



# Annual Report 2008

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**The Annual Report is available in German and English. The German version is binding.**

**Unique (Flughafen Zürich AG) – a truly unique company with a crucial mandate**

As the official operator of Zurich Airport, Unique (Flughafen Zürich AG) plays a vital role in maintaining and developing Switzerland's intercontinental transport hub. Together with its approximately 1,400 employees and around 270 business partners, it co-ordinates and manages the broad range of operations at Zurich Airport and is responsible for ensuring that all processes are perfectly harmonised. Zurich Airport attaches a great deal of importance to consumers' needs, as reflected by its very high, internationally recognised quality standards, for which it has won numerous awards. Passengers and visitors alike greatly appreciate the traditional Swiss values that distinguish Zurich Airport: cleanliness, punctuality and reliability.

**Zurich Airport – a major factor in Switzerland's economic development**

Zurich Airport is Switzerland's gateway to the world, and the world's gateway to the Alps. In the course of 2008, 22.1 million people departed from, arrived at or transferred via Zurich Airport, and thus turned the country's most important transport hub into a bustling commercial centre. Around 270 companies employ almost 24,000 people at the airport, which makes a valuable contribution towards meeting society's mobility needs and is a major driving force behind the Swiss economy.

→ **A day in the life of Zurich Airport**

The centre of focus in the 2008 Annual Report of Flughafen Zürich AG is on the uncompromising demands Flughafen Zürich AG and all its partners put on quality and safety. "A day in the life of Zurich Airport" sets out to demonstrate in an exemplary manner how people at the airport consistently help maintain the highest standards of quality every day to ensure that Zurich is, and remains, one of the safest, most attractive and thus most popular airports in the world.



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**Rolf Wallner, 47, Airport Manager**  
Joined Unique (Flughafen Zürich AG) in 2001  
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### **A brief portrait of Unique (Flughafen Zürich AG)**

**Unique (Flughafen Zürich AG) is owner and operator of Zurich Airport. The company (hereinafter referred to as Flughafen Zürich AG) in its present form was established on 1 January 2000. Its head office is located in Kloten, Switzerland. In addition to Zurich Airport, it also owns and operates airports abroad together with various local partners.**

Zurich Airport is a dynamic transport hub that connects Switzerland with destinations all over the world. It is also a highly attractive shopping, cultural and services centre. The employees at Zurich Airport are highly motivated and committed to contributing towards the business success and good reputation of the airport around the world through their professional know-how and genuine hospitality. Other decisive factors for the sustainable development of Zurich Airport are the consistent implementation of measures to protect the environment, and the active integration of business partners, local residents, neighbouring states and all relevant authorities into the activities of the airport.

### **Transport hub and commercial centre**

Zurich Airport enjoys an outstanding quality of transport networking at the international, national and regional levels. Geographically it is ideally located as a transport hub, which is an important factor behind the strong global competitiveness of Switzerland as a business centre and tourist destination. The national economy benefits enormously from it, as do the education and research sectors, culture and sport, and the leisure-time and tourism industries. As a lively inter-cultural shopping, entertainment and services complex, Zurich Airport offers innovative features that are in step with consumers' needs and unite international appeal with a distinctive "Swiss touch".

### **Quality, punctuality and reliability**

In its business activities, Flughafen Zürich AG places a strong emphasis on traditional Swiss values such as quality, punctuality and reliability, and thus distinguishes itself from its competitors. As a listed company it aims to be competitive and offers its shareholders an attractive return on investment. Its management and employees at all levels pursue a clearly defined success strategy and generate added value for the entire company. They set out to honour the company's social and ecological responsibilities while fulfilling its mandate and giving consideration to the prevailing political conditions.



### **Highly qualified and motivated personnel**

The employees of Flughafen Zürich AG apply their specialised know-how at both the national and the international level, and successfully develop and implement projects that are financially beneficial and sustainable. They are goal-oriented and they demonstrate respect, loyalty and openness towards one another and open-mindedness towards other cultures. These are core values of our corporate culture, which is complemented by the management principle of appointing the right people with the right skills to the right job. For this purpose a special tool ("Navigator") was developed that helps determine the most suitable sphere of activity for each employee and thus the direction his or her career should take. It consists of a catalogue of the essential skills for achieving success and ensures that uniform criteria are used in the recruitment, assessment and development of all employees, while facilitating a consistent understanding of values throughout the organisation.

For Flughafen Zürich AG, a workforce of motivated and well qualified employees is a decisive factor for success. Their concerns and opinions are therefore of great importance to us, and we ask them for their feedback at various personnel and management events on a regular basis, as well as in systematic surveys. These surveys have revealed that employees of Flughafen Zürich AG have a high level of job satisfaction and a pronounced sense of commitment towards the company. Wherever a need for action has been identified, appropriate measures have been defined and implemented.



**Protection of the environment begins with good planning**

Pollution of the air and water, energy consumption and aircraft noise are the main environmental concerns for Flughafen Zürich AG. These concerns are duly reflected in our construction and planning projects. For example, experience and findings gained in the areas of construction noise, soil protection and energy consumption were further applied in two recent major projects: "Renovation of runway 16/34" and "Zurich 2010" (infrastructure modifications for the implementation of the Schengen Agreement and the more stringent security regulations). A variety of measures aimed at reducing construction noise and energy consumption and preserving natural resources have resulted in positive effects, also from an economic point of view.

The management of environmental data has been improved still further on the basis of new international guidelines and current recommendations, and the company has adapted a number of the systems required for this purpose accordingly. The monitoring programmes in use, along with further studies concerning the condition of the environment in and around the airport and the effectiveness of environmental measures, once again yielded valuable findings in 2008 and culminated in the introduction of well-directed measures.

Since 2001, Flughafen Zürich AG has been managing all its environmental activities with the aid of an environmental management system that complies with ISO standard 14001. This system was successfully re-certified in November 2007. We pay careful attention to ensuring compliance with legal provisions and requirements specified by the relevant authorities, to systematically implementing whatever measures may be necessary, and to optimising existing environmental processes on a continual basis.

In the middle of 2009, Flughafen Zürich AG will be publishing a comprehensive sustainability report for the first time, based on the 2008 financial year. This document will replace the annual Environmental Report that we have produced up until now and will be posted on [www.unique.ch](http://www.unique.ch).

## Key data (5-year comparison)

### Key financial data

All amounts in accordance with International Financial Reporting Standards, IFRS.

<b>(CHF thousand)</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
Total revenue	855,103	802,868	737,109	702,229	683,686
Of which revenue from aviation operations	525,689	495,981	444,238	418,877	411,754
Of which revenue from non-aviation operations	329,414	306,887	292,871	283,352	271,932
Operating expenses	434,862	392,753	358,837	338,282	328,712
Earnings before interest, tax, depreciation and amortisation (EBITDA)	420,241	410,115	378,272	363,947	354,974
EBITDA margin (in %)	49.1	51.1	51.3	51.8	51.9
Earnings before interest and tax (EBIT)	234,073	229,202	189,416	175,026	164,856
EBIT margin (in %)	27.4	28.5	25.7	24.9	24.1
Profit	121,314	130,675	87,448	59,123	52,268
Cash flow from operations	415,102	410,911	367,213	338,285	307,458
Cash flow from investing activities	258,849	147,339	258,772	117,173	195,617
Of which investments in property, plant and equipment, projects in progress (gross)	249,893	109,107	96,651	115,485	182,218
Invested capital as of 31 December	2,660,769	2,614,569	2,644,440	2,584,795	2,555,049
Ø capital employed	2,637,669	2,629,505	2,614,618	2,569,922	2,644,421
Return on Ø capital employed (ROCE, in %)	7.1	6.9	5.7	5.4	4.9
Equity as of 31 December	1,428,935	1,373,384	1,230,464	805,999	756,446
Return on equity (in %)	8.7	10.0	8.6	7.6	7.2
Equity ratio (in %)	42.5	43.2	38.8	26.3	24.0
Interest-bearing liabilities (net, in accordance with IFRS)	1,019,008	918,833	1,177,985	1,745,299	1,770,910
Interest-bearing liabilities (IFRS)/EBITDA	2.42x	2.24x	3.11x	4.80x	4.99x
<b>Key operational data</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
Number of passengers	22,099,233	20,739,113	19,237,216	17,884,652	17,252,906
Number of flight movements	274,991	268,476	260,786	267,363	266,660
Freight in tonnes	387,671	374,264	363,325	372,415	363,537
Number of full-time positions as of 31 December	1,254	1,319	1,290	1,262	1,289
Number of employees as of 31 December	1,482	1,552	1,523	1,470	1,478
<b>Key data for shareholders</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
Number of issued shares	6,140,375	6,140,375	6,140,375	4,912,300	4,912,300
Proposed/paid dividend per share (in Swiss francs)	5.00	4.50	3.00	1.00	0.00
Dividend total (in thousand Swiss francs)	30,702	27,632	18,421	4,912	0
Payout ratio (in %)	25.3	21.2	21.1	8.3	0.0
Capital per share (in Swiss francs)	232.71	223.66	200.39	164.08	153.99
Basic earnings per share (in Swiss francs)	19.78	21.30	15.35	12.08	10.97
Diluted earnings per share (in Swiss francs)	19.77	21.28	15.34	12.06	10.93
Share price (in Swiss francs)	high	486.00	538.00	380.00	236.00
	low	242.60	383.00	235.00	147.00
	Security number	SIX symbol			Reuters
Flughafen Zürich AG (registered share)	1056796	UZAN			UZAzn.S

The following key data are shown excluding the influence of aircraft noise:

### Selected key financial data excluding the influence of aircraft noise<sup>1)</sup>

<b>(CHF thousand)</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
Total revenue	812,998	748,564	686,933	656,031	637,313
Of which revenue from aviation operations	479,253	437,703	390,215	368,543	362,138
Of which revenue from non-aviation operations	333,745	310,861	296,718	287,488	275,175
Operating expenses	434,862	392,753	358,837	338,282	328,712
Earnings before interest, tax, depreciation and amortisation (EBITDA)	378,136	355,811	328,096	317,749	308,601
EBITDA margin in %	46.5	47.5	47.8	48.4	48.4
Profit	100,613	83,495	46,952	21,045	16,104
<b>Key data for shareholders</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
Payout ratio (in %)	30.5	33.1	39.2	23.3	0.0
Basic earnings per share (in Swiss francs)	16.41	13.61	8.24	4.30	3.40

<sup>1)</sup> The reported key data excluding the influence of aircraft noise were adjusted for all main positions relating to aircraft noise in the income statement and balance sheet. In the income statement, these positions are noise charges, noise-related operating expenses, write-offs on the asset from the right of formal expropriation, noise-related financial expenses and financial income, and the tax effects arising from these adjustments. In the balance sheet, all the main noise-related asset and liability positions have been eliminated.

Other key data excluding the influence of aircraft noise are presented on page 34 of this annual report.



**Andreas Schmid**  
Chairman of the Board of Directors

**Thomas E. Kern**  
Chief Executive Officer



Dear Shareholders,

At the end of the year under review, the unfolding global financial crisis began to make itself felt in a less pronounced form at Zurich Airport. While double-digit growth rates were recorded during the first nine months of the year, numbers in all areas fell constantly from October onwards, particularly the volume of local passengers. It was especially thanks to the contribution from our home carrier, Swiss International Air Lines AG (Swiss), which reported a sharp increase in the volume of transfer passengers, that the company was able to close the year with a positive figure for passenger growth. 22.1 million passengers, or 6.6 percent more than in the previous year, chose Switzerland's gateway to the world as their travel starting point or destination, or for transfer purposes. This result compares very favourably with those of other European airports.

Once again the result in the non-aviation segment was outstanding. This was partly due to the opening of 13 additional retail outlets in the landside shopping centre, but it also reflects the ongoing expansion and improvement of services and facilities for passengers, visitors and employees. Retail spending per departing passenger reached a new record high of almost 44 Swiss francs. With commercial sales amounting to 481 million Swiss francs, Zurich Airport is one of the three largest shopping centres in Switzerland.

The fact that consolidated profit fell to 121.3 million Swiss francs despite the rise in traffic volume can be attributed to three extraordinary factors. Firstly, the noise pre-financing solution agreed with the Canton of Zurich and implemented on 1 July resulted in a lower proportion of revenue from noise-related charges. Secondly, the payment of around 21.3 million Swiss francs made to the Swissair creditors' trustee negatively affected the group's profit. And thirdly, the write-off of the Airport of Zurich Noise Fund investment in Sigma Finance Corp. following the latter's bankruptcy declaration impacted on profit in the amount of 11.4 million Swiss francs.

The Board of Directors is proposing the payment of a dividend of 5.00 Swiss francs per share.

### Operations

In 2008, Zurich Airport was once again able to better its punctuality rate. With the support of Skyguide (air traffic control), a number of optimisation measures were successfully implemented that helped counter the negative impacts of the unilateral German ordinance, especially at weekends and on German public holidays. In contrast to other European airports, Zurich Airport was able to lessen the infrastructure-related influences on the punctuality rate, thanks to

the efforts of Airport Steering under the guidance of Flughafen Zürich AG. Over the past few years, Airport Steering has established itself as a key factor for the stable operation of Zurich Airport. The overall quality of Zurich Airport was maintained at a high level in the year under review. Once again Zurich Airport received several prestigious awards, including the World Travel Award as best European airport for the fifth year in succession.

### Implementation of the Schengen Agreement

The implementation of the Schengen Agreement in Switzerland was originally scheduled for the end of October 2008, and all the necessary structural modifications were thus planned for completion as of that time. The new bus gates B01 to B10 and other new components and facilities were finished on schedule and handed over for operation on 24 October, even though implementation of the Schengen Agreement in Switzerland had meanwhile been postponed until 12 December. Since strict segregation of passengers travelling to and from Schengen and non-Schengen states cannot be introduced midway through a current flight plan, implementation of the Schengen Agreement at Switzerland's airports is to take place on 29 March 2009 to coincide with the changeover to the summer flight plan.

### Political environment

On 3 July 2008, the Swiss Federal Office of Civil Aviation (FOCA) rejected the application submitted by Flughafen Zürich AG for an alternative flight path along the country's northern border, with visual landings. For Flughafen Zürich AG this decision was incomprehensible, given that the announcement was not made until a full three-and-a-half years after the application had been submitted. The FOCA cited "safety" as the reason for the rejection, even though the proposed flight path meets all the relevant international safety requirements. Flughafen Zürich AG is working together with other partners in order to find alternative approach paths to Zurich Airport, and is making every effort to minimise the volume of early-morning approaches from the south.

On the same day as the rejection by FOCA was made public, the Swiss Federal Department of the Environment, Transport, Energy and Communications (DETEC) announced its decision not to include a development option in the ongoing Civil Aviation Infrastructure Plan (SIL) process that would have facilitated airport planning for future generations. It chose not to pursue efforts to secure the potential development of a parallel runway system via area planning measures. An opportunity has thus been missed to provide Zurich Airport with the conditions required for meeting the future mobility needs of Switzerland's business world and society as a whole.



### **Opening of Bengaluru International Airport**

In the southern Indian state of Bengaluru (formerly Bangalore), the new Bengaluru International Airport was handed over for operation on 24 May 2008 after a construction period of only 35 months. Flughafen Zürich AG holds a 17 percent stake in the Indian airport operator, Bangalore International Airport Limited (BIAL), and is also responsible for operation of the new airport under an operating, management and service agreement in effect until at least 2015.

### **60th anniversary of Zurich Airport**

Zurich Airport celebrated its 60th anniversary in 2008, and to mark the occasion a lavishly illustrated book was published offering a fascinating look at the history and development of the airport ("Flughafen Zürich 1948–2008"). Leafing through this anniversary publication it quickly becomes apparent that, right from the earliest days, there has been no lack of innovative ideas for the airport's future. The airport rapidly grew in popularity as it established an ever-increasing range of attractive air travel and other services, quickly becoming Switzerland's gateway to the world where visitors could benefit from a broad range of excellent transport connections.

### **Background conditions**

The transport infrastructure embodied at Zurich Airport today is of national importance, and Zurich Airport therefore faces the constant challenge of balancing the need to protect the population against aircraft noise against the need of meeting the mobility requirements of the business world and society as a whole. The fact that the airport is a significant driving factor for the economy of the canton of Zurich as well as of the entire country is undisputed. This is well exemplified by employment figures alone: in the year under review, the airport employed a workforce of around 24,000 people.

On 16 December 2008 the Canton of Zurich published the results of the Zurich Aircraft Noise Index (Zürcher Fluglärm-Index or ZFI) for 2007. This instrument is used for measuring the number of people who are exposed to high levels of aircraft noise during the day and at night. As an alternative to a people's initiative calling for restrictions on flight operations (the "Plafonierungsinitiative"), Zurich's Cantonal Council put forward a counter-proposal that was accepted by the electorate. The counter-proposal specifies 47,000 as the maximum permissible number of people that may be exposed to high levels of aircraft noise. The figure of 46,329 recorded in 2007 came very close to this upper limit. The increase of about 8 percent versus 2006 can be attributed to three factors. Firstly, the sharp rise in population in municipalities around the airport significantly affected the index. Secondly, the in-



crease in flight movements after 10 p.m. also influenced the index. And thirdly, the index was affected by changes in the calculation method. The Cantonal Council gave the local Department of Economics a one-year period to propose measures to prevent a further rise in the index. The final decision on implementing flight operations measures that might be necessary to comply with the specified limit would be incumbent upon the federal government.

In the year under review, the relevant cantonal authorities of Zurich began examinations of three tabled initiatives. In early December 2008, the Advisory Committee for Energy, Transport and the Environment (KEVU) announced its decision to adopt the stance of the Cantonal Council and recommend the rejection of both the people's initiative calling for a fair and balanced distribution of aircraft noise at Zurich Airport and the cantonal government initiative calling for a limitation of flight movements to 320,000 per annum and a night-time curfew of at least eight hours. The KEVU went on to announce its support for a second cantonal government initiative calling for a ban on the construction of new runways and expansion of existing ones, and subsequently referred the initiative in its present form to the Cantonal Parliament for debate. Given the conclusions arrived at the Cantonal Parliament on 23 February 2009, it seems likely that the airport will once again be the subject of a vote by the electorate of the Canton of Zurich in autumn of 2009. Flughafen Zürich AG opposes all three initiatives because they contradict the federal government's civil aviation policy on Switzerland's national airports and would prevent the airport operator from fulfilling its official mandate.

### Germany

At the end of April 2008, the Swiss federal government and German Chancellor Angela Merkel met and agreed to carry out a joint analysis of aircraft noise over southern German territory. On the basis of the findings of this study, Switzerland is to submit a proposal to Germany concerning future regulations governing flight movements at Zurich Airport. Specialists from both countries have commenced work on this complex mandate and hope to present their findings in the course of 2009. Despite the anticipated difficulties – given that the initial implementation of the new German aircraft noise legislation is at issue here – every effort has to be made to ensure that the results of the analysis are available as soon as possible without compromising the quality of the study in any way.

Once the results are in, the next major step will be to find an acceptable solution in a negotiation process with Germany at the political level – a solution that takes the interests of both countries into account.

The responsible authorities will have to provide the necessary structures for political negotiation without delay, and include the main players in the process. Flughafen Zürich AG is closely monitoring this development, since the outcome of the process is of considerable, perhaps even decisive, importance for Zurich Airport in that it will determine the definitive criteria for future flight operations.

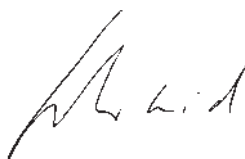
### Changes to the Management Board

The composition of the new Management Board was completed on 1 November 2008 and reflects the defined strategy of the group. The Management Board comprises the following five divisions: Operations (Rainer Hiltbrand), Marketing & Real Estate (Peter Eriksson), Corporate Development (Stephan Widrig), Finance (Daniel Schmucki) and Services (Michael Schallhart). Thomas E. Kern took over as Chief Executive Officer on 15 January 2008. After a term of three years as head of Finance and Marketing at BIAL, Stephan Widrig returned to Switzerland to lead the new Corporate Development division at Flughafen Zürich AG. The new Management Board was completed with the appointment of Michael Schallhart as head of the new Services division. Before joining Flughafen Zürich AG, Michael Schallhart was deputy secretary general of FIFA.

### Thanks

We wish to express our appreciation to all our shareholders for their long-term commitment and the trust they have placed in Flughafen Zürich AG. Once again we experienced a challenging year, and we have an even more demanding one ahead of us. The future will hold many more challenges for us, requiring important decisions. Our sincerest thanks also go to our partners and business clients for their support and co-operation. We wish to extend a special thanks to all our employees, who through their unceasing committed efforts have helped Zurich Airport become perceived throughout the world as a provider of civil aviation infrastructure and services of the highest quality.

Zurich Airport, 12 March 2009



Andreas Schmid  
Chairman of the Board  
of Directors



Thomas E. Kern  
Chief Executive Officer



**Alexander Knorn, 36, constructional project manager**  
Joined Unique (Flughafen Zürich AG) in 2007  
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### Quality and quality assurance

**Flughafen Zürich AG has set itself the goal of consistently focusing on quality and quality assurance in all its spheres of activity. In this way it aims to strengthen its already excellent position in the global civil aviation sector and further enhance the outstanding reputation enjoyed by Zurich Airport.**

Zurich Airport has established itself on the market as a top-quality provider. This status is just as much due to the airport's outstanding infrastructure as it is to the comprehensive range of products and services.

### Recipient of numerous prestigious awards

After completing expansion stage 5, Flughafen Zürich AG introduced a quality management system. Its declared objective was to position Zurich among the leading airports in Europe. The numerous awards received by Zurich Airport in recent years clearly confirm that it has succeeded in positioning itself right at the top of the ladder:

- In February 2008, Zurich was voted "Europe's Leading Airport" at the annual Business Traveller Awards.
- Also in February 2008, at the prestigious ACI ASQ (Airports Council International / Airport Service Quality) awards, Zurich took first place in the "Best European Airport" category, and second place in the "Best Worldwide Airport with 15 to 25 million passengers" category.
- In October 2008, Zurich was awarded the bronze medal at the 2008 Airport Media Awards in recognition of its special achievements in the field of advertising.

- Also in October 2008, for the fifth year in succession Zurich Airport received the prestigious World Travel Award for its user-friendliness and high quality of products and services.

Flughafen Zürich AG is proud of the fact that Zurich has established itself as a leading airport in Europe and throughout the world. As before, the company intends to consistently pursue its quality strategy so that it will be able to continue to meet and even surpass the expectations of travellers and visitors in the future.

## Aviation business

**Flughafen Zürich AG attaches a great deal of importance to punctuality, both in its daily operations and when implementing projects. When it comes to quality and punctuality, new standards are constantly being set at Zurich Airport.**

In 2008, the punctuality rate for departures (delays <15 minutes) was 77 percent, which was 2 percent higher than the target of 75 percent. Despite the restrictions imposed by the unilateral German ordinance and the strong growth in traffic, Zurich Airport was also able to improve its overall punctuality by 2 percent versus the prior year. This result means that, in comparison with the 27 most important airports in Europe, Zurich Airport is positioned in the top third. In order to ensure a high degree of punctuality in the future, a variety of additional projects were initiated in the year under review.

### Renovation of the apron control tower

In 1985, the control tower was handed over for operation. It is from here that Skyguide (air traffic control) co-ordinates take-offs and landings and Apron Control (a service operated by Flughafen Zürich AG) manages movements on the ground. Many big changes have occurred at Zurich Airport since 1985. For example, as part of expansion stage 5, Dock E was constructed and put into operation, resulting in the addition of aircraft stands, taxiways and de-icing pads to the north of runway 28. And over the past few years, all IT systems have been upgraded, and in many cases expanded. The renovation of the apron control tower also became necessary in order to provide Skyguide and Apron Control personnel with a modern, ergonomically optimised working environment from which to co-ordinate flight operations safely and efficiently far into the future.

### Successful EURO 2008

Transport infrastructure was an important factor in the successful organisation of EURO 2008, one of the biggest sporting events in the world. The majority of the additional flights at Zurich Airport took place on 9, 13 and 17 June 2008, i.e. the days on which matches were played in Zurich and Bern. Between 14 and 16 flights with 1,600 to 2,100 passengers were carried out during these three nights. Thanks to the experience of all involved airport partners, the careful co-ordination of cantonal police, the Swiss Federal Office of Civil Aviation (FOCA) and Swiss Federal Railways, and the deployment of highly

motivated personnel, these night flights took place without a hitch and within the timeframe specified by the federal government.

### No alternative flight path along Switzerland's northern border

Flughafen Zürich AG was forced to introduce approaches from the south as of October 2003 so that it could maintain flight operations during the curfews imposed by Germany. It subsequently resolved to make every possible effort to find a solution in the form of an alternative approach path, and at the end of December 2004 it submitted an application to the Swiss Federal Office of Civil Aviation (FOCA) for a new approach route along Switzerland's northern border (i.e. through Swiss airspace) to runway 14. The aim here was to at least partially ease the burden on the densely populated area to the south of the airport.

The application was subsequently modified in accordance with the requirements of the FOCA, and was then presented for public consultation from 9 May to 7 June 2007. The FOCA also carried out a series of test flights and declared that the proposed approach path was "navigable" and complied with all international safety requirements. Nonetheless, the FOCA rejected the application on 3 July 2008 because the flight path does not meet the same safety level as a precision approach path with an instrument landing system. Flughafen Zürich AG is disappointed that its efforts to partially ease the burden on the densely populated area south of the airport, resulting from the airspace restrictions imposed by Germany, have been thwarted. In view of the fact that, in addition to the FOCA, other players, including Skyguide (air traffic control), Swiss and the Association of Air Traffic Controllers and Pilots, have spoken out against the introduction of the proposed alternative approach path, Flughafen Zürich AG regards its chances of pursuing its interests by taking legal action as very poor. It has therefore decided not to appeal against the decision of the FOCA. In view of this situation, Flughafen Zürich AG is working closely together with Skyguide to develop a concept for an alternative approach path from the north with satellite navigation.



### **Civil Aviation Infrastructure Plan (SIL process) – an opportunity missed**

Securing the planning of development space for airport facilities is the responsibility of the federal government (sectoral planning). This entails a rolling planning process covering a time frame of around 25 years. For this purpose, the FOCA is drawing up the Civil Aviation Infrastructure Plan for Zurich Airport in collaboration with the Canton of Zurich and Flughafen Zürich AG. At the first co-ordination meeting held in December 2006, the FOCA publicly presented 19 potential operating options for Zurich Airport. Then, at the second and third co-ordination meetings held on 6 July 2007 and 3 April 2008 respectively, the cantons affected in terms of spatial planning and the involved federal authorities commented on the potential operating options and optimisation proposals.

The cantons of Schaffhausen and Aargau spoke out against the proposed optimisations for the existing runway system with corresponding capacity restrictions. The cantons to the east of the airport criticised option J, which concerns extensions of the runways and increased utilisation of flight movements to and from the east. With the exception of Zurich as site canton, all the involved cantons stated they were in favour of securing the necessary space for the construction of a parallel runway and resulting increase in capacity, as did the Swiss Federal Office for Spatial Development (ARE) and the Swiss Federal Office for the Environment (FOEN). The Swiss Federal Department of Defence, Civil Protection and Sports (DDPS) requested alternative planning for the Kloten-Bülach ordinance depot, which would have to make way for the construction of a parallel runway. In view of the situation outlined above, the decision communicated by the Swiss Federal Department of the Environment, Transport, Energy and Communications (DETEC) on 3 July 2008 to the effect that the securing of the necessary space for a parallel runway was to be excluded from the SIL process, came as a considerable surprise.

It was with much regret that Flughafen Zürich AG noted this decision by the federal government. From the point of view of civil aviation policy, it means that despite the enormous economic importance of providing flight connections to destinations all over the world, the opportunity to secure the necessary planning for the long-term development of Switzerland's only national airport with a significant intercontinental route network has been missed.

The final report on the development of the SIL process is expected in 2009, while the formal processes until the finalisation of the area planning for Zurich Airport by the Federal Council will probably take another two years.

### **Zurich Aircraft Noise Index (Zürcher Fluglärm-Index or "ZFI")**

On 25 November 2007, a clear majority of the electorate of the canton of Zurich rejected a cantonal initiative calling for the restriction of flight movements to 250,000 a year and the extension of the night-time curfew to 9 hours. At the same time, voters accepted a counter-proposal put forward by the Cantonal Parliament, which calls for the introduction of a Zurich Aircraft Noise Index (Zürcher Fluglärm-Index or ZFI). This instrument is used for measuring the number of people who are exposed to high levels of aircraft noise during the day and substantial disturbances at night. The Cantonal Council set the maximum permissible number of people affected by aircraft noise at 47,000. If this specified limit should be exceeded, the authorities of the Canton of Zurich would be obliged in accordance with the relevant airport legislation to act within the scope of their powers to exert an influence on the airport operator and the federal government for corrective action. The two main determining factors of the ZFI are population growth and the development of the airport. The main responsibility with respect to population growth lies with the Canton of Zurich as the authority in charge of area planning, whereas responsibility for civil aviation lies with the federal government, on whose behalf Flughafen Zürich AG operates Zurich Airport.

On 16 December 2008 the Canton of Zurich published the results of the ZFI for 2007. The figure of 46,329 recorded for that year was close to the specified limit. The increase by around 8 percent versus the prior year (2006) is attributable to a higher number of intercontinental flights at night, rapid population growth in the municipalities surrounding the airport, and changes in the method of calculating the index. The Cantonal Council entrusted the local Department of Economics with the task of proposing measures within the period of one year aimed at preventing a further increase in the index. The final decision regarding the implementation of any flight-operations measures will have to be taken by the federal government.

### Renovation of runway 16/34

More than 30 years after it was last renovated (in 1976), runway 16/34 – the longest at Zurich Airport – was due for renovation again. After the necessary planning permission was received and the civil engineering mandate in the amount of 53 million Swiss francs was awarded in June 2007, preparations for the renewal of the runway lighting system commenced in September 2007. However, work on the renewal of the runway surface had to be postponed until spring 2008 due to unfavourable weather conditions in autumn 2007.

In order to avoid disruptions to flight operations during the day, the renovation work was carried out during the night-time curfew. The runway was handed over to the contractor each night immediately after the departure of the last intercontinental flight, and had to be cleared again by 5.30 a.m. the next morning in time for the first landing at 6 a.m. Work on the runway surface finally got under way during the night of 1 April. The existing surface of the 23-metre-wide centre strip was broken up and replaced with three layers of asphalt in accordance with a carefully co-ordinated timetable.

The resurfacing of the entire 3,700 metre runway was carried out in 102 night-time stages, and was completed during the night and early morning of 19 and 20 October 2008. Work on the runway lighting system and supply networks will continue until spring 2009. In addition to the surface, the entire power supply system of runway 16/34 is being replaced. The northern transformer station and all involved switching stations are to be expanded, which is scheduled for completion in autumn 2009.

### Staff screening phase III

The bilateral agreements between Switzerland and the EU oblige Zurich Airport to implement EU directive 2320/2002, "Staff screening", by not later than 1 July 2009. This directive calls for all staff, goods and vehicles to undergo full security checks at all access points to the airport premises. This means that all gates have to be modified to meet the new requirements and equipped with facilities for performing security checks. Furthermore, all access ways leading from buildings to flight operations areas either have to be closed or equipped with security check facilities.

Gate 101 was handed over for operation on 1 July 2008, thus fully implementing staff screening phase III one year earlier than called for by the EU directive. This also meant that a number of cost-intensive interim measures arising from the EU audit in December 2006 were no longer required, and the operational processes within the airport premises were generally simplified. A variety of altered access corridors in the terminals were also handed over for operation on 1 July 2008, and provisional control facilities were installed at those gates still requiring alteration work. The remaining alterations will be completed by the middle of 2009, following which the stipulated controls can be carried out in specially designed and equipped facilities.



### **New X-ray devices to replace the freight inspection system**

The existing freight inspection system in the southern section of the airport, which included a much-praised flight simulation inspection procedure, had been in use for around 10 years for carrying out security inspections of cargo, mail and suspicious items of baggage, and was regarded as exemplary by numerous other airports. As of 1 July 2008, Flughafen Zürich AG transferred responsibility for freight inspection to Cargologic, which now uses large X-ray devices installed inside the cargo terminal for this purpose.

### **Reorganisation of fire-fighting service**

After almost 60 years as a unit operated by Zurich Airport, the fire brigade, rescue service and operations centre were outsourced to the Zurich Rescue & Protection Division (SRZ) as of 1 January 2008. Co-operation between the airport and SRZ is governed by a service level agreement. As before, Flughafen Zürich AG is responsible for ensuring compliance with the relevant international and national regulations, as well as for the overall organisation of emergency services at the airport. As a result of the reorganisation, the operating zone now includes the districts of Affoltern, Seebach, Oerlikon and Schwamendingen, and the fire brigade has received an additional fire engine, together with the necessary personnel and equipment. Practical experience during the first twelve months has shown that the reorganisation was a successful move.

By outsourcing the fire brigade to the SRZ, Flughafen Zurich AG has turned it into an independent entity and provided it with its own management structure.

### **High level of operational safety**

Flughafen Zürich AG has had a certified safety management system in place since June 2006, and is thus able to ensure a high level of operational safety. The central components of the system at Zurich Airport are a safety policy, documentation of operational and safety processes, analysis of incidents and accidents for prevention purposes, safety audits and inspections within Flughafen Zürich AG and external companies, and continual information and education measures. The safety management system is reviewed every three years as part of the re-certification process carried out by the FOCA. The first re-certification is due to take place in 2009.

The following three priorities were defined in 2008:

The occurrence reporting process that was introduced in spring 2007 for promoting operational safety was constantly developed during 2008 and communicated to all partner companies at various events. In addition to incidents for which a reporting obligation applies, more and more reports regarding hazards to operational safety are being received that need to be addressed and will require appropriate corrective measures. The focus of attention for the Safety Office in 2009 will again be on information activities associated with occurrence reporting.

In order to optimise the already very high safety standard at Zurich Airport, all operational processes and safety measures have been examined and evaluated since 2008, and in 2009 these internal audits will be extended to other companies operating at the airport.

To intensify its information and education activities relating to safety, Flughafen Zürich AG has introduced a Safety Newsletter for distribution throughout the entire airport. The aim behind this quarterly bulletin is to pass on the lessons learned from incidents that have occurred and the experiences reported by personnel. In addition, a number of educational events were held in the course of the year for project heads and line managers dealing with threat and risk analyses.

### **“Zurich 2010” project: preparations for the implementation of the Schengen Agreement**

The aim of the “Zurich 2010” project is to enable Flughafen Zürich AG to implement the Schengen Agreement by providing the required passenger infrastructure, while enhancing the quality and user-friendliness of the airport by altering Dock B and reopening it for flight operations, and installing central security check facilities.

In 2008, all the measures were completed that are required for the full implementation of the Schengen Agreement with the EU, including the strict separation of Schengen and non-Schengen passengers. The federal government postponed the introduction of the Schengen Agreement at Switzerland’s airports from the end of October 2008 to the end of March 2009. Since the necessary infrastructure had already been completed in time to meet the original schedule, Flughafen Zürich AG decided to hand it over for operation immediately so passengers could benefit from the enhanced quality of the facilities right away. The new bus gates B01 to B10 were the most important new facilities to be handed over at this stage. Zurich Airport is in any case ready for the implementation of the Schengen Agreement well in advance of the scheduled date (29 March 2009).

In order to compensate for the loss in handling capacity resulting from the implementation of the Schengen Agreement with a high quality, long-term solution, Dock B is to undergo major alterations and be reopened for flight operations, probably towards the end of 2011. The spectators’ terrace at the existing Dock B was closed in October 2008, and the first phase of the alteration work was initiated soon afterwards. When it is completed, the new Dock B will be the first at Zurich Airport to have handling gates on two levels: the lower level will be for non-Schengen passengers and the upper level for Schengen passengers. This is an ideal solution for the separation of passengers and offers significant operational advantages.

### **Centralised security checks**

Security checks will in future be carried out immediately after check-in, i.e. before passengers enter Airside Center. The goal is to shorten waiting times at security checks and simultaneously reduce operating costs. This will make it easier for passengers to calculate how much time they need for completing the various formalities, and they will also have more time at their disposal for making use of the wide range of shops and restaurants. In order to centralise security checks, the existing facilities will have to be adapted in all areas of the airport. The core component is the new four-storey building for centralised security checks, which will be constructed in the area of Airside Center between Check-in 1 and Check-in 2. Here, 28 security check facilities will be installed that will replace the existing facilities at the entrances to the various gate areas. The building will also provide space for additional shops and restaurants in Airside Center. The new central security check facilities will be handed over for operation at the end of 2011.

## Development of non-aviation business

**Flughafen Zürich AG and its partners share a common goal: to meet and, wherever possible, exceed the requirements of visitors, travellers and consumers with a highly attractive range of retail outlets, bars/restaurants and services.**

For Flughafen Zürich AG and its partners, the main focus is always on consumers, whether they are passengers, visitors or employees. Ongoing surveys among the various target groups help identify their changing requirements and levels of satisfaction. At the same time, quality controls help ensure that expectations placed on the various goods and services are met or exceeded. Research on global trends and comparisons with other airports throughout the world, as well as with shopping centres in Switzerland, guide our efforts to improve the range of products and services as well as the overall attractiveness of the airport. Our professional complaint management infrastructure identifies any existing weaknesses at an early stage and provides for a direct interface with clients. In the course of 2008, Flughafen Zürich AG and its partners used the results of these activities to make further improvements.

### Shopping and relaxation

During the year under review, 13 new retail outlets were opened in Airport Shopping (which is in the public area of the airport) with a total area of almost 5,000 square metres. The new retail facilities are devoted to areas that, according to consumer surveys, were lacking at Zurich Airport, and they therefore particularly enhance the attractiveness of Airport Shopping. In addition, a number of outlets were remodelled and upgraded. Various bars and cafés were also renovated during 2008, and the new Bâcara restaurant and wine bar along with the Fillini and Angels restaurants in the Radisson Blu Airport Hotel and Conference Center opened their doors for business. The broad diversity of products offered by operators of cafés, restaurants and bars was constantly adjusted to meet consumers' requirements and keep pace with changing trends.

The range of shopping and culinary attractions was also expanded in Airside Center. The eight new shops, including Gucci, Montblanc and Porsche Design, are proving to be extremely popular among passengers, as are the new Panopolis restaurant and Café Bar 110.

### Meeting the demand for comfort and relaxation

A modern airport not only has to offer attractive shopping and dining options, it also needs to meet the growing demand for comfortable lounges and other facilities catering to the well-being of passengers and visitors. More and more lounges are being designed to combine business and relaxation so that passengers can make use of their waiting time as pleasantly and/or efficiently as possible. With the completion of the redesigned and expanded Swiss, Emirates, Air France and Dnata lounges, Zurich Airport is now able to offer outstanding lounge facilities that compare favourably with those of airports throughout the world. There is also growing demand for other amenities such as shower facilities for passengers and visitors.



### **Optimal promotion**

In addition to constantly improving its range of products and services, Zurich Airport also intensified the marketing of its own brand in the year under review. A variety of regional, national and international advertising campaigns were launched to draw the attention of air travellers and consumers to the comprehensive range of available facilities and services at the airport. In addition, a broad variety of sales campaigns and special promotions provided incentives for additional consumer spending as well as entertainment for visitors. Over the past few years, Zurich Airport has developed into an attractive location for distributors of branded goods to present their latest products and exclusive goods or services. Great interest has already been expressed in using Zurich Airport as a promotion platform in 2009, which gives Flughafen Zürich AG optimal scope for scheduling promotions at the most suitable times.

### **Satisfied customers, increased sales**

Direct feedback and the latest results of surveys show that the various measures that were undertaken have already resulted in a higher degree of customer satisfaction and a corresponding increase in sales. Sales growth at Zurich Airport is currently very strong in comparison with other shopping centres in Switzerland. This clearly demonstrates that Flughafen Zürich AG is on the right track with its chosen strategy and its focus on the requirements of consumers.



## Real estate and facility management (non-aviation)

**In addition to actively marketing rental premises, Flughafen Zürich AG also intends to continue improving the general infrastructure. This encompasses the care and renovation of existing buildings as well as maintenance and upgrading of technical facilities. A variety of other projects are also being implemented in order to continually enhance the attractiveness of Zurich Airport.**

With its 1.2 million square metres of floor space, Flughafen Zürich AG is one of Switzerland's largest infrastructure providers. Its rental premises range from logistics and storage space to operations infrastructure and office space. Furthermore, the available facilities for public transport (trains, buses, trams) and private transport (car parks, car hire services) are sufficient to meet all the requirements of a broad variety of users. The quality of all these facilities is being constantly optimised through conscientious maintenance and renovation.

### Optimal public transport connections

The opening of the Glattalbahn tram service to and from the airport on 12 December 2008 represented a significant milestone in the development of landside transport at Zurich Airport, which now offers optimal regional public transport connections. At the same time the coach services to ski resorts and other tourist destinations were expanded.

### New tenants

Business premises at Zurich Airport are in strong demand, and the already fairly low vacancy rate was reduced again in the year under review. New tenants in 2008 included McKinsey Schweiz AG, which took over 6,000 square metres of office space to house its head office at Zurich Airport. The ideal location and high quality are key factors in the successful marketing of office space at the airport.

## Functionality and reliability

The functionality and reliability of technical installations at Zurich Airport are now so high that interruptions and breakdowns have become a thing of the past. Flughafen Zürich AG is able to fully meet the expectations of users in both the flight operations and the commercial segments. Availability and standards are regulated in service level agreements between users and the respective infrastructure providers.

### Maintenance, expansion and upgrading

As before, the focus of construction activities is on the maintenance of infrastructure, expansion and upgrading of public areas, and planning and implementation of expansion work. The main milestones in 2008 included the expansion of Airport Shopping, the opening of the Radisson Blu Airport Hotel, the handover for operation of the new Dock B bus gates, the renovation of the multi-storey car parks and the planning and implementation of measures associated with the "Zurich 2010" project. All these activities were completed on schedule and within the approved budget, and in each case the required level of quality was attained.

The infrastructure at Zurich Airport is of very high quality, is perceived as highly user-friendly and corresponds in every respect to the requirements of its users. As in the past, the demanding facility management activities in the year under review involved the implementation of carefully conceived measures in line with the relevant legal provisions. A variety of measures are planned for 2009 aimed at increasing the quality and variety of services even further.

## Public affairs and corporate communications

**Flughafen Zürich AG attaches a great deal of importance to open and transparent communication. This means providing accurate information without delay and, above all, entering into dialogue with partners, employees, neighbours, the general population and the authorities. This is critical, especially when it comes to working together to deal with particularly difficult or controversial issues.**

For the fulfilment of the operating mandate awarded by the federal government, Flughafen Zürich AG is greatly dependent on political circumstances. It frequently has to face attempts to influence or change these conditions in the form of initiatives and parliamentary motions, as is especially the case with respect to overlying issues such as the Civil Aviation Infrastructure Plan (SIL) and the formulation of definitive operating regulations. Here the aims are to protect specific regional interests and improve legal and planning security for the general population as well as for the airport operator. And in this connection it is important to maintain the focus on the overlying objective and look for suitable solutions for the future. This is one of the duties of Flughafen Zürich AG.

### Three initiatives, one response

In 2008, the relevant cantonal authorities of Zurich began examinations of three tabled initiatives. In early December 2008, the Advisory Committee for Energy, Transport and the Environment (KEVU) announced its decision to adopt the stance of the Cantonal Council and recommend the rejection of both the people's initiative calling for a fair and balanced distribution of aircraft noise at Zurich Airport, and the cantonal government initiative calling for the limitation of flight movements to 320,000 per annum and a night-time curfew of at least eight hours. The KEVU went on to announce its support for a second cantonal government initiative calling for a ban on the construction of new runways and the expansion of existing ones, and subsequently referred the initiative in its present form to the Cantonal Parliament for debate. Flughafen Zürich AG opposes all three initiatives because they contradict the federal government's civil aviation policy relating to Switzerland's national airports, and would prevent the airport operator from fulfilling its official mandate.

The Cantonal Parliament decided on 23 February 2009 to support the second cantonal government initiative calling for a ban on new construction and expansion of runways at Zurich Airport. A cantonal parliamentary referendum was subsequently launched against this decision. On the other two initiatives the Cantonal Parliament followed the recommendations of the Cantonal Council and the Advisory Committee. It is therefore to be expected that both the people's initiative calling for a fair and balanced distribution of aircraft noise at Zurich Airport and the second cantonal government initiative calling for a ban on new construction and expansion of runways at the airport will come before the electorate for a vote in autumn 2009.

### Greater clarity thanks to joint analysis of aircraft noise

Flughafen Zürich AG welcomes the proposal put forward by German Chancellor Angela Merkel on the occasion of her recent visit to Switzerland to carry out a joint analysis of aircraft noise over southern German territory. A methodology is to be jointly defined for calculating the level of aircraft noise resulting from approaches to Zurich Airport via German airspace. On the basis of the obtained findings, Switzerland is then to put forward proposals for settling this conflict. Flughafen Zürich AG is of the strong opinion that Zurich Airport must be equated to a German airport in terms of its impacts and is eager to see the analysis completed as quickly as possible.

The revision of the Swiss Federal Civil Aviation Act that was initiated as a consequence of the 2004 report on civil aviation policy in Switzerland is of special significance for Flughafen Zürich AG. It is therefore actively participating in the associated activities in order to ensure that it will be able to continue to operate successfully and develop the existing high-quality infrastructure. Flughafen Zürich AG will also clearly state its position with respect to revision packages 2 and 3, which are currently in preparation.



### **Promoting awareness and understanding**

As part of its political communication activities, Flughafen Zürich AG is focusing on increasing awareness among the public and in the political arena about the interdependencies between the economy and civil aviation, and on promoting understanding for the stances of involved corporate players. This is an ambitious but realisable goal, and Flughafen Zürich AG is strongly committed to achieving it. For this purpose it depends on support from its partners and all other players who share the goal of securing a strong civil aviation sector for Switzerland.

### **New head of Corporate Communications**

On 1 May 2008, after several years as deputy head, Sonja Zöchling Stucki took over as head of Corporate Communications from Jörn Wagenbach, who left the company after seven years of service. Flughafen Zürich AG will continue to attach a great deal of importance to open and transparent communication with all interest groups.

Lively exchanges took place throughout the year between the various internal partners at the airport. The concept of holding meetings attended by the communication heads of the main partners at the airport has meanwhile become firmly established and has repeatedly proved to be highly beneficial. The punctual provision of information is of the utmost importance. Exchanges also take place on a frequent basis with the heads of communication of the canton of Zurich and the Swiss Federal Office of Civil Aviation (FOCA). For external communication, various channels are used including media releases and conferences.

