ZÜRICH AIRPORT

Annual Report | 2009

Annual Report 2009

Every one of us has a favourite spot. And these are as diverse as the people who share their impressions of them with us. Employees, passengers and visitors to Zurich Airport also have their own places – at Switzerland's gateway to the world and the Alps – where they can switch off, recharge their batteries, work or pursue their fascination with flying. Let's visit these small but special spots with them.

Key data (5-year comparison)
Amounts in accordance with International Financial Reporting Standards (IFRS)

(CHF 1,000)	2009	2008	2007	2006	2005
Total revenue	820,207	855,103	802,868	737,109	702,229
of which revenue from aviation operations	505,092	525,689	495,981	444,238	418,877
of which revenue from non-aviation operations	315,115	329,414	306,887	292,871	283,352
Operating expenses	417,973	434,862	392,753	358,837	338,282
Earnings before interest, tax, depreciation and amortisation (EBITDA)	402,234	420,241	410,115	378,272	363,947
EBITDA margin (in %)	49.0	49.1	51.1	51.3	51.8
Earnings before interest and tax (EBIT)	213,156	234,073	229,202	189,416	175,026
EBIT margin (in %)	26.0	27.4	28.5	25.7	24.9
Profit	190,610	121,314	130,675	87,448	59,123
Cash flow from operations	350,933	415,102	410,911	367,213	338,285
Cash flow from investing activities	134,437	258,849	147,339	258,772	117,173
Invested capital as of 31 December	2,846,535	2,660,769	2,614,569	2,644,440	2,584,795
Ø capital employed	2,753,652	2,637,669	2,629,505	2,614,618	2,569,922
Return on Ø capital employed (ROCE in %)	6.2	7.1	6.9	5.7	5.4
Equity as of 31 December	1,598,411	1,428,935	1,373,384	1,230,464	805,999
Return on equity (in %)	12.6	8.7	10.0	8.6	7.6
Equity ratio (in %)	44.9	42.5	43.2	38.8	26.3
Interest-bearing liabilities (net)	838,175	1,019,008	918,833	1,177,985	1,745,299
Interest-bearing liabilities/EBITDA	2.08x	2.42x	2.24x	3.11x	4.80x

Key operational data	2009	2008	2007	2006	2005
Number of passengers	21,926,872	22,099,233	20,739,113	19,237,216	17,884,652
Number of flight movements	262,121	274,991	268,476	260,786	267,363
Freight in tonnes	344,415	387,671	374,264	363,325	372,415
Number of full-time positions as of 31 December	1,302	1,254	1,319	1,290	1,262
Number of employees as of 31 December	1,549	1,482	1,552	1,523	1,470

Key data for shareholders	2009	2008	2007	2006	2005
Number of issued shares	6,140,375	6,140,375	6,140,375	6,140,375	4,912,300
Proposed/paid dividend per share (in Swiss francs) [1]	7.50	5.00	4.50	3.00	1.00
Dividend total (in thousand Swiss francs)	46,053	30,702	27,632	18,421	4,912
Payout ratio (in %)	24.2	25.3	21.2	21.1	8.3
Capital per share (in Swiss francs)	260.31	232.71	223.66	200.39	164.08
Basic earnings per share (in Swiss francs)	31.20	19.78	21.30	15.35	12.08
Diluted earnings per share (in Swiss francs)	31.18	19.77	21.28	15.34	12.06
Share price (in Swiss francs)					
– High	339.00	486.00	538.00	380.00	236.00
– Low	198.00	242.60	383.00	235.00	147.00

	Security number	SIX symbol	Reuters
Flughafen Zürich AG (registered share)	1056796	UZAN	UZAZn.S

[1] Ordinary dividend of 5.00 Swiss francs and special dividend (from proceeds of partial disposal of Bangalore International Airport Ltd.) of 2.50 Swiss francs in 2009.

Selected key data excluding the influence of aircraft noise (5-year comparison)[1]

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

(CHF 1,000)	2009	2008	2007	2006	2005
Total revenue	792,606	812,998	748,564	686,933	656,031
of which revenue from aviation operations	472,824	479,253	437,703	390,215	368,543
of which revenue from non-aviation operations	319,782	333,745	310,861	296,718	287,488
Operating expenses	417,973	434,862	392,753	358,837	338,282
Earnings before interest, tax, depreciation and amortisation (EBITDA)	374,633	378,136	355,811	328,096	317,749
EBITDA margin (in %)	47.2	46.5	47.5	47.8	48.4
Profit	176,653	100,613	83,495	46,952	21,045

Key data for shareholders	2009	2008	2007	2006	2005
Payout ratio (in %)	26.1	30.5	33.1	39.2	23.3
Basic earnings per share (in Swiss francs)	28.92	16.41	13.61	8.24	4.30

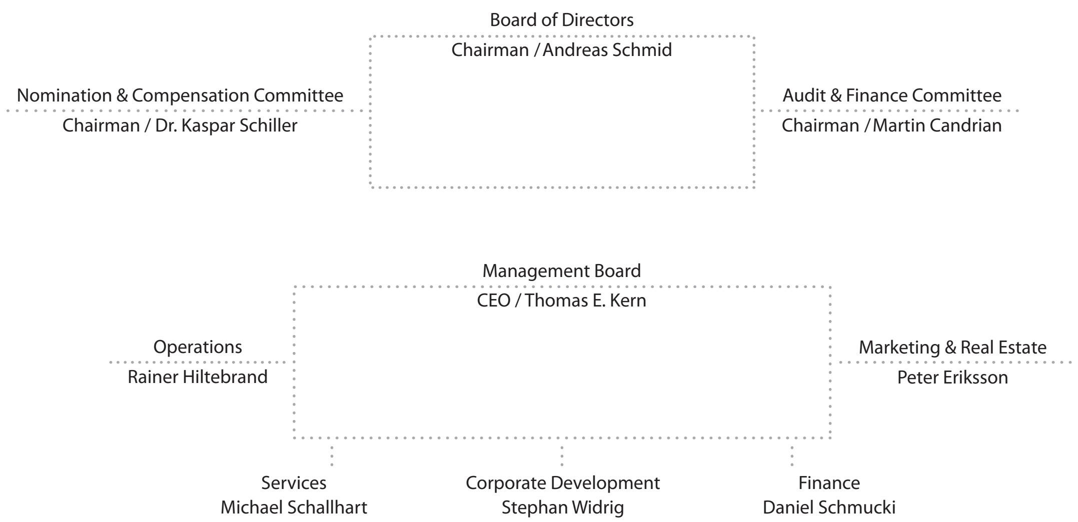
[1] The reported key data excluding the influence of aircraft noise were adjusted for all significant positions relating to aircraft noise in the income statement and balance sheet. In the income statement, these positions are noise charges, noise-related operating expenses, amortisation of the intangible 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 significant noise-related asset and liability positions have been eliminated.

As the gateway to the world and the Alps, Zurich Airport has earned itself an outstanding reputation as a provider of top-quality services. Located right in the heart of Europe, it offers excellent access to international, national and regional transport networks. This is exemplified by the numerous awards it received once again in 2009. Zurich Airport combines the advantages of a modern global hub with a wide range of premium products and services all available within a convenient, compact space. These achievements can be credited to around 23,000 employees who every day display unfailing commitment to serving the needs of their customers and to ensuring that every hour spent at Zurich Airport is a positive experience.

Flughafen Zürich AG is owner and operator of Zurich's intercontinental airport. The company was established in its present form on 1 January 2000 with its domicile in Kloten. Flughafen Zürich AG also operates airports abroad in collaboration with local partners. As a listed company it strives to be competitive and offers its shareholders an attractive return on investment. Management and employees at all levels pursue a clearly defined success strategy and generate added value for the entire company.

When formulating and implementing its strategy, the operator of Zurich Airport gives due consideration to the aspects of cost-efficiency, environment and social responsibility in its decision-making. In this way it aims to increase the company's competitiveness and credibility and add to its value on a sustainable basis.

Flughafen Zürich AG is structured as follows:



Operations
All the tasks required for ensuring high-quality, efficient and safe flight operations are grouped together in the Operations division. This includes all the services provided for passengers in the departures, arrivals and transfer areas as well as safety and security. All partners with a role to play in a given process are involved accordingly so everything runs smoothly. Operations is also responsible for all freight-related activities and, together with Aviation Marketing, constitutes the interface to customers and the airlines. Furthermore, the development, construction, operation and maintenance of engineering structures also fall under the remit of Operations.

Marketing & Real Estate
Zurich Airport offers visitors attractive shopping and services in both the airside and landside areas. The Marketing & Real Estate division is responsible for the broad range of goods and services and restaurants the airport offers customers, including the airport's excellent private and public transport connections. Marketing & Real Estate is also responsible for the development, construction, operation and maintenance of buildings and for all activities related to the management and rental of infrastructure.

Corporate Development
The Corporate Development division is responsible for major development projects at Zurich Airport, international aviation business and long-term corporate development, such as the large-scale projects "Zurich 2010" (Dock B, security check building, Schengen) and "The Circle". In the interests of civil aviation development, Corporate Development also provides input to the SIL process (Civil Aviation Infrastructure Plan), to amendments in the operating regulations and to the formulation of the master plan. In the growing area of international business, Fughafen Zürich AG and its partners operate ten airports across the globe.

Finance
Reporting, controlling, treasury, risk and compliance management and airport charges are just some of the areas for which the Finance division is responsible. It secures the financing and liquidity of Flughafen Zürich AG and ensures transparency with regard to the financial results and the resource deployment of the company and its units. The Investor Relations department is responsible for top-quality and timely financial reporting both for internal and external purposes. This division performs systematic evaluations and assessments of Flughafen Zürich AG's risk exposure as part of our risk and compliance management.

Services
The Services division encompasses all units that play important roles in the organisation and procedures of Flughafen Zürich AG. This includes Human Resources, Information Technology, Supply Management and Legal Services, along with Public Affairs and Corporate Communications. Noise Management works to minimise noise and is responsible for implementing the sound insulation programme. Environmental Protection deals with all other aspects related to the issues of air quality, climate, energy and water resources and biosphere.

Andreas Schmid
Chairman of the Board of Directors

Dear Shareholders,

2009 was a very challenging year. The economic downturn hit the aviation industry particularly hard, including Zurich Airport. This makes us all the more proud to be able to present a positive result for the tenth financial year of Flughafen Zürich AG.

Last year 21.9 million passengers used Zurich Airport as their gateway to the world and to the Alps. This represents a mere 0.8 percent decline over the previous year, which is better than had been expected at the end of the first half of the year. This is largely attributable to the sustained positive development of transit passenger volume, which increased by 3.2 percent to 8.0 million over the previous year and today accounts for 36.6 percent of total passenger volume. The number of local passengers, which was on the decline until the third quarter, also recovered in the final months of the year, decreasing by only 3.0 percent to 13.8 million. Despite the only marginal fall in passengers, the number of flight movements registered a more substantial decline of 4.7 percent to 262,121. This is attributable to the increase in the number of seats offered per flight and the rise in the average seat load factor.

Commercial business, in contrast, registered a disproportionate decrease, with the average expenditure per departing passenger declining to 41.84 Swiss francs (minus 3.9 percent). This trend was primarily due to subdued consumer sentiment and the strength of the Swiss franc. Total revenue of our airport's shop and restaurant operators amounted to 458.8 million Swiss francs (minus 4.6 percent).

Reported profit is high, with a consolidated result of 190.6 million Swiss francs. In addition to the pleasingly stable development in traffic volume, the successful disposal of a share of our holding in Bengaluru International Airport (BIAL) in India in the fourth quarter contributed substantially to this result.

The Board of Directors is proposing to the General Meeting of Shareholders the payment of an ordinary dividend of 5.00 Swiss francs plus a special "BIAL" dividend of 2.50 Swiss francs per share.

Quality
A year such as 2009 is testimony to the effectiveness of our declared quality strategy, even under adverse economic conditions. Zurich Airport was once again voted the best airport in Europe by passengers and also ranked among the best for numerous other awards. The Business Traveller Award, for example, is one of the most prestigious in the industry, and in 2009 Zurich Airport won first place in the "European Transfers" category and second place in the "Best Airport in the World" category. Furthermore, Zurich Airport improved the punctuality of its departing flights to 81.9 percent, which places it in the top one-third of airports in an international comparison of punctuality statistics. This was partly due to our efficiency-enhancing, interdisciplinary Airport Steering and extremely short transfer times. Through further key projects such as the centralisation of security checks, Zurich Airport aims to uphold its promise to continue delivering top-quality services in future.

"Zurich 2010"
Last year, measures to ensure the strict separation of passengers travelling to and from Schengen and non-Schengen destinations were completed under the "Zurich 2010" project. The transition proceeded seamlessly thanks to extremely careful planning on the part of those in charge of the project, the completion of the top-quality buildings to deadline and good co-operation among all the airport's partners. The other two key elements of "Zurich 2010" are a multiple-storey building for centralised security checks and the new Dock B, both of which are currently under construction and are testimony to the high demands we place on operational efficiency and best-possible functionality at appropriate cost.

"The Circle"
Flughafen Zürich AG will continue to rely on sources of income unrelated to aviation, as it views this area as the one harbouring the most growth potential. To establish the airport even more strongly as a services platform, the company wants to encourage more people to spend more time at the airport, which is the goal behind "The Circle", a large-scale project to create a high-quality service facility. In a one-year international architecture competition, the team of architects "Riken Yamamoto & Field Shop" from Yokohama (Japan) took first place. The winning project will be further developed in a subsequent phase as part of a preliminary study.

Popular business location
The numerous tenants with large space needs who concluded new leasing agreements in 2009 and the low vacancy rate of 3.2 percent testify to the excellent quality of the business infrastructure available at Zurich Airport. One tenant with whom Flughafen Zürich AG concluded a lease for 5,200 m^2 in 2009 was Swiss Federal Railways (SBB). Zurich's cantonal buildings insurer is also setting up a call centre in some 2,900 m^2 of office space from which the staff of Zurich Protection and Rescue Services will be able to handle emergency calls on 118 and 144 for the entire canton of Zurich.

“Modal split”
Zurich Airport’s public transport connections are very good and are regarded as exemplary worldwide. Regular analyses allow the airport operator to determine the percentage of individuals who travel to the airport by public transport. The so-called “modal split”, a requirement stipulated in the building permit for expansion stage 5 lays down that at least 42 percent of landside traffic must take the form of public transport. The most recent survey revealed that this share was more than 46 percent, meaning that Zurich Airport has substantially exceeded its target.

Political environment
In the SIL process (Civil Aviation Infrastructure Plan) and the upcoming negotiations with Germany, it proved possible over the past year to establish a technical framework with the potential of defusing the political conflict concerning noise at Zurich Airport in the long term. Of the three operating scenarios in the SIL process that are still subject to discussion, Flughafen Zürich AG favours the “J optimised” option. This option is based on the extension of runway 28, and it is significantly better than the other options in terms of reducing the number of persons affected by noise while maintaining current capacities. As regards the negotiations with Germany, the results of a jointly-conducted noise analysis revealed that residents in the area of the Upper Rhine are not affected by noise levels exceeding any threshold values under German legislation. Now it is up to the politicians to provide the necessary legal and planning certainty and to find solutions for the airport and the surrounding regions. Given the economic significance of Switzerland’s attractiveness as a business location, a rapid decision is desirable and necessary.

The Fairflug (“fair flight”) initiative was firmly rejected by Zurich’s electorate at the end of September. This strengthened the resolve of Zurich Airport to concentrate aircraft noise geographically with the aim of disturbing as few people as possible. Moreover, the Cantonal Parliament rejected the initiative put forward by the municipalities located under the flight paths to restrict the number of flights to 320,000 per year and to impose an 8-hour night-time curfew. As of the end of 2009 the initiative put forward by these municipalities calling for a ban on the construction of new runways and the expansion of existing ones was still pending. In our capacity as airport operator, we categorically reject this initiative.

In its December ruling on Zurich Airport’s provisional regulations, the Federal Administrative Court decided that flights arriving from the south and east were necessary and thus also permissible in the interests of maintaining orderly flight operations. The court agreed that the capacity lost due to the successive tightening of regulations governing approaches over German territory must be compensated.

New brand
In the year under review the Board of Directors and Management Board decided to exclusively use the “Flughafen Zürich” brand in future. The new brand emphasises the prime attributes of Swiss success such as reliability, safety and cleanliness and accentuates the strengths of Zurich as an economic area and place to live. The company’s new brand will be launched with this annual report and will be rolled out in stages up to the end of 2010.

Outlook
Flughafen Zürich AG expects a moderate rise in traffic volumes and a recovery in non-aviation-related business in 2010. It will continue to invest in key projects and by doing so deliver on its quality promise in the conviction that this will give rise to long-term market opportunities and to the successful positioning of Zurich Airport.

Thanks
Flughafen Zürich AG would like to express its thanks to all those whose untiring efforts and commitment contributed to the company’s good performance in 2009. We are aware that motivated and hard-working employees are the driving force behind our performance, along with a diverse group of successful, committed partners and suppliers. The company would like to express its sincerest thanks to you, our shareholders. Your trust is the cornerstone that enables us to take your company, Flughafen Zürich AG, safely and successfully into the future.

Zurich Airport, 4 March 2010

Andreas Schmid Chairman of the Board of Directors	Thomas E. Kern Chief Executive Officer

Thomas E. Kern
Chief Executive Officer

In the picture
Daniel Schmucki
Peter Eriksson
Michael Schallhart

Absent
Rainer Hiltebrand
Stefan Widrig

Place:
Butzenbüel
Zurich Airport

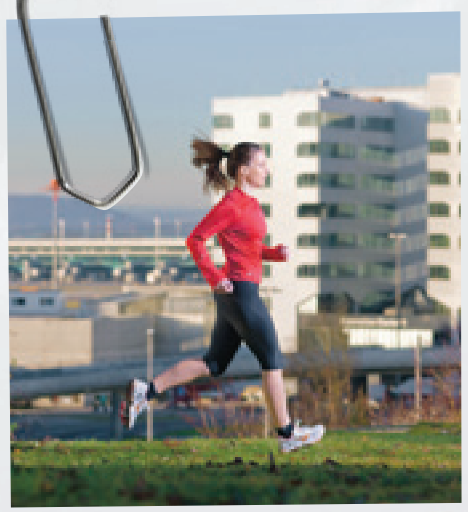
Time:
12.15 p.m.

Name:
Bettina Romeyke

Job:
Manager Airport Charges
& Aviation Contracts
Flughafen Zürich AG

The Butzenbüel is a recreational area on my doorstep. This is where I go jogging during my lunch hour. For half an hour, I'm completely at one with myself. I feel the power in my legs, my breathing quickens and my heart is pumping. It clears my mind for new ideas and makes my problems vanish into thin air. I hear the birds twittering, smell the damp forest floor and feel the fresh air on my skin. Work is a million miles away. It's unbelievable that you can find somewhere like this only 500 metres from the nearest landing strip. It's somehow typical of Switzerland.

Bettina Romeyke



16 January
Zurich Airport receives one of the industry's most prestigious awards: the 2008 Business Traveller Award in the "European Transfers" category. In the overall evaluation of "Best Airport in the World", Zurich takes third place.

26 January
Building work starts on the new Dock B. It is to be opened in 2011 as a flexible dock for Schengen and non-Schengen passengers.

29 January
Through its "A-port" joint venture, Flughafen Zürich AG has a 51 percent stake in Hato International Airport in Curaçao and is now responsible for the management and operations of an airport which in 2009 sees some 1.5 million passengers pass through it.

24 February
Flughafen Zürich AG launches a major development project, "The Circle". This is planned to be a high-quality service facility covering some 200,000 m² of usable space at the foot of the Butzenbüel, within walking distance of the terminals. A public architecture competition gets underway, along with marketing efforts to potential tenants with large space needs.

10 March
Some 200,000 air passengers vote on the Airport Service Quality Award and choose Zurich Airport as the best airport in Europe. They appreciate the airport's outstanding quality of service, good atmosphere, cleanliness, transport connections and the friendliness of its staff. Globally, Zurich ranks second only to Taipei among airports with a passenger volume of between 15 and 25 million a year.

28/29 March
Lengthy preparations culminate in the strict separation of Schengen and non-Schengen zones, which is completed overnight.

30 April
General Meeting of Shareholders. The meeting votes to confirm all members of the Board of Directors for a further term of office. The dividend of 5.00 Swiss francs is 0.50 Swiss francs higher than in the previous year.

10 June
Zurich Airport is voted by 8.6 million passengers as the best airport in Europe and the fourth best in the world. The Skytrax World Airport Award carries out worldwide surveys on quality in air travel.

12 June
Flughafen Zürich AG joins with other leading European air transport companies in signing 16 agreements in Brussels. The SESAR project is intended to create a common European airspace independent of national borders.

12/13 June
"Railport 09", a large-scale emergency drill, is carried out successfully. Nearly 800 people participate in the exercise.

1 July
The new children's tour bus is put into operation, decorated to a design by 7-year old Sebastian, the winner of a children's art competition that attracted over 300 participants.

24 July
The three Skymetro trains are extended by adding a carriage to each of them. The improvement is carried out as a part of the "Zurich 2010" project, which encompasses the implementation of the Schengen Agreement at Zurich Airport and the centralisation of security checks.

13 August
The Federal Office of Civil Aviation (FOCA) submits the draft of the final report on the Civil Aviation Infrastructure Plan for Zurich Airport for consultation. Of the three options remaining, the "J optimised" option turns out to be the best in terms of noise impact.

27 September
As with the rejection of the 2007 initiative to restrict flight movements, Zurich's voters again take a stand for their airport and firmly reject the Fairflug ("fair flight") initiative.

20 October
Travel agents around the world recognise Zurich Airport with the World Travel Award for the sixth time in succession, citing the airport's user-friendliness and high quality standards.

5 November
Flughafen Zürich AG concludes a strategic alliance with GVK Power & Infrastructure Ltd. (GVKPIL) for the purpose of jointly developing airports on the Indian sub-continent. GVKPIL is one of India's foremost infrastructure developers.

20 November
Flughafen Zürich AG's safety management system successfully undergoes re-certification by the FOCA. Continued compliance with the standards and recommendations on operational safety issued by the International Civil Aviation Organisation (ICAO) is assured.

18 December
The Federal Administrative Court essentially confirms current flight operations. In particular, it rejects applications to suspend flights arriving from the south and stop the increased number of flights arriving from the east, to limit the number of flight movements and to extend the night-time curfew to over seven hours.

29 December
Flughafen Zürich AG executes the announced sale to its strategic partner GVK Power & Infrastructure Ltd. (GVKPIL) of 12 percent of its total 17 percent holding in Bangalore International Airport Ltd. It will continue to concentrate on its role as an airport operator in Bengaluru.

Zurich Airport is a transport hub and a major commercial and services centre in one. It not only meets people's need for connections to the major cities of the world, but also caters to its guests' well-being in every other way.

Transport hub: increase in volume of transfer passengers

Zurich Airport is the starting point for flights to 121 destinations in Europe and 57 intercontinental destinations. The airport operator is striving to further develop Switzerland's and the Zurich area's connections to the most important cities and regions of the world. By adding new destinations like Denver and Algiers in 2009, it again made progress towards achieving that goal. As a hub, Zurich Airport is not the equal of Frankfurt or London in terms of size. But it nevertheless does not need to fear competition from larger European airports. On the contrary, its compactness and the high quality of its processes make it more efficient and enable it to achieve a minimum changeover time of under 40 minutes, which is outstanding by international comparison. This is a particularly important consideration for transfer passengers, whose number has again increased, by 3.2 percent in the year under review. Passengers in this category are essential if Switzerland is to continue to provide good access to European and intercontinental direct flights, for they are an important addition to local passengers and enable direct flights to operate economically. Transfer passengers now account for 36.6 percent of the total passengers passing through Zurich Airport. Other no less significant reasons for choosing Zurich as an airport include not only its closeness to the city but also its excellent road and rail connections. If Zurich Airport is to play its part in serving the interests of the Swiss national economy, both today and in the future, then it is vitally important that public and private means of transport are integrated and harmonised and the airport is made as easily accessible as possible.

Commercial and services centre: more on offer and the lowest vacancy rate ever

The airport's activities represent an important source of revenue for Flughafen Zürich AG and contribute the largest part to overall profit. They focus on the affirmation that "Every hour spent in Zurich Airport should be a positive experience". The new fitness centre, which sets the pulse of sports and fitness enthusiasts racing, is just as important in this respect as the conference centre in the Radisson Blu Hotel. The expansion of the conference facilities by an additional 1,800 m² of space means that Zurich Airport now offers the most extensive range of facilities for meetings and conferences anywhere in Switzerland. Plus, Airport Shopping is one of the three biggest shopping centres in Switzerland. The special shopping experience it offers, amidst the fascinating world of flight, is open to customers 365 days a year. Ideal transport connections and the constant flow of visitors to the airport make it an attractive location for many retailers. Hence, over the past year new tenants were acquired, completing the range of commercial offerings in such areas as consumer electronics and quality menswear.

An equally important element of the airport's role as a commercial and services centre is the business infrastructure it offers. The vacancy rate, at 3.2 percent, is remarkably low, and is a good indicator of the desirability of the properties within the Zurich Airport complex. Last year, Flughafen Zürich AG was able to conclude new leases on over 11,000 m² of space. The biggest tenant, occupying over 5,200 m² of space, is Swiss Federal Railways (SBB), which is pooling its management offices for the whole of Eastern Switzerland on one central site here at Zurich Airport. Zurich's cantonal buildings insurer (GVZ) occupies some 2,900 m² of space, where it is setting up a call centre from which the staff of the Zurich Protection and Rescue Services section (SRZ) will be able to handle emergency calls on 118 and 144 throughout the canton. Another 750 m² is rented by the Federal Customs Administration and the border police.

Review & outlook | Customers & markets

International business has become a major feature of Flughafen Zürich AG's strategy in recent years. Its emphasis is on successful, sustainable development and professional operation of airports in growth markets.

Swiss values such as punctuality, cleanliness and reliability are actively lived by Flughafen Zürich AG and are no less in demand abroad than expertise in combining commerce with state-of-the-art architecture and operational efficiency in a medium-sized airport. Flughafen Zürich AG has a stake in a total of ten airports abroad (see also page 40). Over the past year, Flughafen Zürich AG has achieved significant milestones in India and Latin America.

India: great potential in air travel

India has an international reputation as one of the air travel markets set to expand most rapidly in response to a growing small and medium-sized business sector. As more and more people need to travel, there will be greater demand for domestic and international flights and growing requirements for air transport infrastructure. As operator of Bengaluru International Airport, Flughafen Zürich AG has for some years now been helping in this development, and last year it achieved a further significant milestone in enhancing its position as an airport operator in India when it entered into a strategic alliance for the Indian sub-continent with GVK Power & Infrastructure Ltd. (GVKPIL), a leading developer of infrastructure in India. Through this alliance Flughafen Zürich AG has set the direction for the next stage of development in Bengaluru. If future airport expansions in India are to be tackled successfully, there will be a fundamental need to systematically exploit synergies between a professional infrastructure developer with strong local roots and an experienced, highly reputed international airport operator. At the same time, GVKPIL has acquired the 12 percent share in the operating company Bangalore International Airport Ltd. (BIAL) sold by Flughafen Zürich AG in 2009. The residual 5 percent shareholding will enable Flughafen Zürich AG to continue to be represented on BIAL's Board of Directors and to continue discharging its responsibilities as an operator in the future.

Latin America: First successful acquisition by "A-port"

At the end of January 2009, the "A-port" joint venture, consisting of the Brazilian Camargo Corrêa Group, Flughafen Zürich AG and the Chilean company Gestion e Ingenieria S.A. (IDC), concluded its first successful joint acquisition. It acquired a 51 percent majority stake in the firm operating Hato International Airport on Curaçao. Since the takeover, Flughafen Zürich AG has appointed the CEO and is assisting the operating company with master planning, commercial and network development, positioning, development of strategic land reserves, business planning and quality management. Curaçao's international airport is frequented by some 1.5 million passengers every year and benefits from the constant growth in the island's hotel industry, as well as a flight network that provides equally good access to North and South America and to Europe.

Zurich Airport is of paramount importance to Switzerland as a business location. It creates jobs and enhances the attractiveness of the surrounding regions to business. In its capacity as airport operator, Flughafen Zürich AG tries to reconcile its own commercial interests with the needs of the people who live around the airport.

Zurich Airport generates some 20 billion Swiss francs' worth of added value for Switzerland, a significant contribution through which over 100,000 people earn their living either directly or indirectly. The presence of the airport makes the surrounding region a very attractive location and helps in efforts to build up local economies. Swiss science, culture, sport and tourism also benefit from the presence of optimal connections with the rest of the world. Hence, it follows that it is in everyone's interest that the whole Zurich hub system is protected in the longer term and made attractive to airlines. More than ever before, Zurich Airport has to compete with its European counterparts. Coping with the future increase in the number of passengers will be a major challenge. One way in which Flughafen Zürich AG is facing this challenge is by continually improving its processes, but this is not sufficient on its own. There is also a need for consensus in the regulatory sphere. Complex landing procedures and restrictions on landings can jeopardise Zurich Airport's success and hence also Switzerland's desirability as a business location.

Aircraft noise: a polarising issue

Ever since Zurich Airport commenced operations, aircraft noise has been one of the major issues which has concerned and occupied the airport's management, the people living around the airport, and politicians. Although the number of flights has increased, Zurich Airport causes significantly less noise than it did twenty years ago. The area over which the day-time noise limits are exceeded has been reduced to one-third of what it was back then. A contributing factor in this has been the major improvements achieved in engine technology, which has made aircraft engines quieter. Nevertheless, the controversy surrounding issues of aircraft noise is greater than ever. Hence, it is all the more crucial that all interested parties continue to engage in dialogue and work together as closely as possible within the established framework conditions.

Minimising noise immissions wherever possible is a high priority for Flughafen Zürich AG, and is set to remain that way. Admittedly, it will not be easy to reconcile the demand for mobility with the need for noise reduction in the coming years. There are, however, a number of starting points from which Zurich Airport can address the aircraft noise issue. More on the subject of aircraft noise can be found in the section on environmental protection.

Sound insulation measures and noise compensation

Our sound insulation concept is a key measure for abating aircraft noise, second in importance only to the use of quieter engines and the improvement of, and adherence to, operating instructions. Sound-insulating windows provide local residents with passive protection against the intrusive and harmful effects of aircraft noise. Owners of properties exposed to noise and which are located in a clearly defined area within the airport ("sound insulation perimeter") have certain entitlements in respect of sound-insulating windows. Property owners who have already taken the initiative of fitting sound-insulating windows will over the coming years be reimbursed for their investment by Flughafen Zürich AG. Zurich Airport is obliged by law to fund these protective measures.

Subject to certain conditions, Flughafen Zürich AG also compensates property owners whose properties have sustained losses in value because of aircraft noise. One precondition for qualifying for noise-related compensation (formal expropriations) is that the immission levels laid down by the Federal Noise Abatement Ordinance are exceeded. Also, it must have been impossible to predict the aircraft noise when the property was purchased. Compensation is paid to owners of properties affected by low-flying aircraft, irrespective of these conditions.

