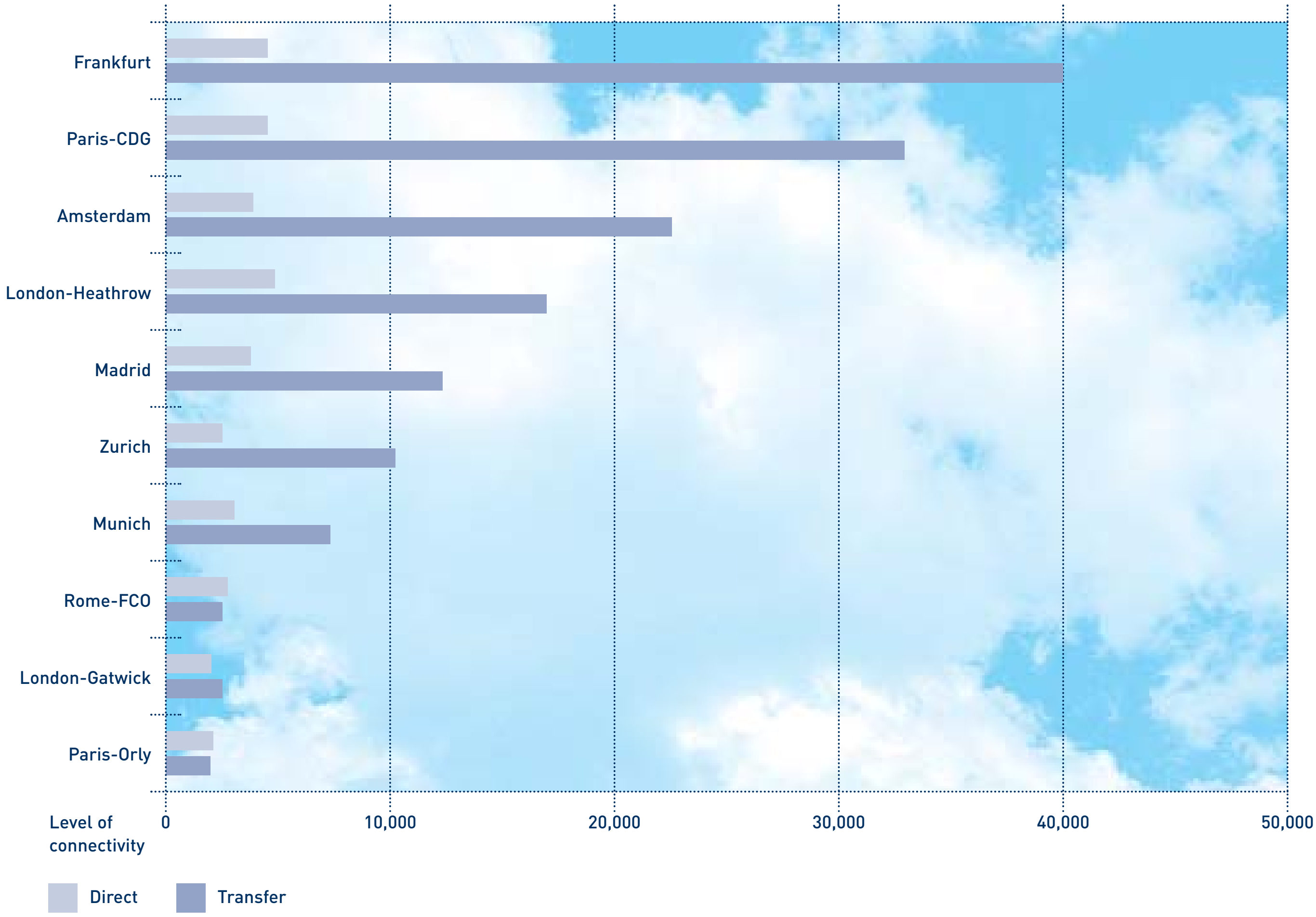
Market positioning – 2002 flight statistics



Number of connections 2002 (connectivity)

	No. of transfer connections	No. of direct connections
Frankfurt	39,667	4,299
Paris-CDG	32,570	4,566
Amsterdam	22,167	3,633
London-Heathrow	16,610	4,635
Madrid	12,196	3,585
Zurich	10,382	2,377
Munich	7,324	3,117
Rome-FCO	2,411	2,689
London-Gatwick	2,358	1,813
Paris-Orly	1,981	2,094

Source: IATA



Flight frequencies at Zurich Airport, 1960 to 2002

Passengers

Year	Scheduled flights	Charter flights	General aviation	Total
1960				1,330,733
1970				4,530,024
1980	6,859,629	1,072,471	59,944	7,992,044
1990	11,215,214	1,479,293	75,250	12,769,757
1991	10,541,653	1,608,800	75,089	12,225,542
1992	11,229,546	1,819,392	70,335	13,119,273
1993	11,652,100	1,859,253	62,732	13,574,085
1994	12,449,367	2,057,498	66,469	14,573,334
1995	12,999,887	2,340,562	54,957	15,395,406
1996	13,998,296	2,227,745	50,658	16,276,699
1997	15,827,572	2,440,950	49,838	18,318,360
1998	17,142,169	2,134,613	49,807	19,326,589
1999	18,876,843	1,998,468	50,356	20,925,667
2000	20,551,503	2,075,890	47,973	22,675,366
2001	18,916,434	2,054,307	42,130	21,012,871
2002	15,904,090	1,997,983	45,985	17,948,058

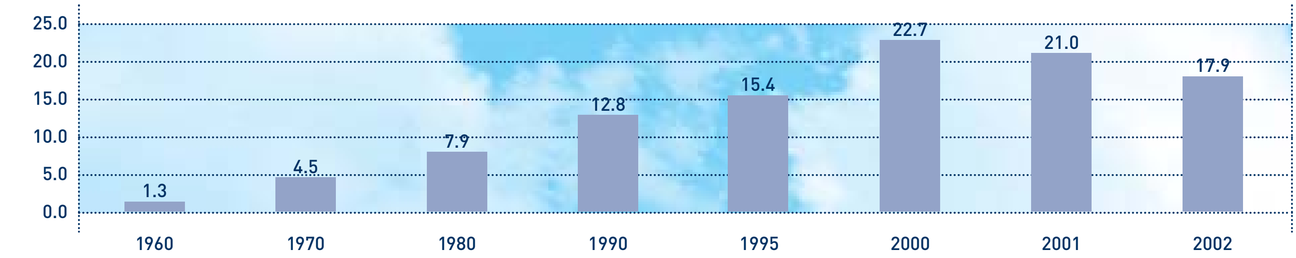
Aircraft movements

Year	Scheduled flights	Charter flights	General aviation+others	Total
1960				101,800
1970				130,472
1980	107,884	10,639	42,606	161,129
1990	158,360	13,816	47,685	219,861
1991	159,875	15,574	45,946	221,395
1992	173,325	18,188	41,518	233,031
1993	178,812	18,252	36,820	233,884
1994	184,105	19,895	38,498	242,498
1995	186,735	22,299	35,470	244,504
1996	203,214	21,218	33,599	258,031
1997	218,726	22,739	34,666	276,131
1998	231,738	19,686	36,461	287,885
1999	252,018	18,088	36,076	306,182
2000	271,838	19,029	34,755	325,622
2001	256,244	17,810	35,176	309,230
2002	230,699	17,021	34,434	282,154

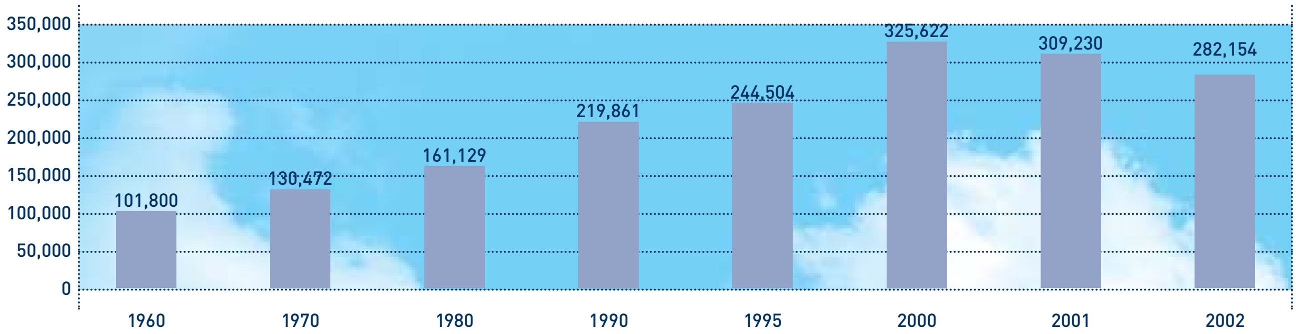
Freight

Year	Air freight	Road freight	Total
1960			15,719
1970			96,203
1980	156,751	26,876	183,627
1990	255,513	70,285	325,798
1991	248,452	70,969	319,421
1992	271,475	73,643	345,118
1993	291,623	84,908	376,531
1994	319,968	100,300	420,268
1995	326,928	112,366	439,294
1996	322,541	123,099	445,640
1997	335,028	137,245	472,273
1998	329,842	143,862	473,704
1999	356,643	138,447	495,090
2000	395,142	150,281	545,423
2001	352,607	140,265	492,872
2002	309,724	112,087	421,811