### **Zurich airport as a major attraction**

Two major events kept the Visitor Services & Events team on its toes in 2008: the last Terrace Festival on spectators' terrace B in June, and the festivities in celebration of the 60th anniversary of Zurich Airport at the beginning of September.

For the 60th anniversary celebrations more than 20,000 invitations were sent to employees of all companies operating at the airport, and a book to commemorate the occasion ("Flughafen Zürich 1948–2008") was published in early September. The lavishly illustrated volume is a comprehensive reference work that chronicles the fascinating history of Switzerland's gateway to the world.

The spectators' terrace at Dock B was closed at the end of October. A temporary solution has been provided so that the popular guided tours of the airport can still be carried out during the ongoing construction of the new Dock B. In the course of 2008 it once again became apparent that Zurich Airport is a highly popular destination for daytrips for people of all ages.

In 2008, Event Dock and "Areal 102" were no longer available as event locations since alterations were initiated in preparation for the implementation of the Schengen Agreement. The new bus gate on the site of "Areal 102" was handed over for operation on 24 October 2008, while at the former Event Dock preparation work commenced for the reconstruction of Dock B.

## Noise management and protection of residents

**In 2008, the aircraft noise situation was more or less unchanged from the prior year. The renovation of runway 16/34 incorporated the use of the best possible insulation measures, and the new Aircraft Tracking and Noise Monitoring System (ATANOMS) was put into operation during 2008. A total of around 3,700 enquiries and complaints relating to aircraft noise were received in the course of the year, which is approximately the same number as in the prior year.**

2008 was the first year in a long time in which no significant changes were made to the take-off and approach routes, and this meant that the noise situation remained more or less constant throughout the entire year. However, some important decisions relating to aircraft noise were taken, which gave rise to heated discussions in the neighbouring municipalities. One of these decisions concerned the rejection by the Swiss Federal Administrative Court of the appeals against the introduction of the instrument landing system on runway 28, while another concerned the rejection by the Swiss Federal Office of Civil Aviation of the application submitted by Flughafen Zürich AG for an alternative approach path along Switzerland's northern border. With the presentation of the optimised available options, the SIL (Civil Aviation Infrastructure Plan) process is now entering its final phase.

### Measures to reduce noise during renovation of runway 16/34

In the year under review, the construction project that involved the greatest levels of noise for the municipalities in the immediate vicinity of the airport was the renovation of runway 16/34. On about 100 nights between the months of April and October, construction work producing very high levels of noise was carried out during the night-time curfew. Special mobile barriers were erected in order to protect the inhabitants of nearby Oberglatt and Rümlang against excessive construction noise. The associated information campaign and organised visits to the construction site met with a great deal of interest among the local population. Flughafen Zürich AG also permanently monitored noise levels during the entire period of construction work.

The construction of the planned noise-dampening system had to be postponed. Swiss International Air Lines AG lodged an appeal with the Swiss Federal Administrative Court against the ruling of the Swiss Federal Office of Civil Aviation (FOCA). Flughafen Zürich AG hopes that it will nevertheless be possible to install the new system in the not-too-distant future and thereby provide local residents with more effective noise protection.

### Introduction of new noise monitoring system

In the year under review, the Noise Management and Protection of Residents section put the Aircraft Tracking and Noise Monitoring System (ATANOMS) into operation. All noise measuring stations were replaced, as well as the central infrastructure for evaluating flight paths and aircraft noise data. An additional measuring station was installed in the town of Kloten last year that records the noise levels resulting from landings on runway 28 in greater detail.

### Replies to 3,700 enquiries and complaints

Last year, Flughafen Zürich AG dealt with approximately 3,700 enquiries and complaints that it received via the dedicated "aircraft noise hotline" or in writing (by e-mail or post). The detailed data posted on the Internet concerning ongoing flight operations and effective noise levels enabled residents in the regions affected by aircraft noise to keep themselves informed about noise-related developments. Within the scope of the ongoing "2010 sound insulation programme", approximately nine million Swiss francs were spent in 2008 on the installation of noise-insulating windows in about 200 residential properties in the neighbouring municipalities with the greatest exposure to aircraft noise. Flughafen Zürich AG expects the total sound insulation costs to amount to around 240 million Swiss francs.

## International activities

**India and South America were once again the most important international markets for Flughafen Zürich AG in 2008, which is now well established in both regions and works closely together with strong local partners. To enable the company to expand into other markets and exploit market opportunities, a new business unit called “International Airport Activities” is currently being formed.**

### Successful start in Bengaluru

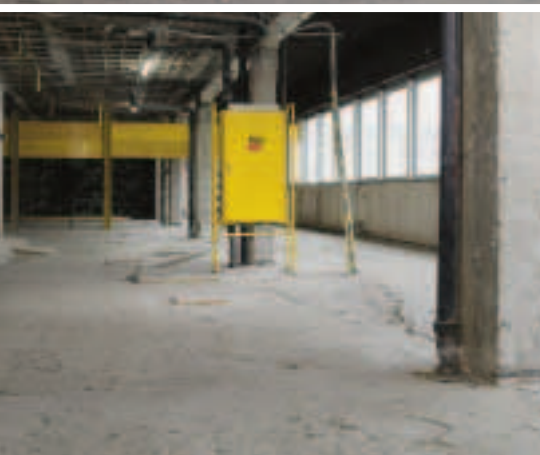
Bengaluru International Airport (BLR) was officially opened for operation on 24 May 2008. After a construction period of 35 months, the first aircraft began landing and taking off at the new international airport in Bengaluru (formerly Bangalore), southern India, during the night of 23/24 May, and the airport has since been running smoothly. The size of the airport had to be increased even before construction work had been completed. The new airport is designed to handle approximately 14 million passengers a year. Although the annual passenger volume had previously indicated constant growth rates of around 20 percent, the forecast for 2008/2009 has been adjusted downwards to below 9 million passengers.

The planned user development fee (UDF) – a passenger charge to help cover the costs of the airport infrastructure – was introduced with a delay on 16 January 2009 at a low provisional level. Until a decision has been made concerning the definitive fee, other major expansion activities have been put on hold.

Flughafen Zürich AG holds a 17 percent stake in Bangalore International Airport Ltd. (BIAL). It is also assisting BIAL with the planning and construction of the airport, as well as with its operation, on the basis of an operating, management and service agreement that is valid until at least 2015.

### Strengthening of operations in Latin America

In December 2007, Flughafen Zürich AG entered into a joint venture with Camargo Corrêa (Brazil) and Gestión e Ingeniería IDC S.A. (IDC) (Chile) under the name “A-port”. Based in São Paulo, Brazil, A-port S.A. invests in the construction and operation of airport projects and airport-related infrastructure in Latin America and the Caribbean, while A-port Operaciones S.A., which is based in Santiago de Chile, is responsible for operational activities arising from management agreements. Flughafen Zürich AG has a stake of 15 percent in A-port S.A. It holds a 33 percent stake in A-port Operaciones S.A., which it controls jointly with IDC. All interests and management agreements in Latin America (except those in Venezuela) were brought into the joint venture during the year under review. A-port commenced its operational activities in the second half of the year, and the structuring of holdings on the part of Flughafen Zürich AG will be concluded in the first quarter of 2009.



Flughafen Zürich AG is involved in the following airport projects in Latin America through its co-operation with A-port S.A. and A-port Operaciones S.A.:

#### **Brazil**

A-port S.A. owns and operates a modern multi-storey car park that contains more than 2,500 parking spaces and is located directly at the terminal at Congonhas Airport in São Paulo.

#### **Chile**

In Chile, Flughafen Zürich AG holds an interest in the licences for terminal and landside utilisation at three regional airports (Puerto Montt, Calama and La Serena), via the joint venture. The licence for Puerto Montt was extended in the first quarter of 2008 for a further 15 years, and expansion work was initiated in the second half of the year.

#### **Honduras**

Here a management agreement exists with InterAirports S.A. (Aeropuertos de Honduras) for the airports in Tegucigalpa, San Pedro Sula, La Ceiba and Roatán. These four international airports have a combined annual passenger volume of around 1.7 million.

#### **Colombia**

El Dorado airport in Bogotá handled a total of more than 13.5 million passengers in 2008. The main hall of the terminal was expanded in the first quarter of 2008 as a first milestone in the ongoing expansion project. Flughafen Zürich AG holds a single (formal) share of operator OPAIN S.A. A-port Operaciones S.A. continues to support OPAIN S.A. on the basis of a technical service agreement.

Flughafen Zürich AG also has an involvement in Latin America independently of "A-port":

#### **Venezuela**

In 2006, the governor of the province of Nueva Esparta expropriated the airport on Isla de Margarita for the second time, and since then the airport has been operated by a "junta interventora" (controlling board) under the supervision of the Venezuelan supreme court. At the same time, legal proceedings were initiated for the purpose of determining whether the governor had the right to expropriate the airport from the Unique/IDC consortium. The ruling by the supreme court as final instance has been expected since 2007. In view of the repeated delays, Flughafen Zürich AG has taken the necessary steps to have the case examined by an international court of arbitration.

#### **Projects in progress**

In addition to the commitments described above, Flughafen Zürich AG is currently considering other projects in Latin America/Caribbean, Asia and Eastern Europe.

## Significant events

### 22 January

Swiss International Air Lines AG opens new VIP & First Class Lounge.

### 2 February

Opening of 3 new shops in Airside Center: Confiserie Sprüngli, Lindt & Sprüngli and Fossil.

### 18 February

Zurich wins Business Traveller Award as best European airport.

### 25 February

Air travellers greatly appreciate the extremely high standard of service at Zurich Airport: Flughafen Zürich AG receives the prestigious 2007 ASQ (Airport Service Quality) Award.

### February to May

Swiss Federal Supreme Court announces its rulings on a total of 18 pilot cases in compensation proceedings for formal expropriations in Opfikon. The final rulings on various fundamental issues permit a more reliable assessment of costs relating to noise compensation.

### 1 April

Start of night-time renovation work on runway 16/34.

### 1 April

Flughafen Zürich AG is awarded mandate for facility management services in new airport hotel.

### 1 April

Bucher Industries and Swiss Federal Railways occupy almost 2,000 square metres of space in Office Center 1.

### 17 April

General Meeting of Shareholders: All current members of the Board of Directors are re-elected, and Ulrik Svensson is elected as new member.

### 19 April

Opening of 8 new shops in Airport Shopping (railway station level) encompassing almost 5,000 square metres of floor space.

### 21 April

Initiation of first stage of "Zurich 2010" project to prepare Zurich Airport for the implementation of the Schengen Agreement.

### 29 April

During a visit to Switzerland, German Chancellor Angela Merkel rejects Swiss proposal for a package solution concerning flights over German territory.

### 1 May

Responsibility for maintenance of the baggage sorting and handling system and aircraft fuelling system is transferred to Flughafen Zürich AG. 43 employees plus warehouse and workshop material are taken over from Avireal.

### 9 May

Flughafen Zürich AG offers approx. 350 local residents an opportunity to take a look behind the scenes of the major runway 16/34 renovation project.

### 24 May

Bengaluru International Airport (BIAL) officially opens for operation. After a 35-month construction phase, the first aircraft are handled at the new international airport in Bengaluru (formerly Bangalore), southern India. Opening proceeds smoothly and represents the start of a new era of privately operated airports in India.

### June

First aircraft bringing fans for EURO 2008 matches lands at Zurich Airport on 2 June. Zurich Airport and all partners are well prepared and handle almost 140 extra flights without a hitch. After 15 matches in Switzerland, departure of final EURO 2008 aircraft on 18 June, thus concluding a major event for Zurich Airport.



**6 June**

Opening of redesigned departures hall 1, with access to airport hotel, shopping centre and multi-storey car park 1.

**16 June**

FOCA publishes details about introduction of safety management systems for airlines and maintenance providers in Switzerland. Flughafen Zürich AG already introduced its safety management system in 2006.

**1 July**

Entry into effect of prefinancing solution for "old" noise-related liabilities agreed in 2006 with the Canton of Zurich in a supplementary agreement to the merger agreement.

**1 July**

Introduction of security checks for all airport employees, who now have to undergo the same checks as passengers when they enter the fenced-in area of the airport.

**3 July**

Federal government rejects application by Flughafen Zürich AG for introduction of an alternative northern flight path with visual landings, and simultaneously announces its decision not to pursue any operating options involving parallel runways in the Civil Aviation Infrastructure Plan (SIL).

**31 July**

Official opening of Radisson SAS Airport Hotel.

**4 September**

In an appeal lodged by the Swissair liquidator, the Swiss Federal Supreme Court rules against Flughafen Zürich AG and orders the latter to repay approximately 21.3 million Swiss francs into the bankruptcy assets.

**5 and 6 September**

Zurich Airport holds a party to celebrate its 60th anniversary and publishes a commemorative volume, "Flughafen Zürich 1948–2008" that chronicles the history of the airport and contains previously unpublished documents and numerous illustrations.

**16 October**

Opening of new Emirates Lounge in Dock E.

**20 October**

For the fifth time, Zurich Airport receives the prestigious World Travel Award for its user-friendliness and high quality of products and services.

**20 October**

Completion of renovation of runway 16/34. Zurich Airport's longest runway is now ready for another 30 years of operation.

**22 October**

Small private plane (Cirrus SR22) crashes on approach to runway 14. Schutz & Rettung Zurich rescue services reach the site immediately, but unfortunately the accident claims three lives.

**24 October**

A variety of new facilities are handed over for operation in time for the changeover to the winter 2008 flight plan: the new arrivals hall, the altered "Grüezi B" area, a new connecting corridor, and new bus gates B01 to B10, with tax and duty-free shop and Bar 110. This new infrastructure is part of the "Zurich 2010" construction project encompassing the alterations associated with the introduction of the Schengen Agreement.

**1 November**

The closure of the spectators' terrace at Dock B means that a major attraction for visitors of all ages will no longer be available. Dock B is to be completely reconstructed and reopened by spring 2011. Guided tours will continue to take place in the meantime. The spectators' terrace on Dock E will remain open.

**4 November**

Opening of new lounges by Air France and Dnata in Airside Center.

**12 December**

Official opening of Glattalbahn tram service between central Zurich and the airport.



**Doris Beck-Erb, 58, surveys**  
Joined Unique (Flughafen Zürich AG) in 2004  
→ pages 83 ff



## Key data (2-year comparison)

### Key financial data

All amounts in accordance with International Financial Reporting Standards, IFRS.

(CHF thousand)	2008	2007	Change in %	
Total revenue	855,103	802,868	6.5	
Of which revenue from aviation operations	525,689	495,981	6.0	
Of which revenue from non-aviation operations	329,414	306,887	7.3	
Operating expenses	434,862	392,753	10.7	
Earnings before interest, tax, depreciation and amortisation (EBITDA)	420,241	410,115	2.5	
EBITDA margin (in %)	49.1	51.1		
Earnings before interest and tax (EBIT)	234,073	229,202	2.1	
EBIT margin (in %)	27.4	28.5		
Profit	121,314	130,675	(7.2)	
Cash flow from operations	415,102	410,911	1.0	
Cash flow from investing activities	258,849	147,339	75.7	
Invested capital as of 31 December	2,660,769	2,614,569	1.8	
Ø capital employed	2,637,669	2,629,505	0.3	
Return on Ø capital employed (ROCE, in %)	7.1	6.9		
Equity as of 31 December	1,428,935	1,373,384	4.0	
Return on equity (in %)	8.7	10.0		
Equity ratio (in %)	42.5	43.2		
Interest-bearing liabilities (net, in accordance with IFRS)	1,019,008	918,833	10.9	
Interest-bearing liabilities (IFRS)/EBITDA	2.42x	2.24x		
Key operational data				
Number of passengers	22,099,233	20,739,113	6.6	
Number of flight movements	274,991	268,476	2.4	
Freight in tonnes	387,671	374,264	3.6	
Number of full-time positions as of 31 December	1,254	1,319	(4.9)	
Number of employees as of 31 December	1,482	1,552	(4.5)	
Key data for shareholders				
Number of issued shares	6,140,375	6,140,375		
Proposed/paid dividend per share (in Swiss francs)	5.00	4.50	11.1	
Dividend total (in thousand Swiss francs)	30,702	27,632	11.1	
Payout ratio (in %)	25.3	21.2		
Capital per share (in Swiss francs)	232.71	223.66	4.0	
Basic earnings per share (in Swiss francs)	19.78	21.30	(7.1)	
Diluted earnings per share (in Swiss francs)	19.77	21.28	(7.1)	
Share price (in Swiss francs)	high	486.00	538.00	(9.7)
	low	242.60	383.00	(36.7)
	Security number	SIX symbol	Reuters	
Flughafen Zürich AG (registered share)	1056796	UZAN	UZAZn.S	

The following key data are shown excluding the influence of aircraft noise:

### Selected key financial data excluding the influence of aircraft noise<sup>1)</sup>

(CHF thousand)	2008	2007	Change in %
Total revenue	812,998	748,564	8.6
Of which revenue from aviation operations	479,253	437,703	9.5
Of which revenue from non-aviation operations	333,745	310,861	7.4
Operating expenses	434,862	392,753	10.7
Earnings before interest, tax, depreciation and amortisation (EBITDA)	378,136	355,811	6.3
EBITDA margin (in %)	46.5	47.5	
Earnings before interest and tax (EBIT)	194,787	174,898	11.4
EBIT margin (in %)	24.0	23.4	
Profit	100,613	83,495	20.5
Cash flow from operations	379,760	360,206	5.4
Cash flow from investing activities	252,512	94,733	166.6
Invested capital as of 31 December	2,533,288	2,507,789	1.0
Ø capital employed	2,520,539	2,546,315	(1.0)
Return on Ø capital employed (ROCE, in %)	6.1	5.4	
Equity as of 31 December	1,301,454	1,266,604	2.8
Return on equity (in %)	7.8	6.9	
Equity ratio (in %)	44.0	43.4	
Interest-bearing liabilities (net, in accordance with IFRS)	1,180,170	1,166,775	1.1
Interest-bearing liabilities (IFRS)/EBITDA	3.12x	3.28x	
<b>Key operational data</b>			
Number of passengers	22,099,233	20,739,113	6.6
Number of flight movements	274,991	268,476	2.4
Freight in tonnes	387,671	374,264	3.6
Number of full-time positions as of 31 December	1,243	1,307	(4.9)
Number of employees as of 31 December	1,471	1,540	(4.5)
<b>Key data for shareholders</b>			
Number of issued shares	6,140,375	6,140,375	
Proposed/paid dividend per share (in Swiss francs)	5.00	4.50	11.1
Dividend total (in thousand Swiss francs)	30,702	27,632	11.1
Payout ratio (in %)	30.5	33.1	
Capital per share (in Swiss francs)	211.95	206.27	2.8
Basic earnings per share (in Swiss francs)	16.41	13.61	20.6
Diluted earnings per share (in Swiss francs)	16.39	13.59	20.6
Share price (in Swiss francs)			
high	486.00	538.00	(9.7)
low	242.60	383.00	(36.7)
	Security number	SIX symbol	Reuters
Flughafen Zürich AG (registered share)	1056796	UZAN	UZAZn.S

<sup>1)</sup> The reported key data excluding the influence of aircraft noise were adjusted for all main positions relating to aircraft noise in the income statement and balance sheet. In the income statement, these positions are noise charges, noise-related operating expenses, write-offs on the asset from the right of formal expropriation, noise-related financial expenses and financial income, and the tax effects arising from these adjustments. In the balance sheet, all the main noise-related asset and liability positions have been eliminated.

### Trend in traffic volume

The traffic volume in Zurich rose versus the prior year by 1.4 million passengers, or 6.6 percent, to 22.1 million passengers – mainly thanks to an increase in the number of local passengers (plus 11.0 percent) who use Zurich Airport as a hub. The proportion of transfer passengers to the overall passenger volume reached 35.2 percent as of the end of 2008. The 1.4 percent increase versus the prior year indicates a further strengthening of Zurich as a hub airport. The strong growth in local passengers reported in the first six months of the year slowed in the second half, and became negative in November. For the full year, the volume of local passengers rose by 4.5 percent to reach a new record level of 14.3 million. Swiss posted the biggest increase in passenger volume, followed by Air Berlin, easyJet and Singapore Airlines. Overall, the 6.6 percent increase in passenger volume in Zurich in 2008 was well above the European average of -0.6 percent (source: ACI, Airports Council International). The trend in low-cost traffic was again positive in Zurich, with a plus of 28.7 percent. This resulted in an increase in the proportion of low-cost operations from 8.5 to 10.2 percent. Hub carrier Swiss was able to strengthen its market position in 2008 and thus again increase its market share (which is based on passenger figures) from 55 to 57 percent.

In the year under review, the total number of flight movements rose by 2.4 percent versus the prior year to 274,991. The increase in the scheduled and charter flights segment was 3.6 percent, while the number of movements in the general aviation and other traffic segment fell by 3.4 percent. The average number of scheduled and charter passengers per flight rose by 2.9 percent from 93 to 95, while the average number of seats per flight increased by 2.2 percent from 133 to 136. The average seat load factor rose by 0.5 percent from 70.1 to 70.6 percent. The average maximum take-off weight rose by 2.9 percent. The increase in the number of seats per flight is primarily attributable to the new seating configuration on aircraft operated by Swiss.

The volume of air freight rose by 3.6 percent to 387,671 tonnes. The increase in the volume of substitute air freight transported by road was slightly lower (plus 1.5 percent) than that of air freight (plus 4.4 percent), which accounts for a proportion of 71 percent.

In the year under review, 65 airlines offered scheduled services to 115 European and 59 intercontinental destinations. The number of intercontinental destinations rose by 8, while 7 European destinations were added. The most important new destination is Shanghai. 13 destinations are now flown to by scheduled airlines instead of charter airlines.

Please refer to pages 73 to 81 for further details concerning traffic statistics.

### Changes in the consolidation structure

The consolidation structure did not change in the year under review.

## Comments on the result

### Total revenue and earnings trend

Total revenue rose by 6.5 percent versus the prior year, from 802.9 million to 855.1 million Swiss francs.

**Revenue from aviation operations** increased to 525.7 million Swiss francs (plus 6.0 percent).

(CHF thousand)	2008	2007	Change in %
Passenger fees	176,807	167,881	5.3
Security fees	142,127	117,936	20.5
Landing fees	79,630	74,580	6.8
Noise charges	46,436	58,278	(20.3)
Emission fees	3,042	2,808	8.3
Parking fees	5,088	4,780	6.4
Fuel charges	6,549	6,201	5.6
Freight revenue	7,755	8,257	(6.1)
Baggage sorting and handling system	26,383	24,684	6.9
Aircraft energy supply system	11,300	10,564	7.0
Refund of security costs	1,435	1,062	35.1
Bad debt write-offs	(271)	41	n/a
CUTE charges (check-in system for handling agents)	4,138	4,565	(9.4)
Other earnings	15,270	14,344	6.5
<b>Total revenue from aviation operations</b>	<b>525,689</b>	<b>495,981</b>	<b>6.0</b>

Revenue from **passenger fees** rose by 5.3 percent to 176.8 million Swiss francs. This was slightly lower than the increase in passenger volume (plus 6.6 percent). The reason for this is the stronger growth in transfer passengers, who pay a lower charge than local passengers.

**The security fees** that have to be paid by each passenger have been reported separately since 2007. Revenue from security fees rose disproportionally in the year under review by 20.5 percent to 142.1 million Swiss francs. This is attributable both to the trend in passenger volume and to the effect of the increase in the security fee as of 1 July 2007.

Revenue from **landing fees** increased to 79.6 million Swiss francs (plus 6.8 percent). In addition to the increase in flight movements by 2.4 percent, the fact that the average maximum take-off weight rose by 2.9 percent also influenced this figure.

The noise surcharge as a component of the passenger fees together with a portion of the noise-related landing fees forms the **noise charges** revenue. The noise surcharge as a component of the passenger fees is 5 Swiss francs per departing passenger (local and transfer passengers). Since 1 July 2008, the noise charges have been divided proportionally between Flughafen Zürich AG and the Canton of Zurich in line with the terms of the supplementary agreement concerning the financing of formal expropriations. 53 percent of the revenue from noise charges goes to Flughafen Zürich AG and the remaining 47 percent to the Canton of Zurich. This division of revenue from noise charges from 1 July 2008 onwards is the reason for the fall in revenue by 20.3 percent.

The 9.4 percent fall in revenue from **CUTE charges** is attributable to lower prices passed on to clients.



**Non-aviation revenue** rose by 7.3 percent from 306.9 million Swiss francs to 329.4 million.

(CHF thousand)	2008	2007	Change in %
Revenue from multi-storey car parks	64,407	61,596	4.6
Retail outlets and duty-free shops	79,493	71,355	11.4
Food and beverage operations	11,405	10,171	12.1
Advertising media and promotion	12,886	12,410	3.8
Other licence revenue (car rentals, taxis, banks, etc.)	12,859	11,734	9.6
<b>Commercial revenue</b>	<b>181,050</b>	<b>167,266</b>	<b>8.2</b>
Revenue from rental and leasing agreements	82,144	78,073	5.2
Energy and incidental cost allocation	25,487	20,258	25.8
Trade fairs and events	314	2,695	(88.3)
Cleaning	3,511	3,259	7.7
Other services revenue	5,497	2,858	92.3
<b>Revenue from facility management</b>	<b>116,953</b>	<b>107,143</b>	<b>9.2</b>
Communication services	12,988	10,584	22.7
Conference Center	3,050	5,150	(40.8)
Passenger services	1,851	7,532	(75.4)
Capitalised expenditure	6,275	4,261	4.3
Bad debt write-offs	(65)	(203)	(68.0)
Other services and miscellaneous	7,312	5,154	41.9
<b>Revenue from services</b>	<b>31,411</b>	<b>32,478</b>	<b>(3.3)</b>
<b>Total revenue from non-aviation operations</b>	<b>329,414</b>	<b>306,887</b>	<b>7.3</b>

The **trend in the retail and duty-free areas** was very pleasing in the year under review. The increase in both the turnover (net) of our commercial partners as well as the company's commercial revenue exceeded the growth in the passenger volume, which was 6.6 percent. This result was attributable to a further increase in the average spending per departing passenger to 43.54 Swiss francs (plus 3.8 percent).

(CHF million)	2008	2007	Change in %
Trend in revenue of commercial partners	481.1	435.1	10.6
Commercial revenue of Flughafen Zürich AG			
Retail outlets and duty-free shops	79.5	71.4	11.4
Food and beverage operations	11.4	10.2	12.1
Average revenue per departing passenger (in Swiss francs)	43.54	41.95	3.8

The pronounced increase in the year under review can be attributed partly to higher sales figures in the existing outlets, but also to the expansion of commercial floor space in Airport Shopping.

**Parking revenue** rose by a pleasing 2.8 million Swiss francs to 64.4 million (plus 4.6 percent). This increase was solely attributable to the higher volume of visitors. The parking fees were not increased in the year under review, and may be regarded as competitive in comparison with rates charged in the city of Zurich. Multi-storey car parks 1, 2, 3 and 6 were fully occupied on a number of peak travel days, and in order to provide additional temporary capacity, alternative parking facilities were opened together with a shuttle service to and from the main airport building.

**Other licence revenue** also rose by a solid 9.6 percent to 12.9 million Swiss francs.

In the year under review, **revenue from facility management** totalled 117 million Swiss francs, which was approximately 9.8 million (plus 9.2 percent) higher than in

2007. The increase in **revenue from rental and leasing agreements** by 4 million Swiss francs (plus 5.2 percent) is to some extent attributable to the outsourcing of the airport fire brigade and rescue service to the Protection and Rescue Services section (SRZ) of the City of Zurich. Since 1 January 2008, SRZ has been a tenant at Zurich Airport on the basis of a supplementary external rental agreement. Other contributing factors to the positive trend include the opening of the new Swiss lounge in Dock A and the higher rental of volume-based space for freight operations. **Revenue from energy and incidental cost allocation** rose by approximately 5.2 million Swiss francs. This is partly attributable to weather conditions, but also to higher commodity prices and an increase in customers, for example the new airport hotel. Revenue from trade fairs and events fell sharply due to the closure of Event Dock. **Revenue from other services and miscellaneous** was up sharply due to a pronounced increase in construction activities carried out by the company on behalf of clients.

**Revenue from services** fell by approximately 1.1 million Swiss francs in the year under review (minus 3.3 percent) to 31.4 million Swiss francs. Here, the elimination of revenue from passenger services (including ambulance transport) provided by the rescue service until 1 January 2008 led to a decrease by around 5.3 million Swiss francs. The former Airport Conference Center was closed down in August 2008 to make way for the new facilities in the airport hotel.

In the year under review, **operating expenses** rose by 10.7 percent from 392.8 million Swiss francs to 434.9 million. Without taking into account other expenses/income, which was affected by extraordinary influences, the increase in operating expenses would have been 3.8 percent.

(CHF thousand)	2008	2007	Change in %
Personnel expenses	152,394	160,042	(4.8)
Police and security	113,016	108,538	4.1
Maintenance and material	43,907	47,727	(8.0)
Energy and waste	25,015	20,806	20.2
Other operating expenses	36,057	19,095	88.8
Sales, marketing, administration	41,575	40,767	2.0
Other expenses/income, net	22,898	(4,222)	n/a
<b>Total operating expenses</b>	<b>434,862</b>	<b>392,753</b>	<b>10.7</b>

**Personnel expenses** account for 35 percent of the operating expenses. In the year under review, these fell by 4.8 percent to 152.4 million Swiss francs.

The table below lists the main factors contributing to these lower personnel expenses:

(CHF million)	
<b>Personnel expenses in 2007</b>	<b>160.0</b>
Outsourcing of fire brigade and rescue services	approx. (19.2)
Insourcing of operation and maintenance of various systems (as of 1.5.2008)	approx. 3.3
Adjustment of basic salaries	approx. 1.9
Additional costs associated with hiring of additional personnel	approx. 3.3
Special increases for personnel without variable salary component	approx. 0.8
Increase in provisions for holidays and overtime	approx. 0.7
Miscellaneous (external services, personnel recruitment)	approx. 1.6
<b>Personnel expenses in 2008</b>	<b>152.4</b>

In 2008, 318 employees of Flughafen Zürich AG benefited from a higher variable salary component thanks to the positive result.

As of 31 December 2008, Flughafen Zürich AG employed 1,482 staff (2007: 1,552), who filled 1,254 equivalent full-time jobs (2007: 1,319).

The table below depicts the development of costs for **police and security**:

(CHF thousand)	2008	2007	Change in %
Zürich cantonal police force	91,384	88,232	3.6
Security expenses relating to third parties	21,632	20,306	6.5
<b>Total police and security expenses</b>	<b>113,016</b>	<b>108,538</b>	<b>4.1</b>

Expenditure by Flughafen Zürich AG for police and security rose by 4.1 percent to 113.0 million Swiss francs. This increase is partly attributable to the growth in passenger volume, but largely to implementation of the EU security regulations relating to staff screening.

In the year under review, the **maintenance and material** expenses amounted to 43.9 million Swiss francs (minus

3.8 million, or 8.0 percent). This reduction is primarily attributable to the insourcing of the operation and maintenance of the baggage handling system, the aircraft energy supply system and the X-ray facilities as of 1 May 2008. Since that date, these services have been provided by Flughafen Zürich AG, which means that the corresponding costs associated with maintenance agreements have been eliminated.

Expenses relating to **energy and waste** rose from 20.8 million Swiss francs to 25.0 million (plus 4.2 million Swiss francs). This increase is primarily attributable to weather conditions and commodity prices, though the higher passenger volume and new infrastructure were also influencing factors.

In 2008, **other operating expenses** rose by 17.0 million Swiss francs to 36.1 million. This increase is primarily attributable to the reported expenses associated with the protection and rescue services provided by SRZ.

Expenses relating to **sales, marketing and administration** rose by 2.0 percent, or 0.8 million Swiss francs, to 41.6 million.

**Other expenses/income, net** includes the sum of 21.3 million Swiss francs that was paid to the liquidator of Swissair. This obligation resulted from a ruling by the Swiss Federal Supreme Court in September 2008. The matter dates back to 2001 and concerns a payment made by Swissair on 4 October that year for airport and air traffic control charges for July 2001. The lawsuit was based on the relevant Swiss legislation governing debt collection

and bankruptcy, according to which appeals may be lodged against all legal acts that have been taken by the debtor during the five years prior to the granting of protection from creditors with the clear intention of disadvantaging the creditors or favouring one or more creditors to the detriment of the others.

Flughafen Zürich had argued that the payment of the overdue airport and air traffic control charges was made from the loan granted by the federal government to Swissair on 3 October 2001 after the grounding, and thus the other creditors were not in any way affected by the payment. On 19 November 2007, the Zurich commercial court rejected the demand on the part of Swissair. The Swissair liquidator subsequently lodged an appeal with the Swiss Federal Supreme Court, which ruled partly in his favour. The ruling was based on a majority resolution in which the majority did not vote in favour of the presiding judge's petition.

**Earnings before interest, tax, depreciation and amortisation (EBITDA)** reached 420.2 million Swiss francs, compared with 410.1 million in 2007. The EBITDA margin is currently 49.1 percent (2007: 51.1 percent).

(CHF thousand)	2008	2007	Change in %
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>420,241</b>	<b>410,115</b>	<b>2.5</b>
Depreciation and amortisation	(186,168)	(180,913)	2.9
<b>Earnings before interest and tax (EBIT)</b>	<b>234,073</b>	<b>229,202</b>	<b>2.1</b>
Financial result	(79,213)	(64,589)	22.6
Share of profit or loss of associates	(7,612)	864	n/a
Income tax	(25,934)	(34,802)	(25.5)
<b>Profit</b>	<b>121,314</b>	<b>130,675</b>	<b>(7.2)</b>

At 186.2 million Swiss francs, **depreciation and amortisation** was approximately 5.3 million Swiss francs higher than last year. This increase is primarily attributable to the remaining depreciation of the closed-down Event Dock.

A higher EBITDA, partially compensated by higher depreciation and amortisation, resulted in an improvement of **earnings before interest and tax (EBIT)** by 4.9 million Swiss francs to 234.1 million (plus 2.1 percent).

At 79.2 million Swiss francs, the **financial result** was 14.6 million Swiss francs higher than in the prior year (plus 22.6 percent). The main influencing factor here is the full

write-off of an investment (Sigma Finance Corp.) in the Airport of Zurich Noise Fund amounting to around 11.4 million Swiss francs. Sigma Finance Corp.'s rating was "AAA" until approximately a year ago, and it was rated "AA-" until mid-September 2008.

The **share of profit or loss of associates** primarily reflects the result of the stake in the operator of the airport in Bengaluru, India. The negative result is mainly attributable to the start-up costs, the sharp decline in demand for air travel due to the global economic crisis, and the fact that the introduction of the new domestic passenger charges was significantly delayed by the local authorities.

## Profit

In consideration of the extraordinary influencing factors, the reported profit of 121.3 million Swiss francs (minus 7.2 percent) was within the original expectations of Flughafen Zürich AG. The result excluding aircraft noise was 100.6 million Swiss francs (plus 20.5 percent).

(CHF thousand)	2008 including aircraft noise	Elimination of aircraft noise	2008 excluding aircraft noise	2007 including aircraft noise	Elimination of aircraft noise	2007 excluding aircraft noise
Revenue from aviation operations	525,689	(46,436)	479,253	495,981	(58,278)	437,703
Revenue from non-aviation operations	329,414	4,331	333,745	306,887	3,974	310,861
<b>Total revenue</b>	<b>855,103</b>	<b>(42,105)</b>	<b>812,998</b>	<b>802,868</b>	<b>(54,304)</b>	<b>748,564</b>
Operating expenses	(434,862)		(434,862)	(392,753)		(392,753)
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>420,241</b>	<b>(42,105)</b>	<b>378,136</b>	<b>410,115</b>	<b>(54,304)</b>	<b>355,811</b>
EBITDA margin (in %)	49.1		46.5	51.1		47.5
Depreciation and amortisation	(186,168)	2,819	(183,349)	(180,913)	0	(180,913)
<b>Earnings before interest and tax (EBIT)</b>	<b>234,073</b>	<b>(39,286)</b>	<b>194,787</b>	<b>229,202</b>	<b>(54,304)</b>	<b>174,898</b>
EBIT margin (in %)	27.4		24.0	28.5		23.4
<b>Profit</b>	<b>121,314</b>	<b>(20,701)</b>	<b>100,613</b>	<b>130,675</b>	<b>(47,180)</b>	<b>83,495</b>
Profit in % of total revenue	14.2		12.4	16.3		11.2

The Board of Directors is proposing the payment of a dividend of 5.00 Swiss francs per share (prior year, 4.50 Swiss francs).

## Segment reporting

Notes on segment reporting by Flughafen Zürich AG can be found under "Financial report", "Consolidated financial statements according to IFRS", "Accounting policies", "Segment reporting".

### Aviation flight operations

(CHF million)	2008	2007	Change in %
Revenue from third parties	335.7	318.7	5.3
Inter-segment revenue	10.5	10.1	4.8
<b>Total revenue</b>	<b>346.2</b>	<b>328.8</b>	<b>5.3</b>
<b>Segment result (EBIT)</b>	<b>10.1</b>	<b>19.6</b>	<b>(48.5)</b>
<b>Total segment assets</b>	<b>936.1</b>	<b>880.5</b>	<b>6.3</b>
<b>Depreciation and amortisation</b>	<b>52.2</b>	<b>50.7</b>	<b>2.9</b>
<b>Investments</b>	<b>98.8</b>	<b>44.8</b>	<b>120.6</b>
<b>Number of employees (full-time positions) as of 31 December</b>	<b>533</b>	<b>585</b>	<b>(8.9)</b>

The result of this sub-segment was positive (10.1 million Swiss francs), but was 9.5 million Swiss francs lower than in 2007. The main reason for this is the payment to the Swissair liquidator. The lawsuit was based on the relevant Swiss legislation governing debt collection and bankruptcy, according to which appeals may be lodged against all legal acts that have been taken by the debtor

during the five years prior to the granting of protection from creditors with the clear intention of disadvantaging the creditors or favouring one or more creditors to the detriment of the others.

The investment of 98.8 million Swiss francs on the renovation of runway 16/34 represents the largest amount here.

### Aviation security

(CHF million)	2008	2007	Change in %
Revenue from third parties	143.6	119.0	20.7
Inter-segment revenue	0.0	0.0	n/a
<b>Total revenue</b>	<b>143.6</b>	<b>119.0</b>	<b>20.7</b>
<b>Segment result (EBIT)</b>	<b>(7.4)</b>	<b>(14.3)</b>	<b>48.3</b>
<b>Total segment assets</b>	<b>41.5</b>	<b>30.6</b>	<b>35.4</b>
<b>Depreciation and amortisation</b>	<b>5.1</b>	<b>4.7</b>	<b>9.7</b>
<b>Investments</b>	<b>9.1</b>	<b>4.4</b>	<b>105.9</b>
<b>Number of employees (full-time positions) as of 31 December</b>	<b>15</b>	<b>11</b>	<b>36.6</b>

The higher revenue in this sub-segment (plus 24.6 million Swiss francs) was attributable to the full-year effect of the increases in the security fees as of 1 July 2007, and to the strong passenger growth. In addition to the higher security costs due to growth in the passenger volume, the other main costs concern those for the implementation of staff screening stage III since 1 July 2008, and those arising in

association with immediate measures resulting from the EU inspection.

The increased investments in the security segment is also attributable to the implementation of staff screening stage III as of 1 July 2008.

**Aviation aircraft noise**

<b>(CHF million)</b>	<b>2008</b>	<b>2007</b>	<b>Change in %</b>
Revenue from third parties	46.4	58.3	(20.3)
Inter-segment revenue	0.0	0.0	n/a
<b>Total revenue</b>	<b>46.4</b>	<b>58.3</b>	<b>(20.3)</b>
<b>Segment result (EBIT)</b>	<b>39.3</b>	<b>54.3</b>	<b>(27.6)</b>
<b>Total segment assets</b>	<b>402.3</b>	<b>249.9</b>	<b>61.0</b>
<b>Depreciation and amortisation</b>	<b>2.8</b>	<b>0.1</b>	<b>n/a</b>
<b>Investments</b>	<b>285.8</b>	<b>135.1</b>	<b>111.6</b>
<b>Non-current provisions for sound insulation and formal expropriations</b>	<b>244.6</b>	<b>123.5</b>	<b>98.1</b>
<b>Number of employees (full-time positions) as of 31 December</b>	<b>11</b>	<b>12</b>	<b>(8.5)</b>

The decrease in segment revenue by 11.9 million Swiss francs is exclusively attributable to the lower noise-related revenue. Since 1 July 2008, the noise charges have been divided proportionally between Flughafen Zürich AG and the Canton of Zurich in line with the terms of the supplementary agreement concerning the financing of formal expropriations. 53 percent of the revenue from noise charges goes to Flughafen Zürich AG and the remaining 47 percent to the Canton of Zurich. This division of revenue from noise charges from 1 July 2008 onwards was the reason for the fall in revenue by 20.3 percent.

**Non-aviation**

<b>(CHF million)</b>	<b>2008</b>	<b>2007</b>	<b>Change in %</b>
Revenue from third parties	329.4	306.9	7.3
Inter-segment revenue	123.1	125.3	(1.7)
<b>Total revenue</b>	<b>452.5</b>	<b>432.2</b>	<b>4.7</b>
<b>Segment result (EBIT)</b>	<b>192.1</b>	<b>169.6</b>	<b>13.3</b>
<b>Total segment assets</b>	<b>1,787.0</b>	<b>1,803.8</b>	<b>(0.9)</b>
<b>Depreciation and amortisation</b>	<b>126.0</b>	<b>125.4</b>	<b>0.5</b>
<b>Investments</b>	<b>144.8</b>	<b>63.5</b>	<b>128.3</b>
<b>Number of employees (full-time positions) as of 31 December</b>	<b>695</b>	<b>711</b>	<b>(2.3)</b>

The result of the non-aviation segment was primarily influenced by a rise in revenue from third parties (plus 22.5 million Swiss francs). The main reasons behind the rise were the significant increases in commercial revenue and the increase in revenue from facility management. Inter-segment revenue fell slightly, primarily due to the outsourcing of the fire brigade and rescue service to SRZ.

The premises used by SRZ have been rented externally since 1 January 2008.

The segment result rose to 192.1 million Swiss francs, which – like revenue from third parties – was approximately 22 million Swiss francs above the prior year.



## Holdings and subsidiaries

### Bengaluru (India)

Flughafen Zürich AG holds a 17 percent stake in the share capital of Bangalore International Airport Ltd. (BIAL), the owner and operator of the new airport that was opened in Bengaluru, India, in 2008. Flughafen Zürich AG also secures the construction and operation of the airport on the basis of an operating, management and service level agreement. Revenue is now flowing to Flughafen Zürich AG from this agreement. This greenfield airport project was handed over for operation in May 2008 after a construction period of around three years. The share capital of BIAL was paid in during the entire construction stage. An additional sum of 2.8 million Swiss francs was paid in at the beginning of 2008, bringing the total investment on the part of Flughafen Zürich AG to 18.6 million Swiss francs as of the end of the year under review.

### Latin America

All the activities of Flughafen Zürich AG in Latin America (except those in Venezuela) are carried out via A-port, a joint venture established together with the Camargo Corrêa group (Brazil) and Gestione Ingeniera S.A. (IDC) of Chile. Here, two separate entities – A-port S.A. and A-port Operaciones S.A. – were formed in order to fully separate financial involvements and management from operational activities.

Based in São Paulo (Brazil), A-port S.A. invests in the construction and operation of airport projects and airport-related infrastructure in Latin America and the Caribbean. Flughafen Zürich AG holds a 15 percent stake in A-port S.A. The existing interests in the Chilean airports of Puerto Montt, La Serena and Calama were incorporated into the joint venture. In addition, the 80 percent stake held by Camargo Corrêa in Concessionária do estacionamento de Congonhas S.A., a car park at Congonhas Airport in São Paulo, was also incorporated into the joint venture.

A-port Operaciones S.A., which is based in Santiago (Chile), is to assume responsibility for the performance of management and consulting agreements concerning airports and airport-related infrastructure in Latin America and the Caribbean. Flughafen Zürich AG holds a 32.6 percent interest in A-port Operaciones S.A. All existing management agreements in Latin America (except those in Venezuela) have been incorporated into the joint venture. These include the management agreements for the three airports in Chile (Puerto Montt, La Serena and Calama), and (indirectly) the valid agreements in Colombia and Honduras via the respective local companies (Unique IDC Colombia S.A. and Unique IDC S.A. de C.V.). Flughafen Zürich AG also holds a single (formal) share of operator OPAIN S.A.

### Venezuela

Due to the continued intervention by the local government concerning the airport on Isla de Margarita, figures for the 2008 financial year are still not available. In 2006, the governor of the province of Nueva Esparta expropriated the airport on Isla de Margarita for the second time, and since then the airport has been operated by a “junta interventora” under the supervision of the Venezuelan

supreme court. At the same time, legal proceedings were initiated for the purpose of clarifying whether the governor’s withdrawal of the operating licence was lawful. The Venezuelan supreme court ruled in favour of Flughafen Zürich AG in 2007, but the publication of this ruling has still not taken place. In view of the fact that there are no signs of an improvement in the situation, Flughafen Zürich AG has taken the necessary steps to have the case examined by an international court of arbitration.

### APT Airport Technologies AG

APT Airport Technologies AG is a wholly owned subsidiary of Flughafen Zürich AG. In 2008 it generated revenue of 21.0 million Swiss francs and further expanded its range of services.

In the year under review, the roll-out of the ultra-modern “voice over IP” system was concluded, and more than 1,800 devices were connected. In addition, the first stage of the introduction of a new paging system (PAMPS) in bus gate C was initiated. The new system will operate more than 8,000 loudspeakers and ensure that the corresponding announcements can be transmitted to all buildings as required. It will also automatically trigger evacuation announcements in the case of an emergency.

A major new client (Cargologic) signed up for use of the new digital video system. The existing system is to be expanded during 2009 with the addition of more than 700 cameras.

In autumn 2008, the entire gate infrastructure was reprogrammed so that 2D bar codes can be printed on all boarding cards. Zurich is one of the first airports in the world that no longer uses 5 boarding cards with magnetic strips, so that all boarding cards can now be scanned with the aid of 2D bar code readers.

The introduction of the new client and server rental services, together with the outsourcing of SAP, meant that important ICT services were established during the year under review. A number of important clients have already signed up for these services, including Laufenburg power plant in 2007, and Bucher Industries AG and Grisard (operator of AVIA filling stations) in 2008. All projects were fully implemented in the year under review.

In autumn 2008 it was decided to migrate the existing network to the new high-speed network with 10 GB connections. The migration will take place during 2009 and 2010, after which the more than 110 external clients will have an ultra-modern and even more efficient network at their disposal.