Spatial planning and negotiations with Germany

In order to be able to offer high-quality service in the medium and long term, Flughafen Zürich AG requires optimal political conditions. In the SIL process (Civil Aviation Infrastructure Plan) and in negotiations with Germany, it proved possible over the past year to establish a technical framework with the potential of defusing the political conflict concerning noise around Zurich Airport in the long term. The Civil Aviation Infrastructure Plan is the federal government's spatial planning instrument. In August last year, the FOCA published the draft of the final report on the co-ordination of the SIL process. Of the three operating scenarios still subject to discussion, Flughafen Zürich AG favours the "J optimised" option. This option is based on the extension of runway 28 to the west, and it is significantly better than the other options in terms of reducing the number of persons affected by noise while maintaining current capacities. It is up to the federal government to take a decision as quickly as possible and so provide the airport and the surrounding region with legal and planning certainty. The rapid population growth in the Glattal and Zurich areas demonstrates the urgent need for timely spatial planning provisions. As regards the negotiations with Germany, the results of the jointly-conducted noise analysis showed that residents in the Upper Rhine region are not subject to any threshold values under German noise legislation being exceeded. All the areas defined as protection zones by German law are located in Switzerland. Here, too, it is now up to the Federal Council to conduct negotiations with Germany with a view to finding a solution.

Cantonal initiatives: Zurich's voters want an efficient airport

Flughafen Zürich AG is committed to finding ways of operating that minimise the number of people affected by noise. Zurich's electorate showed its support for this position last year when it rejected the "fair flight" initiative. The voters agreed that the broad distribution of aircraft noise demanded by the initiative's proponents would have been disadvantageous not only to the airport itself but also to a large number of people living in the vicinity. More-over, on 23 February 2009, the Cantonal Parliament firmly rejected the government initiative to restrict the number of flights to 320,000 per year and to impose an 8-hour night-time curfew.

As of the end of 2009 the initiative put forward by these municipalities calling for a ban on the construction of new runways and on the expansion of existing ones was still pending. This initiative would require the Canton of Zurich to actively oppose the construction of new runways and the expansion of existing ones both at the federal level and at the level of the Board of Directors of Flughafen Zürich AG. The Zurich Cantonal Council recommends that the initiative be rejected. On 23 February 2009, the Cantonal Parliament resolved to support the initiative. A referendum contesting the Cantonal Parliament's decision was launched by the conservative parliamentary factions. At the same time an association opposing the flight path from the south ("VFSN") submitted a referendum with a counterproposal which would require the Canton to exercise its authority to prevent new flight paths (versus the status of 2000) over densely populated areas and to oppose the construction of high-speed taxiways.

Both the Zurich Cantonal Council and the Cantonal Parliament decided to declare the counterproposal partially invalid and only to submit the valid parts of the initiative to popular vote. The VFSN has submitted an appeal against this decision to the Federal Supreme Court. No ruling has yet been made and it is thus still not certain when the vote will take place.

The extensive investigations conducted as part of the SIL process (Civil Aviation Infrastructure Plan) have shown that flight operations involving an increased number of landings from the east and take-offs towards the north could reduce the number of persons who are exposed to aircraft noise in excess of the tolerance limits. To increase the number of eastern flight approaches it would be necessary to extend the length of runway 28 from its current 2,500 metres to around 2,950 metres. If the initiative is accepted by the electorate, the extension of runway 28 would be blocked under current law.

SESAR: comprehensive monitoring of air traffic

Zurich Airport is also working for more efficient and environmentally-friendly air transport at the European level. One of the biggest current projects in Europe is SESAR - Single European Sky ATM (Air Traffic Management) Research - under which Flughafen Zürich AG is helping to define and further develop new standards. The SESAR project is intended to create a common European airspace independent of national borders. The airspace envisaged in this project would be oriented solely on operational requirements and would consequently make air travel in Europe safer, more efficient and hence more environmentally friendly by 2020. Flughafen Zürich AG is contributing a total of around 4 million Swiss francs to this European project in the form of personnel resources.

Connections with local transport

Zurich Airport's connections with rail and road transport are excellent and are considered among the best in the world. Visitors can choose the means of transport they want to use to reach the airport. More and more they are taking advantage of the convenience offered by public transport. According to the most recent survey, conducted last year, 46.2 percent of all the journeys people made to the airport were made using public transport. Zurich Airport and its partners are continuously making improvements that support and promote public transport and thereby also make a valuable contribution to reducing CO_2 emissions.

As an employer, Flughafen Zürich AG has a responsibility to society. The airport's employees play a vital part in its success. It is important to provide them with good working conditions and a good working environment. For this reason the airport operator initiated and implemented a number of new programmes over the past year. Training of its staff is regarded as a high priority by the airport.

Around 1,500 people, belonging to over 70 occupational groups, are employed by Flughafen Zürich AG. This diversity contributes to Flughafen Zürich AG and the companies operating at the airport being perceived as attractive employers. The airport operator is well aware that the efforts of the people who work at the airport are the reason behind the many awards the airport has won, last year's good results and the success of the projects that have been carried out. Maintaining and promoting the know-how present within the company is essential. Having a good work/life balance and promoting good health help keep employees motivated. Even though the airport is in operation 365 days a year, part-time employment and flexible working hours are encouraged wherever possible. Today, one-third of Flughafen Zürich AG's staff – 480 employees in all (290 women and 190 men) – are employed on part-time contracts.

Personnel development

Well-trained, professional managers and staff are crucial to Flughafen Zürich AG's success, and actively implementing our personnel development concept plays a significant part in developing the staff we need. Leadership training is a key element here, with the main focus on the development of the personal, social and methodological skills that are such an important feature of the company's culture. A variety of seminars and workshops are also on offer, and both management and staff make use of them.

Training of apprentices and trainees

Flughafen Zürich AG is actively involved in vocational training and offers young people a practice-based education. In the current (2009/2010) training year, some 30 apprentices are being educated in six different fields; they represent slightly more than two percent of the approximately 1,500 staff. Flughafen Zürich AG has an interest in further developing the training programme by creating additional apprenticeship positions and expanding the number of fields in which apprenticeships are offered. Every year, Flughafen Zürich AG also offers a number of trainee positions and in this way promotes co-operation with technical colleges and universities in Switzerland and in neighbouring countries. In 2009, 22 students working in a variety of fields spent several months as trainees with Flughafen Zürich AG.

Health management: a social responsibility

Health management at Flughafen Zürich AG encompasses three different elements: health promotion, attendance/case management and occupational safety. Health promotion includes raising awareness of health risks and a range of health-related resources (ergonomic workstations, sports facilities, etc.). Attendance and case management is concerned with the systematic analysis of instances of longterm absences or frequent short-term absences to enable appropriate early intervention to reduce the likelihood of disability or early retirement on health grounds. It is pleasing to note that active health management over the past three years has already brought about a marked reduction in the absentee rate. Last year, case management made it possible for 13 members of staff to be reintegrated into working life.

Performance- and profit-related pay

The function-based system of evaluation introduced in 2007 represents the foundation of a sustainable, forward-looking remuneration policy. All functions are evaluated on the basis of uniform criteria. The evaluation system provides a fair basis on which salaries can be determined and makes internal and external comparisons possible. It is intended to ensure that basic salaries are in line with the market and it comprises six function levels. Three of these are management levels for which both fixed and variable elements of remuneration apply. Central to our remuneration policy is the principle of equal remuneration ("equal pay for equal work") which is part of the employment contract. Flughafen Zürich AG's comprehensive remuneration concept is an element of its corporate strategy and plays a part in attracting and retaining the best-qualified, most experienced and most motivated staff. Flughafen Zürich AG bases its pay levels on the median rate on the market.

Social partnership

In all matters concerning Flughafen Zürich AG's operations, both the employer and the staff representation council (PeV) work closely together. The participation of the staff representation council has a direct effect on those who work for Flughafen Zürich AG and it is a key feature in how the employer/employee relationship works. Both the Management Board and line managers acknowledge the importance of the staff representa-tives' work to the social partnership. The council's rights of participation are set out in a staff participation agreement. Depending on the situation, the PeV is entitled to be informed or consulted or to share in any decisions taken. The forums in which the formal process of employer-employee co-determination takes place are the joint participation committee, which meets every two months, and regular meetings of the Management Board and staff representatives.

Zurich Airport stands for progress and perfection combined in a small but efficient space. The airport operator puts its strategy of constantly guaranteeing the highest quality into practice by making continual improvements, both to the transport hub and to the services not related to aviation. For instance, in 2009 it also launched projects that will not only help make Zurich Airport more competitive, but will also strengthen Switzerland as a business location.

Zurich Airport performs tasks of national importance by fulfilling its role as a transport hub at all times and guaranteeing the highest levels of quality and safety. In 2009, Zurich Airport improved the punctuality of departures and was voted "Best Airport in Europe" twice over. The main criterion of top quality was Zurich Airport's ability to make transfers possible within 40 minutes and less – in which it is a world leader. Other factors that contributed to Zurich Airport's winning of these awards were its pleasant atmosphere, cleanliness, first-rate transport connections and the friendliness of its staff. These are values that Zurich Airport wants to uphold. According to a study commissioned by the federal government, the number of passengers passing through Zurich Airport could double by 2030. Such a development will demand far-sighted planning of capacities by the airport operator and consistent improvements in efficiency. In the face of greater competition, Zurich Airport cannot afford traffic bottlenecks. And, as demand grows, so will the need to prevent increases in noise and CO_2 emissions. The intention behind projects such as "Zurich 2010" in which 430 million Swiss francs have been invested, is that they should enable Zurich Airport to sustain growth by improving its processes.

Punctuality rate

The punctuality of departures is one of the most important indicators of an airport's quality. Delays not only cost money but also make passengers' journeys less comfortable. The short distances at Zurich Airport have a decisive effect on punctuality, in that they make rapid transfers possible, as do the airport's well-functioning processes. In day-to-day flight operations, practically all decisions automatically affect everyone else concerned, and in recognition of this fact Zurich Airport introduced Airport Steering in 2003. Since that date, everyone whose input has a decisive impact on punctuality has a seat in a shared open-plan office. This enables them to respond rapidly to changes in air traffic conditions. In 2009, Zurich Airport also introduced "pre-boarding zones", which allow passengers to pass through the gate even if the aircraft has not yet arrived. Thanks to these measures Zurich's departure punctuality continually improved, reaching 81.9 percent in 2009, which was 4.6 percentage points above the target for the year of 77.3 percent. Maintaining that record in the future will be a major challenge, especially because Zurich Airport cannot be operated optimally under the restrictions imposed by the German unilateral ordinance.

High degree of availability of technical infrastructure

Last year's results were also outstanding in terms of the technical availability of infrastructure such as Skymetro, escalators and passenger ramps. This is attributable to the clear focus of Zurich Airport's maintenance strategy, which the airport has implemented for several years now. The most important items of infrastructure are managed by well-practised teams and a high standard of service is ensured for them through an agreement with Airport Steering. This has, of course, positively influenced the punctuality of flights departing from Zurich Airport.

High level of availability of information and communications technology (ICT) infrastructures

Critical IT systems such as the network, radio systems, telephones, AODB (Airport Operational Database) and FIDS (Flight Information Display System) were available to the airport all year without interruption. This was achieved primarily by means of innovative and robust technologies combined with good preventive maintenance. Over the past year, Zurich Airport replaced its old operating system with Windows 7 in order to be able to maintain this high standard. At the same time, the decision was taken to distribute software in a new and innovative way by means of application virtualisation, which makes the systems even more stable. This new ICT architecture represents a quantum leap in the modern ICT landscape. Zurich Airport is the first airport in the world to successfully test and roll out architecture of this kind.

New Dock B: more flexibility in handling

Following the implementation of the Schengen Agreement at the end of March 2009, travellers at Zurich Airport are strictly divided into Schengen and non-Schengen passengers. In order to comply with the Schengen Agreement's requirements on passenger infrastructure, Zurich Airport launched the "Zurich 2010" project several years ago. As the Schengen Agreement creates additional complexity and calls for enhanced gate capacity, the project also aimed to compensate for losses in capacity by means of clearer routes through the airport and more rapid procedures. Key elements in this were centralised security checks and the new Dock B, which is an icon of Zurich Airport's operational efficiency. Airlines will benefit from flexible handling of Schengen and non Schengen flights at up to nine docking bays and eight non Schengen bus gates, while passengers will enjoy the attractive gate waiting areas in a light-filled, friendly atmosphere similar to that of the present-day Airside Center. Since the removal of the old Dock B last year, construction work on the new facilities has been going at full tilt. The new Dock B should be ready for passengers, airlines and visitors in late 2011.

Centralised security checks: more comfort for passengers

Rigorous security checks are vital for passengers' safety. The airport operator is endeavouring to continually improve both waiting times and the efficiency of security checks. The centralisation of security checks at Zurich Airport will bring a marked improvement in security check procedures. Security check functions will be concentrated in a new four-storey building located between check-in and the entrance to the airside area. Waiting times during checks will be reduced, allowing passengers more time to enjoy the airport's extensive shopping opportunities and range of food and beverages. In the second half of 2009, Flughafen Zürich AG dismantled the old building. Construction work on the new multi-storey building is scheduled to start in early 2010.

TOBIAS MARKERT
Project manager

Tobias Markert is the project manager of "Zürich 2010". In this interview he offers a glimpse behind the scenes.

Zurich Airport: *Mr Markert, what is your working day like?*

Tobias Markert: My role has changed considerably as the "Zurich 2010" project has progressed. At first, it was all about devising a concept for implementing Schengen and centralising security checks at the airport. Then there were orders for the various sub-projects to be put together, and the cost-effectiveness of the whole project needed to be secured. At present, the main thing I do is co-ordinate. Basically, my day is full of meetings. On the building sites themselves I put in more of a guest appearance; there it's the construction project managers who are the experts.

With the new Dock B, enhancing quality is the clear focus.

ZA: *Schengen has made things more complicated for Zurich Airport. Has it also presented opportunities?*

TM: Absolutely. It would be a shame to look only for the bad bits of Schengen. The fact is that it made for real gains in terms of quality for passengers. Travelling has become simpler. If passengers are transferring within the Schengen area, there's no more passport check for them and no security check either. They get more time to enjoy all the things the airport has to offer.

ZA: *What has been the biggest challenge to "Zurich 2010"?*

TM: The biggest thing to be cracked is the complexity of the projects and the fact that we can't do a test run. The building work is going on while the airport is in operation. The changeover is taking place during the night and everything has to work from the word go. Despite the rebuilding work, 50,000 passengers a day are relying on smooth and problem-free service. What was no less problematic was the fact that for some time the exact date for the implementation of the Schengen agreement wasn't known and we had to plan for scenarios in which a number of factors were provisional.

ZA: *What could have gone wrong on the Schengen front?*

TM: In the night before the opening, dozens of signs for the passenger corridors had to be rehung. If we hadn't managed that, the next day would have been absolute chaos. The changeover on the Skymetro was just as tricky; it's the transport artery to Dock E and has to move 1,800 people every morning between half-past six and seven o'clock alone. As a stop-gap measure, we had to deploy buses during the renovation work.

ZA: *Must the new Dock B also increase capacity?*

TM: No. With the new Dock B, enhancing quality is the main goal. Until now, passengers often had to be driven to their planes by bus. Surveys showed, though, that people always associated top quality with the ability to get to a plane directly from a dock. Dock B is going to enable us to make that possible for even more passengers. At first this may seem a cost-intensive solution for Zurich Airport, but we're certain it will put us in a stronger position in the market.

ZA: *What other competitive advantages will this bring?*

TM: The airlines will be able to benefit from two departure levels, one for Schengen and the other for non-Schengen passengers. If, for example, an aircraft arrives from a Schengen country, it can stay at the same stand for the changeover to a non-Schengen flight. This represents a significant enhancement of flexibility and lets us make optimum use of stands. It means that the airlines can reduce still further the time their aircraft spend on the ground and at the same time benefit from the comfort afforded by a stand right next to a dock.

ZA: *What issues made for the liveliest discussion when planning Dock B?*

TM: This varied a great deal depending on what stage the project was at. Without a doubt, the most important issues had to be sorted out right at the start. First of all, there was the fundamental decision as to whether the implementation of Schengen meant that Dock B needed to be recommissioned at all or whether we should go for a cheaper option with bus gates instead. As the costs of the two options differed by several million Swiss francs, the decision was understandably not an easy one. The design of the building then had to be sorted out. Should it be fully flexible between Schengen and non-Schengen? Should it have one or more floors? Built-in bus gates? Should it have an observation deck or not? Here, too, the airport went for a high-quality solution. These issues are no longer quite so fundamental, but the details are still important, of course; for example, there are questions about which areas should be used for eating and shopping or how many Internet terminals there need to be in the dock.

In the future, airlines will be able to further reduce the time their aircraft spend on the ground.

ZA: *Dock B is glass-fronted. Isn't that bad for energy consumption?*

TM: No. What we're going to do is install what's called a "weather buffer", which is what we did with Dock E. What that means is that the dock is built with two shells, an inner and an outer one, with a corridor between them. The heating and cooling systems affect only the inner shell, so not much heat is lost in the winter and there isn't much need for cooling in the summer. This ensures that energy consumption is kept to a minimum.

ZA: *What are you looking forward to most about the new Dock B?*

TM: Being close to the action on the aprons and runways. What's going to be special about it is that the waiting room on the lower floor is going to be on the same level as the aircraft. Passengers will be able to see the body of the aircraft only a few metres away and watch the airport personnel at work. There are hardly any other airports where you can do that.

ZA: *Did you find any of this an emotional experience?*

TM: Yes, many times. One occasion was the ground-breaking ceremony for the "Zurich 2010" project: that was when the project became a tangible reality, and so it was an overwhelming moment. I was also surprised to see how deeply moved people were when we had to close the observation deck on the old Dock B. I can offer them some consolation, though, as they will ultimately enjoy the new observation deck even more. With a roof and a weatherproof visitors space, plane spotters will be able to enjoy the view even when it's raining. Until then, there's the observation deck on Dock E, which is situated right in the middle of all the aviation activity and makes for a very appealing alternative.

In the future, Zurich Airport is going to be relying more on sources of income unrelated to aviation. In the services field in particular there is a lot of potential for growth.

At the airport, both passengers and companies are tending to look more for services that go beyond just shopping. Because of the excellent access for both private and public transport, the airport is an ideal place for bringing people and services together. In order to benefit from this market trend, Zurich Airport is seeking to get visitors to spend more time in it by establishing itself more and more as a platform for services. Projects such as "The Circle" and the expansion of the current commercial facilities also promise valuable market opportunities.

"The Circle"
"The Circle" is a major project that was unveiled in February 2009 in conjunction with an international architecture competition aimed at deciding not only the concept for the building but also choosing a team of architects. The competition is now closed and the winner is the "Riken Yamamoto & Field Shop" team of architects from Yokohama (Japan). In a subsequent phase, the winning project design is being further developed as part of a preliminary study in order to factor in the building owner's clearlydefined requirements – particularly the fulfilment of all specifications in terms of cost effectiveness, design and functionality. The design submitted by "Riken Yamamoto & Field Shop" combines Swiss discretion and a high quality setting in the form of an intricate, city-centre atmosphere. These foundations allow individual tenants to be featured with their own address in a large complex of buildings. The design also allows a great deal of flexibility in terms of the lifetime of the buildings.

With "The Circle", situated at the foot of the Butzenbüel hill, Zurich Airport is setting standards for airport-based service and commercial centres. This future Swiss version of an "Airport City" will be a premium address for service providers from around the world and the surrounding region, bringing together a large variety of appealing facilities ranging from medical services to education and culture and more. Every module in the project will offer a coherent range of commercial and service resources along with marketing platforms, hotel accommodation and office space, and the different modules will inter-relate and complement each other in multi-faceted ways. The result will be a destination offering a high-quality setting for visitors to the airport, the Zurich region, Switzerland and the Alps.

"The Circle" will comprise some 200,000 square metres of useable space. Around a billion Swiss francs will be invested in it over the coming years, and construction work is expected to start in 2012.

Fitness and wellness oasis: off to a good start
In a survey of airport employees and nearby residents, people said they would like to see a comprehensive range of health and wellness facilities on offer. In November last year, they got their wish, when the region's biggest fitness centre opened its doors. Operated by Thermalbad Zurzach AG, it is located on the basement level of the Radisson Blu Airport Hotel and offers a full range of fitness equipment, plus saunas, steam baths, a power-plate centre and a centre for traditional Chinese medicine.

Conferences: doing business at the heart of Europe
Business people would much rather meet in a central location to discuss urgent matters. To meet this growing demand, the Radisson Blu signed a contract last year with Zurich Airport for an additional 1,800 m² of space, almost doubling the capacity of the hotel's meeting and conference facilities. The hotel now has a total of 23 meeting rooms, four boardrooms, a video conferencing room, guest rooms, executive dayrooms and a direct link to Zurich Airport's multi-storey car park 1, which means that it can offer the most extensive range of resources for meetings and conferences anywhere in Switzerland.

Zurich Airport's success depends to a large degree on clear brand management and honest and transparent communication. However, the airport operator also recognised early on the importance of strategic partnerships and dialogue in the political sphere.

As a brand, "Flughafen Zürich AG" makes full use of its exclusive position as a gateway to the world and to the Alps and distinguishes itself through entrepreneurial thinking and action. The recent adoption of the single-brand strategy followed a major development in the operating company's business history. In 2000, "Flughafen Immobilien Gesellschaft (FIG)" and "Flughafendirektion Zürich (FDZ)" merged to become "Flughafen Zürich AG". The newly-created "Unique" brand was intended to help unify and position the young, exchange-listed company as a new entity, while underscoring the uniqueness of Zurich Airport to the world beyond Switzerland. Over the years, though, it became evident that the "Unique" brand sometimes gave rise to misunderstandings. The management of two brands is also labour-intensive and expensive. As Flughafen Zürich AG has now established itself, the Board of Directors and the Management Board agreed last year to operate under a single name, "Flughafen Zürich AG". Hand in hand with this step went the adoption of a new corporate design. The uniqueness that the "Unique" brand was meant to embody is now inherent in the new brand, which also reflects the strengths of Zurich as an economic area and a place to live, as well as such prime attributes of Swiss success as reliability, safety and cleanliness. The brand also embodies a first-class touch in comparison with the world's other major hubs. The roll-out of the company's new brand will take place in stages and will be completed by the end of 2010.

Public affairs and corporate communication
Flughafen Zürich AG attaches great importance to open and transparent communication. This means not only providing accurate information quickly, but in particular also cultivating a dialogue with partners, representatives of the media, staff, neighbours, the public at large and the authorities. This is critical, especially when it comes to working together to deal with particularly difficult or controversial issues. In order to successfully perform 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, particularly with respect to the SIL process (Civil Aviation Infrastructure Plan) and the formulation of definitive operating regulations. The objective is to protect specific regional interests and improve legal and planning security for the general population as well as for the airport operator. 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 the corporate players involved. 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.

Strategic partnerships
Flughafen Zürich AG sees partnerships with such bodies as Switzerland Tourism, Zurich Tourism, Swiss and the Swiss Transport Museum as being strategically important. It is thanks to these partnerships with bodies that provide a range of top-quality services to one another that Zurich Airport has been able to position and market itself successfully and effectively. The partnership with Swiss Federal Railways (SBB) was enhanced even further over the past year, and the SBB now figures among the major tenants at Zurich Airport.

I go on a city break with my best friend Lilith every year, and our trip always starts in the Center Bar. Why the Center Bar, you may ask. Because we love piano bars!

Place:
Center Bar
Zurich Airport

Time:
12.30 p.m.

Name:
Yael Morat

Job:
Managing Director
Zentrify AG

The nice thing about rituals like this is knowing what to expect and being able to look forward to it. That includes the excellent champagne – it just somehow tastes better here! Lilith would probably say it's to do with the music combined with the people-watching. For example, the young man over there reading a copy of the Financial Times – probably a Brit. Hey, how about we do London next year?

Today we're off to Paris. Foie gras in rue de la Défense. The inspiration for this trip came to us a year ago on this very spot...

Key data
Amounts in accordance with International Financial Reporting Standards (IFRS)

(CHF 1,000)	2009	2008	Change in %
Total revenue	820,207	855,103	–4.1
of which revenue from aviation operations	505,092	525,689	–3.9
of which revenue from non-aviation operations	315,115	329,414	–4.3
Operating expenses	417,973	434,862	–3.9
Earnings before interest, tax, depreciation and amortisation (EBITDA)	402,234	420,241	–4.3
EBITDA margin (in %)	49.0	49.1	
Earnings before interest and tax (EBIT)	213,156	234,073	–8.9
EBIT margin (in %)	26.0	27.4	
Profit	190,610	121,314	57.1
Profit (excl. gain on disposal of BIAL) [1]	114,853	121,314	–5.3
Cash flow from operations	350,933	415,102	–15.5
Cash flow from investing activities	134,437	258,849	–48.1
Invested capital as of 31 December	2,846,535	2,660,769	7.0
Ø capital employed	2,753,652	2,637,669	4.4
Return on Ø capital employed (ROCE, in %)	6.2	7.1	
Equity as of 31 December	1,598,411	1,428,935	11.9
Return on equity (in %)	12.6	8.7	
Return on equity (in %, excl. net gain on disposal of BIAL) [1]	7.6	8.7	
Equity ratio (in %)	44.9	42.5	
Interest-bearing liabilities (net)	838,175	1,019,008	–17.7
Interest-bearing liabilities/EBITDA	2.08x	2.42x	
Key operational data			
Number of passengers	21,926,872	22,099,233	–0.8
Number of flight movements	262,121	274,991	–4.7
Freight in tonnes	344,415	387,671	–11.2
Number of full-time positions as of 31 December	1,302	1,254	3.8
Number of employees as of 31 December	1,549	1,482	4.5
Key data for shareholders			
Number of issued shares	6,140,375	6,140,375	
Proposed/paid dividend per share (in Swiss francs) [2]	7.50	5.00	50.0
Dividend total (in thousand Swiss francs)	46,053	30,702	50.0
Payout ratio (in %)	24.2	25.3	
Capital per share (in Swiss francs)	260.31	232.71	11.9
Basic earnings per share (in Swiss francs)	31.20	19.78	57.8
Diluted earnings per share (in Swiss francs)	31.18	19.77	57.7
Share price (in Swiss francs)			
– High	339.00	486.00	–30.2
– Low	198.00	242.60	–18.4

	Security number	SIX Symbol	Reuters
Flughafen Zürich AG (registered share)	1056796	UZAN	UZAZn.S

[1] Amount/ratio excluding the net gain (after tax and transaction costs) in the amount of 75.8 million Swiss francs resulting from the disposal of 12 percent of the shares of Bangalore International Airport Ltd. (BIAL) in 2009.
[2] Ordinary dividend of 5.00 Swiss francs and special dividend (from proceeds of partial disposal of BIAL) of 2.50 Swiss francs in 2009.

Key data excluding the influence of aircraft noise[1]
The following key data are shown excluding the influence of aircraft noise:

(CHF 1,000)	2009	2008	Change in %
Total revenue	792,606	812,998	–2.5
of which revenue from aviation operations	472,824	479,253	–1.3
of which revenue from non-aviation operations	319,782	333,745	–4.2
Operating expenses	417,973	434,862	–3.9
Earnings before interest, tax, depreciation and amortisation (EBITDA)	374,633	378,136	–0.9
EBITDA margin (in %)	47.3	46.5	
Earnings before interest and tax (EBIT)	191,189	194,787	–1.8
EBIT margin (in %)	24.1	24.0	
Profit	176,653	100,613	75.6
Profit (excl. gain on disposal of BIAL) [2]	100,896	100,613	0.3
Cash flow from operations	324,870	379,760	–14.5
Cash flow from investing activities	94,418	252,512	–62.6
Invested capital as of 31 December	2,705,096	2,533,288	6.8
Ø capital employed	2,619,192	2,520,539	3.9
Return on Ø capital employed (ROCE in %)	5.8	6.1	
Equity as of 31 December	1,456,974	1,301,454	11.9
Return on equity (in %)	12.8	7.8	
Return on equity (in % excluding net gain on disposal of BIAL) [2]	7.3	7.8	
Equity ratio (in %)	46.5	44.0	
Interest-bearing liabilities (net)	1,023,444	1,180,170	–13.3
Interest-bearing liabilities /EBITDA	2.73x	3.12x	
Key operational data			
Number of passengers	21,926,872	22,099,233	–0.8
Number of flight movements	262,121	274,991	–4.7
Freight in tonnes	344,415	387,671	–11.2
Number of full-time positions as of 31 December	1,290	1,243	3.7
Number of employees as of 31 December	1,537	1,471	4.5
Key data for shareholders			
Number of issued shares	6,140,375	6,140,375	
Proposed/paid dividend per share (in Swiss francs) [3]	7.50	5.00	50.0
Dividend total (in thousand Swiss francs)	46,053	30,702	50.0
Payout ratio (in %)	26.1	30.5	
Capital per share (in Swiss francs)	237.28	211.95	11.9
Basic earnings per share (in Swiss francs)	28.92	16.41	76.2
Diluted earnings per share (in Swiss francs)	28.90	16.39	76.3
Share price (in Swiss francs)			
– High	339.00	486.00	–30.2
– Low	198.00	242.60	–18.4

[1] The reported key data excluding the influence of aircraft noise were adjusted for all significant 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, amortisation of the intangible asset from 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 significant noise-related asset and liability positions have been eliminated.
[2] Amount/ratio excluding the net gain (after tax and transaction costs) in the amount of 75.8 million Swiss francs resulting from the disposal of 12 percent of the shares of Bangalore International Airport Ltd. (BIAL) in 2009.
[3] Ordinary dividend of 5.00 Swiss francs and special dividend (from proceeds of partial disposal of BIAL) of 2.50 Swiss francs in 2009.

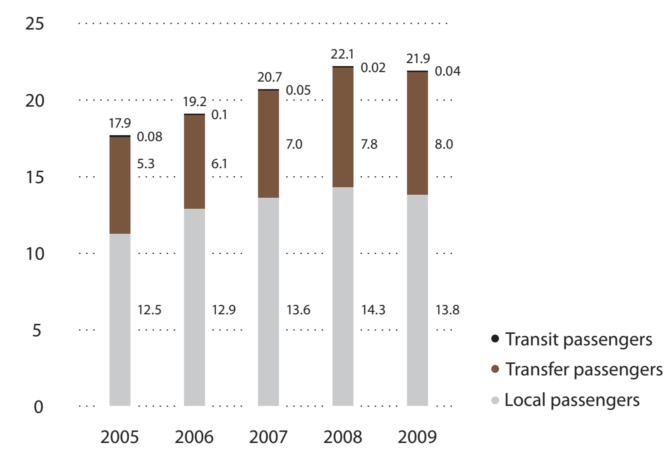
The traffic volume in Zurich fell versus the prior year by 0.2 million passengers, or 0.8 percent, to 21.9 million passengers. This means that Zurich was well above the European average of minus 5.9 percent (source: ACI, Airports Council International). Since the middle of 2009 this negative trend has been reversed, and the passenger growth in the second half of the year alone reached 2.0 percent. While the volume of local passengers decreased by 3.0 percent for the full year, the number of transfer passengers who use Zurich Airport as a hub rose by 3.2 percent. The proportion of transfer passengers reached 36.6 percent by the end of 2009. The 1.4 percent increase versus the prior year indicates a further strengthening of Zurich as a hub airport. The strong passenger growth reported by Swiss, Emirates, easyJet and Aer Lingus was not sufficient to fully compensate the decline in the traffic volume of other airlines. Hub carrier Swiss was able to strengthen its market position in 2009 and thus again increase its market share (based on passenger figures) from 57 to 59 percent. The trend in low-cost air travel was slightly negative in Zurich at minus 0.7 percent for the full year. The proportion of low-cost operations rose slightly from 10.2 to 10.3 percent.

