

2011

ANNUAL REPORT
OF FLUGHAFEN ZÜRICH AG

Significant events

7 January

The Swiss Federal Supreme Court's decision of 22 December 2010 on the provisional operating regulations places current flight operations on a solid legal foundation with established take-off and approach routes.

14 January

Zurich Airport once again receives the "Business Traveller Award" for best transfer airport in Europe and achieves an excellent second place in the overall rankings for "Best Airport in the World".

1 April

For the second time in a row, Zurich Airport wins the "Skytrax World Airport Award" for best airport baggage delivery. The award confirms the high standard of passenger services at Zurich Airport.

1 June

The first Arrival Duty Free Store in Arrival 2, covering some 650 m², opens its doors. Both arriving and departing passengers are now able to purchase duty-free goods at Zurich Airport. Zurich is only the third airport in Europe to offer duty-free shopping to arriving passengers.

20 June

Zurich Airport wins the "Eco-Innovation Award" for the first time, in recognition of its commitment to the environment. The prize is presented by Airports Council International (ACI) Europe, the association of European airport operators.

4 July

The new 8,400 m² freight dispatch hall opens for business.

14 July

Flughafen Zürich AG opens a new information and service desk in Arrival 2 under the name of "switzerland-info+". The desk assists arriving passengers and visitors with information about flights and excursion destinations in Switzerland, among other things.

19 July

The second Arrival Duty Free Store with floor space of around 1,100 m² opens in Arrival 1.

23 August

Flughafen Zürich AG posts excellent results for the first half of 2011. Compared with the same period in 2010, profit for the first six months rose 47.9% to CHF 73.5 million.

25 August

Via its joint venture with A-port Chile S.A., Flughafen Zürich AG is awarded the concession for Antofagasta airport in Chile.

5 September

For the eighth consecutive time, Zurich Airport receives the prestigious "World Travel Award" for its user-friendliness and consistently high quality standards.

12 September

Construction of a temporary noise barrier begins on the hangar apron. This temporary barrier is scheduled to be replaced after around two and a half years by an enclosed noise protection hangar.

28 September

The airport operator submits its revised noise charge framework to the Federal Office of Civil Aviation (FOCA) within the specified time limit.

21 October

Flughafen Zürich AG submits the planning application for "The Circle" to the town of Kloten.

22 November

Swiss Federal Councillor Doris Leuthard and member of the Zurich Government Council Ernst Stocker cut the ribbon at the opening ceremony for the new Dock B and security check building.

27 November

Zurich Canton voters firmly reject both the municipalities' "Initiative II" (no runway expansion) and the counterproposal. Flughafen Zürich AG welcomes this outcome, as it demonstrates that blocking airport development does not have majority support in the Canton of Zurich.

1 December

The new Dock B and the security check building commence operation.

15 December

Meteo Schweiz signs the lease to relocate its headquarters to Operation Center 1. This new major tenant will now occupy around 3,500 m² at Zurich Airport.

21 December

The airport operator submits a sound insulation concept for residents to the south of the airport to the Federal Office of Civil Aviation (FOCA).

Flughafen Zürich AG	
Corporate profile	5
Foreword	
Address to shareholders	8
Review & outlook	
Customers & markets	12
Corporate responsibility	15
Quality management	17
Business & traffic trends	
Key data (2-year comparison)	24
Trend in traffic volume	26
Results trend	29
Segment reporting	34
Holdings & subsidiaries	36
Investments	37
Consolidated cash flow statement	38
Balance sheet structure	39
Outlook	39
Airport of Zurich Noise Fund	40
Environmental protection	44
Corporate governance	56
Risk management	64
Financial report	
Consolidated financial statements according to IFRS	74
Audit report	121
Financial statements according to the Swiss Code of Obligations (CO)	124
Audit report	138

As a diversified business and a listed company, Flughafen Zürich AG operates Switzerland's most important transport and meeting hub – Zurich Airport – on behalf of the Swiss Confederation. In the formulation and implementation of its strategy, Flughafen Zürich AG underpins the three aspects of cost-efficiency, environmental responsibility and social responsibility. In this way it aims to increase the company's competitiveness and credibility and add to its value on a sustainable basis. The company focuses on its core activities: being a national and international airport operator, operation of the commercial centres in the landside and airside areas, as well as income-oriented management and further development of real estate in the Zurich region. Flughafen Zürich AG employs around 1,570 staff.

Zurich Airport – Switzerland's gateway to the world – is a quality airport at the heart of Europe offering excellent access to international, national and regional transport networks. Zurich Airport regularly wins awards for its excellent services, short transfer distances, friendly staff, cleanliness of its infrastructure, reliability of its processes and other quality indicators. This performance can be credited to around 24,000 employees at more than 270 partner companies, who ensure each day that passengers and visitors enjoy the time they spend at Zurich Airport.





L-R.: DANIEL SCHMUCKI, THOMAS E. KERN, MICHAEL SCHALLHART, STEFAN CONRAD, STEPHAN WIDRIG

Operations

All the tasks required for ensuring safe, efficient and high-quality flight operations are grouped together in the Operations division. These include all the services provided for passengers in the departure, arrival and transfer areas, coordinating stand allocation and guidance of aircraft on aprons, as well as safety and security. Everything runs smoothly because all major partners are managed by a central control body – Airport Steering. Operations is also responsible for all freight-related activities and, together with Aviation Marketing, constitutes the interface to customers and airlines. The development, construction and operation of the 800 hectares of airport premises, including utilities, waste management and maintenance of landside and airside engineering structures, also fall under the remit of Operations. The Operations division also ensures that aviation infrastructures and procedures are developed with a view to meeting demand in the short, medium and long term.

Marketing & Real Estate

The Marketing & Real Estate division is responsible for the development, construction and profitable operation of real estate at Zurich Airport. Its portfolio ranges from the terminal buildings, office centres, logistics and hangar buildings, car parks and the airport station to the new major project “The Circle”. The division organises attractive shopping, catering and services in both the airside and landside areas, and operates the second-largest shopping centre in Switzerland in terms of sales. Other tasks include managing the technical systems necessary for flight operations and buildings, overall responsibility for all landside transport services and public transport links, as well as the overarching marketing and branding of the airport.

Finance

The Finance division is responsible for the financing and liquidity of Flughafen Zürich AG, ensures transparency with regard to the financial results and monitors resource deployment of the company and its units. The Investor Relations department is responsible for top-quality and timely financial reporting as well as communications with capital markets. The Finance division performs systematic evaluations and assessments of Flughafen Zürich AG’s risk exposure within the framework of risk and compliance management. The division is also responsible for international business development and looking after the ten airports which Flughafen Zürich AG currently operates jointly with partners in India and Latin America.

Services

The Services division encompasses all units that play important roles in the organisation and procedures of Flughafen Zürich AG. These include Human Resources, Information Technology, Procurement and Legal Services. The Public Affairs and Corporate Communication departments are also part of Services. The Noise Management department uses a special monitoring system to ensure compliance with the prescribed take-off and approach routes. Environmental Protection deals with all other aspects related to the issues of air quality, climate, energy and water resources and the biosphere.

Foreword | Address to shareholders

Dear Shareholders,

2011 was a “year of openings”. Dock B and the security check building commenced operation on 1 December 2011, thus completing our major “Zürich 2010” project. Other construction projects also reached their conclusion, in particular the freight dispatch hall for cargo operations, the duty-free shop in the arrivals area and the new observation deck at Dock B. The hard-fought referendum on banning runway expansion at Zurich Airport marked another memorable milestone. On 27 November, Zurich voters once again spoke out strongly in favour of Zurich Airport.

The uncertain economic climate presented a significant challenge, with the strength of the Swiss franc having a varying impact on the airport's business. On the one hand, the strong franc inhibited spending by foreign passengers travelling via Zurich Airport. On the other hand, as a result of exchange rates in their favour, more Swiss people took holidays abroad, which boosted passenger numbers. Despite these challenging conditions during its twelfth year of business, Flughafen Zürich AG is delighted to announce that it generated a profit of CHF 170.9 million.

The Board of Directors is proposing to the General Meeting of Shareholders the payment of an ordinary dividend of CHF 9.50 per share.

Double record-breaking passenger volumes

Zurich Airport hit a new all-time record during the summer vacation period, with over 85,000 passengers passing through the airport on peak days. Over the year as a whole, Zurich Airport handled 24.3 million passengers, breaking through the 24 million barrier for the very first time. Showing an increase of 6.4% over the previous year, the growth in passenger volumes was slightly higher than the mid-year forecast. This is largely attributable to the sustained upward trend in local passenger numbers which saw a 7.4% year-on-year increase to 16.0 million. At the same time, the number of transit passengers at Zurich Airport rose by 4.5% to 8.3 million. In percentage terms, the share of transfer passengers fell from 34.6% in 2010 to 34.0% in 2011.

As in the previous year, the number of passengers per flight increased by 2, from 100 to 102. However, the average seat load factor fell by 0.1 percentage points to 72.8%. Seating capacity from and to Zurich increased by 6.5%.

On the non-aviation side of the business, overall the airport was able to meet financial expectations in a year dominated by building sites and new openings. Although the average expenditure per departing passenger declined – partly as a result of the strong Swiss franc – from CHF 42.1 to CHF 39.4 (–6.4%), the sales figures of CHF 479.2 million (–0.6%) reported by shop and restaurant operators at Zurich Airport remained approximately on a par with the previous year. Over the course of 2011, the airport created a solid basis for the future with a variety of new concepts, shops and product enhancements.

New buildings bring significant improvements to flight operations

1 December 2011 saw the opening of the security check building and the new Dock B, marking the end of the major construction project “Zürich 2010”. Both these buildings greatly contribute to improving the quality of airport operations: the new Dock B permits flexible handling of Schengen and non-Schengen flights on two levels, while centralised security checks mean that peak traffic can be handled with greater flexibility, which results in shorter waiting times. Cargo handling is also more efficient thanks to the new freight dispatch hall. All 8,400 m² of the space provided had already been snapped up by the time it opened in July 2011.

Strengthening Zurich Airport's attractiveness

Our commercial and services centre remains an attractive business location and meeting point for travellers, as well as for visitors, staff, meeters and greeters. The already very low vacancy rate for the overall useable space in all buildings was further reduced. Meteo Schweiz was recruited as a new tenant and is planning to relocate its headquarters to Zurich Airport. The opening of the observation deck at the beginning of December once again made the airport a highly popular place to visit. World firsts such as the multimedia “airportsopes” and the observation walkway allow visitors to experience the fascination of flying close up. As well as expansion of the airport's retail and restaurant facilities, the opening of the two Arrival Duty Free Stores marked an important milestone. Zurich is only the third airport in Europe to offer passengers the opportunity to make duty-free purchases on arrival.

The major project “The Circle” is proceeding apace. Some initial statements of intent with potential anchor tenants have already been signed. The planning application was submitted to the town of Kloten in October 2011, and planning permission is expected to be granted in the course of 2012.

Political milestones and important developments

Politically, the referendum on the municipalities' "Initiative II" and the counterproposal of 27 November 2011 stood centre stage. Both proposals called for a ban on runway expansion. However, thanks to a determined, professionally conducted campaign, advocates of the airport's case succeeded in winning this crucial referendum. What is more, by resoundingly rejecting the municipalities' initiative and the counterproposal, Zurich voters once again spoke out clearly in favour of Zurich Airport. In doing so, they also sent a clear signal to Germany. By rejecting the two airport-related proposals, they showed that they are willing to do their part to resolve the dispute over air traffic noise. There is therefore a good chance that a solution that is acceptable to all parties can be found.

New charging model and noise protection barrier

Revisions to the noise charge framework have been in the pipeline for some time already. Implementation is planned in two stages: the first phase, which doubled noise charges for aircraft in noise classes 1 and 2, was already implemented at the end of March 2011 from the summer flight timetable onwards. The second stage encompasses a complete overhaul of the noise charging model, including, among other things, classification of aircraft types into five noise categories and a substantial increase in charges during fringe hours in particular. Flughafen Zürich AG submitted its revised noise charge framework to the Federal Office of Civil Aviation (FOCA) in September 2011. The consultation period is likely to begin in the second quarter of 2012.

Further sound insulation measures are also planned on the ground. An open noise barrier is currently being built on the hangar apron to dampen the noise of aircraft engine testing. The barrier will serve as a temporary replacement for the previous noise baffles and will already reduce noise levels considerably, and consequently greatly improve protection for residents, especially at night. The open barrier will be replaced by an enclosed noise protection hangar in 2014.

Awards recognise excellence

In recognition of the airport's user-friendliness and consistently high standards, the travel industry voted Zurich the best European airport with the "World Travel Award" for the eighth time in succession. Zurich Airport was also presented with the "Business Traveller Award" for best transfer airport in Europe and came second in the overall rankings for "Best Airport in the World". The airport won the newly inaugurated "Eco-Innovation Award" in honour of its systematic and wide-ranging

commitment to protecting the environment. The company is particularly proud to be the recipient of the Airports Council International (ACI) "Best of Excellence" award. Zurich Airport received this accolade for its many years of dedication to quality at the highest level.

Outlook

Flughafen Zürich AG is well equipped for the future, and traffic volumes over recent weeks give grounds for cautious optimism. Despite the economically challenging times, the company expects a modest increase in passenger volumes. As the last construction projects in the Airside Center are gradually completed over the course of 2012, passengers will again be offered a consistently high-quality travel experience from start to finish. This will have a concomitant positive impact on revenue from non-aviation business. Planning permission for the major real estate project "The Circle" is expected in the course of 2012. Finally, the decisions of the Federal Council on the Sectoral Aviation Infrastructure Plan (SAIP), further developments in the negotiations with Germany, and the results of the airport charge regulations for Swiss airports are being eagerly awaited.

Thanks

Flughafen Zürich AG would like to thank everyone who has worked for the benefit and the development of the company in 2011. The great commitment of airport employees was particularly evident when the new buildings were inaugurated in December 2011, but they demonstrate their consummate professionalism and dedication to the airport on a daily basis. The unique character and quality of Zurich Airport is in no small measure thanks to them. A big vote of thanks goes to you, our valued shareholders. Your confidence motivates us and forms the basis of a secure and successful future for Flughafen Zürich AG.

Zurich Airport, 8 March 2012



Andreas Schmid
Chairman of the
Board of Directors



Thomas E. Kern
Chief Executive Officer



A380 SINGAPORE AIRLINES, GATE E67



15,400

KILOMETRES IS THE MAXIMUM DISTANCE AN A380 CAN FLY. THIS CORRESPONDS TO AROUND 7 TIMES THE AIR DISTANCE BETWEEN ZURICH AND MOSCOW.

853

PASSENGERS CAN BE ACCOMMODATED IN THE AIRCRAFT IN ONE-CLASS CONFIGURATION.

525

PASSENGERS CAN TRAVEL IN THE THREE-CLASS VERSION OF THE AIRCRAFT.

500

KILOGRAMS IS THE WEIGHT OF THE PAINT USED ON THE AIRBUS.

E67

IS THE GATE AT WHICH THREE AIRBRIDGES ARE IN PLACE FOR THE SINGAPORE AIRLINES A380.

Zurich Airport has succeeded in further increasing its attractiveness as a transport hub and business location at the heart of Europe. It boasts many direct connections to destinations worldwide and has formed highly successful partnerships at Zurich Airport itself. Innovative projects at home and abroad are also revving up the economic engine.

Airlines

As a result of the strong franc, more Swiss holidaymakers went abroad during the past year. The airport even hit a new all-time passenger record during the 2011 summer vacation period. On peak days, over 85,000 passengers travelled via Zurich Airport, compared with an average of 66,000 on normal days. The desire for global mobility is evidently continuing unabated.

This makes it all the more gratifying that several new airlines were welcomed to Zurich Airport in 2011. Since the end of May 2011, Hainan Airlines has been operating direct flights from Zurich to Beijing three times a week. Hainan Airlines is the biggest private Chinese airline and also the seventh airline worldwide to be awarded five stars by Skytrax. Following a seven year absence, SriLankan Airlines returned to Zurich Airport in the winter, serving the Zurich-Colombo-Malé route. Oman Air has introduced flights from Zurich to Muscat, while the Spanish Vueling Airlines is pepping up the offering with daily flights to Barcelona and Paris-Orly.

Visitors

Zurich Airport also has lots to attract staycationers. Since it opened at the beginning of December 2011, the new observation deck at Dock B has been enticing visitors to spend time enjoying the many marvels of the airport. Across its 7,000 m², young and old alike can experience the fascination of flying. Attractions include world firsts such as multimedia “airportsopes” that provide live commentary on flight operations, and an observation walkway that allows aviation buffs to get closer to the aircraft than ever before. Along with the Aviolino restaurant, further draws are a mini-airport playpark, various informative exhibits and a discovery trail. In its first month after opening, the observation deck already welcomed over 20,000 guests, confirming the tremendous drawing power of this new attraction. Managers anticipate over 300,000 visitors a year. The observation deck also has a modern well-equipped meeting room for family occasions, conferences and other events.

Partners

Flughafen Zürich AG maintains long-term relationships with its partner companies. Alongside the airlines themselves, tenants, commercial partners and concessionaires are among the airport operator's most important partners.

Our commercial and services centre remains an attractive business location, as demonstrated by the low vacancy rate across the overall useable space in all buildings, which was less than 2% at the end of the year. Following Meteo Schweiz's decision to relocate its headquarters to Zurich Airport, Operation Center 1 has returned to full occupancy again. Expansion of the Airport Medical Center in Prime Center 1 is also notable. Additional specialist medical practitioners, a rehabilitation clinic and a centre for traditional Chinese medicine have extended the range of services on offer. In Office Center 1, Cambridge Technology Partners has rented over 700 m². On the cargo side, besides full occupancy of the freight dispatch hall, the long-term proven partnership with the biggest tenant, Cargologic AG, was also affirmed by the extension of the contract for another seven years.

Retail and catering

There have been many developments in retail and catering, both landside and in the passenger zone. Additions in the public areas include clothing retailer H&M, ladies' fashion boutique Grieder and the Orell Füssli bookshop. Airside, watch and jewellery stores have been attracting attention. Türler celebrated no less than 60 years at Zurich Airport. Bucherer opened the first Rolex boutique in Zurich, while Tiffany launched its very first Travel Retail Boutique in continental Europe. Further welcome additions are the new Lindt Boutique and the Bally/Burberry store in the Airside Center.

With the opening of the two Arrival Duty Free Stores, the summer marked an important milestone for duty-free shopping. Zurich is only the third destination in Europe with an airport that offers passengers the opportunity to make duty-free purchases on arrival. In the passenger zone, commercial business experienced a quantum leap when the new walk-through sales areas directly after the centralised security check were launched on 1 December. Almost all the duty-free areas in the Airside Center have now been comprehensively refurbished and coordinated with the central passenger flow.

Food outlets also experienced an extensive makeover in 2011. In the passenger zone, the new Mövenpick Marché created a spacious self-service restaurant which from day one found great favour with travellers and airport staff alike. Landside, the most profitable outlet, Foodland in the Airport Center, underwent extensive renovation while still continuing to operate and introduced fresh concepts such as Greens and Umaizushi. Food options now also include small but classy eateries such as the Mövenpick Marché take-away bistro near the bus terminal or the Montreux Jazz Café and Panopolis coffee shop in the new Dock B. Furthermore, the annual Swiss-themed dining offered by the cosy Baracca Zermatt chalet during the winter months is almost always fully booked.

Services

Under the banner of "switzerlandinfo+", a new information and service desk in Arrival 2 has been providing passengers and visitors with a wide range of services since 14 July 2011. With information about flights and excursion destinations in Switzerland, this desk supplements the services of the existing information counters in the Check-in 2 and Arrival 1 areas, and those in the Airside Center and Service Center. The desk is operated by Flughafen Zürich AG and is open every day during flight operating hours.

Services for public transport users have also been improved. The baggage claim halls now boast two new SBB ticket machines, and the bus terminal features dynamic passenger information displays with current timetables.

“The Circle”

Alongside the existing commercial centres, the upcoming major real estate project “The Circle” will create a third centre of gravity, effectively a separate small town, which will further enhance the prestige and amenity value of the airport as a location. The development of this high-value complex for innovative services is proceeding apace. 21 October 2011 marked a further milestone when the planning application was submitted to the Kloten town authorities. Planning permission is expected to be granted in the course of 2012. Building work is due to commence in 2013, and the first phase of the complex is scheduled to open in 2017. The planning procedures relating to transport and parking have already been concluded with a permit being granted for the construction of around 1,000 parking spaces. Implementation of this construction project depends on successful marketing and securing the associated investment costs. Separate investment and financing structures will also be created to enable third parties to invest, as planned.

International business development

Via its joint venture with A-port Chile S.A., the company won the contract for expansion and operation of Antofagasta airport. Following Puerto Montt and La Serena, this represents Flughafen Zürich AG’s third airport venture in Chile. Having handled around 1.2 million passengers in 2010, Antofagasta is the second-largest Chilean airport after Santiago de Chile.

Since 2000, the company’s international business development team have been working on expanding the presence of Flughafen Zürich AG at other airports worldwide. Potential projects in existing and new markets are regularly investigated. The main focus is on emerging markets such as Latin America, eastern Europe and Asia. Overall, Flughafen Zürich AG has a presence at ten airports in these markets, including at Bangalore in India and Bogotá in Colombia.

Strategic partnerships

Flughafen Zürich AG maintains a variety of other strategic partnerships for cooperating in the marketing of services. Together with the hub carrier Swiss, among other things the company is seeking to improve the quality of arrivals and departures and generally promote the demand for travel, for example, by interlinking marketing and advertising services, or sharing articles on the respective information platforms.

For incoming passengers, Zurich Airport is the gateway to Switzerland and the Alps and consequently gives a very important first impression of the country. The strategic partnership with Switzerland Tourism also seeks to improve quality and optimise communication along the whole travel chain. Switzerland Tourism acts as an ambassador for Zurich Airport to travel agencies, tour operators and agencies abroad. In return it receives advertising space at Zurich Airport.

The airport operator shares an interest in destination marketing with Zurich Tourism. Cooperation encompasses cross-advertising online and in brochures and, since the summer of 2011, a presence at the new “switzerlandinfo+” information desk in Arrival 2. Other tourism providers and their regions are also represented at this desk. The marketing partnership of Zurich Airport with the Swiss Museum of Transport in Lucerne includes a Zurich Airport presence in the museum’s aviation hall as well as museum advertising at the airport.

In order to be able to deliver a high-quality and successful service in the long term, Flughafen Zürich AG requires optimal operating conditions. Given the tensions that exist between business and politics, that can sometimes present a challenge.

The sustainable development of Zurich Airport can only be secured by engaging with and reconciling the various economic, social and environmental interests involved. With its commitment to sustainability, Flughafen Zürich AG underscores its awareness of the responsibility it carries as a key mobility hub for Switzerland. Its policy can be summed up as follows:

“Building on the solid foundations of safety, quality and efficiency, we will operate Zurich Airport in a sustainable way by

- creating long-term added value and consequently contributing to the economy as a whole,
- striving to reduce our impact on the environment and improve our environmental efficiency,
- providing an attractive and safe environment for employees, customers and visitors and engaging in broad-based dialogue with our neighbours.”

Society and politics

The year 2011 will go down as a pivotal year in the history of the airport. Not only because of the new infrastructures coming on stream, but also because this year saw a number of important decisions prepared or taken in the political arena. The referendums on the municipalities’ “Initiative II” and the counterproposal of 27 November 2011 stood centre stage. Ahead of the vote, Flughafen Zürich AG ran a professional referendum campaign together with partners from politics, business and society to inform the public of the importance of further developing Zurich Airport in line with demand. Opponents fought a hard fight in order to unsettle voters. However, by resoundingly rejecting this initiative and the associated counterproposal, Zurich voters have once again spoken out clearly for Zurich Airport. The result of the referendum therefore leaves the way open in future for the airport to optimise its operations and plan moderate further development. Now the voters have spoken, the ball is in the Confederation’s court to anchor spatial planning for the area around the airport in the Sectoral Aviation Infrastructure Plan (SAIP). Conclusion of the SAIP process will create legal and planning certainty at long last – for both Flughafen Zürich AG and for its neighbouring communities. The Confederation is expected to announce its decision in mid-2012.

Discussions with Germany

The noise analysis conducted jointly with our northern neighbours during 2009 showed that inhabitants in the Upper Rhine region are not impacted by noise in excess of the standards set out in German legislation. All the areas defined as protection zones by German law are located in Switzerland. The fact that the new head of the Swiss Federal Department of Environment, Transport, Energy and Communications has intensified negotiations with the German Ministry of Transport and is seeking early agreement was welcomed. The citizens of Zurich have also sent a clear signal to Germany. By rejecting the two airport-related proposals, they have shown that they are willing to do their part to resolve the dispute over air traffic noise. There is therefore a good chance that a solution that is acceptable to all parties can be found.

Interest representation

The interests of Zurich Airport are represented on a number of panels. For example, Flughafen Zürich AG runs the secretariat for the Swiss International Airports Association (SIAA) and supports the newly formed local economic development and networking organisation “Flughafenregion Zürich”. A presence in the communities around the airport is and will remain vital. Contacts were intensified during the reporting year, for example during the Kloten trade fair, at which Flughafen Zürich AG took a large stand to inform inhabitants about key building projects and the November 2011 referendum.

Greater use of new media also supported the drive to increase external communications. Zurich Airport therefore also maintains a presence on social media platforms. A fan page on Facebook, a Twitter stream and the airport’s own in-house online AirportTV channel ensure that stakeholders are kept informed about Zurich Airport and the airport operator’s projects in real time. What is more, thanks to these channels, Flughafen Zürich AG can maintain a direct dialogue with passengers, airport staff, nearby residents and aviation enthusiasts, and positively influence how Zurich Airport is perceived.

Economic climate

The strong Swiss franc has had both a positive and a negative effect on the airport's business. As a result of the favourable exchange rate, more Swiss people are taking their holidays abroad, so passenger numbers are rising. On the other hand, the strength of the franc is inhibiting consumer spending, with the result that passengers are cutting back in certain areas.

In April 2011, ratings agency Standard & Poor's raised the company's rating by one level from BBB+ to A-. Shortly thereafter, with the joint support of Credit Suisse AG, UBS AG and Zürcher Kantonalbank, Flughafen Zürich AG successfully issued a six-year debenture for CHF 250 million on the Swiss capital market. The debenture will mature in May 2017 and carries an interest rate of 2.25%.

Revision of the Federal Aviation Act

The revision of the Swiss Federal Aviation Act will create a formal basis for the levying of airport charges in Switzerland. The Federal Office of Civil Aviation (FOCA) is currently drafting the corresponding ordinance which will be approved following consultation by the Swiss Federal Council. The ordinance will also set out the transitional periods applicable until full implementation is mandatory. Flughafen Zürich AG is monitoring this revision closely and is lobbying as far as it is able for a reasonable and economically viable solution.

Employees

Flughafen Zürich AG has around 1,570 employees working in over 70 occupations. While this diversity makes the company one of the region's most attractive employers, it also confers responsibility. Flughafen Zürich AG is aware of this responsibility. Its goals include safeguarding jobs and acting as a reliable employer. Along with fair conditions of employment, important principles are equal opportunities and treating employees with respect. Flughafen Zürich AG also attaches great importance to the health of its workforce and invests in their further training.

A large-scale employee survey was carried out in 2011. Flughafen Zürich AG acquitted itself well, achieving high scores for engendering a sense of belonging to the company and work satisfaction. Both are key pillars of a successful corporate culture. Scope for improvement within the company has been identified and targeted remedial measures will be introduced in the coming year.

To ensure that it has sufficient skilled staff for the future, Flughafen Zürich AG is training around 30 apprentices. The company considers it part of its social responsibility to train young people – and to provide jobs for them once they have successfully completed an apprenticeship. Each year, new apprentices are taken on and newly qualified apprentices are integrated into the workforce. Thanks to close links with Swiss universities and technical colleges, every year a number of students are offered internships.

Environment

For many years, commitment to reducing the impact on the environment and improving environmental efficiency has been the driving force behind efforts to ensure the operations of Zurich Airport are sustainable.

In June 2011, in recognition of its systematic and comprehensive environmental management, Flughafen Zürich AG won the "Eco-Innovation Award" of Airports Council International Europe, the association of European airport operators, for the first time. The judges praised the long-term measures Zurich Airport had taken which went well beyond the minimum required to protect the environment.

The noise charge framework is currently undergoing revision in two phases. The first phase, which doubled noise charges for aircraft in noise classes 1 and 2, was already implemented at the end of March 2011 from the summer flight timetable onwards. Flughafen Zürich AG expedited work on the second phase and at the end of September 2011 submitted its revised noise charge framework to the Federal Office of Civil Aviation (FOCA) within the deadline. The classification of aircraft types into five noise categories is to be completely revised. FOCA is currently examining the proposal, and the consultation period is likely to begin in the second quarter of 2012.

In November 2011, Zurich Airport was once again accredited for its commitment to reducing CO₂ emissions, and therefore remains at the "Optimisation" level of the Airport Carbon Accreditation programme. Airport Carbon Accreditation is an independent European certification programme specifically tailored to airports. "Optimisation" level means that the airport operator is working towards reducing carbon dioxide (CO₂) emissions not only within its own direct sphere of influence, but also by its partner companies. Further projects are described in detail in the "Environment" section of this report starting on page 44.

On any given day, somewhere at Zurich Airport there is building work going on. While some major infrastructures have now come on stream, other construction projects are still at the development stage. The focus is always on improving the quality of the overall airport system. Numerous awards prove that the company is on the right track.

Building projects

The year 2011 will go down in the history of the airport as a “year of openings”. The major construction project “Zürich 2010” was completed with the opening of the security check building and the new Dock B. Flughafen Zürich AG had two main objectives for the “Zürich 2010” project: to implement the Schengen Agreement at Zurich Airport and to centralise security checks, while at the same time improving the quality of passenger processes. As of 1 December 2011, the new Dock B and the security check building commenced operation, thus achieving both objectives exactly on schedule and within budget.

The 250-metre long Dock B permits flexible handling of Schengen and non-Schengen flights on two levels with nine stands and eight bus gates. In particular, flights of Swiss and Air Berlin, the biggest airlines at Zurich Airport in terms of passenger volumes, will be handled at the new Dock B.

As of the beginning of December, passengers no longer go through decentrally located security checks but instead pass through security control directly after boarding pass control in the new security check building. Spread across four levels, a total of 26 lanes will enable greater flexibility in responding to peak demand and consequently shorten queuing times.

Additional stands

The airline Swiss is planning to replace its Avro fleet with new Bombardier C-series aircraft from 2014. Since these have a greater wingspan, this will impact the demand for available stands, which is already very tight during peak times. The airport operator has submitted a planning application to build additional stands to the north of Dock E.