**Aydin Sutas, 37, cleaning crew**  
Joined Unique (Flughafen Zürich AG) in 2004  
→ pages 83 ff



## Assets and financial position

### Investments

A total of 538.5 million Swiss francs was invested during the year under review, taking account of measures relating to aircraft noise (2007: 247.7 million). Operational investments (property, plant and equipment) amounted to 248.6 million Swiss francs (2007: 105.3 million). Overview of investments by category:

(CHF million)	2008	2007
Projects in progress (property, plant and equipment)	248.6	105.3
Projects in progress in leasing	0.0	0.2
Intangible asset from right of formal expropriation	241.5	0.2
Investments in associates	2.8	7.5
Non-current financial assets of Airport of Zurich Noise Fund	44.5	134.5
Other financial assets	1.1	0.0
<b>Total</b>	<b>538.5</b>	<b>247.7</b>

Projects in progress (property, plant and equipment) includes costs of the renovation of runway 16/34 (54.3 million Swiss francs) and the construction of the new bus gate south (14.8 million), as well as expenditure on other projects as follows:

- Corridor in arrivals hall / alterations to arrivals hall (21.6 million)
- Other "Zurich 2010" projects (21.4 million)
- Expansion of commercial space in Airport Shopping (13.0 million)
- Renovation of office complex in freight zone (12.5 million)
- Various maintenance operations to preserve the value of engineering structures (12.0 million)
- Investments in the airport hotel (11.9 million)
- Various measures for staff screening stage III (10.3 million)
- Replacement of vehicles (9.5 million)
- Apron renovation and expansion (8.7 million)
- Renovation of multi-storey car park 2 (7.0 million)

Intangible asset from right of formal expropriation (see "Risk management", point 5.2, "Formal expropriations" on page 68) includes the following amounts:

- 115.4 million Swiss francs due to the transfer of a portion of the Airport of Zurich Noise Fund in accordance with the prefinancing solution agreed with the Canton of Zurich regarding "old" noise-related liabilities.
- 125.5 million Swiss francs due to the initial recognition of costs for the compensation of formal expropriations.

Investments in non-current financial assets of Airport of Zurich Noise Fund includes the new investment of resources of the Airport of Zurich Noise Fund.

### Consolidated cash flow statement

Cash flow from operations rose versus the prior year to 415.1 million Swiss francs (2007: 410.9 million). The portion of cash flow from operations relating to aircraft noise amounted to 35.3 million Swiss francs (2007: 50.7 million).

Cash flow from investing activities rose versus the prior year, primarily due to the increase in construction activity, by 111.5 million Swiss francs, or 75.7 percent, to 258.8 million Swiss francs. The portion of cash flow from investing activities relating to aircraft noise amounted to 6.4 million Swiss francs (2007: 52.6 million).

Cash flow from financing activities fell by 59.2 million Swiss francs, or 26.5 percent, to 164.6 million Swiss francs. In the prior year, a debenture in the amount of 75.0 million Swiss francs was repaid.

As of the end of the 2008 financial year, the company's cash and cash equivalents were 74.0 million Swiss francs (2007: 82.4 million). A portion of 22.4 million Swiss francs concerns the Airport of Zurich Noise Fund.

(CHF thousand)	2008	2007	Change in %
<b>Cash flow from operations</b>	<b>415,102</b>	<b>410,911</b>	<b>1.0</b>
<b>of which related to aircraft noise</b>	<b>35,342</b>	<b>50,705</b>	<b>(30.3)</b>
Total cash flow from noise charges	45,526	57,743	(21.2)
Total cash flow for sound insulation and formal expropriations	(10,184)	(7,038)	44.7
<b>Cash flow from investing activities</b>	<b>(258,849)</b>	<b>(147,339)</b>	<b>75.7</b>
<b>of which related to aircraft noise</b>	<b>(6,337)</b>	<b>(52,606)</b>	<b>(88.0)</b>
Non-current financial assets of Airport of Zurich Noise Fund	(139,713)	(134,506)	3.9
Current financial assets of Airport of Zurich Noise Fund	133,376	81,900	62.9
<b>Cash flow from financing activities</b>	<b>(164,571)</b>	<b>(223,778)</b>	<b>26.5</b>
<b>Increase/decrease in cash and cash equivalents</b>	<b>(8,318)</b>	<b>39,794</b>	<b>n/a</b>
Balance at beginning of financial year	82,356	42,562	
Increase/decrease in cash and cash equivalents	(8,318)	39,794	
<b>Balance at end of financial year</b>	<b>74,038</b>	<b>82,356</b>	<b>(10.1)</b>
<b>of which included in Airport of Zurich Noise Fund</b>	<b>22,374</b>	<b>2,620</b>	

### Balance sheet structure

In the year under review, the balance sheet total increased by 182.6 million Swiss francs to 3,362.9 million, primarily due to the increase of non-current assets (plus 235.7 million Swiss francs) and the decrease of current assets (minus 53.1 million Swiss francs). The investment intensity rose versus the prior year from 89.4 to 91.5 percent.

Equity was increased by 55.6 million Swiss francs in 2008, and now amounts to 1,428.9 million Swiss francs, which corresponds to a proportion of 42.5 percent (2007: 43.2 percent).

In the year under review, non-current liabilities fell by 16.2 million Swiss francs and now amount to 1,400.5 million. At the same time, current liabilities rose by 143.2 million Swiss francs to 533.5 million.

The return on average capital employed (ROCE) rose from 6.9 to 7.1 percent.

Return on equity decreased from 10.0 to 8.7 percent due to the lower profit in 2008.

(CHF thousand)	in %	2008	in %	2007
Non-current assets	91.5	3,078,684	89.4	2,843,032
Current assets	8.5	284,243	10.6	337,316
<b>Balance sheet total</b>	<b>100.0</b>	<b>3,362,927</b>	<b>100.0</b>	<b>3,180,348</b>
Equity	42.5	1,428,935	43.2	1,373,384
Non-current liabilities	41.6	1,400,458	44.5	1,416,647
Current liabilities	15.9	533,534	12.3	390,317
<b>Balance sheet total</b>	<b>100.0</b>	<b>3,362,927</b>	<b>100.0</b>	<b>3,180,348</b>
Capital employed		2,637,669		2,629,505
Return on average capital employed (ROCE)	7.1		6.9	
<b>Return on equity</b>	<b>8.7</b>		<b>10.0</b>	

## Outlook

### General outlook

In view of the rapid downturn in the global economic environment, the State Secretariat for Economic Affairs (seco) warns that Switzerland, too, has to anticipate a recession. A federal government expert group expects economic growth in Switzerland to fall by up to 1.5 percent in 2009, and to make at best only a modest recovery in 2010. The economic development of Switzerland influences both the traffic trend and earnings in the commercial segment.

### Trend in traffic volume and aviation revenue

In the view of Flughafen Zürich AG, a slowdown of GDP will also have a negative impact on the demand for air travel. Flughafen Zürich AG expects the passenger volume to fall by 3 to 5 percent, while it expects the proportion of transfer passengers to reach 36 to 37 percent for the full 2009 financial year.

The solution concerning the prefinancing of liabilities associated with aircraft noise that was agreed with the Canton of Zurich and implemented on 1 July 2008 means that revenue from noise charges will now be divided. Alongside the traffic trend, this division (47 percent of collected revenue from noise charges will be paid to the Canton of Zurich) will have an influence on revenue from aviation operations.

### Non-aviation segment

Flughafen Zürich AG also expects revenue from non-aviation operations to decline. Additional income from property management will probably be more than offset by the cyclical drop in revenue from airside retail outlets.

### Operating expenses

In 2009, energy costs are likely to increase sharply. As long as no further security regulations have to be implemented in 2009, the increase in security expenses should be well below the sharp rise reported in the 2008 financial year.

### Investments

The investment budget of Flughafen Zürich AG for 2009 will be around 250 million Swiss francs. The largest projects concern the complete revamping of Dock B and the construction of a central security check building.

### Financing

An outstanding debenture (128 million Swiss francs) and the repayment of a further tranche of car park financing (51 million Swiss francs) become due in 2009 on 26 March and 22 December respectively. For the purpose of settling these commitments, as well as to partially finance the planned investments, Flughafen Zürich AG issued a 4.5 percent debenture on 18 February 2009 in the amount of 225 million Swiss francs and with a duration of 5 years.

### Outlook for 2009 result

In view of the decrease in traffic volume and the elimination of a portion of revenue from noise-related charges, Flughafen Zürich AG expects revenue to fall in 2009. Operating costs will also be lower than in 2008. On balance, Flughafen Zürich AG expects both the EBITDA margin and profit in 2009 to fall versus 2008.



### **Airport of Zurich Noise Fund**

Flughafen Zürich AG refinances all the costs relating to aircraft noise through special noise charges based on the principle of "user pays". In the interest of transparency, costs and income generated in connection with aircraft noise are recognised in a special statement for the Airport of Zurich Noise Fund. Airport of Zurich Noise Fund is a liquidity-based fund. The statement for the fund presents the accumulated surplus or shortfall as of balance sheet date arising from noise charges, less expenses for formal expropriations, sound insulation measures and noise-related operating costs.

In the event that the fund statement should show an accumulated income surplus, the liquid funds of the Airport of Zurich Noise Fund will be invested separately in financial assets and cash equivalents. The liquid funds are invested by professional investment advisers on the basis of a conservative strategy with an orientation on the money market. Income resulting from the investments will be credited to the fund statement.

In view of the fact that a portion of the Airport of Zurich Noise Fund was transferred to the Canton of Zurich on 1 July 2008 within the scope of the prefinancing solution agreed with the Canton (see pages 120 and 121 in the financial section of this annual report), and that, as of that date, the Canton of Zurich also receives a portion of the collected revenue from noise charges, only the portion of the Airport of Zurich Noise Fund that concerns Flughafen Zürich AG is now reported in the consolidated financial statements (see pages 136 and 137 in the financial section of this annual report).

For reasons of transparency, a combined overview of the Airport of Zurich Noise Fund (i.e. presenting separately the portions of Flughafen Zurich AG and the Canton of Zurich) is shown opposite.

The detailed fund statement is disclosed to a committee comprising representatives of Zurich Airport and the relevant authorities. The regulations and other information about the Airport of Zurich Noise Fund (including an overview of investments) can be downloaded from [www.unique.ch/aznf](http://www.unique.ch/aznf).



The situation of this fund (consolidated) is as follows:

(CHF thousand)	2008			2007		
	FZAG	Canton of Zurich	Total	FZAG	Canton of Zurich	Total
<b>Airport of Zurich Noise Fund as of 1 January</b>	<b>248,564</b>	<b>0</b>	<b>248,564</b>	<b>197,010</b>	<b>0</b>	<b>197,010</b>
Split as of 1 July 2008	(115,400)	115,400	0			
Revenue from noise charges	45,526	15,675	61,201	57,743	0	57,743
Costs for sound insulation and other measures	(9,303)	0	(9,303)	(7,038)	0	(7,038)
Costs for formal expropriations <sup>11</sup>	(1,514)	0	(1,514)	0	0	0
<b>Net result before operating costs and financial result</b>	<b>167,873</b>	<b>131,075</b>	<b>298,948</b>	<b>247,715</b>	<b>0</b>	<b>247,715</b>
Noise-related operating costs	(4,331)	(54)	(4,385)	(3,974)	0	(3,974)
Interest income from assets of Airport of Zurich Noise Fund	7,727	986	8,713	7,256	0	7,256
Change in fair value of available-for-sale securities and write-off on financial assets	(9,674)	(6,169)	(15,843)	(2,433)	0	(2,433)
<b>Airport of Zurich Noise Fund as of 31 December</b>	<b>161,595</b>	<b>125,838</b>	<b>287,433</b>	<b>248,564</b>	<b>0</b>	<b>248,564</b>

<sup>11</sup> In addition to compensation payments for formal expropriations, this amount includes other associated external costs, in accordance with the regulations of the Airport of Zurich Noise Fund (see note 16, "Non-current provisions for sound insulation and formal expropriations" on page 135 in the financial section of this annual report).

The table below presents an overview of the maturities and credit ratings of the invested funds of Airport of Zurich Noise Fund:

(CHF thousand)						
Maturity	2009	2010	2011	2012	Total	in %
<b>Credit rating</b>						
Cash and cash equivalents	60,292	0	0	0	60,292	20.98
AAA	38,946	53,750	18,467	5,000	116,163	40.41
AA+/AA/AA-	51,087	22,237	5,150	0	83,471	29.04
A+ /A/A-	13,968	4,120	8,986	0	27,074	9.42
Other <sup>11</sup>	433	0	0	0	433	0.15
<b>Total</b>	<b>164,726</b>	<b>85,104</b>	<b>32,603</b>	<b>5,000</b>	<b>287,433</b>	<b>100.00</b>
in %	57.31	29.61	11.34	1.74	100.00	

<sup>11</sup> For accounting reasons, an accrual arises towards Flughafen Zürich AG as of balance sheet date. This is compensated in the month following, so the balance of liquid funds is restored.



**Rolf Spaltenstein, 43, airport fire brigade**  
Joined Schutz & Rettung, Zürich in 1989  
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## Corporate governance

Information in accordance with the Corporate Governance Guidelines of SWX Swiss Exchange dated 17 April 2002 / 29 March 2006.

## Group and capital structures

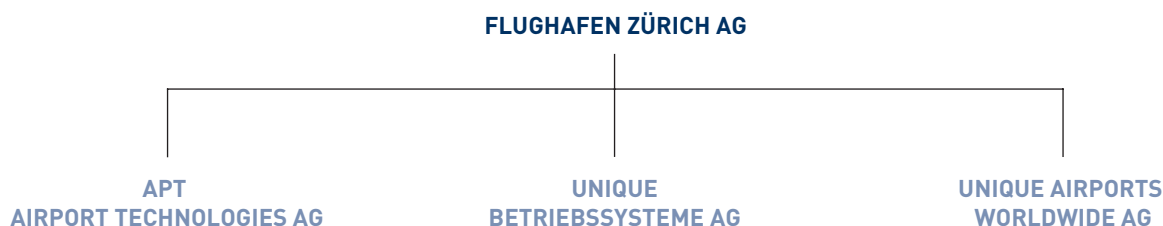
### Group structure

For details concerning the group operational structure, please refer to the section on segment

reporting [see "Financial report", "Consolidated financial statements according to IFRS", "Accounting policies", "Segment reporting").

Apart from Flughafen Zürich AG, Kloten (securities no. 1056796), which was listed on the SIX with a market capitalisation of 1.53 billion Swiss francs as of balance sheet date, the consolidated group does not comprise any other listed companies, but it does include the following unlisted companies:

Name	Domicile	Share capital	Holding
APT Airport Technologies AG	Kloten	CHF 1,800,000	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 307,018,750 Swiss francs, which is divided into 6,140,375 fully paid-up registered shares with a nominal value of 50 Swiss francs each. All shares have the same dividend entitlements and voting rights (as long as they have been entered in the share register accordingly). 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 available earnings (financial statements according to the provisions of the Swiss Code of Obligations) during the past three years are shown below:

(CHF thousand)	31.12.2008	31.12.2007	31.12.2006
Share capital	307,019	307,019	307,019
Legal reserves			
Premium	533,290	533,290	533,290
General reserves	19,060	19,060	19,060
Reserves for own shares	11,841	650	693
Other reserves	69,017	80,208	80,165
Available earnings			
Profit brought forward	89,565	47,373	25,712
Dividend payment for 2007/2006/2005	(27,627)	(18,405)	(4,903)
Net profit	67,459	60,597	26,564
<b>Total equity</b>	<b>1,069,624</b>	<b>1,029,792</b>	<b>987,600</b>

For information concerning distribution of shares (no debentures are distributed), please refer to "Financial report", "Consolidated financial statements according to IFRS", "Notes to the consolidated financial statements", note 2, "Personnel expenses".

## Shareholder structure and voting rights

### Major shareholders

As of balance sheet date (31 December 2008), the Canton of Zurich held 33.36 percent and the City of Zurich held 5.03 percent of the company's shares/voting rights. There were no other shareholders whose holdings exceeded 5 percent of the total number of shares with voting rights. There are no cross-holdings and no shareholder agreements of which the company is aware.

### Change in control

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 percent. 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 percent 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 percent) and the City of Zurich (limit = 10 percent). 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 two-thirds 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. Deadlines and cut-off dates for including items on the agenda are also not specified in the Articles of Incorporation.

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 one year. 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 seventy.

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. In the year under review, the five members to be elected by the General Meeting of Shareholders were elected by individual vote.

## Members

### Andreas Schmid

Swiss citizen; born in 1957; MA (Law); member of the Mövenpick Executive Board of Management from 1993 to 1997, then CEO of Jacobs AG (until 2000) and Barry Callebaut AG (until mid-2002); Chairman of the Board of Directors of Barry Callebaut AG from 1999 to 2005; Vice Chairman of the Board of Directors of Barry Callebaut AG since December 2005; Chairman of the Board of Oettinger Imex AG (Davidoff Group) since December 2007. Chairman of the Board of Directors since the 2000 General Meeting of Shareholders.

Other activities and commitments: Chairman of the Board of Directors of Symrise AG, Vice Chairman and Independent Lead Director of the Board of Directors of Gate Gourmet Group Holding LLC, member of the Board of Directors of Karl Steiner AG.

### Lukas Briner

Swiss citizen; born in 1947; PhD (Law); clerk of the court in Uster (until 1979), then legal consultant, deputy director and (since 2001) director of the Zurich Chamber of Commerce. Appointed to the Board of Directors in May 2005.

Other activities and commitments: Chairman of the Board of Directors of Zürcher Oberland Medien AG; Vice President of the Board of the "Greater Zurich Area" Foundation.

### Martin Candrian

Swiss citizen; born in 1945; since 1979, lessee of the "Bahnhofbuffet" Zurich, Chairman of the Board of Directors and Chief Executive Officer of Candrian Catering AG. Elected to the Board of Directors in 2004.

Other activities and commitments: Chairman of the Board of Directors of Candrian Seafood AG and AG Suvretta House St. Moritz; member of the Board of Directors of Dolder Hotel AG and Bergbahnen Engadin St. Moritz AG.

### Rita Fuhrer

Swiss citizen; born in 1953; member of the Council of the Canton of Zurich since 1995. Appointed to the Board of Directors in 2004.

Other activities and commitments: Member of the Board of Directors of Axpo and EKZ; Chairwoman of the "Greater Zurich Area" Foundation; Member of the Advisory Council of the Swiss National Bank; President of the Swiss Shooting Association.

### Elmar Ledergerber

Swiss citizen; born in 1944; PhD (Economics); member of the Zurich City Council since 1998; Mayor 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: Vice Chairman of the Board of Directors of EMIG (Engros-Markthalle).

### Kaspar Schiller

Swiss citizen; born in 1947; PhD (Law); attorney-at-law; since 1978, partner in the legal practice of Schiller Denzler Dubs, Winterthur. Elected to the Board of Directors in 2004.

Other activities and commitments: none

### Ulrik Svensson

Swedish citizen; born in 1961; Stockholm School of Economics; CFO at companies in London and Luxembourg, then at Swiss International Air Lines AG (2003 to 2006); since 2006, CEO of Melker Schörling AB, Stockholm. Elected to the Board of Directors in 2008.

Other activities and commitments: Member of the Board of Directors of Assa Abloy AB, Loomis AB, AAK AB, Niscayah Group AB and Hexpol AB.

### Martin Wetter

Swiss citizen; born in 1946; PhD (Law); with Credit Suisse Group from 1973 to 2005 (focus on commercial and financial participations divisions). Member of the Board of Directors from 1993 (former Flughafen-Immobilien-Gesellschaft) to 2004; then in July 2005, appointed to the Board of Directors by the Canton of Zurich.

Other activities and commitments: Chairman of the Board of Directors of Zürcher Freilager AG.



All members of the Board of Directors are non-executive members. None of the members of the Board of Directors hold executive positions at Flughafen Zürich AG, and none were members of the Management Board of 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:

- The Canton of Zurich – in the government of which member of the Board of Directors Rita Fuhrer holds a seat – has contractually agreed with Flughafen Zürich AG to assume the prefinancing for “old” aircraft noise compensation payments (see “Risk management”, “Noise compensation and sound insulation measures”, “Reduction and limitation of risks associated with aircraft noise”). Furthermore, the Canton of Zurich has granted Flughafen Zürich AG a credit facility with a duration of 10 years (2002 to 2012) within the scope of a framework credit agreement. The maximum available amount of this credit facility corresponds to the total investments in engineering structures relating to expansion stage 5, after adjustment for the depreciation to be carried out on these investments. The credit facility limit was 679 million Swiss francs as of the balance sheet date (31 December 2008). It is presently not being used.

#### **Internal organisation**

Chairman of the Board of Directors: Andreas Schmid  
Vice Chairman of the Board of Directors: Lukas Briner

The Board of Directors has formed the following committees:

#### **Audit & Finance Committee**

Members: Martin Candrian (Chairman), Rita Fuhrer, Elmar Ledergerber, Ulrik Svensson, Andreas Schmid.

Duties: This committee is responsible for close supervision of the annual accounts and monitoring of compliance with the accounting policies, 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: Kaspar Schiller (Chairman), Lukas Briner, Martin Wetter, 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. For the Board of Directors this means approximately ten meetings a year with an average duration of approximately six hours, while the committees hold meetings approximately three times a year with an average duration of between two and three hours. In the year under review, however, the Nomination & Compensation Committee convened considerably more frequently in view of the need to appoint new members of the Management Board. The committees pass on recommendations and submit proposals to the Board of Directors and order clarifications to be carried out by internal or external offices, but they do not take any definitive material decisions.

The CEO, Airfield Manager, CFO and General Secretary are regularly invited to attend meetings of the Board of Directors, while the CEO, CFO, head of Finance, Risk and Supply Management and the General Secretary are invited to attend meetings of the Audit & Finance Committee, and the CEO, the head of Human Resources and the General Secretary 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 716b 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, specifically deciding on significant licence applications, major budget approval requests, petitions for amendments to operating regulations and modifications of fees and charges, 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 traffic developments, marketing activities, non-aviation business, personnel controlling, balance sheet management, project information and participation management. This tool encompasses traffic developments, marketing activities, non-aviation business, personnel controlling, balance sheet management, project information and participation management. Comprehensive financial and business reports are also prepared on a quarterly basis, and the Board of Directors is informed about anticipated developments in the form of rolling long-term planning.

In close collaboration with the Audit & Finance Committee, group auditors KPMG worked with Internal Auditing in examining the investment process in the course of an interim review. In the year under review, within the internal auditing process, which is designed to be an independent instrument of the Board of Directors and Audit & Finance Committee for performing its duty of overall supervision, partial reviews were conducted of the construction and aviation marketing areas at the airport, for example. The main focus of the internal auditing function was on checking the documentation from the internal control system prior to the audit by KPMG. Follow-up activities to previous audits also took place. The internal auditor reports directly to the chairman of the Audit & Finance Committee.

## Management Board

### Members

#### Thomas E. Kern

Swiss citizen; born in 1953;  
Chief Executive Officer.  
MA (Law); expansions manager (from 1984 to 1985) and executive manager (from 1986 to 2000) at Interio AG; executive manager at Globus Warenhäuser (2001); CEO of the Globus group from 2002 to 2006; member of the Board of Directors since the 2006 General Meeting of Shareholders up until 22 November 2007. CEO since 15 January 2008.

Other activities and commitments: Member of the Board of Directors of Schauspielhaus Zürich AG and Lorze AG.

#### Peter Eriksson

Swedish citizen; born in 1955;  
Head of Marketing & Real Estate.  
Business and management studies, specialising in commerce and retail; 1976 to 2001, various management positions in the area of marketing and sales at IKEA, Top Tip AG, Jelmoli AG and The Nuance Group AG; joined Flughafen Zürich AG in April 2002.

Other activities and commitments: none

#### Rainer Hildebrand

Swiss citizen; born in 1954;  
Head of Operations.  
Qualified airline pilot (SLS); joined Swissair as pilot in 1978 (DC-9, MD-80, MD-11, A320, A330); from 1999, chief pilot of entire Swissair fleet; joined Flughafen Zürich AG in April 2002.

Other activities and commitments: none

#### Michael Schallhart

Swiss citizen; born in 1962;  
Head of Services.  
MA (Economics); various positions in the insurance and tourism sectors, and for a non-profit organisation; member of the Management Board and head of Services division at FIFA (Fédération International de Football Association) from 2000 to 2007. Joined Flughafen Zürich AG in November 2008.

Other activities and commitments: none

#### Daniel Schmucki

Swiss citizen; born in 1968;  
Head of Finance (CFO).  
Qualified accountant/controller, various finance and controlling positions in the Bosch group (1994 to 1999) and at Weidmann International (1990 to 1994).  
Joined Flughafen Zürich AG (former Flughafen-Immobilien-Gesellschaft, FIG) in 1999 as head of Controlling; also responsible for Investor Relations & Treasury since 2003; assumed his position in the Management Board in April 2008.

Other activities and commitments: none

#### Stephan Widrig

Swiss citizen; born in 1972;  
Head of Corporate Development.  
MA (Business Economics), University of St. Gallen; business consultant with Arthur Anderson (1997 to 1999); joined Flughafen Zürich AG (former Flughafendirektion, FDZ) in 1999, special responsibility for real estate operations; 2005 to 2008, Chief Financial and Commercial Officer of Bengaluru Airport, India. Returned to Flughafen Zürich AG and assumed his position in the Management Board in July 2008.

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.

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 that are blocked for a period of four years. The amounts concerned are specified by the Board of Directors as proposed by the Nomination & Compensation Committee.

For details concerning the total remuneration paid during the year under review, please refer to "Financial report", "Consolidated financial statements according to IFRS", "Notes to the consolidated financial statements", note 2, "Personnel expenses" and note 22.5, "Related parties", and "Financial report", "Financial statements according to the Swiss Code of Obligations", "Notes to the financial statements", note 14, "Related parties".

### Share allocation and holdings

For the year under review, members of the Management Board are entitled to shares in the company equivalent to 324,664 Swiss francs (2007: 1,865,100 Swiss francs) as part of their respective salaries. However, the number of shares to be granted cannot be precisely calculated since the number depends on the share price at grant date. If the shares had been granted as of year-end, a total of 1,302 would have been distributed. For details, please refer to "Financial report", "Consolidated financial statements according to IFRS", "Notes to the consolidated financial statements", note 2, "Personnel expenses" and note 22.5, "Related parties", and "Financial report", "Financial statements according to the Swiss Code of Obligations", "Notes to the financial statements", note 14, "Related parties".

No company shares were allocated to members of the Board of Directors during the year under review.

As of 31 December 2008, the number of company shares held by members of the Management Board and associated parties was 2,827.

The number of shares held by members of the Board of Directors and associated parties was 523 (this figure does not include the holdings of the Canton and the City of Zurich as cited under "Major shareholders"). For details, please refer to "Financial report", "Consolidated financial statements according to IFRS", "Notes to the consolidated financial statements", note 2, "Personnel expenses" and note 2.5, "Related parties", and "Financial report", "Financial statements according to the Swiss Code of Obligations", "Notes to the financial statements", note 14, "Related parties".

There are no options on the company shares.



#### **Other fees and remuneration**

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 in 1992 (at that time for Flughafen Immobilien Gesellschaft). The current chief auditor has been responsible for this mandate since 2007.

The fee charged by the auditors for the year under review amounted to 372,000 Swiss francs (2007: 308,000 Swiss francs). The auditors also charged a total of 14,000 Swiss francs (2007: 39,400 Swiss francs) for services beyond the scope of the audit mandate.

The Audit & Finance Committee is responsible for supervising and controlling external audits. It formulates the priorities for the main and interim audits, and assesses and analyses auditors' reports. The auditors are also invited to attend meetings of the Audit & Finance Committee as necessary.

**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.

Further information is available on the Investor Relations page of our web site: [www.unique.ch](http://www.unique.ch).

Contact address:

Unique (Flughafen Zürich AG)  
P. O. Box, CH 8058 Zurich Airport

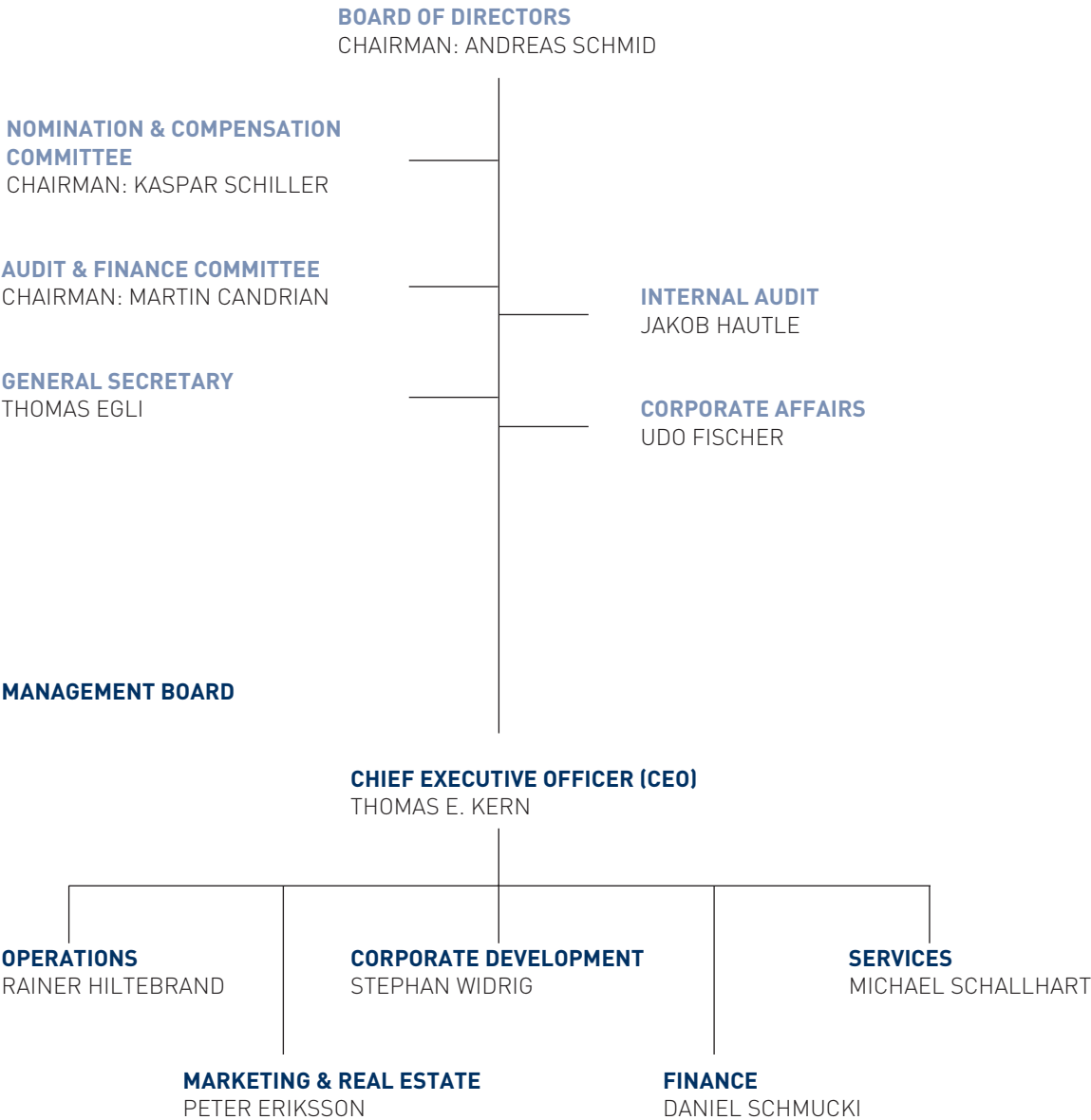
Investor Relations:

Michael Ackermann, [michael.ackermann@unique.ch](mailto:michael.ackermann@unique.ch)

Corporate Communications:

Sonja Zöchling, [sonja.zoechling@unique.ch](mailto:sonja.zoechling@unique.ch)

Organisation chart



## **Board of Directors**

### **Chairman**

Andreas Schmid  
Chairman of the Board of Directors  
of Oettinger Imex AG (Davidoff Group)

### **Vice Chairman**

Lukas Briner  
Director of the Zurich Chamber of Commerce;  
appointed by the Cantonal Council of Zurich

### **Members**

Martin Candrian  
Chairman of the Board of Directors of  
Candrian Catering AG

Rita Fuhrer  
Cantonal Councillor, Economic Director  
of the Canton of Zurich; appointed by  
the Cantonal Council of Zurich

Ulrik Svensson (as of 17 April 2008)  
Chief Executive Officer of Melker Schörling AB,  
Stockholm

Elmar Ledergerber  
Mayor of the City of Zurich

Kaspar Schiller  
Attorney-at-law, partner in the legal practice of  
Schiller Denzler Dubs, Winterthur

Martin Wetter  
Appointed by the Cantonal Council of Zurich

### **General Secretary**

Thomas Egli





**Karl Marthaler, 56, gamekeeper  
and Nil (Alpine Dachsbracke)**  
Joined Unique (Flughafen Zürich AG) in 2005  
→ pages 83 ff



### Comprehensive risk management

Flughafen Zürich AG has set itself the strategic goal of formulating a comprehensive risk management system and is committed to carrying out uniform and systematic risk management in the future. For Flughafen Zürich AG, risk management means approaching and managing risk in a clearly defined and conscious manner, thereby securing transparency with respect to all risks associated with its business activities, and constantly improving and monitoring the group's risk situation.

### Unique risk management system

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, and it fulfils this duty with the aid of internal audits. The Chief Financial Officer is simultaneously the Management Board's risk management officer (Chief Risk Officer).

#### • Risk Management Centre

The Risk Management Centre is headed by the Corporate Risk Manager, who is answerable 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.

#### • Line management (divisions and corporate centres)

Line units and individual line managers also bear the responsibility for risks and they manage these risks within the scope of the risk management system (risk owner concept).

#### • Specialised units

Specialised units perform specific risk-related cross-section functions within the group (e.g. cash management, operational safety, occupational safety and health, information security, fire prevention, contingency planning) co-ordinated through the Risk Management Centre.

The **risk management system** is periodically reviewed in order to ensure that any changes within the commercial and regulatory environments or in corporate structures are adequately reflected. A comprehensive review was initiated in the third quarter of 2008. The aim here is to assess the effectiveness of the existing risk management system, which has been in use without any significant alterations since it was introduced in December 2000, and to implement any necessary improvements by the end of 2009.

**Risk reporting** encompasses detailed descriptions of each identified risk, together with an assessment of the probability of occurrence as well as of potential operational and/or financial impacts. A plan of measures is also defined, which outlines how each identified risk can be minimised. The defined measures are constantly monitored.



## Current risk situation

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

### 1. Legal issues

Various internal and external political restrictions could mean that Flughafen Zürich AG will not be able to fully utilise the opportunities it has created for its business development, primarily through expansion stage 5, and may instead give rise to additional investments and costs. These include:

#### 1.1. Cantonal initiatives calling for modification of Zurich cantonal airport legislation

##### 1.1.1. Cantonal people's initiative calling for a fair and balanced distribution of aircraft noise around Zurich Airport

This initiative was submitted in 2007 and calls for the Canton of Zurich to take the steps within its powers to ensure a balanced distribution of flight movements over the various take-off and approach routes through the use of defined time windows and a rotation system. In December 2007 the Zurich Cantonal Council petitioned for the rejection of this initiative. On 23 February 2009, the Cantonal Parliament rejected the initiative by a large majority. The referendum is expected to be voted on in September 2009.

If the initiative were to be accepted, this would significantly hamper the definition of operating regulations at Zurich Airport. Furthermore, it would not be fully implementable due to safety considerations. The location of the runways and topographical conditions make it impossible to carry out landings and take-offs in all directions. The implementation of this initiative could also mean that more people would be exposed to aircraft noise, which might result in additional compensation claims.

##### 1.1.2. Cantonal government initiative calling for a restriction of flight movements to 320,000 a year and a night-time curfew of at least eight hours

This initiative, which was submitted by 69 municipalities in July 2006, calls for a ceiling of 320,000 flight movements and a night-time curfew of at least eight hours. In November 2006 the Zurich Cantonal Parliament provisionally announced its support for the initiative, while in May 2008 the Cantonal Council recommended its rejection. On 23 February 2009, the Cantonal Parliament also rejected it by a clear majority, and this means that the initiative has been definitively defeated.

A restriction to 320,000 flight movements a year would have meant that, once this threshold had been reached, no further growth in flight traffic would have been possible. Extending the night-time curfew by at least one hour would have threatened Zurich's status as a civil aviation hub, since this would have meant that no more take-offs and landings would have been possible after 10 p.m., and Swiss would have probably no longer been able to maintain the operation of its present-day network.

##### 1.1.3. Cantonal government initiative calling for a ban on the new construction and expansion of runways

An initiative submitted by 42 municipalities in November 2006 wants the Canton of Zurich to use the powers it has at its disposal to prevent the construction of new runways and the expansion of existing ones. In July 2007 the Zurich Cantonal Parliament announced its provisional support for the initiative, while in September 2008 the Cantonal Council recommended its rejection. On 23 February 2009, the Cantonal Council resolved to support the initiative. Since a cantonal parliamentary referendum was initiated against this resolution, the electorate will probably vote on the matter in September 2009.

Flughafen Zürich AG is keeping a very close eye on cantonal efforts aimed at amending the existing airport legislation. It is constantly reassessing the potential impacts on its business activities, and drawing up corresponding development scenarios. Flughafen Zürich AG is preparing itself to operate the airport economically, even in a situation of artificially restricted supply.

### **1.2. Zurich Aircraft Noise Index (Zürcher Fluglärm-Index, "ZFI")**

On 16 December 2008 the Canton of Zurich published the results of the Zurich Aircraft Noise Index (Zürcher Fluglärm-Index or "ZFI") for 2007. This instrument is used for measuring the number of people who are exposed to high levels of aircraft noise during the day and at night. In the counter-proposal that was put forward in November 2007 by the Cantonal Council and accepted by the electorate as an alternative to the initiative calling for restrictions on flight operations ("Plafonierungs-initiative"), the maximum permissible number of people exposed to high levels of aircraft noise was set at 47,000. The figure of 46,329 recorded in 2007 is close to this upper limit. The Cantonal Council subsequently entrusted the local Department of Economics with the task of proposing measures within the period of one year aimed at preventing a further increase in the index. The final decision regarding the implementation of any flight-operations measures will have to be taken by the federal government.

### **1.3. SIL process (Civil Aviation Infrastructure Plan) as the basis for definitive operating regulations**

Flughafen Zürich AG views the SIL process as an opportunity to establish the basis for creating the future definitive operating regulations, and thus providing both the airport and the population of the region with legal and planning security. However, it is also possible that decisions may be taken in the course of this process that could prevent Flughafen Zürich AG from utilising the available infrastructure to the full, or result in additional costs for the group.

Early in July 2008, the federal government announced its decision not to include the securing of the necessary area planning for a parallel runway in the SIL process. Initially the securing of area planning would merely have served to prevent the formation of development zones in order to ensure that the land that might be required for a parallel runway in the future would still be available. Failure to secure the necessary land will increasingly limit the scope available to Zurich Airport for meeting future mobility requirements.

Flughafen Zürich AG will continue to provide all the necessary personnel and technical resources for effectively supporting the SIL process.

### **1.4. Rulings by the supervisory authorities relating to landing and take-off procedures**

Rulings which might be made on the basis of safety considerations, for example, could give rise to further capacity restrictions and thus have an impact on business development.

On 3 July 2008, the FOCA rejected the application submitted by Flughafen Zürich AG for an alternative approach path from the north, stating that the proposed flight path does not offer the same level of safety as a precision approach with an instrument landing system.

### **1.5. Possible additional intensification of the unilateral ordinance issued by Germany**

If the unilateral ordinance issued by Germany is intensified still further, this could give rise to additional capacity restrictions and thus have a significant impact on business development. Following the rejection by the FOCA on 3 July 2008 of the alternative approach route from the north, an intensification of the German ordinance is not anticipated at this time.



### 1.6. Legal proceedings

Numerous appeals have been lodged against the rulings of the FOCA and DETEC respectively concerning the temporary operating regulations and the installation of an instrument landing system on runway 34. The parties concerned are demanding restrictions of operating hours, runway use and flight movements, as well as of take-off and approach routes. The two proceedings have been combined and are currently pending at the Swiss Federal Supreme Court. If, contrary to our expectations, the Federal Administrative Court or the Federal Supreme Court as final instance should rule in favour of these demands, even if only partially, this would significantly hamper flight operations.

### 1.7. Revision of the Swiss Federal Civil Aviation Act

One of the aims behind the ongoing revision of the Swiss Federal Civil Aviation Act is to revise the legal basis for the structure of airport charges. The consultation procedure for this revision was concluded in October 2008, and the details will be regulated in an ordinance.

The new legislation will re-specify the basis for and method of calculating airport charges. A change in the basis that is currently used for calculating charges is likely to result. The new ordinance containing the detailed regulations will probably not enter into effect until 2011.

## 2. Falling demand

The effects of the ongoing economic crisis will be felt by many sectors, and the specific impacts on Switzerland's economy, in particular on air travel, are very difficult to predict. Flughafen Zürich AG has prepared itself for a variety of scenarios and will initiate corresponding measures in good time.

Experience over the past few years has shown that civil aviation is a growing though highly volatile business that reacts sensitively to external occurrences such as acts of terrorism and epidemics (SARS, bird flu). Such events could potentially cause a temporary fall in demand at Zurich Airport.

### 3. Additional security regulations

The introduction of the new regulations governing access to the security-sensitive area of the airport on 1 July 2008 assured compliance with the provisions of EU Directive 2320/2002 "Staff screening", which had become binding for Switzerland within the scope of the bilateral agreements. The implementation of this EU Directive resulted in investment costs of around 30 million Swiss francs in the period from 2007 to 2009. In addition, both the direct and indirect operating costs have increased due to the required systematic security checks.

Additional security regulations may also give rise to increasing security costs and reduced revenue from commercial activities in the future. Given the delay between the time at which costs arise and the earliest possible refinancing via security charges, a negative impact on the result cannot be ruled out.

### 4. Hub carrier

Like any other hub airport, Zurich greatly depends on the operational and financial development of its hub carrier. The national airline, Swiss International Air Lines AG, is the main client of Flughafen Zürich AG. It accounts for approximately 53 percent (2007: 51 percent) of Zurich Airport's flight movements and approximately 57 percent (2007: 55 percent) of its passenger volume. Thanks to the successful integration of Swiss into the Lufthansa group, the risk of losing the hub carrier for economic reasons may be regarded as low. However, in a difficult economic environment capacity reductions cannot be ruled out altogether.

### 5. Noise compensation and sound insulation measures

In accordance with Articles 679 and 684 of the Swiss Civil Code in conjunction with Article 36a of the Civil Aviation Act and the provisions of the Federal Expropriation Act, Flughafen Zürich AG has to bear the costs associated with formal expropriations and, in accordance with Articles 20 ff of the Environmental Protection Act, it has to bear the costs relating to sound insulation measures. According to existing legal doctrine, one of the prerequisites for any noise-related claim is that the noise thresholds for commercial airports effective since 1 June 2001 are exceeded. The operating licence and environmental protection laws form the basis for refinancing the costs arising in association with such claims via civil aviation charges (noise fees and special surcharge on passenger fees).

#### 5.1. Sound insulation measures

There is neither an approved sound insulation concept nor a valid report on noise levels for Zurich Airport that would form the legal basis concerning the nature and extent of sound insulation measures in the airport's vicinity. However, the Federal Tribunal has ruled that this should not prevent the holder of the operating licence from initiating the implementation of such measures in those areas in which they are not the subject of dispute. The extent and realisation of such measures may provisionally be defined by Flughafen Zürich AG itself, or will depend on the future definitive operating regulations. To date, Flughafen Zürich AG has spent a total of around 101.7 million Swiss francs on sound insulation measures. On the basis of the temporary operating regulations submitted on 31 December 2003, the remaining costs associated with sound insulation measures (insulation in other areas, remuneration of costs to house owners who have installed sound insulation windows at their own expense) will presumably be around 138.3 million Swiss francs. Flughafen Zürich AG is drawing up a concept for how to reimburse costs incurred by homeowners for sound insulation measures.

## 5.2. Formal expropriations

With respect to formal expropriations, the rulings on fundamental issues by the Supreme Court in the first half of 2008 enabled Flughafen Zürich AG to estimate the total costs for the first time, in spite of the remaining uncertainty factors influencing the accuracy of this estimate.

Based on the fundamental issues on which the Supreme Court has ruled to date, the reliably estimated noise-related costs (base case) as of 30 June 2008 amounted to a total of 759.8 million Swiss francs (including formal expropriations, costs for sound insulation measures and all related operating costs). This means that the total estimated costs associated with formal expropriations were below the previously disclosed potential costs (in the form of a risk assessment) of between 800 million and 1.2 billion Swiss francs.

Since as of the middle of the year, despite the estimate of 759.8 million Swiss francs stated above, the total expected noise-related costs exceeded the threshold of 1.1 billion Swiss francs in the worst case ("negative case"), the prefinancing by the Canton of Zurich for "old" noise-related liabilities entered into effect on 30 June 2008 in accordance with the supplementary agreement (see point 5.7 below). This was subject to the condition that the still pending fundamental issues were decided against Flughafen Zürich AG. In return for bearing the risk and for financing the "old" noise-related liabilities, the Canton of Zurich received a portion of the Airport of Zurich Noise Fund as of 30 June 2008 (115.4 million Swiss francs). This amount was recognised in the consolidated financial statements as an intangible asset from the right of formal expropriation, and represents a portion of the costs for "old" noise-related liabilities, which as of 1 July 2008 are processed by the Canton of Zurich, but until 30 June 2008 were financed by Flughafen Zürich AG through revenue from collected noise charges. As a result of the assumption of "old" noise-related liabilities by the Canton of Zurich, Flughafen Zürich AG is no longer required to recognise a provision for compensation.

Also as of this date, the Canton of Zurich is to receive a 47 percent share of the collected revenue from noise charges in accordance with the supplementary agreement. Consequently, this portion of revenue from noise charges will no longer appear in the income statement of Flughafen Zürich AG.

Based on the above estimates of noise-related costs and the initiation of prefinancing by the Canton of Zurich, in the consolidated financial statements as of 30 June 2008, the amount of 125.5 million Swiss francs (present value) was set aside for compensation for formal expropriations (nominal amount, 150.1 million Swiss francs). This amount concerns the "new" noise-related liabilities of Flughafen Zürich AG. The present value of the future payments was at the same time recognised as an intangible asset from right of formal expropriation.

The estimate of 759.8 million Swiss francs remained unchanged as of 31 December 2008. As of the balance sheet date, Flughafen Zürich AG had recognised costs for formal expropriations amounting to 239.0 million Swiss francs and had recognised provisions for formal expropriations amounting to 125.8 million Swiss francs and provisions for pending sound insulation costs amounting to 118.8 million Swiss francs.