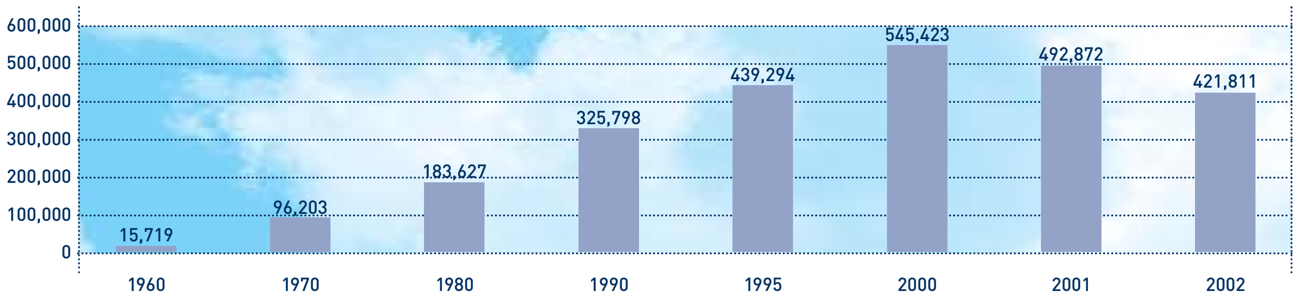
Passengers in millions



Movements



Freight in tonnes



destinations

Direct services from Zurich, 2002

Scheduled flights

Europe

Alicante
Amsterdam
Ankara
Athens
Barcelona
Basel
Belgrade
Berlin (Tegel)
Bilbao
Birmingham
Bologna
Bratislava
Bremen
Brussels
Bucharest
Budapest
Cologne
Copenhagen
Cracow
Dortmund
Dresden
Dublin
Duesseldorf
Edinburgh
Florence
Frankfurt
Geneva
Gothenburg
Graz
Guernsey
Hamburg
Hanover
Helsinki
Innsbruck
Istanbul
Ivalo
Izmir
Jersey
Kiev
Klagenfurt
La Mole (St.Tropez)
Larnaca
Leipzig
Linz
Lisbon
Ljubljana
London (Heathrow)
London (Gatwick)
London (City)
London (Luton)
London (Stansted)
Lugano
Luxembourg
Lyons
Madrid
Malaga
Malta
Manchester
Milan
Moscow
Muenster
Munich
Nice
Nuremberg
Ohrid
Oslo
Paderborn
Palma de Mallorca
Paris (CDG)
Paris (ORY)
Podgorica
Porto
Prague
Pristina
Rome
Salzburg
Santiago de Compostela
Sarajevo
Sion
Skopje
Sofia
Split
Stockholm
St. Petersburg
Stuttgart
Thessaloniki
Tirana
Tivat
Toulouse
Turin
Valencia
Venice
Vienna
Warsaw
Zagreb

Africa

Accra
Benghazi
Cairo
Casablanca
Dar es Salaam
Djerba
Douala
Hurghada
Johannesburg
Libreville
Luxor
Mahe
Marrakesh
Mauritius
Sharm el Sheikh
Tripoli
Tunis
Yaounde

Near/Middle East

Abu Dhabi
Amman
Dubai
Jeddah
Muscat
Teheran
Tel Aviv

Far East/ Australia

Bangkok
Beijing
Beirut
Bombay
Colombo
Delhi
Hong Kong
Karachi
Kuala Lumpur
Male
Manila
Seoul
Singapore
Tokyo

South and Central America

Buenos Aires
Cancun
Rio de Janeiro
São Paulo

North America

Atlanta
Boston
Chicago
Dallas
Los Angeles
Miami
Montreal
New York
Newark
Toronto
Washington

Destination airports and countries

	Cities	Countries
Europe	89	34
Africa	18	11
Near/Middle East	7	6
Far East/Australia	14	12
South and Central America	4	3
North America	11	2
Total	143	68

financial report

Group financial statements according to IFRS

Group profit and loss statement for 2002 and 2001 (according to IFRS)

(CHF thousand)

	Notes	2002	2001
Income from sales of products and services			
Income from aviation operations		287,021	280,144
Income from non-aviation operations		241,802	258,500
Bad debt write-offs		(1,268)	(918)
Total income	**(1)**	**527,555**	**537,726**
Personnel expenses	(2)	(137,205)	(127,856)
Ordinary depreciation and amortisation	(7)	(138,276)	(128,856)
Depreciation and amortisation (impairment)		0	(49,601)
Police and security		(74,175)	(72,497)
Bad debt write-offs (SAirGroup crisis)		0	(42,450)
Maintenance and materials		(39,888)	(34,935)
Sales, marketing, administration		(30,803)	(30,997)
Energy and waste		(18,833)	(22,481)
Other operating expenses	(3)	(16,309)	(20,421)
Other expenses/income	(4)	(2,978)	42
Profit from operations		**69,088**	**7,674**
Financial result	(5)	(62,836)	(47,958)
Profit/(loss) before taxes		**6,252**	**(40,284)**
Income taxes	(6)	2,015	4,039
Profit/(loss) after taxes		**8,267**	**(36,245)**
Minority interests		(150)	0
Net profit/(loss)		**8,117**	**(36,245)**
Earnings/(loss) per share	CHF	1.70	(7.48)

Group balance sheet as of 31 December 2002 and 31 December 2001 (according to IFRS)

(CHF thousand)

	Notes	31.12.2002	31.12.2001
Assets			
Movables	(7)	63,253	74,704
Buildings, engineering structures	(7)	2,138,723	1,265,817
Land	(7)	111,164	111,164
Projects in progress	(7)	502,428	982,078
Total fixed assets (net)	**(7)**	**2,815,568**	**2,433,763**
Intangible assets	(7)	36,264	27,443
Financial assets	(8)	1,058	30,477
Non-current assets		**2,852,890**	**2,491,683**
Inventories		3,172	2,347
Receivables arising from sales of goods and services	(9)	67,323	80,152
Other receivables and pre-paid expenses	(10)	30,900	59,021
Cash & cash equivalents		19,486	10,970
Current assets		**120,881**	**152,490**
Total assets		**2,973,771**	**2,644,173**
Shareholders' equity, minority interest and debts			
Share capital	(11)	245,615	245,615
Own shares		(25,034)	(25,430)
Capital reserves		342,987	343,590
Retained earnings		277,459	269,342
Hedging reserves		(20,946)	0
Translation reserve		(1,019)	0
Shareholders' equity		**819,062**	**833,117**
Minority interests		**6,221**	**0**
Debentures and long-term loans	(12)	1,423,812	1,116,406
Long-term leasing liabilities	(12)	55,527	30,486
Deferred tax liabilities	(14)	68,911	77,296
Airport of Zurich Noise Fund	(12/13)	52,333	24,772
Retirement benefit plans	(15)	5,357	5,718
Other long-term borrowings	(12)	820	224
Long-term debt		**1,606,760**	**1,254,902**
Liabilities arising from purchases of goods and services		42,413	39,747
Short-term financial liabilities	(12)	322,317	405,057
Other short-term debt, accruals and deferrals	(16)	176,861	111,195
Current tax liabilities		137	155
Short-term debt		**541,728**	**556,154**
Total debt		**2,148,488**	**1,811,056**
Total shareholders' equity, minority interest and debts		**2,973,771**	**2,644,173**

Change in group equity (according to IFRS)

(CHF thousand)

	Share capital	Own shares	Capital reserves	Retained earnings	Hedging reserves	Translation reserve	Shareholders' equity
Balance sheet at 31.12.2000	**245,615**	**(4,858)**	**344,674**	**346,057**			**931,488**
Effect of initial adoption of IAS 39				(13,551)			(13,551)
Balance sheet at 1.1.2001	**245,615**	**(4,858)**	**344,674**	**332,506**			**917,937**
Dividend payment, 2000				(26,919)			(26,919)
Purchase of own shares		(21,657)					(21,657)
Distribution of own shares		1,085	(1,085)				0
Group loss, 2001				(36,245)			(36,245)
Balance sheet at 31.12.2001	**245,615**	**(25,430)**	**343,590**	**269,342**			**833,117**
Purchase of own shares		(207)					(207)
Distribution of own shares		603	(603)				0
Adjustment of interest rate swap to fair value					(20,946)		(20,946)
Translation reserve						(1,019)	(1,019)
Group profit, 2002				8,117			8,117
Balance sheet at 31.12.2002	**245,615**	**(25,034)**	**342,987**	**277,459**	**(20,946)**	**(1,019)**	**819,062**

Group cash flow statement (according to IFRS)

(CHF thousand)

	2002	2001
Profit from operations	69,088	7,674
Minority interests	(150)	0
Depreciation and amortisation of		
Buildings and engineering structures	116,816	161,334
Movables	13,549	10,946
Intangible assets	12,836	11,683
Dissolution of government subsidies		
Buildings and engineering structures	(4,919)	(5,496)
Movables	(6)	(6)
Valuation adjustments of financial assets	0	1,713
Earnings from disposal of fixed assets (net)	0	(1,343)
Increase (–)/decrease (+) in current assets, excluding cash & cash equivalents	39,473	(2,331)
Increase (+)/decrease (–) in short-term debt excluding short-term financial liabilities	36,258	7,233
Increase (+)/decrease (–) in Airport of Zurich Noise Fund	25,694	26,981
Increase (+)/decrease (–) in provisions for retirement benefits	(42)	(371)
Increase (+)/decrease (–) in other long-term borrowings	(134)	224
Capitalised borrowing costs	23,018	14,482
Cash flow from taxes	(1,907)	(23,861)
Cash flow from operations	**329,574**	**208,862**
Investments in fixed assets		
Land	0	(653)
Buildings under construction	(482,036)	(564,164)
Movables	(11,245)	(29,382)
Intangible assets	(6,873)	(8,709)
Disposals of fixed assets		
Buildings and engineering structures	312	4,604
Movables	22,764	77
Intangible assets	4,938	0
Outflow of funds from acquisition of subsidiaries	(4,559)	(71)
Investments in financial assets	(194)	(30,327)
Disposals of financial assets	25,000	0
Interest received	1,766	1,543
Cash flow from investments	**(455,065)**	**(627,082)**
Change in short-term financial liabilities (excluding debentures)	(91,589)	175,900
Issue of debenture	0	495,652
Redemption of debenture	0	(150,000)
Loan from Canton of Zurich	300,000	0
Repayment of other long-term financial liabilities	(1,519)	0
Dividend payment for previous year	0	(26,919)
Acquisition of own shares	(207)	(21,657)
Interest paid	(72,678)	(47,877)
Cash flow from financing activities	**134,007**	**425,099**
Increase in cash & cash equivalents	**8,516**	**6,879**
Balance at beginning of financial year	10,970	4,091
Increase (reduction) in cash & cash equivalents	8,516	6,879
Balance at end of financial year	**19,486**	**10,970**
Composition of cash & cash equivalents		
Cash on hand, at banks and in postal cheque accounts	19,404	10,821
Short-term cash deposits maturing within 90 days	82	149
Balance at end of financial year	**19,486**	**10,970**

Comments on group accounting principles

General remarks
The group accounts have been compiled in accordance with the International Financial Reporting Standards (IFRS – formerly International Accounting Standards, IAS) as approved by the International Accounting Standards Board, and comply with the provisions of Swiss law.