Noise barrier and noise protection hangar

In the autumn of 2011, Flughafen Zürich AG began construction of an open, U-shaped noise barrier on the hangar apron to dampen the noise of aircraft engine ground running. This should be completed by spring 2012. The barrier will serve as a temporary replacement for the previous noise baffles which are required to be replaced as a condition of the provisional operating regulations. The barrier will already reduce noise levels considerably and consequently greatly improve protection for residents, especially at night. The provisional replacement will cost approximately CHF 1.5 million. The planning application for the final noise protection hangar was submitted at the end of 2011. This should be operational by April 2014 and will again make a noticeable improvement to noise abatement during engine ground running. The provisional barrier will then be removed.

Terminal 2 upgrade

Terminal 2, first opened in 1975, requires upgrading. The five-storey building will be completely refurbished to make it fit for purpose for the next 30 years. Since the work has to be done during ongoing operations, the renovations will be carried out in a number of phases. The building work has already been completed in Arrival 2 where, in addition to the alterations required for the Arrival Duty Free Store, the baggage reclaim hall of the former Terminal B was completely renovated. The next major step will be the alterations at Check-in 2. This presents a major challenge to the partners involved since queuing times must be kept as short as possible and the distance to gates minimised, even while the building work is going on.

Freight dispatch hall

On opening in July 2011, all the space in the new 8,400 m² freight dispatch hall, which includes around 1,000 m² of ramp area, was already rented. Export freight is prepared here for handover to handling agents, and imports also go through customs clearance prior to delivery. This functional building with its curved roof was erected to counter the shortage of cargo handling space.

Car parks and parking spaces

Work to expand car park 6 commenced during 2011. However, no additional parking spaces will be created, as Flughafen Zürich AG is merely offsetting the capacity of car parks P5 and P40 located at the foot of "Butzenbüel" hill which require renovation. These will be removed in future as this area has been earmarked for "The Circle".

Car parking bottlenecks pose a great challenge. It is certainly undisputed that the use of public transport should be encouraged and further increased. But in view of steadily rising passenger volumes and increasing staff numbers, a moderate expansion of car parking at Zurich Airport is important to ensure its smooth operation. Applications for additional car parking to meet needs up to 2020 have been submitted. The car parks for "The Circle" have already been approved.

Passenger processes

Together with various partner companies such as Swiss, Swissport and the cantonal police, various tests were carried out with automated passenger processes during the first half of the year. Trials with automatic baggage drop-off systems and passport control with biometric passports delivered interesting results, but there are no plans to implement these systems at present. Automated boarding card checks have, however, been introduced. Entry into the security check building also marks the transition between the public and the passenger zone. Only people in possession of a boarding card can pass through. To gain entry, passengers insert their boarding card into a reader at the entrance to the security check building. If the boarding card is valid, the security door will open. Self-boarding was also trialled ahead of implementation in the new Dock B. With this process, the boarding card is also scanned in, and if valid the system releases the security door to the airbridge. Self-boarding will be used throughout the new Dock B.

These automated processes will give passengers more independence on their journey. However, anyone who wishes will continue to receive personal attention at every stage. By automating processes, the airport operator has succeeded in increasing efficiency while at the same time maintaining its customary high standards of service.

GPS-assisted landing

In March 2011, Zurich was the first airport in Switzerland to introduce satellite-based landing. This advanced approach procedure uses GPS technology to guide aircraft on to runway 14 from the north on the same path as before.

As a leading member of a consortium that also includes Frankfurt, Munich, Amsterdam, Paris and London airports, Zurich Airport is heavily involved in the development and introduction of new flight procedures under the auspices of the European research project SESAR (Single European Sky ATM Research). The aim is to gather data and experience with satellite-based landing as part of the "CHIPS" project (CH-wide Implementation for SESAR), a Swiss platform for sharing innovative ideas in the field of flight procedures.

ICT systems and projects

Following trials in the Airside Center, the passenger routing system has now been fully implemented in the new security check building. A system measures the flow of passengers in the waiting areas and security check lanes. If a given number of passengers is exceeded, the system sends a message to Airport Steering. They can then respond appropriately, for example by opening additional check lanes, or by diverting passengers to one of the relief levels in the security check building. The new routing system optimises control of passenger flows and minimises queuing times.

In collaboration with the Marketing Communication department, the ICT department has developed an application for iPhones. This new app enhances the passenger experience at Zurich Airport by providing a variety of information. Immediately after it was launched, the new airport app ranked among the top 10 most popular programs in the Swiss iTunes store for many weeks.

Another team in the ICT department has created a unique and novel exhibit for the new observation deck. Using multimedia binoculars – dubbed airportsopes – visitors can focus in on objects that are stationary or moving not too quickly. The viewer can then simply click to call up additional on-screen information such as aircraft type, flight number and the destination of a taxiing plane. The airportscope is a world first developed specially for Zurich Airport.

Availability of technical systems

The Infrastructure department is responsible for around 4,200 technical systems. Availability targets for these systems are set once a year based on the high expectations of consumers, customers, partners and the general high quality standards of the airport operator. The majority of systems met these high targets and expectations, and some even greatly exceeded them. Owing to consistent and sustained performance, great commitment and the absence of any major unforeseeable incidents, the same high standards of last year's results have largely been maintained.

Only Skymetro's availability fell slightly short of target. Its availability was negatively impacted by various factors such as disruptions to the infrastructure and a major power failure. On the other hand, the power and heating systems at the airport have performed well, with availability for both in excess of the defined targets. In addition, renewal of the control systems in the heating plant was completed in the third quarter of 2011.

Market research and image tracking

Flughafen Zürich AG regularly conducts various market research surveys to form a general picture of the structure, needs, behaviour and opinions of consumers, customers, partners and employees of Zurich Airport in order to optimise its offering. The findings of these surveys are supplemented by the results of the benchmarking exercise performed as part of the "Airport Service Quality Awards" process, and by studies carried out around the airport. With its many different facets, Zurich Airport is also an ideal platform for interested external organisations to carry out surveys.

Awards

Once again in 2011 Zurich Airport garnered a host of awards. One of the most important prizes is the "World Travel Award". In recognition of the airport's user-friendliness and consistently high standards, the travel industry voted Zurich the best European airport for the eighth time in a row.

The "Business Traveller Awards" also demonstrate that Zurich Airport is highly popular with business customers too. Zurich again claimed the prize for best transfer airport in Europe. In the overall "Best Airport in the World" rankings, Zurich took an excellent second place behind Singapore Changi and ahead of Dubai.

The Skytrax rankings put Zurich Airport second in the central European airports category, while its baggage delivery won top prize for Europe. Zurich Airport came fourth in the Airport Service Quality study. The "Best of Excellence" award presented by Airports Council International (ACI) is evidence that focusing on service quality pays off in the long term. Zurich Airport received this prize in honour of its many years of dedication to quality at the highest level.



Review & Outlook | Quality management

As Senior Manager Retail Airside, Heidi Köpple is responsible for dealing with the concerns of retailers in the passenger zone. Originally from the Allgäu region of Germany, she has been working at Zurich Airport for nearly two years. Over the course of a day she walks many miles through the wonderful world of products and brands.

Zurich Airport (ZA): *What have been the highlights of 2011 for you?*

Heidi Köpple (HK): So much has happened over the past year, I find it hard to narrow it down! My personal highlights include the opening of a Bucherer store so that we now have the Swiss watch brand Rolex represented at Zurich Airport. The launch of the new duty-free areas in arrivals and after the security check were also significant milestones for me.

ZA: *"Senior Manager Retail Airside" is a pretty general title. What exactly do you do?*

HK: I'm responsible for all matters relating to our commercial partners in the passenger zone. I'm the contact person for the store owners and I endeavour to create a distinctive homogeneous visual identity for the retail landscape of the airport. So I'm in regular contact with our partners, visiting them in their shops, walking around with them and discussing what products they are offering and how they are presented. I'm also responsible for budgeting and producing forecasts for my portfolio.

ZA: *And where would you say you acquired the right instincts for this job?*

HK: I'm familiar with brand-name products from my previous job as Account Manager for Hugo Boss shops worldwide. My background is therefore in fashion. Because my work took me around the world, I know many airports and the way brands are presented.

ZA: *How do airports differ?*

HK: Asia is definitely well ahead. What they are doing in Singapore or Seoul for example is simply world class. The big commercial airports in the USA are developing gradually, but the potential there is nowhere near exhausted. To date, the shopping experience at these airports has been very limited. European airports are somewhere in the middle, and in my opinion Zurich is definitely among the leaders here.



ZA: *How is Zurich different from other airports?*

HK: I think that the biggest difference is our high quality. Our airport is keen to ensure the best possible offering for passengers. The whole thing must hang together and represent our perception of "Swissness". Also, shopping is concentrated in one area. At many airports the offering is dispersed, so passengers see only a selection in each case. That's different at Zurich Airport, and incidentally applies to both the passenger zone and landside. This has certainly been helped by the fact that a unified design concept was created when the Airside Center was built in 2004. This is benefiting us now. The retail sphere in the passenger zone forms a harmonious whole at a central location.

"I think the biggest difference is our high quality"

ZA: *How do you ensure this harmony is maintained when new vendors arrive?*

HK: As the landlord of the commercial space, we have a say in its appearance. We work closely with the tenant from the outset and are involved in the design of each store. Often we're already present at the first architect briefings. This enables us to put forward our ideas and be involved in the architectural concept. Ultimately, it must fit in with the overall design. I sometimes think my job is a little bit like being a gatekeeper – maintaining the consistent and distinctive identity of Zurich Airport.

ZA: *And do our retail partners accept that?*

HK: Naturally, people sometimes take a little convincing. But it helps to be very familiar with brand names and be attuned to brands and product presentation. We enjoy a very open culture of dialogue with great partners at Zurich Airport. It's a privilege to have a store or brand represented here at the airport, as our limited space is highly sought after. Demand exceeds supply by far. We have long waiting lists so we can't accommodate everyone who would like a presence at Zurich Airport.

This makes it all the more enjoyable to work with partners who share our understanding of the world of brands and enrich us with their creative input. Since they account for the lion's share of both floor area and sales, naturally I need to work pretty intensively with the duty-free stores. But it's also important to support the "little guys". Although these shops may only generate a fraction of the revenue, many people are nevertheless

putting their heart and soul into them. Our recipe for success is direct communication with partners and being proactive when it comes to trends.

ZA: *What impact is the current economic climate having on retail business?*

HK: The strong franc is influencing passengers' price perceptions. Particularly in the arrival duty-free store they perceive the prices to be on the high side and therefore are more cautious with purchases, despite our attractive offering. This is an area where we will certainly have to step up our efforts, firstly by optimising the sales areas and secondly with stronger price communication. In departures duty-free, on the other hand, business is generally even better.

ZA: *Has business been affected by completion of the big new infrastructure projects?*

HK: Yes, we have had to completely rethink things since the beginning of December 2011. The opening of the security check building and Dock B has fundamentally altered passenger patterns. There are new routes and processes. Locations which had a high passenger footfall in the past may have seen this drop off, or numbers might only be significant during peak periods. This has also had a noticeable impact on the stores in the gate area.

ZA: *How is the airport operator responding?*

HK: By carefully controlling the opening times in a gate area for example, or by assigning certain flights to certain gate areas. We are working closely with the Operations division on this. Also, I always walk the passenger routes at least once a week. I have to understand passengers' behaviour. This helps me when it comes to negotiating with our retail partners, or when they approach me with their concerns.

ZA: *What projects are in the pipeline and what does 2012 hold in store?*

HK: We are currently in a very exciting phase. We will now need to keep a close eye on how passenger behaviour changes, particularly in the new infrastructures. There are also a variety of smaller store sites still free, which I'm working on. And naturally we're always seeking to optimise the offering and maintain our overall image. The important thing is to remain a premium address, while still keeping our feet on the ground.

415,035

TONNES OF FREIGHT ARE PROCESSED
EACH YEAR.

1,137

TONNES PER DAY.

4,395

ANIMAL CONSIGNMENTS WERE HANDLED
LAST YEAR, AMOUNTING TO OVER 420
TONNES OF FREIGHT. 832 DOGS AND 337
CATS WERE AMONG THESE.

120

FORWARDING COMPANIES ARE BASED IN
THE ZURICH AIRPORT CATCHMENT AREA.





Business & traffic trends | Key data (2-year comparison)

Key data

(CHF 1,000)	2011	2010	Change in %
Total revenue ¹⁾	905,404	851,548	6.3
of which revenue from aviation operations ¹⁾	579,613	534,722	8.4
of which revenue from non-aviation operations ¹⁾	325,791	316,826	2.8
Operating expenses ¹⁾	-420,397	-415,100	1.3
Earnings before interest, tax, depreciation and amortisation (EBITDA)	485,007	436,448	11.1
EBITDA margin (in %) ¹⁾	53.6	51.3	
Earnings before interest and tax (EBIT)	283,796	245,730	15.5
EBIT margin (in %) ¹⁾	31.3	28.9	
Profit	170,910	138,519	23.4
Cash flow from operating activities	438,899	431,032	1.8
Cash flow from investing activities ²⁾	-449,688	-266,971	68.4
Invested capital as of 31 December	3,018,887	2,722,484	10.9
Average capital employed	2,870,686	2,784,510	3.1
Return on average capital employed (ROCE, in %)	7.9	7.0	
Equity as of 31 December	1,801,854	1,684,402	7.0
Return on equity (in %)	9.8	8.4	
Equity ratio (in %)	47.2	47.9	
Interest-bearing liabilities (net) ³⁾	818,309	755,908	8.3
Interest-bearing liabilities / EBITDA	1.69x	1.73x	
Key operational data			
Number of passengers	24,337,954	22,878,251	6.4
Number of flight movements	279,001	268,765	3.8
Freight in tonnes	415,035	411,037	1.0
Number of full-time positions as of 31 December	1,321	1,292	2.2
Number of employees as of 31 December	1,570	1,543	1.7
Key data for shareholders			
Number of issued shares	6,140,375	6,140,375	
Proposed / paid dividend per share (CHF)	9.50	7.00	35.7
Dividend total (CHF 1,000)	58,334	42,983	35.7
Payout ratio (in %)	34.1	31.0	
Equity per share (CHF)	293.44	274.32	7.0
Basic earnings per share (CHF)	27.84	22.57	23.3
Diluted earnings per share (CHF)	27.82	22.56	23.3
Share price (CHF)			
- High	402.50	391.00	2.9
- Low	276.50	283.60	-2.5
	Security number	SIX Symbol	Reuters
Flughafen Zürich AG (registered share)	1056796	FHZN	FHZN.S

¹⁾ Capitalised expenditure and bad debt write-offs are now presented as part of "Capitalised expenditure and other income / expenses, net".

The prior-year amounts have been adjusted accordingly.

²⁾ Capitalised borrowing costs are now presented as part of interest paid in cash flow from financing activities (previously presented as part of investments in property, plant and equipment (projects in progress)). The prior-year amounts have been adjusted accordingly.

³⁾ Interest-bearing liabilities (net) include interest-bearing debt less cash and cash equivalents, interest-bearing other current and non-current financial assets and fixed-term deposits.

Key data excluding the influence of aircraft noise¹⁾

Flughafen Zürich AG can refinance all costs related to aircraft noise according to the originator pays principle via noise charges. There is a specified purpose for these noise charges, and any surplus, after all noise-related expenses have been paid, is supposed to be repaid and does not belong to the owners of Flughafen Zürich AG. As the financial statements of Flughafen Zürich AG include noise charges,

noise-related expenses and noise-related items in the balance sheet, key figures are also stated excluding the influence of aircraft noise for the shareholders. In the long term, noise-related items will not impact either the income statement or the cash flow statement of Flughafen Zürich AG.

(CHF 1,000)	2011	2010	Change in %
Total revenue ²⁾	856,817	819,791	4.5
of which revenue from aviation operations ²⁾	531,026	502,965	5.6
of which revenue from non-aviation operations ²⁾	325,791	316,826	2.8
Operating expenses ²⁾	-416,132	-410,751	1.3
Earnings before interest, tax, depreciation and amortisation (EBITDA)	440,685	409,040	7.7
EBITDA margin (in %) ²⁾	51.4	49.9	
Earnings before interest and tax (EBIT)	246,537	223,956	10.1
EBIT margin (in %) ²⁾	28.8	27.3	
Profit	150,416	124,662	20.7
Cash flow from operating activities	400,242	405,253	-1.2
Cash flow from investing activities ³⁾	-412,127	-233,419	76.6
Invested capital as of 31 December	2,843,098	2,567,190	10.7
Average capital employed	2,705,144	2,636,143	2.6
Return on average capital employed (ROCE in %)	7.2	6.8	
Equity as of 31 December	1,626,065	1,529,108	6.3
Return on equity (in %)	9.5	8.3	
Equity ratio (in %)	49.9	50.6	
Interest-bearing liabilities (net) ⁴⁾	1,063,511	968,329	9.8
Interest-bearing liabilities / EBITDA	2.41x	2.37x	
Key operational data			
Number of passengers	24,337,954	22,878,251	6.4
Number of flight movements	279,001	268,765	3.8
Freight in tonnes	415,035	411,037	1.0
Number of full-time positions as of 31 December	1,310	1,281	2.3
Number of employees as of 31 December	1,559	1,532	1.8
Key data for shareholders			
Number of issued shares	6,140,375	6,140,375	
Proposed / paid dividend per share (CHF)	9.50	7.00	35.7
Dividend total (CHF 1,000)	58,334	42,983	35.7
Payout ratio (in %)	38.8	34.5	
Equity per share (CHF)	264.82	249.03	6.3
Basic earnings per share (CHF)	24.50	20.31	20.6
Diluted earnings per share (CHF)	24.49	20.30	20.6

¹⁾ The reported key data excluding the influence of aircraft noise have been adjusted for all significant items relating to aircraft noise.

²⁾ Capitalised expenditure and bad debt write-offs are now presented as part of "Capitalised expenditure and other income / expenses, net".

The prior-year amounts have been adjusted accordingly.

³⁾ Capitalised borrowing costs are now presented as part of interest paid in cash flow from financing activities (previously presented as part of investments in property, plant and equipment (projects in progress)). The prior-year amounts have been adjusted accordingly.

⁴⁾ Interest-bearing liabilities (net) include interest-bearing debt less cash and cash equivalents, interest-bearing other current and non-current financial assets and fixed-term deposits.

Business & traffic trends | Trend in traffic volume

Passenger record: more than 24 million travellers

A total of 24,337,954 passengers were welcomed at Zurich Airport in 2011. Compared with 2010, this corresponds to an increase of 6.4%, in line with average growth at European airports (+6.6%)¹⁾.

In addition to strong local demand, this growth in passenger volume in Zurich can be attributed to the catch-up effect following the ash cloud in 2010 and the favourable exchange rates. Swiss travellers booked more holidays abroad, which led to an increase in passenger numbers.

Both European destinations (+7.9%) and the North American market (+6.5%) benefited. In contrast, passenger volumes to and from Africa decreased by 12.3% owing to the unrest that has marked North Africa since spring 2011.

Scheduled flights posted passenger growth of 6.1% in 2011. In this segment, low-cost traffic achieved growth of 9.5% over the previous year, which is a particularly positive result. The corresponding share of air traffic increased from 10.9% to 11.2%.

Based on the total number of passengers, Swiss, Hello, Edelweiss Air and Lufthansa contributed most strongly to passenger volume growth. At Zurich Airport, the hub carrier Swiss has the largest passenger share at 55.9%, followed by Air Berlin (6.7%), Edelweiss Air (3.9%) and Lufthansa (3.8%).

Strong local demand

In 2011, the number of local passengers increased by 7.4% to 16.0 million. At the same time, the number of transfer passengers at Zurich Airport rose by 4.5% to 8.3 million. The transfer share of all passengers declined from 34.6% in 2010 to 34.0% during the year under review. This above-average development in local demand points to the relatively stable economic development of Zurich Airport's catchment area and underscores the increased demand for flights to and from Zurich.

More passengers per flight movement

There were 279,001 flight movements in 2011 at Zurich Airport, amounting to a disproportionately low increase over the previous year of just 3.8% compared with passenger volume. The number of passengers per flight has thus increased to an average of 102 passengers per flight movement, a rise of 1.6% over the previous year. The average number of seats per flight to and from Zurich was 6.5% above passenger volume growth, which led to a marginal reduction in the average seat load factor.

Scheduled and charter flights enjoyed an increase of 4.7% in the number of flight movements, whereas general aviation saw a slight decline of 1.3%.

Stable freight market

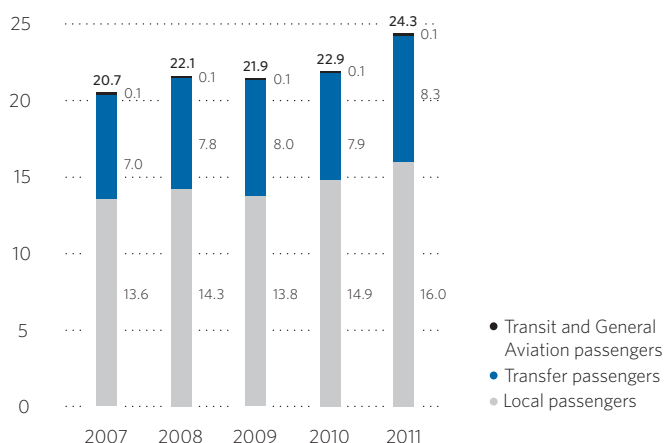
Freight volumes at Zurich Airport increased by 1.0% in 2011 over the 2010 level. During the year under review, a total of 415,035 tonnes of freight were transported. While the volume of freight shipped by air remained constant, the road feeder service posted growth of 3.2%.

New flight routes

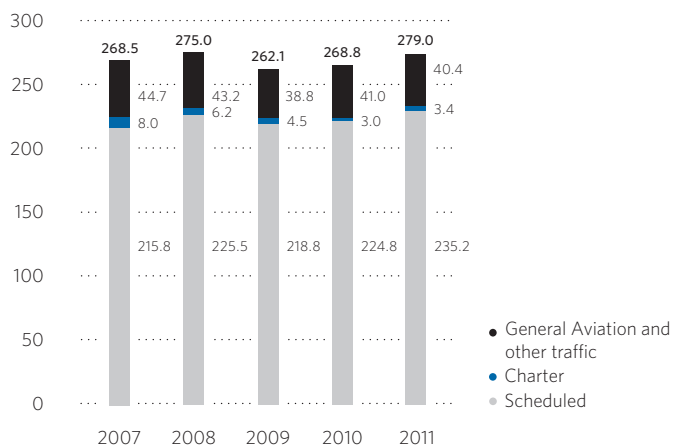
During 2011, a total of 135 European and 61 intercontinental destinations were served from Zurich Airport by 70 scheduled airlines and 15 charter carriers. The number of international destinations rose by two, the number of European destinations by ten. Three new airlines – Hainan Airlines (Beijing), Oman Air (Muscat) and SriLankan Airlines (Male-Colombo) – began long-haul service to and from Zurich Airport in 2011.

¹⁾ Source: ACI, Airports Council International (as at January 2012)

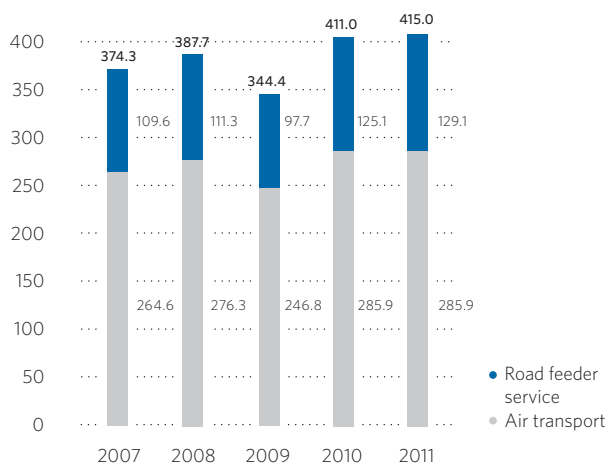
Trend in passenger volume (in million)



Flight movements (in 1,000)



Freight (in 1,000 tonnes)

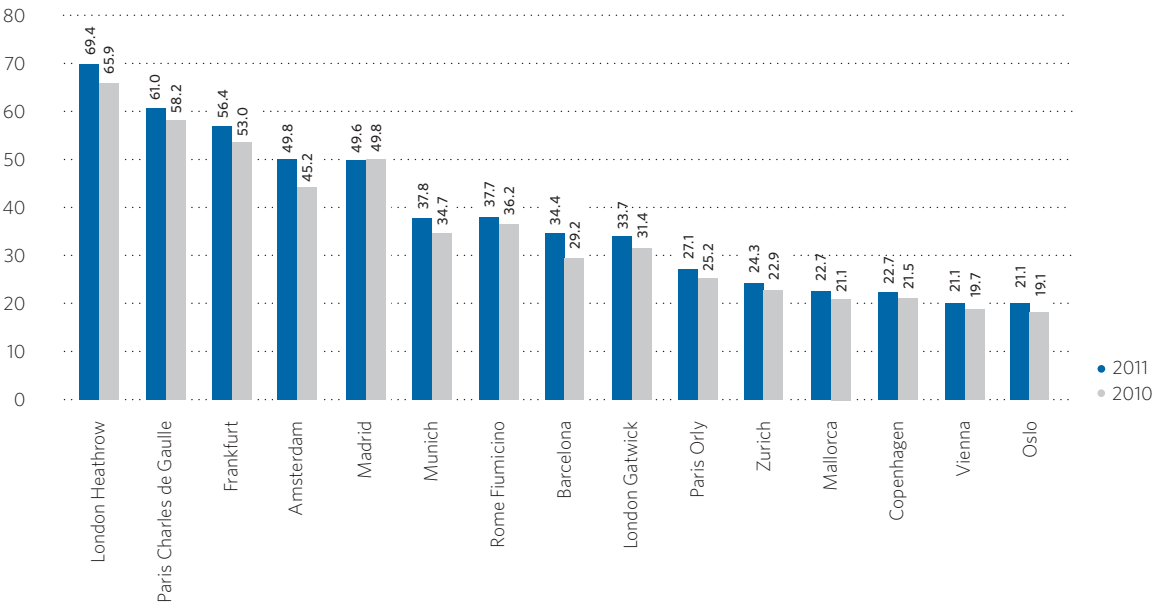


Airlines & destinations

Number of airlines		2011	2010
Scheduled flights		70	68
Charter flights		15	18
Destinations, scheduled flights (airports)			
Europe		135	125
Africa		20	22
Asia		19	18
North America		17	14
Latin America		5	5
Total		196	184
Destinations, scheduled flights (countries)			
Europe		38	40
Africa		8	10
Asia		15	14
North America		2	2
Latin America		4	4
Total		67	70

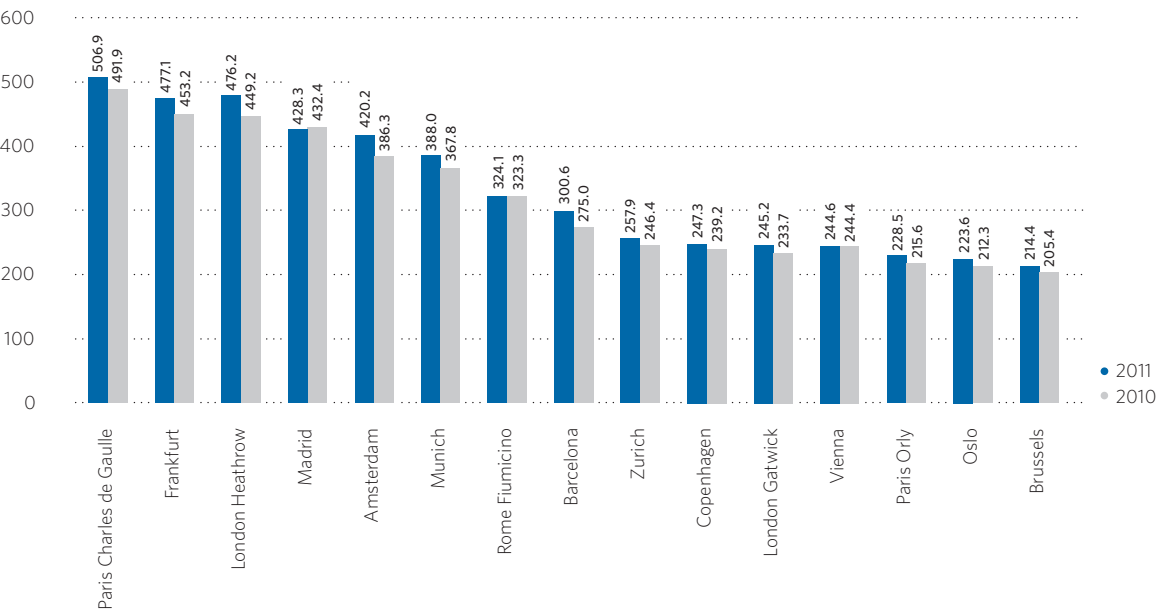
Notes: When adding up rounded-up or rounded-down sums, it is possible that minor discrepancies may occur.

Passengers at European airports (in millions)
The 15 largest European airports in terms of passenger volumes



Source: ACI Airport Council International (as at January 2012)

Flight movements at European airports (in 1,000)
The 15 largest European airports in terms of commercial flight movements



Source: ACI Airport Council International (as at January 2012). Commercial flight movements include scheduled, charter and general commercial aviation traffic.

Results trend

Revenue rose year on year from CHF 851.5 million to CHF 905.4 million (+6.3%).

Approximately 64% of the total revenue comes from **aviation operations**, which amounted to CHF 579.6 million (+8.4%) in the year under review.

(CHF 1,000)	2011	2010	Change in %
Passenger fees	195,555	183,659	6.5
PRM fees	11,200	11,458	-2.3
Landing fees	84,527	79,462	6.4
Emission fees	3,150	2,926	7.7
Parking fees	6,100	5,574	9.4
Fuel charges	7,039	6,595	6.7
Freight revenue	7,817	7,731	1.1
Baggage sorting and handling system	29,047	27,283	6.5
Aircraft energy supply system	11,134	10,198	9.2
CUTE charges (check-in system for handling agents)	4,397	4,220	4.2
Other revenue	12,521	15,012	-16.6
Total revenue from aviation flight operations¹⁾	372,487	354,118	5.2
Security fees	157,310	147,439	6.7
Refund of security costs	1,229	1,408	-12.7
Total revenue from aviation security	158,539	148,847	6.5
Noise charges	48,587	31,757	53.0
Total revenue from aviation aircraft noise	48,587	31,757	53.0
Total revenue from aviation operations¹⁾	579,613	534,722	8.4

¹⁾ Capitalised expenditure and bad debt write-offs are now presented as part of "Capitalised expenditure and other income / expenses, net".
The prior-year amounts have been adjusted accordingly.