More detailed information on the reporting of noise-related costs may be found in the financial section of this annual report.



### 5.3. Refinancing and competitiveness

The refinancing of costs arising in association with aircraft noise is to be carried out via special noise-related revenue. The most important source of revenue for refinancing is the noise-related passenger charge of 5 Swiss francs. If the costs should significantly exceed the stated estimate, this charge would have to be raised in the medium term in order to cover the anticipated costs. The costs for formal expropriations are recognised as an intangible asset.

### 5.4. Reporting noise-related data in the consolidated financial statements according to International Financial Reporting Standards (IFRS)

The revenue from noise charges collected on a "user pays" basis, the costs associated with sound insulation measures and operating costs relating to aircraft noise are recognised in the income statement.

#### 5.4.1. Sound insulation measures

The costs for sound insulation measures are recognised as a provision as soon as they can be reliably estimated and if they are undisputed or if the company has assumed a constructive obligation.

#### 5.4.2. Formal expropriations

With the award of the operating licence, Flughafen Zürich AG was also granted a right of formal expropriation of property owners exposed to aircraft noise. This right of formal expropriation was granted on condition that the airport operator bears the costs associated with compensation payments. This right is capitalised as an intangible asset. Capitalisation takes place at the time at which the probable total costs can be estimated based on final-instance court rulings, so that the cost can be reliably estimated in accordance with IAS 38.21. The timing of capitalisation may vary from region to region around the airport. At the same time as an intangible asset is recognised at present value of the expected future payments, an equal amount is recognised as a provision. Any future re-estimates of the probable total costs will adjust both the intangible asset and the related provision. The intangible asset is amortised using the straight-line method over the remaining duration of the operating licence (i.e. until May 2051).

### **5.5. Reporting noise-related data in the financial statements according to the provisions of the Swiss Code of Obligations (OR)**

Costs associated with formal expropriations qualify as an intangible asset in accordance with the Swiss Code of Obligations. They are capitalised not later than the time at which the counterparty has attained an assertable claim. An equal amount is also recognised as a provision at the same time. Adequate provisions are recognised for liabilities arising from sound insulation measures. Amortisation of capitalised costs for formal expropriations is based on the consolidated financial statements at least. Beyond this, special write-offs are carried out from case to case to the extent to which the noise charges recognised as an expense exceed the costs for sound insulation measures and other operating costs in a given period. Any balance of revenue from noise charges after deduction of noise-related costs (sound insulation measures, operating costs, financing costs) is transferred to provisions for aircraft noise.

### **5.6. Risks for Flughafen Zürich AG in association with aircraft noise**

Flughafen Zürich AG has the right to refinance any costs that may arise in association with aircraft noise through charges. This means that our ability to refinance such costs is secured over the long term. There are two associated risks for the company that have to be taken into account:

#### **5.6.1. The risk of a financing gap**

If the noise-related costs should arise sooner than anticipated by Flughafen Zürich AG, or prove to be higher than expected, this could result in a financing gap that Flughafen Zürich AG might not be able to cover with available credit limits.

#### **5.6.2. The risk of impacts of noise-related costs on the consolidated financial statements (according to IFRS) and the financial statements according to the provisions of the Code of Obligations (OR)**

The consolidated financial statements (IFRS) and the financial statements according to the provisions of the Code of Obligations could be negatively influenced depending on the amount of effective costs and any future changes in applicable accounting standards. With respect to the consolidated financial statements, any negative influences could affect standard guarantees and covenants in regard of outstanding financial liabilities.

Flughafen Zürich AG is addressing these risks as follows:

#### **5.7. Reduction and limitation of risks associated with aircraft noise**

On 8 March 2006, Flughafen Zürich AG and the Canton of Zurich signed a supplement to the merger agreement dated 14 December 1999 regulating the sustainable reduction and limitation of risks to Flughafen Zürich AG associated with aircraft noise. The main content of this supplementary agreement is as follows:

**5.7.1.** Flughafen Zürich AG is obliged to implement measures by means of which the ability to tolerate balance sheet and financing risks associated with aircraft noise up to approximately 1.1 billion Swiss francs can be assured. On 11 April 2006 the Board of Directors asked the General Meeting of Shareholders to approve a capital increase with a market value of approximately 300 million Swiss francs in order to strengthen the company's equity. The capital increase of 10 May 2006 resulted in a net inflow of funds to the company amounting to 310.3 million Swiss francs. Since Flughafen Zürich AG did not need to use these funds in the immediate future, the outstanding debt owed to the Canton of Zurich amounting to 300 million Swiss francs was paid back prematurely and without any additional costs. Furthermore, Flughafen Zürich AG obtained a credit limit of 200 million Swiss francs to cover any financing gap that may arise.

**5.7.2.** Under the supplementary agreement, in the event that, upon payment of the first formal expropriations, the risk should arise that in the worst case ("negative case") the total expected costs

associated with aircraft noise (formal expropriations, costs for sound insulation and all related operating costs) may exceed 1.1 billion Swiss francs (threshold), the Canton of Zurich would assume the prefinancing of all "old" noise-related liabilities. "Old" noise-related liabilities are liabilities that came into being prior to June 2001, up to which date the Canton of Zurich was holder of the operating licence, therefore making it liable for such claims in an external capacity. As a result of the adoption of "old" noise-related liabilities by the Canton of Zurich, the company is no longer required to recognise a provision for these "old" noise-related liabilities.

**5.7.3.** The threshold level is subject to annual adjustment based on the development of the equity of Flughafen Zürich AG. The threshold as of 31 December 2008 was slightly higher than the original level of 1.1 billion Swiss francs and this had no effect on the prefinancing provided by the Canton of Zurich.

**5.7.4.** In the event that, in the course of the legal proceedings, the risk cited in point 5.7.2. should definitively fall below the level of 1.1 billion Swiss francs (threshold), Flughafen Zürich AG will assume the remaining "old" noise-related liabilities and associated charges.

The objective of this agreement is therefore to limit the overall noise-related risk of Flughafen Zürich AG to "new" noise-related liabilities. The capital increase and a new special credit limit created the accounting and financial prerequisites for bearing any noise-related liabilities up to 1.1 billion Swiss francs.



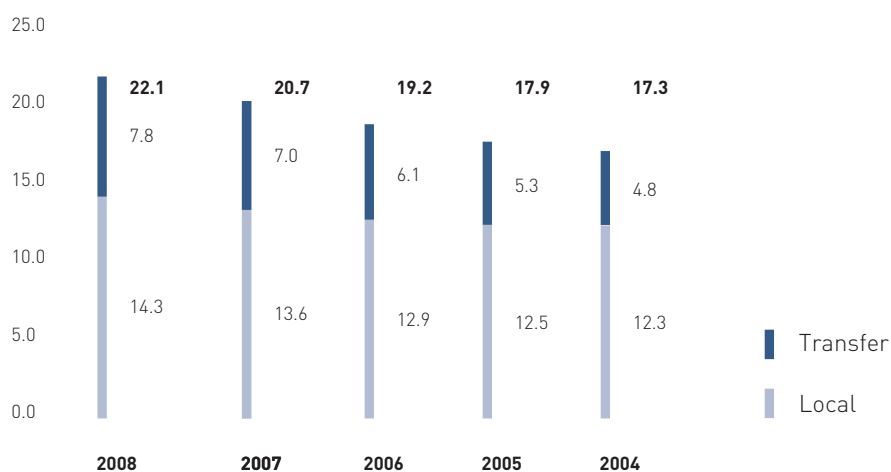
**Christian Wüthrich, 46, pilot**  
Joined Swiss International Air Lines AG in 1989  
→ pages 83 ff



## Passenger volumes

	2008	2007	2006	2005	2004
<b>Total passengers</b>	<b>22,099,233</b>	<b>20,739,113</b>	<b>19,237,216</b>	<b>17,884,652</b>	<b>17,252,906</b>
Change in %	6.6	7.8	7.6	3.7	1.3
<b>By type of passenger</b>					
Airline passengers	22,043,768	20,682,094	19,185,989	17,835,291	17,206,742
Change in %	6.6	7.8	7.6	3.7	1.4
Local passengers	14,263,306	13,643,601	12,942,023	12,468,199	12,323,227
Change in %	4.5	5.4	3.8	1.2	12.1
Transfer passengers	7,759,300	6,989,922	6,114,226	5,286,570	4,809,390
Change in %	11.0	14.3	15.7	9.9	[18.3]
Transit passengers	21,162	48,571	129,740	80,522	74,125
Change in %	[56.4]	[62.6]	61.1	8.6	[24.3]
General aviation & other passengers	55,465	57,019	51,227	49,361	46,164
Change in %	[2.7]	11.3	3.8	6.9	[4.0]
<b>By type of flight</b>					
Scheduled flights	21,219,656	19,534,395	17,843,548	16,284,752	15,313,073
Change in %	8.6	9.5	9.6	6.3	0.7
Traditional carriers	18,962,206	17,780,637	16,221,750	14,859,211	13,800,433
Change in %	6.6	7.9	9.2	7.7	[2.9]
Low-cost carriers	2,257,450	1,753,758	1,361,168	1,425,541	1,512,640
Change in %	28.7	28.8	[4.5]	[5.8]	54.0
Non-scheduled flights (charter)	824,112	1,147,699	1,342,441	1,550,539	1,893,669
Change in %	[28.2]	[14.5]	[13.4]	[18.1]	6.6
General aviation & other flights	55,465	57,019	51,227	49,361	46,164
Change in %	[2.7]	11.3	3.8	6.9	[4.0]
<b>By origin/destination (airline passengers only)</b>					
Europe	17,028,734	15,937,891	14,752,426	13,559,627	12,835,196
Change in %	6.8	8.0	8.8	5.6	2.7
Intercontinental	5,015,034	4,744,203	4,433,563	4,275,664	4,371,546
Change in %	5.7	7.0	3.7	[2.2]	[2.5]
North America	1,627,789	1,665,942	1,519,604	1,416,844	1,416,307
Change in %	[2.3]	9.6	7.3	0.0	[1.4]
Asia	2,285,143	2,044,548	1,935,510	1,851,763	1,882,254
Change in %	11.8	5.6	4.5	[1.6]	[0.8]
Africa	865,467	813,397	782,212	798,946	828,267
Change in %	6.4	4.0	[2.1]	[3.5]	[5.5]
Latin America	236,635	220,316	196,237	208,111	244,718
Change in %	7.4	12.3	[5.7]	[15.0]	[9.8]
<b>Seat load factor in %</b>	70.6	70.1	69.8	66.7	65.1
Change in %	0.8	0.4	4.7	2.4	0.5
<b>Passengers per movement (passenger aircraft movements only)</b>	95.4	92.7	87.4	78.0	74.7
Change in %	2.9	6.0	12.2	4.4	3.0

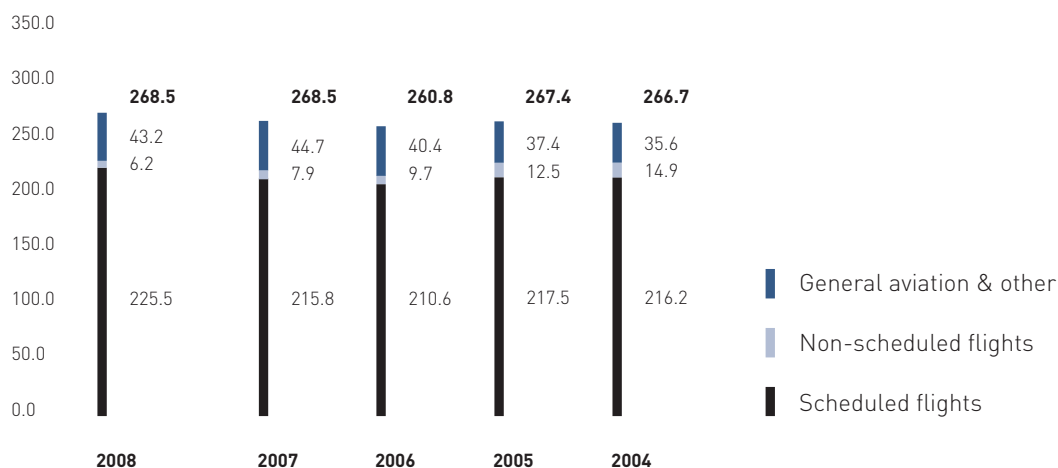
## Passenger development (Passengers in millions)



## Flight movements

	2008	2007	2006	2005	2004
<b>Total flight movements</b>	<b>274,991</b>	<b>268,476</b>	<b>260,786</b>	<b>267,363</b>	<b>266,660</b>
Change in %	2.4	2.9	[2.5]	0.3	[1.0]
<b>By type of operation</b>					
Scheduled and charter airlines	231,775	223,745	220,342	229,980	231,086
Change in %	3.6	1.5	[4.2]	[0.5]	[1.5]
Passenger aircraft	230,982	223,043	219,436	228,781	230,370
Change in %	3.8	1.6	[4.1]	[0.7]	[1.6]
Freight aircraft	793	702	906	1,199	716
Change in %	13.0	[22.5]	[24.4]	67.5	31.9
General aviation & other	43,216	44,731	40,444	37,383	35,574
Change in %	[3.4]	10.6	8.2	5.1	2.3
<b>By type of flight</b>					
Scheduled flights	225,546	215,774	210,634	217,494	216,224
Change in %	4.5	2.4	[3.2]	0.6	[1.8]
Traditional carriers	205,962	199,921	197,368	198,320	194,263
Change in %	3.0	1.3	[0.5]	2.1	[7.0]
Low-cost carriers	19,584	15,853	13,266	19,174	21,961
Change in %	23.5	19.5	[30.8]	[12.7]	95.1
Non-scheduled flights	6,229	7,971	9,708	12,486	14,862
Change in %	[21.9]	[17.9]	[22.2]	[16.0]	2.5
General aviation & other	43,216	44,731	40,444	37,383	35,574
Change in %	[3.4]	10.6	8.2	5.1	2.3
<b>By origin/destination (airlines only)</b>					
Europe	202,346	195,527	193,221	203,670	204,890
Change in %	3.5	1.2	[5.1]	[0.6]	[1.1]
Intercontinental	29,429	28,218	27,121	26,310	26,196
Change in %	4.3	4.0	3.1	0.4	[4.3]
North America	9,626	10,052	9,280	8,463	8,089
Change in %	[4.2]	8.3	9.7	4.6	[6.5]
Asia	12,919	11,628	11,421	10,812	10,853
Change in %	11.1	1.8	5.6	[0.4]	[1.4]
Africa	5,780	5,534	5,524	5,943	6,108
Change in %	4.4	0.2	[7.1]	[2.7]	[6.4]
Latin America	1,104	1,004	896	1,092	1,145
Change in %	10.0	12.1	[17.9]	[4.6]	[4.3]
<b>Average MTOW (maximum take-off weight)</b>	<b>78.8</b>	<b>76.6</b>	<b>73.8</b>	<b>68.3</b>	<b>68.2</b>
Change in %	2.9	3.7	8.1	0.1	[1.3]

## Development of flight movements (Flight movements in thousands)



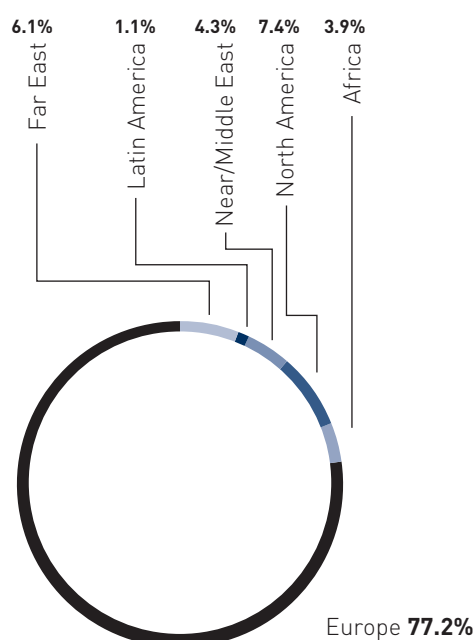
## Freight and mail

	2008	2007	2006	2005	2004
<b>Freight in tonnes</b>	<b>387,671</b>	<b>374,264</b>	<b>363,325</b>	<b>372,415</b>	<b>363,537</b>
Change in %	3.6	3.0	(2.4)	2.4	(6.7)
<b>By type of transport</b>					
Air freight	276,338	264,615	257,057	266,401	257,601
Change in %	4.4	2.9	(3.5)	3.4	(9.2)
Road feeder service	111,333	109,649	106,268	106,015	105,936
Change in %	1.5	3.2	0.2	0.1	(0.1)
<b>Mail in tonnes</b>	<b>32,172</b>	<b>25,343</b>	<b>22,853</b>	<b>21,475</b>	<b>22,963</b>
Change in %	26.9	10.9	6.4	(6.5)	6.1

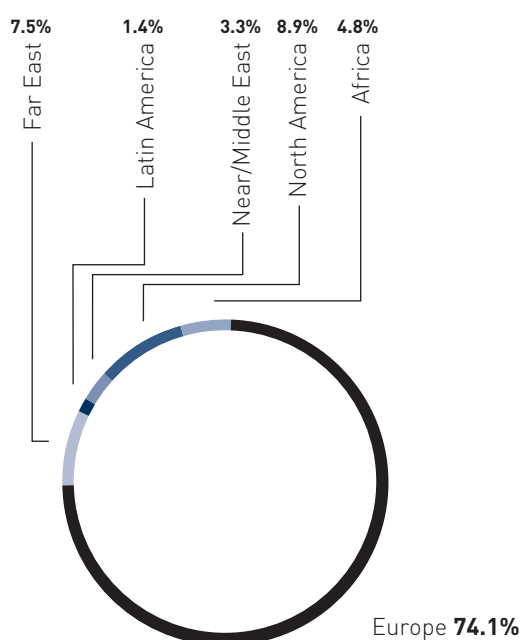
  

	2008	2007	2006	2005	2004
<b>Number of airlines</b>					
Scheduled	66	72	73	78	76
Non-scheduled (charter)	22	28	30	42	42
<b>Destinations, scheduled flights (cities)</b>					
Europe	115	108	106	100	91
Africa	21	20	15	15	15
Asia	19	16	16	18	18
North America	13	13	12	12	12
Latin America	6	2	2	3	3
<b>Total</b>	<b>174</b>	<b>159</b>	<b>151</b>	<b>148</b>	<b>139</b>
<b>Destinations, scheduled flights (countries)</b>					
Europe	34	36	35	35	35
Africa	10	10	10	11	11
Asia	14	14	14	16	16
North America	2	2	2	2	2
Latin America	5	2	2	3	3
<b>Total</b>	<b>65</b>	<b>64</b>	<b>63</b>	<b>67</b>	<b>67</b>

## Origin and destination by movements



## Origin and destination by passengers





Airlines in Zurich (more than 5 landings in the period under review)

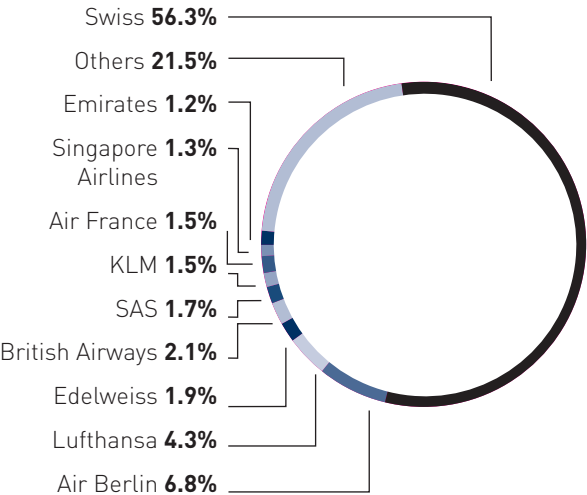
Scheduled flights

Adria Airways	Croatia Airlines	Pegasus
Aer Lingus	CSA, Czech Airlines	Qatar Airways
Aeroﬂot Russian International Airlines	Cyprus Airways	Robin Hood Aviation
Air Baltic	Delta Air Lines	Royal Air Maroc**
Air Berlin	Deutsche Lufthansa	Royal Jordanian Airlines
Air Canada	Easyjet	SAS, Scandinavian Airlines System
Air France	Edelweiss Air (Schweiz)	Singapore Airlines
Air Malta	EL AL, Israel Airlines	Spanair**
Air Mauritius	Emirates	Sun Express
Air One	Finnair	Swiss International Air Lines
Alitalia**	Fly Niki	TAP Portugal
American Airlines	Germanwings	Thai Airways International
Austrian Airlines	Helvetic Airways	Tunisair
B&H Airlines	Iberia	Turkish Airlines
BA Cityflyer	Intersky	Ukraine International Airline
Blue 1	Icelandair (seasonal)	United Airlines
Blue Islands	Jat Airways	US Airways**
BMI Regional	KLM, Royal Dutch Airlines	
British Airways	Korean Air	
Bulgaria Air	LOT, Polskie Linie Lotnicze	
Cirrus Luftverkehrsgesellschaft	Macedonian Airlines	
City Airline	Malaysia Airlines**	
Clickair**	Malev, Hungarian Airlines	
Continental Airlines	Montenegro Airlines	
	Norwegian Air Shuttle*	
	OLT Ostfriesische Lufttransport	

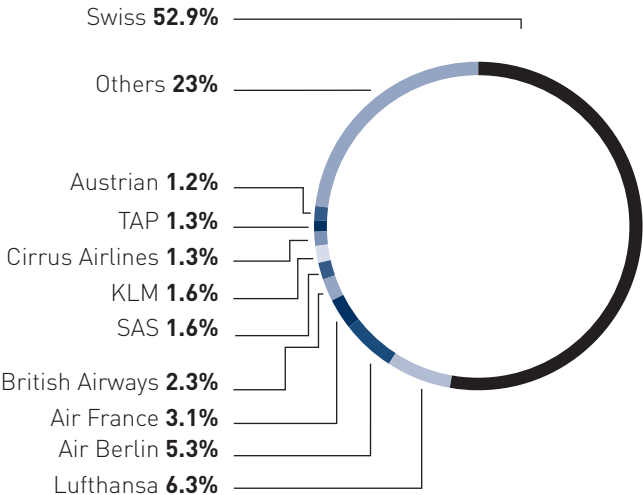
Charter

Aegean Aviation (Greece)	Dubrovnik Airline (Croatia)	Uzbekistan Airways (Uzbekistan)
Air Alps (Switzerland)	Edelweiss Air (Switzerland)	WDL Flugdienst (Germany)
Air Cairo (Egypt)	Farnair Hungary (Ungarn)	Welcome Air (Austria)
Air Europa (Spain)	Farnair Switzerland (Switzerland)	
Belair Airlines AG (Switzerland)	Fly Hello (Switzerland)	
BH Air (Bulgaria)	Free Bird Airlines (Turkey)	
Blue Line (France)	Inter Express (Turkey)	
BSF Business Flight (Austria)	Onur Air (Turkey)	
Bulgarian Air Charter (Bulgaria)	Skywork AG (Switzerland)	
Darwin Airline (Switzerland)	Transavia (Netherlands)	

Passengers by airline



Movements by airline



## Origin and destination of movements by country

	Scheduled	Charter	Total	in %
<b>Europe</b>				
Austria	9,919	70	9,989	4.3
Belgium	4,275	8	4,283	1.8
Bosnia and Herzegovina	358	0	358	0.2
Bulgaria	898	137	1,035	0.4
Croatia	1,642	19	1,661	0.7
Cyprus	635	35	670	0.3
Czech Republic	3,477	6	3,483	1.5
Denmark	4,216	1	4,217	1.8
Finland	2,186	33	2,219	1.0
France	13,187	130	13,317	5.7
Germany	52,250	107	52,357	22.6
Greece	4,022	465	4,487	1.9
Hungary	3,524	6	3,530	1.5
Iceland	16	0	16	0.0
Ireland	1,339	36	1,375	0.6
Italy	14,079	61	14,140	6.1
Latvia	330	2	332	0.1
Lithuania	32	0	32	0.0
Luxembourg	1,460	0	1,460	0.6
Macedonia	1,117	7	1,124	0.5
Malta	452	0	452	0.2
Netherlands	6,676	39	6,715	2.9
Norway	996	6	1,002	0.4
Poland	3,596	5	3,601	1.6
Portugal	3,900	11	3,911	1.7
Romania	733	30	763	0.3
Russian Federation	3,351	20	3,371	1.5
Serbia	2,232	1,961	4,193	1.8
Slovenia	1,983	1	1,984	0.9
Spain	12,657	439	13,096	5.7
Sweden	3,140	26	3,166	1.4
Switzerland	9,622	21	9,643	4.2
Turkey	3,859	677	4,536	2.0
Ukraine	730	6	736	0.3
United Kingdom	25,010	82	25,092	10.8
<b>Total Europe</b>	<b>197,899</b>	<b>4,447</b>	<b>202,346</b>	<b>87.3</b>
of which EU	173,956	1,738	175,694	75.8
Africa	4,337	1,443	5,780	2.5
Far East	6,558	201	6,759	2.9
Near/Middle East	6,148	12	6,160	2.7
North America	9,626	0	9,626	4.2
Latin America	996	108	1,104	0.5
<b>Total intercontinental</b>	<b>27,665</b>	<b>1,764</b>	<b>29,429</b>	<b>12.7</b>
<b>Overall total</b>	<b>225,564</b>	<b>6,211</b>	<b>231,775</b>	<b>100.0</b>



## Traffic statistics

### Number of passengers

	Millions	Change in %
London Heathrow	66.9	(1.4)
Paris Charles de Gaulle	60.6	1.6
Frankfurt	53.2	(1.2)
Madrid	50.5	(2.5)
Amsterdam	47.4	(0.7)
Rome Fiumicino	34.8	7.2
Munich	34.5	1.7
London Gatwick	34.2	(2.8)
Barcelona	30.2	(7.9)
Paris Orly	26.2	(0.9)
Dublin	23.4	0.8
Palma de Mallorca	22.8	(1.7)
London Stansted	22.3	(6.0)
<b>Zurich</b>	<b>22.1</b>	<b>6.6</b>
Copenhagen	21.4	0.6

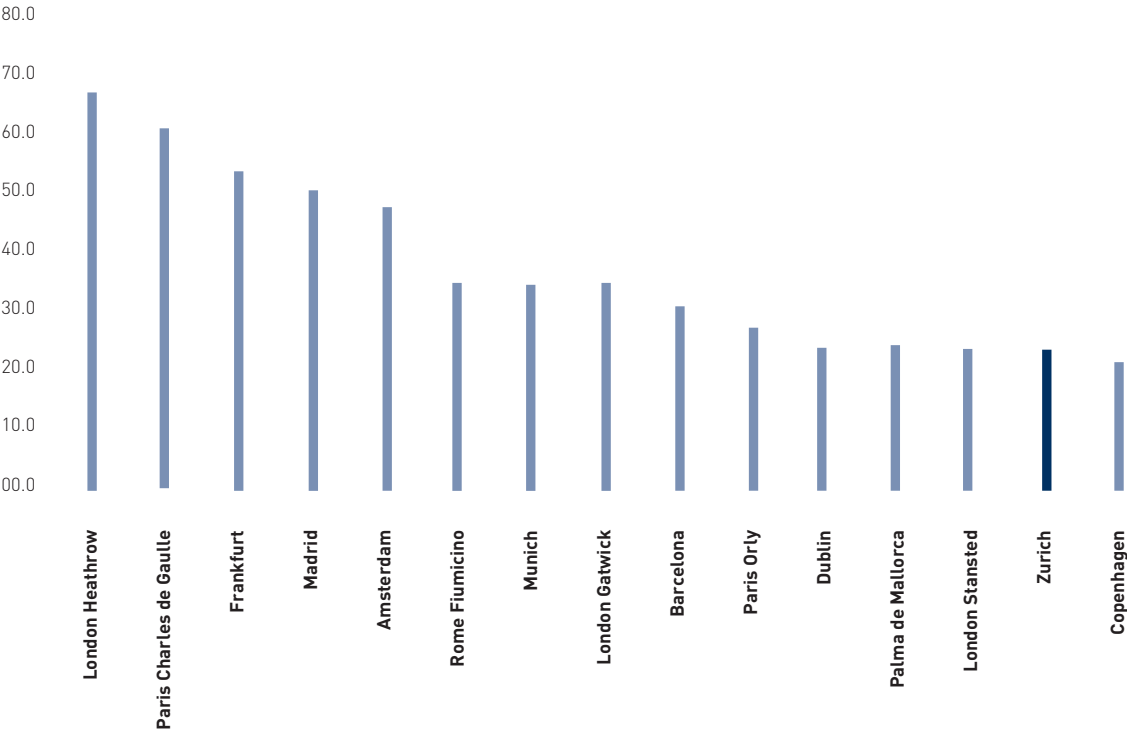
### Number of commercial movements

	Thousands	Change in %
Paris Charles de Gaulle	551.2	1.4
Frankfurt	473.8	(1.2)
London Heathrow	473.1	(0.5)
Madrid	468.4	(2.8)
Amsterdam	428.3	(1.8)
Munich	408.3	0.4
Rome Fiumicino	340.7	3.8
Barcelona	318.5	(8.8)
Vienna	264.0	4.5
Copenhagen	260.4	2.5
London Gatwick	256.4	(0.9)
<b>Zurich</b>	<b>252.5</b>	<b>3.3</b>
Brussels	235.8	(2.0)
Paris Orly	230.2	(1.2)
Oslo	228.7	3.8

### Air freight

	Thousand tonnes	Change in %
Frankfurt	2,021.4	(2.6)
Amsterdam	1,567.7	(2.6)
London Heathrow	1,400.6	6.6
Brussels	606.3	(17.5)
Milan	403.6	(14.3)
Madrid	329.0	1.7
<b>Zurich</b>	<b>275.3</b>	<b>3.6</b>
Munich	241.9	(3.6)
London Stansted	199.5	(3.4)
Vienna	187.3	(2.3)
Manchester	142.6	(14.0)
Rome Fiumicino	134.2	5.4
Helsinki	119.7	(10.5)
Athens	110.6	2.7
London Gatwick	107.7	(37.1)

Passengers at European airports (in millions)

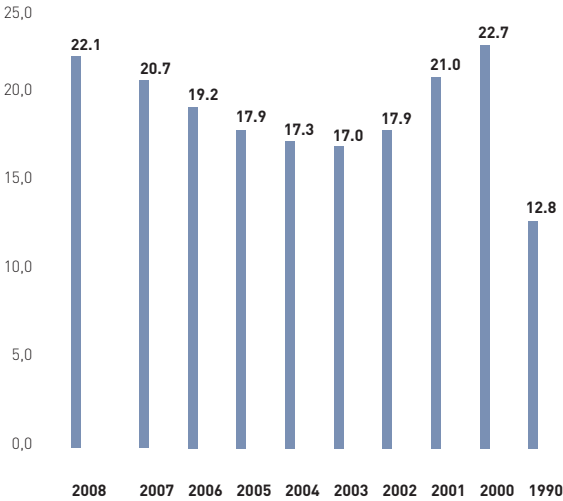


Traffic frequencies and payload figures at Zurich Airport, 1990–2008

Passengers

Year	Scheduled flights	Non-scheduled flights (charter)	General aviation	Total
1990	11,215,214	1,479,293	75,250	12,769,757
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
2003	15,200,005	1,776,855	48,077	17,024,937
2004	15,313,073	1,893,669	46,164	17,252,906
2005	16,284,752	1,550,539	49,361	17,884,652
2006	17,843,548	1,342,441	51,227	19,237,216
2007	19,534,395	1,147,699	57,019	20,739,113
2008	21,219,656	824,112	55,465	22,099,233

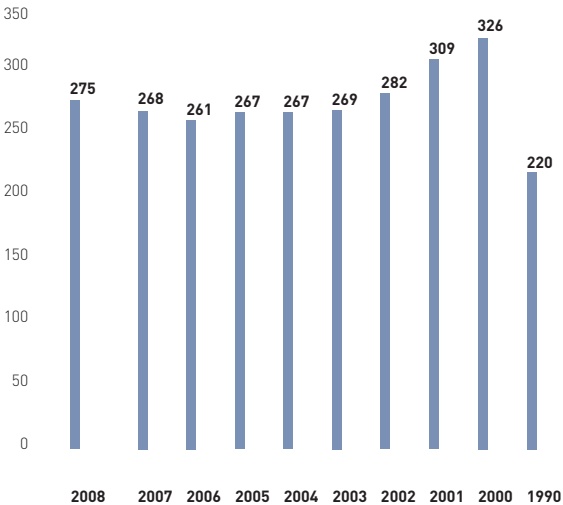
Passengers in millions



Aircraft movements

Year	Scheduled flights	Non-scheduled flights (charter)	General aviation + others	Total
1990	158,360	13,816	47,685	219,861
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
2003	220,130	14,497	34,765	269,392
2004	216,224	14,862	35,574	266,660
2005	217,494	12,486	37,383	267,363
2006	210,634	9,708	40,444	260,786
2007	215,774	7,971	44,731	268,476
2008	225,546	6,229	43,216	274,991

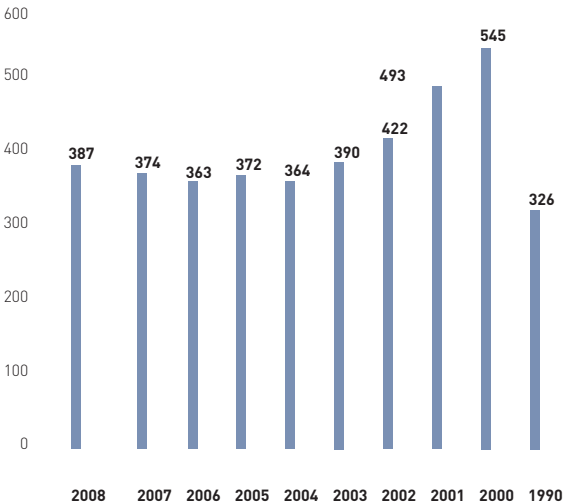
Movements in thousands



Freight

Year	Air freight	Road freight	Total
1990	255,513	70,285	325,798
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
2003	283,831	106,012	389,843
2004	257,601	105,936	363,537
2005	266,400	106,015	372,415
2006	257,057	106,268	363,325
2007	264,615	109,649	374,264
2008	276,338	111,333	387,671

Freight in thousand tonnes



## Direct services from Zurich Airport Scheduled flights

<b>Europe</b>	Istanbul Gökçen	Ohrid	<b>Africa</b>	Male
Alicante	Izmir	Olbia	Agadir	Phuket***
Amsterdam	Jerez de la Frontera	Oslo	Cairo	Seoul
Ankara	Jersey	Palermo	Casablanca	Shanghai*
Antalya	Keflavik	Palma de Mallorca	Dar es Salaam	Singapore
Arrecife	Kiev	Paris Charles de Gaulle	Djerba	Tokyo
Athens	Kittila	Pisa	Douala	
Barcelona	Cologne	Podgorica	Hurghada	<b>Latin America</b>
Basel	Copenhagen	Porto	Johannesburg	Cancun***
Belgrade	Corfu ***	Prague	Luxor	Punta Cana***
Berlin Tegel	Kos	Rhodes	Malabo **	Salvador***
Birmingham	Lamezia	Riga	Mombasa	Santiago
Bremen	Larnaca	Rome Fiumicino	Marrakesh	São Paulo
Brindisi	Las Palmas	Saarbrücken*	Monastir	Varadero***
Brussels	Linz*/**	Salzburg*	Marsa Alam	
Bucharest	Lisbon	Samos***	Marsa Matruh	<b>North America</b>
Budapest	Ljubljana	Santiago de Compostela	Mauritius	Atlanta
Cagliari	London City	Sarajevo	Nairobi	Boston
Catania	London Gatwick	Skiathos***	Sharm El Sheikh	Calgary
Dresden	London Heathrow	Skopje	Tripoli	Chicago
Dublin	London Luton	Sofia	Tunis	Los Angeles
Dubrovnik ***	Lugano	Southampton	Yaoundé	Miami
Düsseldorf	Luxembourg	Split		Montreal
Edinburgh	Lyons	Stockholm	<b>Near/Middle East</b>	Newark
Elba	Madrid	St. Petersburg	Amman	New York
Faro	Malaga	Stuttgart	Doha	Philadelphia**
Florence	Malta	Tenerife	Dubai	San Francisco
Frankfurt	Manchester	Thessaloniki	Jeddah	Toronto
Fuerteventura	Menorca***	Thira	Muscat	Washington
Funchal	Milan	Tivat	Riyadh	
Geneva	Moscow Domodedovo	Valencia	Tel Aviv	
Gothenburg	Moscow Sheremetyevo	Varna		
Graz	Munich	Venice	<b>Far East</b>	*) = destination
Hamburg	Mykonos***	Vienna	Bangkok	commenced in 2008
Hanover	Mytilini***	Vilnius**	Bombay	**) = destination
Helsinki	Naples	Warsaw	Colombo***	discontinued in 2008
Heraklion	Nice	Zagreb	Delhi	***) = now scheduled
Ibiza	Niš	Zakinthos	Hong Kong	service (previous
Istanbul Atatürk	Nuremberg		Kuala Lumpur **	year, charter)

## Direct services from Zurich Airport

	Cities	Countries
Europe	115	34
Africa	21	10
Near/Middle East	7	6
Far East	12	8
Latin America	6	5
North America	13	2
<b>Total</b>	<b>174</b>	<b>65</b>



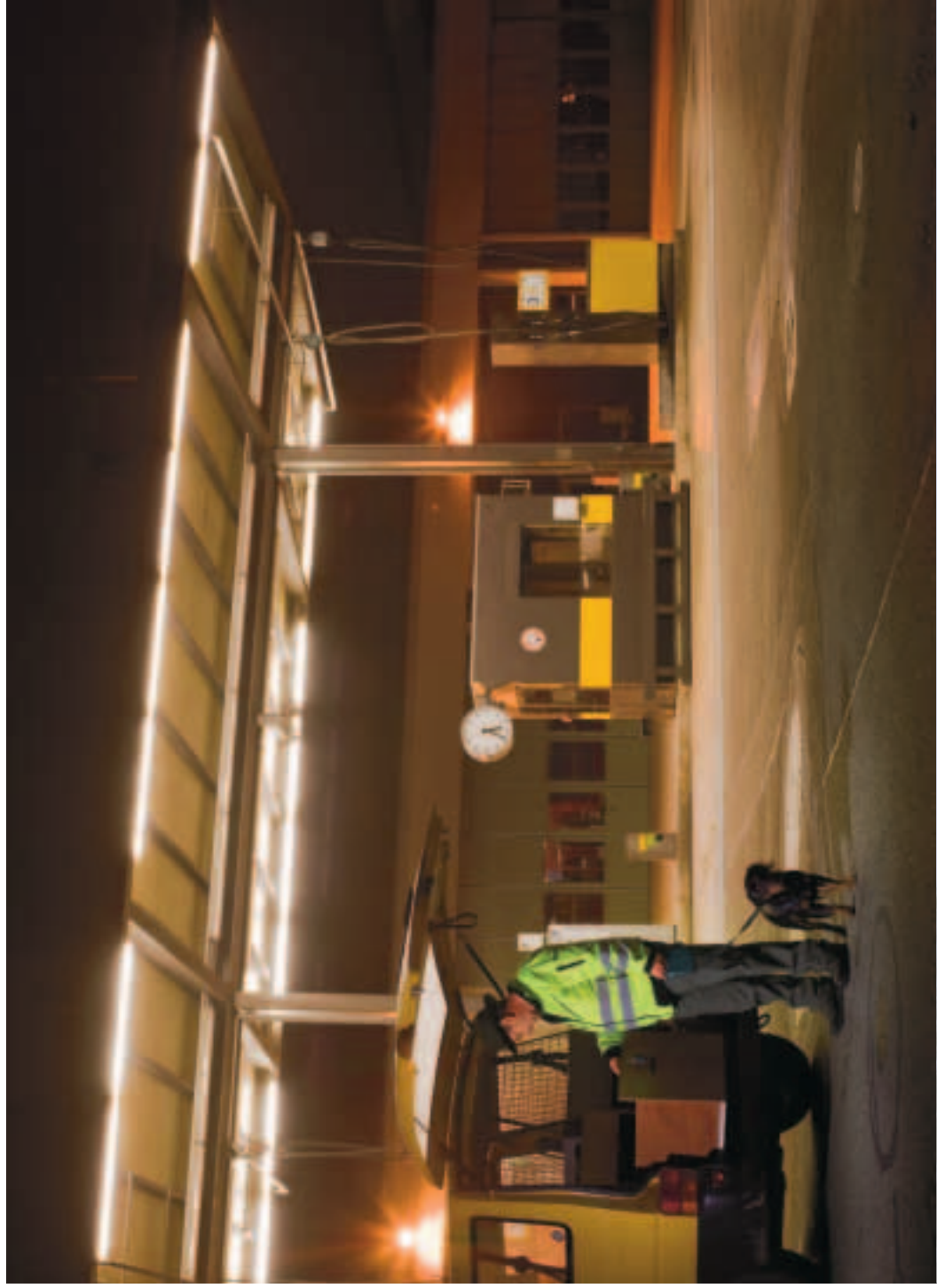


## A day in the life of Zurich Airport

Zurich Airport is Switzerland's gateway to the world, and the world's gateway to the Alps. For the local population it is the starting point for holiday, adventure and business travel. It is one of the country's most important business centres and transport hubs, and is thus one of the main drivers of the Swiss economy.

But Zurich Airport also functions as an important "ambassador" for Switzerland and its values: throughout the world, people associate Switzerland and its people with punctuality, precision, cleanliness and friendliness, and these are precisely the values that are put into practice every day at Zurich Airport and contribute towards the high quality for which it is renowned. This quality is by no means abstract. It is visible and tangible every day at the airport and in every activity, whether carried out by an employee of the cleaning service, a pilot performing the necessary pre-flight checks, or an employee of the fire brigade making mental preparations for the next emergency. These and all other activities are united by our common striving for the highest possible quality. Quality is not something that can be taken for granted. In order to secure it over the long term, recognition of quality by customers has to be earned over and over again, each and every day. And not just because it's a requirement, but also because it's rewarding. That, too, is quality.

05:34



## Zurich Airport and the environment

Zurich Airport is fully aware of its responsibility towards the environment and thus sets out to protect it in every way it can.

Zurich Airport has been demonstrating for many years that mankind and nature can in fact coexist in harmony. The more than 450 hectares of greenery and nature conservation zones surrounding the airport include a protected area measuring 74 hectares that provides a habitat for a broad variety of flora and fauna. Together with neighbouring nature conservation zones it forms the second-largest marshland region in the canton of Zurich. A team of 7 employees looks after these extensive areas of greenery at Zurich Airport, while a further 9 employees of the airport's horticultural services make sure that there are always plenty of attractive flowers and shrubs both inside and outside the main buildings. The two airport gamekeepers have a particularly important task: they are responsible for monitoring and protecting wildlife, as well as for keeping a close eye on bird populations. Their job includes taking measures to prevent collisions between aircraft and wild animals, and thus contributing towards the safety of flight operations. Birdstrike represents one of the most serious hazards during take-off.

06:27

It's the start of a new day – things are beginning to stir at the airport. Gamekeeper Karl Marthaler and his Alpine Dachsbracke, Nil, are about to set out on patrol. Their job is to keep a close eye on wild animals, in particular on bird populations at the airport.





Karl Marthaler keeps detailed records of his bird observations on a special report form, which will later be entered into a database that can be used for identifying changes in bird populations, as well as any need for action.





**Everything under control**

Airport Authority is responsible for the supervision of operations at Zurich Airport. The 12 airport managers and 5 members of the ramp safety team ensure that all operations run smoothly and safely, 24 hours a day. Their duties include periodical inspections of runways, monitoring compliance with the night-time curfew, examining the board documents of aircraft, and keeping an eye on the approximately 3,000 vehicles that move around the airport. Before anyone is allowed to operate a vehicle of any kind at the airport, he or she has to complete a web-based theory course followed by 4 to 6 hours of practical instruction. All drivers are also required to repeat the theory course every 4 years.





08:45

Airpor manager Rolf Wallner doesn't miss a thing! On his frequent patrols he keeps his eyes and ears wide open, and thus makes sure that everything is as it should be on the runways, taxiways and aprons so that aircraft can take off, land and taxi in complete safety.



08:50

Rolf Wallner has spotted a piece of rubber on the runway. He immediately stops and removes it. Objects of this sort can represent a serious threat to flight safety, and all employees are therefore obliged to watch out for hazards and immediately remove them.

### Optimal connections

Thanks to an optimal infrastructure and highly motivated employees, Zurich Airport is able to offer the best possible conditions for air travel every day of the year. Each month around 1.85 million passengers use Zurich Airport, which adds up to 22.1 million for the full year.

Approximately 90 airlines fly to Switzerland's largest airport and connect it to 174

destinations throughout the world. A large proportion of these services (87 percent) are to and from airports all over Europe. Zurich

Airport is not only popular among travellers from all over the world, it is also the first choice as a starting point or destination, and for the transport of freight of all kinds. For a highly complex system like Zurich Airport to function smoothly, it needs the right people in the right place – people who approach their duties professionally and seriously, and with a high level of commitment. Even the tiniest detail can be crucial, and for this reason the approximately 1,400 employees of Zurich Airport and its partner companies have to pay close attention to details at all times. Like Swiss pilot Christian Wüthrich, for example, who thoroughly inspects his aircraft from top to bottom before every flight.





Swiss pilot Christian Wüthrich always performs a thorough pre-flight check, which includes inspecting the engines and blades, as well as the undercarriage and tyres.







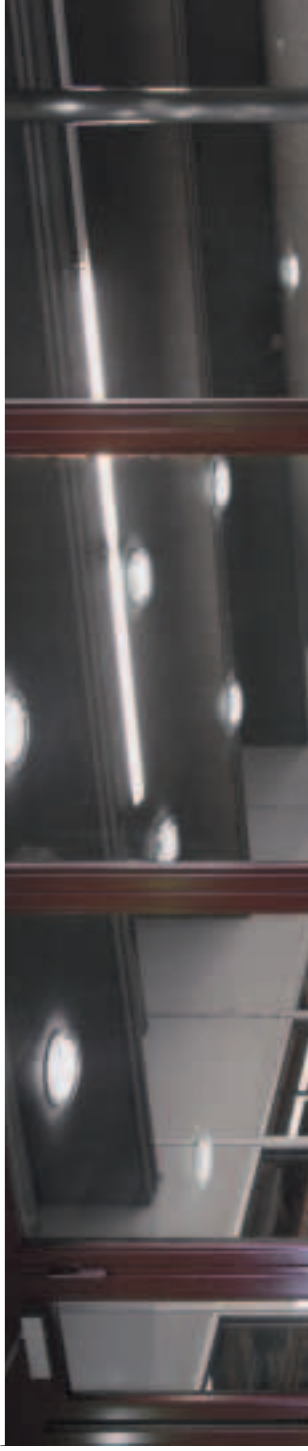
## No compromise

Safety is not a matter for debate. It has to be constantly put into practice, trained and improved so that the highest level can be assured at all times.