In the year under review, the total number of flight movements fell by 4.7 percent to 262,121. The decrease in the scheduled and charter flights segment was 3.6 percent, and flight movements in the general aviation segment fell by 10.3 percent. The average number of scheduled and charter passengers per flight rose from 95 to 98. The average number of seats per flight increased from 136 to 138. The average seat load factor rose by 1 percentage point, from 70.6 to 71.6 percent.

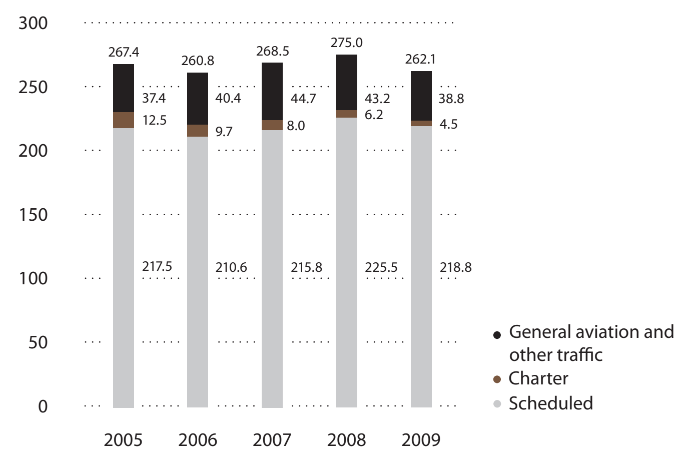
The volume of air freight fell by 11.2 percent to 344,415 tonnes. The volume of substitute air freight transported by road fell more sharply (minus 12.3 percent) than that of air freight (minus 10.7 percent).

In the year under review, 65 airlines offered scheduled services to 121 European and 57 intercontinental destinations. While the number of intercontinental destinations decreased by two, the number of European destinations rose by six. Despite difficult economic conditions, a variety of new airlines began to fly to Zurich Airport, such as Armavia, Air Seychelles, Tarom and Belle Air.

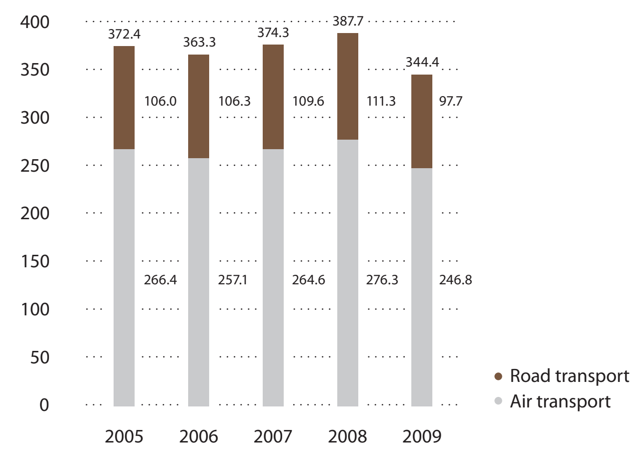
Trend in passenger volume (in million)



Flight movements (in 1,000)



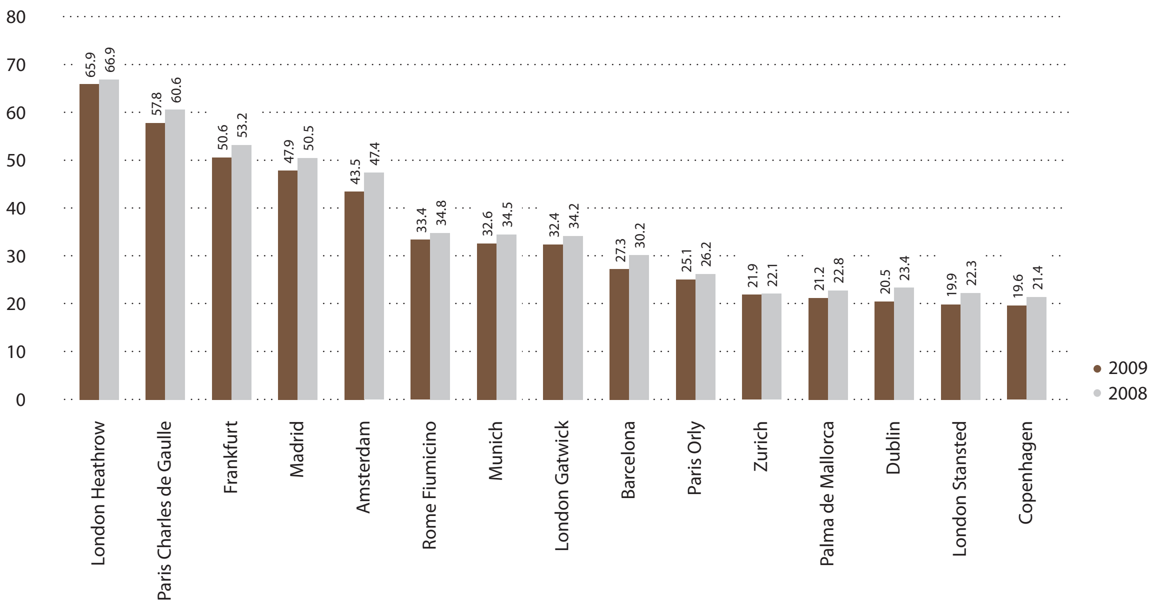
Freight (in 1,000 tonnes)



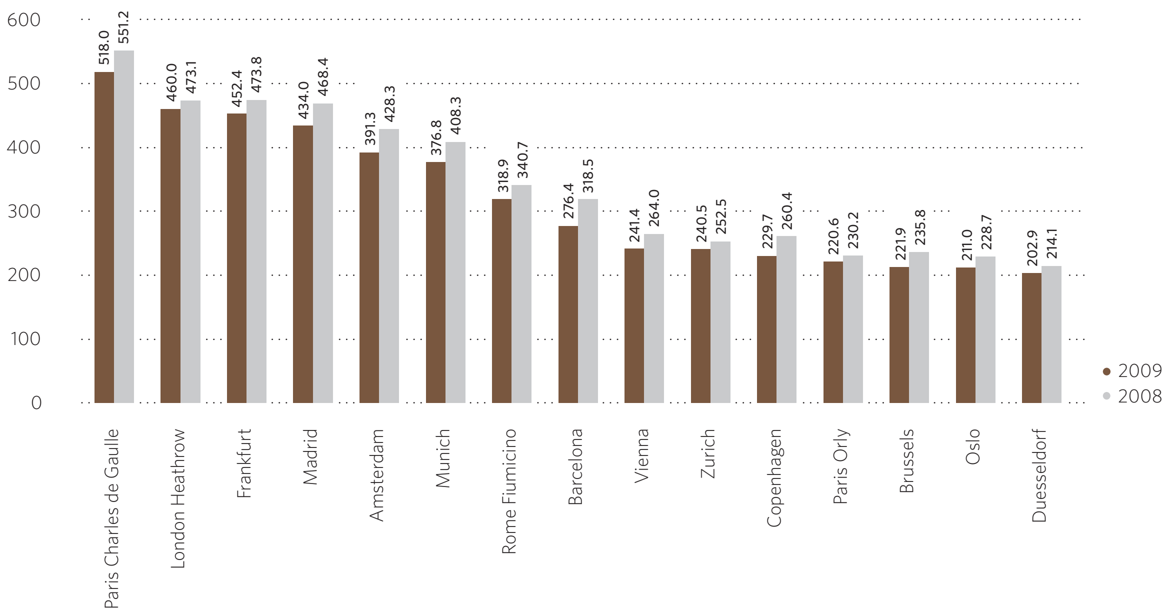
Airlines & destinations

Number of airlines	2009	2008
Scheduled flights	65	67
Charter flights	13	22
Destinations, scheduled flights (cities)		
Europe	121	115
Africa	20	21
Asia	18	19
North America	13	13
Latin America	6	6
Total	178	174
Destinations, scheduled flights (countries)		
Europe	36	34
Africa	9	10
Asia	15	14
North America	2	2
Latin America	5	5
Total	67	65

Passengers at European airports (in million)



Commercial movements at European airports (in 1,000)



Comments on the result

Total revenue and earnings trend
Total revenue fell by 4.1 percent versus the prior year from 855.1 million to 820.2 million Swiss francs.

Approximately 62 percent of the total revenue came from aviation operations, namely 505.1 million Swiss francs (minus 3.9 percent) in the year under review.

(CHF 1,000)	2009	2008	Change in %
Passenger fees	173,044	176,807	–2.1
Security fees	140,298	142,127	–1.3
Landing fees	77,453	79,630	–2.7
Noise charges	32,268	46,436	–30.5
Baggage sorting and handling system	26,150	26,383	–0.9
Aircraft energy supply system	10,483	11,300	–7.2
Freight revenue	6,999	7,755	–9.7
Fuel charges	6,352	6,549	–3.0
Parking fees	5,790	5,088	13.8
CUTE charges (check-in system for handling agents)	4,113	4,138	–0.6
Emission fees	2,916	3,042	–4.1
PRM fees	1,707	0	n/a
Refund of security costs	1,395	1,435	–2.8
Bad debt write-offs	–100	–271	–63.1
Other earnings	16,224	15,270	6.2
Total revenue from aviation operations	505,092	525,689	–3.9

Revenue from **passenger fees** fell by 2.1 percent to 173.0 million Swiss francs. This was slightly more than the decrease in passenger volume (minus 0.8 percent). The reason for this is the stronger decline in local passengers, who pay a higher charge than transfer passengers.

Revenue from **security fees** fell by 1.3 percent in the year under review. This decrease, which is also disproportionate to the decline in passenger volume, is (like the decline in passenger fees) also attributable to the sharper drop in local passengers.

Revenue from **landing fees** decreased to 77.5 million Swiss francs (minus 2.7 percent). The main reason for this trend was the 4.7 percent drop in flight movements. The 1.5 percent increase in the average maximum take-off weight (MTOW) at Zurich Airport slightly compensated the decline in passenger fees.

Revenue from **noise charges** comprises passenger noise charges, noise-related landing charges and offpeak night-time surcharges. In accordance with an agreement between the Canton of Zurich and Flughafen Zürich AG, since 1 July 2008 revenue from noise charges has been split for the purpose of financing compensation for 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. In 2009, this revenue split became effective for a full financial year for the first time, and this is the main reason for the decline in revenue by 30.5 percent.

On 1 November 2009 a new fee to assist passengers with reduced mobility **(PRM fee)** was introduced. This fee is used to refinance the costs incurred in connection with assisting passengers with reduced mobility. In autumn 2009, Flughafen Zürich AG authorised Careport AG to perform this service at Zurich Airport.

Revenue from non-aviation operations fell from 329.4 million Swiss francs to 315.1 million (minus 4.3 percent) and thus accounted for around 38 percent of total revenue.

(CHF 1,000)	2009	2008	Change in %
Retail outlets and duty-free shops	71,562	79,493	–10.0
Revenue from multi-storey car parks	61,959	64,407	–3.8
Advertising media and promotion	13,112	12,886	1.8
Other licence revenue (car rentals, taxis, banks, etc.)	12,222	12,859	–5.0
Food and beverage operations	11,215	11,405	–1.7
Commercial revenue	170,070	181,050	–6.1
Revenue from rental and leasing agreements	85,589	82,144	4.2
Energy and incidental cost allocation	26,066	25,487	2.3
Cleaning	3,591	3,511	2.3
Other service revenue	2,118	5,497	–61.5
Trade fairs and events	0	314	n/a
Revenue from facility management	117,364	116,953	0.4
Communication services	13,250	12,988	2.0
Other services and miscellaneous	7,338	9,163	–19.9
Conference Center	152	3,050	–95.0
Capitalised expenditure	7,085	6,275	12.9
Bad debt write-offs	–144	–65	121.5
Revenue from services	27,681	31,411	–11.9
Total revenue from non-aviation operations	315,115	329,414	–4.3

Turnover-based revenue in the **retail, duty free and food & beverage operations** fell by 8.9 percent in the year under review. This was attributable to lower sales figures for shops and restaurants, which fell by 4.7 percent from 481.1 million Swiss francs to 458.7 million. In the year under review, the average expenditure per departing passenger was 41.84 Swiss francs (minus 3.9 percent). Alongside the weaker consumer sentiment, the main reasons for this decline were the revaluation of the Swiss franc and the temporary closure of sales outlets associated with the Zurich 2010 project. However, the average expenditure per departing passenger at Zurich Airport is still high in an international comparison.

(CHF million)	2009	2008	Change in %
Trend in revenue of commercial partners	458.7	481.1	–4.7
Commercial revenue of Flughafen Zürich AG			
Retail outlets and duty-free shops	71.6	79.5	–10.0
Food and beverage operations	11.2	11.4	–1.7
Average revenue per departing passenger (in CHF)	41.84	43.54	–3.9

Parking revenue totalled 62.0 million Swiss francs (minus 3.8 percent) in the year under review. This decline is attributable to the lower number of local passengers and the mode of transportation they use to get to the airport. Prices for long-stay parking (24 hours and over) were raised slightly with effect from 1 January 2009. Parking fees at Zurich Airport are comparable to those that apply in the city of Zurich.

Revenue from **facility management** amounted to 117.4 million Swiss francs (plus 0.4 percent). Revenue from **rental and leasing agreements** developed positively versus the previous year, increasing by 3.4 million Swiss francs (plus 4.2 percent). This is primarily attributable to the first full-year effect of sub-rental of premises in the airport hotel. At the end of 2009, long-term agreements with major tenants were concluded for temporarily vacant premises in other buildings in the airport portfolio. Revenue from the billing of **energy and incidental costs** developed positively versus the prior year, increasing by 0.6 million Swiss francs (plus 2.3 percent). Increased consumption over the winter of 2008/2009 and a pleasing trend with respect to vacant premises contributed to this result (vacancy rate as of 31 December 2009: 3.2 percent). The decline in revenue from **other services** in connection with real estate is primarily attributable to the fact that a one-off major building order had been completed for a customer in the preceding year.

Revenue from **services** fell in the year under review by approximately 3.7 million Swiss francs (minus 11.9 percent) to 27.7 million. This was mainly due to the loss of revenue from services relating to conference facilities that were integrated into the airport hotel in summer 2008. Up to that time the Airport Conference Center had been operated by Flughafen Zürich AG.

Operating expenses fell in the year under review by 434.9 million Swiss francs (minus 3.9 percent) to 418.0 million. In 2008, operating expenses included the payment of 21.5 million Swiss francs to the Swissair liquidator ("other expenses/income, net"). Without this effect, operating expenses rose slightly (plus 1.1 percent) in 2009 versus the prior year.

(CHF 1,000)	2009	2008	Change in %
Personnel expenses	158,416	152,394	4.0
Police and security	113,458	113,016	0.4
Maintenance and material	40,697	43,907	–7.3
Energy and waste	24,553	25,015	–1.8
Other operating expenses	40,181	36,057	11.4
Sales, marketing, administration	38,175	41,575	–8.2
Other expenses/income, net	2,493	22,898	–89.1
Total operating expenses	417,973	434,862	–3.9

Personnel expenses account for approximately 38 percent of the **total operating expenses**. In the year under review, these rose by 4.0 percent to 158.4 million Swiss francs.

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

(CHF million)		2009
Personnel expenses in 2008		152.4
Decrease in provisions for holidays and overtime	approx.	–2.2
Insourcing of operation and maintenance of various systems (2009 first full year of operation)	approx.	2.1
Adjustment of basic salaries	approx.	3.0
Costs associated with hiring of additional personnel	approx.	2.1
Higher variable salary components based on the annual result (management)	approx.	1.1
Special bonus for personnel without variable salary component	approx.	0.8
Miscellaneous (personnel recruitment, further education)	approx.	–0.9
Personnel expenses in 2009		158.4

As of 31 December 2009, Flughafen Zürich AG employed 1,549 staff (2008: 1,482), who filled 1,302 equivalent full-time jobs (2008: 1,254).

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

(CHF 1,000)	2009	2008	Change in %
Zurich cantonal police force	92,814	91,384	1.6
Security expenses relating to third parties	20,644	21,632	–4.6
Total police and security expenses	113,458	113,016	0.4

External costs incurred by Flughafen Zürich AG for police and security rose by 0.4 percent to 113.5 million Swiss francs. Slightly higher costs for services provided by the cantonal police were more or less offset through savings resulting from the introduction of Staff Screening stage III. The higher capacity requirements during peak travel periods were also a factor here.

Expenses relating to **energy and waste** fell by 1.8 percent from 25.0 million Swiss francs to 24.6 million. This was largely attributable to lower fuel prices. This decrease more than compensated for the higher cost of electricity resulting from deregulation.

Costs for **maintenance and material** were well down versus the prior year, falling by 3.2 million Swiss francs to 40.7 million (minus 7.3 percent). This decline is mainly attributable to the full-year effect of the assumption of the maintenance of the baggage sorting and handling system in the middle of 2008. In addition, in the prior year one-off material costs for a major construction project were included that was implemented on behalf of a client to whom the costs were passed on.

The increase in **other operating expenses** by 4.1 million Swiss francs to 40.2 million is attributable to two main factors: on the one hand, costs incurred in connection with assistance for passengers with reduced mobility were reported here for the first time, and on the other hand the costs for sub-rented premises in the airport hotel were reflected for a full year for the first time in 2009.

Expenses relating to **sales, marketing and administration** amounted to 38.2 million Swiss francs, which was 3.4 million (or 8.2 percent) lower than in 2008.

Other expenses/income, net amounted to 2.5 million Swiss francs in the year under review. These mainly concern special write-offs arising from the disposal of equipment no longer required.

(CHF 1,000)	2009	2008	Change in %
Earnings before interest, tax, depreciation and amortisation (EBITDA)	402,234	420,241	–4.3
Depreciation and amortisation	-189,078	-186,168	1.6
Earnings before interest and tax (EBIT)	213,156	234,073	–8.9
Financial result, net	-77,812	-79,213	-1.8
Share of profit or loss of associates	8,376	-7,612	n/a
Gain on disposal of shares in associate	95,278	0	n/a
Income tax	–48,388	-25,934	86.6
Profit	190,610	121,314	57.1

Earnings before interest, tax, depreciation and amortisation (EBITDA) reached 402.2 million Swiss francs, and were thus 18.0 million Swiss francs lower than last year (420.2 million). At 49.0 percent, the EBITDA margin was slightly down versus the prior year (49.1 percent).

Depreciation and amortisation was 189.1 million Swiss francs, around 2.9 million higher than in the previous year. The increase is primarily due to the amortisation of the intangible asset from the right of formal expropriation, which was amortised in 2009 for the first time on a full-year basis.

A lower EBITDA and higher depreciation and amortisation resulted in a reduction in **earnings before interest and tax (EBIT)** by 20.9 million Swiss francs to 213.2 million (minus 8.9 percent).

The **net financial result,** at 77.8 million Swiss francs, was 1.4 million Swiss francs (or 1.8 percent) lower than in the previous year. This was partly attributable to the write-off of a Sigma investment in the Airport of Zurich Noise Fund last year. This effect was largely compensated for by slightly higher interest expenses on non-current financial debt and significantly lower interest income on financial assets of the Airport of Zurich Noise Fund due to the low interest rate.

The **share of profit or loss of associates** reflects the positive result of the investment in the Indian airport operator in Bengaluru (Bangalore International Airport Ltd., BIAL) and the share in profits from the holdings in Latin America. The share in BIAL's profits is attributable to a renewed positive course of business on the one hand, and on the other hand to a one-time effect resulting from a review of the useful life of the infrastructures at the airport in Bengaluru.

Gain on disposal of shares in associate includes the gain (before tax) of 95.3 million Swiss francs from the disposal of 12 percent of the shares in the operator of the airport in Bengaluru. Flughafen Zürich AG holds a 5 percent stake in BIAL as of the balance sheet date.

Profit

The reported profit of 190.6 million Swiss francs (plus 57.1 percent) is primarily composed of the cited profit from the partial disposal of the Indian holding. Taking that and the better-than-expected traffic trend in Zurich into account, the profit is within the original expectations of Flughafen Zürich AG. The result, excluding aircraft noise, was 176.7 million Swiss francs (plus 75.6 percent). Basic earnings per share amounted to 31.20 Swiss francs including aircraft noise and 28.92 Swiss francs excluding aircraft noise.

(CHF 1,000)	2009 including aircraft noise	Elimination of aircraft noise	2009 excluding aircraft noise	2008 including aircraft noise	Elimination of aircraft noise	2008 excluding aircraft noise
Revenue from aviation operations	505,092	-32,268	472,824	525,689	-46,436	479,253
Revenue from non-aviation operations	315,115	4,667	319,782	329,414	4,331	333,745
Total revenue	820,207	–27,601	792,606	855,103	–42,105	812,998
Operating expenses	-417,973		-417,973	-434,862		-434,862
Earnings before interest, tax, depreciation and amortisation (EBITDA)	402,234	–27,601	374,633	420,241	–42,105	378,136
EBITDA margin (in %)	49.0		47.3	49.1		46.5
Depreciation and amortisation	-189,078	5,634	-183,444	-186,168	2,819	-183,349
Earnings before interest and tax (EBIT)	213,156	–21,967	191,189	234,073	–39,286	194,787
EBIT margin (in %)	26.0		24.1	27.4		24.0
Profit	190,610	–13,957	176,653	121,314	–20,701	100,613
Profit in % of total revenue	23.2		22.3	14.2		12.4

The Board of Directors is proposing the payment of an ordinary dividend of 5.00 Swiss francs (prior year: 5.00 Swiss francs) and a special dividend (from the partial disposal of the interest in Bangalore Internationale Airport Ltd.) of 2.50 Swiss francs per share.

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

Aviation flight operations

(CHF million)	2009	2008	Change in %
Revenue from third parties	331.1	335.7	–1.4
Inter-segment revenue	13.3	10.5	26.7
Total revenue	344.4	346.2	–0.5
Segment result (EBIT)	20.1	10.1	99.0
Total segment assets	936.2	928.1	0.9
Depreciation and amortisation	54.4	52.2	4.2
Investments	57.0	98.8	–42.3
Number of employees (full-time positions) as of 31 December	571	533	7.1

At 20.1 million Swiss francs, the result in the “Aviation flight operations” segment was positive. This was higher than in the prior year despite a slight decline in the traffic volume and an associated fall in segment income. The positive change can be attributed to the fact that a one-time payment was made to the liquidator of Swissair in the previous year.

The increase in the number of employees (full-time positions) is due to the implementation of the Schengen Agreement in March 2009. The costs associated with the expansion and renovation of areas used for flight operations make up the majority of the segment investment of 57.0 million Swiss francs.

Aviation security

(CHF million)	2009	2008	Change in %
Revenue from third parties	141.7	143.6	–1.3
Inter-segment revenue	0.0	0.0	n/a
Total revenue	141.7	143.6	–1.3
Segment result (EBIT)	–6.1	–7.4	–17.6
Total segment assets	53.4	41.5	28.7
Depreciation and amortisation	5.8	5.1	13.7
Investments	12.6	9.1	38.5
Number of employees (full-time positions) as of 31 December	17	15	13.3

The decline in revenue in the “Aviation security” segment by 1.9 million Swiss francs reflects the trend in traffic volume. Security costs increased slightly in the year under review. The segment result saw a slight year-on-year increase, but is still negative. This segment also included a portion of the payment to the Swissair liquidator in the previous year. Investing activities primarily focused on the expansion of infrastructure in connection with the implementation of Staff Screening III.

Aviation aircraft noise

(CHF million)	2009	2008	Change in %
Revenue from third parties	32.3	46.4	–30.4
Inter-segment revenue	0.0	0.0	n/a
Total revenue	32.3	46.4	–30.4
Segment result (EBIT)	22.0	39.3	–44.0
Total segment assets	420.4	402.3	4.5
Depreciation and amortisation	5.6	2.8	100.0
Investments	74.7	285.8	–73.9
Non-current provisions for sound insulation and formal expropriation	246.4	244.6	0.7
Number of employees (full-time positions) as of 31 December	12	11	9.1

Besides the decline in traffic, the fall in revenue in the “Aviation aircraft noise” segment by 14.1 million Swiss francs is largely attributable to the splitting of noise charges between Flughafen Zürich AG and the Canton of Zurich. Since 1 July 2008, the noise charges have been divided proportionally between Flughafen Zürich AG (53 percent) and the Canton of Zurich (47 percent) in line with the terms of the supplementary agreement concerning the financing of formal expropriations.

Non-aviation

(CHF million)	2009	2008	Change in %
Revenue from third parties	315.1	329.4	-4.3
Inter-segment revenue	122.7	123.1	-0.3
Total revenue	437.8	452.5	–3.2
Segment result (EBIT)	177.2	192.1	–7.8
Total segment assets	1,777.6	1,795.0	–1.0
Depreciation and amortisation	123.2	126.0	–2.2
Investments	124.0	144.8	–14.4
Number of employees (full-time positions) as of 31 December	702	695	1.0

The result of the “Non-aviation” segment was primarily influenced by a decline in revenue from third parties by 14.3 million Swiss francs. On the one hand, revenue in the retail and duty-free areas showed a disproportionate decrease compared with the trend in traffic volume in 2009, and was a contributory factor in this decline. On the other hand, parking revenue fell despite an adjustment of charges as of 1 January 2009.

At 177.2 million Swiss francs, the segment result is 14.9 million Swiss francs down compared to the previous year. As well as a decline in revenue from third parties, inter-segment revenue was also slightly lower than in the previous year. Segment costs only increased marginally versus 2008.

Bengaluru (India)
Up until 29 December 2009, Flughafen Zürich AG held a 17 percent stake in the share capital of Bangalore International Airport Ltd. (BIAL), the owner and operator of the greenfield airport that was opened in Bengaluru, India, in May 2008.

Following the sale of 12 percent of its holding in BIAL to the Indian company GVK Power & Infrastructure Ltd. (GVKPIL), Flughafen Zürich AG still held a 5 percent stake in the Indian airport operator as of the balance sheet date. Flughafen Zürich AG retains responsibility for the operation of the airport on the basis of an operating, management and service level agreement. Revenue is flowing to Flughafen Zürich AG from this agreement. As before, Flughafen Zürich AG is represented on the Board of Directors of BIAL.

The strategic alliance agreement entered into with the buyer of the share package also sets the direction for other airport projects in southern Asia.

Latin America
All the activities of Flughafen Zürich AG in Latin America (except those in Venezuela) are carried out via a joint venture established together with the Camargo Corrêa Group (Brazil) and Gestion e Ingenieria S.A. (IDC) of Chile under the name of "A-port". 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 operation of airports.

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 the previous year. In addition, 80 percent of a 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. The acquisition of a 51 percent stake in Hato International Airport in Curaçao at the end of January 2009 was the first successful joint acquisition.

A-port Operaciones S.A., which is based in Santiago (Chile), is to assume responsibility for the management and operation of interests held under the name of A-port S.A. These concern the three airports in Chile (Puerto Montt, La Serena and Calama), and the valid agreements in Colombia and Honduras via the respective local companies (IDC Colombia S.A. and Unique IDC C.V.). Flughafen Zürich AG holds a 32.6 percent interest in A-port Operaciones S.A.

Venezuela
In 2006, the governor of the province of Nueva Esparta expropriated the airport on Isla de Margarita for the second time, after which the airport was operated by a "junta interventora" under the supervision of the Venezuelan supreme court up until the spring of 2009.

On 4 March 2009 the Venezuelan supreme court ordered that the "junta interventora" is to be dissolved and management of the airport is to be turned over to the central government of Venezuela.

Flughafen Zürich AG finds this action unacceptable and will therefore put the case before the International Center for Settlement of Investment Dispute (ICSID) in Washington D.C. if an amicable settlement cannot be reached in the next few months. This step is in compliance with the bilateral investment protection treaty that exists between Venezuela and Switzerland.

The value of the holding was fully impaired in 2006.

APT Airport Technologies AG
APT Technologies AG is a wholly-owned subsidiary of Flughafen Zürich AG. In the 2009 financial year it generated revenue of over 21 million Swiss francs and further expanded its range of services. In addition, modernisation work was carried out on existing IT infrastructure.

The number of available CUSS (Common Use Self Service) machines was increased in the year under review. The machines are equipped with the latest barcode scanner technology and there are now 48 of them at Zurich Airport. Sixteen airlines currently make use of this service.

The GAVS boarding card control system, which registers when passengers enter the airside center and allows airlines to check whether a missing passenger is already in the airside area of the airport, was also introduced in 2009.

Investments

Taking account of measures relating to aircraft noise, in 2009 a total of 268.3 million Swiss francs was invested, compared with 538.5 million in 2008. Investments in property, plant and equipment amounted to 181.4 million (2008: 248.6 million). Overview of investments by category:

(CHF million)	2009	2008
Projects in progress (property, plant and equipment)	181.4	248.6
Projects in progress in leasing	0.0	0.0
Intangible asset from right of formal expropriation	0.0	241.5
Investments in associates	12.3	2.8
Non-current financial assets of Airport of Zurich Noise Fund	74.6	44.5
Other financial assets	0.0	1.1
Total	268.3	538.5

Projects in progress (property, plant and equipment) includes 62.2 million Swiss francs for projects connected with the "Zurich 2010" investment programme. Of this, 20.2 million Swiss francs were spent on the centralisation of security check facilities, 12.5 million on construction work on the new Dock B, 9.3 million on modifications to the aprons and 20.2 million on other sub-projects within this major project. Investments in 2009 also included the following projects:

- Various maintenance operations to preserve the value of engineering structures and plant (16.5 million)
- Sundry costs remaining in connection with the implementation of Staff Screening III (11.6 million)
- Replacement of vehicles (11.0 million)
- Apron expansions (10.5 million)
- Renovation of multi-storey car parks (6.2 million)

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

Consolidated cash flow statement

Cash flows from operations fell by 64.2 million Swiss francs versus the prior year to 350.9 million. This is partly attributable to the lower EBITDA, but also to higher cash outflows for income tax and changes in current assets, net. Cash flow from operations relating to aircraft noise amounted to 26.1 million Swiss francs (2008: 35.3 million).