Revenue from **passenger and security fees** went up in the year under review to CHF 195.6 million and CHF 157.3 million respectively. This increase corresponds to the rise in passenger figures.

Revenue from **landing fees** rose to CHF 84.5 million (+6.4%). The main reason for this trend is, on the one hand, the increase in flight movements for scheduled and charter flights of 4.7% and, on the other, a higher average maximum take-off weight (MTOW) of the aircraft.

Revenue from **noise charges** totalled CHF 48.6 million (+53.0%) in the year under review and comprised passenger noise charges, noise-related landing charges and off-peak night-time surcharges. The reason for the disproportionately high increase in revenue is the new breakdown of noise charges between the Canton of Zurich and Flughafen Zürich AG as set out in the agreement. The share of charges attributable to Flughafen Zürich AG in 2011 was 72% and that of the Canton of Zurich 28%. In 2010, this ratio was 53% to 47% in favour of Flughafen Zürich AG. Revenue from noise charges has been split between the Canton of Zurich and Flughafen Zürich AG since 1 July 2008 for the purpose of financing compensation for formal expropriations.

In 2011, revenue from fees for assisting passengers with reduced mobility (**PRM fees**) amounted to CHF 11.2 million. The 2.3% decline from the previous year is due to the reduction in the fee per departing passenger from CHF 1.00 to CHF 0.90.

Business & traffic trends | Results trend

Revenue from **non-aviation operations** rose by 2.8% to CHF 325.8 million and thus accounted for around 36% of the total revenue in the year under review.

(CHF 1,000)	2011	2010	Change in %
Retail, tax & duty-free	75,167	74,500	0.9
Food & beverage operations	13,631	12,198	11.7
Advertising media and promotion	15,070	13,530	11.4
Revenue from multi-storey car parks	65,863	64,576	2.0
Other commercial revenue (car rentals, taxis, banks, etc.)	12,668	12,241	3.5
Total commercial revenue	182,399	177,045	3.0
Revenue from rental & leasing agreements	88,905	86,013	3.4
Energy and utility cost allocation	25,236	26,323	-4.1
Cleaning	3,521	3,459	1.8
Other service revenue	3,023	2,356	28.3
Revenue from facility management	120,685	118,151	2.1
Communication services	13,587	12,565	8.1
Revenue from consulting activities	2,062	2,358	-12.6
Other services and miscellaneous	7,058	6,707	5.2
Revenue from services ¹⁾	22,707	21,630	5.0
Total revenue from non-aviation operations ¹⁾	325,791	316,826	2.8

¹⁾ Capitalised expenditure and bad debt write-offs are now presented as part of "Capitalised expenditure and other income / expenses, net".
The prior-year amounts have been adjusted accordingly.

Turnover-based revenue in the **retail, tax & duty-free and food & beverage operations** increased by 0.9% and 11.7% respectively. The revenue of shop and restaurant operators at Zurich Airport amounted to CHF 479.2 million, which reflected a decrease of 0.6%.

The slight decline in sales was due to substantial renovation work in connection with the large "Zürich 2010" project and the strong Swiss franc, which had a negative effect on airside retail business in particular. The average expenditure per departing passenger amounted to CHF 39.4 (-6.4%) in the year under review.

(CHF million)	2011	2010	Change in %
Trend in revenue of commercial partners	479.2	481.9	-0.6
Commercial revenue of Flughafen Zürich AG			
Retail, tax & duty-free	75.2	74.5	0.9
Food & beverage operations	13.6	12.2	11.7
Average revenue per departing passenger (in CHF)	39.4	42.1	-6.4

Parking revenue totalled CHF 65.9 million (+2.0%) in the year under review. This increase is due largely to the higher number of local passengers and visitors. Public parking charges remained unchanged in the 2011 business year.

Revenue from services increased by around CHF 1.1 million (+5.0%) to CHF 22.7 million in 2011. The main reasons for this were higher revenue from communication services and additional revenue from various of the airport's service products.

Revenue from **facility management** amounted to CHF 120.7 million (+2.1%). Revenue from **rental and leasing agreements** went up by CHF 2.9 million (+3.4%) compared with the previous year. The reason for this increase is a further reduction in vacant premises, which accounted for just 1.8% of the entire real estate portfolio as of 31 December 2011. Revenue from the cross-charging of **energy and utility costs** decreased compared with the previous year (-4.1%).

Operating expenses rose in financial year 2011 by 1.3% overall from CHF 415.1 million to CHF 420.4 million. Despite a significant rise in traffic volume and more infrastructure, this is only a slight increase in operating expenses.

This trend is the result of both strict cost-cutting and lower costs for materials and energy, attributable to the mild winter months in the year under review.

(CHF 1,000)	2011	2010	Change in %
Personnel expenses	162,478	157,567	3.1
Police and security	118,040	114,549	3.0
Energy and waste	23,888	24,359	-1.9
Maintenance and material	39,400	43,350	-9.1
Other operating expenses	49,499	49,497	0.0
Sales, marketing, administration	39,127	37,277	5.0
Capitalised expenditure and other income / expenses, net ¹⁾	-12,035	-11,499	4.7
Total operating expenses ¹⁾	420,397	415,100	1.3

¹⁾ Capitalised expenditure and bad debt write-offs are now presented as part of "Capitalised expenditure and other income / expenses, net".
The prior-year amounts have been adjusted accordingly.

Around 39% of operating expenses results from **personnel expenses** which went up by 3.1% to CHF 162.5 million in the year under review.

The main factors in the higher personnel expenses are set out in the following table:

(CHF million)		
Personnel expenses in 2010		157.6
Increase in provisions for holidays and overtime	approx.	0.8
Adjustment of basic salaries	approx.	2.3
Higher variable salary components based on the annual result (management)	approx.	1.2
Lower reimbursements from social security contributions	approx.	-0.3
Additional costs from workforce expansion	approx.	0.5
Miscellaneous	approx.	0.4
Personnel expenses in 2011		162.5

As of 31 December 2011, Flughafen Zürich AG employed 1,570 staff (31 December 2010: 1,543), corresponding to 1,321 full-time equivalent positions (31 December 2010: 1,292 full-time equivalent positions).

Flughafen Zürich AG's expenses for **police and security** rose by 3% to CHF 118.0 million. Thanks to optimised resource planning and infrastructure, the rise in costs was low in proportion to passenger trends.

(CHF 1,000)	2011	2010	Change in %
Zürich cantonal police force	97,620	94,347	3.5
Security expenses relating to third parties	20,420	20,202	1.1
Total police and security expenses	118,040	114,549	3.0

Business & traffic trends | Results trend

Expenses for **energy and waste** declined by 1.9% from CHF 24.4 million to CHF 23.9 million.

Expenses for **maintenance and material** of CHF 39.4 million were well below the previous year's figure (CHF –4.0 million or –9.1%). One reason for this is lower material expenses for de-icing substances as a result of the mild weather during the winter months in 2011. Another reason was the temporary halt to some maintenance work owing to the large-scale projects commissioned in the context of "Zürich 2010".

At CHF 49.5 million, **other operating expenses** were in line with the previous year overall.

Expenses relating to **sales, marketing and administration** amounted to CHF 39.1 million, up from the 2010 figure of CHF 37.3 million (+5.0% or CHF +1.9 million). The higher expenses are due, among other things, to one-off costs relating to the commissioning of Dock B and the security check building.

In the 2011 financial year, **capitalised expenditure and other income / expenses (net)** was around CHF 0.5 million (+4.7%) higher than in the previous year. The main reason is higher expenditure relating to the construction and commissioning of Zürich 2010 (new Dock B and the security check building).

(CHF 1,000)	2011	2010	Change in %
Earnings before interest, tax, depreciation and amortisation (EBITDA)	485,007	436,448	11.1
Depreciation and amortisation	–201,211	–190,718	5.5
Earnings before interest and tax (EBIT)	283,796	245,730	15.5
Finance result, net	–73,451	–72,036	2.0
Share of profit or loss of associates	1,390	456	n/a
Income tax expense	–40,825	–35,631	14.6
Profit	170,910	138,519	23.4

Earnings before interest, tax, depreciation and amortisation (EBITDA) amounted to CHF 485.0 million, which is up CHF 48.6 million on the previous year level (CHF 436.4 million). The EBITDA margin of 53.6% was substantially higher than last year's (51.3%).

At CHF 201.2 million, **depreciation and amortisation** is around CHF 10.5 million above the previous year's figure. This increase is due, on the one hand, to higher amortisation of the intangible asset from right of formal expropriation and, on the other, to new infrastructure commissioned in the year under review.

Despite higher depreciation and amortisation, the higher EBITDA figure led to an increase in **earnings before interest and tax (EBIT)** of CHF 38.1 million to CHF 283.8 million (+15.5%).

The **net finance result** was CHF 73.5 million and thus CHF 1.4 million or 2.0% higher than in 2010. The change is primarily attributable to the CHF 4.8 million increase in finance costs due to the unwinding of discount on the provision for sound insulation and resident protection plus formal expropriations. This is in turn the result of the significantly lower discount rate – due to the generally low interest rate level – which is re-assessed anew each year to determine the amount of the above-mentioned provision. Without this additional interest cost, the net finance result would have been 4.7% higher, mainly because of lower average interest costs.

The **share of profit or loss of associates** reflects the results of investments in the Indian airport operator in Bengaluru (Bangalore International Airport Ltd., BIAL) and holdings in Latin America.

Profit amounting to CHF 170.9 million is 23.4% above the previous year's figure. The profit, excluding aircraft noise, amounted to CHF 150.4 million (+20.7% compared with the previous year). Basic earnings per share amounted to CHF 27.84 including aircraft noise and CHF 24.50 excluding aircraft noise.

The Board of Directors is proposing to the General Meeting of Shareholders the payment of a dividend of CHF 9.50 (2010: CHF 7.00) per share.

The following figures show the **results with and without noise-related revenue or noise-related costs / expenses**. All noise-related revenue is to be used exclusively to cover costs relating to aircraft noise and does not benefit shareholders of Flughafen Zürich AG.

An income surplus may be generated in some years but must be neutralised again in terms of revenue and cash flow until the noise-related costs have been settled in full. The key figures including and excluding aircraft noise are shown on pages 24 and 25.

	2011			2010		
(CHF 1,000)	Including aircraft noise	Elimination of aircraft noise	Excluding aircraft noise	Including aircraft noise	Elimination of aircraft noise	Excluding aircraft noise
Revenue from aviation operations ¹⁾	579,613	-48,587	531,026	534,722	-31,757	502,965
Revenue from non-aviation operations ¹⁾	325,791	0	325,791	316,826	0	316,826
Total revenue ¹⁾	905,404	-48,587	856,817	851,548	-31,757	819,791
Operating expenses ¹⁾	-420,397	4,265	-416,132	-415,100	4,349	-410,751
Earnings before interest, tax, depreciation and amortisation (EBITDA)	485,007	-44,322	440,685	436,448	-27,408	409,040
EBITDA margin (in %) ¹⁾	53.6		51.4	51.3		49.9
Depreciation and amortisation	-201,211	7,063	-194,148	-190,718	5,634	-185,084
Earnings before interest						
Earnings before interest and tax (EBIT)	283,796	-37,259	246,537	245,730	-21,774	223,956
EBIT margin (in %) ¹⁾	31.3		28.8	28.9		27.3
Profit	170,910	-20,494	150,416	138,519	-13,857	124,662
Profit in % of total revenue ¹⁾	18.9		17.6	16.3		15.2

¹⁾ Capitalised expenditure and bad debt write-offs are now presented as part of "Capitalised expenditure and other income / expenses, net".

The prior-year amounts have been adjusted accordingly.

Business & traffic trends | Segment reporting

Segment reporting

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)	2011	2010	Change in %
Revenue from third parties ¹⁾	372.5	354.1	5.2
Inter-segment revenue	12.9	13.6	-5.1
Total revenue ¹⁾	385.4	367.7	4.8
Segment result (EBIT)	52.9	41.7	26.9
Total segment assets	961.3	976.1	-1.5
Depreciation and amortisation	59.6	55.3	7.8
Investments	53.9	67.9	-20.6
Number of employees (full-time positions) as of 31 December	595	578	2.9

¹⁾ Capitalised expenditure and bad debt write-offs are now presented as part of "Capitalised expenditure and other income / expenses, net". The prior-year amounts have been adjusted accordingly.

The "Aviation flight operations" result increased by CHF 11.2 million to CHF 52.9 million. The higher segment revenue is due to higher traffic volume, as is the increase in full-time equivalent positions.

The segment investments of CHF 53.9 million comprise primarily modifications and renovations of areas used for flight operations. The costs of Dock B, which was commissioned on 1 December 2011, are included under expenses for one month only.

Aviation security

(CHF million)	2011	2010	Change in %
Revenue from third parties	158.5	148.8	6.5
Inter-segment revenue	0.0	0.0	n/a
Total revenue	158.5	148.8	6.5
Segment result (EBIT)	4.0	-0.2	n/a
Total segment assets	42.2	49.8	-15.3
Depreciation and amortisation	7.7	7.1	8.5
Investments	1.8	3.2	-43.8
Number of employees (full-time positions) as of 31 December	16	17	-5.9

"Aviation security" reported a slightly positive segment result (EBIT) for the first time, i.e. before deduction of finance costs and tax. Revenue from third parties went up by CHF 9.7 million, which correlates to passenger growth.

The segment result only improved from CHF -0.2 million to CHF 4.0 million as security expenses were also higher. The expenses for the security check building commissioned on 1 December 2011 are included under expenses for one month only.

Aviation aircraft noise

(CHF million)	2011	2010	Change in %
Revenue from third parties	48.6	31.8	53.0
Inter-segment revenue	0.0	0.0	n/a
Total revenue	48.6	31.8	53.0
Segment result (EBIT)	37.1	21.6	71.8
Total segment assets	551.7	499.4	10.5
Depreciation and amortisation	7.5	6.1	23.0
Investments	124.2	160.5	-22.6
Provision for sound insulation and resident protection plus formal expropriations	333.7	302.9	10.2
Number of employees (full-time positions) as of 31 December	11	11	0.0

The result for the "Aviation aircraft noise" segment was a substantial increase from CHF 21.6 million to CHF 37.1 million. The main reason for the positive trend, besides higher traffic volume, is the new

breakdown of noise charges between Flughafen Zürich AG and the Canton of Zurich as of 1 January 2011.

Non-aviation

(CHF million)	2011	2010	Change in %
Revenue from third parties ¹⁾	325.8	316.8	2.8
Inter-segment revenue	122.7	121.7	0.8
Total revenue ¹⁾	448.5	438.5	2.3
Segment result (EBIT)	189.8	182.6	3.9
Total segment assets	1,968.9	1,803.9	9.1
Depreciation and amortisation	126.4	122.2	3.4
Investments	283.4	178.4	58.9
Number of employees (full-time positions) as of 31 December	699	686	1.9

¹⁾ Capitalised expenditure and bad debt write-offs are now presented as part of "Capitalised expenditure and other income / expenses, net".

The prior-year amounts have been adjusted accordingly.

The result for the "Non-aviation" segment amounted to CHF 189.8 million (2010: CHF 182.6 million). Revenue from rental and leasing agreements and parking revenue made the biggest contribution to the increase in revenue from third parties. The change in inter-segment revenue is attributable, among other things, to the in-house rent for Dock B and the security check building, which were commissioned on 1 December. The CHF 10.0 million increase in revenue was partially offset by higher costs, in particular depreciation.

The increase in segment assets in the "Non-aviation" segment is mainly due to the recognition of the new infrastructures: Dock B and the security check building.

In accordance with the Group accounting policies, the new Dock B and security check building were recognised as of 1 December. The carrying amounts are thus included in the segment assets as of 31 December 2011 for the "Non-aviation" segment (balance sheet date view). The corresponding offsetting of actual costs (in-house rent) is included for just one month in the segment result (reporting period view).

Business & traffic trends | Holdings & subsidiaries

Holdings & subsidiaries

Bengaluru (India)

As of the balance sheet date, Flughafen Zürich AG held a 5% stake in the share capital of Bangalore International Airport Ltd. (BIAL), the owner and operator of the airport that opened in Bengaluru, India, in May 2008.

Flughafen Zürich AG is also involved in the operation of Bangalore International Airport Ltd. under an Operation, Management & Service Agreement (OMSA), through which revenue flows to Flughafen Zürich AG. Flughafen Zürich AG is represented on the Board of Directors of BIAL.

Latin America

Based on the strategy of deploying the expertise of Flughafen Zürich AG as profitably as possible in international projects via operation and management agreements, an optimisation in Latin America was initiated together with existing local partners against the backdrop of the ongoing privatisation process in Brazil and concluded in the first quarter of 2012. Flughafen Zürich AG will take over the majority stake in A-port Operaciones S.A.

A-port Operaciones S.A., a company based in Santiago (Chile), manages and operates airports in Latin America and the Caribbean. This includes the airports in Chile and Curaçao as well as the current agreements in Colombia and Honduras, that are managed via the local companies A-port Operaciones Colombia S.A.S. and Unique IDC S.A. de C.V.

The shares in the licensed companies for the Chilean airports in Puerto Montt, La Serena and Antofagasta and Hato International Airport in Curaçao are held by A-port S.A., based in São Paulo (Brazil).

Venezuela

In the course of 2010, the case involving the expropriated Venezuelan airport on Margarita Island (Isla de Margarita) reached the International Centre for Settlement of Investment Disputes (ICSID) in Washington D.C. This step is compliant with the bilateral investment protection treaty between Venezuela and Switzerland. In the meantime, the arbitration judges have been appointed, the milestones for the proceedings defined, and the statement of claim has been submitted. The value of this holding was fully impaired in 2006.

APT Airport Technologies AG

The former wholly-owned subsidiary APT Airport Technologies AG (APT) was merged with Flughafen Zürich AG in the year under review. Its range of services in the field of information and communication technology was integrated completely into Flughafen Zürich AG.

Investments

Taking noise-related issues into account, CHF 463.3 million was invested in 2011 compared with CHF 410.0 million in the previous year. The investments in property, plant and equipment amounted to CHF 339.1 million (2010: CHF 249.6 million). Broken down into the various investment classes, the picture is as follows:

(CHF million)	2011	2010
Property, plant and equipment	339.1	249.6
Intangible asset from right of formal expropriation	27.0	57.8
Non-current financial assets of Airport of Zurich Noise Fund	97.2	102.6
Total	463.3	410.0

Property, plant and equipment includes CHF 167.6 million for projects connected with the "Zürich 2010" investment programme. Of this, CHF 92.8 million was spent on the new Dock B, CHF 60.8 million on the security check building, CHF 7.4 million on modifications to the aprons and CHF 6.6 million on other sub-projects within the large-scale project. 2011 also saw investments in the following other large projects outside of "Zürich 2010":

- Upgrade of Terminal 2 (CHF 31.3 million)
- Various maintenance operations to preserve the value of engineering structures (CHF 13.0 million)
- Freight dispatch hall including the associated civil engineering works (CHF 9.7 million)
- Arrival Duty Free (CHF 8.9 million)

On the basis of the Swiss Federal Supreme Court's ruling of 9 December 2011 on the method used to calculate a decline in the market value of investment property, a new assessment of noise-related operating costs was made in cooperation with the Canton of Zurich. According to the updated assessment, an additional amount of CHF 27.0 million was recognised as an intangible asset from right of formal expropriation, and an equal amount (present value of expected costs) was recognised as a provision.

"Non-current financial assets of Airport of Zurich Noise Fund" includes new investments and re-investments of resources of the Airport of Zurich Noise Fund.

Business & traffic trends | Consolidated cash flow statement

Consolidated cash flow statement

Cash flow from operating activities was up slightly versus the prior year (CHF 431.0 million) and amounted to CHF 438.9 million for the year under review. Cash flow from operating activities relating to aircraft noise amounted to CHF 38.7 million (2010: CHF 25.8 million).

Cash outflow from investing activities increased by CHF 182.7 million, mainly due to more construction activity and to investments in fixed-term deposits with a maturity of over 90 days, and amounted to CHF -449.7 million in 2011. The portion of cash outflow from investing activities relating to aircraft noise (net investments in financial assets of the Airport of Zurich Noise Fund) amounted to CHF -37.6 million (2010: CHF -33.6 million).

Cash flow from financing activities amounted to CHF 6.7 million in 2011 (2010: CHF -322.1 million). In the year under review, a debenture with a nominal value of CHF 250.0 million was issued (2010: repayment of CHF 150.0 million). Further cash outflows resulted from the repayment of the US car park lease liability (CHF -54.2 million) and the US private placement (CHF -73.2 million), from interest payments (CHF -60.7 million) and from the dividend payment amounting to CHF -43.0 million.

As of the end of 2011, the company had cash and cash equivalents in the amount of CHF 69.5 million (2010: CHF 73.6 million), of which the sum of CHF 1.1 million is held by the Airport of Zurich Noise Fund.

(CHF 1,000)	2011	2010	Change in %
Cash flow from operating activities	438,899	431,032	1.8
of which related to aircraft noise	38,657	25,779	50.0
Income from noise charges	48,244	35,549	35.7
Expenses for sound insulation and resident protection plus formal expropriations	-9,587	-9,770	-1.9
Cash flow from investing activities ¹⁾	-449,688	-266,971	68.4
of which related to aircraft noise	-37,561	-33,552	11.9
Investments in financial assets of Airport of Zurich Noise Fund	-99,313	-118,072	-15.9
Repayment of current financial assets of Airport of Zurich Noise Fund	61,752	84,520	-26.9
Cash flow from financing activities ¹⁾	6,672	-322,118	n/a
Decrease in cash and cash equivalents	-4,117	-158,057	-97.4
Balance at beginning of financial year	73,642	231,693	-68.2
Effect of foreign exchange differences on cash and cash equivalents held	-13	6	n/a
Balance at end of financial year	69,512	73,642	-5.6
of which included in Airport of Zurich Noise Fund	1,101	3,889	-71.7

¹⁾ Capitalised borrowing costs are now presented as part of interest paid in cash flow from financing activities (previously presented as part of investments in property, plant and equipment (projects in progress)). The prior-year amounts have been adjusted accordingly.

Balance sheet structure

The balance sheet total increased in the year under review by CHF 295.9 million to CHF 3,814.3 million.

Current assets went up by CHF 117.0 million to CHF 367.8 million, which was due primarily to the higher overall level of cash and cash equivalents and fixed-term deposits.

Non-current assets rose by CHF 178.9 million to CHF 3,446.5 million, in particular as a result of building activity.

Equity increased in the year under review by CHF 117.5 million to CHF 1,801.9 million at the end of 2011, which corresponds to an equity ratio of 47.2% (2010: 47.9%).

Non-current liabilities increased by CHF 190.2 million and totalled CHF 1,529.3 million as of 31 December 2011.

By contrast, current liabilities declined slightly and totalled CHF 483.2 million on the balance sheet date.

The return on average capital employed (ROCE) rose from 7.0% to 7.9%.

(CHF 1,000)	in %	2011	in %	2010
Non-current assets	90.4	3,446,543	92.9	3,267,669
Current assets	9.6	367,798	7.1	250,812
Balance sheet total	100.0	3,814,341	100.0	3,518,481
Equity	47.2	1,801,854	47.9	1,684,402
Non-current liabilities	40.1	1,529,270	38.0	1,339,047
Current liabilities	12.7	483,217	14.1	495,032
Balance sheet total	100.0	3,814,341	100.0	3,518,481
Average capital employed		2,870,686		2,784,510
Return on average capital employed (ROCE)	7.9		7.0	

Outlook

Traffic and revenue trend

Flughafen Zürich AG expects a slowdown in passenger demand in 2012 owing to the uncertain economic situation, and a moderate rise in passenger volume of approximately 2%.

Revenue from non-aviation operations will probably make an above-average contribution to earnings growth, mainly as a result of the new commercial infrastructure.

Operating expenses

Operating expenses in 2012 are likely to be higher than in 2011, owing to the new Dock B and the security check building. It should also be pointed out that the cost base for 2011 was below-average as a result of the mild winter.

Investments

Flughafen Zürich AG is planning investments of around CHF 210–230 million in 2012. The largest individual projects are the upgrade of Terminal 2 and the expansion of parking facilities.

Result

Excluding unexpected influences, both earnings before interest, tax, depreciation and amortisation (EBITDA) and the EBITDA margin are likely to be slightly above the previous year's levels. From today's standpoint, the company is predicting a slightly positive trend for profit for the 2012 business year.

Airport of Zurich Noise Fund

Flughafen Zürich AG refinances all costs that arise in connection with aircraft noise through special noise charges – based on the “originator pays” principle. 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 fund statement presents the accumulated surplus or shortfall as of the balance sheet date arising from noise charges, less expenses for formal expropriations, sound insulation and resident protection measures and noise-related operating costs.

In the event that the fund statement should show an accumulated income surplus, this surplus will be moved to a special investment account and invested by professional investment institutions using a conservative, money market-oriented investment strategy. The income from these 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 87 to 89 in the financial section of this annual report), and that, as of this date, the Canton of Zurich also receives a portion of the collected noise charges, only the portion of the Airport of Zurich Noise Fund that is attributable to Flughafen Zürich AG is reported in the consolidated financial statements (see pages 106 and 107 in the financial section of this annual report).

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

The detailed fund statement is disclosed to a committee comprising representatives of Zurich Airport and the relevant authorities. Regulations and other information about the Airport of Zurich Noise Fund (including an overview of its financial development) can be found at www.zurich-airport.com/aznf.

The figures shown below include the consolidated position of the Airport Zurich Noise Fund, which is presented taking a liquidity-based view as required by the AZNF Regulations.

(CHF 1,000)	2011			2010		
	Flughafen Zürich AG	Canton of Zurich	Total	Flughafen Zürich AG	Canton of Zurich	Total
Airport of Zurich Noise Fund as of 1 January	209,050	183,938	392,988	185,449	153,373	338,822
Revenue from noise charges	48,244	18,762	67,006	35,549	31,525	67,074
Costs for sound insulation and resident protection	-9,526	0	-9,526	-9,771	0	-9,771
Costs for formal expropriations ¹⁾	-929	-1,748	-2,677	-1,036	-3,248	-4,284
Net result before operating costs and finance result	246,839	200,952	447,791	210,191	181,650	391,841
Noise-related operating costs	-4,265	-19	-4,284	-4,349	-22	-4,371
Interest income from financial assets of Airport of Zurich Noise Fund	5,031	2,115	7,146	4,489	2,376	6,865
Adjustments to fair value and gains / losses on financial assets (available-for-sale securities)	106	289	395	-1,281	-66	-1,347
Airport of Zurich Noise Fund as of 31 December	247,711	203,337	451,048	209,050	183,938	392,988

¹⁾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 15, "Provision for sound insulation and resident protection plus formal expropriations" on page 105 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:

(CHF1,000)	2012	2013	2014	2015	2016 ff.	Total	in %
Maturity							
Credit rating							
Cash and cash equivalents	148,549	0	0	0	0	148,549	32.93
AAA	32,805	24,733	25,783	15,588	30,774	129,683	28.75
AA+ / AA / AA-	24,736	43,016	19,021	1,594	2,056	90,423	20.05
A+ / A / A-	19,139	6,270	4,198	4,246	4,659	38,512	8.54
Not rated	5,041	5,121	0	13,924	14,338	38,424	8.52
Other ¹⁾	5,457	0	0	0	0	5,457	1.21
Total	235,727	79,140	49,002	35,352	51,827	451,048	100.00
in %	52.26	17.55	10.86	7.84	11.49	100.00	

¹⁾This item includes withholding tax and accruals / deferrals. For accounting reasons, an accrual / deferral towards Flughafen Zürich AG arises as of the balance sheet date. This is compensated in the subsequent month, so the balance of liquid funds is restored.



650

SQUARE METRES ARE TAKEN UP BY THE
ARRIVAL DUTY FREE STORE IN ARRIVAL 2.

1,100

SQUARE METRES ARE OCCUPIED BY THE
ARRIVAL DUTY FREE STORE IN ARRIVAL 1.

80,000

PACKAGES OF CHOCOLATE WERE SOLD
IN 2011.

17

HOURS PER DAY IS THE TOTAL DAILY
OPENING TIME OF THE STORE IN ARRIVAL 2.



Environmental responsibility

Flight operations and the related infrastructure at Zurich Airport inevitably have an impact on the environment. Flughafen Zürich AG is aware of this and has been making concerted efforts to minimise the negative effects for many years already. The company follows a range of regulatory, technical, operational and commercial measures to operate the airport in an environmentally efficient manner. Along with aircraft noise, the environmental guidelines address the principal issues of air quality, climate protection, energy consumption and habitats.

Compliant with international standard ISO 14001:2004, the airport's environmental management system forms the basis of its systematic approach to environmental protection. The environmental impact of day-to-day operations and building projects is systematically recorded and analysed. The environmental management system helps managers design and implement environmentally friendly work processes and comply with environmental legislation.

Award for long-standing commitment

In June 2011, an independent jury of Airport Carbon Accreditation chose Flughafen Zürich AG to receive its "Eco-Innovation Award". The prize is presented to a European airport accredited under the Airport Carbon Accreditation scheme. The award honours Flughafen Zürich AG for repeatedly developing innovative environmental solutions that other airports later adopt. The prize also recognises the unceasing and wide-ranging efforts the airport has made over many years to reduce resource consumption and the environmental impact of its operations, in particular from a climate protection point of view.

Dialogue on environmental issues

There is great demand for information about Zurich Airport's environmental impact from the general public and various other stakeholders. For Flughafen Zürich AG as the operator, the objective communication of facts about the interrelated issues and the measures taken in the various environmental fields is vital. During the year under review, the new social media channels Facebook and Twitter were used more widely. These enable a dialogue with airport fans and other interested parties, including matters relating to the environment.

Comprehensive teaching packs for secondary school pupils were produced for the first time in 2011. The packs contain a number of stimulating worksheets setting out and describing key environmental aspects in detail. These enable pupils to form a picture of the environmental impact of Zurich Airport for themselves.

At the same time, existing information resources were revised and updated. The mobile environment exhibition in nine showcases that has been used to illustrate important environmental aspects since 2007 was completely revamped. The relaunched version was displayed at the Swiss Museum of Transport in Lucerne from August 2011 to January 2012. The many brochures available in electronic form on the company's website were also revised. These include more in-depth information about the various environmental aspects of Zurich Airport.

Calculating and measuring aircraft noise

Noise emissions produced by aircraft taking off and landing at Zurich Airport are unavoidable. Exposure to aircraft noise is primarily determined on the basis of calculations because it would be disproportionately expensive to implement a physical measuring system covering the whole airport and the surrounding area. Noise levels for Zurich Airport are calculated annually by the Swiss Federal Laboratories for Materials Testing and Research (EMPA) based on actual flight paths and flight movements, as well as on the noise characteristics of the individual aircraft types.