The individual financial statements of the group's subsidiaries, which have been compiled in accordance with uniform accounting policies, have been used as the basis for consolidation. The reporting date of all subsidiaries is 31 December.

Scope and methods of consolidation
The consolidated accounts encompass Flughafen Zürich AG and all companies in Switzerland and abroad that are directly or indirectly under its control. Here, the term "control" means the ability to significantly influence financial and operational activities in order to derive corresponding benefits. This is the case if the group holds more than 50% of the voting rights of a company or if it controls that company on a contractual or de facto basis.

All the assets and liabilities and income and expenditures of subsidiaries are included in accordance with the principles of full consolidation. All unrealised gains and losses on intra group transactions and all intra group balances have been eliminated on consolidation. All business combinations have been accounted for using the purchase method. This means that the assets and liabilities of each acquired subsidiary have been recognised at fair value at the date of acquisition, and the difference between the purchase price and the group's share of the fair values of the acquired net assets is recognised as goodwill. Goodwill is amortised over its estimated useful life using the straight-line method.

Subsidiaries that are acquired or disposed of in the course of the year are consolidated, or excluded from consolidation, with effect from the date of acquisition or disposal respectively.

Cash & cash equivalents
Cash and cash equivalents encompass cash on hand, in postal cheque accounts and at banks, and short-term cash deposits with an original maturity of less than 90 days.

Receivables
Receivables are reported at their nominal value less the necessary adjustments for non-collectible receivables. Individual allowances are made for specifically identifiable losses; general allowances are also made for expected losses based on historical patterns of collection.

Inventories
These mainly encompass fuel inventories and parts used for the maintenance and repair of fixed assets which are shown at purchase price or, if lower, at net realisable value.

Fixed assets
Fixed assets are shown at acquisition or construction cost, less accumulated depreciation and accumulated impairment losses. The purchase costs include the borrowing costs arising during the construction stage, which are capitalised until completion of the asset in question. Overhead expenditure on construction projects is also capitalised, where it is directly related to the construction of the asset concerned. The fixed assets contributed by the Canton of Zurich on 31 December 1999 contain no such capitalised expenditure, since restatement would entail undue cost and effort (cf. "IAS Framework for the Preparation and Presentation of Financial Statements": Paragraph 44 – "Balance between Benefits and Costs"). Since 1 January 2000, borrowing costs and overheads relating to all assets under construction have been capitalised.
Regular maintenance and renovation expenses are charged to the profit and loss statement when incurred. Expenditure that enhances the related asset is capitalised and depreciated over the remaining useful life of the asset.

Assets that are acquired under finance leases are shown at the present value of the future lease payments or, if lower, the market value. A corresponding lease liability is recognised.

The leased assets are depreciated over their estimated useful life or over the term of the lease, whichever is shorter.

The useful life for each category of fixed assets is as follows:

Buildings	maximum of 40 years
Engineering structures	maximum of 30 years
Equipment and vehicles	3 to 20 years

The following assets that relate to the new Dock E (Midfield) represent a special case at this time:
- → Dock E (Midfield)
- → The apron surrounding Dock E (Midfield)
- → The road tunnel linking the main building with Dock E (Midfield)
- → Skymetro, including the station in Airside Center

These were originally intended to be brought into operation in autumn 2002 (actual completion date), but the opening of Dock E (Midfield) has been postponed until 1 September 2003. This means that, with effect from 1 November 2002, no more interest on borrowings and no more expenditure will be capitalised. With effect from 1 November 2002, due to minimal technical wear and tear these assets have been depreciated at $^1/_3$ of the normal depreciation rate. They will be depreciated at the normal depreciation rate once they are put into operation.

Government subsidies and grants
Grants related to assets are recognised as income over the useful life of each asset. The grant is reported in the profit and loss statement as an adjustment to the depreciation on the related asset.
All government subsidies take the form of "à fonds perdu" grants and do not have to be repaid. The reported government subsidies concern those that were paid out prior to 1989.

Projects in progress
The item "Projects in progress" includes investments in projects that have not yet been completed. These mainly comprise assets under construction. Once a project has been completed, the related asset is transferred to the relevant category of fixed assets. Assets that are already in use and are classified as "Projects in progress", are depreciated from the time they are brought into use. From the date of completion of an asset, no further expenditures on the asset or related borrowing costs are capitalised.

Land
The entire airport site of 8,150,100 square metres is divided into individual plots of land on the basis of an internal grid. Each plot is valued separately. The overall value of these plots of land is shown in the balance sheet as CHF 100 million. In addition to various criteria specific to the airport, e.g. potential utilisation density, the development of land prices in the region has also been taken into account for valuation purposes. Land that has already been developed or is classified as developable and is comparable to industrial real estate constitutes the highest category, followed by areas required for actual flight operations (runways, taxiways, aprons, etc.). A third category includes undeveloped agricultural land and the extended nature conservation area. On the basis of the internal grid, land values range from 675 Swiss francs per square metre for plots available for intensive use, down to 2 Swiss francs per square metre for plots reserved for nature conservation. Other land purchased in addition to the plots on the existing airport site is shown at purchase price or market value.

Intangible assets and computer software
Intangible assets are reported at cost less accumulated amortisation calculated using the straight-line method. Goodwill arising from acquisitions is capitalised and amortised using the straight-line method over its estimated useful life (maximum 20 years).
Costs directly associated with the development of computer software are capitalised, provided it is probable that the software will be successfully completed and is expected to result in future economic benefits.
The useful life of software is three to five years. Other costs associated with software are charged to the profit and loss statement as incurred.

Financial assets
Financial assets mainly include loans that are shown at nominal value less any necessary allowances for expected losses.

Debentures
Debentures are initially reported at issue price less transaction costs. The difference between the initial recorded amount and the redemption amount is amortised over the duration of the debenture using the net present value method.

Provisions
Provisions are recognised when an obligating event occurs prior to the balance sheet date, if an outflow of resources is probable and the amount of the outflow can be estimated reliably.

Future commitments associated with sound insulation measures and official expropriations – Airport of Zurich Noise Fund (AZNF)
In accordance with Articles 679 and 684 of the Swiss Civil Code and Article 20 of the Federal Environmental Protection Act, Unique is obliged to bear the costs associated with sound insulation measures and official expropriations. These costs are calculated on the basis of the noise thresholds for commercial airports that have been in effect since 1 June 2001. The costs are recovered via a noise-related landing fee and a special surcharge on passenger charges.

In spring 2003, Unique will request permission from the Federal Office for Civil Aviation to retain its existing operating policies, amended to incorporate the provisions of the civil aviation treaty between Switzerland and Germany. The long-term goal is an operating policy with an orientation towards the north. The estimated sound insulation costs associated with the proposed operating policy are between 200 and 300 million Swiss francs, while costs associated with official expropriations are expected to range from 800 million to 1.2 billion Swiss francs.

As of 1 January 2000, the costs associated with protection against noise and with official expropriations, as well as all corresponding fees, have been processed via the Airport of Zurich Noise Fund (AZNF). This is not an independent legal entity, but rather takes the form of a special fund within Flughafen Zürich AG. Noise-related costs and revenues therefore do not affect the company's profit and loss statement. In accordance with the regulations, any surplus resulting from the dissolution of the AZNF must be refunded. The balance of the accumulated income and expenses is reported in the balance sheet. Any surplus cash or cash equivalents are freely available to the company and are handled within the normal cash management process. The status of the AZNF as of 31 December 2002 is described in note 13.

Taxes
Taxes include current and deferred taxes. Current taxes are based on the taxable profit for the period under review. Deferred taxes are calculated using the balance sheet liability method by applying the expected tax rate to all temporary differences. Temporary differences are differences between the tax values and book values of assets and liabilities.
Deferred tax assets are only recognised if their future realisation is probable.

Leases
Finance leases: Leasing agreements that transfer all the risks and benefits of ownership of the leased asset to the company concerned are classified as finance leases. Lease payments are allocated between an interest expense and a repayment amount, using the net present value method. Leased assets are depreciated over the estimated useful life or over the term of the lease, whichever is shorter. Interest on finance leases and depreciation of the leased assets is charged to the profit and loss statement.
Operating leases: Income and expenses associated with operating leases are reported in the profit and loss statement on a straight-line basis over the period of the lease.

Foreign currency conversion
For consolidation purposes, all assets and liabilities reported in the balance sheets of companies within the group are converted into Swiss francs at the year-end exchange rate. Profit and loss statements and cash flow statements are converted at the average exchange rate for the period. Exchange differences that arise on translation are recognised directly in equity.
Transactions in foreign currencies are converted into Swiss francs at the exchange rate in effect on the day of the transaction. Foreign currency monetary items are translated at the exchange rate at the balance sheet date. Exchange differences that arise from the settlement or translation of foreign currency monetary items are reported in the profit and loss statement.