Cash flow from investing activities improved, mainly due to less construction activity and the proceeds from the disposal of a portion of the stake in BIAL, by 124.4 million Swiss francs and amounted to minus 134.4 million in 2009. The portion of cash flow from investing activities relating to aircraft noise (net investments in financial assets of the Airport of Zurich Noise Fund) amounted to minus 40.0 million Swiss francs (2008: minus 6.3 million).

In 2009, cash flow from financing activities amounted to minus 58.8 million Swiss francs. In the year under review, a debenture totalling 128.0 million Swiss francs was repaid and a new debenture with a nominal value of 225.0 million Swiss francs was taken up.

As of the end of 2009, Flughafen Zürich AG possessed cash and cash equivalents in the amount of 231.7 million Swiss francs (2008: 74.0 million), of which the sum of 7.0 million is held by the Airport of Zurich Noise Fund.

(CHF 1,000)	2009	2008	Change in %
Cash flow from operations	350,933	415,102	–15.5
of which related to aircraft noise	26,063	35,342	–26.3
Cash flow from noise charges	32,096	45,526	–29.5
Cash flow for sound insulation and formal expropriations	–6,033	–10,184	–40.8
Cash flow from investing activities	–134,437	–258,849	–48.1
of which related to aircraft noise	–40,019	–6,337	n/a
Investments in financial assets of Airport of Zurich Noise Fund	–113,649	–139,713	–18.7
Repayment of current financial assets of Airport of Zurich Noise Fund	73,630	133,376	–44.8
Cash flow from financing activities	–58,769	–164,571	–64.3
Effect of foreign exchange differences on cash and cash equivalents held	–72	0	n/a
Increase/decrease in cash and cash equivalents	157,655	–8,318	n/a
Balance at beginning of financial year	74,038	82,356	–10.1
Increase/decrease in cash and cash equivalents	157,655	–8,318	n/a
Balance at end of financial year	231,693	74,038	212.9
of which included in Airport of Zurich Noise Fund	7,013	22,374	–68.7

Balance sheet structure

In the year under review, the balance sheet total increased by 196.8 million Swiss francs to 3,559.8 million, primarily due to the significant increase of cash and cash equivalents. Non-current assets only saw a slight increase. Investment intensity therefore fell versus the prior year from 91.5 percent to 87.1 percent.

Equity was increased by 169.5 million Swiss francs, and now amounts to 1,598.4 million Swiss francs, which corresponds to a ratio of 44.9 percent (2008: 42.5 percent).

Non-current liabilities remained virtually unchanged, and totalled 1,406.7 million Swiss francs as of 31 December 2009. Current liabilities increased slightly to 554.7 million Swiss francs.

The return on average capital employed (ROCE) fell from 7.1 percent to 6.2 percent.

(CHF 1,000)	in %	2009	in %	2008
Non-current assets	87.1	3,100,278	91.5	3,078,684
Current assets	12.9	459,477	8.5	284,243
Balance sheet total	100.0	3,559,755	100.0	3,362,927
Equity	44.9	1,598,411	42.5	1,428,935
Non-current liabilities	39.5	1,406,676	41.6	1,400,458
Current liabilities	15.6	554,668	15.9	533,534
Balance sheet total	100.0	3,559,755	100.0	3,362,927
Capital employed		2,753,652		2,637,669
Return on average capital employed (ROCE)	6.2		7.1	

Outlook

Traffic and earnings trend

Flughafen Zürich AG is cautiously optimistic that an economic recovery will have a positive impact on passenger demand. Overall, the company anticipates a slight increase in passenger volume by 3 to 5 percent. It also expects a slight improvement in the consumer sentiment.

Operating expenses

For the 2010 financial year, costs are expected to increase less sharply than earnings. The prerequisite for this is that no unexpected security requirements will have to be implemented.

Investments

The investment budget of Flughafen Zürich AG for 2010 will be between 250 million and 300 million Swiss francs. The biggest individual projects are the complete revamping of Dock B and the construction of a central security check building as part of the "Zurich 2010" project.

Result

Excluding any unexpected influences, both the EBITDA and the EBITDA margin are likely to be slightly higher than in 2009.
The company also expects profit to develop positively, excluding the proceeds from the partial disposal of the Indian holding in 2009.

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. The 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. These funds are managed by professional investment institutions on the basis of a conservative, money-market-oriented investment strategy, and income resulting from the investments is 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 96 and 97 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 114 and 115 in the financial section of this annual report).

A combined overview of the Airport of Zurich Noise Fund (showing the portions attributable to Flughafen Zürich AG and to the Canton of Zurich separately) is presented below.

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 its financial development) can be found at www.unique.ch/aznf (from 15 April 2010, www.zurich-airport.com/aznf).

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

(CHF 1,000)			2009			2008
	FZAG	Canton of Zurich	Total	FZAG	Canton of Zurich	Total
Airport of Zurich Noise Fund as of 1 January	161,595	125,838	287,433	248,564	0	248,564
Split as of 1 July 2008	0	0	0	–115,400	115,400	0
Restatement of Canton of Zurich [1]	0	80	80	0	0	0
Revenue from noise charges	32,096	28,463	60,559	45,526	15,675	61,201
Costs for sound insulation and other measures	–6,033	0	–6,033	–9,303	0	–9,303
Costs for formal expropriations [2]	–767	–3,835	–4,602	–1,514	0	–1,514
Net result before operating costs and financial result	186,891	150,546	337,437	167,873	131,075	298,948
Noise-related operating costs	–4,667	–56	–4,723	–4,331	–54	–4,385
Interest income from assets of Airport of Zurich Noise Fund	3,377	2,397	5,774	7,727	986	8,713
Adjustments to fair value of available-for-sale securities and write-off of financial assets	–152	486	334	–9,674	–6,169	–15,843
Airport of Zurich Noise Fund as of 31 December	185,449	153,373	338,822	161,595	125,838	287,433

[1] As a result of a restatement (the accounting policies of the Canton of Zurich were amended as of 1 January 2009) the opening balance is changed (reason: accrued interest is taken into account).
[2] 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 113 in the financial section of this annual report).

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

(CHF 1,000) Maturity	2010	2011	2012	2013	2014ff.	Total	in %
Credit rating							
Cash and cash equivalents	80,315	0	0	0	0	80,315	23.70
AAA	67,249	27,566	16,980	5,290	0	117,085	34.56
AA+/AA/AA-	38,202	19,549	22,801	1,528	1,529	83,609	24.68
A+/A/A-	9,163	15,444	5,065	13,634	0	43,306	12.78
Not rated	4,873	5,385	0	0	0	10,258	3.03
Other [1]	4,249	0	0	0	0	4,249	1.25
Total	204,051	67,944	44,846	20,452	1,529	338,822	100.00
in %	60.22	20.05	13.24	6.04	0.45	100.00	

[1] This item includes withholding tax and accruals. 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.

Place:
Dock B
Zurich Airport

Time:
9.15 a.m.

Name:
Marit Cummings

Profession:
Master planner
Flughafen Zürich AG

On the construction site at Dock B, I can already picture in my mind how the finished, threestorey building with the new observation deck will look. What I find particularly fascinating is the metamorphosis of an old, 70s concrete building into a light, airy and modern glass palace. The extensive glass facades and the proximity to the aircraft on the apron make this spot really special. Watching airport staff stow luggage in the hold, refuel the aircraft and deliver the in-flight catering is an exciting way to pass the time before you board your flight. The building will not only look very different, it will also be used differently. No other building at the airport will be as flexible and compact as Dock B. I believe it will be a good example to follow for future construction and renovation work at Zürich Airport.

Environmental responsibility
In the interest of sustainability it is the responsibility of Flughafen Zürich AG to take into account social and environmental factors alongside the increasing economic requirements. All employees should be aware of their environmental responsibility and integrate environmental protection into their daily work. To this end, Flughafen Zürich AG has defined a number of binding principles in its environmental guidelines. These oblige the company to:

- avoid and reduce environmental pollution
- fulfil the legal provisions and official regulations governing environmental protection in an efficient and effective manner and
- be aware of and manage all environmentally relevant processes.

Environmental management
In order to honour this obligation, Flughafen Zürich AG operates a comprehensive environmental management programme which has been certified in line with the international ISO 14001:2004 standard since 2001. The second re-certification in 2007 and the successful audit in 2009 attest to this commitment.

Realistic environmental analysis and the planning of subsequent measures rely on appropriate data management. Every year, environmental data are collected throughout the airport, recorded, processed and systematically reported in the form of standardised key data. These data illustrate the environmental situation and how it evolves. Until now, Flughafen Zürich AG published these key figures in environmental reports and in the more recent sustainability report. They now form an integral part of the annual report and are presented below.

Drawing on these environmental data, legal and official requirements and the environmental guidelines, Flughafen Zürich AG compiles environmental portfolios for the individual business divisions. In these portfolios, environ-mental aspects are reviewed and weighted in terms of relevance, potential impact and obligation to act. They also form the basis for planning appropriate measures. The implementation of these measures is internally supervised and monitored. Within the framework of its environmental management programme, Flughafen Zürich AG honours its environmental responsibility at all levels and across all divisions. Line managers must be in command of their environmentally relevant processes and further develop them. They report back on the implementation of measures and the environmental situation on an annual basis in a management review that is submitted to the Management Board, which then defines new guiding principles on this basis.

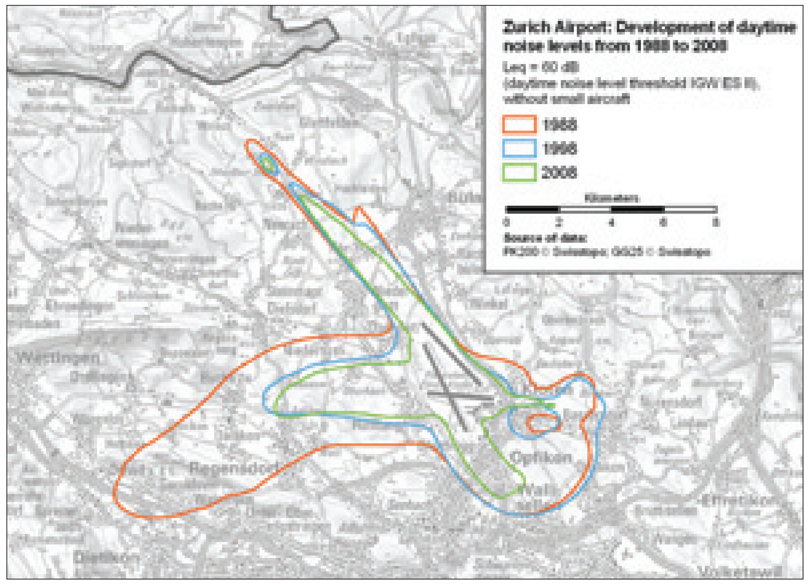
Environmental supervision of construction projects
Flughafen Zürich AG operates a company-wide environmental project management programme. All construction projects are evaluated in terms of their ecological impact, not only during the construction phase, but also with regard to their subsequent usage and are then assigned relevant environmental supervision. The environmental regulations for construction projects stipulated by Flughafen Zürich AG are an integral part of the tender terms and construction contracts and are generally regarded as the environmental standard for the implementation phase. These regulations can be defined in more detail depending on the project.

Communication of environmental issues
Zurich Airport's role as a transport hub creates significant social and economic advantages for Switzerland, but operating the airport also has a significant impact on the environment. Flughafen Zürich AG constantly endeavours to reconcile the social need for mobility with responsibility towards the environment. An exhibition displayed at Zurich Airport raises awareness of the various enviromental issues and outlines the measures the airport is using to deal with them. The travelling exhibition, which comprises nine showcases, is displayed at different locations around the airport and in the surrounding region. Information on the current location is available at www.flughafen-zuerich.ch. This website also features up-to-date information on various environmental issues.

Noise levels
Exposure to aircraft noise is primarily determined on the basis of calculations because it is not technically possible to implement a physical measuring system covering the whole airport and the surrounding area. Aircraft noise levels are calculated by the Swiss Federal Laboratories for Materials Testing and Research (EMPA) on the basis of actual flight paths and flight movements, as well as emissions data from the aircraft. Noise levels are depicted on noise maps (see illustration below). Over the last 20 years, there has been a continuous decline in noise levels despite the fact that the number flight movements has increased. This is attributable to the use of significantly improved engines, which are now much quieter than ever before.

Flughafen Zürich AG conducts its own individual measurements at ten noise monitoring terminals located around the airport. The new monitoring equipment, which was commissioned in 2008, records noise levels as Leq[1] in dB(A). The results of the measurements are published on the Internet every month. Daytime noise levels at the monitoring terminals only changed very slightly versus the prior year: the levels to the north, south and west of the airport fell slightly, while those to the east were more or less unchanged.

Evolution of daytime noise levels



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Minimising noise through noise charges and technology
By imposing noise charges on airlines, Zurich Airport aims to encourage them to operate only the quietest possible aircraft on the Zurich route. For this purpose, all types of aircraft are broken down into one of five noise categories with differing charge rates. In 2009, 89 percent (2008: 88 percent) of the aircraft operating at Zurich Airport were class 5 aircraft, i.e. the least noisy type, and only 0.5 percent (2008: 1.0 percent) were class 2 aircraft. For some years now, very few aircraft in noise category 1 have arrived at or departed from Zurich Airport.

Technical advancements in engine building as well as the aerodynamic design[2] of aircraft will allow the noise situation to be further improved in the short- to medium-term. Optimisations to flight operations, such as the continuous descent approach, can also reduce aircraft noise but are not always possible for operational reasons.

[1] Leq stands for energy equivalent continuous sound level and is a measure for the average noise level.
[2] Aerodynamic sounds are a substantial cause of noise, particularly on landing.

Flight paths and deviations from flight paths

Take-off and approach routes to and from Zurich Airport are configured in such a way as to avoid aircraft noise over densely populated areas where possible. The Noise Management department monitors adherence to these low-noise flight paths. Every significant flight path deviation is investigated. If there is no plausible reason as to why a deviation occurred, for example to avoid storm clouds or due to a specific instruction received from air traffic control, the pilot concerned is contacted and asked to provide a detailed explanation.

Flight path deviations	2009	2008	2007
Total number of registered deviations	1,037	881	870
– Proportion of which were investigated	304	300	383
Investigations suspended, caution issued [3]	311	315	344
Discussion with chief pilot	14	14	8
Cases reported to FOCA	1	6	2

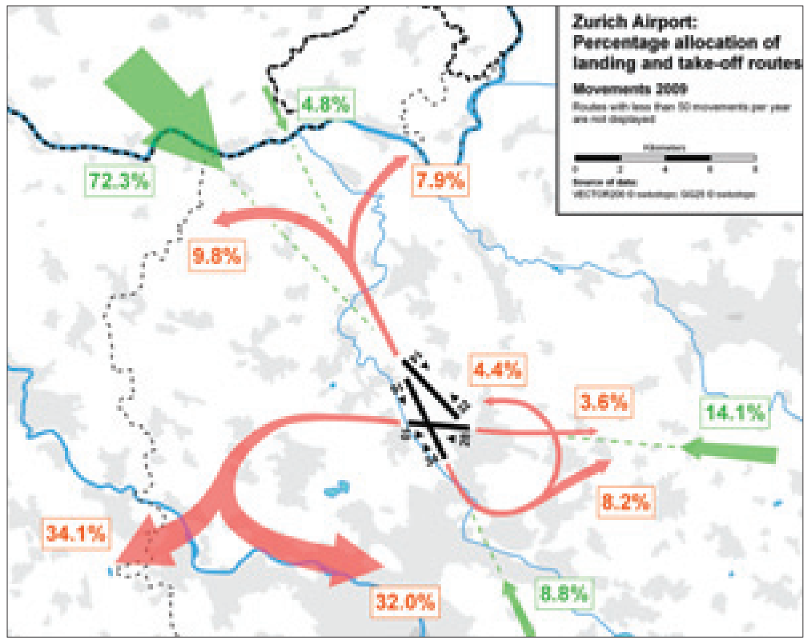
Night flights and special authorisations

The number of flight movements and the way in which they are distributed across the individual runways is of central importance for noise levels. Flights at night (10 p.m. - 6 a.m.) particularly affect local residents. As in the prior year, these accounted for around 3.5 percent of total flight movements in 2009. Only 77 (2008: 158) justified special authorisations were issued for flights running during the night-time curfew period, see page 59. Flughafen Zürich AG intends to reduce the number of night flights by further improving the punctuality of departing flights.

Communication with those affected by noise

The objective of Flughafen Zürich AG is to engage in dialogue with its neighbours and with the wider population through various communication channels. An important resource in these communication efforts is the "aircraft noise hotline". Residents can call 043 816 21 31 in order to report their enquiries or complaints directly and unbureaucratically to the airport. They can also contact the airport via e-mail or regular mail. Staff in the Noise management department at Flughafen Zürich AG respond to every single message and answer specific questions immediately. Statistics are compiled on the number of messages received and the reasons for complaint and are presented to the Management Board.

Arrival and departure statistics



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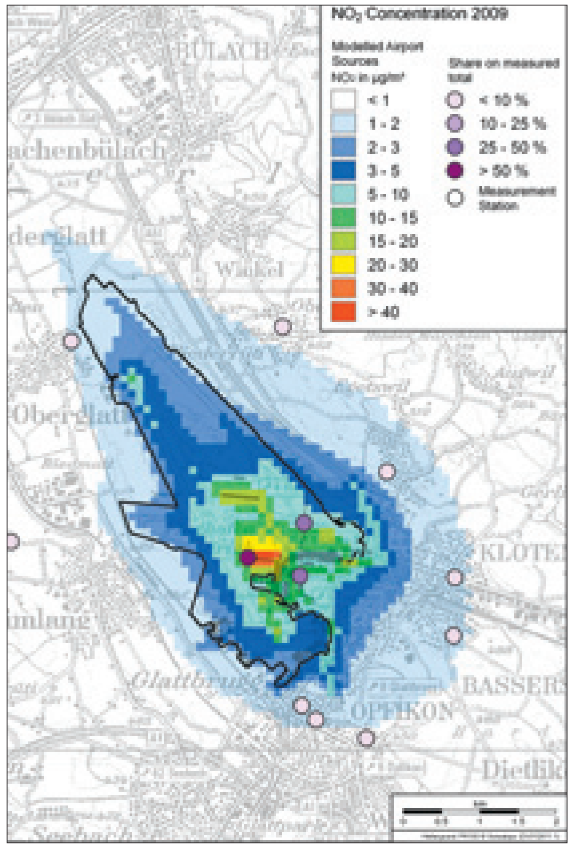
[3] The cases being handled by the Swiss Federal Office of Civil Aviation (FOCA) that are still pending from the previous year are included.

Pollutant emissions

Nitrogen oxides (NO_X), volatile organic compounds (VOCs), carbon monoxide (CO) and particulate matter (PM) are the key pollutants which can affect local air quality. The new methods and guidelines published by the International Civil Aviation Organisation (ICAO), in which Zurich Airport played an instrumental role in developing, allow emissions levels to be calculated even more precisely. Flight operations involving aircraft on the ground and in the area surrounding the airport account for the majority of nitrogen oxide emissions (around 85 percent). These emissions fell slightly last year, which can be attributed to overall traffic developments. Compliance with the threshold stipulated by the authorities of 2,400 tonnes of NO_X from flight operations, handling and infrastructure was about 43 percent.

Impact of the airport on local air quality in the region



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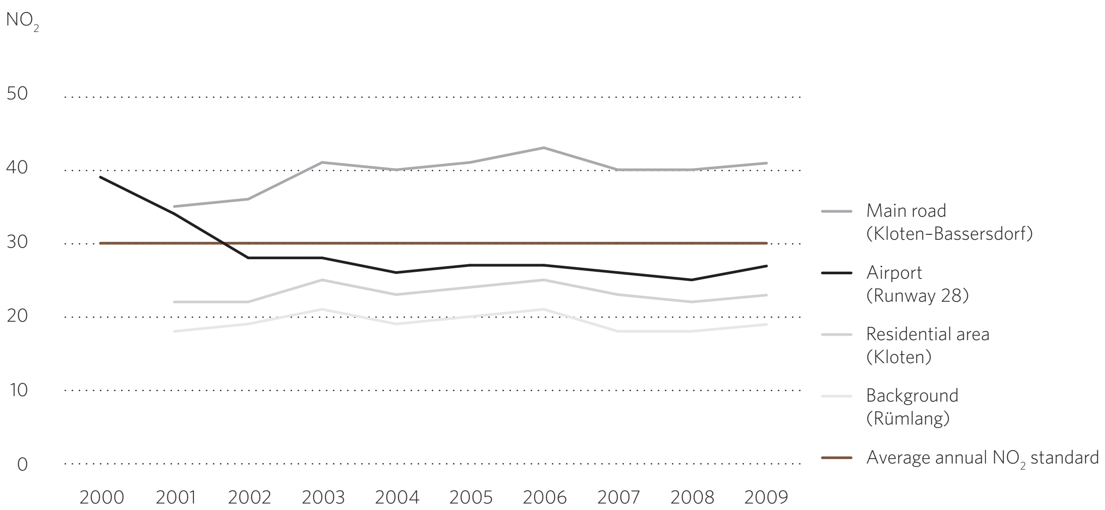
Regional air pollution

The Canton of Zurich's Office for Waste, Water, Energy and Air monitors air quality in the region surrounding the airport on behalf of Flughafen Zürich AG using a network of monitoring stations. Air quality in terms of nitrogen dioxide has significantly improved over the past few years, but the thresholds values are still being exceeded in some cases. This is particularly true in areas with busy roads. The airport and flight operations only have a minimal influence on levels of nitrogen and particulate matter in the surrounding area. By modelling the airport's contribution to the overall levels of pollution measured, it becomes clear that only a few kilometres away from the airport, the airport's influence is already minimal. For example, around two kilometres away, the airport contributes less than 10 percent to nitrogen dioxide pollution levels. This is also due to the fact that the majority of aircraft emissions are produced at an altitude at which they are quickly dispersed over a wide area.

Zurich Airport has been levying emissions charges for aircraft since 1997. Similar control tools have since been introduced at various other airports throughout Europe. Zurich Airport has been carrying out preparatory work together with other Swiss airports in order to ensure a harmonised change to the European emissions charge model in spring 2010. This model moves away from fixed emissions categories and instead multiplies the actual engine emissions by a charge rate. The advantage of this is that the direct user-pays principle provides a key incentive to give attention to and implement smaller improvements and modernisations.

Others measures being implemented
A number of additional measures are also being implemented in order to reduce emissions. These include equipping the aircraft stands in the south with stationary aircraft power supply units. These further reduce emissions from the aircraft's auxiliary power unit. To allow machinery and vehicles to be refuelled airside, a second natural gas filling station was put into operation. This also supports the programmes being implemented by airport partners, such as the procurement of gas-powered tractors for baggage transport. Previous measures, for example in the field of promoting public transport, are being continued. Of particular relevance from an environmental point of view is the provision of centrally-produced energy and air conditioning for aircraft at the piers. Thanks to high availability and an obligation to connect, up to 90 tonnes of NO_X and over 30,000 tonnes of CO_2 can be saved every year.

Evolution of nitrogen dioxide levels in the vicinity of the airport (mean annual levels in µg/m³)

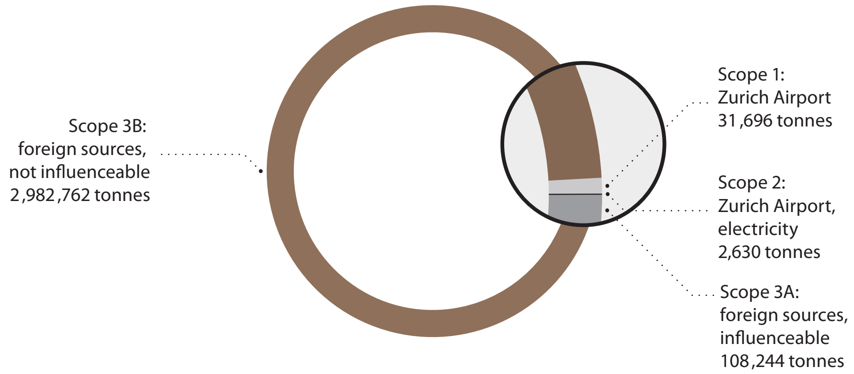


The impact of aviation on our climate
Aviation mainly impacts climate through its emissions of carbon dioxide (CO_2). Other significant emitted substances which can cause changes in the atmosphere are nitrogen oxide, water vapour and particles. Aviation is responsible for around 2 percent (with a range of between 1.6 percent and 2.8 percent) of total global CO_2 emissions caused by humans, according to the Intergovernmental Panel for Climate Change (IPCC).

Carbon dioxide emissions from the Zurich airport system
In accordance with the GHG (Greenhouse Gas) Protocol, CO_2 emissions are broken down into three areas ("scopes"): scope 1 comprises all emission sources controlled by the airport operator itself (e.g. vehicles and heating systems), scope 2 covers energy sourced by the airport from outside and scope 3 includes all emissions which occur in con-nection with business operations (e.g. flight operations and handling). According to a refinement by the ACI (Airports Council International), a distinction is to be made as to whether or not the airport can influence scope 3. It is clear that within the international aviation industry, the airport itself only accounts for a minimal proportion of emissions.

Key successes to date
Flughafen Zürich AG is mindful of its responsibility regarding the consequences of climate change and therefore adopted a climate protection strategy in the year under review (extract). "As an airport operator, Flughafen Zürich AG is part of the aviation industry and recognises the growing significance of long-term climate protection. We are committed to ensuring that aviation evolves in an environmentally-friendly manner. Our aim is to further reduce the CO_2 emissions we cause, while taking into account the general legal and economic framework". This will form the basis of long-term, concrete goals and appropriate measures. Flughafen Zürich has reduced its CO_2 emissions from scopes 1 and 2 by more than 15,000 tonnes (minus 31 percent) since 1991, despite a 40 percent increase in infrastructure and a 60 percent increase in traffic.

CO_2 emissions at Zurich Airport by scope



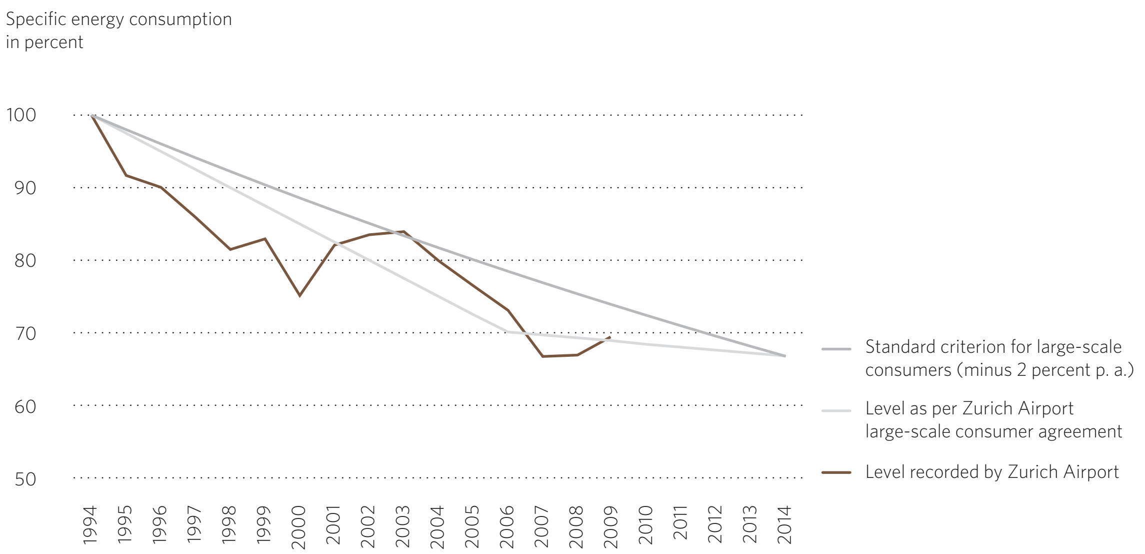
Energy consumption

Consumption of heat amounted to 125,056 MWh (plus 0.6 percent versus the previous year), while electricity consumption totalled 180,415 MWh (minus 2.4 percent). Despite the significant increase in floor space (Dock E, Airside Center, Airport Shopping) no more energy was consumed in the year under review at Zurich Airport than before expansion stage 5 (reference year: 1994, taking into account weather conditions (heating degree days). Examples of measures employed to reduce energy consumption in 2009 include the insulation of the door at hangar 1, the optimisation of supply pipelines to various boilers, and improvements to the lighting systems. Additional staff were hired to conduct the ongoing consumption analysis and to plan appropriate measures in order to improve operational energy efficiency. A basic study on the issue of photovoltaics was also commissioned to analyse the suitability of all buildings at the airport for the future use of solar power. Over half of all roof areas (over 200,000 m²) could be used, which would provide enough energy to cover around 7 percent of the airport's total electricity consumption.

Large-scale consumers' agreement

Flughafen Zürich AG, Avireal AG, Acron AG (Hotel Radisson Blu) and Swiss Federal Railways (SBB) are bound by Zurich Airport's large-scale consumers' agreement. They are responsible for the airport's existing buildings. An agreement was made with the building management department of the canton of Zurich to increase the energy efficiency by an average of 2 percent per year by 2014. The advantage of this is that the companies are granted full autonomy in terms of target achievement. On account of the slight drop in passenger volume and the adverse weather conditions in 2009, energy efficiency fell.

Trend of specific total energy consumption at Zurich Airport (as of 1 January 2010)



Trend in Zurich Airport's energy use	2009	2008	2007
Heat consumption by the airport (MWh/a)	125,056	124,371	111,413
Electricity consumption by the airport (MWh/a)	180,415	184,861	178,719
Overall energy consumption (MWh/a)	305,471	309,232	290,132

Water consumption

Over the past year, Zurich Airport consumed 527,548 m³ of drinking water (minus 2.6 percent versus the previous year). An additional 105,744 m³ of groundwater was used to supply buildings and 11,757 m³ of rainwater was used for toilet flushing. A total of around 645,049 m³ of fresh water was therefore consumed (minus 0.7 percent), which equates to consumption of 29.4 litres per passenger (unchanged from previous year).

Waste volumes

Zurich Airport generated a total of 14,649 tonnes of waste in 2009 (minus 0.5 percent versus 2008). Refuse accounted for around 57 percent. Some 38 percent could be recycled. The main separately collected recyclables were paper/cardboard (2,411 tonnes), organic waste (1,306 tonnes) and wood (564 tonnes). An average of 340 grams of waste were disposed of per passenger by aircraft handling/in-flight services (previous year 360 grams). The volume of collected PET bottles totalled 168 tonnes, which is a new record. Waste resulting from security checks (e.g. confiscated liquids) accounted for 272 tonnes. Al-though these security regulations are continually being communicated, the volume of waste from this area has not decreased. In November 2009 the Zurich Cantonal Parliament put forward a postulate to allow this waste to be recycled, as the products confiscated from passengers are often of high quality.