In order to keep the debate about aircraft noise as objective as possible, since the 1960s noise levels have also been monitored at Zurich Airport using fixed noise monitoring terminals located around and near the airport. Through these individual measurements, the development of noise levels at each monitoring terminal location can be tracked over a number of years. In addition, the measurements are taken directly where residents affected by aircraft noise live and work. The network of noise monitoring terminals has now grown to fourteen stations. The measurements are recorded in Flughafen Zürich AG's monthly noise bulletin published on the Internet. Noise levels at the monitoring terminals remained unchanged from the previous year.

Noise monitoring and noise protection hangar

In the course of aircraft maintenance, it is often necessary to test an aircraft's engines in situ on the ground. These tests, which are used to check that the engines are working properly after servicing or repair, are sometimes very noisy. The noise baffles used until now were built in the 1970s. These will be replaced completely by a new, state-of-the-art noise protection hangar in the near future.

The new hangar will provide optimum protection for residents while engines are being tested. With the exception of the Airbus A380, it will be big enough for all planes operating out of Zurich Airport. As a provisional solution ahead of the new hangar opening in 2014, construction of a temporary U-shaped noise barrier that is open to the sky began on the hangar apron. The temporary barrier commenced operations in February 2012.

During the current year, Flughafen Zürich AG will develop a noise monitoring concept to be implemented once the enclosed hangar comes into operation. As part of this monitoring process, the number and the noise impact of engine run-up tests will be measured at various reference points in the adjoining communities of Kloten, Opfikon-Glattbrugg and Rümlang.

Visualisation of planned noise protection hangar



Flight path monitoring

The take-off routes at Zurich Airport are defined as noise-optimised standard routes to ensure that direct overflying of densely populated areas is kept to a minimum. Adherence to these flight paths is consequently mandatory for pilots, during the daytime up to an altitude of at least 5,000 feet, and at night up to flight level 80 (approximately 8,000 feet). Above these altitudes, air traffic control may divert planes away from the standard routes.

In the event of significant deviation from a route without a justifiable reason, the erroneous take-off procedure is investigated in detail for the sake of avoiding noise in future, and the pilot in question is contacted and asked to provide details. This is intended to encourage airlines to optimise their take-offs in future. The number of deviations in 2011 was up on the previous year mainly because some airlines introduced a new navigation system and also because the noise abatement departure procedure entered into force in June 2011 for all aircraft, resulting in systematic monitoring.

Communication with residents affected by noise

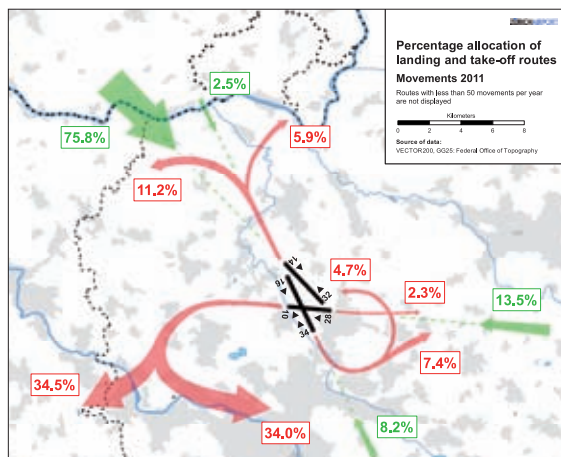
The number of flight movements, the way in which they are distributed across the approach and take-off runways (see illustration), and the time of a flight event are central in the perception of noise. People feel most bothered by flight movements during the night (10 p.m. – 6 a.m.), which in 2011 accounted for around 9,600 or 3.6% of total flight movements (2010: 3.9%). During the night-time curfew period from 11:30 p.m. to 6 a.m., a total of 166 (2010: 250) flights with special authorisations took place, see page 53.

Flughafen Zürich AG seeks to engage in dialogue with its neighbours and also with the wider population. For instance, anyone affected by noise can contact the aircraft noise hotline to ask questions or make a complaint directly and unbureaucratically to the airport. Staff in the Noise Management & Resident Protection department respond to every message and answer specific questions immediately. The number of messages received and the reasons for the complaint are documented, and statistics are compiled on them.

Flight path deviations	2011	2010	2009
Total number of registered deviations	3,208	1,636	1,037
– Proportion of which investigated	235	286	304
Investigations suspended, caution issued ¹⁾	247	280	311
Discussion with pilot/chief pilot	9	9	14
Cases reported to FOCA	6	1	1

¹⁾ The cases being handled by the Swiss Federal Office of Civil Aviation (FOCA) that are still pending from the previous year are included.

Distribution of arrival and departure routes



Environmental protection | Environmental building project management

Comprehensive environmental management

The infrastructure at Zurich Airport is constantly reviewed and often expanded. Following successful completion of the “Zürich 2010” building project in 2011, more major projects are in the pipeline. These include renovation of runway 14/32, the new noise protection hangar, new stands to the north of Dock E and “The Circle” complex. Whether in terms of resource consumption, noise, emissions from building sites or associated with subsequent operations, most projects of this nature are highly relevant to the environment. To ensure that such projects are planned and implemented in an environmentally friendly manner, Flughafen Zürich AG has set up a construction environmental management system. This system is used to analyse the environmental impact of all building projects undertaken at the airport at an early stage, taking account of both the construction and subsequent operational phases. Appropriate optimisation measures are then identified, for example to minimise energy consumption.

Special considerations at the airport

There are a number of special considerations that apply to building projects at Zurich Airport. For instance, the fact that there is a nature conservation area within the airport’s perimeter or that a large number of the airport buildings are sited in the middle of a designated water protection area. Both of these require special protection and are consequently subject to certain statutory regulations. Since building work is usually carried out during ongoing operations, this also presents special challenges in terms of security and logistics. It can also have an impact on the environment, for example by creating longer transport routes or additional burdens on valuable nature conservation areas. In addition, further environmental aspects such as air hygiene, climate protection, energy consumption, soil protection and waste must naturally also be taken into account. Along with the general statutory requirements and any project-specific conditions imposed, the “Environmental protection regulations for building projects at Flughafen Zürich AG”, which specify how work is to be carried out in an environmentally compatible way, are binding on contractors involved in construction.

Substitution obligation

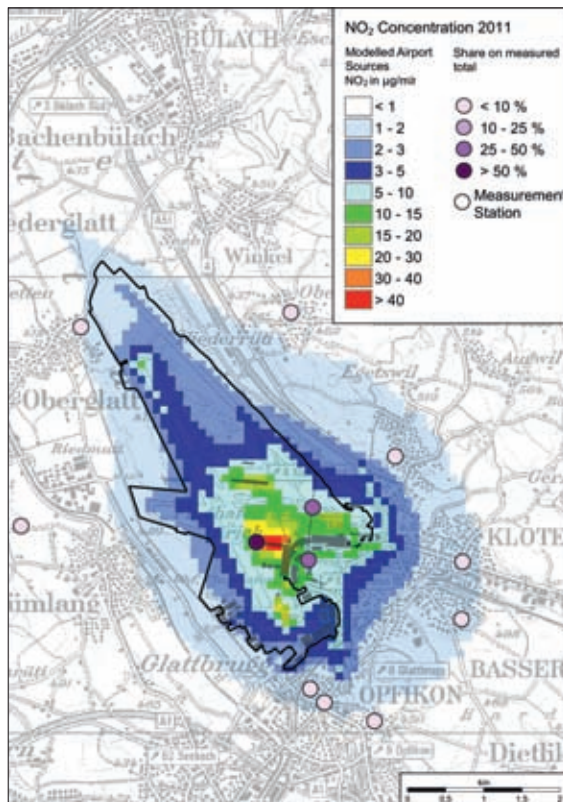
At the planning stages of a building project, some areas are deemed worthy of protection by virtue of their importance as a habitat for rare animal and plant species, or because they act as a corridor to other valuable habitats. In such cases, according to the Swiss Nature and Cultural Heritage Protection Act, the airport has an obligation to compensate an ecological loss in one area by ecologically improving another one. For example, a commensurate eco-project is planned for the community of Kloten to compensate for the protected habitat that will be lost as a result of “The Circle” building project.



Measuring and modelling air pollution

At Zurich Airport, the pollutants that affect air quality are nitrogen oxides (NO_x), particulate matter (PM10) and ozone (O₃). Flight operations account for the majority of immissions, i.e. the movement of aircraft on the ground and in the air in the vicinity of the airport. Every year, immissions of the various pollutant sources are calculated for each pollutant. In addition, the exposure to pollutant immissions in the region is also modelled and measured. This has shown that threshold values are still being exceeded in some cases. The densest network of monitoring terminals around the airport is used to measure the main pollutant nitrogen dioxide (NO₂). The results show that the threshold values are exceeded in some cases, especially along

Impact of the airport on local air quality in the region



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arterial roads. The contribution of the airport as a whole to nitrogen dioxide immissions is at most 10% outside the airport perimeter. During 2011, the airport completely revised its measuring concept on the basis of the previous results. As a result, from 2012 it will be possible to better target measurements to build up a detailed picture at the locations affected.

Measures to improve air quality

Various measures have helped stabilise the level of pollutant immissions at the airport in recent years, despite an increase in air traffic. Optimising the energy efficiency of buildings, vehicles and airport operations, as well as the use of fixed ground power systems, help to reduce the immission of air pollutants. Further reductions, especially of NO_x immissions, were achieved in 2011 after the maintenance area was connected up to the district heating network and its oil-fired heating system was decommissioned. The policy of procuring gas-powered vehicles, which emit less carbon dioxide and virtually no air pollutants, continued in 2011 with the acquisition of two gas-powered waste trucks.

International cooperation

Flughafen Zürich AG enjoys a worldwide reputation as a leading authority on air pollution at airports. As such, it is involved in a variety of international projects aimed at further reducing pollution caused by the aviation industry. For example, as part of the European research project SESAR (Single European Sky ATM Research) it is working to improve the modelling of local pollutant dispersion.

Long-term goals

Protecting the climate is a top priority for Flughafen Zürich AG. In 2010, the company voluntarily set itself climate protection targets of reducing carbon dioxide (CO₂) emissions to 30,000 t by 2020, and to 20,000 t by 2030. If it succeeds in meeting these targets, this would represent a cut of more than half compared with the reference year, 1991.

To achieve these ambitious targets, effective long-term measures are essential. Since over 80% of its CO₂ emissions are produced by the airport's own central heating plant, optimising the energy efficiency of buildings is a priority. Older buildings are constantly being renovated or replaced by much more energy-efficient ones, such as the new Dock B which came on stream during the year under review. The heating systems used are also regularly reviewed, and replaced by more energy-efficient ones where necessary. In 2011 it was the turn of the maintenance area, when it was linked up to the district heating network and its oil heating removed.

Climate protection accreditation

Flughafen Zürich AG's climate protection programme was once again certified by Airport Carbon Accreditation in 2011. Airport Carbon Accreditation is an independent European certification system for airports inaugurated in 2009. It has four levels of award, with the highest level signifying that airport operations are carbon-neutral. Zurich Airport has reached the second-highest level "Optimisation". This means that the operator is not only lowering its own CO₂ emissions, it is also encouraging and helping the other companies represented at the airport to cut their CO₂ emissions too.

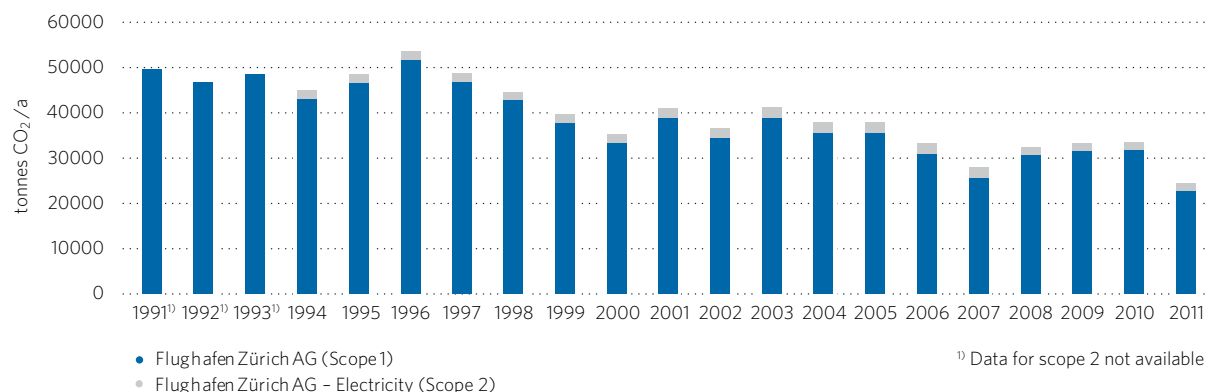
As at the end of 2011, fewer than fifty airports in Europe were accredited by Airport Carbon Accreditation. The system is recognised by the European Civil Aviation Conference (ECAC) and other international organisations.

Carbon dioxide emissions from Zurich Airport operations

Flughafen Zürich AG documents both its own carbon dioxide emissions and those of other sources at Zurich Airport in a detailed emissions inventory. This inventory is drawn up in accordance with the Greenhouse Gas Protocol (GHG Protocol), along with other guidelines published by Airports Council International (ACI). For many years Zurich Airport has broken down the calculation of its CO₂ emissions into three areas or "scopes": scope 1 covers airport-owned or controlled sources (e.g. vehicles and heating systems); scope 2 covers off-site electricity generation; and scope 3 covers other airport-related sources (e.g. aircraft and aircraft handling). The emission sources that Flughafen Zürich AG is able to influence directly (scopes 1 and 2) account for only a minimal proportion – around 1% – of all emissions produced as a result of the airport's operations and activities. The actual aircraft on flights to their various destinations account for the vast majority of emissions overall. In the year under review, CO₂ emissions were 22,779 t for scope 1, 1,713 t for scope 2 and 3,349,933 t for scope 3.



CO₂ emissions at Zurich Airport by scope



Environmental protection | Resources (energy & water)

Energy consumption

One of Flughafen Zürich AG's most important goals is to reduce the consumption of resources for power generation and consequently cut CO₂ emissions. Various measures were therefore also taken in 2011 to optimise energy consumption at the airport. Following commissioning of the new security check building and the newly erected Dock B at the beginning of December, the airport's energy reference area (heated area) increased. However, this hardly impacted on consumption for 2011. Like Dock E, the new Dock B was equipped with "climate buffer" zones which insulate the interior of the building from fluctuations in the outside temperature and thus reduce the consumption of heating in winter and air-conditioning in summer.

In the year under review, consumption of heat at Zurich Airport amounted to 108,415 MWh. The 18.2% decline compared with the previous year is due primarily to the mild winter (-18% heating degree days). Electricity

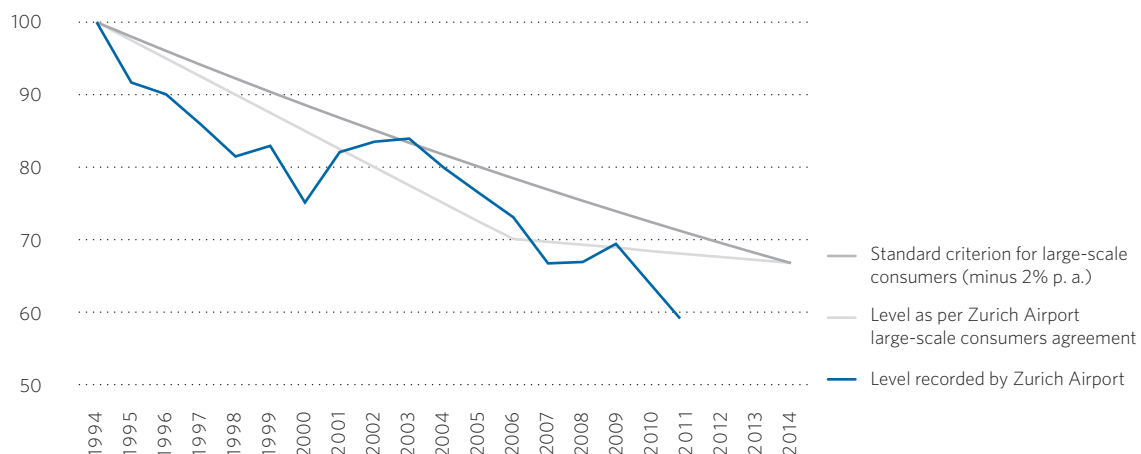
consumption of 185,250 MWh for the entire airport system is on a par with the previous year's figure (-0.1%).

Large-scale consumers agreement

Energy efficiency was further improved at Zurich Airport in 2011. The substantial improvement is largely due to the mild winter and increase in passenger numbers. The airport has consequently continued to comply with the terms of the large-scale consumers agreement concluded between all the companies responsible for the airport's existing buildings (Flughafen Zürich AG, Priora, Acron AG and SBB) and the Building Department of the Canton of Zurich. The agreement stipulates a reduction in energy consumption by 2% a year until 2014 based on the energy reference area and passenger volumes. The advantage of this specific target is that companies are largely able to decide for themselves how best to meet the target.

Specific total energy consumption at Zurich Airport (as at 1. 1. 2012)

Specific energy consumption
in percent



Trend in Zurich Airport's energy use	2011	2010	2009
Heat consumption by the airport (MWh)	108,415	¹⁾ 132,551	¹⁾ 127,549
Electricity consumption by the airport (MWh)	185,250	185,399	180,415
Overall energy consumption (MWh)	293,665	317,950	307,964

¹⁾Retroactive new calculation including losses from electricity supplies to third parties.

Water consumption

Consumption of drinking water rose in 2011 by 2% to 542,711 m³ compared with 2010. In addition, 102,524 m³ of groundwater and 9,997 m³ of rainwater were used to supply technical installations and for toilet flushing. The

total consumption of fresh water thus totals 655,232 m³ (+2%). Per-passenger consumption declined further as a result of the higher passenger numbers (-4%) and amounted to 26.9 l.

Waste volumes

Waste generated at Zurich Airport in 2011 amounted to 15,983t (+2.6% compared with 2010). To enable a comparison with other airports to be made, the quantities indicated were defined by the German airports association (ADV). The volume of refuse was slightly higher at 60% (2010: 57%). Refuse was transformed into energy via the incineration plant and used to produce electricity and channelled into a district heating network. 36% of waste was sent for materials recycling, in line with the previous year's figure. Paper/cardboard accounted for the lion's share of 2,391 t. The volume of PET bottles sent for recycling rose slightly. In 2011, 177 t were collected, compared with 174 t in 2010. The increase in passenger numbers resulted in an above-average rise in the number of liquids confiscated as part of security checks from 262 t in 2010 to 283 t in 2011.

Domestic & industrial waste water

Zurich Airport generates considerable quantities of both domestic waste water, from toilets and restaurants for example, and industrial waste water, such as pre-treated waste water from aircraft maintenance. Both types of waste water are fed to the Kloten-Opfikon sewage treatment plant, with which Flughafen Zürich AG has an affiliation agreement. The airport also generates other special waste water which in some cases is also treated at the Kloten-Opfikon plant (e.g. aircraft sewage) or is disposed of professionally.

In 2011, Zurich Airport fed a total of 651,067m³ of waste water to the Kloten-Opfikon sewage treatment plant.

Aircraft and runway de-icing agents

Compared with the previous winter, the volume of de-icing agents used during the winter of 2010–2011 fell considerably. A total of 1,705 m³ of aircraft de-icing agents (–32.2% on the previous winter) and 1,299 m³ of runway de-icing agents (–34.8%) were consumed. These substantial reductions were due to a relatively mild winter and below-average precipitation. For the same reason, consumption of conventional de-icing salts used in the maintenance area, on the roads and in car parks also declined to 433 t (–49%).

Treatment of waste water from de-icing operations

The aircraft de-icing agents comprise propylene glycol, while all the agents used for de-icing runway and apron surfaces are formates. What is significant from an environmental point of view is the carbon contained in the agents. Collected waste water contaminated with de-icing agents is treated in different ways depending on the concentration involved. Lightly polluted de-icer runoff is channelled through retention filter basins and then into the Glatt. Medium-contaminated waste water is sprayed over grassed areas using a special sprinkler system. As the water then filters down through the soil, the de-icing agents biodegrade almost completely. De-icing runoff with a high proportion of carbon is recycled in two different ways. Some is supplied to produce biogas at the City of Zurich's Werdhölzli sewage treatment plant and at an agricultural co-fermentation plant. The remainder is concentrated in the airport's own plant, and the derived glycol is recycled. In 2011, the capacity required for temporary storage prior to distillation was increased to a total of 2,300 m³ by building a second collection basin.

It is not yet possible to capture and treat all the carbon, however. In the winter of 2010–2011, 142 t, or around 19% of the total volume (previous year 250 t, 24%) was channelled directly into the Glatt. But improvements are in hand: by 2015 this percentage is set to fall to less than 5% once the revised general drainage plan has been implemented.

Consumption of de-icing agents at Zurich Airport	2010/2011	2009/2010	2008/2009
Aircraft de-icing agents (m ³)	1,705	2,514	2,404
Runway and road de-icing agents, formate solution (m ³)	1,296	1,991	1,800
Surface de-icing agents, solid (t ³)	3	0	2
De-icing salts for other surfaces (t)	433	849	602
Untreated carbon washed away (aprons, runways and taxiways) (%)	19.1	24.2	16.7



Environmental protection | Nature & countryside



The airport as a haven for nature

Zurich Airport covers an area of around 880 hectares, of which 780 hectares are fenced off and not open to the public. Around half of this is not built on, chiefly comprising an ecologically valuable natural landscape with extensive meadows, reed meadows, fen woodland and marshland. 74 hectares are forest and nature conservation areas. These include a total of 44 hectares of marshland designated as a protected area by the Swiss Confederation. Of the remaining green spaces, one small area is set aside as a technical system for the eco-friendly treatment of de-icer runoff.

For many rare animal and plant species, the airport site represents a valuable haven. Signs of beavers were spotted for the first time within the airport perimeter fence in 2011. Their tracks were found to the north alongside the "Himmelbach" stream. These protected mammals have migrated here from neighbouring watercourses.



Preservation and management

To preserve these valuable natural areas, and also most importantly to ensure the safety of flight operations, the vegetation must be managed. Every year, an annual maintenance plan is drawn up for the various green spaces. This plan is then implemented by Flughafen Zürich AG in cooperation with farmers from the region. The meadows are managed as extensive high-grass meadows. Their long grass is less attractive to birds of prey, who prefer hunting for food in short-mown meadows, and flocking birds cannot settle en masse in the high grass. This helps to lower the risk of bird strikes. For the most part the trees are kept low to ensure the control tower has a good view of the areas used for flight operations.

Monitoring in the nature conservation area

In 2003, one of the conditions imposed during the fifth expansion programme was that the airport must monitor the hydrologic balance in the low moorland area. This monitoring has now been officially concluded. And as this 10-year hydrologic monitoring exercise showed, the building work for airport expansion did not have a negative impact on the moor's hydrology. A final decision was also taken on the "Halbmatt" nature conservation area, which borders on the perimeter fence in the "Winkler Allmend" and which was set up as a compensation measure as part of the fifth expansion programme. However, it was discovered that a section of the newly created meadows does not fully meet the requirements for low-nutrient meadow and appropriate remedial action is needed. Over the course of 2012, therefore, structural alterations will be carried out in some meadow areas and these will then be reseeded.



Environmental protection | Key environmental data

Key environmental data

	2011	2010	2009
NOx emissions in tonnes	1,109	1,014	1,053
Proportion from aircraft (t) ¹⁾	979	875	907
VOC emissions in tonnes	368	397	451
Proportion from aircraft (t)	256	285	263
CO emissions in tonnes	1,541	1,664	1,518
Proportion from aircraft (t)	1,390	1,502	1,353
PM emissions in tonnes	23	23	22
Proportion from aircraft (t)	17	17	16
CO ₂ emissions in tonnes at Zurich Airport, scope 1 ²⁾	22,779	31,830	31,696
CO ₂ emissions in tonnes at Zurich Airport, scope 2 ³⁾	1,713	⁴⁾ 1,727	⁴⁾ 1,689
CO ₂ emissions in tonnes at Zurich Airport, scope 3 ⁵⁾	3,349,933	⁴⁾ 3,150,835	⁴⁾ 3,091,947
Overall energy consumption (MWh)	293,665	⁶⁾ 317,950	⁶⁾ 307,964
Annual water consumption (in m ³)	655,232	644,681	645,049
Overall waste amount (t)	15,983	15,581	14,649
of which recyclable material (e.g. paper, cardboard, glass, wood) (%)	36.4	35.8	38.4
Confiscated liquids from security checks (t)	283	262	272
Number of residents ⁷⁾ above alarm value for SLII ⁸⁾	not available	3,894	2,982
Number of residents above the impact value for SLII	not available	40,998	34,644
Number of residents above the planning value for SLII	not available	110,838	92,968
Zurich aircraft noise index monitoring value (ZFI)	not available	50,757	46,750
Number of noise monitoring terminals (in operation)	14 (14)	⁹⁾ 14 (14)	10 (9)
Daytime aircraft noise levels ¹⁰⁾ at NMT 1/3/6/10 (dB(A)) ¹¹⁾	66/58/66/57	66/58/66/57	66/58/65/57
Number of registered flight path deviations/investigated	3,208/235	1,636/286	1,037/304
Number of night flight movements (10 p.m. – 6 a.m.)	9,579	10,010	8,681
Proportion in the first hour (10 p.m. – 11 p.m.)	7,681	7,500	6,686
Number of special authorisations for night flights issued ¹²⁾	166	250	77
of which emergency, relief and rescue flights	70	66	46
of which police, military and government flights	8	34	14
of which various other types of flight	88	¹³⁾ 150	17
2010 Sound Insulation Programme: Number of properties fitted	¹⁴⁾ 3,150	¹⁵⁾ 2,650	¹⁵⁾ 2,420
Number of complaints and queries relating to noise ¹⁶⁾	2,832	2,740	2,977

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⁾ Retroactive additional distinction of electricity supplies to third parties

⁵⁾ 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

⁶⁾ Retroactive new calculation including losses from electricity supplies to third parties

⁷⁾ Encompassing noise contours of the day and night noise limits

⁸⁾ Sensitivity level 2 in accordance with Art. 43 of the Federal Noise Abatement Ordinance

⁹⁾ Four new monitoring terminals as of 1 November 2010 in Kloten, Gockhausen, Zürich-Schwamendingen and Dübendorf

¹⁰⁾ Energy-equivalent continuous sound level of daytime aircraft noise (6 a.m. – 10 p.m.)

¹¹⁾ NMT = Noise Monitoring Terminal, 1 = Rümlang, 3 = Oberglatt, 6 = Glattbrugg, 10 = Nürensdorf

¹²⁾ Special authorisations can be granted for urgent flights operating during the night-time curfew

¹³⁾ 111 authorisations were issued in December due to precarious weather conditions throughout Europe

¹⁴⁾ Number of buildings and properties which have been renovated to date incl. reimbursements

¹⁵⁾ Number of buildings and properties which have been renovated to date excl. reimbursements

¹⁶⁾ Includes complaints and enquiries relating to noise levels, flight paths, development of the air traffic, etc.

A large, modern building interior with a glass facade, escalators, and a person walking with a suitcase. The image shows a multi-story atrium with a glass wall that reflects the interior. Inside, there are escalators and a person walking with a suitcase. The floor is polished and reflective. The lighting is bright and even.

26

LINES ARE DIVIDED BETWEEN 4 STOREYS.

2,000

TONNES IS THE WEIGHT THAT THE
LARGEST SUPPORTS IN THE BUILDING
MUST BE ABLE TO BEAR.

2,316

LIGHTS HAVE BEEN FITTED IN THE
BUILDING.

1,150

SPRINKLER HEADS ARE INSTALLED.



Corporate governance

Information in accordance with the Corporate Governance Guidelines of SIX Swiss Exchange dated 17 April 2002/29 March 2006/29 October 2008.

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 CHF 2.0 billion as of the balance sheet date, the consolidated group does not comprise any other listed companies. However, it does include the following unlisted companies:

Name	Domicile	Share capital	Holding
Unique Betriebssysteme AG	Kloten	CHF 100,000	100% Flughafen Zürich AG
Zurich Airport International AG	Kloten	CHF 100,000	100% Flughafen Zürich AG
Zurich Airport Latin America S.A.	Santiago de Chile	CLP 4,403 million	100% Zurich Airport International AG

Capital structure

The group's ordinary share capital amounts to CHF 307,018,750, which is divided into 6,140,375 fully paid-up registered shares with a nominal value of CHF 50 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)	31.12.2011	31.12.2010	31.12.2009
Share capital	307,019	307,019	307,019
Legal reserves			
Premium	0	533,290	533,290
General reserves from capital contributions	509,980	0	0
General reserves	42,370	19,060	19,060
Reserves for own shares	477	751	1,612
Other reserves	108,230	80,107	79,246
Available earnings			
Profit brought forward	354,190	254,875	129,397
Dividend payment for 2010 / 2009 / 2008	-42,964	-46,013	-30,640
Profit for the year	162,209	145,328	156,118
Total equity	1,441,511	1,294,417	1,195,102

For information concerning distribution of shares (no options 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 2011, the Canton of Zurich held 33.33% plus one share and the City of Zurich held 5% of the company's shares/voting rights. There were no other shareholders entered in the Share Register whose holdings exceeded 3% of the total number of shares with voting rights. Information regarding shareholdings in excess of or below the thresholds specified in Art. 20 of the Swiss Federal Stock Exchange Act (SESTA) published during the year under review can be found on the publication platform of the Disclosure Office of SIX Swiss Exchange at www.six-exchange-regulation.com/ obligations. 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 is exceeded, it shall be raised to 49%. No clauses exist regulating a change of control in favour of members of the Board of Directors or Management Board.

Limitation of transferability of shares/voting rights and nominee registrations

Registration with voting rights is limited to 5% of the share capital. This limit applies both to individual investors and groups of shareholders, with the exception of the Canton of Zurich (limit = 49%) and the City of Zurich (limit = 10%). Other exceptions may be granted by the Board of Directors, specifically in association with contributions in kind, participations, mergers and easing of tradability of shares on the stock market. No exceptions were granted during the year under review.

The limitations with respect to transferability are stipulated in Art. 6 of the company's Articles of Incorporation (see www.zurich-airport.com/reports) and 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. Art. 699 of the Swiss Code of Obligations (CO) thus applies (see www.admin.ch). No deadlines or cut-off dates for including items on the agenda are 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.

Corporate governance

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 gategroup Holding AG, member of the Board of Directors of Karl Steiner AG and Badrutt's Palace Hotel AG, Member of the Advisory Board of Alliance Global Corporate Specialty 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 (delegation).
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, hotelier, since 1979, lessee of the "Bahnhofbuffet" Zurich, Chairman of the Board of Directors of Candrian Catering AG. Elected to the Board of Directors in 2004.
Other activities and commitments: Chairman of the Board of Directors of AG Suvretta House.