Retirement benefit plan
Since 1 January 2000, the entire workforce of Flughafen Zürich AG has been affiliated to the "Beamtenversicherungskasse des Kantons Zürich" (BVK) pension fund. Staff actively employed and pensioners of the former Flughafen Direktion Zürich were already members of this pension fund, whilst those employees taken over by Flughafen Zürich AG from Flughafen Immobilien Gesellschaft transferred to the BVK on 1 January 2000.
BVK is a pension fund for approximately 33,000 employees of the Canton of Zurich, as well as a number of other employees of public corporations, municipalities and non-profit organisations. The pension plan may be considered a defined benefit plan in accordance with IFRS. However, Flughafen Zürich AG does not have access to the information necessary to perform a calculation of the defined benefit obligation in accordance with IAS 19. Flughafen Zürich AG therefore treats the BVK pension plan as a defined contribution plan in accordance with IAS 19, paragraph 30. Contributions payable to BVK by Flughafen Zürich AG are shown as pension costs.
The actuarial balance sheet of BVK shows the liabilities were fully funded by the related assets at the end of 2001 (with a reduction of the financial assets by an equalisation reserve of 0.7 billion Swiss francs) and overfunded by 4.2% (without reduction by an equalisation reserve) at 31 December 2002. The calculation of the funded status was based on actuarial tables VZ/EVK 2001; the basis of valuation used in these tables differs from the projected unit credit method required by IAS 19. It is not possible to estimate the impact of the current funding status on future contributions.

Derivative financial instruments

Flughafen Zürich AG currently holds an interest rate swap to hedge the risk of changes in interest rates on its variable interest-bearing borrowings. The interest rate swap has been designated as a cash flow hedge since 1 January 2002. It is recognised in the balance sheet at fair value. Changes in the fair value of the interest rate swap that are an effective hedge are reported directly in equity. Amounts reported in equity are transferred to the profit and loss statement as an adjustment to the related interest in the period in which the interest is recorded.

Impairment of assets

The group's assets are assessed at least once a year for impairment. If there is any indicator that an asset may be impaired, a calculation of the recoverable amount of the asset is carried out (impairment test). If the book value of an asset exceeds its recoverable amount, an impairment loss is recognised in the profit and loss statement.

Current risk situation

The current risk situation for Unique primarily involves the following uncertainty factors (see "Risk management", page 29):

• Home carrier

Switzerland's national airline is Unique's main client. Swiss is responsible for approximately 63% of the flight traffic at Zurich Airport, and around 60% of passenger movements. Unique generates approximately 24% of its total turnover (excluding passenger fees) directly from Swiss. This means that our dependency on the home carrier has decreased, but the development of Unique's business activities still greatly depends on how Swiss fares in the future.

• Falling demand

Unique's course of business also depends on the development of civil aviation throughout the world. Military conflicts and acts of terrorism could lead to a further setback for the aviation sector, and an unfavourable economic situation would cause demand to fall even more sharply.

• Legal issues

Internal political restrictions combined with the civil aviation treaty between Switzerland and Germany could mean that Unique will not be able to fully utilise the opportunities it has created for its business development, primarily through expansion stage 5. Instead, this may give rise to additional investments and costs.

Given the risk situation outlined above, Unique has carried out impairment calculations. These show that no impairment write-offs are required.

Changes in the consolidation structure

Unique's loan to Gestión y Ingeniería IDC S.A. (Chile) amounting to 5.3 million Swiss francs as of 31 December 2001 was used during 2002 to take over the following interests in Chile together with the respective airports:

- Unique Chile S.A.
- Unique Airport Latin America (UALA) S.A.
- Aeropuertos Asociados de Chile S.A.
- Administracion de Concesiones IDC S.A.
- Concesion Aeropuerto El Loa S.A., operator of Calama Airport
- Concesion Aeropuerto La Florida S.A., operator of La Serena Airport
- Concesion Aeropuerto El Tepual S.A., operator of Puerto Montt Airport

For more information concerning these holdings, please refer to "Further details", note 6,"Composition of the group".

Segment reporting

Primary segment reporting

The method of segment reporting used in the present annual report corresponds to internal reporting segments as defined by IAS 14.

Most of the inter-segment earnings comprise offset rental costs from the Non-Aviation segment for premises required for activities in the Aviation segment. The assets for other properties (including terminals) have primarily been allocated to the Non-Aviation segment. The offsetting of costs for the use of premises is based on actual cost (including interest paid on invested capital). Inter-segment earnings simultaneously represent inter-segment expenses in the segment results of the divisions using the facilities.

Full-time employees have been divided among both segments.

CHF million		Aviation	Non-Aviation	Elimination	Total
Earnings from third parties	2001	279.7	258.0		537.7
	2002	287.3	240.2		527.5
Inter-segment earnings	2001	9.5	113.3	(122.8)	0
	2002	5.8	90.0	(95.8)	0
Total income	**2001**	**289.2**	**371.3**	**(122.8)**	**537.7**
	2002	**293.1**	**330.2**	**(95.8)**	**527.5**
Segment results	**2001**	**(69.7)**	**77.3**		**7.6**
	2002	**(7.0)**	**76.1**		**69.1**
Non-current assets (gross)	2001	817.5	2,607.9		3,425.4
excluding projects in progress	2002	1,212.2	3,148.2		4,360.4
Projects in progress	2001	405.1	576.9		982.0
	2002	113.7	388.7		502.4
Total non-current assets (gross)	**2001**	**1,222.6**	**3,184.8**		**4,407.4**
	2002	**1,325.9**	**3,536.9**		**4,862.8**
Accumulated valuation adjustments	**2001**	**444.9**	**1,444.1**		**1,889.0**
	2002	**516.1**	**1,472.0**		**1,988.1**
Government subsidies (prior to 1989) [1]	**2001**		**26.8**		**26.8**
	2002		**21.9**		**21.9**
Total non-current assets (net)	**2001**	**777.7**	**1,713.9**		**2,491.6**
	2002	**809.8**	**2,043.2**		**2,852.9**
Total investments	**2001**	**196.1**	**469.9**		**666.0**
	2002	**193.5**	**353.6**		**547.1**
Number of employees (full-time positions) as of 31 December	**2001**	**558**	**657**		**1,215**
	2002	**600**	**686**		**1,286**

1) See group accounting principles, "Government subsidies and grants".

Secondary segment reporting

Unique provides practically all its services within Switzerland. During 2002, it provided external consulting services worth 2.1 million Swiss francs (2001, 0.8 million Swiss francs). The Aviation segment shown above includes turnover of 4.9 million Swiss francs resulting from our business activities in Chile (see explanatory notes on the group financial statements, "Changes in the consolidation structure" and "Further details", note 6, "Composition of the group").

Group profit and loss statement

1) Income

CHF thousand		2002		2001
Landing fees	77,941		91,184	
Passenger fees	155,857		157,702	
Issuing fees	3,787		4,427	
Parking fees	4,024		4,100	
Freight revenue	7,576		8,251	
Fuel charges	6,913		7,927	
Baggage handling system	13,723		0	
Aircraft energy supply system	7,793		0	
Other earnings	9,407		6,601	
Bad debt write-offs (Aviation segment)	303		(453)	
Total income from Aviation segment		**287,324**		**279,738**
Income from multi-storey car parks	44,420		46,919	
Retail outlets and duty-free shops	44,967		47,436	
Catering operations	8,045		7,277	
Advertising media and promotion	7,170		7,364	
Other licence revenue (car rentals, taxis, banks, etc.)	13,748		11,728	
Total commercial income		**118,350**		**120,724**
Revenue from rental and leasing agreements	70,555		80,626	
Energy and incidental cost allocation	16,200		20,103	
Cleaning	3,845		4,468	
Other services revenue	5,153		6,947	
Total income from real estate management		**95,753**		**112,144**
Communication services	4,586		3,544	
Airport Conference Center	2,907		3,753	
Capitalised expenditure	8,882		8,105	
Other services and miscellaneous	8,618		7,636	
Airport of Zurich Noise Fund	2,706		2,546	
Bad debt write-offs (Non-Aviation segment)	(1,571)		(464)	
Total income from services		**26,128**		**25,120**
Total income from Non-Aviation segment		**240,231**		**257,988**
Total income		**527,555**		**537,726**

Capitalised expenditures primarily relate to the fees of in-house architects and engineers, as well as project managers who assume the functions of builder/owner representatives. Their services are allocated to each project/property.

2) Personnel expenses

CHF thousand	2002	2001
Wages and salaries	108,383	100,334
Pension costs		
for defined benefit plans	(42)	(371)
for defined contribution plans	9,031	7,046
Social security contributions	11,785	11,084
Other personnel expenses	8,048	9,763
Total personnel expenses	**137,205**	**127,856**
Average number of employees (full-time positions)	**1,273**	**1,173**
No. of employees as of 31 December (full-time positions)	**1,286**	**1,215**
Average personnel expenses per position	**107**	**109**

In 2002, those employees who completed their first year of service received one free share.
Members of the Management Board and middle management also received 2,639 shares in 2002 within the scope of the bonus programme, which were paid as a variable component of their remuneration based on the results of the 2001 financial year. These shares are blocked for a period of 4 years (see note 11, "Shareholders' equity and reserves").

3) Other operating expenses

CHF thousand	2002	2001
Property insurance	4,231	2,466
Communication costs	2,947	2,362
Rental and land leases	2,549	8,329
Cleaning by external contractors	2,556	2,597
Additional operating costs	2,126	2,303
Passenger services	1,900	2,364
Total other operating expenses	**16,309**	**20,421**

4) Other expenses/income

CHF thousand	2002	2001
Other income	884	4,813
Other expenses	(3,862)	(4,771)
Total other expenses/income	**(2,978)**	**42**

Other expenses include a 0.9 million Swiss franc book loss from asset disposals, 1.1 million Swiss francs for costs in association with legal disputes and 1.0 million Swiss francs for costs relating to disposal of waste water from de-icing operations via the new sprinkling system.