The existing waste concept, which outlines the requirements for extensive recycling of resources, will undergo a number of modifications as part of the periodical review in 2010.

Domestic waste water

All domestic waste water from Zurich Airport (e.g. from toilet facilities and restaurants) goes to the Kloten-Opfikon sewage treatment plant in Glattbrugg. Industrial water, e.g. pre-treated waste water from aircraft maintenance and aircraft sewage, is also purified there. An affiliation agreement is in place between Flughafen Zürich AG and the sewage treatment association in Kloten-Opfikon. The current organisation is to be restructured and transformed into an inter-municipal establishment in 2010. For this to go ahead, referendums will have to be held in the partner municipalities of Kloten and Opfikon.

Waste water from de-icing operations

A total of 2,404 m³ of aircraft de-icing agents (plus 112 percent versus the previous year) and 1,800 cubic metres of runway and road de-icing agents (plus 138 percent) were used in winter 2008/2009. An additional 600 tonnes of conventional de-icing salts were also used in the maintenance workshop, on roads and in car parks. Surfaces used for flight operations were deiced exclusively using formiate solutions. The aircraft deicing agents contain propylene glycol. The amount of untreated carbon which is washed away from existing aprons, runways and taxiways amounted to 162 tonnes or around 17 percent of the total amount used in winter 2008/2009 (previous year: 67 tonnes, 14 percent). The sharp increase in de-icing agents and de-icing salts can be attributed to the unfavourable weather conditions in winter 2008/2009.

Spray irrigation system

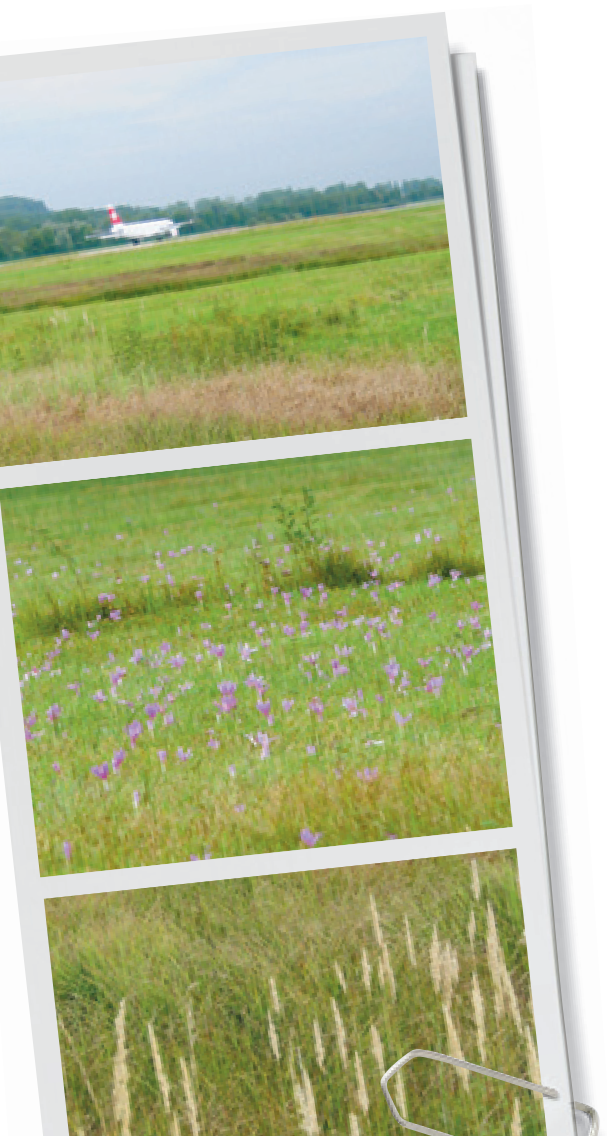
Last winter, 124,123 m³ of waste water from de-icing was treated using the spray irrigation system. The irrigation method allows the de-icing agents contained in waste rainwater to be almost completely broken down in a natural way as it passes through the soil. Water from de-icing operations which contains high levels of carbon was either treated in the airport's own distillation plant and the glycol was recycled, or it was transported to the city of Zurich's sewage water treatment plant for further treatment (to produce biogas).

The General Drainage Plan (GEP), which includes the plans for rainwater and water from de-icing in particular, was revised in 2009. Over the coming years, there are plans to, among other things, expand the spray irrigation system in order to further reduce the proportion of untreated waste water from de-icing operations.

Use of de-icing agents at Zurich Airport	2008/2009	2007/2008	2006/2007
Aircraft de-icing solutions (m³/a)	2,404	1,133	1,012
Runway and road de-icing agents, formiate solution (m³/a)	1,800	758	379
Surface de-icing agents, solid (m³/a)	2	0	0
De-icing salts for other surfaces (t/a)	602	133	86
Untreated water from de-icing operations that is washed away (aprons, runways and taxiways) (%)	16.7	14	13.7

Zurich Airport: an area of unspoiled nature
Zurich Airport is spread over an area of around 880 hectares, of which just under 760 hectares make up the non-public area. More than half of this area is not built on and is not directly utilised for aviation. This green space includes nature conservation areas and grasslands.

Nature conservation areas
The 74 hectare nature conservation area "Klotener Riet", which is located between runways 16/34 and 14/32, comprises around 34 hectares of low moorlands of national importance. Together with the other nature conservation areas adjacent to the airport, "Altläufe der Glatt", "Bachenbülacher Allmend", "Rütner Allmend" and "Goldentor", this is what remains of the extensive former marsh landscape.



The typical elements, such as wetland meadows and marshland forest (forest which is partly in marshy areas), are looked after in accordance with an annual maintenance plan. This is carried out by the cantonal office for nature conservation in collaboration with Flughafen Zürich AG's green area maintenance crew.

Flughafen Zürich AG is obliged to maintain the conservation value of these areas. Ecological conservation and revaluation measures are being employed to counteract the ever-growing pressure on nature and wildlife. Some operational implications cannot be completely avoided, however, but only minimised. If protected habitats and the way in which they are used are adversely affected, the law stipulates that an appropriate alternative must be provided. In this context, Flughafen Zürich AG has been involved in the creation and ecological rehabilitation of conservation projects in the area surrounding the airport. For example this has resulted in the "Halbmatt" conservation area to the North of the airport and the newlyconstructed riverbanks in the "Altläufe der Glatt" area to the West of the airport.

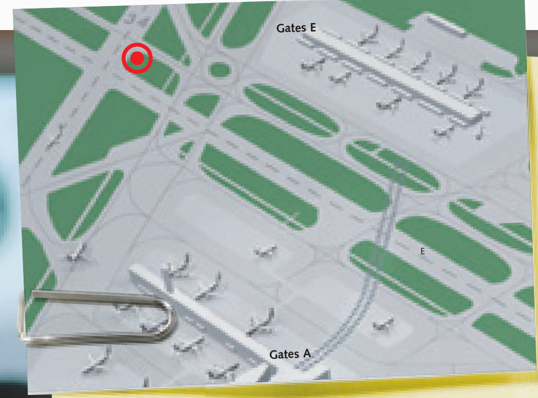
Green areas and land management
Flughafen Zürich AG is responsible for maintaining other green areas. The aim of maintaining green areas is to manage land so as to ensure the safety of flight operations. The nature-oriented approach of managing these green areas as extensive grassy meadows, which was introduced around ten years ago, is having a positive impact in two respects. On the one hand, it reduces the bird strike risk[4], as meadows make hunting for food particularly difficult for birds of prey. On the other hand, it promotes the development of a nutrient-poor cohesive meadow landscape which is becoming something of a rarity in central Switzerland. The green areas also serve to connect up isolated conservation areas, thereby helping maintain biological diversity by promoting biological exchange.

[4] The term "bird strike" refers to collisions between aircraft and birds of prey/flocks of birds, which usually have both cost and safety implications.

Key environmental data

Key environmental data	2009	2008	2007
NO_X emissions in tonnes	1,053	1,092	1,012
– Proportion from aircraft in tonnes [1]	907	933	876
VOC emissions in tonnes	451	380	362
– Proportion from aircraft in tonnes	263	264	250
CO emissions in tonnes	1,518	1,578	1,476
– Proportion from aircraft in tonnes	1,353	1,381	1,281
PM emissions in tonnes	22	23	20
– Proportion from aircraft in tonnes	16	16	15
CO_2 emissions in tonnes at Zurich Airport, scope 1 [2]	31,696	30,788	25,703
CO_2 emissions in tonnes at Zurich Airport, scope 2 [3]	2,630	2,638	2,320
CO_2 emissions in tonnes at Zurich Airport, scope 3 [4]	3,091,006	3,010,480	2,986,142
Overall energy consumption (MWh/a)	305,471	309,232	290,132
Annual water consumption in m^3	645,049	649,707	578,993
Overall waste amount (tonnes)	14,649	14,730	14,154
– of which recyclable material (e.g. paper, cardboard, glass, wood) (%)	38.4	39.8	38.9
Waste from security checks (e.g. liquids) (tonnes)	272	283	338
Volume of waste per passenger (g) [5]	340	360	370
Number of residents [6] above alarm value for SLII [7]	not available	3,711	3,331
Number of residents above the impact value for SLII	not available	40,474	41,769
Number of residents above the planning value for SLII	not available	103,745	104,660
Zurich aircraft noise index monitoring value (ZFI)	not available	49,035	46,329
Number of noise monitoring terminals (in operation)	10 (9)	10 (9)	10 (9)
Daytime aircraft noise levels [8] at NMT 1/3/6/10 (dB(A)) [9]	66/58/65/57	67/58/66/57	66/58/65/-
Number of registered flight path deviations/investigated	1,037/304	881/300	870/383
Number of night flight movements (10 p.m. - 6 a.m.)	8,681	9,249	9,028
– Proportion in the first hour (10 p.m. - 11 p.m.)	6,686	6,748	6,430
Number of special authorisations for night flights issued [10]	77	158	67
– of which emergency, relief and rescue flights	46	38	46
– of which police, military and government flights	14	24	6
– of which various other types of flight	17	[11] 96	15
2010 Sound Insulation Programme: Number of renovated properties [12]	2,420	2,310	2,170
Number of complaints and queries relating to noise [13]	2,977	3,719	3,896

[1] Flight operations in LTO cycle (up to 915 metres), taking into account effective engine power, APU, engine start up and airframe
[2] In accordance with the GHG Protocol: Flughafen Zürich AG's own sources (vehicles, machinery, heating)
[3] In accordance with the GHG Protocol: Electricity sourced by Flughafen Zürich AG externally
[4] In accordance with the GHG Protocol: Aircraft in LTO cycle and complete route (outbound flight only), calculated by EUROCONTROL, other emissions sources at the airport (handling, other heating) and all landside traffic in the vicinity of the airport (approx. 3 kilometres) for all modes of transport
[5] Based on: Waste from aircraft handling/in-flight service
[6] Encompassing noise contours of the day and night noise limits
[7] Sensitivity level 2 in accordance with Art. 43 of the Federal Noise Abatement Ordinance
[8] Energy equivalent continuous sound level of daytime aircraft noise (6 a.m. – 10 p.m.)
[9] NMT=Noise Monitoring Terminal, 1=Rümlang, 3=Oberglatt, 6=Glattbrugg, 10=Nürensdorf
[10] Special authorisations can be granted for urgent flights operating during the night-time curfew
[11] 54 authorisations were issued for the EURO 2008 football championships
[12] Number of buildings and properties which have been renovated to date
[13] Includes complaints and enquiries relating to noise levels, flight light paths, development of the air traffic etc.



Place:
Runway intersection
Zurich Airport

Time:
10.30 a.m.

Name:
Edi Haller

Job:
Airport Guide
Flughafen Zürich AG

LIFE WITHOUT ZURICH AIRPORT IS JUST NOT FOR ME. FOR 39 YEARS, UP UNTIL MY RETIREMENT, IT WAS MY HOME AND FAMILY. JUST A FEW DAYS WITHOUT THE LOUDSPEAKER ANNOUNCEMENTS, THE AEROPLANES AND THE HUSTLE AND BUSTLE AND I WAS GETTING WITHDRAWAL SYMPTONS, WHICH IS WHY I RETURNED AS AN AIRPORT GUIDE. MY JOB IS TO PRESENT MY WORLD TO YOUNG AND OLD AND ALLOW THEM TO DISCOVER THE FASCINATION OF FLYING. CHILDREN IN PARTICULAR ARE ALWAYS REALLY EXCITED, AND THEY BOMBARD ME WITH QUESTIONS. OTHERS JUST STARE, PRESSING THEIR NOSES AGAINST THE BUS WINDOW. WHEN THEY REACH THE RUNWAY INTERSECTION - MY OWN PERSONAL FAVOURITE SPOT - AND SEE A 380 TONNE AEROPLANE TAKE TO THE AIR LIKE A FEATHER, THEY WATCH IN AMAZEMENT. FOR ME, THAT'S ALWAYS THE HIGHLIGHT OF THE TOUR.

Edi Haller

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 Swiss Exchange with a market capitalisation of 1.9 billion Swiss francs as of the 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
Unique Chile S.A.	Santiago de Chile	CLP 4,325 million	100% Unique Airports Worldwide 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 the 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 1,000)	31.12.2009	31.12.2008	31.12.2007
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	1,612	11,841	650
Other reserves	79,246	69,017	80,208
Available earnings			
Profit brought forward	129,397	89,565	47,373
Dividend payment for 2008/2007/2006	-30,640	-27,627	-18,405
Net profit	156,118	67,459	60,597
Total equity	1,195,102	1,069,624	1,029,792

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 31 December 2009, the Canton of Zurich held 33.33 percent plus one share and the City of Zurich held 5.00 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-out 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, although 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 and 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 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; Chairman of the Board of Directors of gategroup Holding AG; 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) and 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 "Greater Zurich Area" Foundation Board.

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.

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; President of the "Greater Zurich Area" Foundation Board; Member of the Advisory Council of the Swiss National Bank.

Elmar Ledergerber
Swiss citizen; born in 1944; PhD (Economics); member of the Zurich City Council 1998–2009, Mayor of Zurich from 2002; President of Zurich Tourism since 2009. 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); President of the Intercooperation Foundation Committee; Chairman of the Zurich Film Foundation.

Kaspar Schiller
Swiss citizen; born in 1947; PhD (Law); attorney-at-law; since 1978, partner in the legal practice of Schiller Rechtsanwälte AG, 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 and 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; Member of the Board of Directors of Imbrex Holding.

General Secretary
Thomas Egli

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 659.6 million Swiss francs as of 31 December 2009. 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 the 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.

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 Chairman and members of the Management Board 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 Services, head of Human Resources and the General Secretary are invited to attend meetings of the Nomination & Compensation Committee.

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. Comprehensive financial and business reports are also prepared on a quarterly basis, and the Board of Directors is kept informed about anticipated developments by means of rolling long-term planning.

In close collaboration with the Audit & Finance Committee, group auditors KPMG worked with Internal Audit in examining the internal control system. 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 their duty of overall supervision, the handling of noise compensation claims and a number of security aspects in the IT area were reviewed, for example. Follow-up activities to previous audits also took place. Internal Audit reports directly to the Chairman of the Audit & Finance Committee.

Management Board

Members

Thomas E. Kern
Swiss citizen; born in 1953; Chief Executive Officer (CEO); MA (Law); expansions manager (from 1984 to 1985) and executive manager (from 1986 to 2000) at Interio AG; executive manager at Globus Warenhäuser (2001) and CEO of the Globus group from 2002 to 2006. Member of the Board of Directors from 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 Hiltebrand
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 on 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 with 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 on 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 428,581 Swiss francs (2008: 324,664 Swiss francs) as part of their respective salaries. The number of shares to be granted cannot be precisely calculated yet since the number depends on the share price at grant date. If the shares had been granted as of year-end, a total of 1,377 would have been distributed (2008: 1,302). 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 2009, the number of company shares held by members of the Management Board and associated parties was 4,144.

As of 31 December 2009, the number of company 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”). 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”.

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 (for the former Flughafen Immobilien Gesellschaft, “FIG”) at which time the old company law was still in effect. 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 401,000 Swiss francs (2008: Swiss francs 372,000). The auditors also charged a total of 31,000 Swiss francs (2008: Swiss francs 14,000) 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, or from 15 April 2010, www.zurich-airport.com/investorrelations

Contact address:
Flughafen Zürich AG
P.O. Box, CH 8058 Zurich-Airport

Investor Relations:
Michael Ackermann, investor.relations@unique.ch
From 15 April 2010, investor.relations@zurich-airport.com

Corporate Communications:
Sonja Zöchling, sonja.zoechling@unique.ch
From 15 April 2010, sonja.zoechling@zurich-airport.com

IAN WILMOT

Place:
VIP Lounge
Zurich Airport

Time:
6.00 p.m.

Name:
Ian Wilmot

Job:
Creative Director

When I travel on business, I'm always surrounded by people. Which is why I like having some time to myself now and again. This is precisely why I am so fond of the VIP Lounge at Zurich Airport. Depending on my needs, I can use it as a lounge or an office. The VIP Lounge at Zurich Airport offers a first-class service with its fixed workstations equipped with laptops and printers. I usually have my own laptop with me and appreciate being able to connect it up to the network. At the moment I'm just enjoying a glass of red wine while reading the newspaper. Incidentally, the wine is excellent. What time is my flight leaving?

Ian.

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 regard to all risks associated with its business activities, and constantly improving and monitoring the group's risk situation.

Practical management tool
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 bear the responsibility for 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 organisation periodically reviews the risk management system in order to ensure that any changes in the commercial and regulatory environment, and in the corporate structure, are adequately reflected.

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 risk management organisation constantly monitors the implementation of the defined measures.

Compliance management
Flughafen Zürich AG operates a compliance management system as another important component of its integrated risk management process. The aim of compliance management is to systematically register, obtain information on and comply with legal and regulatory provisions as well as with internal corporate guidelines and ethical principles.

Compliance with the relevant laws, guidelines and principles is controlled in 34 different thematic areas, with a specialist responsible for processes in each of them. In their particular thematic area, each specialist is responsible for (1) defining necessary actions, such as providing the information, guidelines and checklists required by line managers and individual employees, (2) performing the controls defined for compliance audits and (3) systematic reporting. Line management has ultimate responsibility for compliance with the law, guidelines and principles. A Compliance Steering Committee drawn from all areas of the organisation and headed by the Chief Risk Officer monitors the rigorous and uniform implementation of compliance management procedures.

Since 2009 the risk management organisation has produced a compliance report twice annually at the request of the Chief Financial Officer and with the aid of information from those in charge of the processes. This report covers all thematic areas and is submitted to the Management Board and Board of Directors.

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 its infrastructure and would need to finance additional investments and costs. These include:

1.1 Cantonal initiatives calling for modification of Zurich cantonal airport legislation
At the end of 2009 only the cantonal government initiative calling for a ban on the new construction and expansion of runways was still pending.
The 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 was rejected by the Zurich Cantonal Parliament on 23 February 2009 by a large majority. This initiative has therefore been definitively defeated. The cantonal people's initiative calling for a fair and balanced distribution of aircraft noise around Zurich Airport was rejected by the Zurich cantonal electorate on 27 September 2009.

The government initiative calling for a ban on the new construction and expansion of runways, which was submitted by a group of municipalities in November 2006, calls for the Canton of Zurich to make a submission to the federal government and the Board of Directors of Flughafen Zürich AG to prevent the construction of new runways and the expansion of existing ones. The Zurich Cantonal Council recommends that the initiative be rejected. On 23 February 2009, the Cantonal Parliament resolved to support the initiative. A referendum contesting the Cantonal Parliament's decision was launched by the conservative parliamentary factions. At the same time an association opposing the flight path from the south ("VFSN") submitted a referendum with a counterproposal which would require the Canton to exercise its authority to prevent new flight paths (versus the status of 2000) over densely populated areas and to oppose the construction of high-speed taxiways.

Both the Zurich Cantonal Council and the Cantonal Parliament decided to declare the counterproposal partially invalid due to infringement of unity of substance and only to submit the valid parts of the initiative to popular vote. The VFSN has submitted a complaint against this decision to the Federal Supreme Court. No ruling has yet been made and it is thus still not certain when the vote will take place.

The extensive investigations conducted as part of the SIL process (Civil Aviation Infrastructure Plan) have shown that flight operations involving an increased number of landings from the east and take-offs towards the north could reduce the number of persons who are exposed to aircraft noise in excess of the tolerance limits. To increase the number of approaches from the east it would be necessary to extend the length of runway 28 from its current 2,500 metres to around 2,950 metres. If the initiative is accepted by the electorate, the extension of runway 28 would be blocked under current law. If the counterproposal is accepted, no new flight paths could be introduced over densely populated areas.

1.2 Zürcher Fluglärm-Index ZFI (Zurich Aircraft Noise Index)
The Cantonal Council approved the report of the local Department of Economics on the Zurich Aircraft Noise Index (Zürcher Fluglärm-Index, or ZFI) in 2008. The number of persons exposed to high levels of aircraft noise in 2008 exceeded the ZFI upper limit of 47,000 for the first time since 2000. Last year a total of some 49,000 people were exposed to high levels of aircraft noise during the day and/or at night. The Cantonal Council also approved the package of ZFI measures that was commissioned in 2008.

The package consists of a set of measures for flight operations and another set for land-use planning/living quality. Technical progress in aircraft engine construction and navigation standards are the basis on which the measures for flight operations are formulated. The concept lists short-, medium- and long-term measures such as adjustments to noise charges, fleet renewal and restrictions on Chapter 3 aircraft that no longer meet the latest noise emission standards. In addition, it envisages various concrete operating measures designed to reduce the variance in the individual flight routes or that address the use of new navigation technologies.

The set of measures for land-use planning/living quality is based on a concept of forward-looking management of land-use around the airport. The process associated with a partial amendment will be initiated at the end of 2009 or beginning of 2010, and will be co-ordinated with the Civil Aviation Infrastructure Plan for Zurich Airport. Cantonal planning guidelines recommend the establishment of a demarcation line, in addition to the provisions of the Federal Noise Abatement Ordinance, to ensure that in areas where the tolerance level for noise immissions is reached or exceeded no new residential areas and no new zones can be created or existing zones rezoned or upgraded to residential zones. In the long term all residential properties within this demarcation zone are to be equipped with high-quality sound insulation. The package of measures for land-use planning/living quality therefore plans incentives to encourage improvements to existing residential buildings, such as advisory services and financial support for pilot projects by the Canton of Zurich.

Zurich Airport is surprised that the target ZFI level was reached in the same year as the referendum decision, since this was neither intended nor expected by the Canton or the electorate. Zurich Airport has supported the Canton in analysing the causes and developing potential corrective measures, but it does not find it necessary to make any changes to the current organisation of flight operations. If the monitored noise levels were to rise further, however, the possibility cannot be excluded that in the medium term the Canton of Zurich might demand, either through its position on the Board of Directors or via the federal government, that the airport take corrective action, which could potentially have a negative impact on the airport's development.

1.3 SIL process (Civil Aviation Infrastructure Plan) as the basis for legal and planning certainty

Via the Civil Aviation Infrastructure Plan and the related planning guidelines the federal government and the cantons co-ordinate their airport and residential planning strategies with each other. On the basis of studies conducted primarily by specialists from Flughafen Zürich AG to produce the Civil Aviation Infrastructure Plan for Zurich Airport, the Federal Office of Civil Aviation (FOCA) examined an extensive range of alternatives. The Federal Department of the Environment, Transport, Energy and Communications (DETEC) decided to continue pursuing three alternatives (two of which are based on the existing runway structure and one requiring an extension of runways 28 and 34). By deciding not to pursue the option of securing land for a parallel runway, DETEC abandoned the very alternative that would have been able to cope with demand in the long term, even though it was recommended by the spatial planning experts commissioned for the task.

Based on the chosen alternatives the Federal Office of Civil Aviation will create the detailed Civil Aviation Infrastructure Plan for Zurich Airport together with the Federal Office for Spatial Development. Following this it will be available for public inspection. The plan should be approved by the Federal Council in 2012 according to present planning. Along with the operating regulations based on it, it will set out the scope of development for Zurich Airport.

1.4 Rulings by 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.

1.5 Regulation of the use of South German airspace by aircraft landing at or taking off from Zurich Airport

Germany has issued a unilateral ordinance on the use of South German airspace, against which Switzerland has lodged a complaint with the European Court of Justice. No ruling has yet been made, but German Federal Chancellor Merkel and Swiss Federal President Couchepin signed an agreement on 29 April 2008 according to which Switzerland and Germany would jointly conduct an analysis of noise levels at Zurich Airport. The study, which was performed by the German Aerospace Center (Deutsches Zentrum für Luft- und Raumfahrt, "DLR"), was presented to the public in October 2009. The report states that under German law the protection zones must be concentrated solely on Swiss territory. Based on the noise analysis and the Civil Aviation Infrastructure Plan options, both countries will now commence talks on easing the provisions of Germany's implementing ordinance. Further tightening of the unilateral ordinance is not an issue at present. If Germany should nevertheless tighten the ordinance, this could lead to a further restriction of capacities and substantially hamper the airport's business development.

1.6 Legal proceedings

In its ruling of 10 December 2009 on the airport's provisional operating regulations the Federal Administrative Court essentially confirmed the present state of flight operations (in particular the operating times and runway use). Several involved parties have appealed against this ruling to the Swiss Federal Supreme Court. If the Supreme Court were to rule as the final instance, even partially in favour of any application to restrict flight operations, which we do not expect, this would adversely impact 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 it will be debated in the spring session of the National Council in 2010. Further 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.

Revised EU security regulations will enter into force at the end of April 2010 and will be implemented immediately in Switzerland as well. As a result, some security measures will be eased and others will become marginally stricter. Since the attempted terrorist attack on a passenger plane during the approach to Detroit airport in December 2009 the introduction of body scanners is back on the discussion table in Europe. Regulators are also focusing increased attention on ground security, particularly car bomb attacks.

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 such 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 56 percent (2008: 53 percent) of Zurich Airport's flight movements and approximately 59 percent (2008: 57 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 Swiss Federal 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 charges and special surcharges 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 Supreme Court 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 107.7 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 132.3 million Swiss francs. Flughafen Zürich AG is drawing up a concept for how to reimburse costs incurred by home owners for sound insulation measures.

5.2 Formal expropriations

With respect to formal expropriations, the rulings on fundamental issues by the Federal 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 arising from the right of formal expropriation, and represents a portion of the costs for "old" noise-related liabilities, which since of 1 July 2008 have been covered 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 these "old" noise-related liabilities.

Also as of this date, the Canton of Zurich is to receive a 47 percent share of the 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 the 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 recognised as a provision 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 the right of formal expropriation.

Subsequent to this, on 26 May 2009 the Federal Administrative Court corrected a decision by the Federal Assessments Commission of 17 December 2007 that had set the date for the foreseeability of an eastern approach as 1 January 1961. The Federal Administrative Court changed this date to 23 May 2000. After a detailed examination, Flughafen Zürich AG decided to appeal this decision to the Federal Supreme Court.

Based on the rulings pronounced to date by the Federal Supreme Court concerning fundamental issues, Flughafen Zürich AG is abiding by its original estimate of 30 June 2008 concerning total noise-related costs in the amount of 759.8 million Swiss francs. This estimate was based on a variety of assumptions, such as pending legal issues without a last-instance ruling. The date of the foreseeability of the eastern approach was another of these assumptions. As of the balance sheet date, Flughafen Zürich AG had recognised costs for formal expropriations amounting to 233.3 million Swiss francs and had recognised provisions for formal expropriations of 130.8 million Swiss francs and provisions for pending sound insulation costs of 115.6 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 the 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 the 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.

Any balance of revenue from noise charges after deduction of noise-related costs (compensation for formal expropriation, sound insulation measures, operating costs, financing costs and amortisation) 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 such 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, and the corresponding costs will therefore no longer be recognised as an asset.

5.7.3 The threshold is subject to an annual adjustment mechanism based on the development of the equity of Flughafen Zürich AG. As of 31 December 2009, the threshold was above the original level of 1.1 billion Swiss francs, but has no effect on the prefinancing 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.