Corine Mauch

Swiss citizen, born in 1960, Dipl. Ing. agr. ETH, experience in research (1993-2002) and political studies (2002-2008) in the fields of environment, transport, energy and sustainable development. Political activity as a member of the City Parliament of Zurich (1999-2009), since 2009 City President of Zurich. Member of the Board of Zurich Airport since the General Meeting of Shareholders in 2011.
Other activities and commitments: Member of the Greater Zurich Area Foundation Board, President of the Zürich Metropolitan Area Association, Member of the Council of European Municipalities and Regions, Member of the Board of the Swiss Union of Cities and Towns, Member of the Board of the Greater Zurich Regional Planning Association, Member of the Steering Committee of the Association of Mayors of the Canton of Zurich, Member of the Technopark Foundation Board.

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.

Ernst Stocker

Swiss citizen, born in 1955, master farmer (Swiss certification), management of own farm and training of apprentices (until 2007). Political activity as member of the Government Council of the Canton of Zurich (1987-2010), the City Council of Wädenswil (1998-2006) and City President of Wädenswil (2006-2010). member of the Government Council of the Canton of Zurich since 2010. Appointed to the Board of Directors of Zurich Airport in May 2010 (delegation).
Other activities and commitments: President of the Greater Zurich Area Foundation, Member of the Board of Directors of EKZ and MCH Group AG, Member of the Advisory Council of the Swiss National Bank, Member of the Board of the Swiss Conference of Cantonal Directors of Finance and the Conference of Cantonal Directors of Public Transport, Chairman of the ZVV Transport Council, President of the Conference of Directors of Public Transport for the Zurich Region, member of the steering committee of the Gotthard Komitee, Member of the Swisslos Intercantonal National Lottery Cooperative, member of the Technopark Zurich Foundation.

Ulrik Svensson

Swedish citizen, born in 1961, Degree in business administration from the 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, Hexpol AB and Hexagon 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 AG and Badrutt's Palace Hotel AG, Member of the Eleonoren Foundation Board (Zurich Children's Hospital), Member of the Credit Suisse Group Pension Fund.

None of the members of the Board of Directors holds an executive position at Flughafen Zürich AG or was a member of the Management Board of Flughafen Zürich AG or any of its group companies during three financial years prior to 2011. The following business relationship between members of the Board of Directors or the entities they represent and Flughafen Zürich AG is deemed significant and thus worthy of mention:

The Canton of Zurich – in the government of which Director Ernst Stocker holds a seat – has contractually agreed with Flughafen Zürich AG to assume the pre-financing for “old” aircraft noise compensation payments (see “Risk management”, “Noise compensation and sound insulation measures”, “Reduction and limitation of risks associated with aircraft noise”).

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), Ernst Stocker, 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.

Political Affairs Committee

Members: Ernst Stocker (Chairman), Lukas Briner, Corine Mauch, Andreas Schmid

Duties: The committee monitors political dossiers that are relevant for Zurich Airport and acts as an advisory panel for political issues of strategic importance to the company.

Organisation and participants

The executive bodies of Flughafen Zürich AG convene meetings as required. The Board of Directors held nine meetings in the year under review with an average duration of approximately six hours. The Audit & Finance Committee held two meetings, the Nomination & Compensation Committee three and the Public Affairs Committee five meetings lasting two hours on average.

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. However, the committees do not pass any final, substantive resolutions.

The Chairman and members of the Management Board and General Secretary are regularly invited to attend meetings of the Board of Directors. The CEO, CFO, head of Controlling, Accounting and Investor Relations, the internal auditor, the auditor in charge at the external auditing firm KPMG AG and the General Secretary are invited to attend meetings of the Audit & Finance Committee. The CEO, the head of Services, head of Human Resources and the General Secretary are invited to attend meetings of the Nomination & Compensation Committee, and the CEO, head of Services, head of Public Affairs and the General Secretary are invited to attend the meetings of the Public Affairs Committee.

Competence regulations

Based on the Articles of Incorporation, the Board of Directors has issued a set of organisational regulations in accordance with Art. 716b of the Swiss Code of Obligations. As well as non-delegable duties, the Board of Directors holds numerous fundamental strategic competencies, in particular associated with the rights and obligations arising from federal civil aviation concessions, 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.

Corporate governance

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 and project information. Comprehensive financial and business reports are also prepared on a quarterly basis, and a risk and compliance report is prepared twice a year. 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 AG worked with Internal Audit in examining the internal control system as part of the interim audit. 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, the programme modification system and the monitoring of IT processing and time management were reviewed. 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 until 2001 and CEO of the Globus Group from 2002 to 2006. Member of the Board of Directors from 2002-2006, Member of the Board of Directors since the 2006 General Meeting of Shareholders 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.

Stefan Conrad

Swiss citizen, born in 1954, Head of Operations, qualified airline and military pilot, captain and instructor with Swissair AG/Swiss International Air Lines (1990 - 2010), joined Flughafen Zürich AG in May 2010.

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 Internationale 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: Member of the Board of Directors of Bangalore International Airport Ltd.

Stephan Widrig

Swiss citizen, born in 1972, Head of Marketing & Real Estate, MA (Business Economics), University of St. Gallen, business consultant at Arthur Andersen (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 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 at the discretion of the Board of Directors as proposed by the Nomination & Compensation Committee. They remain valid for an indefinite period, i.e. until they are amended by a new resolution, if necessary. 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. Two thirds of the variable component is paid out in cash and one third in the form of shares in the company that are blocked for a period of four years. The fixed element is determined on a discretionary basis, and the variable component is based primarily (85-100%) on the criterion of achievement of the economic added-value target set by the Board of Directors for the company as a whole (see Financial Report, Consolidated Financial Statements according to IFRS, Notes to the consolidated financial statements, note 2, Personnel expenses) and to a lesser extent (0-15%) on that of achieving individually defined targets for each member of the Management Board. All targets are set for each financial year. In the year under review, the variable element totalled between 61 and 115% of the fixed salary. The amounts concerned are specified by the Board of Directors as proposed by the Nomination & Compensation Committee. Members of the Management Board do not participate or have a say in these decisions of the Board of Directors.

For details concerning the total remuneration and composition of 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 20.5, "Related parties".

Auditors

The audit mandate is awarded each year by the General Meeting of Shareholders. The current auditors 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 auditor in charge, Marc Ziegler at KPMG AG, has been responsible for this mandate since 2007 which is limited by law to a period of seven years.

The fee charged by the auditors for the year under review amounted to CHF 326,800 (2010: CHF 351,300). For additional services outside the audit mandate (audit-related services), the auditors also charged a total of CHF 48,800 (2010: CHF 33,000). The following amounts were charged for non-audit-related services: tax-related services CHF 26,700 (2010: CHF 0), legal services CHF 7,000 (2010: CHF 0), IT consulting CHF 10,900 (2010: CHF 0) and for other advisory services CHF 0 (2010: CHF 75,000).

The Audit & Finance Committee is responsible for monitoring and supervising the external audit. It deals with the formulation and approval of the integrated audit planning which includes the plans for both the external and the internal audits. Moreover, the Audit & Finance Committee evaluates and analyses the respective audit reports and approves the fees for the external audit. The auditors provide a written report on the findings of the agreed audit procedures for the Interim Report and the results of the interim audit and the end-of-year audit. The auditor in charge at the auditing firm attends the meetings of the Audit & Finance Committee.

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 ad-hoc news flashes. Ad-hoc messages published by the company can be read at www.zurich-airport.com/newsflash. Persons interested in these messages can register on the electronic distribution list for ad-hoc messages at www.zurich-airport.com/orderformnewsflash.

For further information please see Investor Relations at www.zurich-airport.com/investorrelations.

Contacts

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

Investor Relations

Michael Ackermann
investor.relations@zurich-airport.com

Corporate Communication

Sonja Zöchling
medien@zurich-airport.com





250

METRES IS THE DOCK'S TOTAL LENGTH.

10

ESCALATORS ARE LOCATED IN DOCK B, EACH OF WHICH WEIGHS 10 TONNES.

112

HOURS OF JAZZ MUSIC SHORTEN THE WAITING TIME FOR GUESTS EACH WEEK.

14,102

PEOPLE VISITED THE OBSERVATION DECK ON THE ROOF IN THE FIRST 11 DAYS.

Risk management

Comprehensive risk management is one of the strategic corporate goals of Flughafen Zürich AG, which is committed to an integrated and systematic policy for managing risk. The company's risk management system ensures that risks will be handled within a disciplined and deliberate framework. It guarantees transparency regarding all risks associated with business activities as well as continuous improvement and monitoring of the risk situation.

Management and operating tool

The Flughafen Zürich AG risk management system is the management and operating tool for managing corporate risk and 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

The risk management organisation forms the backbone of this system and includes the following units and functions:

- **Board of Directors, Management Board and Chief Risk Officer**

The Board of Directors and the Management Board have the overall responsibility under Swiss company law for ensuring the group's existence and profitability. The Board of Directors is responsible for overall supervision of risk management. The Chief Financial Officer also serves as the Management Board's Chief Risk Officer.

- **Risk Management Centre**

The Risk Management Centre is run by the Head Treasury & Risk Management, who reports to the Chief Risk Officer. This centre supports line managers in all matters relating to risk management and is responsible for the operation and continued development of the risk management system.

- **Line management (divisions and departments)**

As part of their function, the line units bear the responsibility for risks in their respective division or department and manage them within the framework of the risk management system (risk owner concept).

- **Specialised units**

In consultation with the Risk Management Centre, the specialised units perform specific risk-related cross-divisional functions within the group (liquidity management, occupational safety and health, information security, fire prevention, contingency planning, etc.).

The risk management organisation periodically reviews the risk management system in order to ensure that it adequately reflects changes in the commercial and regulatory environment or in the corporate structure. In reporting on risks, Flughafen Zürich AG describes each identified risk in detail and assesses risks for probability of occurrence as well as for potential operational and economic impact. Responsibilities and a plan of action with specific target dates are also defined and outline how the respective risk can be reduced. The risk management organisation monitors implementation of the plan on an ongoing basis.

Compliance management

Flughafen Zürich AG operates a compliance management system as another important component of its comprehensive risk management strategy. The aim of compliance management is to systematically identify, understand and comply with applicable legal regulations as well as internal corporate guidelines and ethical principles. Review of compliance with relevant laws, guidelines and principles is conducted in around 35 different subject areas, each of which is supervised by a specialist who is the process owner. Within their areas, process owners are responsible for (1) precautionary measures such as providing information, guidelines and checklists to line managers and individual employees; (2) performing the checks required for compliance audits; and (3) systematic reporting.

The ultimate responsibility for compliance with laws, guidelines and principles lies with line management. A broadly based Compliance Steering Committee headed by the Chief Risk Officer monitors consistent and uniform implementation of compliance management procedures.

Since 2009 the risk management organisation has produced a comprehensive biennial compliance report at the request of the Chief Risk Officer based on information provided by the process owners. This report covers all areas and is submitted to the Management Board and the Board of Directors.

Current risk situation

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

1. Legal uncertainties

Various domestic and foreign restrictions could mean that Flughafen Zürich AG will not be able to fully utilise its infrastructure and would need to finance additional investments. These include:

1.1 The Sectoral Aviation Infrastructure Plan (SAIP)

The Federal Government and the cantons co-ordinate their airport and urban development strategies based on the SAIP and the related spatial planning guidelines. On the basis of studies to produce the Sectoral Aviation Infrastructure Plan for Zurich Airport, the Federal Office of Civil Aviation (FOCA) carried out a comprehensive study of alternatives. The Department of the Environment, Transport, Energy and Communications (DETEC) decided to continue to pursue three alternatives (two based on the existing runway system and one requiring extension of runways 28 and 32). 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 meet demand over the long term, even though it was recommended by the spatial planning experts charged with evaluating the options.

The Federal Office of Civil Aviation (FOCA) published the final report on the SAIP coordination process in February 2010. As a result of this report, the SAIP draft was published by FOCA at the end of August 2010. The plan should be approved by the Federal Council in 2012 based on the current schedule. Together with the operating regulations based on the plan, it will define the scope of development for Zurich Airport. At the same time, the SAIP is, according to the Swiss Federal Supreme Court, a binding basis that the Federal Office can use to approve applications by the airport for capacity-enhancing airport structures such as fast taxiways. If the SAIP is not approved, the airport's development will be blocked.

1.2 Regulation of the use of South German airspace for landings or take-offs from Zurich Airport

Germany has issued a unilateral ordinance on the use of South German airspace, against which Switzerland has lodged an appeal which is set to come before the European Court of Justice. German Federal Chancellor Merkel and Swiss Federal President Couchepin signed an agreement on 29 April 2008 under which Switzerland and Germany would conduct a joint analysis of noise levels at Zurich Airport. The study, which was carried out by the German Aerospace Center (DLR), was published in October 2009. The report notes that under German law the protective zones must be located solely on Swiss territory. At the same time, representatives of the South Baden authorities are calling for a reduction in the number of flights over their territory. On this basis, the two countries are now conducting talks at the ministerial level regarding a future arrangement. A one-sided treaty or a further tightening of the implementing ordinance could lead to further capacity restrictions for Zurich Airport and have a significant impact on business development.

1.3 Investments to reduce complexity

The runway and taxiway layout, the take-off and approach routes and a number of operational regulations at Zurich Airport have developed over the past 60 or so years and are the product of many political compromises. The operational complexity of the overall system is therefore considerable. As regards the number of commercial flights, Zurich Airport is the largest airport in Europe without a parallel runway system. After an incident involving two departing aircraft at the runway intersection, Skyguide prepared a comprehensive risk report in 2011. It includes a number of measures aimed at improving safety. The FOCA, Skyguide and Flughafen Zürich AG are in the process of testing and prioritising the measures. The measures may result in investments in infrastructure, or else lead to capacity restrictions which would impact on business development.

Risk management

1.4 Zurich Aircraft Noise Index (ZFI)

In 2007, the Cantonal Council's counter-proposal to a cantonal referendum was accepted. The counter-proposal comprises the following three elements:

- The canton will request that the Federal government approve a seven-hour night-time curfew (= status quo).
- Once the number of flights per year reaches 320,000, the canton will re-assess the situation.
- The Zurich Aircraft Noise Index (ZFI) will be introduced. A monitoring value to be determined each year will be compared with a guideline figure (47,000) set by the Government Council. If the monitoring value is exceeded, the Government Council will stipulate measures to be taken.

In 2010, the monitoring value reached 50,800 and thus exceeded the guideline figure of 47,000 for the second time since 2008. Compared with 2000, this is due to the steady and uninterrupted population growth in the airport region. The action plan consists of a set of measures for flight operations and another set for land-use planning/quality of life. Flughafen Zürich AG supports the Canton of Zurich in analysing the causes of aircraft noise and developing potential corrective measures.

The steps included in the action plan do not have any negative implications for flight operations. However, it is conceivable that the Canton of Zurich, through either its representatives on the Board of Directors or the Swiss Federal government, might demand that certain measures to be implemented that could negatively impact on the airport's development.

1.5 Ordinance on airport charge regulation

On the basis of Art. 39 of the Swiss Federal Aviation Act which was revised in 2010, the Federal Office of Civil Aviation (FOCA) submitted a draft ordinance on airport charge regulation for consultation in the fourth quarter of 2011. The ordinance, which is likely to come into force in the first half of 2012, will very probably result in a change in the basis currently used to calculate airport charges. An appropriate transition period is expected for implementation. Airport charges are a significant source of income for Flughafen Zürich AG.

1.6 Restructuring plans of the BVK Employee Pension Fund of the Canton of Zurich

In autumn 2010, the BVK Employee Pension Fund of the Canton of Zurich (BVK) announced, among other things, that owing to the inadequate cover ratio which has persisted for some time, comprehensive restructuring measures (contribution increases, reduction in the conversion rate, adjustment of the interest rate, employer's contributions to the restructuring, etc.) would be introduced to bring the benefits payable by the pension fund into line with current economic circumstances and to secure the fund's long-term financing. Based on the reactions arising from the consultation, the BVK presented a revised proposal for restructuring the pension fund in the fourth quarter of 2011. The definitive restructuring measures are planned to take effect on 1 January 2013, according to the schedule published by the BVK, provided that the Cantonal Council approves the revised package of measures in the second quarter of 2012.

The Board of Directors of Flughafen Zürich AG states in this connection that, on the basis of a supplementary agreement to the contract with BVK signed in the 2003 financial year, the company is not obliged to make any additional contributions. It also confirms that Flughafen Zürich AG will do everything necessary to uphold the contract with BVK (see also "Financial Report/Accounting Policies/Employee Benefit Obligations" on page 84).

Discussions with the BVK have revealed that the pension fund takes the view – contrary to Flughafen Zürich AG – that the above-mentioned supplementary agreement does not in principle exempt Flughafen Zürich AG from any necessary restructuring measures. It is not possible at this time to say whether Flughafen Zürich AG would have to contribute to the restructuring as part of the implementation of the planned package of measures in order to uphold the contract with the BVK. The payment of restructuring contributions would probably mean that the employee benefit plan would be classified as a defined benefit plan according to the relevant accounting standard, which could have a significant financial impact on the consolidated financial statements.

2. Decline in demand

Experience over the past few years has shown that the air transport sector is a growing but also volatile industry that is affected by external events such as economic crises, acts of terrorism or epidemics (SARS, bird flu, etc.). Such events could temporarily cause a drop in demand at Zurich Airport. In addition, other external factors such as the political and macro-economic environment could impact negatively on demand in both the aviation and non-aviation business at Zurich Airport.

3. Increasing safety and security requirements

Additional safety and security regulations may result in rising costs and reduced revenue or changes in capacity. Whereas some of the higher costs can be compensated or refinanced through higher charges, possibly with a delay, a negative impact on the result for other elements cannot be ruled out.

4. Hub carrier

Like any other hub airport, Flughafen Zürich AG depends to a considerable extent on the operational and financial development of its hub carrier. The airline Swiss is the most important customer of Flughafen Zürich AG. Swiss accounts for around 55% of flight movements and approximately 56% of passenger volume at Zurich Airport. It plays a major role within the Lufthansa Group as far as profits are concerned, so that the risk of the hub carrier failing for economic reasons can be considered as minor. Capacity reductions can never be ruled out, however.

5. Noise compensation and sound insulation measures

Under Article 36a LFG (Aviation Act) and the Federal Expropriation Act in connection with Articles 679 and 684 ZGB (Swiss Civil Code), Flughafen Zürich AG must bear the cost of formal expropriations and, under Art. 20 f. USG (Environmental Protection Act) and the corresponding ordinances, the costs relating to sound insulation and resident protection measures. According to current legal practice, one of the several preconditions for any noise-related claim is that noise emissions must have exceeded the emission limits for commercial airports in effect since 1 June 2001. Both the operating licence and aviation and environmental laws form the basis for refinancing the costs related to such claims through air traffic charges (noise charges and special surcharges on passenger fees).

5.1 Sound insulation and resident protection measures

There is neither a valid noise exposure survey nor an approved sound insulation plan for Zurich Airport that could be used as the legal basis for the scope and process of noise remediation in the area surrounding the airport. However, the Swiss Federal Supreme Court has ruled repeatedly that this should not prevent the holder of the operating licence from implementing sound insulation and resident protection measures in those areas where they are uncontested. Of the amount previously estimated – CHF 240 million – Flughafen Zürich AG had spent around CHF 127 million by the end of 2011 for sound insulation and resident protection measures as well as an additional CHF 8.1 million for reimbursements of soundproof windows financed by homeowners. The remaining costs associated with sound insulation and resident protection measures (remediation of other areas and reimbursements to homeowners) will presumably total around CHF 113 million, based on the provisional operating regulations submitted on 31 December 2003.

Now that the Swiss Federal Supreme Court decision of 22 December 2010 has concluded the appeal process concerning the provisional operating regulations, Flughafen Zürich AG was required under this ruling to submit a plan to the Federal Office of Civil Aviation (FOCA) by the end of 2011 that protects affected residents from being woken by flights approaching from the south in the early morning hours. In the past few months the company produced the necessary background documentation and submitted a concept for the appropriate protection measures to the FOCA within the statutory deadline of 16 December 2011. The concept will be made public once it has been reviewed by the supervisory authority.

Risk management

5.2 Formal expropriations

In the area of formal expropriations, the Swiss Federal Supreme Court rulings on fundamental issues in the first half of 2008 enabled Flughafen Zürich AG to reliably estimate the total cost for formal expropriation compensation for the first time – despite remaining uncertainties regarding the accuracy of this estimate.

On the basis of the fundamental issues decided by the Swiss Federal Supreme Court to date, the noise-related costs that were reliably estimable (“base case”) as of 30 June 2008 totalled CHF 759.8 million (including formal expropriations, costs for sound insulation and resident protection and all related operating costs). This means that the total estimated cost was below the figure previously disclosed (in the form of a risk assessment), which ranged between CHF 800 million and CHF 1.2 billion.

Despite the estimate of CHF 759.8 million stated above, the total estimated noise-related cost as of mid-2008 in the worst case (“negative case”) exceeded the threshold of CHF 1.1 billion (based on the condition that the fundamental issues still pending would be decided against Flughafen Zürich AG). As a result, pre-financing by the Canton of Zurich for “old” noise-related liabilities in accordance with the supplementary agreement (see section 5.7 below) entered into force on 30 June 2008. In return for bearing the risk and financing these “old” noise-related liabilities, the Canton of Zurich received a portion of the Airport of Zurich Noise Fund (CHF 115.4 million) on 30 June 2008 in accordance with the supplementary agreement. This amount was recognised in the consolidated financial statements as an intangible asset from the right of formal expropriation and represents a portion of the costs for “old” noise-related liabilities that have been covered since 1 July 2008 by the Canton of Zurich but which, until 30 June 2008, had been financed by Flughafen Zürich AG through collected noise charges. As a result of the Canton’s assumption of “old” noise-related liabilities, Flughafen Zürich AG is no longer required to recognise a provision for these “old” noise-related liabilities.

As of the same date, the Canton of Zurich received a 47% share of the collected noise charges, as defined in the supplementary agreement. Consequently, this portion of noise charges is no longer recognised in the income statement of Flughafen Zürich AG.

Based on the estimate of noise-related costs and the initiation of pre-financing by the Canton of Zurich, a provision for compensation of formal expropriation in the amount of CHF 125.5 million (present value) was recognised in the consolidated financial statements as of 30 June 2008 (nominal amount CHF 150.1 million). This amount relates to the “new” noise-related liabilities of Flughafen Zürich AG. At the same time, the present value of the expected costs was recognised as an intangible asset from the right of formal expropriation.

On 26 May 2009, the Swiss Federal Administrative Court subsequently corrected a decision by the Swiss Federal Assessments Commission of 17 December 2007 that had defined 1 January 1961 as the applicable date for the foreseeability of flight approaches from the east. The Swiss Federal Administrative Court changed this date to 23 May 2000, whereupon Flughafen Zürich AG appealed this decision to the Swiss Federal Supreme Court. In its ruling of 8 June 2010, the Swiss Federal Supreme Court reversed the decision and reset the date for foreseeability of approaches from the east to 1 January 1961.

The decision of the Swiss Federal Supreme Court on 9 December 2011 on the method used to calculate a decline in the market value of investment property adds to the existing legal basis for settling outstanding claims for compensation. The court confirmed the model used by the Swiss Federal Assessments Commission.

In light of this latest Swiss Federal Supreme Court decision and other previously settled fundamental issues, the company and the Canton of Zurich produced a further new estimate of noise-related operating costs (“updated base case”). Based on the updated calculation, the total noise-related operating costs are now estimated at CHF 740.6 million (2010: CHF 739.5 million, originally CHF 759.8 million). This amount includes CHF 25 million for the construction of a new noise protection hangar (not recognised as a provision, as this is a future investment). This cost estimate continues to be based on a number of assumptions, such as pending legal issues that have not yet been decided in the last instance.

Since in the worst case (“updated negative case”) the total estimated noise-related operating costs still exceed the threshold cited in the supplementary agreement, pre-financing by the Canton of Zurich will remain in place. On the basis of the new calculations made at the end of December 2011, the share of the “new” noise-related liabilities would be higher, however, and would have to be financed by Flughafen Zürich AG.

The provision for formal expropriations therefore had to be increased by the present value of CHF 27.0 million (nominal amount CHF 31.4 million). At the same time, the intangible asset from the right of formal expropriation was increased by the same amount in accordance with the group's accounting policy (see 5.4.2). As the share of "old" noise-related liabilities that have to be pre-financed by the Canton of Zurich has been reduced, and on the basis of the updated calculations, Flughafen Zürich AG is entitled to a share of 76% (2010: 72%, originally 53%) of the collected noise charges as of 1 January 2012.

As of the balance sheet date, Flughafen Zürich AG had recognised costs for formal expropriations as an intangible asset from the right of formal expropriation amounting to CHF 305.4 million and provisions for formal expropriations of CHF 233.3 million plus provisions for outstanding sound insulation and resident protection costs of CHF 100.4 million.

More detailed information on the treatment and reporting of noise-related matters is set out in the financial section of this annual report.

5.3 Refinancing and competitiveness

The costs of aircraft noise are refinanced through noise-related charges. The most important charge from a refinancing standpoint is the CHF 5.00 noise charge for passengers. Should the costs significantly exceed the above-mentioned estimate, this charge would have to be raised in the medium term in order to cover the anticipated costs.

5.4 Treatment of noise-related matters in the consolidated financial statements according to the International Financial Reporting Standards (IFRS)

The noise charges imposed on the basis of the "originator pays principle" as well as the costs for sound insulation and resident protection measures and operating costs relating to aircraft noise are recognised in the income statement.

5.4.1 Sound insulation & resident protection measures

The costs for sound insulation and resident protection measures that Flughafen Zürich AG has in fact agreed to pay are recognised as a provision as soon as they can be reliably estimated.

5.4.2 Formal expropriations

When it was issued its operating licence, Flughafen Zürich AG was also granted a right of formal expropriation of property exposed to aircraft noise. This right of formal expropriation was granted on the condition that the operator assume the associated costs relating to compensation payments. This right is capitalised as an intangible asset. Capitalisation of this right takes place at the time at which the probable total costs can be estimated on the basis of court rulings in the final instance and therefore a reliable cost estimate in accordance with IAS 38.21 becomes possible. The timing of capitalisation may differ for different airport regions. At the same time that the right is recognised as an intangible asset at the present value of the expected future payments, an equal amount is recognised as a provision. Any future adjustments of the probable total costs already recognised as assets and liabilities will be reflected on both sides of the balance sheet. 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 Treatment of noise-related matters in individual financial statements under the Swiss Code of Obligations (CO)

Costs for formal expropriations also qualify as an intangible asset in individual financial statements under the Swiss Code of Obligations. They are recognised as assets at the latest on the date on which the counterparty has attained an assertable claim. An equal amount is also recognised as a provision at the same date. Amortisation of capitalised costs for formal expropriations is based at a minimum on the consolidated financial statements. Adequate provisions are recognised for liabilities arising from sound insulation and resident protection measures. Any balance of revenue after deduction of noise-related costs (compensation for formal expropriations, sound insulation and resident protection measures, operating costs, financing costs and amortisation) is transferred to the provision for aircraft noise.

Risk management

5.6 Risks for Flughafen Zürich AG associated with aircraft noise

Flughafen Zürich AG has the right, as explained above, to refinance any costs incurred in connection with aircraft noise through charges. This guarantees the ability to refinance costs over the long term. There are basically two risks for the company in this connection:

5.6.1 The risk of a financing gap

If the noise-related expenses are incurred sooner than anticipated by Flughafen Zürich AG or prove to be higher than expected, a financing gap may result that Flughafen Zürich AG might not be able to cover given available credit limits.

5.6.2 The risk of the impact of noise-related issues on consolidated financial statements (under IFRS) and individual financial statements (under CO)

The consolidated financial statements (under IFRS) and individual financial statements (under CO) could be negatively impacted, depending on the amount of effective costs and possible future changes in accounting standards. With respect to the consolidated financial statements, any such negative impact could affect compliance with standard guarantees and covenants on outstanding third-party 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 supplementary agreement to the merger agreement dated 14 December 1999 designed to reduce and limit the company's aircraft noise-related risks as described above over the long term. The essential elements of this supplementary agreement are as follows:

5.7.1 Flughafen Zürich AG agreed to implement measures creating the ability to assume balance sheet and financing risks associated with aircraft noise up to approximately CHF 1.1 billion. On 11 April 2006, the General Meeting of Shareholders approved a motion by the Board of Directors proposing a capital increase of approximately CHF 300 million (market value) in order to strengthen the company's equity. The capital increase on 10 May 2006 resulted in a net inflow of funds to the company amounting to CHF 310.3 million. Since the company did not need to use these funds at that time, the outstanding loan from the Canton of Zurich amounting to CHF 300 million was paid back in advance on the same date without any additional costs. Flughafen Zürich AG was also able to obtain a credit limit of CHF 200 million to cover any financing gap that might arise.

5.7.2 Under the supplementary agreement, the Canton of Zurich assumes pre-financing of all "old" noise-related liabilities if, upon payment of the first formal expropriations, there is the risk that the total expected costs associated with aircraft noise (formal expropriations, costs for sound insulation and resident protection plus all related operating costs) will exceed the amount of CHF 1.1 billion (the "threshold") in the worst case scenario ("negative case"). "Old" noise-related liabilities are liabilities that originated before June 2001. The Canton of Zurich assumes the pre-financing for these noise-related liabilities since it was the holder of the operating licence until that date and is therefore liable for prior noise-related liabilities in relation to third parties. Because of the Canton's assumption of "old" noise-related liabilities, Flughafen Zürich AG is not required to recognise a provision for these "old" noise-related liabilities.

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 2011, the threshold was CHF 1.55 billion and thus above the original level of CHF 1.1 billion but has no effect on pre-financing provided by the Canton of Zurich.

5.7.4 If the risk cited in section 5.7.2 falls definitively below the threshold in the course of legal proceedings, Flughafen Zürich AG will again assume the remaining "old" noise-related liabilities and the associated noise 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 the new special credit limit has also created the accounting and financial conditions for assuming any noise-related liabilities up to CHF 1.1 billion (or up to the adjusted threshold).