5) Financial result

CHF thousand		2002		2001
– Interest expenses on debentures	56,844		40,996	
less capitalised interest on borrowings for buildings under construction	(23,018)		(14,482)	
– Net interest expenses on debentures		33,826		26,514
– Interest expenses on bank loans		13,626		12,585
– Interest hedging		8,875		4,508
– Other financial expenses		3,342		1,603
– Other interest expenses		2,898		885
– Premium depreciation		1,987		1,618
– Valuation adjustments of financial assets		48		1,713
Financial expenses		**64,602**		**49,426**
– Interest income on postal cheque account and bank deposits		(1,208)		(1,079)
– Price gains, interest on arrears		(558)		(389)
Financial income		**(1,766)**		**(1,468)**
Total financial result		**62,836**		**47,958**

Capitalised interest on borrowings was calculated using an average interest rate of 4.88% in 2002 and 4.38% in 2001.
The group holds an **interest rate swap** to the value of 300 million Swiss francs (see note 12, "Financial liabilities"). As of 1 January 2002, this swap has met the requirements of a cash flow hedge. For this reason, the change in fair value of the interest rate swap as of 31 December 2002 has been charged to shareholders' equity; the sum of 8.9 million Swiss francs reflects the difference in the interest rate.

6) Income taxes

CHF thousand	2002	2001
Current taxes	89	258
Deferred taxes	(2,104)	(4,297)
Total income taxes	**(2,015)**	**(4,039)**

The tax expenses are calculated as follows:

CHF thousand	2002	2001
Profit/(loss) before taxes	6,252	(40,284)
Tax expense/(income) at anticipated tax rate (23%)	1,438	(9,265)
Offsetting of annual profit against non-capitalised losses brought forward	(2,708)	0
Waiver of capitalisation of deferred taxes on losses	570	7,463
Tax effect on write-offs of own shares	(1,385)	(2,396)
Tax expenses from previous years	0	159
Miscellaneous transitory items	70	0
Total income taxes	**(2,015)**	**(4,039)**

Group balance sheet

7) Changes in non-current assets

CHF million	Land	Engineering structures	Buildings	Projects in progress in leasing	Projects in progress	Movables	Total fixed assets	Intangible assets	Financial assets	Total
At cost										
Opening balance sheet as of 1.1.2002	111.2	626.3	2,433.7	32.8	949.3	174.8	4,328.0	47.3	32.3	4,407.5
Change in consolidation structure			14.5			0.2	14.7	0.1	(5.3)	9.5
Additions		107.9	132.8	33.9	241.3	11.2	527.2	17.9	2.0	547.1
Disposals		(34.2)	(5.7)		0.0	(29.1)	(69.0)	(4.9)	(27.9)	(101.9)
Transfers		367.7	365.4		(754.9)	13.5	(8.3)	8.3		0.0
Currency gains/(losses)		0.0	0.4				0.4	0.2		0.6
Closing balance sheet as of 31.12.2002	**111.2**	**1,067.7**	**2,941.1**	**66.7**	**435.7**	**170.5**	**4,792.9**	**68.9**	**1.1**	**4,862.8**
Valuation adjustments										
Opening balance sheet as of 1.1.2002	0.0	430.1	1,337.2	0.0	0.0	100.1	1,867.4	19.9	1.7	1,889.0
Change in consolidation structure			3.7			0.1	3.8			3.8
Additions		20.0	96.8			13.5	130.4	12.8		143.2
Disposals		(33.9)	(5.6)			(6.4)	(46.0)		(1.7)	(47.7)
Currency gains/(losses)			(0.1)				(0.1)	(0.1)		(0.1)
Closing balance sheet as of 31.12.2002	**0.0**	**416.2**	**1,432.0**	**0.0**	**0.0**	**107.3**	**1,955.5**	**32.6**	**0.0**	**1,988.1**
Government subsidies and grants										
Opening balance sheet as of 1.1.2002	0.0	1.2	25.6	0.0	0.0	0.0	26.8	0.0	0.0	26.8
Disposals		(0.2)	(4.7)				(4.9)			(4.9)
Closing balance sheet as of 31.12.2002	**0.0**	**1.0**	**20.9**	**0.0**	**0.0**	**0.0**	**21.9**	**0.0**	**0.0**	**21.9**
Net book value as of 31.12.2002	**111.2**	**650.5**	**1,488.2**	**66.7**	**435.7**	**63.3**	**2,815.6**	**36.3**	**1.1**	**2,852.9**

Note: when adding up rounded-up or rounded-down sums, it is possible that minor discrepancies may occur.

Buildings: The facilities directly associated with Dock E (Midfield) – encompassing Dock E, the surrounding apron, the road tunnel serving as a link to Dock E, and Skymetro, including the station in the new Airside Center – represent a special case. These were originally intended to be handed over for operation in autumn 2002 (actual completion date), but the opening date was postponed and has now been set for 1 September 2003. This means that, as of 1 November 2002, no more interest on borrowings and no more expenditure will be capitalised. Also with effect from 1 November 2002, due to minimal technical wear and tear these objects will be written off pro rata at 1/3 of the normal annual depreciation rate until they are effectively put into operation. The booked 1/3 pro rata write-off for the year amounts to 1.5 million Swiss francs (the amount for the full year would have been 4.5 million Swiss francs). This procedure was adopted following consultation with, and the approval of, our auditors.

Projects in progress in leasing: In December 2001, Flughafen Zürich AG concluded a framework leasing agreement for financing the baggage sorting and handling system and the aircraft energy supply system. At the time the present annual report was being prepared, negotiations were being held regarding the conclusion of definitive leasing agreements. In terms of form and content, the framework leasing agreement may be regarded as a financial leasing instrument and has therefore been capitalised.

The following goodwill items have been included in the total of **intangible assets:**
The goodwill arising from the privatisation of Zurich Airport as of 1 January 2000 has a net book value as of 31 December 2002 of 9.9 million Swiss francs (acquisition price, 24.8 million Swiss francs; accumulated valuation adjustment, 14.9 million Swiss francs).
The goodwill arising from the acquisition of the three airports in Chile has a net book value as of 31 December 2002 of 5.7 million Swiss francs (acquisition price, 6.3 million Swiss francs; accumulated valuation adjustment, 0.6 million Swiss francs) (see explanatory notes on the group financial statements, "Changes in the consolidation structure" and "Further details", note 6, "Composition of the group").

Disposals: This item includes the sale of the de-icing vehicles that were acquired in 2001 as part of the rescue of airside operations (22.0 million Swiss francs), and the loan repayment by SR Technics AG to Unique (25.0 million Swiss francs). See note 8, "Financial assets".

8) Financial assets

CHF thousand		31.12.2002	31.12.2001
Credit balance for future investments (Chile)		714	0
Miscellaneous cash deposits at banks (Chile)		172	0
NOVO Business Consultants AG, Berne	Equity share 15%, nom. share capital CHF 1.0 million	150	150
Bangalore International Airport Ltd.	Equity share 17%, nom. share capital 3.85 million Indian rupees	22	0
SR Technics AG, Zurich Airport	Loan guaranteed by Canton of Zurich	0	25,000
Gestión y Ingeniería IDC S.A. (Chile)	Loan	0	5,327
Total financial assets		**1,058**	**30,477**

NOVO Business Consultants AG provides consulting and IT services.

The loan to Gestión y Ingeniería IDC S.A. (Chile) amounting to 5.3 million Swiss francs as of 31 December 2001 was used during 2002 to take over the interests in Chile together with the respective airports (see explanatory notes on the group financial statements, "Changes in the consolidation structure", and "Further details", note 6, "Composition of the group").

As part of the solution to the problem of securing certain airside activities, Flughafen Zürich AG granted a loan to SR Technics amounting to 25 million Swiss francs, which was covered in the form of a default guarantee by the Canton of Zurich. Since SR Technics repaid this loan on 30 September 2002, no claim was made against the default guarantee.

9) Receivables arising from sales of goods and services

CHF thousand	31.12.2002	31.12.2001
Receivables arising from sales of goods and services (gross)	70,151	130,533
Valuation adjustment	(2,828)	(50,381)
Total receivables arising from sales of goods and services	**67,323**	**80,152**

The claims against SAirGroup and its subsidiaries amounting to 42.45 million Swiss francs, which were fully provided for as at 31 December 2001, have been written off in 2002 as no repayment is expected. Air traffic control fees billed to SAirGroup on behalf of skyguide in the amount of 7.28 million Swiss francs have been offset against the respective valuation adjustment.

10) Other receivables and prepaid expenses

CHF thousand	31.12.2002	31.12.2001
Prepaid expenses and accruals	19,492	31,486
Taxes receivable (VAT/withholding tax)	8,327	24,812
Advance payments to suppliers	2,695	2,608
Other receivables	386	115
Total other receivables and prepaid expenses	**30,900**	**59,021**

11) Shareholders' equity and reserves

Shareholders' equity (nominal value, CHF 50)

Number of shares	Issued registered shares	Own shares	Total shares in circulation
Balance as of 1 January 2002	**4,912,300**	**124,883**	**4,787,417**
Acquisition of own shares	0	3,843	3,843
Shares distributed to employees and third parties	0	(2,961)	(2,961)
Balance as of 31 December 2002	**4,912,300**	**125,765**	**4,786,535**

Own shares

The distribution of own shares to employees and third parties takes place within the scope of the bonus programme and as part of the implementation of our strategy of encouraging all our staff to think like entrepreneurs. The equivalent value was charged to the capital reserves and therefore does not affect the group profit and loss statement (see note 2, "Personnel expenses" and "Further details", note 6, "Related parties"). The holdings of own shares are used for these distribution programmes and as treasury stock.

Reserves

In accordance with the provisions of commercial law, the reserves are subject to a distribution limit of 147.8 million Swiss francs.

Earnings/(loss) per share

Earnings/(loss) per share are calculated from the net profit/(loss) of the group and the weighted average of the number of outstanding shares (issued shares less own shares).