Consolidated income statement

(CHF 1,000)	Notes	2009	2008
Revenue from goods and services			
Revenue from aviation operations	(1)	505,092	525,689
Revenue from non-aviation operations	(1)	315,115	329,414
Total revenue		820,207	855,103
Personnel expenses	(2)	-158,416	-152,394
Police and security		-113,458	-113,016
Maintenance and material		-40,697	-43,907
Sales, marketing, administration		-38,175	-41,575
Energy and waste		-24,553	-25,015
Other operating expenses	(3)	-40,181	-36,057
Other expenses/income, net	(4)	-2,493	-22,898
Earnings before interest, tax, depreciation and amortisation (EBITDA)		402,234	420,241
Depreciation and amortisation	(7)	-189,078	-186,168
Earnings before interest and tax (EBIT)		213,156	234,073
Financial expenses	(5)	-82,823	-93,277
Financial income	(5)	5,011	14,064
Share of profit or loss of associates	(9)	8,376	-7,612
Gain on disposal of shares in associate	(9)	95,278	0
Profit before tax		238,998	147,248
Income tax	(6)	-48,388	-25,934
Profit		190,610	121,314
Basic earnings per share (in Swiss francs)	(14)	31.20	19.78
Diluted earnings per share (in Swiss francs)	(14)	31.18	19.77

Consolidated statement of comprehensive income

(CHF 1,000)	Notes	2009	2008
Profit		190,610	121,314
Other comprehensive income			
Change in tax rate	(18)	0	-330
Cross currency interest rate swaps, net of income tax			
– Adjustments to fair value	(15)	-11,860	-33,803
– Transfer to income statement	(15)	7,926	7,648
Available-for-sale securities			
– Adjustments to fair value		-423	2,950
– Losses realised		399	1,446
Reclassification to income statement of cumulative foreign exchange differences relating to disposal of shares in associate		2,982	0
Foreign exchange differences		2,871	-4,571
Other comprehensive income, net of income tax		1,895	-26,660
Total comprehensive income		192,505	94,654

Consolidated balance sheet

(CHF 1,000)	Notes	31.12.2009	31.12.2008
Assets			
Land	(7)	109,547	109,547
Buildings, engineering structures	(7)	2,295,490	2,391,016
Facilities in leasing	(7)	56,457	62,337
Projects in progress	(7)	195,511	93,403
Movables	(7)	90,074	91,849
Total property, plant and equipment	(7)	2,747,079	2,748,152
Intangible asset from right of formal expropriation	(7)	233,336	238,970
Other intangible assets	(7)	6,359	9,520
Investments in associates	(9)	15,571	7,952
Non-current financial assets of Airport of Zurich Noise Fund	(8)	97,922	72,965
Other financial assets	(10)	11	1,125
Non-current assets		3,100,278	3,078,684
Inventories		8,867	8,811
Current financial assets of Airport of Zurich Noise Fund	(8)	80,334	65,823
Trade receivables	(11)	114,687	108,651
Other receivables and prepaid expenses	(12)	23,896	26,920
Cash and cash equivalents	(13)	231,693	74,038
Current assets		459,477	284,243
Total assets		3,559,755	3,362,927
Equity and liabilities			
Share capital	(14)	307,019	307,019
Own shares	(14)	-1,612	-11,841
Capital reserves	(14)	587,966	590,584
Hedging reserve, net	(14)	-82,524	-78,590
Fair value reserve, net	(14)	1,453	1,477
Translation reserve	(14)	1,011	-4,842
Other retained earnings	(14)	785,098	625,128
Equity		1,598,411	1,428,935
Debentures and non-current loans	(15)	995,058	992,459
Lease liabilities	(15)	58,601	63,536
Non-current provisions for sound insulation and formal expropriations	(16)	246,354	244,561
Deferred tax liabilities	(18)	102,955	96,459
Retirement benefit plans	(20)	3,708	3,443
Non-current liabilities		1,406,676	1,400,458
Trade payables		33,407	50,049
Current financial liabilities	(15)	194,465	175,839
Other current debt, accruals and deferrals	(21)	311,155	285,893
Current tax liabilities		14,512	20,624
Deferred revenue	(19)	1,129	1,129
Current liabilities		554,668	533,534
Total liabilities		1,961,344	1,933,992
Total equity and liabilities		3,559,755	3,362,927

Consolidated statement of changes in equity

(CHF 1,000)	Share capital	Own shares	Capital reserves	Hedging reserve, net	Fair value reserve	Translation reserve	Other retained earnings	Total equity
Balance at 1.1.2008	307,019	–650	590,869	–52,105	–2,919	–271	531,441	1,373,384
Profit							121,314	121,314
Change in tax rate [1]				–330				–330
Cross currency interest rate swaps, net of income tax								
– Adjustments to fair value [2]				–33,803				–33,803
– Transfer to income statement [2]				7,648				7,648
Available-for-sale-securities								
– Adjustments to fair value					2,950			2,950
– Losses realised					1,446			1,446
Foreign exchange differences						–4,571		–4,571
Other comprehensive income, net of income tax	0	0	0	–26,485	4,396	–4,571	0	–26,660
Total comprehensive income	0	0	0	–26,485	4,396	–4,571	121,314	94,654
Dividends paid relating to the 2007 financial year							–27,627	–27,627
Purchase of own shares		–12,630						–12,630
Share-based payments		1,439	–285					1,154
Balance at 31.12.2008	307,019	–11,841	590,584	–78,590	1,477	–4,842	625,128	1,428,935
Balance at 1.1.2009	307,019	–11,841	590,584	–78,590	1,477	–4,842	625,128	1,428,935
Profit							190,610	190,610
Cross currency interest rate swaps, net of income tax								
– Adjustments to fair value [2]				–11,860				–11,860
– Transfer to income statement [2]				7,926				7,926
Available-for-sale-securities								
– Adjustments to fair value					–423			–423
– Losses realised					399			399
Reclassification to income statement of cumulative foreign exchange differences relating to disposal of shares in associate						2,982		2,982
Foreign exchange differences						2,871		2,871
Other comprehensive income, net of income tax	0	0	0	–3,934	–24	5,853	0	1,895
Total comprehensive income	0	0	0	–3,934	–24	5,853	190,610	192,505
Dividends paid relating to the 2008 financial year							–30,640	–30,640
Purchase of own shares		–59						–59
Sale of own shares		9,116	–2,487					6,629
Share-based payments		1,172	–131					1,041
Balance at 31.12.2009	307,019	–1,612	587,966	–82,524	1,453	1,011	785,098	1,598,411

[1] See "Notes to consolidated financial statements", note 18, "Deferred tax liabilities".
[2] See "Notes to consolidated financial statements", note 5, "Financial result" and note 15 "Financial liabilities".

Consolidated cash flow statement

(CHF 1,000)	Notes	2009	2008
Profit		190,610	121,314
Financial result, net	(5)	77,812	79,213
Share of profit or loss of associates	(9)	–8,376	7,612
Gain on disposal of shares in associate	(9)	–95,278	0
Income tax	(6)	48,388	25,934
Depreciation of property, plant and equipment	(7)	179,202	178,021
Amortisation of intangible assets	(7)	10,586	8,893
Dissolution of government subsidies and grants on buildings and engineering structures	(7)	–710	–746
Losses from disposals of property, plant and equipment (net)	(4)	2,039	2,535
Share-based payments		1,041	1,154
Increase (-)/decrease (+) in inventories, trade receivables and other receivables and prepaid expenses		–3,068	–8,676
Increase (+)/decrease (-) in current debt, excluding current financial liabilities		–25,154	12,654
Increase (+)/decrease (-) in provisions for retirement benefit plans	(20)	265	525
Total expenses for sound insulation and formal expropriations	(16)	–6,033	–10,184
Income tax paid		–20,391	–3,147
Cash flow from operations		350,933	415,102
of which related to aircraft noise		26,063	35,342
Cash flow from noise charges	(17)	32,096	45,526
Cash flow for sound insulation and formal expropriations	(16)	–6,033	–10,184
Investments in property, plant and equipment (projects in progress)		–180,949	–249,893
Proceeds from disposals of property, plant and equipment	(7)	208	4,040
Proceeds from disposal of shares in associate	(9)	87,329	0
Capital contributions paid to associates	(9)	–5,273	–2,783
Investments in intangible asset from right of formal expropriation		0	–11,981
Investments in financial assets of Airport of Zurich Noise Fund		–113,649	–139,713
Change in other financial assets		156	–838
Repayment of current financial assets of Airport of Zurich Noise Fund		73,630	133,376
Interest received		4,111	8,943
Cash flow from investing activities		–134,437	–258,849
of which related to aircraft noise		–40,019	–6,337
Investments in financial assets of Airport of Zurich Noise Fund		–113,649	–139,713
Repayment of current financial assets of Airport of Zurich Noise Fund		73,630	133,376
Redemption of outstanding debenture	(15)	–128,000	0
Issue of new debenture	(15)	222,576	0
Repayment of liabilities towards banks arising from US car park lease	(15)	–50,697	–49,008
Repayment of lease liabilities	(15)	–4,652	–4,418
Repayment to Zurich Airport Staff Pension Fund	(12)	–52	–19
Payment of dividend for the 2008/2007 financial years	(14)	–30,640	–27,627
Purchase of own shares		–59	–12,630
Sale of own shares		6,629	0
Interest paid		–75,400	–72,299
Capitalised borrowing costs	(5)	1,526	1,430
Cash flow from financing activities		–58,769	–164,571
Effect of foreign exchange differences on cash and cash equivalents held		–72	0
Increase/decrease in cash and cash equivalents	(13)	157,655	–8,318
Balance at beginning of financial year	(13)	74,038	82,356
Balance at end of financial year	(13)	231,693	74,038
of which included in Airport of Zurich Noise Fund	(13)	7,013	22,374
of which cash at banks and in postal cheque accounts	(13)	7,013	19,474

Segment reporting

	Aviation flight operations [1]		Aviation security		Aviation aircraft noise		Non-aviation [1]		Eliminations		Consolidated	
(CHF million)	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Revenue from third parties	331.1	335.7	141.7	143.6	32.3	46.4	315.1	329.4			820.2	855.1
Inter-segment revenue	13.3	10.5					122.7	123.1	-136.0	-133.6		
Total revenue	344.4	346.2	141.7	143.6	32.3	46.4	437.8	452.5	–136.0	–133.6	820.2	855.1
Segment result	20.1	10.1	–6.1	–7.4	22.0	39.3	177.2	192.1			213.2	234.1
Earnings before interest and tax (EBIT)											213.2	234.1
Financial expenses	-2.7	-3.0			-8.0	-19.2	-9.4	-10.8			-20.1	-33.0
Unallocated financial expenses											-62.8	-60.3
Financial income					3.4	6.1					3.4	6.1
Unallocated financial income											1.6	8.0
Share of profit or loss of associates							8.4	-7.6			8.4	-7.6
Gain on disposal of shares in associate							95.3				95.3	0.0
Unallocated income tax											-48.4	-25.9
Profit											190.6	121.3
Tangible and intangible assets	936.2	928.1	53.4	41.5	235.1	241.1	1,762.0	1,787.0			2,986.8	2,997.7
Financial assets					97.9	73.0					97.9	73.0
Investments in associates							15.6	8.0			15.6	8.0
Current financial assets and cash and cash equivalents					87.3	88.2					87.3	88.2
Total segment assets	936.2	928.1	53.4	41.5	420.4	402.3	1,777.6	1,795.0			3,187.6	3,166.9
Unallocated current financial assets and cash and cash equivalents											224.7	51.7
Unallocated other assets											147.5	144.4
Consolidated assets											3,559.8	3,362.9
Total segment liabilities	63.5	68.1			246.4	244.6	123.5	166.7			433.4	479.3
Unallocated liabilities											1,527.9	1,454.7
Consolidated liabilities											1,961.3	1,934.0
Capital expenditure	57.0	98.8	12.6	9.1	74.7	285.8	124.0	144.8			268.3	538.5
Depreciation and amortisation	54.4	52.2	5.8	5.1	5.6	2.8	123.2	126.0			189.1	186.2
Number of employees (full-time positions)	571	533	17	15	12	11	702	695			1,302	1,254

[1] Investments in associates and the resulting profit or loss are now recognised in the non-aviation segment. The prior-year figures have been re-presented accordingly.

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

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 the 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.

- **IFRS 7 – Financial Instruments: Disclosures**
  The amended standard requires additional details about the calculation of fair value of financial instruments and liquidity risk. The amendements require a quantitative analysis of the calculation of fair values based on a 3-level fair value hierarchy for each class of financial instrument that is measured at fair value.

- **IFRS 8 – Operating Segments**
  IFRS 8 replaces IAS 14, "Segment Reporting", and requires segment reporting to be carried out in accordance with a management approach. The focus is on information and key data that are of relevance to company management and management decisions. The segments Aviation flight operations, Aviation security, Aviation aircraft noise and Non-aviation are reported under IFRS 8, which corresponds to the internal decision-making and reporting structures. In accordance with the internal reporting, associates are now allocated to the segment Non-aviation.

- **IAS 1 (revised) – Presentation of Financial Statements**
  The revised standard calls for changed presentation of the financial statements. One of the main changes is the introduction of a statement of comprehensive income showing the result of all changes in equity not related to transactions with owners in their capacity as owners of the company.

- **IAS 23 (revised) – Borrowing Costs**
  The revised standard requires borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. As of 1 January 2009 it is therefore no longer possible to charge borrowing costs for qualifying assets directly to the income statement. Flughafen Zürich AG has in the past already capitalised borrowing costs for qualifying assets.

The following additional interpretations and amended standards published by the International Accounting Standards Board (IASB) became applicable for financial years beginning 1 January 2009: IFRIC 13 "Customer Loyalty Programmes", IFRIC 15 "Agreements for the Construction of Real Estate", IFRIC 16 "Hedges of Net Investment in a Foreign Operation", IFRIC 18 "Transfers of Assets from Customers", Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements", Amendment to IFRS 2 "Share-based Payment: Vesting Conditions and Cancellations", Amendments to IAS 32 "Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements: Puttable Financial Instruments and Obligations Arising on Liquidation", Amendments to IFRIC 9 "Reassessment of Embedded Derivatives" and Improvements to IFRSs (May 2008).

The above stated amendments and interpretations have been applied for the first time in the 2009 financial year. These amendments and interpretations did not have a significant impact on the financial position, results of operations or cash flows of Flughafen Zürich AG.

Introduction of new standards in 2010 and later

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
IFRS 3 (revised) – Business Combinations	*	1 July 2009	2010 financial year
IAS 27 (amended) - Consolidated and Separate Financial Statements	*	1 July 2009	2010 financial year
Amendments to IAS 39 – Financial Instruments: Recognition and Measurement – Eligible Hedged Items	*	1 July 2009	2010 financial year
IFRIC 17 – Distribution of Non-cash Assets to Owners	*	1 July 2009	2010 financial year
Improvements to IFRSs 2008 – Amendments to IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations	*	1 July 2009	2010 financial year
Improvements to IFRSs (April 2009)	**	1 July 2009 1 January 2010	2010 financial year
IFRS 1 (revised) - First-time Adoption of International Financial Reporting Standards	*	1 July 2009	2010 financial year
Amendments to IFRS 2 – Group Cash-settled Share-based Payment Transcations	*	1 January 2010	2010 financial year
Amendments to IFRS 1 - First-time Adoption of International Financial Reporting Standards – Additional Exceptions	*	1 January 2010	2010 financial year
Amendment to IAS 32 – Financial Instruments: Presentation - Classification of Rights Issues	*	1 February 2010	2011 financial year
IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments	*	1 July 2010	2011 financial year
IAS 24 (revised 2009) – Related Party Disclosures	**	1 January 2011	2011 financial year
Amendments to IFRIC 14: IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction - Prepayments of a Minimum Funding Requirement	*	1 January 2011	2011 financial year
IFRS 9 – Financial Instruments: Classification and Measurement	***	1 January 2013	2013 financial year

* 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 during the year are consolidated or de-consolidated 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 translated into Swiss francs at the exchange rate in effect on the day of the transaction. Foreign currency monetary items are translated at the exchange rate at the balance sheet date. Exchange differences that arise from the settlement or translation of foreign currency monetary items are recognised in the income statement.

Reporting of revenue

Revenue is reported in accordance with IAS 18 when the service has been rendered or delivery has taken place, it is probable that the economic benefits will flow to the company and it can be measured reliably. In addition, the significant risks and rewards of ownership have to be transferred to the recipient of the service or the buyer of the product.

Revenue in the aviation flight operations segment mainly concerns passenger and landing fees and income from the baggage sorting and the aircraft energy supply system. Revenue in the aviation security segment mainly concerns security charges, and in the aviation aircraft noise segment it primarily concerns noise-related charges. The main revenue components in the non-aviation segment are revenue from marketing and rental of commercial infrastructure at the airport, car park revenue, income from rental and commercial licences, revenue from energy and incidental cost allocation and from communication services.

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 the outstanding 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 stage for 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 around 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 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 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 the 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 is 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 have 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. A joint venture is based on a conctractual agreement according to which two or more parties exercise a business activity under joint management, whereby non of the involved parties are able to exercise control on their own.

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 cash equivalents
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 86.2 percent as of 31 December 2009 (2008: 81.0 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 time and 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
Reporting of operating segments is carried out in accordance with IFRS 8 in line with the internal reporting to the company's chief operating decision maker. The Board of Directors has been identified as chief operating decision maker of Flughafen Zürich AG responsible for major decisions concerning the allocation of resources and the assessment of performance of the operating segments.

Flughafen Zürich AG has the following four operating segments:

Aviation flight operations
This 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 revenue from flight operations are passenger and landing fees. Revenue from third parties is determined by passenger volumes, flight volumes and the trend with respect to aircraft take-off weights.

Aviation security
This 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 segment.

Aviation aircraft noise
All income and expenses associated with aircraft noise are reported separately in this 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 segment. Any internal supplies and services that have been provided to 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 segment, and proportionate costs are charged to Aviation on a "user pays" basis. Support functions are also allocated to the Non-aviation segment, and then offset accordingly.

Principles of segment reporting
Assets and liabilities are allocated to the respective operating segments on the basis of internal reporting. 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 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 to the segments on the basis of their activity.

The identified operating segments have not been aggregated.

Flughafen Zürich AG provides practically all its services within Switzerland. During 2009, it provided external consulting services worth 2.5 million Swiss francs (2008: 4.4 million).

Flughafen Zürich AG's revenue with Lufthansa Group in 2009 amounts to approximately 295.9 million Swiss francs and is reported in the segments Aviation flight operations, Aviation security, Aviation aircraft noise and Non-aviation.

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 noise-related costs
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 its infrastructure, and would need to finance 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 such 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. Like any other hub airport, Zurich 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 Swiss Federal Assessments Commission. 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) could 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, therefore making it liable for such claims in an external capacity. The threshold is subject to an annual adjustment based on the development of the equity of Flughafen Zürich AG. The threshold as of 31 December 2009 was higher than the original level of 1.1 billion Swiss francs, but has no effect on the prefinancing provided by the Canton of Zurich.

Since as of the middle of 2008, 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 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 the consolidated financial statements as an intangible asset arising from the right of formal expropriation and represents a portion of the costs for "old" noise-related liabilities, which since 1 July 2008 have been covered 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 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 recognised as a provision for compensation of 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 the 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 the 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.

On 26 May 2009 the Federal Administrative Court corrected a decision by the Federal Assessments Commission of 17 December 2007 that had set the date for the foreseeability of an eastern approach as 1 January 1961. The Federal Administrative Court changed this date to 23 May 2000. After a detailed examination, Flughafen Zürich AG decided to appeal this decision to the Federal Supreme Court.

Based on the rulings pronounced to date by the Federal Supreme Court concerning fundamental issues, Flughafen Zürich AG is abiding by its original estimate of 30 June 2008 concerning total noise-related costs in the amount of 759.8 million Swiss francs. This estimate was based on a variety of assumptions, such as pending legal issues without a last-instance ruling. The date of the foreseeability of the eastern approach was another of these assumptions. As of the balance sheet date, Flughafen Zürich AG had recognised costs for formal expropriations amounting to 233.3 million Swiss francs and had recognised provisions for formal expropriations of 130.8 million Swiss francs and provisions for pending sound insulation costs of 115.6 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 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 presumably continue to apply. At the present time, it is not possible to reliably estimate the total costs to capitalise as intangible assets from the right of formal expropriation, the amortisation period or the corresponding provision.

Consolidated income statement

1) Revenue from goods and services

(CHF 1,000)		2009		2008
Passenger fees	173,044		176,807	
Landing fees	77,453		79,630	
Baggage sorting and handling system	26,150		26,383	
Other earnings	16,224		15,270	
Aircraft energy supply system	10,483		11,300	
Freight revenue	6,999		7,755	
Fuel charges	6,352		6,549	
Parking fees	5,790		5,088	
CUTE charges (check-in system for handling agents)	4,113		4,138	
Emission fees	2,916		3,042	
PRM fees	1,707		0	
Bad debt write-offs	–100		–271	
Revenue from aviation flight operations		331,131		335,691
Security fees	140,298		142,127	
Refund of security costs	1,395		1,435	
Revenue from aviation security		141,693		143,562
Noise charges	32,268		46,436	
Revenue from aviation aircraft noise		32,268		46,436
Total revenue from aviation		505,092		525,689
Retail outlets and duty-free shops	71,562		79,493	
Revenue from multi-storey car parks	61,959		64,407	
Advertising media and promotion	13,112		12,886	
Food and beverage operations	11,215		11,405	
Other licence revenue (car rentals, taxis, banks, etc.)	12,222		12,859	
Commercial revenue		170,070		181,050
Revenue from rental and leasing agreements	85,589		82,144	
Energy and incidental cost allocation	26,066		25,487	
Cleaning	3,591		3,511	
Other services revenue	2,118		5,497	
Trade fairs and events	0		314	
Revenue from facility management		117,364		116,953
Communication services	13,250		12,988	
Other services and miscellaneous	7,338		9,163	
Conference Center	152		3,050	
Capitalised expenditure [1]	7,085		6,275	
Bad debt write-offs	–144		–65	
Revenue from services		27,681		31,411
Total revenue from non-aviation		315,115		329,414
Total revenue		820,207		855,103

[1] 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.

Fee to finance assistance for passengers with reduced mobility
As of 1 November 2009, Flughafen Zürich AG is responsible for handling passengers with reduced mobility. This responsibility is based on EU regulation EC–1107/2006, which entered into effect for Switzerland on 1 November 2009 in accordance with existing bilateral agreements. With the implementation of the above regulation in Switzerland, a variety of binding standards relating to quality, training and information in connection with the handling of passengers with reduced mobility were introduced at Zurich Airport.

For the refinancing of this service, on the above date Flughafen Zürich AG introduced a new operational fee for the assistance of passengers with reduced mobility in accordance with the provisions of Articles 32 ff of the Federal Ordinance on Civil Aviation Infrastructure. The new fee of 1 Swiss franc is collected from all passengers at Zurich Airport who depart on commercial flights. It is collected by invoicing the airlines concerned.

The fee is intended to cover all investment and operating costs associated with this new service. It was carefully calculated and is not linked to any other services at Zurich Airport. The calculations were made for a time frame of five years. This results in a shortfall for 2009 and 2010 which according to the forecast will be balanced out in the period from 2011 to 2014. The shortfall in the year under review is lower than the amount calculated in the consultation report on the PRM fee. This is due to the costs for training internal personnel, which will only be incurred in the 2010 financial year. In addition, delays occurred in the processing of structural investments for implementing the ordinance, and this is why no depreciation, amortisation and imputed interest are included in the 2009 statement. These costs will impact the PRM result 2010.

In the event that the income and expenses relating to this new service should not develop as budgeted, the fee will be adjusted in accordance with the provisions of Articles 32 ff of the above Federal Ordinance based on the costs and in line with the principles of non-discrimination and transparency.

The table below shows the income and expenses relating to the assistance of passengers with reduced mobility in the year under review (only for two months):

(CHF 1,000)	2009	2008
PRM fees	1,707	0
Total revenue	1,707	0
Fixed service costs (service provider)	–548	0
Variable service costs (service provider)	–998	0
Other operating expenses	–207	0
Earnings before interest, tax, depreciation and amortisation (EBITDA)	–46	0
Depreciation and amortisation [1]	0	0
Earnings before interest and tax (EBIT)	–46	0
Imputed interest and income tax [1]	9	0
Loss	–37	0

[1] In the year under review, the PRM result does not include depreciation, amortisation and imputed interest. Investments for implementation will be capitalised first in 2010. Depreciation, amortisation and imputed interest will therefore only be reported in the PRM result for the first time in 2010.

2) Personnel expenses

(CHF 1,000)	2009	2008
Wages and salaries	125,001	118,129
Pension costs		
- for defined benefit plans [1]	109	117
- for defined contribution plans	11,066	10,266
Social security contributions	13,315	13,295
Other personnel expenses	8,925	10,587
Total personnel expenses	158,416	152,394
Average number of employees (full-time positions)	1,292	1,213
Number of employees as of 31 December (full-time positions)	1,302	1,254
Average personnel expense per position	122	122

[1] See note 20, "Retirement benefit plans".

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 all 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	2009 CHF 1,000	2008 CHF 1,000	Number of shares	2008 Average value per share
Personnel	55	54	207	266.75
Members of the Management Board	428	325	1,315	258.25
Middle management personnel	660	659	2,077	258.25
Adjustment of share price in subsequent year to market price [1]	–108	58		
Total	1,035	1,096	3,599	

[1] The value of the shares comprising the bonus for the 2008 financial year was 0.11 million Swiss francs lower in May 2009 (grant date) than the amount accrued for the bonus for the 2008 financial year as of year-end.

The bonus for the 2009 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 yet since the number depends on the share price at grant date. If the shares had been granted as of year-end, a total of 3,496 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 1,000)	2009	2008
Protection and rescue services (SRZ)	21,000	21,100
Insurance	4,266	5,479
Rental and land leases	6,640	3,006
PRM costs	1,546	0
Cleaning by external contractors, incl. snow clearing	2,282	2,229
Additional operating costs	1,772	2,167
Communication costs	1,670	1,771
Passenger services	1,005	305
Total other operating expenses	40,181	36,057

4) Other expenses/income, net

(CHF 1,000)	2009	2008
Other income	325	1,450
Other expenses	–2,818	–24,348
Total other expenses/income, net	–2,493	–22,898

Other income includes:
2009: 0.1 million Swiss francs bankruptcy dividend Swissair (second instalment).
2008: 0.8 million Swiss francs bankruptcy dividend Swissair (first instalment).

Other expenses include:
2009: 2.0 million Swiss francs from losses on disposals of non-current assets.
2008: 21.3 million Swiss francs repayment to Swissair liquidator, and 2.5 million Swiss francs from losses on disposals of non-current assets.

5) Financial result

(CHF 1,000)	2009	2008
Interest expenses on debentures and non-current loans	63,943	61,250
Less capitalised interest on borrowings for buildings under construction	-1,526	-1,430
Net interest expenses on debentures and non-current loans	62,417	59,820
Interest expenses on finance lease payments	2,700	2,998
Unwinding of financial liabilities	3,325	2,559
Other interest expenses	33	0
Interest difference related to interest rate swap	1,088	5,253
Total interest expenses	69,564	70,630
Loss on financial assets of Airport of Zurich Noise Fund [1]	128	14,070
Other financial expenses	4,763	3,346
Foreign exchange losses	542	101
Unwinding of discount on non-current provisions for sound insulation and formal expropriations	7,826	5,130
Financial expenses	82,823	93,277
Interest income on financial assets of Airport of Zurich Noise Fund	-3,383	-6,073
Interest income on postal cheque accounts and bank deposits/loans	-301	-2,624
Interest on arrears	-5	-11
Total interest income	-3,689	-8,708
Gain from trading in derivatives (adjustments to fair value of interest rate swap)	-1,084	-5,004
Foreign exchange gains	-201	-319
Financial income	-37	-33
Financial income	-5,011	-14,064
Total financial result	77,812	79,213

[1] Including write-off in 2008 of Sigma Finance Corp. (11.4 million Swiss francs).

Capitalised interest on borrowings for buildings under construction was calculated using an average interest rate of 5.36 percent in 2009 (5.60 percent in 2008).

The interest rate swap held by the group to the value of 300 million Swiss francs expired on 16 March 2009.

6) Income tax

(CHF 1,000)	2009	2008
Current period	40,878	18,975
Adjustments for prior periods	0	-1,560
Total current income tax	40,878	17,415
Change in tax rate, booked to income statement	0	-2,576
Deferred tax on changes in temporary differences	7,510	11,095
Total deferred income tax	7,510	8,519
Total income tax	48,388	25,934

Income tax can be analysed as follows:

(CHF 1,000)	2009	2008
Profit before tax	238,998	147,248
Tax expense at anticipated tax rate of 20.5%	48,995	30,186
Non-taxable income	-435	0
Adjustment of deferred tax due to change in tax rate	0	-2,576
Elimination of tax accruals from previous years	0	-1,560
Current year losses for which no deferred tax assets were recognised	0	137
Miscellaneous transitory items	-172	-253
Total income tax	48,388	25,934

Consolidated balance sheet

7) Changes in non-current assets

(CHF million)	Land	Engineering structures	Buildings	Facilities in leasing	Projects in progress	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	Total
Cost													
Balance as of 1.1.2008	112.2	1,286.8	3,600.4	91.6	103.5	213.3	5,407.9	0.2	76.6	17.4	126.1	0.3	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		-8.5		-50.4	-0.3	-176.1
Reclassification							0.0				-51.5		-51.5
Transfers	1.0	106.2	123.5		-258.7	25.0	-2.9		2.9				0.0
Adjustments to fair value							0.0				4.3		4.3
Foreign exchange differences							0.0			-4.6			-4.6
Balance as of 31.12.2008	109.5	1,348.8	3,665.2	91.6	93.5	227.9	5,536.5	241.8	71.0	15.6	73.0	1.1	5,938.9
Balance as of 1.1.2009	109.5	1,348.8	3,665.2	91.6	93.5	227.9	5,536.5	241.8	71.0	15.6	73.0	1.1	5,938.9
Change in scope of consolidation							0.0			-2.1		-1.1	-3.2
Additions					181.4		181.4			12.3	74.6		268.3
Disposals		-0.2	-120.7		-0.1	-6.5	-127.4		-1.4	-13.2			-142.0
Reclassification							0.0				-49.1		-49.1
Transfers		23.3	36.0		-79.2	18.1	-1.8		1.8				0.0
Adjustments to fair value							0.0				-0.6		-0.6
Foreign exchange differences							0.0			3.4			3.4
Balance as of 31.12.2009	109.5	1,371.9	3,580.5	91.6	195.6	239.5	5,588.6	241.8	71.4	16.0	97.9	0.0	6,015.7
Depreciation, amortisation and impairment losses													
Balance sheet as of 1.1.2008	0.0	594.0	1,968.7	23.5	0.1	129.5	2,715.8	0.0	63.9	0.0	0.0	0.0	2,779.6
Additions		37.7	116.7	5.8		17.8	178.0	2.8	6.1	7.6			194.5
Transfers			1.9			-1.9	0.0						0.0
Disposals		-42.3	-58.7			-9.3	-110.2		-8.5				-118.7
Balance as of 31.12.2008	0.0	589.4	2,028.6	29.2	0.1	136.1	2,783.5	2.8	61.5	7.6	0.0	0.0	2,855.4
Balance sheet as of 1.1.2009	0.0	589.4	2,028.6	29.2	0.1	136.1	2,783.5	2.8	61.5	7.6	0.0	0.0	2,855.4
Additions		39.9	114.2	5.9		19.2	179.2	5.6	5.0	-4.8			185.0
Transfers							0.0						0.0
Disposals		-0.2	-119.2			-5.9	-125.3		-1.4	-2.4			-129.1
Balance as of 31.12.2009	0.0	629.1	2,023.6	35.1	0.1	149.4	2,837.4	8.4	65.1	0.4	0.0	0.0	2,911.3
Government subsidies and grants													
Balance as of 31.12.2007	0.0	0.1	5.4	0.0	0.0	0.0	5.6	0.0	0.0	0.0	0.0	0.0	5.6
Disposals		-0.1	-0.7				-0.7						-0.7
Balance as of 31.12.2008	0.0	0.1	4.8	0.0	0.0	0.0	4.9	0.0	0.0	0.0	0.0	0.0	4.9
Disposals		-0.0	-0.7				-0.7						-0.7
Balance as of 31.12.2009	0.0	0.1	4.1	0.0	0.0	0.0	4.2	0.0	0.0	0.0	0.0	0.0	4.2
Net carrying amount as of 31.12.2007	112.2	692.6	1,626.3	68.1	103.5	83.7	2,686.4	0.2	12.7	17.4	126.1	0.3	2,843.0
Net carrying amount as of 31.12.2008	109.5	759.2	1,631.8	62.3	93.4	91.8	2,748.1	239.0	9.5	8.0	73.0	1.1	3,078.7
Net carrying amount as of 31.12.2009	109.5	742.7	1,552.8	56.5	195.5	90.1	2,747.1	233.4	6.3	15.6	97.9	0.0	3,100.3

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

Lease 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 2009 of 156.5 million Swiss francs (31 December 2008: 167.7 million) 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. 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 the 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 the 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
Flughafen Zürich AG carries out a calculation at company level on a yearly basis to determine whether any indication is present that assets may be impaired. The calculation is based on the estimated future cash flows of Flughafen Zürich AG. The calculation did not identify any impairment indications as of 31 December 2009.

The 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 twice as fast as the estimated GDP growth in Switzerland over the medium and long term
- Growth of flight movements will be disproportionately slower than passenger growth
- Investments in infrastructure will secure the present-day quality standard and ensure compliance with the existing EU compatibility requirements.

Depreciation and amortisation
Depreciation and amortisation of property, plant and equipment and intangible assets totalling 189.8 million Swiss francs were offset against dissolutions of government grants and subsidies amounting to minus 0.7 million Swiss francs.