Aviation safety has been precisely defined on the basis of the criteria of the International Civil Aviation Organisation (ICAO) and the Swiss Federal Office of Civil Aviation (FOCA), and is constantly adapted to changing circumstances. At Zurich Airport, the professional fire brigade is one of the key players for ensuring safety. In the event of an incident it has to be on site within 3 minutes. The airport rescue service is called out 3 times a day on average, or around 900 times each year, for example to assist passengers or employees in the event of an emergency or accident. Both the fire brigade and the rescue service are integrated into the Zurich Protection and Rescue Services (SRZ), but within the airport itself there is an emergency management crew, and fire drills and other emergency exercises are carried out on a periodical basis. These include the ICAO emergency drills that are conducted every 2 years. In addition, the emergency and rescue crews of Zurich Airport and its partners practice together 4 to 8 times a year in order to ensure the smooth co-ordination of their respective operations.

12:22

Once a day, Rolf Spaltenstein performs an intensive fitness and muscle training programme: as an officer of the airport fire brigade, in the event of an emergency he has to be ready for action with in 20 seconds.





12:36

In the event of an incident involving an aircraft, the fire brigade has to have 3 fire-fighting vehicles on site and ready for action within 3 minutes. For an incident at Zurich Airport, at least 32,300 litres of water and foam have to be transported to the site and discharged at a rate of 11,300 litres per minute.







## Planning today to meet the needs of the future

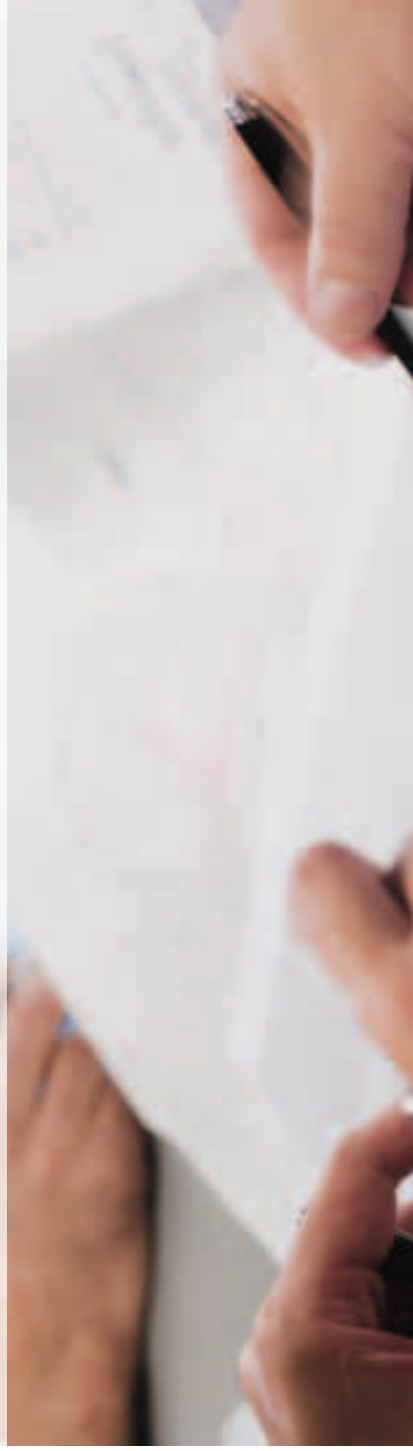
As a dynamic system that is undergoing constant development, Zurich Airport relies on suitable infrastructure that allows it to meet the needs of the future.

Flughafen Zürich AG carefully plans and constructs the airport infrastructure so that it can be sure of meeting the requirements of its customers and neighbours, both now and in the future. Its policy is to focus on lasting quality, and for this reason it makes sure that only the best materials and most advanced technologies are utilised at the airport. Flughafen Zürich AG has its own team of engineers, architects, construction and project managers, as well as other specialists who implement all maintenance and construction projects in co-operation with external planners. The new security check building, which is an integral part of the "Zürich 2010" project, is a good example of how this functions: the new building on a plot measuring around 2,000 square metres will comprise 4 storeys, each of which will contain 7 security check lines. It will also provide storage and logistics space in the basement, and accommodate a technical control centre on the roof. The building will have a volume of 55,908 cubic metres and a utilisable area of 5,890 square metres. A total of 35 internal and external planning and project management personnel will be involved in this project alone, which is expected to cost around 128 million Swiss francs.

13:52



Alexander Knorn is construction project manager at Flughafen Zürich AG. He and his team of general planners discuss each ongoing project in detail – here, for example, the construction of the new security check building.

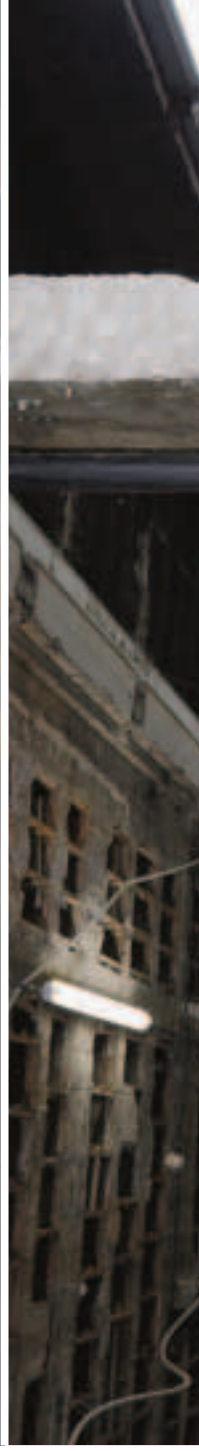






14:38

To make sure that each project is implemented exactly in accordance with the detailed plans, Alexander Knorn and his team pay frequent visits to each construction site, where they re-check all measurements and details and confer with colleagues on site regarding the status of the project.







### Monitoring client satisfaction

Feedback from customers helps us not only to maintain a high quality of services at Zurich Airport, but also to constantly improve them.

In 2008, Zurich Airport once again received numerous awards. It is among the leading airports in Europe as well as worldwide when it comes to quality of services and client satisfaction. In order to attain this position and maintain it over the long term, Flughafen Zürich AG carries out periodical surveys and market research studies regarding client satisfaction and to obtain feedback on operating procedures and processes. One of these surveys takes the form of a monthly airport service quality study.

The findings obtained in the course of 2008 reveal that users of Zurich Airport rate it especially high for the good transport connections to and from the airport, the feeling of being in safe and capable hands, and its cleanliness and tidiness. In addition, direct feedback was received from approximately 640 users during 2008. This was carefully evaluated by the Customer Relations team of Flughafen Zürich AG and subsequently forwarded to the corresponding internal department or external business partner.



16:47

With a friendly smile on her face, Doris Beck-Erb approaches randomly selected passengers at Zurich Airport to ask them their opinion about Zurich Airport and what they find good or bad about its many different services.









19:17

It's now evening at Zurich Airport, and for many employees the day is coming to a close. But for Sutas Aydin (left) it's only just beginning. Shortly before setting out he meets briefly with his colleagues from the airport cleaning team. A quick chat, a shared pleasantry and it's time for Sutas Aydin to start his shift.





### Keeping the airport clean and tidy

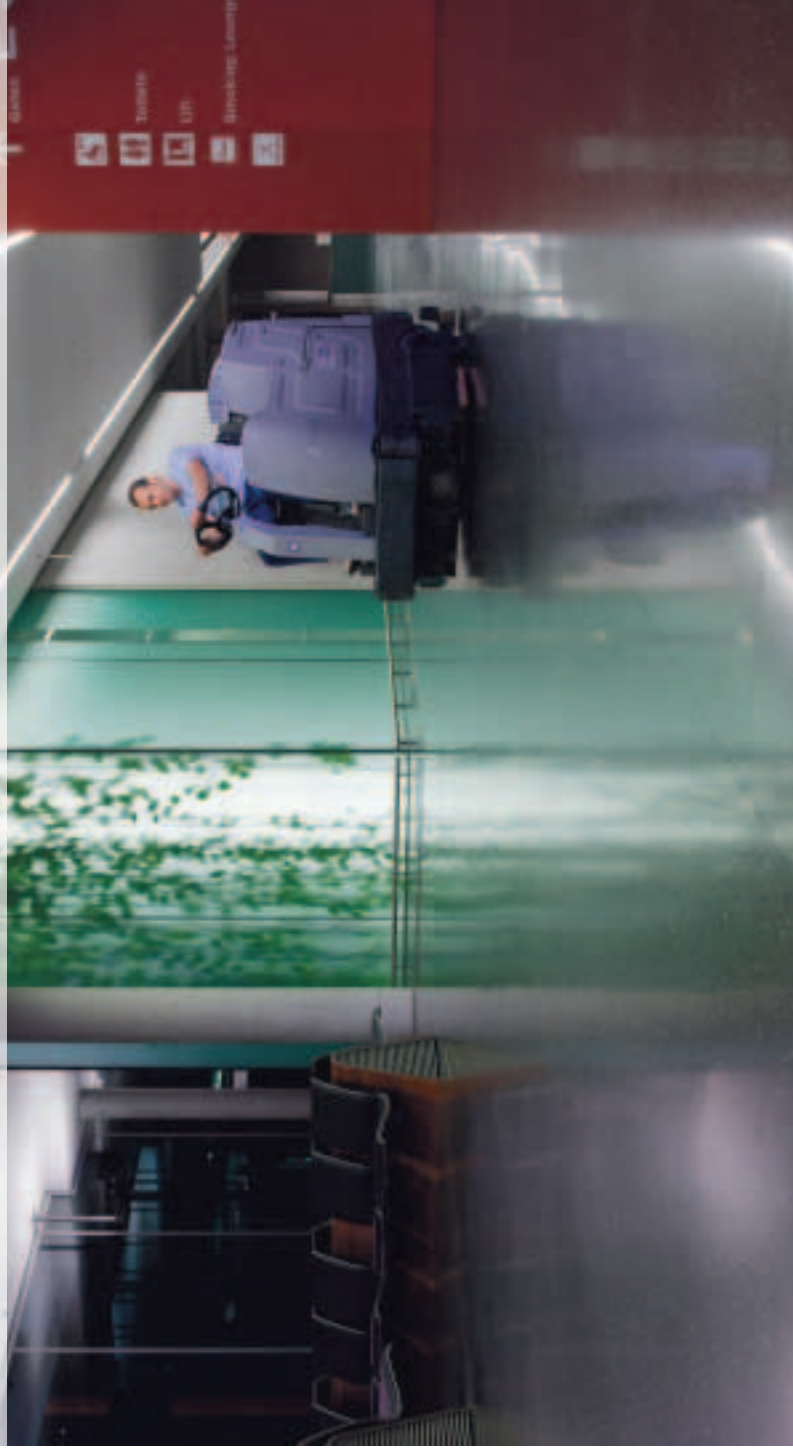
Cleanliness and hygiene are important factors in how passengers judge an airport, and in this respect, too, Zurich Airport enjoys an excellent reputation throughout the world. All areas of the main airport complex are cleaned and tidied regularly, both inside and outside, and this is something that everyone – passengers, visitors and employees alike – greatly appreciates. The approximately 400,000 square metres of internal floor space are cleaned by a crew of 230 staff, whose job is to ensure that the entire airport always looks clean and tidy, and all areas are kept perfectly hygienic. For this purpose they use biologically degradable cleansing agents. In addition, 30 employees are responsible for taking care of an external area (encompassing the taxiways, runways, aprons) measuring around 2.5 million square metres. Their job also includes keeping the flight operations areas free of ice and snow during the winter. For this purpose they have specialised equipment at their disposal, including 7 high-power reversible blowers (each with a capacity of 5,992 HP) that were introduced in October. These machines simultaneously clear snow from the ground, use a 6-metre-wide brush to remove residual snow and ice, then dry the surface with air expelled at high speed (550 km/h) from the rear blower.





23:43

As operator of a special machine, Sutas Aydin thoroughly cleans and polishes the floors in the airport building and thus makes it ready for another busy day.











<b>Consolidated financial statements according to IFRS</b>	
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**Consolidated income statement for 2008 and 2007**  
**(according to IFRS)**

<b>(CHF thousand)</b>	<b>Notes</b>	<b>2008</b>	<b>2007</b>
Revenue from goods and services			
Revenue from aviation operations	(1)	525,689	495,981
Revenue from non-aviation operations	(1)	329,414	306,887
<b>Total revenue</b>		<b>855,103</b>	<b>802,868</b>
Personnel expenses	(2)	(152,394)	(160,042)
Police and security		(113,016)	(108,538)
Maintenance and material		(43,907)	(47,727)
Sales, marketing, administration		(41,575)	(40,767)
Energy and waste		(25,015)	(20,806)
Other operating expenses	(3)	(36,057)	(19,095)
Other expenses/income, net	(4)	(22,898)	4,222
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>		<b>420,241</b>	<b>410,115</b>
Depreciation and amortisation	(7)	(186,168)	(180,913)
<b>Earnings before interest and tax (EBIT)</b>		<b>234,073</b>	<b>229,202</b>
Financial expenses	(5)	(93,277)	(81,056)
Financial income	(5)	14,064	16,467
Share of profit or loss of associates	(9)	(7,612)	864
<b>Profit before tax</b>		<b>147,248</b>	<b>165,477</b>
Income tax	(6)	(25,934)	(34,802)
<b>Profit</b>		<b>121,314</b>	<b>130,675</b>
Basic earnings per share (in Swiss francs)	(14)	19.78	21.30
Diluted earnings per share (in Swiss francs)	(14)	19.77	21.28

**Consolidated balance sheet as of 31 December 2008 and 31 December 2007  
(according to IFRS)**

<b>(CHF thousand)</b>	<b>Notes</b>	<b>31.12.2008</b>	<b>31.12.2007</b>
<b>Assets</b>			
Land	(7)	109,547	112,194
Buildings, engineering structures	(7)	2,391,016	2,318,889
Facilities in leasing	(7)	62,337	68,124
Projects in progress	(7)	93,403	103,508
Movables	(7)	91,849	83,673
<b>Total property, plant and equipment</b>		<b>2,748,152</b>	<b>2,686,388</b>
Intangible asset from right of formal expropriation	(7)	238,970	240
Other intangible assets	(7)	9,520	12,698
Investments in associates	(9)	7,952	17,352
Non-current financial assets of Airport of Zurich Noise Fund	(8)	72,965	126,067
Other financial assets	(10)	1,125	287
<b>Non-current assets</b>		<b>3,078,684</b>	<b>2,843,032</b>
Inventories		8,811	5,054
Current financial assets of Airport of Zurich Noise Fund	(8)	65,823	119,254
Trade receivables	(11)	108,651	115,624
Other receivables and prepaid expenses	(12)	26,920	15,028
Cash and cash equivalents	(13)	74,038	82,356
<b>Current assets</b>		<b>284,243</b>	<b>337,316</b>
<b>Total assets</b>		<b>3,362,927</b>	<b>3,180,348</b>
<b>Equity and liabilities</b>			
Share capital	(14)	307,019	307,019
Own shares	(14)	(11,841)	(650)
Capital reserves	(14)	590,584	590,869
Hedging reserve, net	(14)	(78,590)	(52,105)
Fair value reserve, net	(14)	1,477	(2,919)
Translation reserve, net	(14)	(4,842)	(271)
Other retained earnings	(14)	625,128	531,441
<b>Equity</b>		<b>1,428,935</b>	<b>1,373,384</b>
Debentures and non-current loans	(15)	992,459	1,127,787
Lease liabilities	(15)	63,536	68,122
Non-current provisions for sound insulation and formal expropriations	(16)	244,561	123,466
Deferred tax liabilities	(18)	96,459	94,354
Retirement benefit plans	(20)	3,443	2,918
<b>Non-current liabilities</b>		<b>1,400,458</b>	<b>1,416,647</b>
Trade payables		50,049	47,773
Current financial liabilities	(15)	175,839	45,276
Other current debt, accruals and deferrals	(21)	285,893	291,548
Current tax liabilities		20,624	4,591
Deferred revenue	(19)	1,129	1,129
<b>Current liabilities</b>		<b>533,534</b>	<b>390,317</b>
<b>Total liabilities</b>		<b>1,933,992</b>	<b>1,806,964</b>
<b>Total equity and liabilities</b>		<b>3,362,927</b>	<b>3,180,348</b>

**Consolidated statement of changes in equity  
(according to IFRS)**

	Share capital	Own shares	Capital reserves	Hedging reserve, net	Fair value reserve, net	Translation reserve, net	Other retained earnings	Equity
<b>(CHF thousand)</b>								
<b>Balance at 31.12.2006</b>	<b>307,019</b>	<b>(693)</b>	<b>588,473</b>	<b>(81,683)</b>	<b>(1,386)</b>	<b>(437)</b>	<b>419,171</b>	<b>1,230,464</b>
Adjustment of cross currency interest rate swaps to fair value <sup>1)</sup>				24,602				24,602
Cross currency interest rate swaps – transfer to income statement <sup>1)</sup>				4,976				4,976
Changes in fair value of available-for-sale securities					(2,471)			(2,471)
Available-for-sale securities – losses realised					938			938
Foreign exchange differences						166		166
<b>Income and expense recognised directly in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>29,578</b>	<b>(1,533)</b>	<b>166</b>	<b>0</b>	<b>28,210</b>
Profit							130,675	130,675
<b>Total recognised income and expense</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>29,578</b>	<b>(1,533)</b>	<b>166</b>	<b>130,675</b>	<b>158,885</b>
Dividends paid relating to the 2006 financial year							(18,405)	(18,405)
Purchase of own shares		(215)						(215)
Distribution of own shares		258	(242)					16
Share-based payments			2,638					2,638
<b>Balance at 31.12.2007</b>	<b>307,019</b>	<b>(650)</b>	<b>590,869</b>	<b>(52,105)</b>	<b>(2,919)</b>	<b>(271)</b>	<b>531,441</b>	<b>1,373,384</b>
Adjustment of cross currency interest rate swaps to fair value <sup>1)</sup>				(33,803)				(33,803)
Cross currency interest rate swaps – transfer to income statement <sup>1)</sup>				7,648				7,648
Change in tax rate <sup>2)</sup>				(330)				(330)
Changes in fair value of available-for-sale securities					2,950			2,950
Available-for-sale securities – losses realised					1,446			1,446
Foreign exchange differences						(4,571)		(4,571)
<b>Income and expense recognised directly in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(26,485)</b>	<b>4,396</b>	<b>(4,571)</b>	<b>0</b>	<b>(26,660)</b>
Profit							121,314	121,314
<b>Total recognised income and expense</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(26,485)</b>	<b>4,396</b>	<b>(4,571)</b>	<b>121,314</b>	<b>94,654</b>
Dividends paid relating to the 2007 financial year							(27,627)	(27,627)
Purchase of own shares		(12,630)						(12,630)
Distribution of own shares		1,439	(1,381)					58
Share-based payments			1,096					1,096
<b>Balance at 31.12.2008</b>	<b>307,019</b>	<b>(11,841)</b>	<b>590,584</b>	<b>(78,590)</b>	<b>1,477</b>	<b>(4,842)</b>	<b>625,128</b>	<b>1,428,935</b>

<sup>1)</sup> See "Notes to consolidated financial statements", note 5, "Financial result" and note 15, "Financial liabilities".

<sup>2)</sup> See "Notes to consolidated financial statements", note 18, "Deferred tax liabilities".

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



## Consolidated cash flow statement (according to IFRS)

(CHF thousand)		Notes	2008	2007
Earnings before interest and tax (EBIT)			234,073	229,202
Depreciation and amortisation of			154,399	149,205
- Buildings and engineering structures		(7)		
- Movables		(7)	17,835	18,627
- Intangible asset from right of formal expropriation		(7)	2,819	0
- Other intangible assets		(7)	6,074	8,208
- Facilities in leasing		(7)	5,787	5,668
Dissolutions of government subsidies and grants on buildings and engineering structures		(7)	[746]	[795]
Losses from disposals of property, plant and equipment (net)		(4)	2,535	2,005
Share-based payments			1,154	2,654
Increase (-)/decrease (+) in inventories, trade receivables and other receivables and prepaid expenses			(8,676)	(5,412)
Increase (+)/decrease (-) in current debt, excluding current financial liabilities			12,654	26,847
Increase (+)/decrease (-) in provisions for retirement benefit plans		(20)	525	665
Increase (+)/decrease (-) in other non-current borrowings, excluding financial liabilities		(19)	0	(10,016)
Total expenses for sound insulation and formal expropriations		(16)	(10,184)	(7,038)
Income tax paid			[3,147]	[8,909]
<b>Cash flow from operations</b>			<b>415,102</b>	<b>410,911</b>
<b>of which related to aircraft noise</b>			<b>35,342</b>	<b>50,705</b>
Cash flow from noise charges		(17)	45,526	57,743
Cash flow for sound insulation and formal expropriations		(16)	(10,184)	(7,038)
Investments in property, plant and equipment, projects in progress		(7)	(249,893)	(109,107)
Disposals of property, plant and equipment			294	12,808
- Movables				
- Land		(7)	3,746	0
Capital contributions paid to associates		(9)	(2,783)	(6,658)
Investments in intangible asset from right of formal expropriation			[11,981]	0
Investments in financial assets of Airport of Zurich Noise Fund			(139,713)	(134,506)
Change in other financial assets		(10)	(838)	735
Repayment of current financial assets of Airport of Zurich Noise Fund			133,376	81,900
Interest received			8,943	7,489
<b>Cash flow from investing activities</b>			<b>(258,849)</b>	<b>(147,339)</b>
<b>of which related to aircraft noise</b>			<b>(6,337)</b>	<b>(52,606)</b>
Investment in financial assets of Airport of Zurich Noise Fund			(139,713)	(134,506)
Repayment of current financial assets of Airport of Zurich Noise Fund			133,376	81,900
Redemption of outstanding debentures		(15)	0	[75,000]
Repayment of liabilities towards banks arising from US car park lease		(15)	(49,008)	(47,422)
Repayment of lease liabilities			(4,418)	(4,308)
Repayment to Zurich Airport Staff Pension Fund		(12)	[19]	[3]
Payment of dividend for the 2007/2006 financial years		(14)	(27,627)	(18,405)
Purchase of own shares			(12,630)	(215)
Interest paid			(72,299)	(78,813)
Capitalised borrowing costs		(5)	1,430	388
<b>Cash flow from financing activities</b>			<b>(164,571)</b>	<b>(223,778)</b>
<b>Increase in cash and cash equivalents</b>		<b>(13)</b>	<b>(8,318)</b>	<b>39,794</b>
Balance at beginning of financial year		(13)	82,356	42,562
De-/Increase in cash and cash equivalents		(13)	(8,318)	39,794
<b>Balance at end of financial year</b>		<b>(13)</b>	<b>74,038</b>	<b>82,356</b>
Composition of cash and cash equivalents				
Cash on hand		(13)	145	134
Cash at banks and in postal cheque accounts		(13)	32,578	30,896
Fixed deposits and call deposits		(13)	37,900	46,000
Collateral		(13)	3,415	5,326
<b>Balance at end of financial year</b>		<b>(13)</b>	<b>74,038</b>	<b>82,356</b>
<b>of which included in Airport of Zurich Noise Fund</b>		<b>(13)</b>	<b>22,374</b>	<b>2,620</b>
of which cash at banks and in postal cheque accounts		(13)	19,474	2,620

## Notes

### Segment reporting (according to IFRS)

(CHF million)	Aviation flight operations		Aviation security		Aviation aircraft noise		Non-aviation		Eliminations		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Revenue from third parties	335.7	318.7	143.6	119.0	46.4	58.3	329.4	306.9			855.1	802.9
Inter-segment revenue	10.5	10.1					123.1	125.3	(133.6)	(135.3)		
<b>Total revenue</b>	<b>346.2</b>	<b>328.8</b>	<b>143.6</b>	<b>119.0</b>	<b>46.4</b>	<b>58.3</b>	<b>452.5</b>	<b>432.2</b>	<b>(133.6)</b>	<b>(135.3)</b>	<b>855.1</b>	<b>802.9</b>
<b>Segment result</b>	<b>10.1</b>	<b>19.6</b>	<b>(7.4)</b>	<b>(14.3)</b>	<b>39.3</b>	<b>54.3</b>	<b>192.1</b>	<b>169.6</b>			<b>234.1</b>	<b>229.2</b>
<b>Earnings before interest and tax (EBIT)</b>											<b>234.1</b>	<b>229.2</b>
Financial expenses	(3.0)	(3.0)			(19.2)	(1.5)	(10.8)	(12.4)			(33.0)	(16.8)
Unallocated financial expenses											(60.3)	(63.8)
Financial income					6.1	7.9					6.1	7.9
Unallocated financial income											8.0	8.2
Share of profit or loss of associates	(7.6)	0.9									(7.6)	0.9
Unallocated income tax											(25.9)	(34.8)
<b>Profit</b>											<b>121.3</b>	<b>130.7</b>
Tangible and intangible assets	928.1	862.9	41.5	30.6	241.1	2.0	1,787.0	1,803.8			2,997.7	2,699.3
Financial assets		0.3			73.0	126.1					73.0	126.4
Investments in associates	8.0	17.4									8.0	17.4
Current financial assets and cash and cash equivalents					88.2	121.9					88.2	121.9
<b>Total segment assets</b>	<b>936.1</b>	<b>880.5</b>	<b>41.5</b>	<b>30.6</b>	<b>402.3</b>	<b>249.9</b>	<b>1,787.0</b>	<b>1,803.8</b>			<b>3,166.9</b>	<b>2,964.9</b>
Unallocated current financial assets and cash and cash equivalents											51.7	79.7
Unallocated other assets											144.4	135.7
<b>Consolidated assets</b>											<b>3,362.9</b>	<b>3,180.3</b>
<b>Total segment liabilities</b>	<b>68.1</b>	<b>72.5</b>			<b>244.6</b>	<b>123.5</b>	<b>166.7</b>	<b>218.1</b>			<b>479.3</b>	<b>414.1</b>
Unallocated liabilities											1,454.7	1,392.9
<b>Consolidated liabilities</b>											<b>1,934.0</b>	<b>1,807.0</b>
<b>Capital expenditure</b>	<b>98.8</b>	<b>44.8</b>	<b>9.1</b>	<b>4.4</b>	<b>285.8</b>	<b>135.1</b>	<b>144.8</b>	<b>63.5</b>			<b>538.5</b>	<b>247.7</b>
Depreciation and amortisation	52.2	50.7	5.1	4.7	2.8	0.1	126.0	125.4			186.2	180.9
<b>Number of employees (full-time positions) as of 31 December</b>	<b>533</b>	<b>585</b>	<b>15</b>	<b>11</b>	<b>11</b>	<b>12</b>	<b>695</b>	<b>711</b>			<b>1,254</b>	<b>1,319</b>

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

## Accounting policies

### General remarks

The operating licence awarded by the federal government authorises and obliges the airport operator, Flughafen Zürich AG, to operate Zurich Airport until 2051. In addition to combining transport services by road, rail and air, Flughafen Zürich AG also operates Zurich Airport as a shopping, entertainment and services centre. Please refer to "Segment reporting" for more detailed information.

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law. They have been prepared under the historical cost convention, with the exception of derivative financial instruments, financial investments of the Airport of Zurich Noise Fund that are classified as available for sale, and associates.

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

The preparation of financial statements in accordance with IFRS means that the Management Board has to make estimates and assumptions, as well as exercise its discretion, when applying the accounting policies. This may affect reported income, expenses, assets, liabilities and contingent liabilities at the time of preparation of the financial statements. In the event that such estimates and assumptions made in good faith by the Management Board at the time of preparation of the financial statements should subsequently prove to deviate from the actual circumstances, the estimates and assumptions originally made are revised in the financial year in which the circumstances changed.

Judgements made by the Management Board in its application of IFRS that have a significant effect on the consolidated financial statements, and estimates with a significant risk of adjustment in the following financial year, are discussed in "Notes to the consolidated financial statements", "Significant estimates and assumptions in the application of accounting policies" (see also note 7, "Changes in non-current assets").

### Change in accounting policies

With the exception of the changes noted below, the accounting policies were the same as those applied in the prior year. The following interpretations and amended standard became applicable for financial years commencing 1 January 2008: IFRIC 11 "IFRS 2 Group and Treasury Share Transactions", IFRIC 12 "Service Concession Arrangements", IFRIC 14 "IAS 19 – The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction", and amendments to IAS 39 and IFRS 7 "Reclassification of Financial Assets".

The interpretations and amendments have been applied for the first time in the 2008 financial year. The interpretations and amendment referred to above do not have a significant impact on the financial position, results of operations or cash flows of Flughafen Zürich AG.

### Introduction of new standards in 2009 and 2010

The following new and revised standards and interpretations have been issued, but are not yet effective and are not applied early in these consolidated financial statements. Their impact on the consolidated financial statements of Flughafen Zürich AG has not yet been systematically analysed. The expected effects as disclosed below the table reflect only a tentative first assessment by the Management Board.

Standard / Interpretation		Effective date	Planned application by Flughafen Zürich AG
IFRIC 13 – Customer Loyalty Programmes	*	1 July 2008	Reporting year 2009
IAS 1 (revised) – Presentation of Financial Statements	**	1 January 2009	Reporting year 2009
IAS 23 (revised) – Borrowing Costs	*	1 January 2009	Reporting year 2009
IFRS 8 – Operating Segments	**	1 January 2009	Reporting year 2009
Amendments to IFRS 1 – First-time Adoption of International Financial Reporting Standards and IAS 27 – Consolidated and Separate Financial Statements	*	1 January 2009	Reporting year 2009
Amendments to IFRS 2 – Share-based Payment – Vesting Conditions and Cancellations	*	1 January 2009	Reporting year 2009
Amendments to IAS 32 – Financial Instruments: Presentation and IAS 1 – Presentation of Financial Statements: Puttable Financial Instruments and Obligations Arising on Liquidation	*	1 January 2009	Reporting year 2009
IFRS 3 (revised) – Business Combinations	***	1 July 2009	Reporting year 2010
IAS 27 (amended) – Consolidated and Separate Financial Statements	*	1 July 2009	Reporting year 2010
IFRIC 15 – Agreements for the Construction of Real Estate	*	1 January 2009	Reporting year 2009
IFRIC 16 – Hedges of Net Investment in a Foreign Operation	*	1 October 2008	Reporting year 2009
IFRIC 17 – Distribution of Non-cash Assets to Owners	*	1 July 2009	Reporting year 2010
IFRS 1 (revised) – First-time Adoption of International Financial Reporting Standards – Restructuring of Format	-	1 July 2009	-
Improvements to IFRS	*	1 January 2009/ 1 July 2009	Reporting years 2009/ 2010

\* No, or no significant, impact is expected on the consolidated financial statements of Flughafen Zürich AG.

\*\* Mainly additional disclosures or changes in presentation are expected in the consolidated financial statements of Flughafen Zürich AG.

\*\*\* The impacts on the consolidated financial statements of Flughafen Zürich AG can not yet be determined with sufficient reliability.

### **Scope and methods of consolidation**

The consolidated financial statements comprise Flughafen Zürich AG and all companies in Switzerland and abroad that are directly or indirectly under its control. Here, the term "control" means the power to govern financial and operating policies of an entity in order to obtain corresponding benefits. This is the case if the group holds more than 50 percent of the voting rights of a company or if it controls that company on a contractual or de facto basis.

These companies have been fully consolidated. All assets and liabilities have been included in the consolidated financial statements together with all income and expenses 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, liabilities and contingent liabilities of each acquired subsidiary have been recognised at fair value at the date of acquisition, and the difference between purchase price and the group's share of the fair values of the acquired net assets is recognised as goodwill. Goodwill is not amortised, but is tested for impairment annually. Subsidiaries that are acquired or disposed of in the course of the year are consolidated, or excluded from consolidation, with effect from the date control commences or control ceases respectively.

### **Foreign currency**

For consolidation purposes, all assets and liabilities reported in the balance sheets of companies within the group are translated into Swiss francs at the year-end exchange rate. Income statements and cash flow statements are translated at the average exchange rate for the period. Exchange differences that arise on translation are recognised directly in equity.

Transactions in foreign currency 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 as of the balance sheet date. Exchange differences that arise from the settlement or translation of foreign currency monetary items are recognised in the income statement.

### **Reporting of revenue**

Revenue is reported in the period in which the service is provided.

### **Leases**

#### **Finance leases**

Lease agreements that substantially transfer all the risks and rewards of ownership to the company concerned are classified as finance leases. Lease payments are allocated between an interest expense and a reduction of a liability. 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 are charged to the income statement.

#### **Operating lease**

Income and expenses associated with operating leases are recognised in the income statement over the period of the lease.

### **Financial result**

The financial result comprises interest payments on borrowings calculated using the effective interest rate method (excluding borrowing costs relating to buildings under construction), the unwinding of the effect of discounting on provisions, interest income, dividend income, foreign currency gains and losses, gains on/losses from the disposal of financial assets classified as available for sale, impairment losses on financial assets and gains on/losses from hedging instruments recognised in the income statement.

Interest income is recognised in the income statement using the effective interest method. Dividend income is recognised in the financial statements at due date.

Borrowing costs arising during the construction of movables, buildings and engineering structures are capitalised up until completion of the asset in question.

## Land

Land is stated at cost and is not depreciated.

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. In addition to various criteria specific to the airport, e.g. potential utilisation density, the development of land prices in the region was also taken into account for valuation purposes in connection with the formation of Flughafen Zürich AG as of 1 January 2000. 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 intensive use, down to 2 Swiss francs per square metre for plots reserved for nature conservation.

The value of these plots of land is recorded in the balance sheet at 100 million Swiss francs. This valuation was applied once at the time of privatisation as the basis for the estimated acquisition costs.

## Property, plant and equipment

Property, plant and equipment are stated at acquisition or construction cost, less accumulated depreciation and accumulated impairment losses. The production costs of buildings include direct costs for labour (third-party services and internal personnel), materials and overheads, plus the borrowing costs arising during the construction stage, which are capitalised up until completion of the asset in question. The property, plant and equipment contributed by the Canton of Zurich on 31 December 1999 contain no overheads and borrowing costs, since restatement would entail undue cost and effort. Since 1 January 2000, borrowing costs and overheads relating to all assets under construction have been capitalised.

Components of property, plant and equipment with a different useful life are reported individually and depreciated separately. Expansion and replacement expenditure is capitalised if it is probable that Flughafen Zürich AG will gain future economic benefits. Maintenance and renovation expenditure are charged to the income statement when incurred.

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

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

The useful life for each category of property, plant and equipment is as follows:

Buildings	maximum 40 years
Engineering structures	maximum 30 years
Tunnels and bridges	maximum 50 years
Equipment and vehicles	3 to 20 years

## Government subsidies and grants

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

## Projects in progress

Projects in progress are stated at acquisition or production cost and include 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 property, plant and equipment. 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 expenditure on the asset or related borrowing costs is capitalised.

### **Intangible assets and goodwill**

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. The intangible assets are amortised using the straight-line method.

With the award of the operating licence, Flughafen Zürich AG was also granted a right of formal expropriation of property owners exposed to aircraft noise. This right of formal expropriation was granted on condition that the airport operator bears the costs associated with compensation payments. This right is capitalised as an intangible asset. Capitalisation takes place at the time at which the probable total costs can be estimated based on final-instance court rulings, so that the cost can be reliably estimated in accordance with IAS 38.21. The timing of capitalisation may vary from region to region around the airport. At the same time as an intangible asset is recognised at present value of the expected future payments, an equal amount is recognised as a provision. Any future re-estimates of the probable total costs will adjust both the intangible asset and the related provision. The intangible asset is amortised using the straight-line method over the remaining duration of the operating licence (i.e. until May 2051).

Goodwill arising from acquisitions is not amortised but tested for impairment annually.

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.

Flughafen Zürich AG does not hold any intangible assets with an indefinite useful life.

### **Financial assets**

Financial assets include securities of the Airport of Zurich Noise Fund classified as available-for-sale financial assets. Upon initial recognition, they are measured at fair value plus directly attributable transaction costs. The securities are subsequently also measured at fair value with any resultant gain or loss being recognised directly in equity (in the fair value reserve, net), except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses. When these securities are derecognised, the cumulative gain or loss previously recognised directly in equity is transferred to the income statement.

Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the income statement. Financial assets also include loans that are stated at cost, less impairment losses.

### **Investments in associates and joint ventures**

Associates are companies where the group is able to exercise significant influence, but not control, over the financial and operating policies (normally where the group is entitled to 20 to 50 percent of the voting rights). The consolidated financial statements include the group's share of the recognised gains and losses of associates on an equity accounted basis.

Investments in associates where the group is entitled to less than 20 percent of the voting rights, but where it nonetheless is able to exercise significant influence, are also included in the consolidated financial statements by applying the equity method.

Interests in joint ventures are included in the consolidated financial statements by applying the equity method. Joint ventures are companies over whose activities the group has joint control established by contractual agreements.

### **Derivative financial instruments**

Derivative financial instruments are used exclusively for the purpose of hedging interest rate and currency risks, and are reported under other receivables or other current debt. They are carried at fair value in accordance with IAS 39. Changes in the fair value of derivative instruments which fulfil the requirements for cash flow hedges are booked directly to the hedging reserve, net. As soon as the hedged transaction has occurred, the accumulated, non-realised gains and losses are charged to the income statement. For all other derivative instruments, changes in fair value are recognised in the income statement.



### **Inventories**

Inventories mainly comprise fuel inventories and parts used for the maintenance and repair of property, plant and equipment and are stated at cost or, if lower, at net realisable value. The first-in, first-out method is applied when calculating the cost.

### **Receivables**

Receivables are stated at their nominal value less an impairment allowance. The impairment allowance comprises individual adjustments of specifically identified positions for which there is objective evidence that the outstanding amount will not be recovered in full, and collective adjustments of groups of receivables with a similar risk profile. Collective impairment losses relate to losses that have been incurred but for which the precise amounts are not yet known. They are based on historical data for payment statistics for receivables.

As soon as there is sufficient evidence that a receivable will not be recoverable, it is directly written off or offset against the corresponding allowance.

### **Cash and call deposits**

Cash and cash equivalents comprise cash on hand, in postal cheque accounts and at banks (including collateral) with a maturity of 90 days or less from the date of acquisition.

### **Impairment**

The group assesses every year if there are any indications that its assets, other than inventories and deferred taxes (following special accounting rules), are impaired. If there is any indication that an asset may be impaired, the recoverable amount of the asset is calculated (impairment test). For goodwill, other intangible assets with indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is calculated annually, even if there are no indications that they may be impaired.

If the carrying amount of an asset or related cash generating unit exceeds its recoverable amount, an impairment loss is recognised in the income statement.

The recoverable amount of other assets (excluding financial instruments) is the higher of the fair value less costs to sell and value in use. To determine the value in use, the estimated future cash flows are discounted. The discount rate is a pre-tax rate that reflects the risks associated with the corresponding asset. If an asset does not generate cash inflows that are largely independent of those from other assets, the recoverable amount is determined for the cash generating unit to which the asset belongs. The recoverable amount of receivables and loans is equivalent to the present value of the estimated future cash flows. Impairment losses on receivables and loans are reversed if the amount of the impairment loss decreases and the decrease can be related to an event that occurred in a period after the impairment was recognised.

Impairment losses on goodwill are not reversed.

Impairment losses on other assets are reversed if indications exist that the impairment loss has decreased or no longer exists, and if estimates that were used for calculating the recoverable amount have changed.

The increased carrying amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years.

## Equity

### Share capital

Shares are classified as equity since they are non-redeemable, and dividend payments are at the discretion of the company.

### Own shares

Acquisition costs (purchase price and directly attributable transaction costs) of own shares are deducted from equity.

### Dividends

Dividends are recognised as a liability as soon as they have been approved at the General Meeting of Shareholders.

### Financial liabilities

Financial liabilities are initially recognised at cost less transaction costs. The difference between the amount initially recognised and the redemption amount is amortised over the duration of the liability using the effective interest method.

### Provisions

Provisions are recognised when the entity has a present obligation as a result of a past event that occurred prior to the balance sheet date, if an outflow of resources is probable and the amount of the outflow can be estimated reliably. If the effect is significant, provisions are reported in the balance sheet at their present value.

Provisions for the constructive obligation for **sound insulation measures** are recognised on the basis of the Environmental Protection Act as soon as they can be estimated reliably.

Provisions for **formal expropriations** are recognised for compensation payments as soon as these have been reliably estimated on the basis of final-instance court rulings (see "Intangible assets and goodwill").

### Retirement benefit plans

a) Main benefit plan of "Beamtenversicherungskasse of the Canton of Zurich" (BVK)

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. The BVK is a pension fund comprising approximately 66,000 employees of the local and cantonal governments of Zurich, other public and semi-public corporations and institutions and

non-profit organisations domiciled in the canton of Zurich, and companies in which the government holds a major interest. The liabilities of the BVK were funded at a level of 81.03 percent as of 31 December 2008 (2007: 100.74 percent) as calculated according to the applicable regulations (Article 44 BVV2).

Up to the end of 2002, the BVK retirement benefit plan was regarded as a defined benefit plan. Owing to a lack of data from the BVK, Flughafen Zürich AG treated it as a defined contribution plan in accordance with IAS 19.30 and it was not reported by the projected unit credit method in the balance sheet. In 2003, the contract between Flughafen Zürich AG and the BVK was modified so that Flughafen Zürich AG will not be required to pay any additional contributions to cover any shortfall in funding. A breach of this provision would give Flughafen Zürich AG the right to terminate the contract without having to provide financial compensation for any actuarial funding deficit. The Board of Directors of Flughafen Zürich AG has declared that under no circumstances will it pay extra contributions to cover funding deficits in the benefit plan, although it is prepared to do whatever possible to uphold the contract with BVK. The contractual modifications noted above and the declarations by the Board of Directors mean that no actuarial or investment risk associated with the benefit plan at present can be transferred to Flughafen Zürich AG as employer. Given this situation and the fact that the BVK is a dependent entity under public cantonal law whose continuation is secured, the retirement benefit plan is treated as a defined contribution plan in accordance with IAS 19.25. This means that the pension obligation is limited to the contributions paid by Flughafen Zürich AG to the BVK, which are recognised as an expense in the income statement as incurred.

Should the Canton of Zurich cease to be the main shareholder in Flughafen Zürich AG and the Zurich Cantonal Airport Act accordingly be changed, Flughafen Zürich AG would be forced under the BVK statutes to seek an alternative pension fund solution. If an actuarial funding deficit should occur under these circumstances, Flughafen Zürich AG could be required to provide additional funds, which would be charged to the income statement at the time any such change in pension fund provider were to become effective.

#### b) Other benefit plans

The following benefit schemes are also maintained by Flughafen Zürich AG:

- Agreement with Zurich Insurance Company offering benefits to the pensioners from the former Flughafen Immobilien-Gesellschaft (FIG; this group of beneficiaries did not transfer to the BVK). This is a defined contribution plan which is fully funded. Zurich Insurance Company is responsible for providing future benefits.
- Special plan agreed with the BVK for providing compensation for early retirement. This is a defined benefit plan. In this plan, the present value of the expected claims (defined benefit obligation) is calculated by the projected unit credit method and set aside as a reserve. Pension costs related to work performed during the reporting period (current service cost) are charged to the income statement. Pension costs associated with work performed in the past, which are due to new or improved benefits (past service cost) are reported on a straight-line basis as part of pension costs until the benefits become vested. Actuarial and investment losses and gains resulting from periodic recalculations are shown in the financial statements on a straight-line basis over the average remaining service period, insofar as they do not exceed 10 percent of the defined benefit obligation.

#### Share-based payments

Flughafen Zürich AG issues shares to its employees as part of its bonus and staff participation programme. The fair value of the shares is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the vesting period.

#### Income taxes

Income taxes comprise current and deferred taxes. They are recognised in the income statement, with the exception of taxes on transactions recognised directly in equity. In these cases, taxes are also recognised in equity.

Current taxes comprise the expected taxes to be paid on the taxable result, using tax rates enacted or substantively enacted at balance sheet date.

Deferred taxes are recognised on temporary differences between tax values and book values using the balance sheet liability method. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets and liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. Measurement of deferred taxes takes into account the expected manner of realisation or settlement of the assets and liabilities concerned using tax rates that are enacted or substantively enacted at balance sheet date.

Deferred tax assets are only recognised if it is probable that the deductible temporary differences can be offset against future taxable profits.

#### Non-current assets held for sale

Non-current assets and groups of assets, including liabilities directly associated with those assets (disposal groups) are classified as "held for sale" and recognised separately in the balance sheet under current assets or liabilities if their carrying amount will not be recovered from continuing use, but rather through a sale transaction. The assets must be available for immediate sale in their present condition and the sale must be highly probable. For a sale to be highly probable, various criteria have to be met, including that the sale must be expected to take place within a year.

Immediately before non-current assets are classified as held for sale, the carrying amounts have to be determined in accordance with the applicable IFRS standards. After reclassification, the assets are recognised at the lower of carrying amount and fair value less costs to sell. Assets that were previously depreciated are no longer depreciated.

### Segment reporting

Flughafen Zürich AG is structured on the basis of functional criteria. For segment reporting purposes and in keeping with standard aviation industry practice, a distinction is made between Aviation and Non-aviation as primary segments, which correspond to the functions of Operations and Marketing & Real Estate respectively, and thus to the internal reporting structure.

Flughafen Zürich AG provides practically all its services within Switzerland. During 2008, it provided external consulting services worth 4.4 million Swiss francs (2007: 2.7 million). As engagements abroad are negligible, a breakdown by geographical region has not been undertaken.

**Aviation: flight operations.** This sub-segment encompasses the construction, operation and maintenance of the airport operating infrastructure. It incorporates all the core services provided to airlines and passengers by 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 sorting and handling system and aircraft energy supply system, passenger handling and services, and safety. The main sources of income within flight operations 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.

**Aviation: security.** This sub-segment covers the installation, operation and maintenance of security infrastructure and all processes of direct relevance to security. This includes all systems and their operation and maintenance designed to prevent actions of any kind that affect the security of commercial civil aviation, in particular facilities for the control of passengers, personnel, hand luggage, checked-in baggage and freight. Furthermore, it reports on the costs associated with all other duties performed by the airport police, including surveillance operations, protection of airlines and persons at special risk, operation of a control centre, training of personnel and other tasks relating to security. The security charges collected from passengers are the source of revenue for covering the costs incurred in this subsegment.