Consolidated financial statements according to IFRS	
Consolidated income statement	74
Consolidated statement of comprehensive income	74
Consolidated balance sheet	75
Consolidated statement of changes in equity	76
Consolidated cash flow statement	77
Notes	
Segment reporting	78
Accounting policies	79
Notes to consolidated financial statements	87
Audit report	121

Consolidated income statement

(CHF 1,000)	Notes	2011	2010
Revenue from aviation operations ¹⁾	(1)	579,613	534,722
Revenue from non-aviation operations ¹⁾	(1)	325,791	316,826
Total revenue ¹⁾		905,404	851,548
Personnel expenses	(2)	-162,478	-157,567
Police and security		-118,040	-114,549
Energy and waste		-23,888	-24,359
Maintenance and material		-39,400	-43,350
Other operating expenses	(3)	-49,499	-49,497
Sales, marketing, administration		-39,127	-37,277
Capitalised expenditure and other income / expenses, net ¹⁾	(4)	12,035	11,499
Earnings before interest, tax, depreciation and amortisation (EBITDA)		485,007	436,448
Depreciation and amortisation	(7)	-201,211	-190,718
Earnings before interest and tax (EBIT)		283,796	245,730
Finance costs	(5)	-77,772	-76,661
Finance income	(5)	4,321	4,625
Share of profit or loss of associates	(9)	1,390	456
Profit before tax		211,735	174,150
Income tax expense	(6)	-40,825	-35,631
Profit		170,910	138,519
Basic earnings per share (CHF)	(13)	27.84	22.57
Diluted earnings per share (CHF)	(13)	27.82	22.56

¹⁾ Capitalised expenditure and bad debt write-offs are now presented as part of "Capitalised expenditure and other income / expenses, net".
The prior-year amounts have been adjusted accordingly, resulting in a CHF 11.4 million decline in revenue.

Consolidated statement of comprehensive income

(CHF 1,000)	Notes	2011	2010
Profit		170,910	138,519
Other comprehensive income			
Cross-currency interest rate swaps, net of income tax			
Adjustments to fair value	(14)	-20,826	-13,254
Transfer to income statement	(14)	10,833	8,683
Available-for-sale securities			
Adjustments to fair value		1,126	-2,782
Transfer to income statement		275	1,424
Foreign exchange differences		-2,445	-1,267
Other comprehensive income, net of income tax		-11,037	-7,196
Total comprehensive income		159,873	131,323

Consolidated balance sheet

(CHF 1,000)	Notes	31.12.2011	31.12.2010
Assets			
Land	(7)	109,508	109,509
Buildings, engineering structures	(7)	2,498,162	2,267,592
Leased assets	(7)	48,617	57,505
Projects in progress	(7)	207,814	283,800
Movables	(7)	83,317	88,680
Total property, plant and equipment		2,947,418	2,807,086
Intangible asset from right of formal expropriation	(7)	305,447	285,469
Other intangible assets	(7)	12,303	9,432
Investments in associates	(9)	13,732	14,767
Non-current financial assets of Airport of Zurich Noise Fund	(8)	167,632	150,904
Other financial assets		11	11
Non-current assets		3,446,543	3,267,669
Inventories		9,118	8,643
Current financial assets of Airport of Zurich Noise Fund	(8)	76,469	57,628
Trade receivables	(10)	98,591	82,860
Other receivables and prepaid expenses	(11)	28,997	28,039
Fixed-term deposits	(12)	85,111	0
Cash and cash equivalents	(12)	69,512	73,642
Current assets		367,798	250,812
Total assets		3,814,341	3,518,481
Equity and liabilities			
Share capital		307,019	307,019
Own shares		-477	-751
Capital reserves		588,055	587,786
Hedging reserve		-97,088	-87,095
Fair value reserve		1,496	95
Translation reserve		-2,701	-256
Other retained earnings		1,005,550	877,604
Equity		1,801,854	1,684,402
Debentures and non-current loans	(14)	1,070,649	884,709
Non-current lease liabilities	(14)	47,728	59,734
Non-current provision for sound insulation and resident protection plus formal expropriations	(15)	312,795	292,187
Deferred tax liabilities	(17)	94,273	98,484
Employee benefit obligations	(18)	3,825	3,933
Non-current liabilities		1,529,270	1,339,047
Trade payables		36,829	40,313
Current financial liabilities	(14)	98,656	93,639
Other current liabilities, accruals and deferrals	(19)	309,262	326,245
Current provision for sound insulation and resident protection plus formal expropriations	(15)	20,949	10,740
Current tax liabilities		17,521	24,095
Current liabilities		483,217	495,032
Total liabilities		2,012,487	1,834,079
Total equity and liabilities		3,814,341	3,518,481

Consolidated statement of changes in equity

	Share capital	Own shares	Capital reserves	Hedging reserve	Fair value reserve	Translation reserve	Other retained earnings	Total equity
(CHF 1,000)								
Balance at 1.1.2010	307,019	-1,612	587,966	-82,524	1,453	1,011	785,098	1,598,411
Profit							138,519	138,519
Cross-currency interest rate swaps, net of income tax								
Adjustments to fair value ¹⁾				-13,254				-13,254
Transfer to income statement ¹⁾				8,683				8,683
Available-for-sale-securities								
Adjustments to fair value					-2,782			-2,782
Transfer to income statement					1,424			1,424
Foreign exchange differences						-1,267		-1,267
Other comprehensive income, net of income tax	0	0	0	-4,571	-1,358	-1,267	0	-7,196
Total comprehensive income	0	0	0	-4,571	-1,358	-1,267	138,519	131,323
Dividends for the 2009 financial year							-46,013	-46,013
Purchase of own shares		-108						-108
Sale of own shares								0
Share-based payments		969	-180					789
Balance at 31.12.2010	307,019	-751	587,786	-87,095	95	-256	877,604	1,684,402
Balance at 1.1.2011	307,019	-751	587,786	-87,095	95	-256	877,604	1,684,402
Profit							170,910	170,910
Cross-currency interest rate swaps, net of income tax								
Adjustments to fair value ¹⁾				-20,826				-20,826
Transfer to income statement ¹⁾				10,833				10,833
Available-for-sale-securities								
Adjustments to fair value					1,126			1,126
Transfer to income statement					275			275
Foreign exchange differences						-2,445		-2,445
Other comprehensive income, net of income tax	0	0	0	-9,993	1,401	-2,445	0	-11,037
Total comprehensive income	0	0	0	-9,993	1,401	-2,445	170,910	159,873
Dividends for the 2010 financial year							-42,964	-42,964
Purchase of own shares		-517						-517
Sale of own shares								0
Share-based payments		791	269					1,060
Balance at 31.12.2011	307,019	-477	588,055	-97,088	1,496	-2,701	1,005,550	1,801,854

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

¹⁾ See "Notes to consolidated financial statements", note 5, "Financial result" and note 14, "Financial liabilities".

Consolidated cash flow statement

(CHF 1,000)	Notes	2011	2010
Profit		170,910	138,519
Net finance result	(5)	73,451	72,036
Share of profit or loss of associates		-1,390	-456
Income tax expense	(6)	40,825	35,631
Depreciation of property, plant and equipment	(7)	190,010	181,097
Amortisation of intangible assets	(7)	11,868	10,299
Recognition of government subsidies and grants on buildings and engineering structures in the income statement	(7)	-667	-678
Gains(-) / losses(+) on disposal of property, plant and equipment (net)		1,170	1,103
Share-based payments		1,060	789
Increase(-) / decrease(+) in inventories, trade receivables and other receivables and prepaid expenses		-16,839	28,336
Increase(+) / decrease(-) in current liabilities, excluding current financial liabilities		26,412	5,324
Deferred revenue from utilisation fees		0	-1,129
Increase(+) / decrease(-) in provisions for employee benefit obligations	(18)	-108	225
Expenses for sound insulation and resident protection plus formal expropriations	(15)	-9,587	-9,770
Income tax paid		-48,216	-30,294
Cash flow from operating activities		438,899	431,032
of which related to aircraft noise		38,657	25,779
Income from noise charges	(16)	48,244	35,549
Expenses for sound insulation and resident protection plus formal expropriations	(15)	-9,587	-9,770
Investments in property, plant and equipment (projects in progress) ¹⁾		-332,800	-239,326
Proceeds from disposal of property, plant and equipment	(7)	134	372
Investments in financial assets of Airport of Zurich Noise Fund		-99,313	-118,072
Investments in fixed-term deposits due > 90 days	(12)	-85,111	0
Repayment of current financial assets of Airport of Zurich Noise Fund		61,752	84,520
Interest received		5,650	5,535
Cash flow from investing activities¹⁾		-449,688	-266,971
of which related to aircraft noise		-37,561	-33,552
Investments in financial assets Airport of Zurich Noise Fund		-99,313	-118,072
Repayment of current financial assets Airport of Zurich Noise Fund		61,752	84,520
Redemption of outstanding debenture	(14)	0	-150,000
Issue of new debenture	(14)	246,750	0
Repayment of liabilities to banks arising from US car park lease	(14)	-54,198	-52,418
Repayment of liabilities to banks arising from US private placement	(14)	-73,150	0
Repayment of lease liabilities	(14)	-8,577	-4,954
Repayment to Zurich Airport Staff Pension Fund		1	5
Payment of dividend for the 2010 / 2009 financial years	(13)	-42,964	-46,013
Purchase of own shares		-517	-108
Interest paid		-60,673	-68,630
Cash flow from financing activities¹⁾		6,672	-322,118
Decrease in cash and cash equivalents		-4,117	-158,057
Balance at beginning of financial year	(12)	73,642	231,693
Effect of foreign exchange differences on cash and cash equivalents held		-13	6
Balance at end of financial year	(12)	69,512	73,642
of which included in Airport of Zurich Noise Fund	(12)	1,101	3,889

¹⁾ Capitalised borrowing costs are now presented as part of interest paid in cash flow from financing activities (previously presented as part of investments in property, plant and equipment (projects in progress)). The prior-year amounts have been adjusted accordingly.

Segment reporting

	Aviation flight operations		Aviation security		Aviation aircraft noise		Non-aviation		Eliminations		Consolidated	
(CHF million)	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Revenue from third parties ¹⁾	372.5	354.1	158.5	148.8	48.6	31.8	325.8	316.8			905.4	851.5
Inter-segment revenue	12.9	13.6					122.7	121.7	-135.6	-135.3	0.0	0.0
Total revenue¹⁾	385.4	367.7	158.5	148.8	48.6	31.8	448.5	438.5	-135.6	-135.3	905.4	851.5
Segment result	52.9	41.7	4.0	-0.2	37.1	21.6	189.8	182.6			283.8	245.7
Earnings before interest and tax (EBIT)											283.8	245.7
Finance costs	-3.4	-2.5			-15.6	-10.1	-5.4	-7.3			-24.4	-19.9
Unallocated finance costs											-53.4	-56.8
Finance income					3.3	4.0					3.3	4.0
Unallocated finance income											1.0	0.6
Share of profit or loss of associates							1.4	0.5			1.4	0.5
Unallocated income tax expense											-40.8	-35.6
Profit											170.9	138.5
Property, plant and equipment and intangible assets	961.3	976.1	42.2	49.8	306.5	287.0	1,955.2	1,789.1			3,265.2	3,102.0
Financial assets					167.6	150.9					167.6	150.9
Investments in associates							13.7	14.8			13.7	14.8
Current financial assets and cash and cash equivalents					77.6	61.5					77.6	61.5
Total segment assets	961.3	976.1	42.2	49.8	551.7	499.4	1,968.9	1,803.9			3,524.1	3,329.2
Unallocated current financial assets and cash and cash equivalents											153.5	69.8
Unallocated assets											136.7	119.5
Total assets											3,814.3	3,518.5
Total segment liabilities	56.8	65.4			333.7	302.9	38.7	75.8			429.2	444.1
Unallocated liabilities											1,583.3	1,390.0
Total liabilities											2,012.5	1,834.1
Total investments	53.9	67.9	1.8	3.2	124.2	160.5	283.4	178.4			463.3	410.0
Depreciation and amortisation	59.6	55.3	7.7	7.1	7.5	6.1	126.4	122.2			201.2	190.7
Number of employees (full-time positions)	595	578	16	17	11	11	699	686			1,321	1,292

¹⁾ Capitalised expenditure and bad debt write-offs are now presented as part of "Capitalised expenditure and other income / expenses, net".
The prior-year amounts have been adjusted accordingly.

Accounting policies

General remarks

The operating licence awarded by the Federal Government authorises and obliges the airport operator, Flughafen Zürich AG, to operate Zurich Airport until 2051. In addition to combining transport services by road, rail and air, Flughafen Zürich AG also operates Zurich Airport as a shopping, entertainment and services centre.

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, associates and pension obligations.

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 adjusted prospectively in the financial year in which the circumstances changed.

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

Change in accounting policies

With the exception of the changes noted below, the accounting policies were the same as those applied in the prior year.

The following additional interpretations and amended and revised standards published by the International Accounting Standards Board (IASB) became applicable for the financial year beginning on 1 January 2011: IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments", IAS 24 revised "Related Party Disclosures", amendments to IAS 32 "Financial Instruments: Presentation – Classification of Rights Issues", amendments to IFRIC 14 "IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – Prepayment of a Minimum Funding Requirement" and the improvements to IFRSs (May 2010).

The above-stated revisions and amendments to standards and interpretations have been applied for the first time in the 2011 financial year. These revised and amended standards 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 2012 and later

The following new, revised and amended standards and interpretations have been issued until the date of approval of the 2011 consolidated financial statements, 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.

		Effective date	Planned application by Flughafen Zürich AG
New Standards or Interpretations			
IFRS 10 Consolidated Financial Statements	*	1 January 2013	Reporting year 2013
IFRS 11 Joint Arrangements	*	1 January 2013	Reporting year 2013
IFRS 12 Disclosure of Interests in Other Entities	**	1 January 2013	Reporting year 2013
IFRS 13 Fair Value Measurement	*	1 January 2013	Reporting year 2013
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine	*	1 January 2013	Reporting year 2013
IFRS 9 Financial Instruments and related amendments to IFRS 7 regarding transition	***	1 January 2015	Reporting year 2015
Revisions and amendments of Standards and Interpretations			
Disclosures – Transfers of Financial Assets (Amendments to IFRS 7)	*	1 July 2011	Reporting year 2012
Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12)	*	1 January 2012	Reporting year 2012
Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)	*	1 July 2012	Reporting year 2013
IAS 19 Employee Benefits (amended 2011)	***	1 January 2013	Reporting year 2013
IAS 27 Separate Financial Statements (revised 2011)	*	1 January 2013	Reporting year 2013
IAS 28 Investments in Associates and Joint Ventures (revised 2011)	*	1 January 2013	Reporting year 2013
Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)	*	1 January 2013	Reporting year 2013
Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)	*	1 January 2014	Reporting year 2014

* 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% 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.

Business combinations are accounted for using the acquisition method at the date of acquisition. Consideration transferred in a business combination includes the fair value of the assets transferred, liabilities assumed or incurred and equity interests issued by the group. Transaction costs incurred in connection with a business combination are recognised in the income statement. Goodwill arising from a business combination is recognised as an asset. Goodwill represents the excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of any previously held equity interest in the acquiree over the fair value of the assets acquired and liabilities assumed. Two choices exist regarding the measurement of non-controlling interests. Non-controlling interests are measured at their fair value or at their proportionate share of the recognised amount of the identifiable net assets. When the excess is negative, a bargain purchase gain is recognised immediately in the income statement, after first reassessing the fair values of the net assets acquired.

Foreign currency

For consolidation purposes, all assets and liabilities reported in the balance sheets of companies within the group are translated into Swiss francs (reference currency for Flughafen Zürich AG) 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. Foreign exchange gains/losses that arise from the settlement or translation of foreign currency monetary items are recognised in the income statement.

Reporting of revenue

Revenue from services 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. For tenancy agreements classified as operating leases, the rents are recognised on a straight-line basis over the term of the tenancy agreement. Conditional rental payments (e.g. turnover-based rentals) are recognised as revenue in the period in which they are generated. Flughafen Zürich AG does not currently have any tenancy agreements classified as finance leases.

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, revenue 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. They are stated at the lower of fair value and present value of the minimum lease payments less accumulated depreciation and any impairment losses. 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.

Finance result

The finance result comprises interest payments on borrowings calculated using the effective interest rate method (excluding borrowing costs relating to buildings under construction), unwinding of the discount on non-current 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 the due date.

Borrowing costs arising during the construction stage for movables, buildings and engineering structures are capitalised up until the date the asset is taken into use or at the date of completion, if earlier.

Land

Land is stated at cost and is not depreciated.

The entire airport site of 8,150,000 m² 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 CHF 675.00 per m² for intensive use, down to CHF 2.00 per m² for plots reserved for nature conservation.

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

Buildings & engineering structures and movables

Buildings & engineering structures and movables 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 the date the asset is taken into use or at the date of completion, if earlier. 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 assets under construction significant in terms of amount have been capitalised.

Components of buildings & engineering structures and movables with a different useful life are reported individually and depreciated separately. Expansion and replacement expenditure is capitalised only if it is probable that future economic benefits will flow to Flughafen Zürich AG. Maintenance and renovation expenditure are charged to the income statement when incurred.

The leased assets are depreciated using the straight line method 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 categories of property, plant and equipment and segments. 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 the asset is taken into use or at the date of completion, if earlier, 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 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), 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.

Financial assets also include loans that are stated at amortised 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 holds between 20 and 50% of the voting rights). Associates are included in the consolidated financial statements by applying the equity method. Any difference between the cost of the investment and the fair value of the share of net assets acquired is determined at the time of acquisition and recognised as goodwill, and included in the carrying amount of the investment. In subsequent reporting periods, the carrying amount is adjusted to recognise the share of Flughafen Zürich AG of any profit or loss and changes recognised in other comprehensive income of the investee and any dividends received.

Investments in associates where the group is entitled to less than 20% 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 also included in the consolidated financial statements by applying the equity method. A joint venture is based on a contractual agreement according to which two or more parties exercise a business activity under joint management, whereby none of the involved parties is 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. 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 not qualifying for hedge accounting, 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 cost, which usually corresponds to 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.

The recoverable amount of receivables is equivalent to the present value of the estimated future cash flows. Impairment losses on receivables are reversed if the amount of the impairment loss decreases and the decrease is related to an event that occurred in a period after the impairment loss was recognised.

Cash and cash equivalents

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

Impairment

The carrying amounts of non-current non-financial assets (excluding deferred taxes) are assessed at least once a year for indications of impairment. 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 an 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.

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 fair value 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 and resident protection** 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").

Employee benefit obligations

a) Main benefit plan: "BVK Employee Pension Fund of the Canton of Zurich" (formerly: Beamtenversicherungskasse of the Canton of Zurich)

Since 1 January 2000, the entire workforce of Flughafen Zürich AG has been affiliated to the "BVK Employee Pension Fund of the Canton of Zurich" (BVK). Staff actively employed and pensioners of the former Flughafen Direktion Zürich were already members of this pension fund, while 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 76,000 employees of the local and Government Councils 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 83.2% as of 31 December 2011 (31 December 2010: 86.5%) as calculated according to the applicable Swiss accounting regulations (Article 44 BVV2).

Up to the end of 2002, the BVK employee 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 by an agreement 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 employee 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 gains and losses 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% 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 unless relating to transactions recognised in other comprehensive income or directly in equity. In these cases, taxes are also recognised in other comprehensive income or directly in equity.

Current taxes comprise the expected taxes to be paid on the taxable result, using tax rates enacted or substantively enacted at the 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 the 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-of 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 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 revenue 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 the balance sheet date arising from noise charges collected on a “originator pays” basis, less expenses for formal expropriations, sound insulation and resident protection measures and related operating costs (see “Notes to consolidated financial statements”, note 16, “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 revenue or offset against costs. For example, the Information and Communication Technology (ICT) profit centre is allocated to the Non-aviation segment, and proportionate costs are charged to Aviation on an “originator 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. Until projects in progress have been completed, they are allocated to the segment with responsibility for the project. The definitive allocation to segments takes place after the projects have been classified into the relevant asset categories. 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 main activity.

The identified operating segments have not been aggregated.

Flughafen Zürich AG provides practically all its services within Switzerland. In the 2011 financial year, external consulting services worth CHF 2.1 million (2010: CHF 2.4 million) were provided.

Flughafen Zürich AG's revenue with Lufthansa Group in 2011 amounts to approximately CHF 362.0 million (2010: CHF 317.4 million) and is reported in the segments “Aviation flight operations”, “Aviation security”, “Aviation aircraft noise” and “Non-aviation”.

Notes to consolidated financial statements

Valuation uncertainties and significant estimates and assumptions in the application of accounting policies

1. Current risk situation

1.1 Legal uncertainties

Various domestic and foreign restrictions could mean that Flughafen Zürich AG will not be able to fully utilise its infrastructure and would need to finance additional investments. These include:

- The Sectoral Aviation Infrastructure Plan (SAIP)
- Regulation of the use of South German airspace for landings or take-offs from Zurich Airport (implementing ordinance)
- Investments to reduce complexity
- Zurich Aircraft Noise Index (ZFI)
- Ordinance on airport charge regulation

In autumn 2010, the BVK Employee Pension Fund of the Canton of Zurich (BVK) announced, among other things, that owing to the inadequate cover ratio which has persisted for some time, comprehensive restructuring measures (contribution increases, reduction in the conversion rate, adjustment of the interest rate, employer's contributions to the restructuring, etc.) would be introduced to bring the benefits payable by the pension fund into line with current economic circumstances and to secure the fund's long-term financing. Based on the reactions arising from the consultation, the BVK presented a revised proposal for restructuring the pension fund in the fourth quarter of 2011. The definitive restructuring measures are planned to take effect on 1 January 2013, according to the schedule published by the BVK, provided that the Cantonal Council approves the revised package of measures in the second quarter of 2012.

The Board of Directors of Flughafen Zürich AG states in this connection that, on the basis of a supplementary agreement to the contract with BVK signed in the 2003 financial year, the company is not obliged to make any additional contributions. It also confirms that Flughafen Zürich AG will do everything necessary to uphold the contract with BVK (see also "Financial Report/Accounting Policies/Employee Benefit Obligations" on page 84).

Discussions with the BVK have revealed that the pension fund takes the view – contrary to Flughafen Zürich AG – that the above-mentioned supplementary agreement does not in principle exempt Flughafen Zürich AG from any necessary restructuring measures. It is not possible at this time to say whether Flughafen Zürich AG would have to contribute to the restructuring as part of implementation of the planned package of measures in order to uphold the contract with the BVK. The payment of restructuring contributions would probably mean that the employee benefit plan would be classified as a defined benefit plan according to IAS 19.27, which could have a significant financial impact on the consolidated financial statements.

1.2 Decline in demand

Experience over the past few years has shown that the air transport sector is a growing but also volatile industry that is affected by external events such as economic crises, acts of terrorism or epidemics (SARS, bird flu, etc.). Such events could temporarily cause a drop in demand at Zurich Airport. In addition, other external factors such as the political and macro-economic environment could impact negatively on demand in both the aviation and non-aviation business at Zurich Airport.

1.3 Increasing safety and security requirements

Additional safety and security regulations may result in rising costs and reduced revenue or changes in capacity. Whereas some of the higher costs can be compensated or refinanced through higher charges, possibly with a delay, a negative impact on the result for other elements cannot be ruled out.

1.4 Hub carrier

The airline Swiss is the main customer of Flughafen Zürich AG. Like any other hub airport, Zurich Airport depends to a considerable extent on the operational and financial development of its hub carrier.

1.5 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 20,000 noise-related claims for compensation of which around 15,600 were still pending at the end of 2011. Approximately 1,800 cases are currently being examined by the Swiss Federal Assessments Commission.

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

Based on the fundamental issues on which the Swiss Federal Supreme Court has ruled to date, the reliably estimated noise-related costs ("base case") as of 30 June 2008 amounted to a total of CHF 759.8 million (including formal expropriations, costs for sound insulation and resident protection and all noise-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 CHF 800 million and CHF 1.2 billion.

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 pre-financing 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 resident protection plus all related operating costs) would exceed CHF 1.1 billion ("threshold") in the assumed 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 2011, at CHF 1.55 billion, was higher than the original level of CHF 1.1 billion, but has at the moment no effect on the pre-financing provided by the Canton of Zurich.

Despite the estimate as of the middle of 2008 of CHF 759.8 million stated above, the total estimated noise-related costs exceeded the threshold of CHF 1.1 billion in the worst case ("negative case"). As a result, the pre-financing 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 (CHF 115.4 million). This amount was recognised in the consolidated financial statements as an intangible asset from the right of formal expropriation and represents a portion of the costs for "old" noise-related liabilities, which since 1 July 2008 have been covered by the Canton of Zurich, but until 30 June 2008 were financed by Flughafen Zürich AG through 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.

Likewise, as of this date, the Canton of Zurich received the specified share of 47% of the collected noise charges in accordance with the supplementary agreement. This portion of the noise charges is therefore no longer recognised in the income statement of Flughafen Zürich AG.

Based on the above estimates of noise-related costs and the initiation of pre-financing by the Canton of Zurich, in the consolidated financial statements as of 30 June 2008, the amount of CHF 125.5 million (present value) was recognised as a provision for compensation of formal expropriation (nominal amount, CHF 150.1 million). This amount relates to the "new" noise-related liabilities of Flughafen Zürich AG. The present value of the expected costs was at the same time recognised as an intangible asset from the right of formal expropriation.

On 26 May 2009, the Swiss Federal Administrative Court subsequently corrected a decision by the Swiss Federal Assessment Commission of 17 December 2007, which had defined 1 January 1961 as the cut-off date for the foreseeability of an eastern approach. The Swiss Federal Administrative Court changed this date to 23 May 2000, and Flughafen Zürich AG decided to appeal this decision to the Swiss Federal Supreme Court. In its ruling on 8 June 2010, the Swiss Federal Supreme Court then defined 1 January 1961 as the cut-off date for the foreseeability of an eastern approach.

The decision of the Swiss Federal Supreme Court on 9 December 2011 on the method used to calculate a decline in the market value of investment property adds to the existing legal basis for settling outstanding claims for compensation. The court confirmed the model used by the Swiss Federal Assessments Commission.

Based on the Swiss Federal Supreme Court's latest ruling and other fundamental issues that have already been decided, the company undertook another re-assessment of the noise-related operating costs ("updated base case") in cooperation with the Canton of Zurich. According to the updated assessment, the noise-related operating costs now total CHF 740.6 million (2010: CHF 739.5 million, originally CHF 759.8 million). This amount includes CHF 25 million for the construction of a new noise protection hangar (not recognised as a provision, as this is a future investment). This cost estimate is based on a number of assumptions, such as pending legal issues where there is no judgment by a court of last instance.

As in the worst case ("updated negative case") the total estimated noise-related costs still exceed the adjusted threshold as set out in the supplementary agreement, the Canton of Zurich would continue to provide pre-financing. On the basis of the new calculations, the share of the "new" noise-related liabilities would be higher, however, and would have to be financed by Flughafen Zürich AG. The provision for formal expropriations was therefore increased by the present value of CHF 27.0 million (nominal amount CHF 31.4 million). At the same time, the intangible asset from the right of formal expropriation was increased by the same amount in line with the group's accounting policy (see page 82 "Intangible assets and goodwill"). As – on the basis of updated calculations – the share of "old" noise-related liabilities that are pre-financed by the Canton of Zurich has been reduced, Flughafen Zürich AG is entitled to a share of 76% (2010: 72%, originally 53%) of the collected noise charges as of 1 January 2012.

As of the balance sheet date, Flughafen Zürich AG has recognised an intangible asset from the right of formal expropriation amounting to CHF 305.4 million and a provision for formal expropriations of CHF 233.3 million as well as a provision for outstanding sound insulation and resident protection costs of CHF 100.4 million.

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 pre-financing 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 adjust the noise-related costs on both the asset and liability sides of the balance sheet.

Depending on future and final-instance legal judgments, especially with respect to the southern approaches, 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, pre-financing 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 an intangible asset from the right of formal expropriation, the amortisation period or the corresponding provision.

In conclusion, the developments cited above have the following significant effects on the consolidated financial statements:

- Revenue from noise charges, reduced by a portion allocated to the Canton of Zurich, 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 expropriation 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 the provision for formal expropriations will be recognised in the income statement in the same way as the unwinding of the discount on the provision for sound insulation and resident protection.
- 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 and resident protection measures will be charged against the already recognised provision.

2. Impact of the current risk situation on the financial position, the results of operations and the cash flows

2.1 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 CHF 3.3 billion. 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 risk factors described in the previous sections (in particular 1.1 Legal uncertainties and 1.5 Reporting of noise-related costs in the financial statements) (see also note 7, “Changes in non-current assets”).

2.2 Recognition of the main employee benefit plan of “BVK Employee Pension Fund of the Canton of Zurich”

According to the accounting policies, the main employee benefit plan is treated as a defined contribution plan. As described in section 1.1 Legal uncertainties, the accounting for the main employee benefit plan could change significantly by the reorganisation of the “BVK Employee Pension Fund of the Canton of Zurich” that is currently under discussion. At present, it is not possible to conclusively determine the impact of these changes.

Consolidated income statement

1) Revenue

(CHF 1,000)		2011	2010
Passenger fees	195,555	183,659	
PRM fees	11,200	11,458	
Landing fees	84,527	79,462	
Emission fees	3,150	2,926	
Parking fees	6,100	5,574	
Fuel charges	7,039	6,595	
Freight revenue	7817	7731	
Baggage sorting and handling system	29,047	27,283	
Aircraft energy supply system	11,134	10,198	
CUTE charges (check-in system for handling agents)	4,397	4,220	
Other revenue	12,521	15,012	
Total revenue from aviation flight operations¹⁾		372,487	354,118
Security fees	157,310	147,439	
Refund of security costs	1,229	1,408	
Total revenue from aviation security		158,539	148,847
Noise charges	48,587	31,757	
Total revenue from aviation aircraft noise		48,587	31,757
Total revenue from aviation¹⁾		579,613	534,722
Retail, tax & duty-free	75,167	74,500	
Food & beverage operations	13,631	12,198	
Advertising media and promotion	15,070	13,530	
Revenue from multi-storey car parks	65,863	64,576	
Other commercial revenue (car rentals, taxis, banks, etc.)	12,668	12,241	
Total commercial revenue		182,399	177,045
Revenue from rental and leasing agreements	88,905	86,013	
Energy and utility cost allocation	25,236	26,323	
Cleaning	3,521	3,459	
Revenue from services	3,023	2,356	
Total revenue from facility management		120,685	118,151
Communication services	13,587	12,565	
Revenue from consulting activities	2,062	2,358	
Other services and miscellaneous	7,058	6,707	
Total revenue from services¹⁾		22,707	21,630
Total revenue from non-aviation¹⁾		325,791	316,826
Total revenue¹⁾		905,404	851,548

¹⁾ Capitalised expenditure and bad debt write-offs are now presented as part of "Capitalised expenditure and other income / expenses, net".

The prior-year amounts have been adjusted accordingly.