CHF	2002	2001
Net profit/(loss) to be allocated to shareholders	8,117,199	(36,245,279)
Weighted average number of outstanding shares	4,788,352	4,847,256
Earnings/(loss) per share	1.70	(7.48)

Major shareholders and shareholder structure

The shareholder structure as of 31 December was as follows:

	2002	2001
Public sector	53.04%	54.26%
Private individuals	4.37%	4.43%
Companies	7.63%	6.92%
Pension funds	6.92%	6.69%
Financial institutions	9.05%	5.25%
Balance available and non-registered shareholders	19.00%	22.45%
Number of shareholders	3,592	3,407

The following shareholders or groups of shareholders hold more than five percent of the voting rights:

	2002	2001
Canton of Zurich (including BVK pension fund)	49.00%	49.00%
City of Zurich (including pension fund of the City of Zurich)	5.41%	5.38%

12) Financial liabilities

CHF thousand	31.12.2002	31.12.2001
Debentures	1,118,394	1,116,406
Long-term loan from Canton of Zurich	300,000	0
Long-term leasing liabilities	55,527	30,486
Airport of Zurich Noise Fund [1]	52,333	24,772
Long-term liabilities towards banks	5,418	0
Other long-term financial liabilities	411	0
Long-term financial liabilities	**1,532,083**	**1,171,664**
Short-term liabilities towards banks	204,325	296,600
Short-term loan from Canton of Zurich	100,000	100,000
Short-term leasing liabilities	11,772	2,318
Loan from unique zurich airport staff pension fund	5,500	5,500
Current account with unique zurich airport staff pension fund	720	639
Short-term financial liabilities	**322,317**	**405,057**
Total financial liabilities	**1,854,400**	**1,576,721**

[1] See note 13.

The following **long-term financial liabilities** are fixed interest-bearing borrowings:
- Debentures
- Long-term loan from Canton of Zurich

For details concerning outstanding debentures, please refer to the table below.

Short-term liabilities towards banks relate to short-term credit facilities with various maturities and fixed interest rates for each tranche based on the CHF LIBOR. Interest rates range between 4.650% and 2.625% as of 31 December 2002 (3.25% and 4.65% as of 31 December 2001). Unique is in compliance with the conditions set out in the loan agreements.

For information concerning the loan from the Canton of Zurich, please refer to "Further details", note 5, "Related parties".

In order to hedge interest rate risk, the group concluded a "forward interest rate swap" contract in the amount of 300 million Swiss francs (nominal) for the period from 16 March 2001 to 16 March 2009. Flughafen Zürich AG is the fixed-rate payer, and the interest rate was fixed at 4.68%. The variable interest rate is based on the CHF LIBOR. As of 1 January 2002, this swap meets the criteria of a cash flow hedge and is used for hedging the risk of changes in interest rates on variable interest-bearing borrowings. For this reason, the change in fair value of the interest rate swap as of 31 December 2002 has been charged to shareholders' equity (see note 5, "Financial result").

Details concerning debentures:

Nominal amount in CHF	Book value in CHF	Duration	Interest rate	Premature termination	Interest payment date
150,000,000	149,052,368	1995 – 2007	5.000%	No	28 September
175,000,000	174,076,711	1996 – 2006	4.625%	No	12 April
300,000,000	298,376,028	2000 – 2005	4.625%	No	5 July
300,000,000	298,981,872	2001 – 2004	4.00%	No	14 April
200,000,000	197,906,577	2001 – 2009	4.25%	No	26 March
1,125,000,000	**1,118,393,556**	**Total**			

Maturity of financial liabilities:

CHF thousand	31.12. 2002	31.12. 2001
Within 1 year	322,317	405,057
Between 2 and 5 years	1,008,223	781,683
Longer than 5 years	523,860	389,981
Total financial liabilities:	**1,854,400**	**1,576,721**

Leasing liabilities:

CHF thousand	31.12. 2002	31.12. 2001
Future minimum leasing payments		
due within 1 year	17,156	3,360
due within 2 to 5 years	33,088	16,130
due after 5 years	32,919	20,998
Total future minimum leasing payments	**83,163**	**40,488**
Future interest payments	15,863	7,685
Present value of leasing liabilities	**67,299**	**32,804**
of which due within 1 year	11,772	2,319
of which due within 2 to 5 years	29,904	11,749
of which due after 5 years	25,623	18,737

The applicable interest rate for leasing liabilities is 4.3%.

13) Airport of Zurich Noise Fund (AZNF)

Notes concerning the Airport of Zurich Noise Fund are included in the group accounting principles under the heading, **"Future commitments associated with sound insulation measures and official expropriations".**

CHF thousand	2002	2001
Balance of Airport of Zurich Noise Fund as of 1 January	**24,772**	**(2,720)**
Total revenue from noise-emission charges	41,514	40,091
Total costs for sound insulation and other measures	(13,114)	(10,564)
Net result before operating costs [1]	**53,172**	**26,807**
Operating costs [1]	(2,706)	(2,546)
Interest payments, Airport of Zurich Noise Fund	1,867	511
Credit balance of Airport of Zurich Noise Fund as of 31 December (due from the group)	**52,333**	**24,772**

1) Changes relating to the AZNF are shown in the cash flow statement, net without interest, under cash flow from business activities.

14) Deferred tax liabilities

The balance of deferred taxes evolved as follows:

CHF thousand	2002	2001
Opening balance on 1 January 2002	77,296	85,641
Effect of initial adoption of IAS 39, booked in retained earnings	0	(4,048)
Change in consolidation structure	(24)	0
Deferred taxes on interest rate swap, booked in hedging reserves	(6,257)	0
Change according to profit and loss statement	(2,104)	(4,297)
At end of year	**68,911**	**77,296**

Deferred taxes are assigned to the following balance sheet items:

CHF thousand		31.12.2002		31.12.2001
	Assets	Liabilities	Assets	Liabilities
Valuation adjustment of buildings and movables		57,898		60,808
Renovation fund		19,688		18,423
Net premium after issuing costs		1,519		1,977
Interest rate swap	10,514		4,257	
Miscellaneous items		320		345
Deferred taxes (gross)	**10,514**	**79,425**	**4,257**	**81,553**
Offsetting of assets and liabilities	(10,514)	10,514	(4,257)	4,257
Deferred taxes (net)	**0**	**68,911**	**0**	**77,296**

As of 31 December 2002, Flughafen Zürich AG and its subsidiaries have total losses brought forward of 23.278 million Swiss francs to be offset against taxes. Capitalisation of deferred tax assets on these transferred losses has not been recognised since it is not probable that future taxable profit will be available against which the group can utilise the benefits. Of the total amount cited above, 0.125 million Swiss francs expires in 2007, 20.677 million Swiss francs in 2008 and 2.476 million Swiss francs in 2009.

15) Retirement benefit plans

Since 1 January 2000, the entire workforce of Flughafen Zürich AG has been affiliated to the "Beamtenversicherungskasse des Kantons Zürich" (BVK) pension fund. The BVK pension plan is treated as a defined contribution plan in accordance with IAS 19, paragraph 30. Considering the BVK pension scheme, to the extent that it relates to the insured employees of Unique, as a defined benefit plan under IAS 19 would have an impact on the consolidated financial statements. At 31 December 2001, the BVK pension fund had coverage ("Deckungsgrad") of 104.2%, as determined under Swiss pension law and after reducing the equalisation reserve. It is likely that a contribution shortfall (deficit) occurred in 2002 due to the difficult situation of the stock markets. Accordingly, also under IAS 19, Unique would have to expect a shortfall in plan assets over projected benefit obligations (deficit) due to the fact that the calculation of the projected benefit obligation takes into account future salary pension increases. The BVK pension fund is an institution based on cantonal public law. According to information provided by BVK, there is presently no legal obligation for Unique to make additional contributions.

The reported retirement benefit commitments encompass two special sub-plans: one is for pensioners from the former FIG (this group of beneficiaries did not transfer to the BVK), and the other is a special plan for compensation for early retirement.

The non-capitalised surpluses mainly concern the employer premium reserves in the unique zurich airport staff pension fund (former pension fund of Flughafen Immobilien Gesellschaft). The main purpose of the fund is to provide voluntary supplementary benefits, namely to finance the inflation adjustment on pensions to former FIG employees who are not affiliated to the BVK. Since Flughafen Zürich AG does not intend to use the surplus to pay employer's contributions, either now or in the foreseeable future, the prepaid employer contribution has not been capitalised.

The impacts of the defined benefits plan on the group balance sheet and profit and loss statement were as follows:

Balance sheet

CHF thousand	31.12.2002	31.12.2001
Provision for retirement benefits, present value	38,858	35,804
Pension assets, fair value	(41,185)	(36,856)
Net obligation surplus	**(2,327)**	**(1,052)**
Unrecognised actuarial gains	1,759	845
Subtotal	**(568)**	**(207)**
Unrecognised pension assets	5,925	5,925
Liability on balance sheet	**5,357**	**5,718**

Profit and loss statement

CHF thousand	2002	2001
Interest expenses	1,393	1,402
Expected return on pension assets	(1,435)	(1,773)
Net periodic pension income (cost)	**(42)**	**(371)**

Change in provisions for retirement benefits in the balance sheet

CHF thousand	31.12.2002	31.12.2001
Opening balance	5,718	6,089
Net periodic pension income (cost)	(42)	(371)
Benefits paid in directly by employer	(319)	(131)
Changes in unrecognised pension assets	0	131
Closing balance	**5,357**	**5,718**

The calculation of provisions for retirement benefits was based on the following assumptions:

	2002	2001
Discount rate	3.5%	4.0%
Expected return on pension assets	4.0%	5.0%
Expected future pension increases	1.0%	1.0%

16) Other short-term debt, accruals and deferrals

CHF thousand	31.12.2002	31.12.2001
Deferred income and accruals	88,029	69,273
Interest rate swap[1)]	56,300	27,247
Short-term provisions	19,618	0
Amounts due to personnel (13th monthly wage/holidays and overtime)	8,147	7,597
Social security contributions	2,440	1,672
Other liabilities	2,192	1,427
Deposits and payments in advance by customers	135	3,979
Total other short-term debt, accruals and deferrals	**176,861**	**111,195**

1) See note 12, "Financial liabilities".