**Aviation: aircraft noise.** All income and expenses associated with aircraft noise are reported separately in this sub-segment. Furthermore, a liquidity-based statement of noise-related data is presented in the notes to the consolidated financial statements, since the Airport of Zurich Noise Fund was derecognised retrospectively as of 1 January 2004. This statement presents the accumulated surplus or shortfall as of balance sheet date arising from noise charges collected on a "user pays" basis, less expenses for formal expropriations, sound insulation measures and related operating costs (see "Notes to consolidated financial statements", note 17, "Airport of Zurich Noise Fund").

**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 Flughafen Zürich AG. For reporting purposes, each profit centre has been allocated to a primary segment. Any internal supplies and services that have been provided to the other segments have been booked as inter-segment earnings or offset against costs. For example, the Information and Communication Technology (ICT) profit centre is allocated to Non-aviation as primary segment, and proportionate costs are charged to aviation on a "user pays" basis. Support functions are also allocated to Non-Aviation as primary segment, and then offset accordingly.

**Principles of segment reporting**

Assets and liabilities are allocated to the respective segments if they are either directly attributable to them or can reasonably be allocated to them. Wherever possible, financial instruments (including cash and cash equivalents and interest-bearing debt) are allocated directly to the segments. Most of the clients and suppliers of Flughafen Zürich AG maintain business relationships with all the segments. Debt allocated to the individual segments is limited to liabilities associated with noise-related costs belonging to the aircraft noise sub-segment, and to financial liabilities that can be directly allocated to individual segments. Most of the inter-segment revenue comprises offset rental costs from Non-aviation for premises required for activities in Aviation. Non-current assets (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 revenue simultaneously represents inter-segment expenses in the segment results of the units using the facilities. Full-time employees are allocated among the segments.

## Notes to consolidated financial statements

### Significant estimates and assumptions in the application of accounting policies

#### Value of property, plant and equipment and intangible assets; reliability of estimate of capitalised liability relating to noise compensation

Flughafen Zürich AG owns property, plant and equipment and intangible assets with a total carrying amount of 3.0 billion Swiss francs. If there is any indication that an asset may be impaired, the recoverable amount of the asset is calculated (impairment test). Impairment tests are carried out as a matter of course at least once per year. The basis is the estimated future cash flows of Flughafen Zürich AG, and a variety of assumptions have to be made in order to estimate them. Cash flows can be negatively influenced by the following risk factors (see also note 7, "Changes in non-current assets").

#### 1. Legal issues

Various internal and external political restrictions could mean that Flughafen Zürich AG will not be able to fully utilise the opportunities it has created largely through investments for expansion stage 5, and instead may give rise to additional investments and costs. These include:

- Cantonal initiatives calling for modification of Zurich cantonal airport legislation
- Zürcher Fluglärm-Index ZFI (Zurich Aircraft Noise Index)
- SIL process (Civil Aviation Infrastructure Plan)
- Rulings by the supervisory authorities relating to landing and take-off procedures
- Unilateral ordinance issued by Germany
- Legal proceedings
- Revision of the Swiss Federal Civil Aviation Act

#### 2. Falling demand

Experience over the past few years has shown that civil aviation is a highly volatile business that reacts sensitively to external occurrences (acts of terrorism, outbreaks of disease or epidemics, economic crises). This means that such events can lead to a fall in demand at Zurich Airport.

#### 3. Additional security regulations

Additional security regulations imposed by the authorities can also give rise to increasing security costs and reduced revenue from commercial activities in the future. Given the delay between the time at which costs arise and the earliest possible refinancing via security charges, a negative impact on the result cannot be ruled out.

#### 4. Hub carrier

The national airline, Swiss, is the main client of Flughafen Zürich AG. In the same way as any other hub airport, Flughafen Zurich AG greatly depends on the operational and financial development of its hub carrier.

### 5. Reporting of noise-related costs in the financial statements

The reporting of noise-related costs in the financial statements is a complex matter that involves significant assumptions and estimates concerning the capitalisation of such costs and the obligation to recognise provisions. This complexity is attributable to a large variety of relevant legal bases, unclear or pending legal practice, and political debate.

Flughafen Zürich AG has received a total of around 19,000 noise-related claims for compensation. Approximately 2,600 cases are currently being examined by the Federal Assessments Commission, while in the meantime rulings have been received from the Swiss Federal Supreme Court on the 18 selected pilot cases in the municipality of Opfikon.

With respect to formal expropriations, the rulings on fundamental issues by the Supreme Court in the first half of 2008 enabled Flughafen Zürich AG to estimate the total costs for the first time, in spite of the remaining uncertainty factors influencing the accuracy of this estimate.

Based on the fundamental issues on which the Supreme Court has ruled to date, the reliably estimated noise-related costs ("base case") as of 30 June 2008 amounted to a total of 759.8 million Swiss francs (including formal expropriations, costs for sound insulation measures and all related operating costs). This means that the total estimated costs associated with formal expropriations were below the previously disclosed potential costs (in the form of a risk assessment) of between 800 million and 1.2 billion Swiss francs.

On 8 March 2006, Flughafen Zürich AG and the Canton of Zurich signed a supplementary agreement to the merger agreement dated 14 December 1999. The purpose of the supplementary agreement was to limit the risks for the company associated with formal expropriations. Under this supplementary agreement, the Canton of Zurich would assume the prefinancing of all "old" noise-related liabilities in the event that, upon payment of the first formal expropriations, the risk should arise that the total estimated costs associated with aircraft noise (formal expropriations, costs for sound insulation and all related operating costs) may exceed 1.1 billion Swiss francs (threshold) in an assumed worst case ("negative case"). "Old" noise-related liabilities are liabilities that arose prior to June 2001, up to which date the Canton of Zurich was holder of the operating licence, making it appropriate for the Canton to assume the prefinancing of any such noise-related liabilities in an external capacity. The threshold is subject to an annual adjustment based on the development of the equity of Flughafen Zürich AG. As of 31 December 2008, the threshold was slightly above the original level of 1.1 billion Swiss francs, and did not have any effect on the prefinancing by the Canton of Zurich.



Since as of the middle of the year, despite the estimate of 759.8 million Swiss francs stated above, the total estimated noise-related costs exceeded the threshold of 1.1 billion Swiss francs in a worst case ("negative case"), the prefinancing by the Canton of Zurich for "old" noise-related liabilities entered into effect on 30 June 2008 in accordance with the supplementary agreement. This was subject to the condition that the still pending fundamental issues were decided against Flughafen Zürich AG. In return for bearing the risk and for financing the "old" noise-related liabilities, the Canton of Zurich received a portion of the Airport of Zurich Noise Fund as of 30 June 2008 (115.4 million Swiss francs). This amount was recognised in the consolidated financial statements as an intangible asset from right of formal expropriation, and represented a portion of the costs for "old" noise-related liabilities, which as of 1 July 2008 are processed by the Canton of Zurich, but until 30 June 2008 were financed by Flughafen Zürich AG through revenue from collected noise charges. As a result of the assumption of "old" noise-related liabilities by the Canton of Zurich, Flughafen Zürich AG is no longer required to recognise a provision for compensation for these "old" noise-related liabilities.

Based on the above estimates of noise-related costs and the initiation of prefinancing by the Canton of Zurich, in the consolidated financial statements as of 30 June 2008, the amount of 125.5 million Swiss francs (present value) was set aside for compensation for formal expropriations (nominal amount, 150.1 million Swiss francs). This amount concerns the "new" noise-related liabilities of Flughafen Zürich AG. The present value of the future payments was at the same time recognised as an intangible asset from right of formal expropriation.

From 1 July 2008, the developments cited above have the following effects on the consolidated financial statements:

- Revenue from noise charges, reduced by a portion allocated to the Canton of Zurich (47 percent), will be recognised in the income statement.
- Compensation payments for formal expropriations concerning "new" noise-related liabilities will be charged against the recognised provision.
- The intangible asset from right of formal expropriations will be amortised using the straight-line method over the remaining duration of the operating licence (i.e. until May 2051).
- The unwinding of the discount on provisions for formal expropriations will be recognised in the same way as the unwinding of the discount on provisions for sound insulation measures.
- As before, noise-related operating costs will be borne in full by Flughafen Zürich AG and charged to the Airport of Zurich Noise Fund.
- As before, payments for sound insulation measures will be charged against the already recognised provision.

The estimate of 759.8 million Swiss francs remained unchanged as of 31 December 2008. As of the balance sheet date, Flughafen Zürich AG had recognised costs for formal expropriations amounting to 239.0 million Swiss francs and had recognised provisions for formal expropriations amounting to 125.8 million Swiss francs and provisions for pending sound insulation costs amounting to 118.8 million Swiss francs.

If, on the basis of future legal practice, total noise-related costs in the worst case ("negative case") should ultimately be below the applicable threshold, the Canton of Zurich would no longer be required under the supplementary agreement of 8 March 2006 to assume the prefinancing of the "old" noise-related liabilities. In this case, Flughafen Zürich AG would assume the still unpaid "old" noise-related liabilities and in return would receive back the Canton of Zurich's corresponding share of assets from the Airport of Zurich Noise Fund ("reversal"). As of that date the splitting of noise charges would also no longer apply. At that point in time Flughafen Zürich AG would make a current estimate of the total outstanding noise-related liabilities and make adjustments to the noise-related costs on both the asset and liability sides of the balance sheet.

Depending on future and final-instance legal judgements, especially with respect to the area to the south, the "new" noise-related liabilities in future may also be subject to substantial adjustments, which would also require corrections in the noise-related costs recognised as assets and liabilities in the balance sheet. In this case, prefinancing by the Canton of Zurich and the split of noise charges would presumably continue to apply. At the present time, it is not possible to reliably estimate the total costs to capitalise as intangible assets from right of formal expropriation, the amortisation period and the corresponding provision.

#### Changes in the consolidation structure

The consolidation structure did not change in the year under review.

## Consolidated income statement

### 1) Revenue from goods and services

(CHF thousand)		2008	2007
Passenger fees	176,807		167,881
Landing fees	79,630		74,580
Baggage sorting and handling system	26,383		24,684
Other earnings	15,270		14,344
Aircraft energy supply system	11,300		10,564
Freight revenue	7,755		8,257
Fuel charges	6,549		6,201
Parking fees	5,088		4,780
CUTE charges (check-in system for handling agents)	4,138		4,565
Emission fees	3,042		2,808
Bad debt write-offs	(271)		41
<b>Revenue from aviation: flight operations</b>		<b>335,691</b>	<b>318,705</b>
Security fees	142,127		117,936
Refund of security costs	1,435		1,062
<b>Revenue from aviation: security</b>		<b>143,562</b>	<b>118,998</b>
Noise charges	46,436		58,278
<b>Revenue from aviation: aircraft noise</b>		<b>46,436</b>	<b>58,278</b>
<b>Total revenue from aviation: operations</b>		<b>525,689</b>	<b>495,981</b>
Retail outlets and duty-free shops	79,493		71,355
Revenue from multi-storey car parks	64,407		61,596
Advertising media and promotion	12,886		12,410
Other licence revenue (car rentals, taxis, banks, etc.)	12,859		11,734
Food and beverage operations	11,405		10,171
<b>Commercial revenue</b>		<b>181,050</b>	<b>167,266</b>
Revenue from rental and leasing agreements	82,144		78,073
Energy and incidental cost allocation	25,487		20,258
Cleaning	3,511		3,259
Other services revenue	5,497		2,858
Trade fairs and events	314		2,695
<b>Revenue from facility management</b>		<b>116,953</b>	<b>107,143</b>
Communication services	12,988		10,584
Passenger services	1,851		7,532
Other services and miscellaneous	7,312		5,154
Conference Center	3,050		5,150
Capitalised expenditure <sup>1)</sup>	6,275		4,261
Bad debt write-offs	(65)		(203)
<b>Revenue from services</b>		<b>31,411</b>	<b>32,478</b>
<b>Total revenue from non-aviation: operations</b>		<b>329,414</b>	<b>306,887</b>
<b>Total revenue</b>		<b>855,103</b>	<b>802,868</b>

<sup>1)</sup> Capitalised expenditure primarily relates to the fees of in-house architects and engineers, as well as project managers who act as builder/owner representatives. Their services are allocated to each project/property.

### 2) Personnel expenses

(CHF thousand)		2008	2007
Wages and salaries		118,129	125,738
Pension costs			
- For defined benefit plans <sup>1)</sup>		117	92
- For defined contribution plans		10,266	10,693
Social security contributions		13,295	14,261
Other personnel expenses		10,587	9,258
<b>Total personnel expenses</b>		<b>152,394</b>	<b>160,042</b>
<b>Average number of employees (full-time positions)<sup>2)</sup></b>		<b>1,213</b>	<b>1,309</b>
<b>No. of employees as of 31 December (full-time positions)</b>		<b>1,254</b>	<b>1,319</b>
<b>Average personnel expense per position</b>		<b>122</b>	<b>121</b>

<sup>1)</sup> See note 20, "Retirement benefit plans".

<sup>2)</sup> Starting 1 January 2008, excluding employees of rescue and protection services.

### Staff participation programme

Flughafen Zürich AG gives one share for free to those employees who have completed their first year of service.

### Bonus programme for members of the Management Board and middle management personnel

The total of annual remuneration to members of the Management Board and middle management personnel comprises a fixed salary and a variable performance component (bonus), which is based on the consolidated result and the degree of achievement of personal

objectives. The criterion for defining the consolidated result is the degree of achievement of targeted airport value added, or the difference between the budgeted and achieved airport value added (AVA). The assessment of the degree of achievement of personal objectives is based on the annual Management by Objectives process. In both cases, the decision for a given year is taken or confirmed in the following financial year by the Nomination & Compensation Committee. Two-thirds of the performance component is paid out in cash and one-third in shares (see also note 22.5, "Related parties").

Recipient	2008 CHF thousand	2007 CHF thousand	2007 Number of shares	2007 Average value per share
Personnel	54	44	143	378.90
Members of the Management Board	325	1,865	3,997	431.80
Middle management personnel	659	645	1,623	462.00
Adjustment of share price in subsequent year to market price <sup>1)</sup>	58	84		
<b>Total</b>	<b>1,096</b>	<b>2,638</b>	<b>5,763</b>	

<sup>1)</sup> The value of the shares comprising the bonus for the 2007 financial year was 0.06 million Swiss francs higher in May 2008 (grant date) than the amount accrued for the bonus for the 2007 financial year as of year-end.

The bonus for the 2008 financial year was estimated on the basis of the available data as of balance sheet date relating to the degree of achievement of the consolidated result and personal objectives. The number of shares to be granted cannot be precisely calculated since the number depends on the share price at grant date. If the shares had been granted as of year-end, a total of 3,944 shares would have been distributed.

### Bonus programme for the Board of Directors

No bonus programme exists for members of the Board of Directors. Their remuneration comprises an annual lump sum plus payments for attending meetings (see note 22.5, "Related parties").

### Option programme

No option programme exists at Flughafen Zürich AG.

## 3) Other operating expenses

(CHF thousand)	2008	2007
Protection and rescue services (SRZ)	21,100	0
Insurance	5,479	5,078
Rental and land leases	3,006	4,135
CUTE charges (check-in system for handling agents)	0	2,914
Cleaning by external contractors, incl. snow clearing	2,229	2,295
Additional operating costs	2,167	2,165
Communication costs	1,771	2,109
Passenger services	305	399
<b>Total other operating expenses</b>	<b>36,057</b>	<b>19,095</b>

## 4) Other expenses/income, net

(CHF thousand)	2008	2007
Other income	1,450	6,600
Other expenses	(24,348)	(2,378)
<b>Total other expenses/income, net</b>	<b>(22,898)</b>	<b>4,222</b>

Other income includes:

2008: 0.8 million Swiss francs bankruptcy dividend Swissair (first instalment).

2007: 6.4 million Swiss francs from release of deferred revenue relating to utilisation fees (see note 19, "Deferred revenue").

Other expenses include:

2008: 21.3 million Swiss francs repayment to Swissair liquidator, and 2.5 million Swiss francs from losses on disposals of non-current assets.

2007: 2.0 million Swiss francs from losses on disposals of non-current assets.

## 5) Financial result

(CHF thousand)	2008	2007
Interest expenses on debentures and non-current loans	61,250	65,714
Less capitalised interest on borrowings for buildings under construction	(1,430)	(388)
<b>Net interest expenses on debentures and non-current loans</b>	<b>59,820</b>	<b>65,326</b>
Interest expenses on finance lease payments	2,998	2,966
Unwinding of financial liabilities	2,559	2,554
Other interest expenses	0	8
Interest difference related to interest rate swap	5,253	6,720
<b>Total interest expenses</b>	<b>70,630</b>	<b>77,574</b>
Loss on financial assets of Airport of Zurich Noise Fund <sup>1)</sup>	14,070	0
Other financial expenses	3,346	3,437
Foreign exchange losses	101	45
Unwinding of discount on non-current provisions for sound insulation and formal expropriations	5,130	0
<b>Financial expenses</b>	<b>93,277</b>	<b>81,056</b>
Interest income on financial assets of Airport of Zurich Noise Fund	(6,073)	(5,286)
Interest income on postal cheque accounts and bank deposits/loans	(2,624)	(2,435)
Interest on arrears	(11)	(18)
<b>Total interest income</b>	<b>(8,708)</b>	<b>(7,739)</b>
Gain from trading in derivatives (change in fair value of interest rate swap)	(5,004)	(6,993)
Unwinding of discount on non-current provisions for sound insulation and formal expropriations <sup>2)</sup>	0	(1,665)
Foreign exchange gains	(319)	(60)
Financial income	(33)	(10)
<b>Financial income</b>	<b>(14,064)</b>	<b>(16,467)</b>
<b>Total financial result</b>	<b>79,213</b>	<b>64,589</b>

<sup>1)</sup> Including write-off on Sigma Finance Corp. (11.4 million Swiss francs).

<sup>2)</sup> In the prior year, a reassessment was made of the anticipated cash outflows for sound insulation measures up to the end of 2015, which results in interest income from the unwinding of the discount on non-current provisions for sound insulation (see note 16, "Non-current provisions for sound insulation and formal expropriations").

Capitalised interest on borrowings for buildings under construction was calculated using an average interest rate of 5.60 percent in 2008 (5.41 percent in 2007).

The group holds an interest rate swap to the value of 300 million Swiss francs. This interest rate swap is treated as a financial instrument at fair value through profit or loss. For this reason, the change in fair value of the interest rate swap (gain from trading in derivatives, 5.0 million Swiss francs in 2008, and 7.0 million Swiss francs in 2007) is recognised in the income statement.

## 6) Income tax

(CHF thousand)	2008	2007
Current period	18,975	16,837
Adjustment for prior periods	(1,560)	(111)
<b>Total current income tax</b>	<b>17,415</b>	<b>16,726</b>
Change in tax rate, booked to income statement	(2,576)	0
Deferred tax on changes in temporary differences	11,095	18,076
<b>Total deferred income tax</b>	<b>8,519</b>	<b>18,076</b>
<b>Total income tax</b>	<b>25,934</b>	<b>34,802</b>

Income tax can be analysed as follows:

(CHF thousand)	2008	2007
Profit before tax	147,248	165,477
Tax expense at anticipated tax rate of 20.5% (prior year, 21.0%) <sup>1)</sup>	30,186	34,750
Adjustment of deferred tax due to change in tax rate	(2,576)	0
Elimination of tax accruals from previous years	(1,560)	(111)
Current year losses for which no deferred tax assets were recognised	137	188
Miscellaneous transitory items	(253)	(25)
<b>Total income tax</b>	<b>25,934</b>	<b>34,802</b>

<sup>1)</sup> See note 18, "Deferred tax liabilities".

## Consolidated balance sheet

## 7) Changes in non-current assets

(CHF million)	Land	Engineering structures	Buildings	Facilities in leasing	Projects in progress	Projects in progress in leasing	Movables	Total property, plant and equipment	Intangible asset from right of formal expropriation	Other intangible assets	Investments in associates	Non-current financial assets of Airport of Zurich Noise Fund	Other financial assets	Goodwill	Total
<b>Cost</b>															
<b>Balance as of 31.12.2006</b>	112.1	1,283.5	3,593.1	89.3	33.2	2.1	235.9	5,349.2	0.0	74.4	9.7	114.3	1.0	0.2	5,548.8
Reclassification of change in fair value												(1.4)			(1.4)
<b>Balance as of 1.1.2007</b>	112.1	1,283.5	3,593.1	89.3	33.2	2.1	235.9	5,349.2	0.0	74.4	9.7	112.9	1.0	0.2	5,547.4
Additions					105.3	0.2		105.4	0.2		7.5	134.5			247.7
Disposals		(0.1)	(7.2)				(35.5)	(42.8)		(1.9)			(0.7)		(45.3)
Reclassification												(119.8)			(119.8)
Transfers	0.1	3.4	14.5	2.3	(34.9)	(2.3)	12.9	(4.0)		4.0					0.0
Foreign exchange differences											0.2				0.2
<b>Balance as of 31.12.2007</b>	112.2	1,286.8	3,600.4	91.6	103.5	0.0	213.3	5,407.9	0.2	76.4	17.4	127.6	0.3	0.2	5,630.0
Reclassification of change in fair value												(1.5)			(1.5)
<b>Balance as of 1.1.2008</b>	112.2	1,286.8	3,600.4	91.6	103.5	0.0	213.3	5,407.9	0.2	76.4	17.4	126.1	0.3	0.2	5,628.3
Additions					248.6			248.6	241.5		2.8	44.5	1.1		538.5
Disposals	(3.7)	(44.2)	(58.8)				(10.2)	(116.9)		(8.3)		(50.4)	(0.3)	(0.2)	(176.1)
Reclassification												(51.5)			(51.5)
Transfers	1.0	106.2	123.5		(258.7)		25.0	(2.9)		2.9					0.0
Change in fair value												4.3			4.3
Foreign exchange differences											(4.6)				(4.6)
<b>Balance as of 31.12.2008</b>	109.5	1,348.8	3,665.2	91.6	93.5	0.0	227.9	5,536.5	241.8	71.0	15.6	73.0	1.1	0.0	5,938.9
<b>Depreciation, amortisation and impairment losses</b>															
<b>Balance as of 31.12.2006</b>	0.0	555.1	1,862.7	17.8	0.0	0.0	134.8	2,570.3	0.0	57.1	0.0	1.4	0.0	0.2	2,629.0
Reclassification of change in fair value												(1.4)			(1.4)
<b>Balance sheet as of 1.1.2007</b>	0.0	555.1	1,862.7	17.8	0.0	0.0	134.8	2,570.3	0.0	57.1	0.0	0.0	0.0	0.2	2,627.6
Additions		39.0	110.2	5.7			18.6	173.5		8.2					181.7
Change in fair value												1.5			1.5
Disposals			(4.1)				(23.8)	(28.0)		(1.6)					(29.6)
<b>Balance sheet as of 31.12.2007</b>	0.0	594.0	1,968.7	23.5	0.1	0.0	129.5	2,715.8	0.0	63.7	0.0	1.5	0.0	0.2	2,781.1
Reclassification of change in fair value												(1.5)			(1.5)
<b>Balance sheet as of 1.1.2008</b>	0.0	594.0	1,968.7	23.5	0.1	0.0	129.5	2,715.8	0.0	63.7	0.0	0.0	0.0	0.2	2,779.6
Additions		37.7	116.7	5.8			17.8	178.0	2.8	6.1	7.6				194.5
Transfer			1.9				(1.9)								0.0
Disposals		(42.3)	(58.7)				(9.3)	(110.2)		(8.3)			(0.2)		(118.7)
<b>Balance as of 31.12.2008</b>	0.0	589.4	2,028.6	29.2	0.1	0.0	136.1	2,783.5	2.8	61.5	7.6	0.0	0.0	0.0	2,855.4
<b>Government subsidies and grants</b>															
<b>Balance as of 31.12.2006</b>	0.0	0.2	6.1	0.0	0.0	0.0	0.0	6.4	0.0	0.0	0.0	0.0	0.0	0.0	6.4
Disposals		(0.1)	(0.7)					(0.8)							(0.8)
<b>Balance as of 31.12.2007</b>	0.0	0.1	5.4	0.0	0.0	0.0	0.0	5.6	0.0	0.0	0.0	0.0	0.0	0.0	5.6
Disposals		(0.1)	(0.7)					(0.7)							(0.7)
<b>Balance as of 31.12.2008</b>	0.0	0.1	4.8	0.0	0.0	0.0	0.0	4.9	0.0	0.0	0.0	0.0	0.0	0.0	4.9
<b>Net carrying amount</b>															
<b>as of 31.12.2006</b>	112.1	728.1	1,724.3	71.5	33.2	2.1	101.0	2,772.4		17.3	9.7	112.9	1.0	0.0	2,913.2
<b>as of 31.12.2007</b>	112.2	692.6	1,626.3	68.1	103.5	0.0	83.7	2,686.4	0.2	12.7	17.4	126.1	0.3	0.0	2,843.0
<b>as of 31.12.2008</b>	109.5	759.2	1,631.8	62.3	93.4	0.0	91.8	2,748.1	239.0	9.5	8.0	73.0	1.1	0.0	3,078.7

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

### **Leasing transaction with a US trust concerning multi-storey car parks 1, 2, 3 and 6**

In 2003, Flughafen Zürich AG concluded a lease transaction with a US trust. In the first stage of this deal, the utilisation rights to multi-storey car parks 1, 2, 3 and 6 were sold to a US trust and simultaneously leased back. Flughafen Zürich AG is to retain ownership of the multi-storey car parks with a net carrying amount as of 31 December 2008 of 167.7 million Swiss francs (31 December 2007: 165.9 million Swiss francs) during the entire period of the lease agreement. Repayment of the additional capital is to be effected in almost identical annual tranches in the period from 2005 to 2012. After the full amount has been repaid, the utilisation rights will be returned to Flughafen Zürich AG. The option of increasing the sale price by extending the period of utilisation rights was not used. The US trust has been consolidated in accordance with SIC-12.

### **Lease of baggage sorting and handling system and aircraft energy supply system**

In December 2001, Flughafen Zürich AG concluded a framework lease agreement for financing the new baggage sorting and handling system and the aircraft energy supply system over a term of 17 years. On 1 August 2003, since the systems were near completion, a first tranche of the definitive lease agreements totalling 84.5 million Swiss francs was put into effect. These lease agreements have a maturity of 17 years. The second to eighth tranches took effect on 31 January 2004 (1.8 million Swiss francs), 31 July 2004 (0.5 million Swiss francs), 31 January 2005 (0.4 million Swiss francs), 31 July 2005 (0.4 million Swiss francs), 31 January 2006 (1.2 million Swiss francs), 31 July 2006 (0.6 million Swiss francs) and 31 January 2007 (2.3 million Swiss francs). Additional tranches will be taken on if necessary after six months. In terms of form and content, both the framework and the definitive lease agreements are regarded as financial leases and they have therefore been capitalised. The leased facilities available for use have been depreciated with effect from their date of completion.

### **Intangible asset from right of formal expropriation**

With the award of the operating licence, Flughafen Zürich AG was also granted a right of formal expropriation of property owners exposed to aircraft noise. This right of formal expropriation was granted on condition that the airport operator bears the costs associated with compensation payments. This right is capitalised as an intangible asset. Capitalisation takes place at the time at which the probable total costs can be estimated based on final-instance court rulings, so that the cost can be reliably estimated in accordance with IAS 38.21.

At the same time as an intangible asset from right of formal expropriation was recognised in the amount of 125.5 million Swiss francs (present value of the expected future payments), an equal amount was recognised as a provision (see note 16, "Non-current provisions for sound insulation and formal expropriations"). In addition, the portion of the Airport of Zurich Noise Fund amounting to 115.4 million Swiss francs, which in accordance with the supplementary agreement dated 8 March 2006 was transferred to the Canton of Zurich (see note 17, "Airport of Zurich Noise Fund"), was also capitalised as an intangible asset from right of formal expropriation. This amount represents a portion of the costs for "old" noise-related liabilities, which are processed by the Canton of Zurich with effect from 1 July 2008, but which until 30 June 2008 were already financed by Flughafen Zürich AG through collected revenue from noise charges.

The intangible asset from right of expropriation is amortised using the straight-line method over the remaining duration of the operating licence (i.e. until May 2051).



### Impairment calculation

Flughafen Zürich AG carried out an assessment of the value of the group's assets (impairment test) as of balance sheet date. This was based on the anticipated future cash flows of Flughafen Zürich AG, which form the smallest cash-generating unit. The calculation of value in use as of 31 December 2008 revealed that no recognition of impairment losses is required.

The impairment calculation is based on the following assumptions:

- Discount rate of 7.5 percent
- Zurich will maintain its hub status
- The volume of local passengers will increase in the medium and long term twice as fast as the estimated GDP growth in Switzerland

- Growth in the volume of flight movements will be disproportionately slower than growth in passenger volumes
- Investments in infrastructure will secure the present-day quality standard and ensure compliance with the existing EU compatibility requirements.

### Depreciation and amortisation

Dissolutions of government grants and subsidies amounting to 0.7 million Swiss francs were offset against depreciation and amortisation of tangible and intangible assets totalling 186.9 million Swiss francs.

## 8) Financial assets of Airport of Zurich Noise Fund

(CHF thousand)	31.12.2008	31.12.2007
Current available-for-sale securities (see note 17, "Financial assets of Airport of Zurich Noise Fund")	65,823	119,254
Non-current available-for-sale securities (see note 17, "Financial assets of Airport of Zurich Noise Fund")	72,965	126,067
<b>Total financial assets of Airport of Zurich Noise Fund</b>	<b>138,788</b>	<b>245,321</b>

The available-for-sale securities are debentures. The investment horizon is based on the expected obligation to make payments from the Airport of Zurich Noise Fund, and averages two to four years. In 2008, the applicable interest rate varied between 1.26 and 4.375 percent (2007: between 1.5 to 4.375 percent). See note 12, "Other receivables and prepaid expenses", and note 17, "Airport of Zurich Noise Fund".

These funds are managed by professional investment institutions on the basis of a conservative, money-market-oriented investment strategy (see note 5, "Financial result" and note 22.1, "Financial risk management, a) General remarks, i) Credit risk").

## 9) Investments in associates

(CHF thousand)		31.12.2008	31.12.2007
Bangalore International Airport Ltd., India, equity share 17%, nom. share capital INR 4,426 million	18,648		15,865
Foreign exchange differences, up to 2006	(262)		(262)
Foreign exchange differences, 2007	210		210
Contribution to result, 2008	(8,189)		
Foreign exchange differences, 2008	(4,557)	5,850	
Unique Chile S.A., Chile, equity share 48%, nom. share capital CLP 253 million	571		571
Contribution to result, up to 2006	48		48
Foreign exchange differences, up to 2006	(22)		(22)
Contribution to result, 2007	508		508
Foreign exchange differences, 2007	(42)		(42)
Contribution to result, 2008	577		
Foreign exchange differences, 2008	(14)		
Contribution in kind of subsidiaries	476	2,102	
Unique IDC S.A. de C.V., Honduras, equity share 32.6% (previously 49.5%), nom. share capital HNL 40,000 <sup>1)</sup>	3		3
Contribution to result, previous years	76		76
Foreign exchange differences, previous years	0		0
Contribution to result, 2007	135		135
Foreign exchange differences, 2007	0		0
Contribution in kind of subsidiary to A-port Operaciones S.A.	(214)	0	
Unique IDC Colombia S.A., Colombia, equity share 32.6% (previously 49.5%), nom. share capital COP 100 million <sup>1)</sup>	18		18
Contribution to result, previous years	25		25
Foreign exchange differences, previous years	0		0
Contribution to result, 2007	221		221
Foreign exchange differences, 2007	(2)		(2)
Contribution in kind of subsidiary to A-port Operaciones S.A.	(262)	0	
Administradora Unique IDC C.A., Venezuela, equity share 49.5%, nom. share capital VEB 25 million <sup>2)</sup>	2		2
Contribution to result, up to 2006	611		611
Impairment loss 2006	(613)	0	(613)
Aeropuertos Asociados de Venezuela C.A., Venezuela, equity share 49.5%, nom. share capital VEB 10 million <sup>2)</sup>	1		1
Impairment loss 2006	(1)	0	(1)
<b>Total investments in associates</b>		<b>7,952</b>	<b>17,352</b>

<sup>1)</sup> Unique IDC Colombia S.A. (Colombia) and Unique IDC S.A. de C.V. (Honduras) were brought into A-port Operaciones S.A. (which in its turn is owned by Unique Chile S.A.) through contributions in kind as part of the company's restructuring of its Latin and South American holdings.

<sup>2)</sup> Due to the continued intervention by the local government concerning the airport on Isla de Margarita, figures for the 2008 financial year are still not available. In 2006, the governor of the province of Nueva Esparta expropriated the airport on Isla de Margarita for the second time. In view of the current situation, the value of the two associates affected were fully impaired (100%) in 2006. Since then the airport has been operated by a "junta interventora" under the supervision of the Venezuelan supreme court. At the same time, legal proceedings were initiated for the purpose of clarifying whether the governor's withdrawal of the operating licence was lawful. The Venezuelan supreme court ruled in favour of Flughafen Zürich AG in 2007, but the publication of this ruling has still not taken place. In view of the fact that there are no signs of an improvement in the situation, Flughafen Zürich AG has taken the necessary steps to have the case examined by an international court of arbitration.

Flughafen Zürich AG holds a 17 percent stake in the share capital of Bangalore International Airport Ltd. (BIAL), the owner and operator of the new airport that was opened in Bengaluru, India, in 2008. Flughafen Zürich AG also secures the construction and operation of the airport on the basis of an operating, management and service level agreement. Revenue is now flowing to Flughafen Zürich AG from this agreement. This greenfield airport project was handed over for operation in May 2008 after a construction period of around three years. The share capital of BIAL was paid in during the entire construction

stage. An additional sum of 2.8 million Swiss francs was paid in at the beginning of 2008, bringing the total investment on the part of Flughafen Zürich AG to 18.6 million Swiss francs as of the end of the year under review. Since Flughafen Zürich AG is able to exercise significant influence over BIAL due to its involvement in executive and supervisory bodies, participation in decision-making processes, exchange of management personnel and provision of important know-how, the investment is accounted for using the equity method.

Flughafen Zürich AG holds a 48 percent stake in the share capital of Unique Chile S.A., which in its turn is involved in the "A-port" joint venture. All investments in Latin and South America are held via this new structure with the exception of those in Venezuela. During the 2008 business year, Unique Chile S.A. restructured its holdings in Latin America and incorporated the subsidiaries Inversiones Aeroportuarias IDC S.A. and Aeropuertos Asociados de Chile S.A. into the "A-port" joint venture. The other companies involved in the "A-port" joint venture are:

A-port S.A.: Based in São Paulo (Brazil), this company invests in the construction and operation of airport projects and airport-related infrastructure in Latin America and the Caribbean. Flughafen Zürich AG holds a 15 percent stake in A-port S.A. The existing interests in the Chilean airports of Puerto Montt, La Serena and Calama were incorporated into the joint venture. In addition, the 80 percent stake held by Camargo Corrêa in Concessionária

do estacionamento de Congonhas S.A., a car park at Congonhas Airport in São Paulo, was also incorporated into the joint venture.

A-port Operaciones S.A.: Based in Santiago (Chile), this company is to assume responsibility for the performance of management and consulting agreements concerning airports and airport-related infrastructure in Latin America and the Caribbean. Flughafen Zürich AG holds a 32.6 percent interest in A-port Operaciones S.A. All existing management agreements in Latin America (except those in Venezuela) have been incorporated into the joint venture. These include the management agreements for the three airports in Chile (Puerto Montt, La Serena and Calama), and (indirectly) the valid agreements in Colombia and Honduras via the respective local companies (Unique IDC Colombia S.A. and Unique IDC S.A. de C.V.).

For further information, see note 22.6, "Composition of the group".

Key financial data relating to associates (100 percent):

(CHF thousand)	31.12.2008	31.12.2007
Assets	516,914	4,874
Liabilities	(462,217)	(963)
Total revenue	56,563	4,780
Result	(34,350)	1,018

The increase in the key financial data is attributable to the inclusion of the financial data of BIAL for the first time (Bengaluru airport opened for operation in May 2008).

## 10) Other financial assets

(CHF thousand)	31.12.2008	31.12.2007
Loan to Swissport Zürich AG	0	287
Loan to Unique Chile S.A.	1,114	0
Loan to FZ Colombia S.A.	11	0
<b>Total other financial assets</b>	<b>1,125</b>	<b>287</b>

## 11) Trade receivables

CHF thousand)	31.12.2008	31.12.2007
Trade receivables <sup>1)</sup>	109,762	116,421
Impairment allowance	(1,111)	(797)
<b>Total trade receivables, net</b>	<b>108,651</b>	<b>115,624</b>

1) Trade receivables include an amount of 43.3 million Swiss francs due from Swiss International Air Lines Ltd. (2007: 42.0 million Swiss francs) (see "Significant estimates and assumptions in the application of accounting policies", point 4 "Hub carrier" and note 22.1, "Financial risk management, a) General remarks, i) Credit risk"). In the period between balance sheet date and the preparation of the 2008 annual report, Swiss had paid the outstanding amount in full as of 31 December 2008.

Geographical distribution of trade receivables:

<b>(CHF thousand)</b>	<b>31.12.2008</b>	<b>31.12.2007</b>
Switzerland	103,304	105,324
Europe	6,347	10,985
South America	111	112
<b>Total trade receivables</b>	<b>109,762</b>	<b>116,421</b>

Classification of receivables (not individually impaired) by due date as of balance sheet date:

<b>(CHF thousand)</b>	<b>Gross 31.12.2008</b>	<b>Collective allowance 31.12.2008</b>	<b>Gross 31.12.2007</b>	<b>Collective allowance 31.12.2007</b>
Not past due	105,013	(828)	113,039	(551)
Past due, 0 to 30 days	2,064	(16)	1,795	(9)
Past due, 31 to 60 days	400	(3)	261	(1)
Past due, more than 61 days	2,285	(18)	1,326	(6)
<b>Total</b>	<b>109,762</b>	<b>(865)</b>	<b>116,421</b>	<b>(567)</b>

During the year under review, the change in the impairment allowance was as follows:

<b>(CHF thousand)</b>	<b>Individual allowance</b>		<b>Collective allowance</b>		<b>Total allowance</b>	
	<b>31.12.2008</b>	<b>31.12.2007</b>	<b>31.12.2008</b>	<b>31.12.2007</b>	<b>31.12.2008</b>	<b>31.12.2007</b>
<b>Status as of 1 January</b>	<b>(230)</b>	<b>(237)</b>	<b>(567)</b>	<b>(515)</b>	<b>(797)</b>	<b>(752)</b>
Change	(16)	7	(298)	(52)	(314)	(45)
<b>Status as of 31 December</b>	<b>(246)</b>	<b>(230)</b>	<b>(865)</b>	<b>(567)</b>	<b>(1,111)</b>	<b>(797)</b>

In almost all cases, receivables not past due concern long-standing client relationships. Based on previous experience, Flughafen Zürich AG does not anticipate any additional impairment allowance.

## 12) Other receivables and prepaid expenses

<b>(CHF thousand)</b>	<b>31.12.2008</b>	<b>31.12.2007</b>
Services not yet invoiced	12,254	5,283
Accrued interest on debt instruments, Airport of Zurich Noise Fund	1,861	3,515
Prepaid services	437	1,326
Accrued interest on other debt instruments	209	139
<b>Prepaid expenses and accruals</b>	<b>14,761</b>	<b>10,263</b>
Tax receivables (VAT/withholding tax)	11,497	4,256
Other receivables	463	486
Current account with Zurich Airport Staff Pension Fund	42	23
Advance payments to suppliers	157	0
<b>Total other receivables and prepaid expenses</b>	<b>26,920</b>	<b>15,028</b>

Other receivables and prepaid expenses include the following financial instruments:

<b>(CHF thousand)</b>	<b>31.12.2008</b>	<b>31.12.2007</b>
Services not yet invoiced	12,254	5,283
Accrued interest on debt instruments, Airport of Zurich Noise Fund	1,861	3,515
Accrued interest on other debt instruments	209	139
Current account with Zurich Airport Staff Pension Fund	42	23
<b>Total financial instruments</b>	<b>14,366</b>	<b>8,960</b>
Tax receivables (VAT/withholding tax)	11,497	4,256
Prepaid services	437	1,326
Other receivables	463	486
Advance payments to suppliers	157	0
<b>Total other receivables and prepaid expenses</b>	<b>26,920</b>	<b>15,028</b>

The interest from the liquid funds of Airport of Zurich Noise Fund that were invested separately in financial assets and cash equivalents (see also note 8, "Financial assets of Airport of Zurich Noise Fund", and note 17, "Airport of Zurich Noise Fund") was accrued for the period under review. These funds are managed by professional investment institutions on the basis of a conservative, money-market-oriented investment strategy (see note 5,

"Financial result" and note 22.1, "Financial risk management, a) General remarks, i) Credit risk"). All services provided during the year under review were invoiced between the balance sheet date and the completion of the annual report. There are no overdue receivables reported in the above positions that would require the recognition of an individual or collective allowance.

### 13) Cash and cash equivalents

(CHF thousand)	31.12.2008	Of which AZNF	31.12.2007	Of which AZNF
Cash on hand	145		134	
Cash at banks and in postal cheque accounts	32,578	19,474	30,896	2,620
Call deposits due within 30 days	2,900	2,900	11,000	
Fixed deposits due within 30 days	35,000		35,000	
Collateral due within 90 days <sup>1)</sup>	3,415		5,326	
<b>Total cash and cash equivalents</b>	<b>74,038</b>	<b>22,374</b>	<b>82,356</b>	<b>2,620</b>

<sup>1)</sup> For information on collateral, see note 15, "Financial liabilities".

The table below shows the applicable original currency, interest rates and average maturities in days:

	Original currency	2008 Interest rates (%)	2007 Interest rates (%)	2008 Average maturity (days)	2007 Average maturity (days)
Cash at banks and in postal cheque accounts	Swiss francs	0.125 to 0.25	0.125 to 0.25	n/a	n/a
Call deposits	Swiss francs	0.25 to 2.0	1.5 to 2.0	6	7
Fixed deposits	Swiss francs	0.5 to 2.85	1.82 to 2.68	22	30
Collateral	Swiss francs	0.25 to 3.50	2.0 to 2.02	61	61

### 14) Equity

Number of shares	Issued registered shares (nominal value, CHF 50)	Own shares	Total shares in circulation
<b>Balance as of 1.1.2008</b>	<b>6,140,375</b>	<b>3,947</b>	<b>6,136,428</b>
Purchase of own shares		38,291	(38,291)
Distribution of own shares to employees and third parties		(5,779)	5,779
<b>Balance as of 31.12.2008</b>	<b>6,140,375</b>	<b>36,459</b>	<b>6,103,916</b>

#### Share rights

The holders of registered shares are entitled to participate at the General Meeting of Shareholders and cast one vote per share.

#### Own shares

Own shares are distributed to employees and third parties within the scope of the bonus programme (see note 2, "Personnel expenses" and note 22.5, "Related parties"). Own shares are used for the bonus programme and are held as treasury stock.

#### Reserves

In accordance with the provisions of commercial law, the reserves are subject to a distribution limit of 165.4 million Swiss francs (2007: 154.2 million).

#### Hedging reserve

The hedging reserve comprises the effective portion of the cumulative fair value change of cash flow hedging instruments in connection with transactions that have been secured but have not yet occurred.

#### Fair value reserve

The fair value reserve comprises the cumulative fair value change of available-for-sale financial assets up to the time of the derecognition.

#### Translation reserve

The translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations.

#### Dividend distribution limit

The amount available for payment as dividend is based on the available earnings of Flughafen Zürich AG and is specified in accordance with the provisions of the Swiss Code of Obligations (OR).

#### Dividends

The Board of Directors is proposing the payment of a dividend of 5.00 Swiss francs gross per share for the 2008 financial year. This results in a total dividend payment of 30.7 million Swiss francs.

In accordance with the resolution of the General Meeting of Shareholders on 17 April 2008, Flughafen Zürich AG paid out a dividend of 27.6 million Swiss francs for the 2007 financial year, or 4.50 Swiss francs per share (gross) (2006: 3.00 Swiss francs per share).

## Earnings per share

Basic and diluted earnings per share are calculated from the results and share data as of 31 December, which are composed as follows:

	2008	2007
Profit attributable to shareholders of Flughafen Zürich AG in Swiss francs	121,313,791	130,674,660
Weighted average number of outstanding shares	6,132,397	6,136,063
Effect of dilutive shares	4,881	6,030
Adjusted weighted average number of outstanding shares	6,137,278	6,142,093
Basic earnings per share (in Swiss francs)	19.78	21.30
Diluted earnings per share (in Swiss francs)	19.77	21.28

## Major shareholders and shareholder structure

The shareholder structure as of 31 December was as follows:

	2008	2007
Public sector	38.60%	38.60%
Private individuals	2.30%	2.29%
Companies	2.38%	1.86%
Pension funds	2.54%	1.72%
Financial institutions (including nominees)	31.35%	36.34%
Balance available and non-registered shareholders	22.83%	19.19%

	2008	2007
Number of shareholders	3,718	3,702

As of the balance sheet date, the following shareholders or groups of shareholders held as more than five percent of the voting rights:

	2008	2007
Canton of Zurich (including BVK pension fund)	33.36%	33.36%
City of Zurich (including pension fund of the City of Zurich)	5.03%	5.06%

For information about the development of significant interests during the year under review, please refer to the bulletins on the web site of the Swiss Stock Exchange concerning disclosures in accordance with stock market legislation.

## 15) Financial liabilities

(CHF thousand)	31.12.2008	31.12.2007
Japanese private placement	428,883	369,224
US private placement	287,242	304,551
Debenture	149,448	276,789
Non-current liabilities towards banks arising from US car park lease	126,885	177,223
Lease liabilities	63,536	68,122
<b>Non-current financial liabilities</b>	<b>1,055,994</b>	<b>1,195,909</b>
Debenture (redemption 26.3.2009)	127,945	0
Current liabilities towards banks arising from US car park lease	39,767	40,877
Current lease liabilities	4,572	4,399
Current financial liabilities	3,555	0
<b>Current financial liabilities</b>	<b>175,839</b>	<b>45,276</b>
<b>Total financial liabilities</b>	<b>1,231,833</b>	<b>1,241,185</b>

On 22 December 2008, payment of the fourth instalment of liabilities towards banks arising from the US car park lease (49.0 million Swiss francs) out of a total of eight tranches was effected using available funds and in accordance with the agreement.

In 2008, a total of 4.4 million Swiss francs (2007: 4.3 million) of the outstanding leasing liabilities was repaid in accordance with the existing lease agreements.

On 28 September 2007, the 1995-2007 debenture with a nominal value of 75.0 million Swiss francs was repaid and on 20 December 2007 the third repayment of liabilities arising from the US car park lease was effected (47.4 million Swiss francs nominal value) using available funds and in accordance with the agreement.