Fee to finance assistance for passengers with reduced mobility

To refinance support for passengers with reduced mobility (PRM) for whom Flughafen Zürich AG is responsible on the basis of the European Regulation 1107/2006, the company levies an operating charge for providing assistance to PRMs in accordance with the requirements of Art. 32ff. of the Federal Ordinance on Civil Aviation Infrastructure amounting to CHF 0.90 per departing passenger (until 31 March 2010 CHF 1.00). It is collected by invoicing the airlines concerned.

The fee is intended to cover all investments and operating costs associated with this service. It is carefully calculated and is not linked to any other services at Zurich Airport. When the service was introduced (1 November 2009) it was calculated for a five-year period.

The current cost surplus results mainly from passenger growth in 2011, which was higher than the original expectation at the time the fee was last adjusted. Adjustments to the agreement with service providers will be assessed in the first quarter of 2012 as a result of the commissioning of Dock B and the security check building. Flughafen Zürich AG will then decide whether to reduce the PRM fee.

Income and expenses relating to the assistance of passengers with reduced mobility are as follows:

(CHF 1,000)	2011	2010
PRM fees	11,200	11,458
Total revenue	11,200	11,458
Fixed service costs (service provider)	-3,288	-3,288
Variable service costs (service provider)	-7,515	-6,862
Other operating expenses	-95	-220
Earnings before interest, tax, depreciation and amortisation (EBITDA)	302	1,088
Depreciation and amortisation	-46	-8
Earnings before interest and tax (EBIT)	256	1,080
Imputed interest and income tax	-58	-222
Result	198	858

2) Personnel expenses

(CHF 1,000)	2011	2010
Wages and salaries	128,808	124,094
Pension costs		
for defined benefit plans ¹⁾	86	112
for defined contribution plans	11,366	11,376
Social security contributions	13,061	12,806
Other personnel expenses	9,157	9,179
Total personnel expenses	162,478	157,567
Average number of employees (full-time positions)	1,296	1,297
Number of employees as of 31 December (full-time positions)	1,321	1,292
Personnel expense per position as of 31 December	123	122

¹⁾ See note 18, "Employee benefit obligations".

Staff participation programme

Flughafen Zürich AG gives those employees who have completed their first year of service one share free of charge as a one-off benefit. In the year under review, 156 shares (2010: 129 shares) worth CHF 57,120 (2010: CHF 47,266) were handed out.

Bonus programme for members of the Management Board and other members of management

The total of all annual remuneration to members of the Management Board and other members of management 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 20.5, "Related parties").

Recipient	2011 CHF in 1,000	2010 ¹⁾ CHF in 1,000	2010 ¹⁾ Number of shares	Price per share ¹⁾ CHF
Members of the Management Board	375	320	842	382.25
Other members of management	604	521	1,370	382.25
Adjustment of share price to market price in subsequent year ²⁾	5	-100		
Total	984	741	2,212	382.25

¹⁾ Shares distributed in the 2011 financial year under the bonus programme for members of the Management Board and other members of management (number and price per share) for the 2010 financial year.

²⁾ The value of the shares comprising the bonus for the 2010 financial year was CHF 5,000 higher in April 2011 (grant date) than the amount accrued for the bonus for the 2010 financial year as of year-end.

The bonus for the 2011 financial year was estimated on the basis of the available data as of the 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 the grant date. If the shares had been granted as of year-end, a total of 3,004 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 20.5, "Related parties").

Option programme

No option programme exists at Flughafen Zürich AG.

3) Other operating expenses

(CHF 1,000)	2011	2010
Zurich protection & rescue services (SRZ)	21,000	21,000
PRM costs (Service Costs of Service providers)	10,802	10,150
Other operating costs	6,641	6,215
Insurance	4,072	4,361
Cleaning by external contractors, incl. snow clearing	2,097	2,850
Costs for own car park	2,082	2,081
Communication costs	1,616	1,628
Passenger services	1,189	1,212
Total other operating expenses	49,499	49,497

4) Capitalised expenditure and other income / expenses, net

(CHF 1,000)	2011	2010
Capitalised expenditure	13,634	11,608
Other income	147	1,482
Other expenses	-1,746	-1,591
Total capitalised expenditure and other income / expenses, net ¹⁾	12,035	11,499

¹⁾ Capitalised expenditure and bad debt write-offs were presented as part of revenue in prior years.

Capitalised expenditure amounting to CHF 13.6 million (2010: CHF 11.6 million) includes primarily fees for the company's architects and engineers as well as project managers who represent the clients. The increase from 2010 is due to the higher level of investment activity.

Other expenses are mainly losses on disposals of non-current assets.

5) Finance result

(CHF 1,000)	2011	2010
Interest expenses on debentures and non-current loans	56,786	59,669
Less capitalised interest on borrowings for buildings under construction	-4,724	-2,569
Net interest expenses on debentures and non-current loans	52,062	57,100
Interest expenses on finance lease liabilities	3,356	2,525
Accretion of interest on financial liabilities at amortised cost	3,145	2,867
Other interest expenses	70	92
Total interest expenses	58,633	62,584
Loss on financial assets of Airport of Zurich Noise Fund	1,295	495
Other finance costs	3,928	4,713
Foreign exchange losses	553	292
Unwinding of discount on provision for sound insulation and resident protection plus formal expropriations	13,363	8,577
Total finance costs	77,772	76,661
Interest income on financial assets of Airport of Zurich Noise Fund	-3,332	-3,477
Interest income on postal accounts and bank deposits / loans	-555	-347
Interest on arrears	-8	-3
Total interest income	-3,895	-3,827
Gain on financial assets of Airport of Zurich Noise Fund	0	-572
Foreign exchange gains	-396	-213
Other finance income	-30	-13
Total finance income	-4,321	-4,625
Finance result, net	73,451	72,036

Capitalised interest on borrowings for buildings under construction was calculated using an average interest rate of 5.05% in 2011 (2010: 5.04%).

6) Income tax

(CHF 1,000)	2011	2010
Current year	41,985	39,058
Adjustments for prior years	474	-136
Total current income tax	42,459	38,922
Deferred income tax on changes in temporary differences	-1,634	-3,291
Total deferred income tax	-1,634	-3,291
Total income tax	40,825	35,631

Income tax can be analysed as follows:

(CHF 1,000)	2011	2010
Profit before tax	211,735	174,150
Tax expense at anticipated tax rate of 20.5%	43,406	35,701
Prior period adjustments	-1,600	-136
Tax effect of losses not recognized	-891	0
Non tax deductible expenses / tax exempt income	-23	0
Miscellaneous transitory items	-67	66
Total income tax	40,825	35,631

Consolidated balance sheet

7) Changes in non-current assets

	Land	Engineering structures	Buildings	Leased assets	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	Total
(CHF million)												
Cost												
Balance as of 1.1.2010	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	6,015.7
Additions				6.9	242.7		249.6	57.8			102.6	410.0
Disposals		-33.2	-46.0			-13.0	-92.2		-7.7			-99.9
Reclassification ¹⁾							0.0				-46.9	-46.9
Transfers		45.9	83.0		-154.4	17.8	-7.7		7.7			0.0
Adjustments to fair value							0.0				-2.8	-2.8
Foreign exchange differences							0.0			-1.3		-1.3
Balance as of 31.12.2010	109.5	1,384.6	3,617.5	98.5	283.8	244.3	5,738.2	299.6	71.4	14.7	150.9	6,274.8
Balance as of 1.1.2011	109.5	1,384.6	3,617.5	98.5	283.8	244.3	5,738.2	299.6	71.4	14.7	150.9	6,274.8
Additions					339.1		339.1	27.0			97.2	463.3
Disposals		-3.6	-30.0			-6.2	-39.8		-7.4			-47.2
Reclassification ¹⁾		85.1	-86.1			1.0	0.0				-79.8	-79.8
Transfers		56.1	336.7		-415.1	14.4	-7.9		7.9			-0.0
Adjustments to fair value							0.0				-0.7	-0.7
Foreign exchange differences							0.0			-2.4		-2.4
Balance as of 31.12.2011	109.5	1,522.2	3,838.1	98.5	207.8	253.5	6,029.6	326.6	71.9	12.3	167.6	6,608.0
Depreciation, amortisation and impairment losses												
Balance sheet as of 1.1.2010	0.0	629.1	2,023.6	35.1	0.1	149.4	2,837.4	8.4	65.1	0.4	0.0	2,911.3
Additions		41.4	114.9	5.9		19.0	181.2	5.7	4.6	-0.5		191.0
Transfers							0.0					0.0
Disposals		-33.2	-44.9		-0.1	-12.8	-91.0		-7.7			-98.7
Balance as of 31.12.2010	0.0	637.3	2,093.6	41.0	0.0	155.6	2,927.6	14.1	62.0	-0.1	0.0	3,003.6
Balance sheet as of 1.1.2011	0.0	637.3	2,093.6	41.0	0.0	155.6	2,927.6	14.1	62.0	-0.1	0.0	3,003.6
Additions		44.0	117.4	8.9		19.6	189.9	7.1	4.8	-1.4		200.4
Reclassification		13.8	-14.5			0.7	0.0					0.0
Disposals		-3.4	-29.0			-5.7	-38.1		-7.2			-45.3
Balance as of 31.12.2011	0.0	691.7	2,167.5	49.9	0.0	170.2	3,079.4	21.2	59.6	-1.5	0.0	3,158.7
Government subsidies and grants												
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	4.2
Recognition in the income statement			-0.7				-0.7					-0.7
Balance as of 31.12.2010	0.0	0.1	3.4	0.0	0.0	0.0	3.5	0.0	0.0	0.0	0.0	3.5
Recognition in the income statement			-0.7				-0.7					-0.7
Balance as of 31.12.2011	0.0	0.1	2.7	0.0	0.0	0.0	2.8	0.0	0.0	0.0	0.0	2.8
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	3,100.3
Net carrying amount as of												
31.12.2010	109.5	747.2	1,520.4	57.5	283.8	88.7	2,807.1	285.5	9.4	14.8	150.9	3,267.7
Net carrying amount as of												
31.12.2011	109.5	830.4	1,667.8	48.6	207.8	83.3	2,947.4	305.4	12.3	13.8	167.6	3,446.5

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

¹⁾ Reclassification to current financial assets of Airport of Zurich Noise Fund.

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 2011 of CHF 146.6 million (31 December 2010: CHF 156.6 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 (then under construction) 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 each of the definitive lease agreements totalling CHF 84.5 million with a maturity of 17 years was put into effect. The second to ninth tranches took effect on 31 January 2004 (CHF 1.8 million), 31 July 2004 (CHF 0.5 million), 31 January 2005 (CHF 0.4 million), 31 July 2005 (CHF 0.4 million), 31 January 2006 (CHF 1.2 million), 31 July 2006 (CHF 0.6 million), 31 January 2007 (CHF 2.3 million) and 31 October 2010 (CHF 6.9 million). 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 have therefore been capitalised. The leased facilities available for use have been depreciated with effect from their date of completion.

As of 1 January 2011 the lease term of the baggage sorting and handling system was shortened to 31 December 2016. The lease for the aircraft energy supply system will run unchanged until 31 July 2020.

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 in respect of property owners exposed to aircraft noise. This right was granted on condition that the airport operator bears the costs associated with compensation payments and is recognised as an intangible asset at the date when the probable total cost can be estimated based on final-instance court rulings, so that the cost can be reliably estimated in accordance with IAS 38.21.

When an intangible asset from the right of formal expropriation was first recognised in the amount of CHF 125.5 million (present value of the expected future payments) at 30 June 2008, an equal amount was recognised as a provision. The portion of the Airport of Zurich Noise Fund amounting to CHF 115.4 million, which in accordance with the supplementary agreement dated 8 March 2006 was transferred to the Canton of Zurich (see note 16, "Airport of Zurich Noise Fund"), was also recognised as an intangible asset from the right of formal expropriation. This amount represents a portion of the costs for "old" noise-related liabilities, which have been covered by the Canton of Zurich since 1 July 2008, but which until 30 June 2008 were already financed by Flughafen Zürich AG through collected noise charges.

On the basis of the Swiss Federal Supreme Court's ruling of 8 June 2010 on the foreseeability of an eastern approach and on 9 December 2011 on the method used to calculate a decline in the market value of investment property and other fundamental issues that have already been decided, the company undertook a re-assessment of the noise-related operating costs in each case in cooperation with the Canton of Zurich. According to the updated assessment, additional amounts of CHF 57.8 million (2010) and CHF 27.0 million (2011) were recognised as an intangible asset from formal expropriation, and an equal amount (present value of the expected costs) was recognised as a provision in each case (see note 15, "Provisions for sound insulation and resident protection as well as formal expropriations").

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 2011.

The calculation is based on the following assumptions:

- Discount rate of 7.5%
- 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 CHF 201.8 million were offset against government grants and subsidies recognised in the income statement amounting to CHF -0.7 million.

8) Financial assets of Airport of Zurich Noise Fund

(CHF 1,000)	31.12.2011	31.12.2010
Current available-for-sale securities (see note 16, "Airport of Zurich Noise Fund")	76,469	57,628
Non-current available-for-sale securities (see note 16, "Airport of Zurich Noise Fund")	167,632	150,904
Total financial assets of Airport of Zurich Noise Fund	244,101	208,532

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. Interest on debentures in 2011 was between 0.25% and 4.375% (2010: between 0.375% and 4.5%). See note 11, "Other receivables and prepaid expenses", and note 16, "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, "Finance result", note 20.1, a) "Financial risk management", i) "Credit risk").

9) Investments in associates

(CHF 1,000)	31.12.2011	31.12.2010
Bangalore International Airport Ltd., Bengaluru (India)		
Share capital: INR 3,846 million (previous year INR 3,846 million) / Equity share 5.0% (previous year 5.0%)	4,695	4,115
A-port S.A., São Paulo (Brazil)		
Share capital: BRL 117 million (previous year BRL 117 million) / Equity share 15.0% (previous year 15.0%)	7,990	9,549
A-port Operaciones S.A., Santiago de Chile (Chile)		
Share capital: CLP 1,328 million (previous year 1,328 CLP million) / Equity share 32.6% (previous year 32.6%)	1,047	1,103
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	13,732	14,767

India

Following the sale of 12% of its holding in the owner and operator of the airport in Bengaluru, Bangalore International Airport Ltd. (BIAL) Flughafen Zürich AG held a 5% share in the Indian airport operator as of the balance sheet date. It is involved in the operation of the airport on the basis of an Operation, Management & Service Agreement (OMSA). Revenue is flowing to the company 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.

Under the agreement with the buyer of the 12% interest in BIAL, Flughafen Zürich AG has an option to sell the remaining 5% 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% at the market price.

Latin America

All activities of Flughafen Zürich AG in Latin America (with the exception of Venezuela) are held by the wholly-owned subsidiary Zurich Airport Latin America S.A. (formerly Unique Chile S.A.).

Based on the strategy of deploying the expertise of Flughafen Zürich AG as profitably as possible in international projects via operation and management agreements, an optimisation in Latin America was initiated together with existing local partners against the backdrop of the ongoing privatisation process in Brazil and concluded in the first quarter of 2012. Flughafen Zürich AG will take over the majority stake in A-port Operaciones S.A.

A-port Operaciones S.A., a company based in Santiago (Chile), manages and operates airports in Latin America and the Caribbean. This includes the airports in Chile and Curaçao as well as the current agreements in Colombia and Honduras, that are managed via the local companies A-port Operaciones Colombia S.A.S. and Unique IDC S.A. de C.V.

The shares in the licensed companies for the Chilean airports in Puerto Montt, La Serena and Antofagasta and Hato International Airport in Curaçao are held by A-port S.A., based in São Paulo (Brazil).

Venezuela

In 2010, Flughafen Zürich AG turned to the International Centre for Settlement of Investment Disputes (ICSID) in Washington D.C. in the matter of the airport expropriated in Venezuela (Isla de Margarita). This step is in compliance with the bilateral investment protection treaty between Venezuela and Switzerland. In the meantime, the arbitration judges have been appointed, the milestones for the proceedings defined, and the statement of claim has been submitted. The value of this holding was fully impaired in 2006.

For further information, see note 20.6, "Composition of the group".

Key financial data relating to associates (100%):

(CHF 1,000)	31.12.2011	31.12.2010
Assets	526,995	620,693
Liabilities	-378,189	-474,668
Total revenue	154,643	170,633
Result	24,506	22,667

10) Trade receivables

(CHF 1,000)	31.12.2011	31.12.2010
Trade receivables ¹⁾	99,453	83,724
Impairment allowance	-862	-864
Total trade receivables, net	98,591	82,860

¹⁾ Trade receivables include an amount of CHF 36.6 million due from Swiss International Air Lines Ltd. (2010: CHF 31.4 million) (see also "Significant estimates and assumptions in the application of accounting policies", point 1.4, "Hub carrier" and notes 20.1a), "Financial risk management" plus 20.1a.i), "Credit risk"). In the period between the balance sheet date and the preparation of the 2011 annual report, Swiss International Air Lines Ltd. had paid the outstanding amount in full as of 31 December 2011.

Geographical distribution of trade receivables:

(CHF 1,000)	31.12.2011	31.12.2010
Switzerland	91,451	76,674
Europe	7,535	6,823
India	341	94
Latin America	126	133
Total trade receivables	99,453	83,724

Classification of receivables by due date as of the balance sheet date:

	Trade receivables			Trade receivables		
	Gross	Individual allowance	Collective allowance	Gross	Individual allowance	Collective allowance
(CHF 1,000)	31.12.2011	31.12.2011	31.12.2011	31.12.2010	31.12.2010	31.12.2010
Not past due	96,484	0	-465	81,896	0	-402
Past due, 0 to 30 days	541	0	-3	1,072	0	-5
Past due, 31 to 60 days	708	0	-3	372	-71	-2
Past due, more than 61 days	1,720	-382	-9	384	-382	-2
Total	99,453	-382	-480	83,724	-453	-411

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

	Individual allowance		Collective allowance		Total allowance	
(CHF 1,000)	2011	2010	2011	2010	2011	2010
As of 1 January	-453	-711	-411	-549	-864	-1,260
Change	71	258	-69	138	2	396
As of 31 December	-382	-453	-480	-411	-862	-864

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.

11) Other receivables and prepaid expenses

(CHF 1,000)	31.12.2011	31.12.2010
Services not yet invoiced	13,573	13,890
Accrued interest on interest-bearing debt instruments, Airport of Zurich Noise Fund	3,078	2,677
Prepaid services	636	1,049
Prepaid expenses and accruals	17,287	17,616
Tax receivables (VAT / withholding tax)	11,014	10,013
Other receivables	696	410
Total other receivables and prepaid expenses	28,997	28,039

Other receivables and prepaid expenses include the following financial instruments:

(CHF 1,000)	31.12.2011	31.12.2010
Services not yet invoiced	13,573	13,890
Accrued interest on interest-bearing debt instruments, Airport of Zurich Noise Fund	3,078	2,677
Total financial instruments	16,651	16,567
Tax receivables (VAT / withholding tax)	11,014	10,013
Prepaid services	636	1,049
Other receivables	696	410
Total other receivables and prepaid expenses	28,997	28,039

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 16, "Airport of Zurich Noise Fund") was accrued for the year under review. These funds are managed by professional investment institutions on the basis of a conservative, money-market-oriented investment strategy (see note 5, "Finance result" and note 20.1, 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.

12) Cash and cash equivalents and fixed-term deposits

(CHF 1,000)	31.12.2011	of which AZNF	31.12.2010	of which AZNF
Cash on hand	240		212	0
Cash at banks and in postal accounts	43,417	1,101	51,362	3,889
Call deposits ¹⁾	6,649		18,000	0
Fixed-term deposits ¹⁾	15,019		0	0
Collateral, due within 90 days ²⁾	4,187		4,068	0
Total cash and cash equivalents	69,512	1,101	73,642	3,889

¹⁾ Due within 90 days from date of acquisition.

²⁾ For information on collateral, see note 14, "Financial liabilities".

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

	Original currency	2011 Interest rates (%)	2010 Interest rates (%)	2011 Average maturity (days)	2010 Average maturity (days)
Cash at banks and in postal accounts	CHF	0.125 bis 0.25	0.125 bis 0.2	n/a	n/a
Call deposits	CHF	0.15 bis 1.075	0.1 bis 0.625	26	42
Fixed-term deposits	CHF	0.375	0.25 bis 0.46	28	n/a
Collateral	CHF	0.00 bis 0.12	0.02 bis 0.12	n/a	n/a

The fixed-term deposits recognised in the balance sheet amounting to CHF 85.1 million have the following maturity dates: CHF 25.0 m – maturity 15 February 2012, CHF 15.0 m – maturity 23 February 2012, CHF 25.1 m – maturity 15 May 2012 and CHF 20.0 m – maturity 18 May 2012.

13) Equity

Number of shares	Issued registered shares (nominal value, CHF 50)	Own shares	Total shares in circulation
Balance as of 1 January 2010	6,140,375	4,975	6,135,400
Purchase of own shares		353	-353
Sale of own shares		0	0
Distribution of own shares to employees and third parties		-3,003	3,003
Balance as of 31 December 2010	6,140,375	2,325	6,138,050
Purchase of own shares		1,436	-1,436
Sale of own shares		0	0
Distribution of own shares to employees and third parties		-2,380	2,380
Balance as of 31 December 2011	6,140,375	1,381	6,138,994

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 20.5, "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 CHF 154.0 million (2010: CHF 154.3 million) as at the balance sheet date.

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 (CO).

Dividends

The Board of Directors will propose to the General Meeting of Shareholders that an ordinary dividend of CHF 9.50 per share be paid out for the 2011 financial year. This results in a total dividend payment of CHF 58.3 million.

In accordance with the resolution of the General Meeting of Shareholders on 14 April 2011, Flughafen Zürich AG paid a dividend of CHF 43.0 million or CHF 7.00 per share for the 2010 financial year.

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:

	2011	2010
Profit attributable to shareholders of Flughafen Zürich AG in Swiss francs	170,910,361	138,519,099
Weighted average number of outstanding shares	6,139,056	6,136,942
Effect of dilutive shares	3,776	3,123
Adjusted weighted average number of outstanding shares	6,142,832	6,140,065
Basic earnings per share (CHF)	27.84	22.57
Diluted earnings per share (CHF)	27.82	22.56

Major shareholders and shareholder structure

The shareholder structure as of 31 December was as follows:

	2011	2010
Public sector	38.60%	38.60%
Private individuals	2.54%	2.57%
Companies	2.68%	2.15%
Pension funds	1.45%	2.13%
Financial institutions (including nominees)	32.29%	32.07%
Balance available and non-registered shareholders	22.44%	22.48%
Total	100.00%	100.00%

	2011	2010
Number of shareholders	4,458	4,216

As of the balance sheet date, the following shareholders or groups of shareholders held more than 3% of the voting rights:

	2011	2010
Canton of Zurich (including BVK pension fund)	33.40%	33.36%
City of Zurich (including pension fund of the City of Zurich)	5.04%	5.04%

14) Financial liabilities

(CHF 1,000)	31.12.2011	31.12.2009
Japanese private placement	446,608	419,549
US private placement	153,061	203,217
Debenture	470,980	223,417
Non-current liabilities to banks arising from US car park lease	0	38,526
Non-current lease liabilities	47,728	59,734
Non-current financial liabilities	1,118,377	944,443
US private placement	50,892	50,743
Current liabilities to banks arising from US car park lease	38,669	37,229
Current lease liabilities	9,095	5,667
Current financial liabilities	98,656	93,639
Total financial liabilities	1,217,033	1,038,082

On 20 December 2011, payment of the seventh out of a total of eight instalments of liabilities towards banks arising from the US car park lease (CHF 54.2 million, nominal) was effected using available funds and in accordance with the agreement. As of the year under review, the US private placement will be repaid in five annual tranches (2011: CHF 73.2 million, nominal).

In 2011, a total of CHF 8.6 million (2010: CHF 5.0 million) of the outstanding lease liabilities was repaid in accordance with the existing lease agreements. During the year under review, the lease term of the baggage sorting and handling system was shortened from 2020 to 2016. As of the balance sheet date this resulted in an increase in current lease liabilities of approx. CHF 3.4 million.

On 5 May 2011, a new debenture in the amount of CHF 250.0 million (nominal amount) with an interest coupon of 2.25% with redemption in 2017 was issued. It has been recognised under non-current financial liabilities.

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

	Nominal value as of 31.12.2011 in 1,000	Carrying amount as of 31.12.2011 in CHF 1,000	Duration	Interest rate	Early repayment	Interest payment date
Financial liabilities						
Debtenture	CHF 225,000	223,898	2009–2014	4.500%	no	18.2.
Debtenture	CHF 250,000	247,082	2011–2017	2.250%	no	5.5.
Japanese private placement	JPY 37,000,000	446,608	2003–2024	5.730%	no	23.5./23.11.
US private placement	USD 165,000	153,061	2003–2015	4.753%	from 2011	11.4./11.10.
Lease liabilities (baggage sorting and handling system)	CHF 37139	37139	2003–2016	5.868%	no	1st of each month
Lease liabilities (aircraft energy supply systems)	CHF 10,589	10,589	2003–2020	3.860%	no	1st of each month
Total non-current financial liabilities		1,118,377				

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

Furthermore, as of the balance sheet date an unused credit facility exists in the amount of CHF 340.9 million (see note 20.1, a) "Financial risk management", ii) "Liquidity risk".

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

(CHF 1,000)	31.12.2011	31.12.2010
Due within 1 year	98,656	93,639
Due within 2 to 5 years	419,248	490,252
Due in more than 5 years	699,129	454,191
Total financial liabilities	1,217,033	1,038,082

Hedge transactions (with hedge accounting)

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

Description	Japanese private placement	US private placement	US car park lease	Total fair value (gross)	Deferred tax	Total fair value (net)
Duration	2003–2024	2003–2015	2003–2012			
Contract amount (CHF 1,000)	JPY 37,000 million	USD 275 million	USD 271 million			
Fair values						
as of 31 December 2009	99,333	92,110	36,526	227,969	-46,734	181,235
Adjustment to fair value	-2,456	24,561	-3,920	18,185	-3,728	14,457
as of 31 December 2010	96,877	116,671	32,606	246,154	-50,462	195,692
Adjustment to fair value	-12,471	-23,865	-16,076	-52,412	10,745	-41,667
as of 31 December 2011	84,406	92,806	16,530	193,742	-39,717	154,025

In the year under review, the accumulated losses on hedging instruments decreased from CHF 195.7 million (after deduction of deferred taxes) to CHF 154.0 million. The fair value of the derivative instruments is recognised under "Other current debt, accruals and deferrals" (see also note 19, "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 20.1, a) "Financial risk management", ii) "Liquidity risk". The hedges were fully effective during the year under review.

The accumulated foreign exchange differences in the hedged financial liabilities changed as follows in 2011. 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 exchange differences (gross)	Deferred tax	Total foreign exchange differences (net)
as of 31 December 2009	-6,374	-82,735	-35,056	-124,165	25,454	-98,711
Foreign exchange differences	10,157	-25,959	3,366	-12,436	2,549	-9,887
as of 31 December 2010	3,783	-108,694	-31,690	-136,601	28,003	-108,598
Foreign exchange differences	26,781	22,476	15,725	64,982	-13,321	51,661
as of 31 December 2011	30,564	-86,218	-15,965	-71,619	14,682	-56,937

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

(CHF 1,000)	Gross	Deferred tax	Net
as of 31 December 2009	-103,802	21,278	-82,524
Adjustments to fair value	-16,673	3,419	-13,254
Transfer to income statement	10,922	-2,239	8,683
as of 31 December 2010	-109,553	22,458	-87,095
Adjustments to fair value	-26,196	5,370	-20,826
Transfer to income statement	13,626	-2,793	10,833
as of 31 December 2011	-122,123	25,035	-97,088

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 the balance sheet date the following collateral existed:

(CHF 1,000)		2011	2010		
	Original currency	Interest rate in %	Interest rate in %	31.12.2011	31.12.2010
Cash and cash equivalents, due within 90 days	Swiss francs	0.00 bis 0.12	0.02 bis 0.12	4,187	4,068
Letter of credit, due within 90 days ¹⁾	Swiss francs	0.85 bis 0.95	0.95 bis 1.25	159,000	180,000

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

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

(CHF 1,000)	31.12.2011	31.12.2010
Future minimum lease payments		
Due within 1 year	11,906	8,173
Due within 2 to 5 years	47,983	32,692
Due in more than 5 years	5,820	37,918
Total future minimum lease payments	65,709	78,783
Future interest payments	-8,886	-13,382
Present value of lease liabilities	56,823	65,401
of which due within 1 year	9,095	5,667
of which due within 2 to 5 years	42,289	25,091
of which due within more than 5 years	5,439	34,643

The interest rates for lease liabilities were fixed in May 2011 and amount to 5.868% (baggage sorting and handling system) and 3.860% (aircraft energy supply systems) as of the balance sheet date.

15) Provision for sound insulation and resident protection plus formal expropriations

(CHF 1,000)	Sound insulation and resident protection	Formal expropriations	Total
Provision as of 1 January 2010	115,556	130,798	246,354
Provision used ¹⁾	-9,771	0	-9,771
Provision made	0	57,767	57,767
Unwinding of discount	4,826	3,751	8,577
Provision as of 31 December 2010	110,611	192,316	302,927
thereof current (planned payment within 1 year)	9,780	960	10,740
thereof non current (planned payment from 1 year on)	100,831	191,356	292,187
Provision as of 1 January 2011	110,611	192,316	302,927
Provision used ¹⁾	-9,526	-61	-9,587
Provision made	0	27,041	27,041
Unwinding of discount ²⁾	-637	14,000	13,363
Provision as of 31 December 2011	100,448	233,296	333,744
thereof current (planned payment within 1 year)	15,016	5,933	20,949
thereof non current (planned payment from 1 year on)	85,432	227,363	312,795

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 16, "Airport Zurich Noise Fund").

²⁾ In the year under review, a reassessment was made of the expected cash outflows for sound insulation and resident protection measures up to the end of 2020, which resulted in a positive effect from the unwinding of the discount on the provision for sound insulation and resident protection.

Provision for sound insulation and resident protection

Flughafen Zürich AG has effectively committed itself to bearing approximately CHF 240 million in costs for sound insulation and resident protection measures, some of which have already been carried out and others which have been announced. As of the balance sheet date, approx. CHF 127 million had been paid. The estimated outstanding costs are stated at the present value in the breakdown of provisions shown above. As a result of the decline in the risk-free interest rate, the discount rate is now 2.5% (2010: 3.5%). It is currently expected that the payments can be completed by the end of 2020.