Further details

1. Financial instruments

Off-balance-sheet transactions: With the exception of the interest rate swap described in the "Notes on the group financial statements", the group does not use any derivative financial instruments.
Currency risk: Virtually all of the group's transactions are in Swiss francs, with the exception of those associated with its interests in Chile (share of turnover, 4.9 million Swiss francs). Flughafen Zürich AG has not taken any measures aimed at hedging currency risk.
Credit risks: In the case of receivables arising from sales of goods and services, credit risk is limited since the clientele consists of a broad range of customers. As a consequence of the events that took place in autumn 2001 leading to the collapse of SAirGroup, measures were taken in association with the airline's successors with the aim of additionally minimising the risk. Risk-reducing payment methods have been negotiated with main client, Swiss.
Interest rate risk: The risk of interest rate changes is limited since the rate is fixed for most of the interest-bearing borrowings. Flughafen Zürich AG also holds an interest rate swap for the purpose of hedging short-term financial liabilities (cf. note 12, "Financial liabilities").
Fair values: The figures shown in the balance sheet concerning cash and cash equivalents, receivables from the sale of products and services, other receivables and short-term financial liabilities closely correspond to "fair values" as defined by IFRS.

2. Operational lease

Non-cancellable leasing liabilities exist, namely the tenancy agreements concluded by the group in its capacity as landlord, which are terminable within one year.

3. Investments

As of the end of 2002, the group approved investments in fixed assets amounting to approximately 2.4 billion Swiss francs (same amount as in prior year). These were mainly associated with expansion stage 5, i.e. construction of the new Airside Centre, railway check-in centre, multi-storey car park and Dock E (Midfield). Of this amount, 1.9 billion Swiss francs had been allocated as of 31 December 2002 (2001: 1.8 billion Swiss francs), of which 1.6 billion Swiss francs (2001: 1.1 billion Swiss francs) had already been spent.

The assets that are specific to the airport and are to be taken over from the Canton of Zurich in accordance with the provisions of the reverse take-over agreement, include properties and land belonging to the "Cantonal Aircraft Noise Fund". In order to allow these assets to be transferred to the group, it was necessary for the Cantonal Council of Zurich to dissolve this fund. At its meeting on 12 March 2001, the Cantonal Council approved the dissolution of the Cantonal Aircraft Noise Fund and therefore cleared the way for the group to acquire the properties concerned. The take-over price is 64.5 million Swiss francs. The purchase contract was signed on 20 December 2002, and is provisionally to become effective (with transfer of risk and benefit) on 1 May 2003.

4. Contingent liabilities

A number of legal proceedings and claims against Unique within the scope of normal business activities are still pending. In the opinion of the Board of Directors and Management Board, the amount required for settling these lawsuits and claims will not have a negative impact on the group financial statements and cash flow.
For details concerning future liabilities associated with sound insulation measures and official expropriations, please refer to the group accounting principles and note 13, Airport of Zurich Noise Fund.

5. Related parties

Related parties are:
- The Canton of Zurich
- Members of the Board of Directors
- Members of the Management Board

On 16 July 2002, the conditions governing use of the loan granted by the Canton of Zurich within the scope of the merger between the former Flughafendirektion (FDZ) and the former Flughafen Immobilien Gesellschaft (FIG) were regulated in a comprehensive framework agreement with the Canton of Zurich. The amount available under the terms of this loan is 826 million Swiss francs, and on 19 July 2002 the group drew 300 million Swiss francs for a fixed term of 10 years (up to 2012) at an interest rate of 5%. A further 100 million Swiss francs was recently drawn from this credit with interest to be paid on the basis of the CHF LIBOR rate, which means that the total amount borrowed as of 31 December 2002 is 400 million Swiss francs.

During the 2002 financial year, the following amounts were paid to related parties in the form of remuneration:

CHF thousand	**2002**	**2001**
Board of Directors and Management Board (15 people – prior year, 18)[1]	2,857	3,738
MWV Bauingenieure AG, remuneration for engineering work (co-owned by a member of our Board of Directors)	950	1,115
Canton of Zurich (cantonal police at market conditions as per service agreement)	68,286	65,390

[1] Prior-year figure has been adjusted; calculation based on Corporate Governance guidelines of SWX Swiss Stock Exchange (prior-year figure adjusted by employer's contributions to social insurance).

Furthermore, 1,454 shares were issued to 7 members of the Management Board within the scope of the bonus system (see note 11, "Shareholders' equity and reserves"). These shares are blocked for a period of 4 years.

6. Composition of the group

The group currently comprises the following companies:

Name	Domicile	Share capital	Stake held in %
Flughafen Zürich AG	Kloten	CHF 245,615,000	Parent company
Unique Betriebssysteme AG	Kloten	CHF 100,000	100%
APT Airport Technologies AG	Kloten	CHF 100,000	100%
Unique Airports Worldwide AG	Kloten	CHF 100,000	100%
Unique Chile S.A.	Santiago de Chile	Pesos 2,184 million	100%
Unique Airport Latin America (UALA) S.A.	Santiago de Chile	Pesos 2,595 million	84%
Aeropuertos Asociados de Chile S.A.	Santiago de Chile	Pesos 5,190 million	42%
Administracion de Concesiones IDC S.A.	Santiago de Chile	Pesos 185 million	42%
Concesion Aeropuerto El Loa S.A.	Santiago de Chile	Pesos 563 million	34%
Concesion Aeropuerto La Florida S.A.	Santiago de Chile	Pesos 843 million	42%
Concesion Aeropuerto El Tepual S.A.	Santiago de Chile	Pesos 895 million	34%

Unique exercises complete control over its Chilean holding companies in accordance with the terms of a shareholder agreement. All interests have been fully consolidated.

7. Events occurring after the balance sheet date

The Board of Directors authorised the 2002 group financial statements for issue on 27 February 2003. These also have to be approved by the General Meeting of Shareholders. No event occurred between 31 December 2002 and the date on which the group financial statements were authorised for issue by the Board of Directors which would require the modification of any of the book values concerning the assets and liabilities of the group.

On 15 January 2003, the Federal Office for Civil Aviation confirmed that it found the planned increase in passenger fees by Unique (Flughafen Zürich AG) reasonable and acceptable. At the same time, it ordered that the increase is only to take effect when Dock E (Midfield) is opened for operation. Following this ruling, Unique (Flughafen Zürich AG) decided to open Dock E (Midfield) on 1 September 2003, on which date the new passenger fees are to come into effect. Unique officially announced this decision on 21 January 2003.

On 27 October 2002, our petition for provisional legal protection in the proceedings to stop Germany from implementing the civil aviation treaty was turned down, and on 24 January 2003 the administrative court of Mannheim rejected the lawsuit instigated by Unique in this matter. Unique has not yet decided whether to appeal against this ruling.

On 18 February 2003, the appeals commission of the Federal Department of Environment, Transport, Energy and Communications announced its decision concerning objections against the airport operating licence. It resolved to dismiss all objections other than the one put forward by Unique, which concerns the clause that stipulates that Unique is obliged to comply with all requirements laid down in the treaty with Germany, without entitlement to compensation.

Group financial statements according to IFRS

Report of the Group Auditors to the General Meeting of **Flughafen Zürich AG, Zurich**

As group auditors, we have audited the consolidated financial statements (balance sheet, income statement, statement of changes in equity, cash flow statement and notes; pages 63 to 85) of Flughafen Zürich AG for the year ended December 31, 2002.

These consolidated financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession and with the International Standards on Auditing (ISA), which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG Fides Peat

Rudolf Züger
Swiss Certified Accountant

Roger Neininger
Swiss Certified Accountant
Auditor in Charge

Zurich, 27 February 2003

Financial Statements of Flughafen Zürich AG pursuant to the provisions of the Swiss Code of Obligations (OR)

Profit and loss statement for 2002 and 2001
Financial statement according to the provisions of commercial law (Flughafen Zürich AG)
(CHF thousand)

	Notes	2002	2001
Income from sales of products and services		523,157	538,292
Bad debt write-offs		(1,340)	(917)
Total income		**521,817**	**537,375**
Personnel expenses		(136,812)	(129,260)
Ordinary depreciation and amortisation		(121,026)	(112,068)
Depreciation and amortisation (impairment)		0	(35,884)
Police and security		(74,119)	(72,497)
Maintenance		(32,702)	(26,023)
Sales, marketing, administration		(28,436)	(29,051)
Energy and waste		(18,560)	(22,481)
Other operating expenses		(15,792)	(20,413)
Cost of materials used		(6,979)	(8,838)
Deposits into renovation fund		(5,500)	(5,500)
Ordinary profit before interest and taxes		**81,891**	**75,360**
Financial result	(1)	(65,460)	(63,893)
Extraordinary result	(2)	(2,099)	(1,515)
Extraordinary result, SAirGroup crisis		0	(42,450)
Non-operating result	(3)	(923)	2,199
Profit/(loss) before taxes		**13,409**	**(30,299)**
Taxes		(1,637)	(2,148)
Annual profit/(loss) after taxes		**11,772**	**(32,447)**

Balance sheet as of 31 December 2002 and 31 December 2001
Financial statement according to the provisions of commercial law (Flughafen Zürich AG)
(CHF thousand)

Assets	Notes	**31.12.2002**	**31.12.2001**
Movables		62,039	48,752
Buildings, engineering structures		1,887,718	1,018,189
Land		111,164	111,164
Projects in progress		430,507	949,204
Total fixed assets (net)		**2,491,428**	**2,127,309**
Intangible assets		20,215	12,083
Financial assets	(4)	9,896	31,674
Non-current assets	(5)	**2,521,539**	**2,171,066**
Inventories		3,173	2,347
Receivables arising from sales of goods and services		66,717	79,956
Other receivables, accruals and deferrals		30,815	59,654
Cash and cash equivalents, securities	(6)	24,003	21,926
Current assets		**124,708**	**163,883**
Total assets		**2,646,247**	**2,334,949**
Shareholders' equity and debts			
Share capital		245,615	245,615
Legal reserves			
Premium		269,254	269,254
General reserves		19,060	19,060
Reserves for own shares	(6)	25,034	25,430
Free reserves		55,824	55,428
Balance sheet profit/(loss)			
Profit/(loss) brought forward		(29,377)	3,070
Annual profit/(loss) after taxes		11,772	(32,447)
Shareholders' equity		**597,182**	**585,410**
Debentures and long-term loans	(7)	1,425,000	1,125,000
Renovation fund		85,602	80,102
Airport of Zurich Noise Fund		52,333	24,772
Long-term provisions	(8)	7,265	7,442
Long-term debt		**1,570,200**	**1,237,316**
Liabilities arising from purchases of goods and services		38,072	39,085
Short-term financial liabilities	(9)	309,020	377,739
Other short-term debt, accruals and deferrals		121,626	86,447
Short-term provisions	(10)	10,147	8,952
Short-term debt		**478,865**	**512,223**
Total debt		**2,049,065**	**1,749,539**
Total shareholders' equity and debts		**2,646,247**	**2,334,949**

Accounting principles

1. General remarks

The presentations and explanations below refer to the individual financial statements pursuant to the provisions of Swiss commercial law (Swiss Code of Obligations). These individual financial statements also serve for tax purposes and form the basis for the statutory business of the General Meeting of Shareholders.