Composition of non-current financial liabilities as of balance sheet date:

Financial liabilities	Nominal amount as of 31.12.2008	Carrying amount as of 31.12.2008	Duration	Interest rate	Early repayment	Interest payment date
	in thousand	in CHF thousand				
Debenture	CHF 150,000	149,448	2006–2010	3.125%	no	14.6.
Japanese private placement	JPY 37,000,000	428,883	2003–2024	5.730%	no	23.5./23.11.
US private placement	USD 275,000	287,242	2003–2015	4.7525%	from 2011	11.4./11.10.
US car park lease	USD 123,980	126,885	2003–2012	3.606%	from 2005	20.12. 1 <sup>st</sup> of
Lease liabilities	CHF 63,536	63,536	2003–2020	4.450%	no	each month
<b>Total non-current financial liabilities</b>		<b>1,055,994</b>				

External loans are subject to standard guarantees and covenants, and these were complied with as of balance sheet date.

Furthermore, as of balance sheet date an unused credit facility exists in the amount of 982.8 million Swiss francs (see note 22.1, "Financial risk management, a) General remarks, ii) Liquidity risks" and note 22.5, "Related parties").

The maturities of financial liabilities are shown in the table below:

(CHF thousand)	31.12.2008	31.12.2007
Due within 1 year	175,838	45,276
Due within 1 to 5 years	469,112	595,153
Due in more than 5 years	586,883	600,756
<b>Total financial liabilities</b>	<b>1,231,833</b>	<b>1,241,185</b>

### Hedge transactions (with hedge accounting)

The following derivative instruments (cross currency interest rate swaps) are held by Flughafen Zürich AG to hedge the currency risks associated with interest payments and repayments relating to non-current financial liabilities held in foreign currencies:

Description	Japanese private placement 2003–2024	US private placement 2003–2015	US car park lease 2003–2012	Total fair value (gross)	Deferred tax	Total fair value (net)
<b>Contract amount (CHF thousand)</b>	<b>JPY 37,000 million</b>	<b>USD 275 million</b>	<b>USD 271 million</b>			
<b>Fair values</b>						
<b>as of 31 December 2006</b>	<b>106,180</b>	<b>50,928</b>	<b>36,908</b>	<b>194,016</b>	<b>(40,743)</b>	<b>153,273</b>
Change in fair value	3,819	5,652	1,882	11,353	(2,384)	8,969
<b>as of 31 December 2007</b>	<b>109,999</b>	<b>56,580</b>	<b>38,790</b>	<b>205,369</b>	<b>(43,127)</b>	<b>162,242</b>
Reduction in tax rate <sup>1)</sup>	0	0	0	0	1,027	1,027
Change in fair value	(20,847)	14,284	1,507	(5,056)	1,036	(4,020)
<b>as of 31 December 2008</b>	<b>89,152</b>	<b>70,864</b>	<b>40,297</b>	<b>200,313</b>	<b>(41,064)</b>	<b>159,249</b>

<sup>1)</sup> See note 18, "Deferred tax liabilities".

The accumulated losses on hedging instruments decreased by 3.0 million Swiss francs (after deduction of deferred taxes) from 162.2 to 159.2 million Swiss francs. The fair value of the derivative instruments is recognised under other current debt, accruals and deferrals (see also note 21, "Other current debt, accruals and deferrals").

For hedge accounting purposes, the cross currency interest rate swaps are divided into two components: one component for hedging currency risks, and the other for hedging interest risks. The hedging of the nominal amounts of foreign currencies is treated as a fair value hedge. Both the foreign exchange difference in the financial liabilities and change in fair value of the foreign

currency component of the swaps are recognised in the income statement. The interest component of the swaps is classified as a cash flow hedge. Changes in the fair value of hedging instruments are accordingly recognised in equity (see also "Consolidated statement of changes in equity"). As soon as hedged interest payments are effected, the changes in fair value are transferred to the income statement. This applies in the period from 2009 to 2024. The amounts of future cash flows for swaps are presented in the maturities table in note 22.1, "Financial risk management, a) General remarks, ii) Liquidity risk". The hedges were fully effective during the period under review.

The accumulated foreign exchange differences in the hedged financial liabilities changed as follows in 2008. They correspond to the proportion of the fair value adjustment of the swaps that was recognised in the income statement:

(CHF thousand)	Japanese private placement	US private placement	US car park lease	Total foreign currency fluctuations (gross)	Deferred tax	Total foreign currency fluctuations (net)
<b>as of 31 December 2006</b>	<b>(39,847)</b>	<b>(29,618)</b>	<b>(21,157)</b>	<b>(90,622)</b>	<b>19,031</b>	<b>(71,591)</b>
Foreign exchange differences	(5,958)	(26,675)	(16,159)	(48,792)	10,246	(38,546)
<b>as of 31 December 2007</b>	<b>(45,805)</b>	<b>(56,293)</b>	<b>(37,316)</b>	<b>(139,414)</b>	<b>29,277</b>	<b>(110,137)</b>
Reduction in tax rate <sup>1)</sup>	0	0	0	0	(697)	(697)
Foreign exchange differences	59,430	(17,875)	(3,600)	37,955	(7,781)	30,174
<b>as of 31 December 2008</b>	<b>13,625</b>	<b>(74,168)</b>	<b>(40,916)</b>	<b>(101,459)</b>	<b>20,799</b>	<b>(80,660)</b>

<sup>1)</sup> See note 18, "Deferred tax liabilities".

The non-realised gains/losses that are recognised in the hedging reserve, net as an item in equity, changed as follows in the year under review:

(CHF thousand)	Gross	Deferred tax	Net
<b>as of 31 December 2006</b>	<b>(103,394)</b>	<b>21,712</b>	<b>(81,683)</b>
Change in fair value	31,141	(6,540)	24,602
Transfer to income statement	6,298	(1,322)	4,976
<b>as of 31 December 2007</b>	<b>(65,955)</b>	<b>13,850</b>	<b>(52,105)</b>
Reduction in tax rate <sup>1)</sup>	0	(330)	(330)
Change in fair value	(42,519)	8,716	(33,803)
Transfer to income statement	9,620	(1,972)	7,648
<b>as of 31 December 2008</b>	<b>(98,854)</b>	<b>20,264</b>	<b>(78,590)</b>

<sup>1)</sup> See note 18, "Deferred tax liabilities".

#### Collateral for the above hedge transactions

In the event that the cross currency interest rate swaps relating to the US private placement and the Japanese private placement should reach a negative fair value that exceeds a given minimum level, Flughafen Zürich AG is required to provide collateral in the form of cash and cash equivalents, securities or letters of credit. As of balance sheet date the following collateral existed:

(CHF thousand)	Original currency	2008 Interest rate in %	2007 Interest rate in %	31.12.2008	31.12.2007
Cash and cash equivalents, due within 90 days	CHF	0.25 to 3.50	2.0 to 2.02	3,415	5,325
Letter of credit, due within 90 days <sup>1)</sup>	CHF	0.75	0.75	146,000	150,000

<sup>1)</sup> Here the payable commission is shown instead of the interest rate.

#### Hedge transactions (without hedge accounting)

Flughafen Zürich AG also has an interest rate swap with a contract amount of 300.0 million Swiss francs which runs from 2000 to 16 March 2009, for which Flughafen Zürich AG acts as fixed-rate payer (interest rate, 4.68 percent). The variable interest rate is based on the 6-month CHF libor (interest rate in 2008 between 2.935 and 2.862 percent). This transaction does not meet the requirements for cash flow hedge accounting.

### Overview of lease liabilities

Lease liabilities include the lease concerning the baggage sorting and handling system and also the aircraft energy supply systems (see note 7, "Changes in non-current assets").

Lease liabilities:

(CHF thousand)	31.12.2008	31.12.2007
Future minimum lease payments		
Due within 1 year	7,477	7,440
Due within 2 to 5 years	29,910	29,758
Due in more than 5 years	49,227	56,875
<b>Total future minimum lease payments</b>	<b>86,614</b>	<b>94,073</b>
Future interest payments	18,506	21,552
<b>Present value of lease liabilities</b>	<b>68,108</b>	<b>72,521</b>
Of which due within 1 year	4,572	4,399
Of which due within 2 to 5 years	20,438	19,321
Of which due in more than 5 years	43,098	48,801

The applicable interest rate for lease liabilities in 2008 was between 4.15 and 4.45 percent (2007: between 3.25 and 4.35 percent). The interest rate is variable, but may be converted to a fixed rate at any time.

### 16) Non-current provisions for sound insulation and formal expropriations

(CHF thousand)	Sound insulation	Formal expropriations	Total
<b>Provisions as of 31 December 2006</b>	<b>131,929</b>	<b>0</b>	<b>131,929</b>
Provision used	(7,038)	0	(7,038)
Provision reversed	0	0	0
Provision made	0	240	240
Unwinding of discount <sup>1)</sup>	(1,665)	0	(1,665)
<b>Provisions as of 31 December 2007</b>	<b>123,226</b>	<b>240</b>	<b>123,466</b>
Provision used <sup>2)</sup>	(9,303)	(881)	(10,184)
Provision reversed	0	0	0
Provision made	0	126,149	126,149
Unwinding of discount	4,871	259	5,130
<b>Provisions as of 31 December 2008</b>	<b>118,794</b>	<b>125,767</b>	<b>244,561</b>

<sup>1)</sup> In the prior year, a reassessment was made of the expected cash outflows for sound insulation measures up to the end of 2015, which resulted in interest income from the unwinding of the discount on non-current provisions for sound insulation (see note 5, "Financial result").

<sup>2)</sup> The amount paid for formal expropriations only includes effective payments of compensation, and excludes other associated external costs in accordance with the regulations of the Airport of Zurich Noise Fund (see note 17, "Airport of Zurich Noise Fund").

#### Provisions for sound insulation costs

Flughafen Zürich AG has effectively committed itself to bearing approximately 240 million Swiss francs in costs for sound insulation measures, some of which have already been carried out and others which have been announced. As of the balance sheet date, a total of 101.7 million Swiss francs had been paid. The remaining amount is stated at the present value in the breakdown of provisions shown above. The discount rate is 4 percent.

#### Provisions for formal expropriations

Based on the fundamental issues on which the Supreme Court has ruled to date, and taking account of the prefinancing by the Canton of Zurich (see "Significant estimates and assumptions in the application of accounting policies", point 5, pages 120 to 121), as of the balance sheet date a total of 125.8 million Swiss francs was recognised as a provision for "new" noise-related

liabilities (nominal amount, 150.1 million Swiss francs). This amount takes account of the last-instance court rulings made to date in the various regions around the airport. Here, too, the discount rate is 4 percent. This provision is based on the recognition of an intangible asset from right of formal expropriation.

With the assumption of the "old" noise-related liabilities by the Canton of Zurich in accordance with the prefinancing solution, the company is no longer required to recognise a provision for these "old" noise related liabilities.

## 17) Airport of Zurich Noise Fund

Flughafen Zürich AG refinances all the costs relating to aircraft noise through special noise charges based on the principle of "user pays". In the interest of transparency, costs and income generated in connection with aircraft noise are recognised in a special statement for the Airport of Zurich Noise Fund. Airport of Zurich Noise Fund is a liquidity-based fund. The statement for the fund presents the accumulated surplus or shortfall as of balance sheet date arising from noise charges, less expenses for formal expropriations, sound insulation measures and noise-related operating costs. Its presentation is independent of the accounting policies. The key figures from the fund statement are shown in the table below.

In the event that the fund statement should show an accumulated income surplus, the liquid funds of the Airport of Zurich Noise Fund will be invested separately in financial assets and cash equivalents. The liquid funds are invested by professional investment advisers on the basis of a conservative strategy with an orientation on the money market. Income resulting from the investments will be credited to the fund statement.

In the event that, over a certain timeframe, the accumulated costs should be higher than the accumulated income (i.e. a financing gap should arise), Flughafen

Zürich AG has access to a committed credit line in the amount of 200 million Swiss francs. This credit facility is intended solely for the purpose of covering any such financing gap, and is available until 2015. The costs relating to the provision of this credit line are charged to the fund statement and shown under operating costs. Any future costs arising in association with the bridging of a financing gap will be charged to the fund statement.

Due to the fact that the amount of 115.4 million Swiss francs was transferred to the Canton of Zurich on 1 July 2008 within the scope of the agreed prefinancing solution (see "Significant estimates and assumptions in the application of accounting policies", point 5, pages 120 and 121) and that the Canton also receives a portion of the collected revenue from noise charges as of this date, the balance of the Airport of Zurich Noise Fund as of 31 December 2008 concerns the "new" noise-related liabilities of Flughafen Zürich AG.

The details of the fund statement are disclosed to a committee comprised of selected clients of the airport and representatives of the relevant authorities. The regulations of the Airport of Zurich Noise Fund plus other information (including an overview of the investments) may be downloaded from the following web site: [www.unique.ch/aznf](http://www.unique.ch/aznf).

The situation of the fund for Flughafen Zürich AG is as follows:

(CHF thousand)	2008	2007
<b>Airport of Zurich Noise Fund as of 1 January</b>	<b>248,564</b>	<b>197,010</b>
Split as of 1 July 2008 <sup>1)</sup>	(115,400)	0
Total revenue from noise charges <sup>2)</sup>	45,526	57,743
Total costs for sound insulation and other measures	(9,303)	(7,038)
Total costs for formal expropriations <sup>3)</sup>	(1,514)	0
<b>Net result before operating costs and financial result</b>	<b>167,873</b>	<b>247,715</b>
Noise-related operating costs	(4,331)	(3,974)
Interest income from assets of Airport of Zurich Noise Fund	7,727	7,256
Change in fair value of available-for-sale securities	4,396	(1,533)
Write-off on financial assets <sup>4)</sup>	(14,070)	(900)
<b>Airport of Zurich Noise Fund as of balance sheet date</b>	<b>161,595</b>	<b>248,564</b>

<sup>1)</sup> Transfer of a portion of Airport of Zurich Noise Fund to the Canton of Zurich in accordance with the agreed prefinancing solution.

<sup>2)</sup> Excluding the proportion of collected revenue from noise charges for the Canton of Zurich as of 1 July 2008.

<sup>3)</sup> In addition to compensation payments for formal expropriations, this amount includes other associated external costs (in accordance with the regulations of the Airport of Zurich Noise Fund; see note 16, "Non-current provisions for sound insulation and formal expropriations").

<sup>4)</sup> Including write-off of Sigma Finance Corp. (11.4 million Swiss francs).

Summary of assets invested for the Airport of Zurich Noise Fund:

(CHF thousand)	31.12.2008	31.12.2007
Cash equivalents (see note 13, "Cash and cash equivalents")	22,374	2,620
Current available-for-sale securities (see note 8, "Financial assets of Airport of Zurich Noise Fund")	65,823	119,254
Non-current available-for-sale securities (see note 8, "Financial assets of Airport of Zurich Noise Fund")	72,965	126,067
Accrued asset/(liability) towards Flughafen Zürich AG <sup>1)</sup>	433	623
<b>Total assets invested for Airport of Zurich Noise Fund</b>	<b>161,595</b>	<b>248,564</b>

<sup>1)</sup> For accounting reasons, an accrual towards Flughafen Zürich AG arises as of balance sheet date. This is compensated in the month following, so the balance of liquid funds is restored.

The table below presents an overview of the maturities and credit ratings of the invested funds of Airport of Zurich Noise Fund:

(CHF thousand)	2009	2010	2011	2012	Total	in %
Cash and cash equivalents	22,374	0	0	0	22,374	13.85
AAA	27,400	30,632	12,267	2,850	73,149	45.27
AA+/AA/AA-	27,877	16,810	2,936	0	47,623	29.47
A+/A/A-	10,546	2,348	5,122	0	18,016	11.15
Other <sup>1)</sup>	433	0	0	0	433	0.26
<b>Total</b>	<b>88,630</b>	<b>49,790</b>	<b>20,325</b>	<b>2,850</b>	<b>161,595</b>	<b>100.00</b>
In %	54.85	30.81	12.58	1.76	100.00	

<sup>1)</sup> For accounting reasons, an accrual towards Flughafen Zürich AG arises as of balance sheet date. This is compensated in the month following, so the balance of liquid funds is restored.

## 18) Deferred tax liabilities

In accordance with IAS 12.47, deferred tax assets and liabilities are calculated at the rate that is expected to apply at the time they are realised. Flughafen Zürich AG anticipates an applicable tax rate of 20.5 percent (2007: 21 percent). The expected tax rate is calculated on the basis of the applicable rate (rounded up or down) at the domicile of Flughafen Zürich AG (Kloten, canton of Zurich).

The balance of deferred tax liabilities evolved as follows:

(CHF thousand)	2008	2007
<b>Opening balance (deferred tax liability, net) as of 1 January</b>	<b>94,354</b>	<b>68,416</b>
Change in tax rate, booked to hedging reserve	330	0
Change in tax rate, booked to income statement	(2,576)	0
Deferred taxes on changes in fair value of cross currency interest rate swaps booked in equity (hedging reserve)	(8,716)	6,540
Cross currency interest rate swaps – transfer to income statement	1,972	1,322
Change according to income statement	11,095	18,076
<b>Deferred tax liability, net as of 31 December</b>	<b>96,459</b>	<b>94,354</b>

Deferred tax is allocated to the following balance sheet items:

(CHF thousand)	Assets	31.12.2008 Liabilities	Assets	31.12.2007 Liabilities
Buildings and movables		52,166		51,084
Renovation fund		24,313		23,751
Aircraft noise		33,843		28,385
Financial liabilities transaction costs		3,286		3,777
Financial liabilities issuing costs		2,880		2,018
Cross currency interest rate swaps	41,064		43,127	
Interest rate swap	221		1,278	
Private placements and liabilities from				
US car park lease		20,799		29,277
Miscellaneous items		457		467
<b>Deferred tax (gross)</b>	<b>41,285</b>	<b>137,744</b>	<b>44,405</b>	<b>138,759</b>
Offsetting of assets and liabilities	(41,285)	(41,285)	(44,405)	(44,405)
<b>Deferred tax liability (net)</b>	<b>0</b>	<b>96,459</b>	<b>0</b>	<b>94,354</b>

As of 31 December 2008, the subsidiaries of Flughafen Zürich AG had total losses brought forward of 6.4 million Swiss francs to be offset against taxes. Deferred tax assets on these losses have 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, 0.5 million Swiss francs expires in 2009, 2.6 million in 2010, 0.4 million in 2011, 2.4 million in 2012, 0.3 million in 2014 and 0.2 million in 2015.

## 19) Deferred revenue

### Deferred revenue from utilisation fees

Utilisation fees were billed for one year in 2006 and suspended as of 1 January 2007. In 2007 a legally binding court ruling went largely in favour of Flughafen Zürich AG, confirming that the collection of utilisation fees from companies providing ground handling services was lawful. As a consequence, from the total of 10 million Swiss francs invoiced in the 2006 financial year, 6.4 million were reported in the 2007 income statement as other

expenses/income, net (see note 4, "Other expenses/income, net").

As before, an amount of 1.1 million Swiss francs from invoiced utilisation fees has not been included. These invoiced amounts have been deferred, since one partner continues to dispute the legality of the collection of utilisation fees. The corresponding legal proceedings are in progress, and a first-instance ruling is expected in the course of 2009.

## 20) Retirement benefit plans

The retirement benefit obligation reported for the year under review refers to the special plan with the BVK for compensation for early retirement.

<b>Balance sheet</b> <b>(CHF thousand)</b>	<b>31.12.2008</b>	<b>31.12.2007</b>
Provision for retirement benefits, present value	3,409	3,635
Unrecognised actuarial gains/(losses)	1,099	280
Unrecognised past service cost	(1,065)	(997)
<b>Liability on balance sheet</b>	<b>3,443</b>	<b>2,918</b>

<b>Income statement</b> <b>(CHF thousand)</b>	<b>2008</b>	<b>2007</b>
Interest expenses	117	92
<b>Net periodic pension cost</b>	<b>117</b>	<b>92</b>

All pension fund costs are reported as personnel expenses (see note 2, "Personnel expenses").

<b>Change in provisions for retirement benefits in the balance sheet</b> <b>(CHF thousand)</b>	<b>2008</b>	<b>2007</b>
<b>Opening balance</b>	<b>2,918</b>	<b>2,253</b>
Net periodic pension income (cost)	117	92
Benefits paid in directly by employer	(589)	(599)
Recognition of unrecognised past service cost	997	1,172
<b>Closing balance</b>	<b>3,443</b>	<b>2,918</b>

<b>(CHF thousand)</b>	<b>2008</b>	<b>2007</b>
Experience adjustments	(819)	(247)

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

	<b>2008</b>	<b>2007</b>
Discount rate in %	3.50	3.50
Expected future pension increase in %	1.0	1.0



## 21) Other current debt, accruals and deferrals

(CHF thousand)	31.12.2008	31.12.2007
Expenses not invoiced	24,452	31,480
Accrued interest on financial liabilities	15,803	13,502
Investments not invoiced	10,672	5,844
Deferred income	7,059	2,456
<b>Deferred income and accruals</b>	<b>57,986</b>	<b>53,282</b>
Fair value of cross currency interest rate swaps <sup>1)</sup>	200,313	205,369
Fair value of interest rate swap	9,660	14,675
Amounts due to personnel (holidays and overtime)	7,517	8,248
Deposits and advance payments by customers	4,221	4,975
Current provisions	2,400	2,400
Social security contributions	3,147	2,026
Other liabilities	649	573
<b>Total other current debt, accruals and deferrals</b>	<b>285,893</b>	<b>291,548</b>

<sup>1)</sup> See also note 15, "Financial liabilities".

The following financial instruments are included in other current debt, accruals and deferrals:

(CHF thousand)	31.12.2008	31.12.2007
Expenses not invoiced	24,452	31,480
Accrued interest on financial liabilities	15,803	13,502
Investments not invoiced	10,672	5,844
<b>Total liabilities carried at amortised cost</b>	<b>50,927</b>	<b>50,826</b>
Fair value of interest rate swap	9,660	14,675
<b>Total financial instruments held for trading purposes</b>	<b>9,660</b>	<b>14,675</b>
Fair value of cross currency interest rate swaps <sup>1)</sup>	200,313	205,369
<b>Total financial instruments held for hedging purposes</b>	<b>200,313</b>	<b>205,369</b>
Amounts due to personnel (holidays and overtime)	7,517	8,248
Deposits and advance payments by customers	4,221	4,975
Deferred income	7,059	2,456
Current provisions	2,400	2,400
Social security contributions	3,147	2,026
Other liabilities	649	573
<b>Total other current debt, accruals and deferrals excluding financial instruments</b>	<b>24,993</b>	<b>20,678</b>
<b>Total other current debt, accruals and deferrals</b>	<b>285,893</b>	<b>291,548</b>

<sup>1)</sup> See also note 15, "Financial liabilities".

The expenses not yet invoiced as of balance sheet date mainly concern purchases effected in the fourth quarter of 2008 or in December 2008 that will be invoiced by the suppliers concerned in early 2009.

## 22) Further details

### 22.1) Information concerning the performance of a risk assessment

Flughafen Zürich AG has set itself the strategic goal of formulating a comprehensive risk management system, and is committed to carrying out uniform and systematic risk management in the future.

For Flughafen Zürich AG, risk management means approaching and managing risk in a clearly defined and conscious manner, thereby securing transparency with respect to all risks associated with its business activities, and constantly improving and monitoring the group's risk situation.

At Flughafen Zürich AG the risk management system is 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, and it fulfils this duty with the aid of internal audits. 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 owner concept).

#### Risk Management Centre

The Risk Management Centre is headed by the Corporate Risk Manager. 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, operational safety, occupational safety and health, information security, fire prevention, contingency planning) co-ordinated through the Risk Management Centre.

The risk management system is periodically reviewed in order to ensure that any changes within the commercial and regulatory environments, and modifications to the corporate structure, are adequately reflected.

#### a) Financial risk management

Due to the nature of its activities, Flughafen Zürich AG is exposed to various financial risks, including:

- i) Credit risk
- ii) Liquidity risk
- iii) Market risk (foreign currency and interest rate risks)

The following sections provide an overview of the extent of the various financial risks and the objectives, principles and processes relating to the assessment, monitoring and hedging of risks, as well as of the capital management of the group. Further information may also be found in the corresponding notes.

##### i) Credit risk

Credit risk refers to the risk that Flughafen Zürich AG could incur losses if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Cash and cash equivalents, prepaid expenses and accruals, trade receivables and financial assets are exposed to credit risk.

Flughafen Zürich AG invests its cash and cash equivalents as deposits with leading Swiss banks with a Standard & Poor's rating of at least "A". In addition, the company minimises other risks relating to cash and cash equivalents in that it does not invest with a single bank, but with a variety of financial service providers.

As a rule, prepaid expenses and accruals as of balance sheet date are invoiced within one month and subsequently monitored within the scope of trade receivables management.

With the exception of Swiss as the main client, credit risk is distributed over a broad clientele. Trade receivables include the amount of 43.3 million Swiss francs due from Swiss (2007: 42.0 million Swiss francs) (see note 11, "Trade receivables"). In the period between balance sheet date and the preparation of the 2008 annual report, Swiss had paid the outstanding amount in full as of 31 December 2008.

The exposure to credit risk primarily depends on the individual characteristics of each client. Risk assessments include a creditworthiness check, taking account of the client's financial circumstances, business background and

other factors. The maturity structure of trade receivables is normally examined on a weekly basis. Where necessary, terms of payment aimed at minimising risk (normally proforma invoicing) are applied, or securities are requested (mainly in the form of bank guarantees).

The financial investments of Flughafen Zürich AG are managed by professional financial institutions on the basis of a conservative, money-market-oriented investment strategy. Here, preservation of value and flexibility with respect to early redemption of investments are of the highest priority. The use of derivative financial instruments is forbidden. The investment horizon is based on the expected obligation to make payments from the Airport of Zurich Noise Fund, and averages two to four years. The minimum acceptable rating is BBB (Standard & Poor's) or Baa2 (Moody's), or an equivalent rating from a recognised agency (see note 17, "Airport of Zurich Noise Fund").

The maximum exposure to credit risk corresponds to the carrying amounts of the individual financial assets. No guarantees or similar commitments exist that could give rise to an increase of the credit exposure above the respective carrying amounts. The maximum exposure to credit risk as of balance sheet date was as follows:

(CHF thousand)	31.12.2008	31.12.2007
Cash equivalents (excluding cash on hand)	73,893	82,222
Non-current financial assets of Airport of Zurich Noise Fund	72,965	126,067
Trade receivables, net	108,651	115,624
Current financial assets of Airport of Zurich Noise Fund	65,823	119,254
Other receivables (prepaid expenses and accruals)	14,366	8,960
Other financial assets	1,125	287
<b>Total maximum exposure to credit risk</b>	<b>336,823</b>	<b>452,414</b>

## ii) Liquidity risk

Liquidity risk refers to the risk that Flughafen Zürich AG may not be able to meet its financial obligations on due date.

Flughafen Zürich AG monitors liquidity risk via a carefully conceived liquidity management process. Here it observes the principle that it must have sufficient flexibility and room for manoeuvre with respect to the availability of liquid funds at short notice. This means maintaining an

adequate reserve of liquid funds, ensuring the availability of sufficient funds for financing purposes by securing adequate credit limits, and being able to issue shares on the market. For this purpose, the company uses rolling liquidity planning that is based on expected cash flows and is periodically updated. Group Treasury is responsible for monitoring liquidity risk. As of balance sheet date, Flughafen Zürich AG had the following unused credit limits at its disposal:

(CHF thousand)	Duration	31.12.2008	31.12.2007
Canton of Zurich	19.7.2012	679,000	698,400
Operating credit lines <sup>1)</sup>	6.6.2009	250,000	250,000
Airport of Zurich Noise Fund (committed credit line)	31.12.2015	200,000	200,000
<b>Total credit lines</b>		<b>1,129,000</b>	<b>1,148,400</b>
Utilisation <sup>2)</sup>		[146,250]	[162,940]
<b>Total unused credit lines</b>		<b>982,750</b>	<b>985,460</b>

<sup>1)</sup> As of 31 January 2009, the operating credit lines were increased to 300 million Swiss francs (with duration until 31 December 2010; committed credit lines).

<sup>2)</sup> Letter of credit and bank guarantees.

The table below shows the contractual maturities of financial liabilities (including interest payments) held by Flughafen Zürich AG:

<b>31.12.2008</b>	<b>Carrying</b>	<b>Contractual</b>	<b>Due within 1</b>	<b>Due within 2 to</b>	<b>Due in more</b>
<b>(CHF thousand)</b>	<b>amount</b>	<b>cash flows</b>	<b>year</b>	<b>5 years</b>	<b>than 5 years</b>
Japanese private placement	428,883	633,418	12,814	51,257	569,347
US private placement	287,242	374,640	18,457	232,167	124,016
Debentures	277,392	292,815	138,128	154,688	0
US car park lease	166,652	192,661	48,934	143,727	0
Lease liabilities	68,108	68,108	4,567	20,438	43,103
Trade payables	50,049	50,049	50,049	0	0
Other current debt, accruals and deferrals	50,889	50,889	50,889	0	0
<b>Total non-derivative financial liabilities</b>	<b>1,329,215</b>	<b>1,662,580</b>	<b>323,837</b>	<b>602,276</b>	<b>736,466</b>
Cross currency interest rate swaps	200,313	271,039	19,671	117,352	134,016
Interest rate swap	9,660	9,665	9,665	0	0
<b>Total derivative financial liabilities</b>	<b>209,973</b>	<b>280,704</b>	<b>29,336</b>	<b>117,352</b>	<b>134,016</b>
<b>Total</b>	<b>1,539,188</b>	<b>1,943,284</b>	<b>353,173</b>	<b>719,628</b>	<b>870,482</b>

<b>31.12.2007</b>	<b>Carrying</b>	<b>Contractual</b>	<b>Due within 1</b>	<b>Due within 2 to</b>	<b>Due in more</b>
<b>(CHF thousand)</b>	<b>amount</b>	<b>cash flows</b>	<b>year</b>	<b>5 years</b>	<b>than 5 years</b>
Japanese private placement	369,224	818,839	24,066	96,600	698,173
US private placement	304,551	461,372	17,527	208,731	235,113
Debentures	276,789	302,943	10,128	292,815	0
US car park lease	218,100	291,818	58,679	233,139	0
Lease liabilities	72,521	94,073	7,440	29,758	56,875
Trade payables	47,773	47,773	47,773	0	0
Other current debt, accruals and deferrals	50,826	50,826	50,826	0	0
<b>Total non-derivative financial liabilities</b>	<b>1,339,784</b>	<b>2,067,643</b>	<b>216,439</b>	<b>861,043</b>	<b>990,161</b>
Cross currency interest rate swaps	205,369	0	0	0	0
Interest rate swap	14,675	14,804	5,176	9,628	0
<b>Total derivative financial liabilities</b>	<b>220,044</b>	<b>14,804</b>	<b>5,176</b>	<b>9,628</b>	<b>0</b>
<b>Total</b>	<b>1,559,828</b>	<b>2,082,447</b>	<b>221,615</b>	<b>870,671</b>	<b>990,161</b>

### iii) Market risk (foreign currency and interest rate risks)

Market risk refers to the risk that changes in market prices such as exchange rates and interest rates could have an impact on the financial result or the value of the financial instruments.

The objective of market risk management is to monitor and control such risks in order to ensure they do not exceed a specified limit.

#### iiia) Currency risk

Currency risks arise in association with transactions that are carried out in currencies that differ from the respective functional currencies of the group's entities.

Flughafen Zürich AG is exposed to currency risk in connection with the following financial transactions: private placements in US dollars and Japanese yen, and liabilities in US dollars towards banks arising from the US car park lease. The currency risk on the Japanese private placement has been largely hedged, and the currency risk on the US private placement and the US car park lease has been fully hedged. In the area of operations, virtually all of the group's transactions are in Swiss francs, which means that no further currency risks need to be hedged.

The table below shows currency risks arising from financial instruments in currencies other than Swiss francs:

	<b>31.12.2008</b>		<b>31.12.2007</b>	
<b>(CHF thousand)</b>	<b>Yen</b>	<b>US dollars</b>	<b>Yen</b>	<b>US dollars</b>
Current financial liabilities	0	39,767	0	40,877
Debentures and non-current loans	428,883	414,127	369,224	481,774
Cross currency interest rate swaps	12,836	236,212	4,159	168,906
<b>Total</b>	<b>441,719</b>	<b>690,106</b>	<b>373,383</b>	<b>691,557</b>

An appreciation or depreciation in the exchange rate of the Swiss franc by 10 percent against the currencies below as of 31 December 2008 would have increased or decreased equity and profit by the amounts in the table below. This

analysis assumes that all other variables – in particular interest rates – are unchanged. The analysis for 2007 was based on a deviation of 5 percent.

(CHF thousand)	Appreciation of CHF (plus 10%)		Depreciation of CHF (minus 10%)	
	Equity	Profit	Equity	Profit
Yen	25,374	0	(19,221)	0
US dollars	(27,490)	0	17,286	0
<b>31 December 2008</b>	<b>(2,116)</b>	<b>0</b>	<b>(1,935)</b>	<b>0</b>

(CHF thousand)	Appreciation of CHF (plus 5%)		Depreciation of CHF (minus 5%)	
	Equity	Profit	Equity	Profit
Yen	11,910	0	(10,817)	0
US dollars	(12,929)	0	12,968	0
<b>31 December 2007</b>	<b>(1,019)</b>	<b>0</b>	<b>2,151</b>	<b>0</b>

### iiib) Interest rate risk

Interest rate risk can be divided into an interest-related cash flow risk, i.e. the risk that future interest payments could change due to fluctuations of the market interest rate, and an interest-related risk of a change in fair value, i.e. the risk that the fair value of an instrument could change due to fluctuations in the market interest rate.

Preference is normally given to external financing denominated in Swiss francs and subject to fixed interest rate payments. However, if external financing in foreign currencies is obtainable at more attractive conditions, both the currency and the interest rate risk are hedged. With foreign currency transactions the aim is to hedge the cash flows in Swiss francs.

All non-current financing transactions have been concluded at a fixed interest rate, with the exception of the lease of the baggage sorting and handling system and the aircraft energy supply system. The risk on short-term variable advances is hedged on a case-to-case basis using interest rate swaps.

The financial assets of Airport of Zurich Noise Fund are primarily invested in fixed-rate debt instruments. The use of derivative financial instruments is not permitted.

As of the balance sheet date, Flughafen Zurich AG's interest rate profile was as follows (interest-bearing financial instruments):

(CHF thousand)		31.12.2008	31.12.2007
Fixed interest financial assets of Airport of Zurich Noise Fund	138,788		245,321
<b>Fixed interest financial instruments (assets)</b>		<b>138,788</b>	<b>245,321</b>
Cash and cash equivalents	51,664		79,736
Liquid funds of Airport of Zurich Noise Fund	22,374		2,620
<b>Variable interest financial instruments (assets)</b>		<b>74,038</b>	<b>82,356</b>
<b>Total interest bearing assets</b>		<b>212,826</b>	<b>327,677</b>
Japanese private placement	(428,883)		(369,224)
US private placement	(287,242)		(304,551)
Debentures	(277,392)		(276,789)
US car park lease	(166,652)		(218,100)
Cross currency interest rate swaps	(200,313)		(205,369)
Interest rate swap	(9,660)		(14,675)
<b>Fixed interest financial instruments (liabilities)</b>		<b>(1,370,142)</b>	<b>(1,388,708)</b>
Leasing liabilities	(68,108)		(72,521)
Other current financial liabilities	(3,555)		0
<b>Variable interest financial instruments (liabilities)</b>		<b>(71,663)</b>	<b>(72,521)</b>
<b>Total interest bearing liabilities</b>		<b>(1,441,805)</b>	<b>(1,461,229)</b>

The table below shows the sensitivity analysis for variable and fixed-rate financial instruments:

(CHF thousand)	Increase by 50 bp		Decrease by 50 bp	
	Equity	Profit	Equity	Profit
Variable interest rate financial instruments	0	12	0	(12)
Fixed-interest financial instruments	2,919	7	3,392	(7)
<b>31 December 2008</b>	<b>2,919</b>	<b>19</b>	<b>3,392</b>	<b>(19)</b>
Variable interest rate financial instruments	0	62	0	(62)
Fixed-interest financial instruments	(10,139)	1,213	16,121	(1,213)
<b>31 December 2007</b>	<b>(10,139)</b>	<b>1,275</b>	<b>16,121</b>	<b>(1,275)</b>

## b) Fair values

The figures shown in the balance sheet concerning cash and cash equivalents, trade receivables, other current receivables and current debt approximately correspond to fair values.

Financial assets in Airport of Zurich Noise Fund: The fair value corresponds to the market price of the securities as of balance sheet date.

Derivatives: The fair value of the cross currency interest rate swap is determined using a fair value model. The fair value of the interest rate swap corresponds to the present value of the forward transaction.

Financial liabilities: The fair value of the fixed-interest financial liabilities corresponds to the present value of the future cash flows. The discount rate corresponds to the market interest rate at the balance sheet date.

(CHF thousand)	Carrying amount	Fair value	Carrying amount	Fair value
	31.12.2008	31.12.2008	31.12.2007	31.12.2007
Debentures	277,392	279,352	276,789	279,494
Japanese private placement	428,883	370,761	369,224	378,178
US private placement	287,242	314,016	304,551	339,283
US car park lease	166,652	174,926	218,100	228,918
<b>Total</b>	<b>1,160,169</b>	<b>1,139,055</b>	<b>1,168,664</b>	<b>1,225,873</b>

## c) Categories of financial instruments

The following table shows the carrying amounts of all financial instruments per category:

(CHF thousand)	31.12.2008	31.12.2007
Cash equivalents	73,893	82,222
Trade receivables, net	108,651	115,624
Other receivables and prepaid expenses	14,366	8,960
Other financial assets	1,125	287
<b>Total loans and receivables</b>	<b>198,035</b>	<b>207,093</b>
Current and non-current financial assets of Airport of Zurich Noise Fund	138,788	245,321
<b>Total available-for-sale financial assets</b>	<b>138,788</b>	<b>245,321</b>
Financial liabilities	(1,231,833)	(1,241,185)
Trade payables, net	(50,049)	(47,773)
Other current debt and prepaid expenses, excluding derivatives and non-financial instruments	(50,927)	(50,826)
<b>Total liabilities carried at amortised cost</b>	<b>(1,332,809)</b>	<b>(1,339,784)</b>
Other current debt (interest rate swap)	(9,660)	(14,675)
<b>Total liabilities held for trading purposes</b>	<b>(9,660)</b>	<b>(14,675)</b>
Other current debt (cross currency interest rate swap)	(200,313)	(205,369)
<b>Total financial instruments held for hedging purposes</b>	<b>(200,313)</b>	<b>(205,369)</b>



#### d) Capital management

With respect to capital management, Flughafen Zürich AG pays special attention to securing the continuation of the group's activities, attaining an acceptable dividend for shareholders and optimising the balance sheet structure, particularly in periods of major investment activity, taking account of capital costs. In order to achieve these objectives, Flughafen Zürich AG can adjust the amount of the dividend payment or repay capital to shareholders.

Flughafen Zürich AG constantly monitors the following key financial data: equity ratio, debt ratio and interest coverage. Here it is especially important to ensure that the ratio between debt and equity is in line with the budgetable cash flows and investments, and tends towards the conservative side. In this way a high degree of entrepreneurial flexibility can be assured at all times, including when unforeseeable events occur.

The necessary quantity of own shares may be held for the purpose of employee and bonus programmes, but it is not allowed to accumulate several years worth of own shares for the purposes of participation programmes. Holding own shares to use as payment for acquisitions (exchange of shares in the event of possible take-overs) is forbidden, and own shares may also not be held for the purpose of speculation with respect to higher sale prices. The cumulative proportion of own shares may in no case exceed 10 percent.

#### 22.2) Tenancy agreements

The tenancy agreements concluded by the group in its capacity as landlord may be either fixed tenancy or turnover-based agreements:

##### Fixed tenancy agreements

These are divided into limited term and indefinite agreements. The latter may be terminated within the normal legal period of notice of six months.

##### Turnover-based agreements

New tenancy agreements were concluded with all business partners occupying commercial areas which have become available since 2003 for rent on a turnover basis (this did not include transfer to new premises). These new agreements generally comprise a fixed basic rent plus a turnover-based portion, with a fixed duration of 5 years and the option of extension for another two years. The already existing turnover-based tenancy agreements may be terminated within the period of one year.

### 22.3) Capital commitments

As of the balance sheet date, capital commitments exist for various engineering structures amounting to approximately 65 million Swiss francs. The two largest projects are the alterations to Dock B and the preparations for the new central security check building (each approximately 25 million Swiss francs).

Within the framework of the airport participation in Venezuela, the syndicate, in which Flughafen Zürich AG holds a 49.5 percent stake, has entered into an agreement with the local government to implement an investment programme worth a total of 34 million US dollars over the next 20 years. The investments in question will only be made if certain basic conditions are fulfilled and will be largely financed from the expected operating cash flows.

As long as no agreement can be reached in the legal dispute (expropriation) with the local government, all capital commitments are suspended (see note 9, "Investments in associates").

### 22.4) Contingent liabilities

A number of legal proceedings and claims against Flughafen Zürich AG within the scope of normal business activities are still pending. In the opinion of the company, the amount required for settling these lawsuits and claims will not have a significant negative impact on the consolidated financial statements and cash flow of Flughafen Zürich AG.

If, on the basis of future legal practice, total noise-related costs in the worst case ("negative case") should ultimately be below the applicable threshold (see "Significant estimates and assumptions in the application of accounting policies", point 5, pages 120 and 121), the Canton of Zurich would no longer be required under the supplementary agreement of 8 March 2006 to assume the prefinancing of the "old" noise-related liabilities. In this case, Flughafen Zürich AG would assume the still unpaid "old" noise-related liabilities and in return would receive back the Canton of Zurich's corresponding share of assets from the Airport of Zurich Noise Fund ("reversal"). As of that date the splitting of noise charges would also no longer apply. At that point in time Flughafen Zürich AG would make a current estimate of the total outstanding noise-related liabilities and make adjustments to the noise-related costs on both the asset and liability sides of the balance sheet.

Depending on future and final-instance legal judgements, especially with respect to the area to the south, the "new" noise-related liabilities in future may also be subject to substantial adjustments, which would also require corrections in the noise-related costs recognised as assets and liabilities in the balance sheet. In this case, prefinancing by the Canton of Zurich and the split of noise charges would presumably continue to apply. At the present time, it is not possible to reliably estimate the total costs to capitalise as intangible assets from right of formal expropriation, the amortisation period and the corresponding provision.

### 22.5) Related parties

Related parties are:

- Canton of Zurich
- Members of the Board of Directors
- Members of the Management Board

The Canton of Zurich has contractually agreed with Flughafen Zürich AG to assume the prefinancing for "old" aircraft noise compensation payments. Furthermore, the Canton of Zurich has granted Flughafen Zürich AG a credit facility with a duration of 10 years (2002 to 2012) within the scope of a framework credit agreement. The maximum available amount of this credit facility corresponds to the total investments in engineering structures relating to expansion stage 5, after adjustment for the depreciation to be carried out on these investments. The credit facility limit was 679 million Swiss francs as of 31 December 2008. It is presently not being used.

**a) Remuneration of related parties:**

In the year under review, the following amounts were paid to related parties in the form of remuneration:

Board of Directors in 2008:

(CHF)		Remuneration for members of the Board of Directors	Remuneration for attending board meetings	Remuneration for committee membership	Remuneration for attending committee meetings	Social security contributions	Total
Recipient	Function						
Andreas Schmid	Chairman	150,000	25,000	10,000	22,500	12,449	<b>219,949</b>
Dr. Lukas Briner	Vice Chairman	60,000	25,000	5,000	22,500	7,218	<b>119,718</b>
Dr. Kaspar Schiller	Member; Chairman of the Nomination & Compensation Committee	45,000	25,000	10,000	22,500	6,576	<b>109,076</b>
Martin Candrian	Member; Chairman of the Audit & Finance Committee	45,000	25,000	10,000	5,000	5,454	<b>90,454</b>
Dr. Martin Wetter	Member	45,000	25,000	5,000	15,000	5,774	<b>95,774</b>
Ulrik Svensson (from 17.4.2008)	Member	33,750	17,500	3,750	2,500	0	<b>57,500</b>
Dr. Elmar Ledergerber <sup>1)</sup>	Member	0	25,000	0	5,000	1,925	<b>31,925</b>
Rita Fuhrer <sup>2)</sup>	Member	0	8,500	0	0	545	<b>9,045</b>
<b>Total</b>		<b>378,750</b>	<b>176,000</b>	<b>43,750</b>	<b>95,000</b>	<b>39,941</b>	<b>733,441</b>

<sup>1)</sup> In addition, a lump sum of 50,000 Swiss francs was paid to the City of Zurich.

<sup>2)</sup> In addition, a lump sum of 66,500 Swiss francs was paid to the Department of Economics of the Canton of Zurich.

Board of Directors in 2007:

(CHF)		Remuneration for members of the Board of Directors	Remuneration for attending board meetings	Remuneration for committee membership	Remuneration for attending committee meetings	Social security contributions	Total
Recipient	Function						
Andreas Schmid	Chairman	100,000	27,500	10,000	20,000	10,142	<b>167,642</b>
Dr. Lukas Briner	Vice Chairman	60,000	25,000	5,000	15,000	6,762	<b>111,762</b>
Dr. Kaspar Schiller	Member; Chairman of the Nomination & Compensation Committee	45,000	25,000	10,000	20,000	6,440	<b>106,440</b>
Martin Candrian	Member; Chairman of the Audit & Finance Committee	45,000	27,500	10,000	5,000	5,635	<b>93,135</b>
Dr. Martin Wetter	Member	45,000	27,500	5,000	5,000	5,313	<b>87,813</b>
Thomas E. Kern (until 22.11.2007) <sup>1)</sup>	Member	0	27,500	0	12,500	2,576	<b>42,576</b>
Dr. Elmar Ledergerber <sup>2)</sup>	Member	0	25,000	0	5,000	1,932	<b>31,932</b>
Rita Fuhrer <sup>3)</sup>	Member	0	10,000	0	0	644	<b>10,644</b>
<b>Total</b>		<b>295,000</b>	<b>195,000</b>	<b>40,000</b>	<b>82,500</b>	<b>39,444</b>	<b>651,944</b>

<sup>1)</sup> In addition, a lump sum of 50,000 Swiss francs was paid to Magazine zum Globus.

<sup>2)</sup> In addition, a lump sum of 50,000 Swiss francs was paid to the City of Zurich.

<sup>3)</sup> In addition, a lump sum of 65,000 Swiss francs was paid to the Department of Economics of the Canton of Zurich.