8) Financial assets of Airport of Zurich Noise Fund

(CHF 1,000)	31.12.2009	31.12.2008
Current available-for-sale securities (see note 17, "Financial assets of Airport of Zurich Noise Fund")	80,334	65,823
Non-current available-for-sale securities (see note 17, "Financial assets of Airport of Zurich Noise Fund")	97,922	72,965
Total financial assets of Airport of Zurich Noise Fund	178,256	138,788

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 2009, the applicable interest rate varied between 0.375 and 4.375 percent, and in 2008 between 1.26 and 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, a) "Financial risk management, i) Credit risk").

9) Investments in associates

(CHF 1,000)	31.12.2009	31.12.2008
Bangalore International Airport Ltd., Bengaluru (India)		
Share capital: INR 3,846 million (previous year INR 3,846 million) / Equity share 5.0% (previous year 17.0%)	3,273	5,850
Unique Chile S.A., Santiago de Chile (Chile)		
Share capital: CLP 4,325 million (previous year CLP 253 million) / Equity share 100.0% (previous year 48.0%) [1]	0	2,102
A-port S.A., São Paulo (Brasilia)		
Share capital: BRL 117 million (previous year BRL 52 million) / Equity share 15.0% (previous year 15.0%)	11,219	0
A-port Operaciones S.A., Santiago de Chile (Chile)		
Share capital: CLP 1,328 million (previous year CLP 254 million) / Equity share 32.6% (previous year 32.6%)	1,079	0
Administradora Unique IDC C.A., Porlamar (Venezuela)		
Share capital VEB 25 million (previous year VEB 25 million) / Equity share 49.5% (previous year 49.5%)	0	0
Aeropuertos Asociados de Venezuela C.A., Porlamar (Venezuela)		
Share capital VEB 10 million (previous year VEB 10 million) / Equity share 49.5% (previous year 49.5%)	0	0
Total investments in associates	15,571	7,952

[1] Unique Chile S.A. was fully consolidated in the 2009 financial year.

India
Up until 29 December 2009, Flughafen Zürich AG held a 17 percent stake in the share capital of Bangalore International Airport Ltd. (BIAL), the owner and operator of the greenfield airport that was opened in Bengaluru, India, in May 2008. Following the sale of 12 percent of its holding in BIAL at the end of 2009 (proceeds of disposal before tax: 95.3 million Swiss francs), Flughafen Zürich AG still held a 5% stake in the Indian airport operator as of the balance sheet date. Flughafen Zürich AG also retains responsibility for the operation of the airport on the basis of an operating, management and service level agreement. Revenue is flowing to Flughafen Zürich AG from this agreement. 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.

In accordance with the agreement with the buyer of the 12 percent interest in BIAL, Flughafen Zürich AG has an option to sell the remaining 5 percent stake in BIAL in the period from 24 May 2011 to 30 September 2014. As of the balance sheet date, the fair value of this put option is close to zero. In return, the buyer was granted the right to buy the remaining 5 percent at the market price.

Latin America
In 2008 and 2009, the holdings in Latin America (excluding those in Venezuela) were restructured due to the co-operation with Camargo Corrěa (Brazil) and Gestion e Ingenieria S.A. (IDC), Chile in the “A-port” joint venture. Unique Chile S.A. is fully consolidated following the completion of the restructuring in the 2009 financial year. This has little effect on the consolidated financial statements. All investments of Flughafen Zürich AG in Latin America (except those in Venezuela) are held via Unique Chile S.A.. The following two principal entities were formed in order to fully separate financial involvements from management of operations:

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 the previous year. 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. The acquisition of a 51 percent stake in Hato International Airport in Curaçao at the end of January 2009 was the first successful joint acquisition.

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 stake in A-port Operaciones S.A.. All existing management agreements in place in Latin America, with the exception of those in Venezuela, were incorporated into the joint venture the previous year. 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.).

Venezuela
In 2006 the governor of Nueva Esparta expropriated the airport on Isla de Margarita for a second time. The airport was subsequently operated by a “junta interventora” under the management of the Venezuelan supreme court until spring 2009.

On 4 March 2009 the court announced the dissolution of the “junta interventora” and ordered the operation of the airport to be handed over to the Venezuelan central government.

Flughafen Zürich AG finds this ruling unacceptable, and will therefore be referring the case to the International Center for Settlement of Investment Dispute (ICSID) in Washington D.C. if no amicable agreement is reached within the next few months. This procedure is based on the investment protection agreement between Venezuela and Switzerland.

The value of the holding was fully impaired in 2006.

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

Key financial data relating to associates (100 percent):

(CHF 1,000)	31.12.2009	31.12.2008
Assets	627,784	516,914
Liabilities	–487,500	–462,217
Total revenue	146,817	56,563
Result	18,966	–34,350

10) Other financial assets

(CHF 1,000)	31.12.2008	31.12.2008
Loan to Unique Chile S.A. [1]	0	1,114
Loan to FZ Colombia S.A.	11	11
Total other financial assets	11	1,125

[1] Unique Chile S.A. was fully consolidated in the 2009 financial year.

11) Trade receivables

(CHF 1,000)	31.12.2009	31.12.2008
Trade receivables [1]	115,947	109,762
Impairment allowance	–1,260	–1,111
Total trade receivables, net	114,687	108,651

[1] Trade receivables include an amount of 46.0 million Swiss francs due from Swiss International Air Lines Ltd. (2008: CHF 43.3 million Swiss francs) (see “Significant estimates and assumptions in the application of accounting policies”, point 4 “Hub carrier” and note 22.1, a) Financial risk management, i) Credit risk”). In the period between balance sheet date and the preparation of the 2009 annual report, Swiss had paid the outstanding amount in full as of 31 December 2009.

Geographical distribution of trade receivables:

(CHF 1,000)	31.12.2009	31.12.2008
Switzerland	109,848	103,304
Europe	5,696	6,347
India	292	0
South America	111	111
Total trade receivables	115,947	109,762

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

(CHF 1,000)	Gross 31.12.2009	Collective allowance 31.12.2009	Gross 31.12.2008	Collective allowance 31.12.2008
Not past due	108,438	–513	105,013	–828
Past due, 0 to 30 days	4,571	–22	2,064	–16
Past due, 31 to 60 days	488	–2	400	–3
Past due, more than 61 days	2,450	–12	2,285	–18
Total	115,947	–549	109,762	–865

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

	Individual allowance		Collective allowance		Total allowance	
(CHF in 1,000)	2009	2008	2009	2008	2009	2008
Status as of 1 January	–246	–230	–865	–567	–1,111	–797
Change	–465	–16	316	–298	–149	–314
Status as of 31 December	–711	–246	–549	–865	–1,260	–1,111

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

12) Other receivables and prepaid expenses

(CHF 1,000)	31.12.2009	31.12.2008
Services not yet invoiced	14,895	12,254
Accrued interest on debt instruments, Airport of Zurich Noise Fund	2,267	1,861
Prepaid services	559	437
Accrued interest on other debt instruments	0	209
Prepaid expenses and accruals	17,721	14,761
Tax receivables (VAT/withholding tax)	4,948	11,497
Other receivables	1,081	463
Current account with Zurich Airport Staff Pension Fund	0	42
Advance payments to suppliers	146	157
Total other receivables and prepaid expenses	23,896	26,920

Other receivables and prepaid expenses include the following financial instruments:

(CHF 1,000)	31.12.2009	31.12.2008
Services not yet invoiced	14,895	12,254
Accrued interest on debt instruments, Airport of Zurich Noise Fund	2,267	1,861
Accrued interest on other debt instruments	0	209
Current account with Zurich Airport Staff Pension Fund	0	42
Total financial instruments	17,162	14,366
Tax receivables (VAT/withholding tax)	4,948	11,497
Prepaid services	559	437
Other receivables	1,081	463
Advance payments to suppliers	146	157
Total other receivables and prepaid expenses	23,896	26,920

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, "a) Financial risk management", 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 past due receivables reported in the above positions that would require the recognition of an individual or collective allowance.

13) Cash and cash equivalents

(CHF 1,000)	31.12.2009	of which AZNF	31.12.2008	of which AZNF
Cash on hand	211		145	
Cash at banks and in postal cheque accounts	81,523	7,013	32,578	19,474
Call deposits due within 30 days	115,000		2,900	2,900
Fixed deposits due within 30 days	25,012		35,000	
Collateral, due within 90 days [1]	9,947		3,415	
Total cash and cash equivalents	231,693	7,013	74,038	22,374

[1] 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	2009 Interest rates (%)	2008 Interest rates (%)	2009 Average maturity (days)	2008 Average maturity (days)
Cash at banks and in postal cheque accounts	Swiss francs	0.125	0.125 to 0.25	n/a	n/a
Call deposits	Swiss francs	0.15 to 0.2	0.25 to 2.0	11	6
Fixed deposits	Swiss francs	0.16 to 0.46	0.5 to 2.85	65	22
Collateral	Swiss francs	0.06 to 0.61	0.25 to 3.50	91	61

14) Equity

Number of shares	Issued registered shares (nominal value, CHF 50)	Own shares	Total shares in circulation
Balance as of 1.1.2009	6,140,375	36,459	6,103,916
Purchase of own shares		235	–235
Sale of own shares		–28,106	28,106
Distribution of own shares to employees and third parties		–3,613	3,613
Balance as of 31.12.2009	6,140,375	4,975	6,135,400

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 155.1 million Swiss francs (2008: 165.4 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 an ordinary dividend of 5.00 Swiss francs, plus a special dividend of 2.50 Swiss francs (from the partial disposal of the interest in Bangalore International Airport Ltd.) per share for the 2009 financial year. This results in a total dividend payment of 46.1 million Swiss francs.

In accordance with the resolution of the General Meeting of Shareholders on 30 April 2009, Flughafen Zürich AG paid out a dividend of 30.6 million Swiss francs for the 2008 financial year, or 5.00 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:

	2009	2008
Profit attributable to shareholders of Flughafen Zürich AG in Swiss francs	190,610,193	121,313,791
Weighted average number of outstanding shares	6,108,714	6,132,397
Effect of dilutive shares	4,968	4,881
Adjusted weighted average number of outstanding shares	6,113,682	6,137,278
Basic earnings per share (in Swiss francs)	31.20	19.78
Diluted earnings per share (in Swiss francs)	31.18	19.77

Major shareholders and shareholder structure

The shareholder structure as of 31 December was as follows:

	2009	2008
Public sector	38.60%	38.60%
Private individuals	2.15%	2.30%
Companies	1.88%	2.38%
Pension funds	2.64%	2.54%
Financial institutions (including nominees)	33.14%	31.35%
Balance available and non-registered shareholders	21.59%	22.83%

	2009	2008
Number of shareholders	3,911	3,718

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

	2009	2008
Canton of Zurich (including BVK pension fund)	33.36%	33.36%
City of Zurich (including pension fund of the City of Zurich)	5.04%	5.03%

15) Financial liabilities

(CHF 1,000)	31.12.2009	31.12.2008
Japanese private placement	409,131	428,883
US private placement	279,282	287,242
Debenture	222,958	149,448
Non-current liabilities towards banks arising from US car park lease	83,687	126,885
Lease liabilities	58,601	63,536
Non-current financial liabilities	1,053,659	1,055,994
Debenture (redemption 26.3.2009)	0	127,945
Debenture (redemption 14.6.2010)	149,825	0
Current liabilities towards banks arising from US car park lease	39,785	39,767
Current lease liabilities	4,855	4,572
Current financial liabilities	0	3,555
Current financial liabilities	194,465	175,839
Total financial liabilities	1,248,124	1,231,833

On 21 December 2009, payment of the fifth instalment of liabilities towards banks arising from the US car park lease (50.7 million Swiss francs) out of a total of eight tranches was effected using available funds and in accordance with the agreement.

In 2009, a total of 4.7 million Swiss francs (2008: 4.4 million) of the outstanding leasing liabilities was repaid in accordance with the existing lease agreements.

On 26 March 2009, a debenture with a nominal value of 128.0 million Swiss francs was repaid according to schedule. The debenture issued on 18 February 2009 with a nominal value of 225.0 million Swiss francs with an interest coupon of 4.5 percent and repayment in 2014 is reported under non-current financial liabilities.

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

Financial liabilities	Nominal value as of 31.12.2009 in 1,000	Carrying amount as of 31.12.2009 in 1,000	Duration	Interest rate	Early repayment	Interest payment date
Debenture	CHF 225,000	222,958	2009–2014	4.500%	no	18.2.
Japanese private placement	JPY 37,000,000	409,131	2003–2024	5.730%	no	23.5./23.11.
US private placement	USD 275,000	279,282	2003–2015	4.7525%	from 2011	11.4./11.10.
US car park lease	USD 84,024	83,687	2003–2012	3.606%	since 2005	20.12.
Lease liabilities	CHF 58,601	58,601	2003–2020	4.100%	no	1st of each month
Total non-current financial liabilities		1,053,659				

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

Furthermore, as of balance sheet date an unused credit facility exists in the amount of 990.3 million Swiss francs (see note 22.1, a) "Financial risk management, ii) "Liquidity risks" and note 22.5, "Related parties").

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

(CHF 1,000)	31.12.2009	31.12.2008
Due within 1 year	194,465	175,838
Due within 2 to 5 years	551,605	469,112
Due in more than 5 years	502,054	586,883
Total financial liabilities	1,248,124	1,231,833

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 Duration Contract amount (CHF 1,000)	Japanese private placement 2003–2024 JPY 37,000 million	US private placement 2003–2015 USD 275 million	US car park lease 2003–2012 USD 271 million	Total fair value (gross)	Deferred tax	Total fair value (net)
Fair values						
as of 31 December 2007	109,999	56,580	38,790	205,369	–43,127	162,242
Reduction in tax rate [1]	0	0	0	0	1,027	1,027
Adjustment to fair value	-20,847	14,284	1,507	-5,056	1,036	-4,020
as of 31 December 2008	89,152	70,864	40,297	200,313	–41,064	159,249
Adjustment to fair value	10,181	21,246	-3,771	27,656	-5,670	21,986
as of 31 December 2009	99,333	92,110	36,526	227,969	–46,734	181,235

[1] See note 18, "Deferred tax liabilities".

In the year under review, the accumulated losses on hedging instruments increased from 159.2 million Swiss francs (after deduction of deferred taxes) to 181.2 million. 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. The amounts of future cash flows for swaps are presented in the maturities table in note 22.1, a) "Financial risk management, 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 2009. They correspond to the proportion of the fair value adjustment of the swaps that was recognised in the income statement:

(CHF 1,000)	Japanese private placement	US private placement	US car park lease	Total foreign currency differences (gross)	Deferred tax	Total foreign currency differences (net)
as of 31 December 2007	–45,805	–56,293	–37,316	–139,414	29,277	–110,137
Reduction in tax rate [1]	0	0	0	0	–697	–697
Foreign exchange differences	59,430	–17,875	–3,600	37,955	–7,781	30,174
as of 31 December 2008	13,625	–74,168	–40,916	–101,459	20,799	–80,660
Foreign exchange differences	–19,999	–8,567	5,860	–22,706	4,655	–18,051
as of 31 December 2009	–6,374	–82,735	–35,056	–124,165	25,454	–98,711

[1] 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 1,000)	Gross	Deferred tax	Net
as of 31 December 2007	–65,955	13,850	–52,105
Change in tax rate [1]	0	–330	–330
Adjustments to fair value	–42,519	8,716	–33,803
Transfer to income statement	9,620	–1,972	7,648
as of 31 December 2008	–98,854	20,264	–78,590
Adjustments to fair value	–14,918	3,058	–11,860
Transfer to income statement	9,970	–2,044	7,926
as of 31 December 2009	–103,802	21,278	–82,524

[1] 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 1,000)	Original currency	2009 Interest rate in %	2008 Interest rate in %	31.12.2009	31.12.2008
Cash and cash equivalents, due within 90 days	Swiss francs	0.06 to 0.61	0.25 to 3.50	9,947	3,415
Letter of credit, due within 90 days [1]	Swiss francs	0.75 to 1.25	0.75	168,000	146,000

[1] Here the payable commission is shown instead of the interest rate.

Hedge transactions (without hedge accounting)

The company does not have any such hedge transactions as of the balance sheet date.

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 1,000)	31.12.2009	31.12.2008
Future minimum lease payments		
Due within 1 year	7,341	7,477
Due within 2 to 5 years	29,363	29,910
Due in more than 5 years	41,444	49,227
Total future minimum lease payments	78,148	86,614
Future interest payments	14,692	18,506
Present value of lease liabilities	63,456	68,108
of which due within 1 year	4,855	4,572
of which due within 2 to 5 years	21,534	20,438
of which due within more than 5 years	37,067	43,098

The applicable interest rate for lease liabilities was fixed in January 2009 and has been 4.1 percent since 1 February 2009. In 2008 the applicable interest rate for lease liabilities was between 4.15 and 4.45 percent.

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

(CHF 1,000)	Sound insulation	Formal expropriations	Total
Provisions as of 31 December 2007	123,226	240	123,466
Provision used [1]	–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
Provisions as of 31 December 2008	118,794	125,767	244,561
Provision used [1]	–6,033	0	–6,033
Provision reversed	0	0	0
Provision made	0	0	0
Unwinding of discount	2,795	5,031	7,826
Provisions as of 31 December 2009	115,556	130,798	246,354

[1] 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 Zurich Noise Fund").

Provisions for sound insulation costs

Flughafen Zürich AG has effectively committed itself to bearing approximately 240.0 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 107.7 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 96 and 97), as of the balance sheet date a total of 130.8 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. The 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. These funds are managed by professional investment institutions on the basis of a conservative, money-market-oriented investment strategy, and income resulting from the investments is 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 96 and 97) 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 2009 concerns the “new” noise-related liabilities of Flughafen Zürich AG.

The detailed fund statement is disclosed to a committee comprising representatives of Zurich Airport and the relevant authorities. The regulations of the Airport of Zurich Noise Fund plus other information (including an overview of investments) may be downloaded from the following web site: www.unique.ch/aznf (from 15 April 2010, www.zurich-airport.com/aznf).

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

(CHF 1,000)	2009	2008
Airport of Zurich Noise Fund as of 1 January	161,595	248,564
Split as of 1 July 2008 [1]	0	–115,400
Revenue from noise charges [2]	32,096	45,526
Costs for sound insulation and other measures	–6,033	–9,303
Costs for formal expropriations [3]	–767	–1,514
Net result before operating costs and financial result	186,891	167,873
Noise-related operating costs	–4,667	–4,331
Interest income from assets of Airport of Zurich Noise Fund	3,377	7,727
Adjustments to fair value of available-for-sale securities	–24	4,396
Write-off of financial assets [4]	–128	–14,070
Airport of Zurich Noise Fund as of 31 December	185,449	161,595

[1] Transfer of a portion of Airport of Zurich Noise Fund to the Canton of Zurich in accordance with the agreed prefinancing solution.
[2] Excluding the proportion of collected revenue from noise charges for the Canton of Zurich as of 1 July 2008.
[3] In addition to compensation payments for formal expropriations, this amount includes other associated external costs (in accordance with regulations of the Airport of Zurich Noise Fund; see note 16 “Non-current provisions for sound insulation and formal expropriations”).
[4] Including write-off in 2008 of Sigma Finance Corp. (11.4 million Swiss francs).

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

(CHF 1,000)	31.12.2009	31.12.2008
Cash equivalents (see note 13, “Cash and cash equivalents”)	7,013	22,374
Current available-for-sale securities (see note 8, “Financial assets of Airport of Zurich Noise Fund”)	80,334	65,823
Non-current available-for-sale securities (see note 8, “Financial assets of Airport of Zurich Noise Fund”)	97,922	72,965
Accrued asset/(liability) towards Flughafen Zürich AG [1]	180	433
Total assets invested for Airport of Zurich Noise Fund	185,449	161,595

[1] 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 the Airport of Zurich Noise Fund:

(CHF 1,000)	2010	2011	2012	2013	Total	in %
Cash and cash equivalents	7,013	0	0	0	7,013	3.78
AAA	47,052	21,391	14,744	5,290	88,477	47.71
AA+/AA/AA-	25,877	17,336	19,665	0	62,878	33.91
A+/A/A-	7,405	9,413	5,065	5,018	26,901	14.51
Other [1]	180	0	0	0	180	0.10
Total assets invested for Airport of Zurich Noise Fund	87,527	48,140	39,474	10,308	185,449	100.00
in %	47.20	25.96	21.29	5.56	100.00	

[1] 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 to be calculated at the rate that may be expected to apply at the time they are realised. Flughafen Zürich AG anticipates an applicable tax rate of 20.5 percent (2008: 20.5 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 1,000)	2009	2008
Opening balance (deferred tax liability, net) as of 1 January	96,459	94,354
Change in tax rate, booked to hedging reserve	0	330
Change in tax rate, booked to income statement	0	–2,576
Deferred taxes on adjustments to fair value of cross currency interest rate swaps booked in hedging reserve	–3,058	–8,716
Cross currency interest rate swaps - transfer to income statement	2,044	1,972
Change according to income statement	7,510	11,095
Deferred tax liability, net as of 31 December	102,955	96,459

Deferred tax is allocated to the following balance sheet items:

		31.12.2009		31.12.2008
(CHF 1,000)	Assets	Liabilities	Assets	Liabilities
Buildings and movables		54,727		52,166
Renovation fund		25,441		24,313
Aircraft noise		37,283		33,843
Financial liabilities transaction costs		2,772		3,286
Financial liabilities issuing costs		3,554		2,880
Cross currency interest rate swaps	46,734		41,064	
Interest rate swap	0		221	
Private placements and liabilities from US car park lease		25,454		20,799
Miscellaneous items		458		457
Deferred tax (gross)	46,734	149,689	41,285	137,744
Offsetting of assets and liabilities	–46,734	–46,734	–41,285	–41,285
Deferred tax liability (net)	0	102,955	0	96,459

As of 31 December 2009, 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, 2.6 million Swiss francs expires in 2010, 0.4 million in 2011, 2.4 million in 2012, 0.3 million in 2014, 0.2 million in 2015 and 0.5 million in 2016.

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 10.0 million Swiss francs invoiced in the 2006 financial year, 6.4 million were reported in the 2007 income statement as 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 2010.

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

Balance sheet

(CHF 1,000)	31.12.2009	31.12.2008
Provision for retirement benefits, present value	3,444	3,409
Unrecognised actuarial gains/(losses)	1,377	1,099
Unrecognised past service cost	-1,113	-1,065
Liability on balance sheet	3,708	3,443

Income statement

(CHF 1,000)	2009	2008
Interest expenses	109	117
Net periodic pension cost	109	117

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

Change in provisions for retirement benefits in the balance sheet

(CHF 1,000)	2009	2008
Opening balance as of 1 January	3,443	2,918
Net periodic pension income (cost)	109	117
Benefits paid in directly by employer	-656	-589
Recognition of unrecognised past service cost	1,065	997
Unrecognised actuarial (gains)/losses	-253	0
Closing balance as of 31 December	3,708	3,443

(CHF 1,000)	2009	2008
Experience adjustments	-531	-819

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

	2009	2008
Discount rate in %	3.50	3.50
Expected future pension increase in %	1.0	1.0

21) Other current debt, accruals and deferrals

(CHF 1,000)	31.12.2009	31.12.2008
Expenses not invoiced	34,410	24,452
Accrued interest on financial liabilities	18,094	15,803
Investments not invoiced	10,689	10,672
Deferred income	4,993	7,059
Deferred income and accruals	68,186	57,986
Fair value of cross currency interest rate swaps [1]	227,969	200,313
Fair value of interest rate swap	0	9,660
Amounts due to personnel (holidays and overtime)	5,273	7,517
Deposits and advance payments by customers	4,574	4,221
Current provisions	2,400	2,400
Social security contributions	1,128	3,147
Other liabilities	1,625	649
Total other current debt, accruals and deferrals	311,155	285,893

[1] See also note 15, "Financial liabilities".

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

(CHF 1,000)		31.12.2009		31.12.2008
Expenses not invoiced	34,410		24,452	
Accrued interest on financial liabilities	18,094		15,803	
Investments not invoiced	10,689		10,672	
Total liabilities carried at amortised cost		63,193		50,927
Fair value of interest rate swap	0		9,660	
Total financial instruments held for trading purposes		0		9,660
Fair value of cross currency interest rate swaps [1]	227,969		200,313	
Total financial instruments held for hedging purposes		227,969		200,313
Amounts due to personnel (holidays and overtime)	5,273		7,517	
Deposits and advance payments by customers	4,574		4,221	
Deferred income	4,993		7,059	
Current provisions	2,400		2,400	
Social security contributions	1,128		3,147	
Other liabilities	1,625		649	
Total other current debt, accruals and deferrals excluding financial instruments		19,993		24,993
Total other current debt, accruals and deferrals		311,155		285,893

[1] 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 2009 or in December 2009 that will be invoiced by the suppliers concerned in early 2010.

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 in regard to all risks associated with its business activities, and constantly improving and monitoring the group's risk situation.

At Flughafen Zurich 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 performs 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 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 organisation periodically reviews the risk management system in order to ensure that any changes in the commercial and regulatory environment, and in the corporate structure, are adequately reflected.

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 risk management organisation constantly monitors the implementation of the defined measures.

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, accruals, trade receivables and other 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, 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 46.0 million Swiss francs due from Swiss (2008: 43.3 million) (see note 11, "Trade receivables"). In the period between balance sheet date and the preparation of the 2009 annual report, Swiss had paid the outstanding amount in full as of 31 December 2009.

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 the Airport of Zurich Noise Fund 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 1,000)	31.12.2009	31.12.2008
Cash equivalents (excluding cash on hand)	231,482	73,893
Non-current financial assets of Airport of Zurich Noise Fund	97,922	72,965
Trade receivables, net	114,687	108,651
Current financial assets of Airport of Zurich Noise Fund	80,334	65,823
Other receivables (accruals)	17,162	14,366
Other financial assets	11	1,125
Total maximum exposure to credit risk	541,598	336,823

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 1,000)	Duration	31.12.2009	31.12.2008
Canton of Zurich	19.7.2012	659,600	679,000
Operating credit lines (committed credit lines) [1]	31.12.2010	300,000	250,000
Airport of Zurich Noise Fund (committed credit line)	31.12.2015	200,000	200,000
Total credit lines		1,159,600	1,129,000
Utilisation [2]		–169,322	–146,250
Total unused credit lines		990,278	982,750

[1] As of 31 January 2009, the operating credit lines were increased to 300 million Swiss francs (with duration until 31 December 2010).
[2] Letter of credit and bank guarantees.

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

31.12.2009 (CHF 1,000)	Carrying amount	Contractual cash flows	Due within 1 year	Due within 2 to 5 years	Due in more than 5 years
Japanese private placement	409,131	595,144	12,438	49,751	532,955
US private placement	279,282	345,717	17,915	269,408	58,394
Debentures	372,784	430,313	164,813	265,500	0
US car park lease	123,472	139,503	47,010	92,493	0
Lease liabilities	63,456	78,148	7,341	29,363	41,444
Trade payables	33,407	33,407	33,407	0	0
Other current debt and accruals	63,192	63,192	63,192	0	0
Total non-derivative financial liabilities	1,344,724	1,685,424	346,116	706,515	632,793
Cross currency interest rate swaps	227,969	291,516	22,453	135,562	133,501
Total derivative financial liabilities	227,969	291,516	22,453	135,562	133,501
Total	1,572,693	1,976,940	368,569	842,077	766,294

31.12.2008 (CHF 1,000)	Carrying amount	Contractual cash flows	Due within 1 year	Due within 2 to 5 years	Due in more than 5 years
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	86,614	7,477	29,910	49,227
Trade payables	50,049	50,049	50,049	0	0
Other current debt and accruals	50,889	50,889	50,889	0	0
Total non-derivative financial liabilities	1,329,215	1,681,086	326,748	611,749	742,590
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
Total derivative financial liabilities	209,973	280,704	29,336	117,352	134,016
Total	1,539,188	1,961,790	356,083	729,101	876,606

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 the currency risks arising from financial instruments in currencies other than Swiss francs:

(CHF 1,000)	31.12.2009 Yen	31.12.2009 US dollars	31.12.2008 Yen	31.12.2008 US dollars
Current financial liabilities	0	39,785	0	39,767
Debentures and non-current loans	409,131	362,969	428,883	414,127
Cross currency interest rate swaps	7,228	248,671	12,836	236,212
Total	416,359	651,425	441,719	690,106

An appreciation or depreciation in the exchange rate of the Swiss franc by 10 percent against the currencies below as of 31 December 2009 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 2008 was based on the same assumptions.

(CHF 1,000)	Appreciation of CHF (plus 10%) Equity	Appreciation of CHF (plus 10%) Profit	Depreciation of CHF (minus 10%) Equity	Depreciation of CHF (minus 10%) Profit
Yen	28,139	0	–24,181	0
US dollars	–6,805	0	17,021	0
31 December 2009	21,334	0	–7,160	0

(CHF 1,000)	Appreciation of CHF (plus 10%) Equity	Appreciation of CHF (plus 10%) Profit	Depreciation of CHF (minus 10%) Equity	Depreciation of CHF (minus 10%) Profit
Yen	25,374	0	–19,221	0
US dollars	–27,490	0	17,286	0
31 December 2008	–2,116	0	–1,935	0

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. 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 1,000)		31.12.2009		31.12.2008
Fixed interest financial assets of Airport of Zurich Noise Fund	178,256		138,788	
Fixed interest financial instruments (assets)		178,256		138,788
Cash and cash equivalents	224,680		51,664	
Liquid funds of Airport of Zurich Noise Fund	7,013		22,374	
Variable interest financial instruments (assets)		231,693		74,038
Total interest bearing assets		409,949		212,826
Japanese private placement	–409,131		–428,883	
US private placement	–279,282		–287,242	
Debentures	–372,784		–277,392	
US car park lease	–123,472		–166,652	
Cross currency interest rate swaps	–227,969		–200,313	
Interest rate swap	0		–9,660	
Leasing liabilities	–63,456		0	
Fixed interest financial instruments (liabilities)		–1,476,094		–1,370,142
Leasing liabilities	0		–68,108	
Other current financial liabilities	0		–3,555	
Variable interest financial instruments (liabilities)		0		–71,663
Total interest bearing liabilities		–1,476,094		–1,441,805

The table below shows the sensitivity analysis for variable and fixed-rate financial instruments with a deviation of 50 basis points:

	Increase by 50 bp		Decrease by 50 bp	
(CHF 1,000)	Equity	Profit	Equity	Profit
Variable interest rate financial instruments	0	921	0	–315
Fixed-interest financial instruments	8,711	0	–3,695	0
31 December 2009	8,711	921	–3,695	–315
Variable interest rate financial instruments	0	12	0	–12
Fixed-interest financial instruments	2,919	7	3,392	–7
31 December 2008	2,919	19	3,392	–19

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.