2. Valuation principles

Unless stated otherwise, the same principles apply as those used in the group financial statements in accordance with IFRS.

Fixed assets
By contrast with the group financial statements according to IFRS, the influence of the reverse take-over is irrelevant (revaluation of the FIG fixed assets as of 1 January 2000, including deferred taxes).

Goodwill
The goodwill amounting to 24.8 million Swiss francs arising as a result of the reverse take-over is not relevant in the financial statements according to commercial law.

Renovation fund
As in previous years, the renovation fund, which is used for future renovation in order to preserve the value of existing buildings, was topped up with 5.5 million Swiss francs (only in financial statements according to commercial law).

Own shares
By contrast with the group financial statements in accordance with IFRS, holdings of own shares as of 31 December 2002 are reported under securities. Under the heading "Shareholders' equity", these are reported as prescribed by the provisions of the Code of Obligations. Furthermore, the provision of free shares to employees and the book loss on holdings as of 31 December 2002 were charged to the profit and loss statement.

Costs associated with the issue of debentures
In the financial statements compiled according to commercial law, these costs are charged directly to the profit and loss statement, instead of being capitalised and amortised over the duration of the debenture using the net present value method, as is the case in the financial statements compiled in accordance with IFRS.

Financial lease
In the IFRS financial statements, these figures are reported on the balance sheet, while in the commercial law accounts they are treated as off-balance-sheet transactions and disclosed in the notes ("Further details").

Notes on the financial statements of Flughafen Zürich AG
Profit and loss statement

1) Financial result

CHF thousand		2002		2001
– Interest expenses on debentures	56,844		40,996	
less capitalised interest on borrowings for buildings under construction[1]	(23,018)		(14,482)	
– Net interest expenses on debentures		33,826		26,514
– Interest expenses on bank loans		11,788		12,471
– Interest hedging		8,875		3,599
– Valuation adjustments of financial assets		5,541		15,904
– Other interest expenses		3,837		810
– Other financial expenses		3,202		1,598
– Issuing costs		0		4,388
Financial expenses		**67,069**		**65,284**
– Interest income on postal cheque account and bank deposits and holdings		(1,051)		(1,002)
– Price gains, interest on arrears		(558)		(389)
Financial income		**(1,609)**		**(1,391)**
Total financial result		**65,460**		**63,893**

1) Capitalised interest on borrowings was calculated using an average interest rate of 4.88% in 2002 and 4.38% in 2001.

2) Extraordinary result

CHF thousand	2002	2001
Extraordinary income	840	1,346
Extraordinary expenses	(2,939)	(2,861)
Extraordinary result	**(2,099)**	**(1,515)**

Extraordinary income includes various earnings not related to a specific period.
Extraordinary expenses include 1.1 million Swiss francs in costs associated with legal disputes and 1.0 million Swiss francs in non-periodical costs relating to the disposal of waste water from aircraft de-icing operations via the new sprinkler system.

3) Non-operating result

CHF thousand	2002	2001
Non-operating income	0	3,467
Non-operating expenses	(923)	(1,268)
Non-operating result	**(923)**	**2,199**

This includes all income and expenses not directly associated with the company's business activity.

Balance sheet

4) Financial assets

CHF thousand		31.12.2002	31.12.2001
NOVO Business Consultants AG, Berne	Equity share 15%, nom. share capital CHF 1.0 million	150	150
APT Airport Technologies AG, Zurich-Airport	Equity share 100%, nom. share capital CHF 0.1 million	100	100
APT Airport Technologies AG, Zurich-Airport	Loan [1]	3,626	2,287
Unique Betriebssysteme AG	Equity share 100%, nom. share capital CHF 0.1 million	100	100
Unique Betriebssysteme AG	Loan	(46)	23,610
Unique Airports Worldwide AG	Equity share 100%, nom. share capital CHF 0.1 million	100	100
Unique Airports Worldwide AG	Loan [1]	5,866	5,327
Total financial assets		**9,896**	**31,674**

[1] Entirely subject to subordination

NOVO Business Consultants AG provides consulting and IT services.
The purpose of APT Airport Technologies AG is to provide technical, operational and commercial design, planning, project implementation and operation of communication and strategic management systems for airports.
The purpose of Unique Betriebssysteme AG is to operate the infrastructure of relevance to Zurich Airport.
Unique Airports Worldwide AG is responsible for advising, operating or owning airports and/or airport-related companies throughout the world.
Loans to subsidiaries bear interest at normal market rates.

5) Fire insurance values

CHF thousand	31.12.2002	31.12.2001
Buildings incl. loading bridges	2,283,688	2,260,427
Movables	756,642	297,842

The figures shown above do not include engineering structures since these cannot be insured via the Building Insurance of the Canton of Zurich (GVZ). Buildings under construction (which are included in projects in progress) are covered by a construction period insurance with GVZ. These figures are therefore also not included in this statement. Upon completion, the buildings concerned will be definitively insured on the basis of estimates by GVZ.

6) Cash and cash equivalents, securities

CHF thousand	31.12.2002	31.12.2001
Cash & cash equivalents	18,595	10,687
Own shares	5,408	11,239
Total cash and cash equivalents, securities	**24,003**	**21,926**

Reserves for own shares are reported separately under shareholders' equity.

Number of own shares	2002	2001
Balance as of 1 January	**124,883**	**17,974**
Acquisitions (at applicable market price)	3,843	110,975
Shares distributed to employees and third parties	(2,961)	(4,066)
Balance as of 31 December	**125,765**	**124,883**

The number of own shares held as treasury stock was 113,968 as of 31 December 2002 (31 December 2001: 110,125).

7) Debentures & long-term loans

The following debentures are currently outstanding:

Amount in CHF	Duration	Interest rate	Premature termination	Interest payment dates
150,000,000	1995 – 2007	5.000%	No	28 September
175,000,000	1996 – 2006	4.625%	No	12 April
300,000,000	2000 – 2005	4.625%	No	5 July
300,000,000	2001 – 2004	4.00%	No	14 April
200,000,000	2001 – 2009	4.25%	No	26 March
1,125,000,000	**Total**			

This includes the amount of 300 million Swiss francs drawn on 19 July 2002 as a long-term loan within the scope of the credit limit of 826 million Swiss francs granted by the Canton of Zurich. The duration of the loan is 10 years (up to 2012), and the interest rate is 5%.

8) Long-term provisions

CHF thousand	31.12.2002	31.12.2001
Pension liabilities	5,357	5,718
Provisional tenancy agreements	1,500	1,500
Long-service benefits (employees)	408	224
Total long-term provisions	**7,265**	**7,442**

9) Short-term financial liabilities

These include the following items (in accordance with IFRS group financial statements, note 12, "Financial liabilities"):

CHF thousand	31.12.2002	31.12.2001
Loan from unique zurich airport staff pension fund	5,500	5,500
Current account with unique zurich airport staff pension fund	720	639

The loan and current account bear interest at normal market rates.

10) Short-term provisions

CHF thousand	31.12.2002	31.12.2001
Amounts due to personnel (13th monthly wage/holidays and overtime)	8,147	7,597
Other liabilities	2,000	1,200
Tax liabilities	0	155
Total short-term provisions	**10,147**	**8,952**

Further details

Major shareholders

The following shareholders or groups of shareholders hold more than five percent of the voting rights:

	2002	2001
Canton of Zurich (including BVK pension fund)	49.00%	49.00%
City of Zurich (including pension fund of the City of Zurich)	5.41%	5.38%

Miscellaneous

CHF thousand	2002	2001
Guarantees, indemnity liabilities and pledges in favour of third parties	0	100
Assets pledged or assigned for the securing of own liabilities and assets with retention of title	none	none
Liabilities from leasing contracts not included in the balance sheet [1)]	66,721	32,804
Significant release of hidden reserves	none	none
Revaluation of assets	none	none

1) See accounting principles in individual financial statements, note 2, "Valuation principles".

Proposal by the Board of Directors for the distribution of retained earnings for 2002

The annual profit including balance brought forward resulted in a balance sheet loss of 17,605,237 Swiss francs. The Board of Directors proposes to the General Meeting of Shareholders that this amount should be carried forward to next year's financial statements.

Individual financial statements according to commercial law

Report of the Statutory Auditors to the General Meeting of **Flughafen Zürich AG, Zurich**

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, income statement and notes; pages 88 to 94) of Flughafen Zürich AG for the year ended December 31, 2002.

These financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements comply with Swiss law and the company's articles of incorporation.

We recommend that the financial statements submitted to you be approved.

KPMG Fides Peat

Rudolf Züger
Swiss Certified Accountant

Roger Neininger
Swiss Certified Accountant
Auditor in Charge

Zurich, 27 February 2003

Flughafen Zürich AG, P.O. Box, CH-8058 Zurich Airport, Phone +41-43-816 22 11, www.uniqueairport.com