There is no share or option programme for the Board of Directors (see note 2, "Personnel expenses"). No severance payments or other non-current payments were made in 2007 or 2008.

## Management Board in 2008:

Remuneration of members of the Management Board was effected as shown in the table below. The bonus (cash and share components) is accrued for the period under review, and payment is made in spring in the following year:

(CHF) Recipient	Salary	Bonus (cash)	Bonus (shares)	Pension and social insurance expenses <sup>1)</sup>	Miscellaneous	Total CHF	Number of shares	Shares (Swiss francs)
Thomas E. Kern	336,828	269,462	134,731	69,916	24,648	835,585	540	249.50
Other members of the Management Board	1,222,945	641,471	189,933	385,019	93,759	2,533,127	762	249.50
<b>Total</b>	<b>1,559,773</b>	<b>910,933</b>	<b>324,664</b>	<b>454,935</b>	<b>118,407</b>	<b>3,368,712</b>	<b>1,302</b>	

<sup>1)</sup> Pension and social insurance expenses include contributions to supplementary retirement insurance, as well as employer's contributions to social security and staff benefit schemes.

The number of shares indicated above for the bonus portion is based on the share price as of the end of the year. The definitive number of shares is calculated on the basis of the share price at grant date.

These shares are blocked for a period of four years (see also note 2, "Personnel expenses"). No severance payments or other non-current payments were made in 2008.

## Management Board in 2007:

(CHF) Recipient	Salary	Bonus (cash)	Bonus (shares)	Long-service bonus (shares) <sup>1)</sup>	Pension and social insurance expenses <sup>2)</sup>	Miscellaneous	Total CHF	Number of shares	Shares (Swiss francs)
Josef Felder	400,000	428,000	0	1,532,200	124,034	29,068	2,513,302	3,260	470.00
Other members of the Management Board	1,110,000	957,800	332,900	0	316,258	86,027	2,802,985	737	452.00
<b>Total</b>	<b>1,510,000</b>	<b>1,385,800</b>	<b>332,900</b>	<b>1,532,200</b>	<b>440,292</b>	<b>115,095</b>	<b>5,316,287</b>	<b>3,997</b>	

<sup>1)</sup> The share price at grant date of the allocated 3,260 bonus shares was 425 Swiss francs (total, 1,385,500 Swiss francs).

<sup>2)</sup> Pension and social insurance expenses include contributions to supplementary retirement insurance, as well as employer's contributions to social security and staff benefit schemes.

The effective amount paid to the Management Board for 2007 was 5.2 million Swiss francs.

In the year under review, the Canton of Zurich police force was reimbursed at market conditions for services rendered for a total amount of 91.4 million Swiss francs (2007: 88.2 million Swiss francs) in accordance with the applicable service level agreement.

## b) Shares held by related parties

As of balance sheet date, members of the Board of Directors and related parties held the following number of shares:

Name	Function	Number of shares as of 31.12.2008	Number of shares as of 31.12.2007
Andreas Schmid	Chairman	4	4
Dr. Lukas Briner	Vice Chairman	21	21
Dr. Kaspar Schiller	Member; Chairman of the Nomination & Compensation Committee	13	13
Martin Candrian	Member; Chairman of the Audit & Finance Committee	375	375
Dr. Martin Wetter	Member	0	0
Ulrik Svensson (from 17.4.2008)	Member	0	0
Dr. Elmar Ledergerber	Member	110	110
Rita Fuhrer	Member	0	0
Thomas E. Kern (until 22.11.2007)	Member	n/a	n/a
<b>Total</b>		<b>523</b>	<b>523</b>

As of balance sheet date, members of the Management Board and related parties held the following number of shares:

Name	31.12.2008	Number of shares as of 31.12.2007	Number of shares as of 31.12.2007
Josef Felder (until 31.5.2008)		n/a	11,357
Thomas E. Kern (from 15.1.2008)		137	n/a
Roland Bentele (until 1.1.2008)		n/a	256
Peter Eriksson		1,315	1,137
Rainer Hildebrand		984	1,817
Beat Spalinger (until 31.7.2008)		n/a	1,273
Daniel Schmucki (from 1.4.2008)		272	n/a
Michael Schallhart (from 1.11.2008)		0	n/a
Stephan Widrig (from 1.6.2008)		119	n/a
<b>Total</b>		<b>2,827</b>	<b>15,840</b>

## 22.6) Composition of the group

The group currently comprises the following companies:

Company	Domicile	Share capital	Stake held in %
Flughafen Zürich AG	Kloten	CHF 307,018,750	Parent company
Unique Betriebssysteme AG	Kloten	CHF 100,000	100.0
APT Airport Technologies AG	Kloten	CHF 1,800,000	100.0
Unique Airports Worldwide AG	Kloten	CHF 100,000	100.0

In addition, the following associates and joint ventures are included by applying the equity method:

Company	Domicile	Share capital	Stake held in %
Bangalore International Airport Ltd.	Bengaluru	INR 4,426 million	17.0
Unique Chile S.A.	Santiago de Chile	CLP 253 million	48.0
Holding Unique IDC Aeropuertos LTDA	Santiago de Chile	CLP 1,658 million	75.0
Unique IDC Operaciones LTDA	Santiago de Chile	CLP 1,710 million	49.5
Aeropuertos Asociados de Chile S.A.	Santiago de Chile	CLP 5,416 million	75.0
Aeropuertos Asociados Administradora LTDA	Santiago de Chile	CLP 689 million	49.5
A-port Chile S.A.	Santiago de Chile	CLP 9,770 million	15.0
Sociedad Concesionaria Aeropuerto Puerto Montt S.A.	Santiago de Chile	CLP 1,010 million	25.0
Concesión Aeropuerto El Tepual S.A.	Santiago de Chile	CLP 7,069 million	12.0
Concesión Aeropuerto La Florida S.A.	Santiago de Chile	CLP 9,709 million	12.0
Concesión Aeropuerto El Loa S.A.	Santiago de Chile	CLP 6,419 million	12.0
A-port Operaciones S.A.	Santiago de Chile	CLP 2,359 million	32.6
A-port S.A.	São Paulo	BRL 52 million	15.0
Concessionária do Estacionamento de Congonhas S.A.	São Paulo	BRL 17 million	12.0
Unique IDC Colombia S.A.	Bogotá	COP 100 million	32.6
Unique IDC S.A. de C.V.	Tegucigalpa	HNL 40,000	32.6
Administradora Unique IDC C.A.	Portlamar	VEB 25 million	49.5
Aeropuertos Asociados de Venezuela C.A.	Portlamar	VEB 10 million	49.5

## **22.7) Notes to service concession agreements**

The Swiss Federal Department of the Environment, Transport, Energy and Communications (DETEC) awarded Flughafen Zürich AG the operating licence for Zurich Airport for 50 years from 1 June 2001 to 31 May 2051.

### **Main conditions**

The licence encompasses the operation of an airport in accordance with the provisions of the ICAO (International Civil Aviation Organisation) governing domestic, international and intercontinental civil aviation services.

Flughafen Zürich AG is authorised and obliged to operate Zurich Airport for the entire period cited in the operating licence, and to provide and maintain the necessary infrastructure for this purpose. To accomplish this, it is entitled to collect fees from all users of the airport.

Furthermore, Flughafen Zürich AG is authorised to assign specific rights and obligations arising from the operating licence to third parties. Insofar as they concern activities relating to airport operations such as refuelling, aircraft handling, passenger handling, baggage sorting and handling, post and freight handling, and catering, these rights and obligations shall be subject to the provisions of public law. Flughafen Zürich AG regulates rights and obligations it has assigned to third parties in the form of binding entitlements (concessions).

### **Obligations**

The licence holder is obliged to grant access to the airport to all aircraft that are licensed to provide domestic and international flights. The volume of flight traffic and handling of licensed aircraft are governed by the regulations laid down in the Civil Aviation Infrastructure Plan (SIL) and the provisions of the operating regulations.

The licence holder is obliged to implement all measures relating to regulations governing the use of German air space for landings at, and take-offs from, Zurich Airport without delay, and to submit the necessary applications for approval by the authorities in good time.

The licence holder is empowered and obliged to enforce sound insulation measures and to implement them where they are not the subject of dispute.

The provision whereby the licence holder shall meet all obligations to which it is bound through clauses of the civil aviation treaty between Germany and Switzerland without entitlement to compensation was declared null and void in response to an objection lodged by Flughafen Zürich AG.

## **Assignment of parts of operating licence to third parties**

As part of the bilateral agreements that came into effect on 1 June 2002, the EU ground handling guidelines (Directive 96/67/EU dated 15 October 1996 concerning free access for ground handling service providers to airports within the EU) also became applicable to Switzerland. The principles governing the granting of rights for carrying out ground handling activities are defined in the operating regulations of Flughafen Zürich AG. As a consequence, licences for ground handling operations in areas in which the number of admissible service providers has to be limited have been awarded on the basis of tender procedures and will run until the end of 2011.

## **22.8) Events occurring after the balance sheet date**

The Board of Directors authorised the 2008 consolidated financial statements for issue on 12 March 2009. These also have to be approved by the General Meeting of Shareholders.

On 18 February 2009, Flughafen Zürich AG issued a debenture in the amount of 225 million Swiss francs with a duration of 5 years and an interest rate of 4.5 percent on the domestic market. The proceeds are to be used partly for payment of the debenture that becomes due on 26 March 2009, and partly for investments associated with the reopening of Dock B for flight operations and the construction of a central security check building at Zurich Airport.

The "A-port" joint venture, in which Flughafen Zürich AG has an investment, acquired a 51 percent stake in Hato International Airport as a result of its takeover of Alterra Curaçao Holding Ltd. At the same time, responsibility for the management and operation of Curaçao's main airport was transferred to Flughafen Zürich AG on the basis of a management agreement that is valid until 2033.

No events occurred between 31 December 2008 and the date on which the consolidated financial statements were authorised for issue by the Board of Directors which would require the modification of any of the carrying amounts of the assets and liabilities of the group or which would have to be disclosed here.



## Report of the Statutory Auditor on the Consolidated Financial Statements to the General Meeting of Flughafen Zürich AG.

As statutory auditor, we have audited the accompanying consolidated financial statements of Flughafen Zürich AG, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes (pages 106 to 150) for the year ended 31 December 2008.

### Board of Directors' Responsibility

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2008 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.

Without qualifying our opinion, we draw attention to the disclosure regarding "1. Legal issues" and "5. Reporting of noise-related costs in the financial statements" as part of "Significant estimates and assumptions in the application of accounting policies" on pages 120 and 121 in the notes to the consolidated financial statements. The facts referred to therein could significantly affect the company's financial position and performance. Such impact cannot presently be conclusively determined.

### Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the board of directors.

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

KPMG AG

Marc Ziegler  
Licensed Audit Expert  
Auditor in Charge

Philipp Hallauer  
Licensed Audit Expert

Zurich, 12 March 2009



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# Income statement for 2008 and 2007

(Financial statements according to the provisions of the Swiss Code of Obligations)

(CHF thousand)	Notes	2008	2007
Revenue from sales of products and services		846,821	796,014
<b>Total revenue</b>		<b>846,821</b>	<b>796,014</b>
Personnel expenses		(147,809)	(159,371)
Police and security		(113,017)	(108,538)
Expenses for sound insulation and formal expropriations	(9)	(43,617)	(58,278)
Maintenance		(32,376)	(35,559)
Sales, marketing, administration		(38,326)	(35,499)
Energy and waste		(25,015)	(20,806)
Other operating expenses		(39,205)	(19,011)
Cost of materials used		(11,129)	(11,994)
Deposits into renovation fund		(5,500)	(5,500)
<b>Ordinary profit before depreciation and amortisation, interest and tax</b>		<b>390,827</b>	<b>341,458</b>
Depreciation and amortisation		(199,402)	(192,144)
<b>Ordinary profit before interest and tax</b>		<b>191,425</b>	<b>149,314</b>
Financial result, net	(1)	(83,507)	(75,056)
Extraordinary result, net	(2)	(22,878)	4,225
<b>Profit before tax</b>		<b>85,040</b>	<b>78,483</b>
Tax		(17,581)	(17,886)
<b>Net profit</b>		<b>67,459</b>	<b>60,597</b>

**Balance sheet as of 31 December 2008 and 31 December 2007**  
**(Financial statements according to the provisions of the Swiss Code of Obligations)**

(CHF thousand)	Notes	31.12.2008	31.12.2007
<b>Assets</b>			
Land		109,547	112,194
Buildings, engineering structures	(3)	2,132,651	2,073,619
Projects in progress	(3)	91,744	103,105
Movables	(3)	85,542	75,785
<b>Total property, plant and equipment</b>		<b>2,419,484</b>	<b>2,364,703</b>
Intangible asset from right of formal expropriation		113,470	240
Other intangible assets		7,946	15,041
Non-current financial assets of Airport of Zurich Noise Fund	(4)	72,965	126,067
Financial assets and associates	(5)	18,917	29,448
<b>Non-current assets</b>		<b>2,632,782</b>	<b>2,535,499</b>
Inventories		8,809	5,054
Current financial assets of Airport of Zurich Noise Fund	(4)	65,823	119,254
Trade receivables		106,722	113,709
Other receivables and prepaid expenses	(6)	34,459	16,953
Cash and cash equivalents, securities	(7)	73,225	81,257
<b>Current assets</b>		<b>289,038</b>	<b>336,227</b>
<b>Total assets</b>		<b>2,921,820</b>	<b>2,871,726</b>
<b>Equity and liabilities</b>			
Share capital		307,019	307,019
Legal reserves			
- Premium		533,290	533,290
- General reserves		19,060	19,060
- Reserves for own shares	(7)	11,841	650
Other reserves		69,017	80,208
Available earnings			
- Profit brought forward		89,565	47,373
- Dividend payment for 2007/2006		(27,627)	(18,405)
- Net profit		67,459	60,597
<b>Equity</b>		<b>1,069,624</b>	<b>1,029,792</b>
Debentures and non-current loans	(8)	1,099,572	1,278,268
Provisions for aircraft noise	(9)	284,148	258,631
Renovation fund		118,602	113,102
Non-current provisions	(10)	4,943	4,418
<b>Non-current liabilities</b>		<b>1,507,265</b>	<b>1,654,419</b>
Trade payables		50,853	47,378
Current financial liabilities	(11)	178,696	49,008
Other current debt, accruals and deferrals		86,285	76,624
Current provisions	(12)	29,097	14,505
<b>Current liabilities</b>		<b>344,931</b>	<b>187,515</b>
<b>Total liabilities</b>		<b>1,852,196</b>	<b>1,841,934</b>
<b>Total equity and liabilities</b>		<b>2,921,820</b>	<b>2,871,726</b>

## Notes to the financial statements

### Accounting policies

#### 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 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 consolidated financial statements prepared in accordance with IFRS.

##### 2.1. Property, plant and equipment

In contrast to the consolidated financial statements according to IFRS, the influence of the reverse take-over is irrelevant (revaluation of the FIG property, plant and equipment as of 1 January 2000, including deferred taxes).

##### 2.2. 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 increased by 5.5 million Swiss francs (only in financial statements according to commercial law).

##### 2.3. Own shares

In contrast to the consolidated financial statements prepared in accordance with IFRS, holdings of own shares as of 31 December 2008 are reported under securities. Under the heading "Equity", these are reported as prescribed by the provisions of the Swiss Code of Obligations. Furthermore, the distribution of free shares to employees and the unrealised gain on holdings as of 31 December 2008 were charged to the income statement.

##### 2.4. Costs associated with the issue of new shares (share capital increase)

In the financial statements according to commercial law, the transaction costs are capitalised and amortised using the straight-line method over 3 years instead of being deducted from the premium as is the case in the consolidated financial statements prepared in accordance with IFRS.

##### 2.5. Costs associated with the issue of debentures and the conclusion of foreign long-term loans

In the financial statements according to commercial law, the transaction costs are charged directly to the income statement, instead of being amortised over the duration of the debenture or respective long-term loan using the effective interest method, as is the case in the consolidated financial statements prepared in accordance with IFRS.

##### 2.6. Financial lease

In the IFRS consolidated financial statements, financial leases are recognised in the balance sheet, while in the financial statements according to commercial law they are treated as off-balance-sheet transactions and disclosed in the notes ("Further details").

##### 2.7. Derivative financial instruments

These are not reported in the financial statements according to commercial law.

##### 2.8. Noise-related data

Costs associated with formal expropriations qualify as an intangible asset in accordance with the Swiss Code of Obligations. They are capitalised not later than the time at which the counterparty has attained an assertable claim. An equal amount is also recognised as a provision at the same time. Adequate provisions are recognised for liabilities arising from sound insulation measures. Amortisation of capitalised costs for formal expropriations is based on the consolidated financial statements at least. Beyond this, special write-offs are carried out from case to case to the extent to which the noise charges recognised as an expense exceed the costs for sound insulation measures and other operating costs in a given period. Any balance of revenue from noise charges after deduction of noise-related costs (sound insulation measures, operating costs, financing costs) is transferred to provisions for aircraft noise.



### Current risk situation

The following factors are regarded as the primary sources of risk for the company:

#### 1. Legal issues

Various internal and external political restrictions could mean that Flughafen Zürich AG will not be able to fully utilise the opportunities it has created largely through investments for expansion stage 5, and instead may give rise to additional investments and costs. These include:

- Cantonal initiatives calling for modification of Zurich cantonal airport legislation
- Zürcher Fluglärm-Index ZFI (Zurich Aircraft Noise Index)
- SIL process (Civil Aviation Infrastructure Plan)
- Rulings by the supervisory authorities relating to landing and take-off procedures
- Unilateral ordinance issued by Germany
- Legal proceedings
- Revision of the Swiss Federal Civil Aviation Act

#### 2. Falling demand

Experience over the past few years has shown that civil aviation is a highly volatile business that reacts sensitively to external occurrences (acts of terrorism, outbreaks of disease or epidemics, economic crises). This means that such events can lead to a fall in demand at Zurich Airport.

#### 3. Additional security regulations

Additional security regulations imposed by the authorities can also give rise to increasing security costs and reduced revenue from commercial activities in the future. Given the delay between the time at which costs arise and the earliest possible refinancing via security charges, a negative impact on the result cannot be ruled out.

#### 4. Hub carrier

The national airline, Swiss, is the main client of Flughafen Zürich AG. In the same way as any other hub airport, Flughafen Zurich AG greatly depends on the operational and financial development of its hub carrier.

#### 5. Reporting of noise-related costs in the financial statements

The reporting of noise-related costs in the financial statements is a complex matter that involves significant assumptions and estimates concerning the capitalisation of such costs and the obligation to recognise provisions. This complexity is attributable to a large variety of relevant legal bases, unclear or pending legal practice, and political debate.

Flughafen Zürich AG has received a total of around 19,000 noise-related claims for compensation. Approximately 2,600 cases are currently being examined by the Federal Assessments Commission, while in the meantime rulings have been received from the Swiss Federal Supreme Court on the 18 selected pilot cases in the municipality of Opfikon.

With respect to formal expropriations, the rulings on fundamental issues by the Supreme Court in the first half of 2008 enabled Flughafen Zürich AG to estimate the total costs for the first time, in spite of the remaining uncertainty factors influencing the accuracy of this estimate.

Based on the fundamental issues on which the Supreme Court has ruled to date, the reliably estimated noise-related costs ("base case") as of 30 June 2008 amount to a total of 759.8 million Swiss francs (including formal expropriations, costs for sound insulation measures and all related operating costs). This means that the total estimated costs associated with formal expropriations were below the previously disclosed potential costs (in the form of a risk assessment) of between 800 million and 1.2 billion Swiss francs.

On 8 March 2006, Flughafen Zürich AG and the Canton of Zurich signed a supplementary agreement to the merger agreement dated 14 December 1999. The purpose of the supplementary agreement was to limit the risks for the company associated with formal expropriations. Under this supplementary agreement, the Canton of Zurich would assume the prefinancing of all "old" noise-related liabilities in the event that, upon payment of the first formal expropriations, the risk should arise that the total estimated costs associated with aircraft noise (formal expropriations, costs for sound insulation and all related operating costs) may exceed 1.1 billion Swiss francs ("threshold") given a worst case scenario ("negative case"). "Old" noise-related liabilities are liabilities that arose prior to June 2001, up to which date the Canton of Zurich was holder of the operating licence, making it appropriate for the Canton to assume the prefinancing of any such noise-related liabilities in an external capacity. The threshold is subject to an annual adjustment mechanism based on the development of the equity of Flughafen Zürich AG. As of 31 December 2008, the threshold was slightly above the original level of 1.1 billion Swiss francs, and did not have any effect on the prefinancing by the Canton of Zurich.

Since as of the middle of the year, despite the estimate of 759.8 million Swiss francs stated above, the total expected noise-related costs exceeded the threshold of 1.1 billion Swiss francs in the worst case ("negative case"), the prefinancing by the Canton of Zurich for "old" noise-related liabilities entered into effect on 30 June 2008 in accordance with the supplementary agreement. This was subject to the condition that the still pending fundamental issues were decided against Flughafen Zürich AG. In return for bearing the risk and for financing the "old" noise-related liabilities, the Canton of Zurich received a portion of the Airport of Zurich Noise Fund as of 30 June 2008 (115.4 million Swiss francs). This amount was recognised in these financial statements as an intangible asset from the right of formal expropriation, and represents a portion of the costs for "old" noise-related liabilities, which as of 1 July 2008 are processed by the Canton of Zurich, but until 30 June 2008 were financed by Flughafen Zürich AG through revenue from collected noise charges. As a result of the assumption of "old" noise-related liabilities by the Canton of Zurich, Flughafen Zürich AG is no longer required to recognise a provision for compensation for these "old" noise-related liabilities.

The estimate of 759.8 million Swiss francs remained unchanged as of 31 December 2008. As of the balance sheet date, Flughafen Zürich AG had capitalised costs for formal expropriations in the financial statements according to the provisions of the Swiss Code of Obligations amounting to 113.5 million Swiss francs (capitalisation of the above-mentioned portion of 115.4 million Swiss francs plus payments for pilot cases less amortisation of the intangible asset) and had recognised provisions for airport noise amounting to 284.1 million Swiss francs (see note 9, "Provisions for airport noise").

If, on the basis of future legal practice, total noise-related costs in the worst case ("negative case") should ultimately be below the applicable threshold, the Canton of Zurich would no longer be required under the supplementary agreement of 8 March 2006 to assume the prefinancing of the "old" noise-related liabilities. In this case, Flughafen Zürich AG would assume the still unpaid "old" noise-related liabilities and in return would receive back the Canton of Zurich's corresponding share of the assets from the Airport of Zurich Noise Fund ("reversal"). As of that date the splitting of noise charges would also no longer apply. At that point in time Flughafen Zürich AG would make a current estimate of the total outstanding noise-related liabilities and make adjustments to the noise-related costs on both the asset and liability sides of the balance sheet.

Depending on future and final-instance legal judgements, especially with respect to the area to the south, the "new" noise-related liabilities in future may also be subject to substantial adjustments, which would also require corrections in the noise-related costs recognised as assets and liabilities in the balance sheet. In this case, prefinancing by the Canton of Zurich and the split of noise charges would be presumably continue to apply. At the present time, it is not possible to reliably estimate the total costs to capitalise as intangible assets from right of formal expropriation, the amortisation period and the corresponding provision.

## Notes

### Income statement

#### 1) Financial result, net

(CHF thousand)	2008	2007
Interest expenses on debentures and non-current loans	61,250	65,714
Less capitalised interest on borrowings for buildings under construction	(1,430)	(388)
<b>Net interest expenses on debentures and non-current loans</b>	<b>59,820</b>	<b>65,326</b>
Interest difference related to interest rate swap	5,253	6,720
Other interest expenses	6,182	6,193
Other financial expenses	6,136	3,455
Interest expenses on finance lease payments	2,998	2,966
Valuation adjustments of financial assets and associates	12,747	0
<b>Financial expenses</b>	<b>93,136</b>	<b>84,660</b>
Interest income and foreign exchange gains realised on financial assets of Airport of Zurich Noise Fund	(6,073)	(6,186)
Interest income on postal cheque accounts and bank deposits/loans	(3,248)	(3,138)
Valuation adjustments of financial assets and associates	0	(208)
Net foreign exchange gains, interest on arrears	(308)	(72)
<b>Financial income</b>	<b>(9,629)</b>	<b>(9,604)</b>
<b>Total financial result, net</b>	<b>83,507</b>	<b>75,056</b>

Capitalised interest on borrowings for buildings under construction was calculated using an average interest rate of 5.60 percent in 2008 (5.41 percent in 2007).

#### 2) Extraordinary result, net

(CHF thousand)	2008	2007
Extraordinary income	1,047	6,588
Extraordinary expenses	(23,925)	(2,363)
<b>Extraordinary result, net</b>	<b>(22,878)</b>	<b>4,225</b>

Extraordinary income includes the following main amounts:

2008: 0.8 million Swiss francs bankruptcy dividend Swissair (first instalment).  
 2007: 6.4 million Swiss francs from release of deferred revenue relating to utilisation fees (see note 12, "Current provisions").

Extraordinary expenses include the following main amounts:

2008: 21.3 million Swiss francs repayment to Swissair liquidator, and 2.5 million Swiss francs from losses on disposals of non-current assets.  
 2007: 2.0 million Swiss francs from losses on disposals of non-current assets.

### Balance sheet

#### 3) Fire insurance values

(CHF thousand)	31.12.2008	31.12.2007
Buildings including loading bridges	3,287,448	3,051,191
Movables	732,488	720,900

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

and are therefore not included in the above amount. Upon completion, the buildings concerned will be insured on the basis of estimates by GVZ.

#### 4) Financial assets of Airport of Zurich Noise Fund

(CHF thousand)	31.12.2008	31.12.2007
Non-current financial assets	72,965	126,067
Current financial assets	65,823	119,254
<b>Total financial assets of Airport of Zurich Noise Fund</b>	<b>138,788</b>	<b>245,321</b>

These funds are managed by professional investment advisers on the basis of a conservative, money-market-oriented investment strategy.

#### 5) Total financial assets and associates

(CHF thousand)		31.12.2008	31.12.2007
APT Airport Technologies AG, Kloten	Equity share 100%, nom. share capital CHF 1.8 million	1,800	1,800
APT Airport Technologies AG, Kloten	Loan <sup>1)</sup>	0	5,416
Unique Betriebssysteme AG, Kloten	Equity share 100%, nom. share capital CHF 0.1 million	100	100
Unique Betriebssysteme AG, Kloten	Loan	3,357	0
Unique Airports Worldwide AG, Kloten	Equity share 100%, nom. share capital CHF 0.1 million	100	100
Unique Airports Worldwide AG, Kloten	Loan <sup>1)</sup>	6,607	5,935
Loan to Swissport	Loan	0	287
Administradora Unique IDC C.A., Venezuela	Equity share 49.5%, nom. share capital VEB 25 million	0	0
Aeropuertos Asociados de Venezuela C.A., Venezuela	Equity share 49.5%, nom. share capital VEB 10 million Mio VEB	0	0
Bangalore International Airport Ltd., India	Equity share 17%, nom. share capital INR 4.43 million INR	5,829	15,791
Unique IDC S.A. de C.V., Honduras	Equity share 0%, nom. share capital HNL 40,000 <sup>2)</sup>	0	3
Unique IDC Colombia S.A., Colombia	Equity share 0%, nom. share capital COP 100 million COP <sup>2)</sup>	0	16
Unique Chile S.A., Chile	Loan	1,113	0
FZ Colombia S.A., Chile	Loan	11	0
<b>Total financial assets and associates</b>		<b>18,917</b>	<b>29,448</b>

<sup>1)</sup> Entirely subject to subordination.

<sup>2)</sup> These companies were brought into the "A-port" joint venture as a contribution in kind within the scope of the restructuring of interests in Latin American/South America. The joint venture is in turn held by subsidiary Unique Airports Worldwide AG.

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.

Flughafen Zürich AG holds a 17 percent stake in the share capital of Bangalore International Airport Ltd. (BIAL), the owner and operator of the new airport that was opened in Bengaluru, India, in 2008. Flughafen Zürich AG also secures the construction and operation of the airport on the basis of an operating, management and service level agreement. Revenue is now flowing to Flughafen Zürich AG from this agreement. This greenfield airport project was handed over for operation in May 2008 after a construction period of around three years.

Due to the continued intervention by the local government concerning the airport on Isla de Margarita (Venezuela), figures for the 2008 financial year are still not available. In 2006, the governor of the province of Nueva Esparta expropriated the airport on Isla de Margarita for the second time, and since then the airport has been operated by a "junta interventora" under the supervision of the Venezuelan supreme court. At the same time, legal proceedings were initiated for the purpose of clarifying whether the governor's withdrawal of the operating licence was lawful. The Venezuelan supreme court ruled in favour of Flughafen Zürich AG in 2007, but the publication of this ruling has still not taken place. In view of the fact that there are no signs of an improvement in the situation, Flughafen Zürich AG has taken the necessary steps to have the case examined by an international court of arbitration.

## 6) Other receivables and prepaid expenses

In accordance with "Notes to the Consolidated Financial Statements", note 12, "Other receivables and prepaid expenses", this includes the following:

(CHF thousand)	31.12.2008	31.12.2007
Current account with Zurich Airport Staff Pension Fund	42	23

The current account bears interest at normal market rates.

## 7) Cash and cash equivalents, securities

(CHF thousand)	31.12.2008	Of which AZNF	31.12.2007	Of which AZNF
Cash and call deposits	64,129	22,374	80,607	2,620
Own shares	9,096		650	
<b>Total cash and cash equivalents, securities</b>	<b>73,225</b>	<b>22,374</b>	<b>81,257</b>	<b>2,620</b>

Reserves for own shares are reported separately under equity.

Number of shares	2008	2007
<b>Holdings at beginning of financial year</b>	<b>3,947</b>	<b>5,390</b>
Acquisitions (at applicable market price)	38,291	463
Sales (at applicable market price)	0	0
Free distribution of shares	(5,779)	(1,906)
<b>Holdings at end of financial year</b>	<b>36,459</b>	<b>3,947</b>

## 8) Debentures and non-current loans

(CHF thousand)	31.12.2008	31.12.2007
Japanese private placement	421,173	421,173
US private placement	365,750	365,750
Liabilities towards banks arising from US car park lease	162,649	213,345
Debentures	150,000	278,000
<b>Total debentures and non-current loans</b>	<b>1,099,572</b>	<b>1,278,268</b>

The following non-current financial liabilities are fixed interest-bearing borrowings:

(CHF thousand)	Nominal Amount 31.12.2008	Duration	Interest rate	Early repayment	Interest payment dates
Japanese private placement	421,173	2003–2024	5.730%	no	23 May/ 23 November
US private placement	365,750	2003–2015	4.7525%	from 2011	11 April/ 11 October
Liabilities towards banks arising from US car park lease	162,649	2003–2012	3.606%	from 2005	20 December
Debenture	150,000	2006–2010	3.125%	no	14 June



## 9) Provisions for aircraft noise

(CHF thousand)	31.12.2008	31.12.2007
<b>Provisions for aircraft noise as of 1 January</b>	<b>258,631</b>	<b>207,372</b>
Increase of provisions for aircraft noise	32,800	51,240
Increase of provisions for formal expropriations	649	240
<b>Provisions for aircraft noise before operating and imputed costs</b>	<b>292,080</b>	<b>258,852</b>
Noise-related operating costs	(4,331)	(3,974)
Interest income from assets of Airport of Zurich Noise Fund	6,073	6,186
Changes in fair value of securities of Airport of Zurich Noise Fund	4,396	(1,533)
Realised loss on financial assets of Airport of Zurich Noise Fund	(14,070)	(900)
<b>Provisions for aircraft noise as of 31 December</b>	<b>284,148</b>	<b>258,631</b>

The increase of provisions for aircraft noise has been calculated as follows:

(CHF thousand)	2008	2007
Revenue from noise charges	46,436	58,278
Costs for sound insulation and other measures	(9,303)	(7,038)
Costs for formal expropriations	(1,514)	0
Amortisation of intangible asset from right of formal expropriation	(2,819)	0
<b>Increase of provisions for aircraft noise</b>	<b>32,800</b>	<b>51,240</b>

Total expenditure for sound-insulating measures and formal expropriations includes the following:

(CHF thousand)	2008	2007
Increase of provisions for aircraft noise	32,800	51,240
Costs for sound insulation and other measures	9,303	7,038
Costs for formal expropriations	1,514	0
<b>Total costs for sound insulation and formal expropriations</b>	<b>43,617</b>	<b>58,278</b>

For reporting of noise data in the financial statements according to the Swiss Code of Obligations see also "Notes to the financial statements", "Accounting policies", point 2.8, "Noise-related data", page 156, and "Current risk situation", point 5, "Reporting of noise-related costs in the financial statements" on pages 157 to 159.

## 10) Non-current provisions

(CHF thousand)	31.12.2008	31.12.2007
Pension fund liabilities	3,443	2,918
Provisional tenancy agreements	1,500	1,500
<b>Total non-current provisions</b>	<b>4,943</b>	<b>4,418</b>

## 11) Current financial liabilities

(CHF thousand)	31.12.2008	31.12.2007
Current liabilities towards banks arising from US car park lease	50,696	49,008
Debenture (redemption 26.3.2009)	128,000	0
<b>Total current financial liabilities</b>	<b>178,696</b>	<b>49,008</b>

## 12) Current provisions

(CHF thousand)	31.12.2008	31.12.2007
Amounts due to personnel (holidays and overtime)	7,517	8,248
Tax liabilities	19,876	4,556
Utilisation fees <sup>1)</sup>	1,129	1,129
Other liabilities	575	572
<b>Total current provisions</b>	<b>29,097</b>	<b>14,505</b>

<sup>1)</sup> Utilisation fees were billed for one year in 2006 and suspended as of 1 January 2007. In 2007 a legally binding court ruling went largely in favour of Flughafen Zürich AG, confirming that the collection of utilisation fees from companies providing ground handling services was lawful. As a consequence, from the total of 10.0 million Swiss francs invoiced in the 2006 financial year, 6.4 million were reported in the 2007 income statement as extraordinary result, net (see note 2, "Extraordinary result, net"). As before, an amount of 1.1 million Swiss francs from invoiced utilisation fees has not been included. These invoiced amounts have been deferred, since one partner continues to dispute the legality of the collection of utilisation fees. The corresponding legal proceedings are in progress, and a first-instance ruling is expected in the course of 2009.

## 13) Major shareholders

As of the balance sheet date, the following shareholders or groups of shareholders held more than five percent of the voting rights:

	2008	2007
Canton of Zurich (including BVK pension fund)	33,36%	33,36%
City of Zurich (including pension fund of the City of Zurich)	5,03%	5,06%

## 14) Related parties

Related parties are:

- Canton of Zurich
- Members of the Board of Directors
- Members of the Management Board

The Canton of Zurich has contractually agreed with Flughafen Zürich AG to assume the prefinancing for "old" aircraft noise compensation payments. Furthermore, the Canton of Zurich has granted Flughafen Zürich AG a credit facility with a duration of 10 years (2002–2012) within the scope of a framework credit agreement. The maximum available amount of this credit facility corresponds to the total investments in engineering structures relating to expansion stage 5, after adjustment for the depreciation to be carried out on these investments. The credit facility limit was 679.0 million Swiss francs as of 31 December 2008. It is presently not being used.

## a) Remuneration of related parties

The following amounts were paid to related parties in the form of remuneration:

Board of Directors in 2008:

(CHF)		Remuneration for members of the Board of Directors	Remuneration for attending board meetings	Remuneration for committee membership	Remuneration for attending committee meetings	Social security contributions	Total
Recipient	Function						
Andreas Schmid	Chairman	150,000	25,000	10,000	22,500	12,449	<b>219,949</b>
Dr. Lukas Briner	Vice Chairman	60,000	25,000	5,000	22,500	7,218	<b>119,718</b>
Dr. Kaspar Schiller	Member; Chairman of the Nomination & Compensation Committee	45,000	25,000	10,000	22,500	6,576	<b>109,076</b>
Martin Candrian	Member; Chairman of the Audit & Finance Committee	45,000	25,000	10,000	5,000	5,454	<b>90,454</b>
Dr. Martin Wetter	Member	45,000	25,000	5,000	15,000	5,774	<b>95,774</b>
Ulrik Svensson (from 17.4.2008)	Member	33,750	17,500	3,750	2,500	0	<b>57,500</b>
Dr. Elmar Ledergerber <sup>1)</sup>	Member	0	25,000	0	5,000	1,925	<b>31,925</b>
Rita Fuhrer <sup>2)</sup>	Member	0	8,500	0	0	545	<b>9,045</b>
<b>Total</b>		<b>378,750</b>	<b>176,000</b>	<b>43,750</b>	<b>95,000</b>	<b>39,941</b>	<b>733,441</b>

<sup>1)</sup> In addition, a lump sum of 50,000 Swiss francs was paid to the City of Zurich.

<sup>2)</sup> In addition, a lump sum of 66,500 Swiss francs was paid to the Department of Economics of the Canton of Zurich.

Board of Directors in 2007:

(CHF)		Remuneration for members of the Board of Directors	Remuneration for attending board meetings	Remuneration for committee membership	Remuneration for attending committee meetings	Social security contributions	Total
Recipient	Function						
Andreas Schmid	Chairman	100,000	27,500	10,000	20,000	10,142	<b>167,642</b>
Dr. Lukas Briner	Vice Chairman	60,000	25,000	5,000	15,000	6,762	<b>111,762</b>
Dr. Kaspar Schiller	Member; Chairman of the Nomination & Compensation Committee	45,000	25,000	10,000	20,000	6,440	<b>106,440</b>
Martin Candrian	Member; Chairman of the Audit & Finance Committee	45,000	27,500	10,000	5,000	5,635	<b>93,135</b>
Dr. Martin Wetter	Member	45,000	27,500	5,000	5,000	5,313	<b>87,813</b>
Thomas E. Kern (until 22.11.2007) <sup>1)</sup>	Member	0	27,500	0	12,500	2,576	<b>42,576</b>
Dr. Elmar Ledergerber <sup>2)</sup>	Member	0	25,000	0	5,000	1,932	<b>31,932</b>
Rita Fuhrer <sup>3)</sup>	Member	0	10,000	0	0	644	<b>10,644</b>
<b>Total</b>		<b>295,000</b>	<b>195,000</b>	<b>40,000</b>	<b>82,500</b>	<b>39,444</b>	<b>651,944</b>

<sup>1)</sup> In addition, a lump sum of 50,000 Swiss francs was paid to Magazine zum Globus.

<sup>2)</sup> In addition, a lump sum of 50,000 Swiss francs was paid to the City of Zurich.

<sup>3)</sup> In addition, a lump sum of 65,000 Swiss francs was paid to the Department of Economics of the Canton of Zurich.

There is no share or option programme for the Board of Directors.

## Management Board in 2008:

Remuneration of members of the Management Board was effected as shown in the table below. The bonus (cash and share components) is accrued for the period under review, and payment is made in spring in the following year:

(CHF) Recipient	Salary	Bonus (cash)	Bonus (shares)	Pension and social insurance expenses <sup>1)</sup>	Miscellaneous	Total CHF	Number of shares	Shares (Swiss francs)
Thomas E. Kern	336,828	269,462	134,731	69,916	24,648	<b>835,585</b>	540	249.50
Other members of the Management Board	1,222,945	641,471	189,933	385,019	93,759	<b>2,533,127</b>	762	249.50
<b>Total</b>	<b>1,559,773</b>	<b>910,933</b>	<b>324,664</b>	<b>454,935</b>	<b>118,407</b>	<b>3,368,712</b>	<b>1,302</b>	

<sup>1)</sup> Pension and social insurance expenses include contributions to supplementary retirement insurance, as well as employer's contributions to social security and staff benefit schemes.

The number of shares indicated above for the bonus portion is based on the share price as of the end of the year. The definitive number of shares is calculated on the basis of the share price at grant date.

These shares are blocked for a period of four years (see also "Notes to the consolidated financial statements", note 2, "Personnel expenses"). No severance payments or other non-current payments were made in 2008.

## Management Board in 2007:

(CHF) Recipient	Salary	Bonus (cash)	Bonus (shares)	Long-service bonus (shares) <sup>1)</sup>	Pension and social insurance expenses <sup>2)</sup>	Miscellaneous	Total CHF	Number of shares	Shares (Swiss francs)
Josef Felder	400,000	428,000	0	1,532,200	124,034	29,068	<b>2,513,302</b>	3,260	470.00
Other members of the Management Board	1,110,000	957,800	332,900	0	316,258	86,027	<b>2,802,985</b>	737	452.00
<b>Total</b>	<b>1,510,000</b>	<b>1,385,800</b>	<b>332,900</b>	<b>1,532,200</b>	<b>440,292</b>	<b>115,095</b>	<b>5,316,287</b>	<b>3,997</b>	

<sup>1)</sup> The share price at grant date of the allocated 3,260 bonus shares was 425 Swiss francs (total 1,385,500 Swiss francs).

<sup>2)</sup> Pension and social insurance expenses include contributions to supplementary retirement insurance, as well as employer's contributions to social security and staff benefit schemes.

The effective amount paid to the Management Board for 2007 was 5.2 million Swiss francs.

In the year under review, the Canton of Zurich police force was reimbursed at market conditions for services rendered for a total amount of 91.4 million Swiss francs (2007: 88.2 million Swiss francs) in accordance with the applicable service level agreement.

## b) Shares held by related parties

As of balance sheet date, members of the Board of Directors and related parties held the following number of shares:

Name	Function	Number of shares as of 31.12.2008	Number of shares as of 31.12.2007
Andreas Schmid	Chairman	4	4
Dr. Lukas Briner	Vice Chairman	21	21
Dr. Kaspar Schiller	Member; Chairman of the Nomination & Compensation Committee	13	13
Martin Candrian	Member; Chairman of the Audit & Finance Committee	375	375
Dr. Martin Wetter	Member	0	0
Ulrik Svensson (from 17.4.2008)	Member	0	0
Dr. Elmar Ledergerber	Member	110	110
Rita Fuhrer	Member	0	0
Thomas E. Kern (until 22.11.2007)	Member	n/a	n/a
<b>Total</b>		<b>523</b>	<b>523</b>

As of balance sheet date, members of the Management Board and related parties held the following number of shares:

Name	Number of shares as of 31.12.2008	Number of shares as of 31.12.2007
Josef Felder (until 31.5.2008)	n/a	11,357
Thomas E. Kern (from 15.1.2008)	137	n/a
Roland Bentele (until 1.1.2008)	n/a	256
Peter Eriksson	1,315	1,137
Rainer Hildebrand	984	1,817
Beat Spalinger (until 31.7.2008)	n/a	1,273
Daniel Schmucki (from 1.4.2008)	272	n/a
Michael Schallhart (from 1.11.2008)	0	n/a
Stephan Widrig (from 1.6.2008)	119	n/a
<b>Total</b>	<b>2,827</b>	<b>15,840</b>

## 15) Miscellaneous

(CHF thousand)	31.12.2008	31.12.2007
Remaining finance lease liabilities not reported in the balance sheet <sup>1)</sup>	68,108	72,521

<sup>1)</sup> See "Accounting policies", "Valuation principles", "Financial lease".

In connection with the US car park lease, the utilisation rights to multi-storey car parks 1, 2, 3 and 6 serve as collateral.

For the cross currency interest rate swaps relating to the US private placement and Japanese private placement, as of balance sheet date there were 3.4 million Swiss francs provided as collateral in the form of cash and cash equivalents (31.12.2007: 5.3 million) and 146 million Swiss francs provided as collateral in the form of letters of credit (31.12.2007: 150 million).

## 16) Information concerning the performance of a risk assessment

For information concerning the performance of a risk assessment, see "Notes to the consolidated financial statements", note 22.1 (pages 140 to 145).

## 17) Events occurring after the balance sheet date

The Board of Directors authorised the 2008 financial statements according to the provisions of the Swiss Code of Obligations for issue on 12 March 2009. These also have to be approved by the General Meeting of Shareholders.

On 18 February 2009, Flughafen Zürich AG issued a debenture in the amount of 225.0 million Swiss francs with a duration of 5 years and an interest rate of 4.5 percent on the domestic market. The proceeds are to be used partly for payment of the debenture that becomes due on 26 March 2009, and partly for investments associated with the reopening of Dock B for flight operations and the construction of a central security check building at Zurich Airport.

The "A-port" joint venture, in which Flughafen Zürich AG has an investment, acquired a 51 percent stake in Hato International Airport as a result of its takeover of Alterra Curaçao Holding Ltd. At the same time, responsibility for the management and operation of Curaçao's main airport was transferred to Flughafen Zürich AG on the basis of a management agreement that is valid until 2033.

No events occurred between 31 December 2008 and the date on which the financial statements according to the provisions of the Swiss Code of Obligations were authorised for issue by the Board of Directors which would require the modification of any of the carrying amounts of the assets and liabilities of the financial statements according to the provisions of the Swiss Code of Obligations or which would have to be disclosed here.

## Distribution of available earnings

The Board of Directors proposes to the General Meeting of Shareholders that the available earnings of 129,396,659 Swiss francs should be used as follows:

### (CHF)

Allocation to legal reserves <sup>1)</sup>	0
Payment of a gross dividend of CHF 5.00 <sup>2)</sup>	30,701,875
To be carried forward	98,694,784
<b>Total available earnings</b>	<b>129,396,659</b>

<sup>1)</sup> No allocation is being made to the legal reserves, because these exceed 50 percent of the nominal share capital.

<sup>2)</sup> The dividend sum covers all outstanding registered shares. However, those shares held by the company at the time of declaration of the dividend are not entitled to a dividend. For this reason, the reported dividend sum may be correspondingly lower.

If this proposal is approved, then the dividend for the 2008 financial year will be CHF 5.00 gross per share. After deduction of withholding tax of 35 percent, the shareholders will receive a net dividend of CHF 3.25.



## Report of the Statutory Auditor on the Financial Statements to the General Meeting of Flughafen Zürich AG.

As statutory auditor, we have audited the accompanying financial statements of Flughafen Zürich AG, which comprise the income statement, balance sheet and notes (pages 154 to 168) for the year ended 31 December 2008.

### Board of Directors' Responsibility

The board of directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements for the year ended 31 December 2008 comply with Swiss law and the company's articles of incorporation.

Without qualifying our opinion, we draw attention to the disclosure regarding "1. Legal issues" and "5. Reporting of noise-related costs in the financial statements" as part of "Current risk situation" on pages 157 to 159 in the notes to the financial statements. The facts referred to therein could significantly affect the company's financial position and performance. Such impact cannot presently be conclusively determined.

### Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the board of directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Marc Ziegler  
Licensed Audit Expert  
Auditor in Charge

Philipp Hallauer  
Licensed Audit Expert

Zurich, 12 March 2009