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 1,000)	Carrying amount 31.12.2009	Fair value 31.12.2009	Carrying amount 31.12.2008	Fair value 31.12.2008
Debentures	372,784	393,450	277,392	279,352
Japanese private placement	409,131	368,696	428,883	370,761
US private placement	279,282	299,066	287,242	314,016
US car park lease	123,472	129,082	166,652	174,926
Total	1,184,669	1,190,294	1,160,169	1,139,055

c) Categories of financial instruments

The following table shows the carrying amounts of all financial instruments per category:

(CHF 1,000)		31.12.2009		31.12.2008
Cash equivalents	231,482		73,893	
Trade receivables, net	114,687		108,651	
Other receivables and prepaid expenses	17,162		14,366	
Other financial assets	11		1,125	
Total loans and receivables		363,342		198,035
Current and non-current financial assets of Airport of Zurich Noise Fund	178,256		138,788	
Total available-for-sale financial assets		178,256		138,788
Financial liabilities	–1,248,124		–1,231,833	
Trade payables, net	–33,407		–50,049	
Other current debt and prepaid expenses, excluding derivatives and non-financial instruments	–63,192		–50,927	
Total liabilities carried at amortised cost		–1,344,723		–1,332,809
Other current debt (interest rate swap)	0		–9,660	
Total liabilities held for trading purposes		0		–9,660
Other current debt (cross currency interest rate swap)	–227,969		–200,313	
Total financial instruments held for hedging purposes		–227,969		–200,313

d) Fair value hierarchy of financial instruments

Since 1 January 2009, financial assets and liabilities recognised at fair value have been categorised according to the following hierarchy, reflecting the significance of the input factors used for measuring fair value:

Level 1, quoted market prices – The input factors for valuing the assets or liabilities are quoted, unadjusted market prices determined on active markets for identical assets or liabilities on the day of valuation.

Level 2, valuation based on observable input factors – The assets or liabilities are valued on the basis of input factors (with the exception of the quoted market prices, level 1), which are directly or indirectly observable from market data for the asset or liability in question.

Level 3, valuation based on unobservable input factors – The input factors for these assets or liabilities are not observable. Flughafen Zürich AG does not have any assets or liabilities on this level.

Assets/liabilities (CHF 1,000)	Level 1 (quoted market prices)	Level 2 (Valuation based on observable input)	Level 3 (Valuation based on unobservable input)	Total at fair value 31.12.2009
Available for sale				
Debt instruments	178,256	0	0	178,256
Other financial liabilities				
Derivatives used for hedging	0	–227,969	0	–227,969

e) 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 entered into 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 215 million Swiss francs. The most significant capital commitments concern the construction of the new Dock B (110 million Swiss francs) and the new central security check building (85 million Swiss francs).

Within the framework of the airport participation in Venezuela, the syndicate, in which Unique (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 96 and 97), 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 presumably continue to apply. At the present time, it is not possible to reliably estimate the total costs to capitalise as intangible assets from the right of formal expropriation, the amortisation period or 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 (2002–2012) 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 659.6 million Swiss francs as of 31 December 2009. 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 2009:

(CHF) Recipient	Function	Remuneration for members of the Board of Directors	Remuneration for attending board meetings	Remuneration for committee membership	Remuneration for committee meetings	Social security contributions	Total
Andreas Schmid	Chairman	150,000	20,000	10,000	10,000	11,512	201,512
Dr. Lukas Briner	Vice Chairman	60,000	20,000	5,000	7,500	5,935	98,435
Dr. Kaspar Schiller	Member; Chairman of the Nomination & Compensation Committee	45,000	20,000	10,000	7,500	5,293	87,793
Martin Candrian	Member; Chairman of the Audit & Finance Committee	45,000	17,500	10,000	5,000	4,972	82,472
Dr. Martin Wetter	Member	45,000	20,000	5,000	7,500	4,972	82,472
Ulrik Svensson	Member	45,000	17,500	5,000	5,000	0	72,500
Dr. Elmar Ledergerber [1]	Member	18,000	17,500	0	5,000	2,598	43,098
Rita Fuhrer [2]	Member	0	4,000	0	0	257	4,257
Total		408,000	136,500	45,000	47,500	35,539	672,539

[1] In addition, a lump sum of 32,000 Swiss francs was paid to the City of Zurich.
[2] In addition, a lump sum of 58,500 Swiss francs was paid to the Department of Economics of the Canton of Zurich.

Board of Directors in 2008:

(CHF) Recipient	Function	Remuneration for members of the Board of Directors	Remuneration for attending board meetings	Remuneration for committee membership	Remuneration for committee meetings	Social security contributions	Total
Andreas Schmid	Chairman	150,000	25,000	10,000	22,500	12,449	219,949
Dr. Lukas Briner	Vice Chairman	60,000	25,000	5,000	22,500	7,218	119,718
Dr. Kaspar Schiller	Member; Chairman of the Nomination & Compensation Committee	45,000	25,000	10,000	22,500	6,576	109,076
Martin Candrian	Member; Chairman of the Audit & Finance Committee	45,000	25,000	10,000	5,000	5,454	90,454
Dr. Martin Wetter	Member	45,000	25,000	5,000	15,000	5,774	95,774
Ulrik Svensson (from 17.4.2008)	Member	33,750	17,500	3,750	2,500	0	57,500
Dr. Elmar Ledergerber [1]	Member	0	25,000	0	5,000	1,925	31,925
Rita Fuhrer [2]	Member	0	8,500	0	0	545	9,045
Total		378,750	176,000	43,750	95,000	39,941	733,441

[1] In addition, a lump sum of 50,000 Swiss francs was paid to the City of Zurich.
[2] In addition, a lump sum of 66,500 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 2008 or 2009.

Management Board in 2009:

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 [1]	Miscellaneous	Total CHF	Number of shares	Share price (CHF)
Thomas E. Kern	370,000	308,333	154,167	139,490	26,478	998,468	495	311.25
Other members of the Management Board	1,283,333	548,829	274,414	397,974	111,641	2,616,191	882	311.25
Total	1,653,333	857,162	428,581	537,464	138,119	3,614,659	1,377	

[1] 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 2009.

Management Board in 2008:

(CHF) Recipient	Salary	Bonus (cash)	Bonus (shares)	Pension and social insurance expenses [1]	Miscellaneous	Total CHF	Number of shares	Share price (CHF)
Thomas E. Kern	336,828	269,462	134,731	109,685	24,648	875,354	540	249.50
Other members of the Management Board	1,222,945	641,471	189,933	506,701	93,759	2,654,809	762	249.50
Total	1,559,773	910,933	324,664	616,386	118,407	3,530,163	1,302	

[1] Pension and social insurance expenses include contributions to supplementary retirement insurance, as well as employer's contributions to social security and staff benefit schemes. In the 2008 annual report, supplementary retirement insurance was not recognised in pension and social insurance expenses. This is shown correctly for 2008 in the table above.

The final amount paid to the Management Board for 2008 was 3.6 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 92.8 million Swiss francs (2008: 91.4 million) 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 31.12.2009	Number of shares as of 31.12.2008
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	Member	0	0
Dr. Elmar Ledergerber	Member	110	110
Rita Fuhrer	Member	0	0
Total		523	523

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 31.12.2009	Number of shares as of 31.12.2008
Thomas E. Kern	690	137
Peter Eriksson	1,534	1,315
Rainer Hiltebrand	1,259	984
Daniel Schmucki	415	272
Michael Schallhart	32	0
Stephan Widrig	214	119
Total	4,144	2,827

Neither members of the Board of Directors nor the Management Board held options on the company's shares as of the balance sheet date.

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 ,000	307,019	Parent company
Unique Betriebsysteme AG	Kloten	CHF ,000	100	100.0
APT Airport Technologies AG	Kloten	CHF ,000	1,800	100.0
Unique Airports Worldwide AG	Kloten	CHF ,000	100	100.0
Unique Chile S.A.	Santiago de Chile	CLP million	4,325	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 million	3,846	5.0
Unique IDC Operaciones Ltda.	Santiago de Chile	CLP million	2,360	49.5
A-port S.A	São Paulo	BRL million	117	15.0
Concessionária do Estacionamento de Congonhas S.A.	São Paulo	BRL million	17	12.0
Curaçao Airport Investments N.V.	Curaçao	USD million	17	7.7
A-port Chile S.A.	Santiago de Chile	CLP million	9,770	15.0
Concesión Aeropuerto El Tepual S.A.	Santiago de Chile	CLP million	706	15.0
Concesión Aeropuerto La Florida S.A.	Santiago de Chile	CLP million	970	15.0
Concesión Aeropuerto El Loa S.A.	Santiago de Chile	CLP million	641	15.0
Sociedad Concesionaria Aeropuerto Puerto Montt S.A.	Santiago de Chile	CLP million	1,010	5.0
A-port Operaciones S.A.	Santiago de Chile	CLP million	1,724	32.6
A-port Operaciones Colombia S.A.S.	Bogotá	COP million	100	32.6
Unique IDC S.A. de C.V.	Tegucigalpa	HNL ,000	40	32.6
Administradora Unique IDC C.A.	Porlamar	VEB million	25	49.5
Aeropuertos Asociados de Venezuela C.A.	Porlamar	VEB million	10	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 2009 consolidated financial statements for issue on 4 March 2010. These also have to be approved by the General Meeting of Shareholders.

No events occurred between 31 December 2009 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 Shareholders of Flughafen Zürich AG.

As statutory auditor, we have audited the accompanying consolidated financial statements of Flughafen Zürich AG, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes (pages 82 to 128) for the year ended 31 December 2009.

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 as well as 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 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 2009 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 96 to 97 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 of the Swiss Code of Obligations 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, 4 March 2010

Income statement
(Financial statements according to the provisions of the Swiss Code of Obligations)

(CHF 1,000)	Notes	2009	2008
Revenue from goods and services		812,535	846,821
Total revenue		812,535	846,821
Personnel expenses		–152,929	–147,809
Police and security		–113,458	–113,017
Expenses for sound insulation and formal expropriations	(9)	–26,634	–43,617
Maintenance		–28,937	–32,376
Sales, marketing, administration		–37,647	–38,326
Energy and waste		–24,553	–25,015
Other operating expenses		–43,688	–39,205
Cost of materials used		–11,490	–11,129
Deposits into renovation fund		–5,500	–5,500
Ordinary profit before depreciation and amortisation, interest and tax		367,699	390,827
Depreciation and amortisation		–199,751	–199,402
Ordinary profit before interest and tax		167,948	191,425
Financial result, net	(1)	–67,185	–83,507
Gain on disposal of shares in associate	(2)	98,644	0
Extraordinary result, net	(3)	–2,297	–22,878
Profit before tax		197,110	85,040
Tax	(6)	–40,992	–17,581
Net profit		156,118	67,459

Balance sheet
(Financial statements according to the provisions of the Swiss Code of Obligations)

(CHF 1,000)	Notes	31.12.2009	31.12.2008
Assets			
Land		109,547	109,547
Buildings, engineering structures	(15)	2,023,231	2,132,651
Projects in progress	(15)	194,322	91,744
Movables	(15)	84,278	85,542
Total property, plant and equipment		2,411,378	2,419,484
Intangible asset from right of formal expropriation		107,836	113,470
Other intangible assets		3,794	7,946
Non-current financial assets of Airport of Zurich Noise Fund	(4)	97,922	72,965
Financial assets and associates	(5)	21,998	18,917
Non-current assets		2,642,928	2,632,782
Inventories		8,867	8,809
Current financial assets of Airport of Zurich Noise Fund	(4)	80,334	65,823
Trade receivables		113,340	106,722
Other receivables and prepaid expenses	(6)	27,675	34,459
Cash and cash equivalents, securities	(7)	216,148	73,225
Current assets		446,364	289,038
Total assets		3,089,292	2,921,820
Equity and liabilities			
Share capital		307,019	307,019
Legal reserves			
– Premium		533,290	533,290
– General reserves		19,060	19,060
– Reserves for own shares	(7)	1,612	11,841
Other reserves		79,246	69,017
Available earnings			
– Profit brought forward		129,397	89,565
– Dividend payment for 2008/2007		–30,640	–27,627
– Net profit		156,118	67,459
Equity		1,195,102	1,069,624
Debentures and non-current loans	(8)	1,122,153	1,099,572
Provisions for aircraft noise	(9)	302,546	284,148
Renovation fund		124,102	118,602
Non-current provisions	(10)	5,208	4,943
Non-current liabilities		1,554,009	1,507,265
Trade payables		35,905	50,853
Current financial liabilities	(11)	202,418	178,696
Other current debt, accruals and deferrals		81,701	86,285
Current provisions	(12)	20,157	29,097
Current liabilities		340,181	344,931
Total liabilities		1,894,190	1,852,196
Total equity and liabilities		3,089,292	2,921,820

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 2009 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 2009 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 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 Finance lease
In the IFRS consolidated financial statements, finance 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 ("Miscellaneous").

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 as assets at the latest when 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. Any balance of revenue after deduction of noise-related costs (compensation for formal expropriations, sound insulation measures, operating costs, financing costs and amortisation) 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 its infrastructure 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 such 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. Like any other hub airport, Zurich 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. 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 Federal 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) could exceed 1.1 billion Swiss francs ("threshold") given a worst case scenario ("negative case").

"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. The threshold is subject to an annual adjustment based on the development of the equity of Flughafen Zürich AG. The threshold as of 31 December 2009 was higher than the original level of 1.1 billion Swiss francs, but has no effect on the prefinancing provided by the Canton of Zurich.

Since as of the middle of 2008, 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 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 arising from the right of formal expropriation, and represents a portion of the costs for "old" noise-related liabilities, which since 1 July 2008 have been covered 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 these "old" noise-related liabilities.

On 26 May 2009 the Federal Administrative Court corrected a decision by the Federal Assessments Commission of 17 December 2007 that had set the date for the foreseeability of an eastern approach as 1 January 1961. The Federal Administrative Court changed this date to 23 May 2000. After a detailed examination, Flughafen Zürich AG decided to appeal this decision to the Federal Supreme Court.

Based on the rulings pronounced to date by the Federal Supreme Court concerning fundamental issues, as of 31 December 2009 Flughafen Zürich AG is abiding by its original estimate of 30 June 2008 in the amount of 759.8 million Swiss francs. This estimate was based on a variety of assumptions, such as pending legal issues without a last-instance ruling. The date of the foreseeability of the eastern approach was another of these assumptions.

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 107.8 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 302.5 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 presumably continue to apply. At the present time, it is not possible to reliably estimate the total costs to capitalise as intangible assets from the right of formal expropriation, the amortisation period or the corresponding provision.

1) Financial result, net

(CHF 1,000)	2009	2008
Interest expenses on debentures and non-current loans	63,943	61,250
Less capitalised interest on borrowings for buildings under construction	–1,526	–1,430
Net interest expenses on debentures and non-current loans	62,417	59,820
Interest difference related to interest rate swap	1,088	5,253
Other interest expenses	3,815	6,182
Other financial expenses	7,274	6,136
Interest expenses on finance lease payments	2,700	2,998
Valuation adjustments of financial assets and associates	0	12,747
Financial expenses	77,294	93,136
Interest income and foreign exchange gains realised on financial assets of Airport of Zurich Noise Fund	–3,383	–6,073
Interest income on postal cheque accounts and bank deposits/loans	–670	–3,248
Valuation adjustments of financial assets and associates	–5,850	0
Net foreign exchange gains, interest on arrears	–206	–308
Financial income	–10,109	–9,629
Total financial result, net	67,185	83,507

Capitalised interest on borrowings for buildings under construction was calculated using an average interest rate of 5.36 percent in 2009 (5.60 percent in 2008).

2) Gain on disposal of shares in associate

(CHF 1,000)	2009
Gain on disposal of shares in BIAL [1]	98,644
Tax (withholding tax)	–19,521
Gain on disposal of shares in BIAL, net	79,123

[1] Disposal of 12 percent of shares of Bangalore International Airport Ltd. (BIAL) in 2009.

3) Extraordinary result, net

(CHF 1,000)	2009	2008
Extraordinary income	309	1,047
Extraordinary expenses	–2,606	–23,925
Extraordinary result, net	–2,297	–22,878

Extraordinary income includes the following main amounts:
2009: 0.1 million Swiss francs bankruptcy dividend Swissair (second instalment).
2008: 0.8 million Swiss francs bankruptcy dividend Swissair (first instalment).

Extraordinary expenses include the following main amounts:
2009: 2.0 million Swiss francs from losses on disposals of non-current assets.
2008: 21.3 million Swiss francs repayment to Swissair liquidator, and 2.5 million Swiss francs from losses on disposals of non-current assets.

4) Financial assets of Airport of Zurich Noise Fund

(CHF 1,000)	31.12.2009	31.12.2008
Non-current financial assets	97,922	72,965
Current financial assets	80,334	65,823
Total financial assets of Airport of Zurich Noise Fund	178,256	138,788

These funds are managed by professional investment institutions on the basis of a conservative, money-market-oriented investment strategy.

5) Total financial assets and associates

(CHF 1,000)		31.12.2009	31.12.2008
APT Airport Technologies AG, Kloten	Equity share 100% / share capital CHF 1.8 million	1,800	1,800
Unique Betriebssysteme AG, Kloten	Equity share 100% / share capital CHF 0.1 million	100	100
Unique Betriebssysteme AG, Kloten	Loan [1]	2,607	3,357
Unique Airports Worldwide AG, Kloten	Equity share 100% / share capital CHF 0.1 million	100	100
Unique Airports Worldwide AG, Kloten	Loan [1]	12,914	6,607
Bangalore International Airport Ltd., India	Equity share 5% / share capital INR 3,846 million	3,236	5,829
Unique Chile S.A., Chile	Loan	1,230	1,113
FZ Colombia S.A., Chile	Loan	11	11
Administradora Unique IDC C.A., Venezuela	Equity share 49.5% / share capital VEB 25 million	0	0
Aeropuertos Asociados de Venezuela C.A., Venezuela	Equity share 49.5% / share capital VEB 10 million	0	0
Total financial assets and associates		21,998	18,917

[1] Entirely subject to subordination.

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 and/or owning airports and airport-related companies throughout the world.

Up until 29 December 2009, Flughafen Zürich AG held a 17 percent stake in the share capital of Bangalore International Airport Ltd. (BIAL), the owner and operator of the greenfield airport that was opened in Bengaluru, India, in May 2008. Following the sale of 12 percent of its holding in BIAL (proceeds of disposal before tax: 98.6 million Swiss francs), Flughafen Zürich AG still held a 5 percent stake in the Indian airport operator as of the balance sheet date. Flughafen Zürich AG retains responsibility for the operation of the airport on the basis of an operating, management and service level agreement. Revenue is flowing to Flughafen Zürich AG from this agreement.

Due to the continued intervention by the local government concerning the airport on Isla de Margarita (Venezuela), figures for the 2009 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, after which the airport was operated by a "junta interventora" under the supervision of the Venezuelan supreme court up until spring 2009. On 4 March 2009 the Venezuelan supreme court ordered that the "junta interventora" is to be dissolved and management of the airport is to be turned over to the central government of Venezuela. Flughafen Zürich AG finds this action unacceptable and will therefore put the case before the International Center for Settlement of Investment Dispute (ICSID) in Washington D.C. if an amicable settlement cannot be reached in the next few months. This step is in compliance with the investment protection treaty that exists between Venezuela and Switzerland. The value of the two involved associates was fully impaired in 2006.

Loans to subsidiaries bear interest at normal market rates.

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 1,000)	31.12.2009	31.12.2008
Current account with Zurich Airport Staff Pension Fund	0	42

The current account bears interest at normal market rates.

7) Cash and cash equivalents, securities

(CHF 1,000)	31.12.2009	of which AZNF	31.12.2008	of which AZNF
Cash and call deposit	214,600	7,013	64,129	22,374
Own shares	1,548		9,096	
Total cash and cash equivalents, securities	216,148	7,013	73,225	22,374

Reserves for own shares are reported separately under equity.

Number of shares	2009	2008
Holdings at beginning of financial year	36,459	3,947
Acquisitions (at applicable market price)	235	38,291
Sales (at applicable market price)	-28,106	0
Free distribution of shares	-3,613	-5,779
Holdings at end of financial year	4,975	36,459

8) Debentures and non-current loans

(CHF 1,000)	31.12.2009	31.12.2008
Japanese private placement	421,173	421,173
US private placement	365,750	365,750
Liabilities towards banks arising from US car park lease	110,230	162,649
Debentures	225,000	150,000
Total debentures and non-current loans	1,122,153	1,099,572

The following non-current financial liabilities are fixed interest-bearing borrowings:

(CHF 1,000)	Nominal amount 31.12.2009	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	110,230	2003–2012	3.606%	since 2005	20 December
Debenture	225,000	2009–2014	4.5%	no	18 February

9) Provisions for aircraft noise

(CHF 1,000)	31.12.2009	31.12.2008
Provisions for aircraft noise as of 1 January	284,148	258,631
Increase of provisions for aircraft noise	19,834	32,800
Increase of provisions for formal expropriations	0	649
Provisions for aircraft noise before operating and imputed costs	303,982	292,080
Noise-related operating costs	–4,667	–4,331
Interest income from assets of Airport of Zurich Noise Fund	3,383	6,073
Adjustments to fair value of securities of Airport of Zurich Noise Fund	–24	4,396
Write-off of financial assets of Airport of Zurich Noise Fund	–128	–14,070
Provision for aircraft noise as of 31 December	302,546	284,148

The increase of provisions for aircraft noise has been calculated as follows:

(CHF 1,000)	2009	2008
Revenue from noise charges	32,268	46,436
Costs for sound insulation and other measures	–6,033	–9,303
Costs for formal expropriations	–767	–1,514
Amortisation of intangible asset from right of formal expropriation	–5,634	–2,819
Increase of provisions for aircraft noise	19,834	32,800

Total expenditure for sound-insulation measures and formal expropriations includes the following:

(CHF 1,000)	2009	2008
Increase of provisions for aircraft noise	19,834	32,800
Costs for sound insulation and other measures	6,033	9,303
Costs for formal expropriations	767	1,514
Total costs for sound insulation and formal expropriations	26,634	43,617

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 134, and “Current risk situation”, point 5, “Reporting of noise-related costs in the financial statements” on pages 135 to 136.

10) Non-current provisions

(CHF 1,000)	31.12.2009	31.12.2008
Pension fund liabilities	3,708	3,443
Provisional tenancy agreements	1,500	1,500
Total non-current provisions	5,208	4,943

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11) Current financial liabilities

(CHF 1,000)	31.12.2009	31.12.2008
Current liabilities towards banks arising from US car park lease	52,418	50,696
Debenture (redemption 14.6.2010/26.3.2009)	150,000	128,000
Total current financial liabilities	202,418	178,696

12) Current provisions

(CHF 1,000)	31.12.2009	31.12.2008
Amounts due to personnel (holidays and overtime)	5,273	7,517
Tax liabilities	13,183	19,876
Utilisation fees [1]	1,129	1,129
Other liabilities	572	575
Total current provisions	20,157	29,097

[1] 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 Swiss francs were reported in the 2007 income statement as 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 2010.

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:

	2009	2008
Canton of Zurich (including BVK pension fund)	33.36%	33.36%
City of Zurich (including pension fund of the City of Zurich)	5.04%	5.03%

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 659.6 million Swiss francs as of 31 December 2009. 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 2009:

(CHF) Recipient	Function	Remuneration for members of the Board of Directors	Remuneration for attending board meetings	Remuneration for committee membership	Remuneration for committee meetings	Social security contributions	Total
Andreas Schmid	Chairman	150,000	20,000	10,000	10,000	11,512	201,512
Dr. Lukas Briner	Vice Chairman	60,000	20,000	5,000	7,500	5,935	98,435
Dr. Kaspar Schiller	Member; Chairman of the Nomination & Compensation Committee	45,000	20,000	10,000	7,500	5,293	87,793
Martin Candrian	Member; Chairman of the Audit & Finance Committee	45,000	17,500	10,000	5,000	4,972	82,472
Dr. Martin Wetter	Member	45,000	20,000	5,000	7,500	4,972	82,472
Ulrik Svensson	Member	45,000	17,500	5,000	5,000	0	72,500
Dr. Elmar Ledergerber [1]	Member	18,000	17,500	0	5,000	2,598	43,098
Rita Fuhrer [2]	Member	0	4,000	0	0	257	4,257
Total		408,000	136,500	45,000	47,500	35,539	672,539

[1] In addition, a lump sum of 32,000 Swiss francs was paid to the City of Zurich.
[2] In addition, a lump sum of 58,500 Swiss francs was paid to the Department of Economics of the Canton of Zurich.

Board of Directors in 2008:

(CHF) Recipient	Function	Remuneration for members of the Board of Directors	Remuneration for attending board meetings	Remuneration for committee membership	Remuneration for committee meetings	Social security contributions	Total
Andreas Schmid	Chairman	150,000	25,000	10,000	22,500	12,449	219,949
Dr. Lukas Briner	Vice Chairman	60,000	25,000	5,000	22,500	7,218	119,718
Dr. Kaspar Schiller	Member; Chairman of the Nomination & Compensation Committee	45,000	25,000	10,000	22,500	6,576	109,076
Martin Candrian	Member; Chairman of the Audit & Finance Committee	45,000	25,000	10,000	5,000	5,454	90,454
Dr. Martin Wetter	Member	45,000	25,000	5,000	15,000	5,774	95,774
Ulrik Svensson (from 17.4.2008)	Member	33,750	17,500	3,750	2,500	0	57,500
Dr. Elmar Ledergerber [1]	Member	0	25,000	0	5,000	1,925	31,925
Rita Fuhrer [2]	Member	0	8,500	0	0	545	9,045
Total		378,750	176,000	43,750	95,000	39,941	733,441

[1] In addition, a lump sum of 50,000 Swiss francs was paid to the City of Zurich.
[2] In addition, a lump sum of 66,500 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 2009:

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 [1]	Miscellaneous	Total CHF	Number of shares	Share price (CHF)
Thomas E. Kern	370,000	308,333	154,167	139,490	26,478	998,468	495	311.25
Other members of the Management Board	1,283,333	548,829	274,414	397,974	111,641	2,616,191	882	311.25
Total	1,653,333	857,162	428,581	537,464	138,119	3,614,659	1,377	

[1] 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. No severance payments or other non-current payments were made in 2009.

Management Board in 2008:

(CHF) Recipient	Salary	Bonus (cash)	Bonus (shares)	Pension and social insurance expenses [1]	Miscellaneous	Total CHF	Number of shares	Share price (CHF)
Thomas E. Kern	336,828	269,462	134,731	109,685	24,648	875,354	540	249.50
Other members of the Management Board	1,222,945	641,471	189,933	506,701	93,759	2,654,809	762	249.50
Total	1,559,773	910,933	324,664	616,386	118,407	3,530,163	1,302	

[1] Pension and social insurance expenses include contributions to supplementary retirement insurance, as well as employer's contributions to social security and staff benefit schemes. In the 2008 annual report, supplementary retirement insurance was not recognised in pension and social insurance expenses. This is shown correctly for 2008 in the table above.

The final amount paid to the Management Board for 2008 was 3.6 million Swiss francs.

In the year under review, the Canton of Zurich police force was re-imbursed at market conditions for services rendered for a total amount of 92.8 million Swiss francs (2008: 91.4 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 31.12.2009	Number of shares as of 31.12.2008
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	Member	0	0
Dr. Elmar Ledergerber	Member	110	110
Rita Fuhrer	Member	0	0
Total		523	523

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 31.12.2009	Number of shares as of 31.12.2008
Thomas E. Kern	690	137
Peter Eriksson	1,534	1,315
Rainer Hiltebrand	1,259	984
Daniel Schmucki	415	272
Michael Schallhart	32	0
Stephan Widrig	214	119
Total	4,144	2,827

Neither Members of the Board of Directors nor the Management Board held options on the company's shares as of the balance sheet date.

15) Miscellaneous

Fire insurance values

(CHF 1,000)	31.12.2009	31.12.2008
Buildings including loading bridges	3,412,027	3,287,448
Movables	660,126	732,488

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.

Finance leases not capitalised

(CHF 1,000)	31.12.2009	31.12.2008
Finance lease liabilities not reported in the balance sheet [1]	78,148	86,614

[1] See "Accounting policies", "Valuation principles", "Finance 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 the Japanese private placement, as of balance sheet date there were 9.9 million Swiss francs provided as collateral in the form of cash and cash equivalents (31 December 2008: 3.4 million) and 168 million Swiss francs provided as collateral in the form of letters of credit (31 December 2008: 146 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 118 to 123).

17) Events occurring after the balance sheet date

The Board of Directors authorised the 2009 financial statements according to the provisions of the Swiss Code of Obligations to be issued on 4 March 2010. These also have to be approved by the General Meeting of Shareholders.

No events occurred between 31 December 2009 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 254,874,461 Swiss francs should be used as follows:

CHF	
Allocation to legal reserves [1]	0
Payment of an ordinary dividend of CHF 5.00 (gross) [2]	30,701,875
Payment of a special dividend of CHF 2.50 (gross) [2]	15,350,938
To be carried forward	208,821,648
Total available earnings	254,874,461

[1] No allocation is being made to the legal reserves, because these exceed 50 percent of the nominal share capital

[2] 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 the proposals for the 2009 financial year are approved, the ordinary dividend will be 5.00 Swiss francs per share, and the special dividend (from the partial disposal of the interest in Bangalore International Airport Ltd.) will be 2.50 Swiss francs per share. After deduction of withholding tax of 35 percent, the shareholders will receive a net dividend of 4.88 Swiss francs.

Report of the Statutory Auditor on the Financial Statements to the General Meeting of Shareholders 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 132 to 145) for the year ended 31 December 2009.

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 2009 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 135 to 136 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, 4 March 2010

2010 financial calendar

Financial reporting dates

19 March 2010	Publication of 2009 annual report
15 April 2010	2010 General Meeting of Shareholders
18 August 2010	Publication of 2010 interim report
14 April 2011	2011 General Meeting of Shareholders

Publication dates of traffic statistics

14 April 2010	Traffic statistics for March 2010
14 May 2010	Traffic statistics for April 2010
11 June 2010	Traffic statistics for May 2010
12 July 2010	Traffic statistics for June 2010
11 August 2010	Traffic statistics for July 2010
14 September 2010	Traffic statistics for August 2010
12 October 2010	Traffic statistics for September 2010
11 November 2010	Traffic statistics for October 2010
13 December 2010	Traffic statistics for November 2010

Investor Relations
Michael Ackermann, phone +41 (0)43 816 76 98
investor.relations@unique.ch
From 15 April 2010: investor.relations@zurich-airport.com

Corporate Communications
Sonja Zöchling, phone +41 (0)43 816 46 35
sonja.zoechling@unique.ch
From 15 April 2010: sonja.zoechling@zurich-airport.com

Further information
Results and financial information: www.unique.ch/investor
From 15 April 2010, www.zurich-airport.com/investorrelations

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

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Flughafen Zürich AG, P.O. Box, CH–8058 Zurich-Airport, Phone +41 (0)43 816 22 11