Provision for formal expropriations

Based on the fundamental issues on which the Swiss Federal Supreme Court has ruled to date, and taking account of the pre-financing provided by the Canton of Zurich (see "Significant

estimates and assumptions in the application of accounting policies", point 1.5, pages 87 to 89), as of the balance sheet date, an amount of CHF 233.4 million was recognised as a provision for "new" noise-related liabilities (nominal amount CHF 263.2 million). This amount takes account of the last-instance court rulings made to date in the various regions around the airport. The discount rate is now also 2.5% (2010: 3.5%). This provision is based on the recognition of an intangible asset from right of formal expropriation. It is currently expected that the payments can be completed by the end of 2018.

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

16) Airport of Zurich Noise Fund

Flughafen Zürich AG refinances all costs relating to aircraft noise through special noise charges based on the "originator pays" principle. 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. This is a liquidity-based fund. The statement for the fund presents the accumulated surplus or shortfall as of the balance sheet date arising from noise charges, less expenses for formal expropriations, sound insulation and resident protection 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, this surplus will be moved to a special investment account and invested by professional investment institutions on the basis of a conservative, money-market-oriented investment strategy. The income resulting from the investments is credited to the fund statement.

In the event that 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 CHF 200.0 million. This credit facility is reserved exclusively for covering any such financing gap relating to aircraft noise. It is available until 2015. The costs for this credit facility are charged to the fund statement and included 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 CHF 115.4 million was transferred to the Canton of Zurich on 1 July 2008 within the scope of the agreed pre-financing solution (see "Significant estimates and assumptions in the application of accounting policies", point 1.5, pages 87 to 89) and that the Canton also receives a portion of the collected noise charges as of this date, the balance of the Airport of Zurich Noise Fund as of 31 December 2011 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 its financial development) may be downloaded from the following website: www.zurich-airport.com/aznf.

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

(CHF 1,000)	2011	2010
Airport of Zurich Noise Fund as of 1 January	209,050	185,449
Revenue from noise charges ¹⁾	48,244	35,549
Costs for sound insulation and resident protection	-9,526	-9,771
Costs for formal expropriations ²⁾	-929	-1,036
Net result before operating costs and finance result	246,839	210,191
Noise-related operating costs	-4,265	-4,349
Interest income from financial assets of Airport of Zurich Noise Fund	5,031	4,489
Adjustments to fair value of financial assets (available-for-sale-securities)	1,401	-1,358
Gains / losses on financial assets	-1,295	77
Airport of Zurich Noise Fund as of 31 December	247,711	209,050

¹⁾ Excluding the proportion of collected noise charges for the Canton of Zurich as of 1 July 2008.

²⁾ 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 15, "Provision for sound insulation and resident protection plus formal expropriations").

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

(CHF 1,000)	31.12.2011	31.12.2010
Cash equivalents (see note 12, "Cash and cash equivalents")	1,101	3,889
Current available-for-sale securities (see note 8, "Financial assets of Airport of Zurich Noise Fund")	76,469	57,628
Non-current available-for-sale securities (see note 8, "Financial assets of Airport of Zurich Noise Fund")	167,632	150,904
Accrued asset / (liability) towards Flughafen Zürich AG ¹⁾	2,509	-3,371
Total assets invested for Airport of Zurich Noise Fund	247,711	209,050

¹⁾ For accounting reasons, an accrual (deferral) towards Flughafen Zürich AG arises as of the balance sheet date. This is compensated in the subsequent month, 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)	2012	2013	2014	2015	2016ff	Total
Cash and cash equivalents	1,101	0	0	0	0	1,101
AAA	30,639	24,733	25,784	10,370	27,006	118,532
AA+/AA/AA-	21,684	33,096	13,636	1,594	0	70,010
A+/A/A-	19,139	6,270	4,198	4,246	0	33,853
Without Rating	5,007	5,122	0	7,064	4,513	21,706
Other ¹⁾	2,509	0	0	0	0	2,509
Total assets invested for Airport of Zurich Noise Fund	80,079	69,221	43,618	23,274	31,519	247,711
in %	32.33	27.94	17.61	9.40	12.72	100.00

¹⁾ For accounting reasons, an accrual (deferral) towards Flughafen Zürich AG arises as of the balance sheet date. This is compensated in the subsequent month, so the balance of liquid funds is restored.

17) Deferred tax liabilities

In accordance with IAS 12.47, deferred tax assets and liabilities are calculated at the rate that is expected to apply when the asset is realised or the liability settled. Flughafen Zürich AG anticipates an applicable tax rate of 20.5% (2010: 20.5%). 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 changed as follows:

(CHF 1,000)	2011	2010
Opening balance (deferred tax liability, net) as of 1 January	98,484	102,955
Deferred taxes on adjustments to fair value of cross-currency interest rate swaps recognised in hedging reserve	-5,370	-3,419
Cross-currency interest rate swaps - transfer to income statement	2,793	2,239
Change according to income statement	-1,634	-3,291
Deferred tax liability, net as of 31 December	94,273	98,484

Deferred tax is allocated to the following balance sheet items:

(CHF 1,000)	31.12.2011		31.12.2010	
	Assets	Liabilities	Assets	Liabilities
Buildings and movables		39,775		48,002
Renovation fund		27,696		26,568
Aircraft noise		45,615		40,177
Financial liabilities transaction costs		1,836		2,314
Financial liabilities issuing costs		3,924		3,424
Cross-currency interest rate swaps	39,717		50,462	
Private placements and liabilities from US car park lease		14,682		28,003
Miscellaneous items		462		458
Deferred tax, gross	39,717	133,990	50,462	148,946
Offsetting of assets and liabilities	-39,717	-39,717	-50,462	-50,462
Deferred tax liability, net	0	94,273	0	98,484

As of 31 December 2011, the subsidiaries of Flughafen Zürich AG had total losses brought forward of CHF 2.0 million to be offset against taxes. The requirements for recognising deferred tax assets relating to these losses have not been met 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, CHF 0.5 million expires in 2012, CHF 0.6 million in 2014, CHF 0.3 million in 2015, CHF 0.4 million in 2016, and CHF 0.2 million in 2017.

18) Employee benefit obligations

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

Balance sheet		
(CHF 1,000)	31.12.2011	31.12.2010
Provision for employee benefit obligations, present value	3,902	3,379
Unrecognised actuarial gains / (losses)	1,264	1,430
Unrecognised past service cost	-1,341	-876
Liability on balance sheet	3,825	3,933

Income statement		
(CHF 1,000)	2011	2010
Interest expenses	86	112
Expense recognised in income statement	86	112

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

Change in provisions for employee benefit obligations in the balance sheet		
(CHF 1,000)	2011	2010
Opening balance as of 1 January	3,933	3,708
Expense recognised in income statement	86	112
Benefits paid in directly by employer	-470	-453
Recognition of unrecognised past service cost	876	1,113
Unrecognised actuarial (gains) / losses	-600	-547
Closing balance as of 31 December	3,825	3,933

(CHF 1,000)	2011	2010
Experience adjustments	-490	-677

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

	2011	2010
Discount rate in %	2.20	2.70
Expected future pension increase in %	1.00	1.00

19) Other current debt, accruals and deferrals

(CHF 1,000)	31.12.2011	31.12.2010
Expenses not invoiced	39,246	34,527
Accrued interest on financial liabilities	17,969	15,567
Investments not invoiced	39,283	14,551
Deferred income	10,756	4,336
Deferred income and accruals	107,254	68,981
Fair value of cross-currency interest rate swaps ¹⁾	193,742	246,154
Amounts due to personnel (holidays and overtime)	4,911	4,090
Deposits and advance payments by customers	1,220	1,214
Current provisions	0	2,400
Social security contributions	1,824	2,145
Other liabilities	311	1,261
Total other current liabilities, accruals and deferrals	309,262	326,245

¹⁾ See also note 14, "Financial liabilities".

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

(CHF 1,000)	31.12.2011	31.12.2010
Expenses not invoiced	39,246	34,527
Accrued interest on financial liabilities	17,969	15,567
Investments not invoiced	39,283	14,551
Total liabilities carried at amortised cost	96,498	64,645
Fair value of cross currency interest rate swaps ¹⁾	193,742	246,154
Total financial instruments held for hedging purposes	193,742	246,154
Amounts due to personnel (holidays and overtime)	4,911	4,090
Deposits and advance payments by customers	1,220	1,214
Deferred income	10,756	4,336
Current provisions	0	2,400
Social security contributions	1,824	2,145
Other liabilities	311	1,261
Total other current liabilities, accruals and deferrals excluding financial instruments	19,022	15,446
Total other current liabilities, accruals and deferrals	309,262	326,245

¹⁾ See also note 14, "Financial liabilities".

The expenses not yet invoiced as of the balance sheet date mainly concern purchases effected in the fourth quarter of 2011 or in December 2011 that will be invoiced by the suppliers concerned in early 2012.

20) Further details

20.1) 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.

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 Zürich AG the risk management system is a valuable practical tool for managing corporate risk. It comprises the following components:

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

The risk management organisation forms the backbone of this system and includes the following units and functions:

Board of Directors, Management Board and Chief Risk Officer

The Board of Directors and Management Board have the overall responsibility under Swiss company law for securing the group's existence and profitability. The Board of Directors is responsible for the overall supervision of risk management. The Chief Financial Officer also acts as the Management Board's Chief Risk Officer.

Risk Management Centre

The Risk Management Centre is run by the Head Treasury & Risk Management, who reports to the Chief Risk Officer. The Risk Management Centre supports line management in all matters relating to risk management and is responsible for the operation and continued development of the risk management system.

Line management (divisions and corporate centres)

As part of their function, line units also bear the responsibility for risks in their respective division or department and manage these risks within the framework of the risk management system (risk owner concept).

Specialised units

Specialised units perform specific risk-related cross-divisional functions within the group (e.g. liquidity management, 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 economic impacts. A list of responsibilities and 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 and fixed-term deposits with major Swiss banks with at least an "A" rating (Standard & Poor's). In addition, the company minimises other risks relating to cash and cash equivalents and fixed-term deposits in that it does not invest with a single bank, but with a variety of financial service providers.

As a rule, accruals as of the 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 CHF 36.6 million due from Swiss (2010: CHF 31.4 million) (see note 10, "Trade receivables"). In the period between the balance sheet date and the preparation of the 2011 annual report, Swiss had paid the outstanding amount in full as of 31 December 2011.

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 Baa1 (Moody's), or an equivalent rating from a recognised agency (see note 16, "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 the balance sheet date was as follows:

(CHF 1,000)	31.12.2011	31.12.2010
Cash equivalents (excluding cash on hand)	69,272	73,430
Fixed-term deposits	85,111	0
Non-current financial assets of Airport of Zurich Noise Fund	167,632	150,904
Trade receivables, net	98,591	82,860
Current financial assets of Airport of Zurich Noise Fund	76,469	57,628
Other receivables (accruals)	16,651	17,616
Other financial assets	11	11
Total maximum exposure to credit risk	513,737	382,449

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 the balance sheet date, Flughafen Zürich AG had the following unused credit limits at its disposal:

(CHF 1,000)	Duration	31.12.2011	31.12.2010
Canton of Zurich	n/a	0	640,200
Operating credit lines (committed credit lines) ¹⁾	31.12.2012	300,000	300,000
Airport of Zurich Noise Fund (committed credit lines)	31.12.2015	200,000	200,000
Total credit lines		500,000	1,140,200
Utilisation ²⁾		-159,060	-180,192
Total unused credit lines		340,940	960,008

¹⁾ The credit agreement between the Canton of Zurich and Flughafen Zürich AG was terminated by mutual consent at the end of November 2011.

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:

31.12.2011 (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	446,608	593,453	11,337	45,349	536,767
US private placement	203,953	232,509	63,026	169,483	0
Debentures	470,980	539,125	15,750	267,750	255,625
US car park lease	38,669	41,917	41,917	0	0
Lease liabilities	56,823	65,709	11,906	47,983	5,820
Trade payables	36,829	36,829	36,829	0	0
Other current liabilities and accruals	96,498	96,498	96,498	0	0
Total non-derivative financial liabilities	1,350,360	1,606,040	277,263	530,565	798,212
Cross-currency interest rate swaps	193,742	233,077	51,391	116,679	65,007
Total derivative financial liabilities	193,742	233,077	51,391	116,679	65,007
Total	1,544,102	1,839,117	328,654	647,244	863,219

31.12.2010 (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	419,549	577,462	11,297	45,187	520,978
US private placement	253,960	297,736	66,056	231,680	0
Debentures	223,417	265,500	10,125	255,375	0
US car park lease	75,755	84,009	42,242	41,767	0
Lease liabilities	65,401	78,783	8,173	32,692	37,918
Trade payables	40,313	40,313	40,313	0	0
Other current liabilities and accruals	64,645	64,645	64,645	0	0
Total non-derivative financial liabilities	1,143,040	1,408,448	242,851	606,701	558,896
Cross-currency interest rate swaps	246,154	312,858	51,512	156,417	104,929
Total derivative financial liabilities	246,154	312,858	51,512	156,417	104,929
Total	1,389,194	1,721,306	294,363	763,118	663,825

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. As of the balance sheet date the company has a foreign currency account for both US dollars and euros.

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

	31.12.2011			31.12.2010		
(CHF 1,000)	Euro	Yen	US dollars	Euro	Yen	US dollars
Cash at banks and in postal accounts	15	0	302	0	0	0
Call deposits	6,649	0	0	0	0	0
Total currency risk assets	6,664	0	302	0	0	0
Current financial liabilities	0	0	89,561	0	0	87,972
Debentures and non-current loans	0	446,608	153,061	0	419,549	241,743
Cross-currency interest rate swaps	0	19,747	249,064	0	8,821	296,244
Total currency risk liabilities	0	466,355	491,686	0	428,370	625,959

An appreciation or depreciation in the exchange rate of the Swiss franc by 10% against the currencies below as of 31 December 2011 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 2010 was based on the same assumptions.

(CHF 1,000)	Appreciation of CHF (plus 10%)		Depreciation of CHF (minus 10%)	
	Equity	Profit	Equity	Profit
Yen	28,191	0	-23,338	0
US dollars	-5,601	0	13,484	0
31 December 2010	22,590	0	-9,854	0
Yen	28,494	0	-23,413	0
US dollars	-6,427	-24	12,735	24
Euro	0	-528	0	528
31 December 2011	22,067	-552	-10,678	552

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 Zürich AG's interest rate profile was as follows (interest-bearing financial instruments):

(CHF 1,000)	31.12.2011	31.12.2010
Fixed-interest financial assets of Airport of Zurich Noise Fund	244,101	208,532
Fixed-term deposits	85,111	0
Fixed-interest financial instruments (assets)	329,212	208,532
Cash and cash equivalents	68,411	69,753
Cash and cash equivalents of Airport of Zurich Noise Fund	1,101	3,889
Variable-interest financial instruments (assets)	69,512	73,642
Total interest-bearing assets	398,724	282,174
Japanese private placement	-446,608	-419,549
US private placement	-203,953	-253,960
Debentures	-470,980	-223,417
US car park lease	-38,669	-75,755
Cross-currency interest rate swaps	-193,742	-246,154
Lease liabilities	-56,823	-65,401
Fixed interest financial instruments (liabilities)	-1,410,775	-1,284,236
Total interest-bearing liabilities	-1,410,775	-1,284,236

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

(CHF 1,000)	Increase by 50 bp		Decrease by 50 bp	
	Equity	Profit	Equity	Profit
Variable-interest rate financial instruments	0	293	0	-76
Fixed-interest financial instruments	2,048	0	1,268	0
31 December 2010	2,048	293	1,268	-76
Variable-interest rate financial instruments	0	276	0	-104
Fixed-interest financial instruments	3,306	0	829	0
31 December 2011	3,306	276	829	-104

b) Fair values

The figures shown in the balance sheet concerning cash and cash equivalents, fixed-term deposits, 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	Fair value	Carrying amount	Fair value
	31.12.2011	31.12.2011	31.12.2010	31.12.2010
Debentures	470,980	507,000	223,417	243,675
Japanese private placement	446,608	362,751	419,549	359,285
US private placement	203,953	211,578	253,960	266,229
US car park lease	38,669	40,305	75,755	79,234
Total	1,160,210	1,121,634	972,681	948,423

c) Categories of financial instruments

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

(CHF 1,000)	31.12.2011	31.12.2010
Cash (excl. cash on hand) and cash equivalents	69,272	73,430
Fixed-term deposits	85,111	0
Trade receivables, net	98,591	82,860
Other receivables and prepaid expenses	16,651	16,567
Other financial assets	11	11
Total loans and receivables	269,636	172,868
Current and non-current financial assets of Airport of Zurich Noise Fund	244,101	208,532
Total available-for-sale financial assets	244,101	208,532
Financial liabilities	-1,217,033	-1,038,082
Trade payables, net	-36,829	-40,313
Other current liabilities and prepaid expenses, excluding derivatives and non-financial instruments	-96,498	-64,645
Total liabilities carried at amortised cost	-1,350,360	-1,143,040
Other current liabilities (cross-currency interest rate swap)	-193,742	-246,154
Total derivative financial instruments held for hedging purposes	-193,742	-246,154

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)	Available-for-sale securities		Other financial liabilities	
	Debt instruments	Airport of Zurich Noise Fund	Derivative financial instruments	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Level 1 (quoted market price)	244,101	208,532	0	0
Level 2 (valuation based on observable input)	0	0	-193,742	-246,154
Level 3 (valuation based on unobservable input)	0	0	0	0
Total at fair value	244,101	208,532	-193,742	-246,154

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 accumulating several years worth of own shares for the purposes of participation programmes is not allowed. 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%.

20.2) 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 been rented since 2003 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 five years and the option of extension for another two years.

20.3) Capital commitments

As of the balance sheet date, capital commitments exist for various engineering structures amounting to approximately CHF 255 million. The most significant capital commitments concern the upgrade of Terminal 2 (CHF 122 million) and the extension of car park 6 (CHF 23 million).

Within the framework of the airport participation in Venezuela, the syndicate, in which Flughafen Zürich AG holds a 49.5% share, has entered into an agreement with the local government to implement an investment programme worth a total of USD 34 million 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").

20.4) Contingent liabilities

A number of legal proceedings and claims against Flughafen Zürich AG within the context of normal business activities are still pending. The company does not expect the amount required for settling these lawsuits and claims to 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 1.5, pages 87 to 89), the Canton of Zurich would no longer be required under the supplementary agreement of 8 March 2006 to assume the pre-financing 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 judgments, especially with respect to southern approaches, 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, pre-financing 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 an intangible asset from the right of formal expropriation, the amortisation period or the corresponding provision.

20.5) Related parties

Related parties are:

- Canton of Zurich
- Members of the Board of Directors
- Members of the Management Board
- Associates

The Canton of Zurich has contractually agreed with Flughafen Zürich AG to assume the pre-financing for "old" aircraft noise compensation payments.

a) Transactions with related parties

In the year under review, the Canton of Zurich police force was reimbursed at market conditions for services rendered for a total amount of CHF 97.6 million (2010: CHF 94.3 million) in accordance with the service level agreement.

In the year under review, Flughafen Zürich AG generated revenue of CHF 1.4 million (2010: CHF 2.1 million) from the Operation, Management & Service Agreement (OMSA) with Bangalore International Airport Ltd. Under the service level agreements with associates in Latin America (in particular A-port Operaciones S.A.) the company achieved revenue of CHF 0.1 million in the year under review (2010: CHF 0.1 million).

b) 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 2011:

(CHF)		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
Recipient	Function						
Andreas Schmid	Chairman	150,000	22,500	15,000	15,000	14,157	216,657
Lukas Briner	Vice Chairman	60,000	22,500	10,000	20,000	8,215	120,715
	Member; Chairman of the Nomination & Compensation Committee						
Kaspar Schiller	Committee	45,000	22,500	10,000	7,500	6,207	91,207
Martin Candrian	Member; Chairman of the Audit & Finance Committee	45,000	22,500	10,000	5,000	3,986	86,486
Martin Wetter	Member	45,000	22,500	5,000	7,500	5,842	85,842
Ulrik Svensson	Member	45,000	17,500	5,000	5,000	5,294	77,794
Elmar Ledergerber (until 14.04.2011)	Member	15,000	7,500	3,333	7,500	1,732	35,065
Corine Mauch (from 14.04.2011) ¹⁾	Member	15,000	7,500	0	2,500	1,826	26,826
Ernst Stocker ²⁾	Member; Chairman of the Political Affairs Committee	0	9,000	0	3,000	876	12,876
Total		420,000	154,000	58,333	73,000	48,135	753,468

¹⁾ In addition, a lump sum of CHF 18,333 was paid to the City of Zurich.

²⁾ In addition, a lump sum of totally CHF 82,167 was paid to the Department of Economics of the Canton of Zurich.

Board of Directors in 2010:

(CHF)		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
Recipient	Function						
Andreas Schmid	Chairman	150,000	22,500	10,000	15,000	12,439	209,939
Lukas Briner	Vice Chairman	60,000	22,500	5,000	10,000	6,494	103,994
	Member; Chairman of the Nomination & Compensation Committee						
Kaspar Schiller	Committee	45,000	22,500	10,000	12,500	5,994	95,994
Martin Candrian	Member; Chairman of the Audit & Finance Committee	45,000	22,500	10,000	5,000	4,755	87,255
Martin Wetter	Member	45,000	22,500	5,000	12,500	5,661	90,661
Ulrik Svensson	Member	45,000	22,500	5,000	2,500	4,995	79,995
Elmar Ledergerber ¹⁾	Member	25,500	22,500	0	0	1,766	49,766
Rita Fuhrer (until 30.04.2010) ²⁾	Member	0	3,000	0	0	200	3,200
Ernst Stocker (from 01.05.2010) ²⁾	Member	0	6,500	0	0	433	6,933
Total		415,500	167,000	45,000	57,500	42,737	727,737

¹⁾ In addition, a lump sum of CHF 24,500 was paid to the City of Zurich.

²⁾ In addition, a lump sum of totally CHF 65,500 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 2010 or 2011.

Management Board in 2011:

is accrued for the year under review, and payment is made in spring in the following year. Any salary adjustments take effect on 1 May.

Remuneration of members of the Management Board was effected as shown in the table below. The bonus (cash and share components)

(CHF)	Salary	Bonus (cash)	Bonus (shares)	Pension and social insurance expenses ¹⁾	Miscellaneous	Total CHF	Number of shares	Share price (CHF)
Recipient								
Thomas E. Kern	380,000	291,333	145,667	153,906	26,479	997,385	447	326.00
Other members of the Management Board	1,120,000	458,267	229,133	373,419	85,870	2,266,689	703	326.00
Total	1,500,000	749,600	374,800	527,325	112,349	3,264,074	1,150	

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 the 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 2011.

Management Board in 2010:

(CHF)	Salary	Bonus (cash)	Bonus (shares)	Pension and social insurance expenses ¹⁾	Miscellaneous	Total CHF	Number of shares	Share price (CHF)
Recipient								
Thomas E. Kern	380,000	253,333	126,667	145,921	26,479	932,400	332	382.00
Other members of the Management Board	1,218,581	432,849	192,850	389,374	103,121	2,336,775	505	382.00
Total	1,598,581	686,182	319,517	535,295	129,600	3,269,175	837	

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 final amount paid to the Management Board for 2010 was CHF 3.3 million.

c) Shares held by related parties

As of the 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 31.12.2011	Number of shares as of 31.12.2010
Andreas Schmid	Chairman	4	4
Lukas Briner	Vice Chairman	21	21
Kaspar Schiller	Member; Chairman of the Nomination & Compensation Committee	13	13
Martin Candrian	Member; Chairman of the Audit & Finance Committee	375	375
Martin Wetter	Member	0	0
Ulrik Svensson	Member	0	0
Elmar Ledergerber (until 14.4.2011)	Member	n/a	110
Corine Mauch (from 14.4.2011)	Member	0	n/a
Rita Fuhrer (until 30.4.2010)	Member	n/a	n/a
Ernst Stocker (from 1.5.2010)	Member; Chairman of the Political Affairs Committee	0	0
Total		413	523

As of the balance sheet date, members of the Management Board and related parties held the following number of shares:

Name	Number of shares as of 31.12.2011	Number of shares as of 31.12.2010
Thomas E. Kern	1,436	1,101
Daniel Schmucki	667	560
Michael Schallhart	288	181
Stephan Widrig	471	364
Stefan Conrad (from 1.6.2010)	63	0
Total	2,925	2,206

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

20.6) Composition of the group

In the year under review, the group comprises the following companies:

Company	Domicile	Share capital	Stake held in %
Flughafen Zürich AG	Kloten	CHF 1,000	307,019
Unique Betriebssysteme AG	Kloten	CHF 1,000	100
Zürich Airport International AG	Kloten	CHF 1,000	100
Zürich Airport Latin America S.A. (previously Unique Chile S.A.)	Santiago de Chile	CLP million	4,403

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	4,426
Unique IDC Holding Ltda.	Santiago de Chile	CLP million	4,482
Unique IDC Operaciones Ltda.	Santiago de Chile	CLP million	2,360
A-port S.A.	São Paulo	BRL million	63
A-port Chile S.A.	Santiago de Chile	CLP million	9,770
Sociedad Concesionaria Aeropuerto Antofagasta S.A.	Santiago de Chile	CLP million	1,800
Concesión Aeropuerto La Florida S.A.	Santiago de Chile	CLP million	1,081
Concesión Aeropuerto El Loa S.A.	Santiago de Chile	CLP million	122
Sociedad Concesionaria Aeropuerto Puerto Montt S.A.	Santiago de Chile	CLP million	2,120
Curaçao Airport Investments N.V.	Curaçao	USD million	17
Curaçao Airport Partners N.V.	Curaçao	USD million	17
A-port Operaciones S.A.	Santiago de Chile	CLP million	1,351
A-port Operaciones Colombia S.A.S.	Bogotá	COP million	100
Unique IDC S.A. de C.V.	Tegucigalpa	HNL 1,000	40
Administradora Unique IDC C.A.	Porlamar	VEB million	25
Aeropuertos Asociados de Venezuela C.A.	Porlamar	VEB million	10

20.7) 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 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, mail 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 Sectoral Aviation Infrastructure Plan (SAIP) 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 for Flughafen Zürich AG dated 30 June 2011. As a consequence, licences for ground handling operations in areas in which the number of admissible service providers can be limited, after expiry of an initial seven-year period, have been awarded on the basis of tender procedures as at 1 December 2011 with a maturity until the end of November 2018.

20.8) Events occurring after the balance sheet date

The Board of Directors authorised the 2011 consolidated financial statements for issue on 8 March 2012. These also have to be approved by the General Meeting of Shareholders.

No events occurred between 31 December 2011 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 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 74 to 120) for the year ended 31 December 2011.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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 and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2011 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Emphasis of Matter

We draw attention to the disclosure regarding "2. Impact of the current risk situation on the financial position, the results of operations and the cash flows" as part of "Valuation uncertainties and significant estimates and assumptions in the application of accounting policies" on page 89 in the notes to the consolidated financial statements. The uncertainties and risks referred to therein that are largely beyond the company's influence, could have significant effects on the nature and scope of the business activities and thus on the financial position, the results of operations and the cash flows. At present such effects cannot be conclusively determined. Our opinion is not qualified in respect of this matter.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the board of directors.

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

KPMG AG

Marc Ziegler
Licensed Audit Expert
Auditor in Charge

Philipp Hallauer
Licensed Audit Expert

Zurich, 8 March 2012

Financial statements according to the provisions of the Swiss Code of Obligations (CO)	
Income statement	124
Balance sheet	125
Notes to the financial statements	
Current risk situation	126
Notes	128
Distribution of available earnings	137
Audit report	138

Income statement

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

(CHF 1,000)	Notes	2011	2010
Revenue from aviation operations ¹⁾		579,155	522,361
Revenue from non-aviation operations ¹⁾		330,447	321,887
Total revenue ¹⁾		909,602	844,248
Personnel expenses		-162,362	-157,513
Police and security		-118,040	-114,549
Energy and waste		-23,888	-24,359
Cost of materials used and maintenance		-39,400	-42,799
Other operating expenses		-49,499	-52,937
Sales, marketing, administration		-35,917	-30,272
Expenses for sound insulation and resident protection plus formal expropriations	(7)	-41,524	-26,123
Deposits into renovation fund		-5,500	-5,500
Other income and expenses ¹⁾		13,629	11,462
Ordinary profit before depreciation and amortisation, interest and tax		447,101	401,658
Depreciation and amortisation		-168,839	-154,486
Ordinary profit before interest and tax		278,262	247,172
Finance result, net	(1)	-60,983	-62,133
Extraordinary result, net	(2)	-10,244	-34
Profit before tax		207,035	185,005
Tax		-44,826	-39,677
Profit for the year		162,209	145,328

¹⁾ Capitalised expenditure and bad debt write-offs are now presented as part of "Other income and expenses". The prior-year amounts have been adjusted accordingly, resulting in a CHF 11.4 million decline in revenue.

Balance sheet

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

(CHF 1,000)	Notes	31.12.2011	31.12.2010
Assets			
Land		109,508	109,509
Buildings, engineering structures	(13)	2,290,005	2,026,722
Projects in progress	(13)	207,814	281,963
Movables	(13)	83,317	84,511
Total property, plant and equipment		2,690,644	2,502,705
Intangible asset from right of formal expropriation		95,200	102,202
Other intangible assets		12,303	7,802
Non-current financial assets of Airport of Zurich Noise Fund	(3)	167,632	150,904
Financial assets and investments	(4)	10,826	19,886
Non-current assets		2,976,605	2,783,499
Inventories		9,118	8,643
Current financial assets of Airport of Zurich Noise Fund	(3)	76,469	57,628
Trade receivables		98,552	87,468
Other receivables		10,748	16,200
Prepaid expenses		17,287	17,616
Own shares	(5)	450	888
Fixed-term deposits		85,111	0
Cash and cash equivalents		69,394	45,277
Current assets		367,129	233,720
Total assets		3,343,734	3,017,219
Equity and liabilities			
Share capital		307,019	307,019
Legal reserves			
Premium		0	533,290
General reserves from capital contributions		509,980	0
General reserves		42,370	19,060
Reserves for own shares	(5)	477	751
Other reserves		108,230	80,107
Available earnings			
Profit brought forward		354,190	254,875
Dividend payment for 2010 / 2009		-42,964	-46,013
Profit for the year		162,209	145,328
Equity		1,441,511	1,294,417
Debentures and non-current loans	(6)	1,115,623	994,805
Non-current provision for aircraft noise	(7)	325,063	304,969
Renovation fund		135,102	129,602
Other non-current provisions	(8)	5,325	5,433
Non-current liabilities		1,581,113	1,434,809
Trade payables		38,643	42,308
Current financial liabilities	(9)	129,182	127,348
Other current liabilities		1,646	8,437
Accruals and deferrals		108,243	71,441
Current provision for aircraft noise	(7)	20,949	10,740
Other current provisions	(10)	22,447	27,719
Current liabilities		321,110	287,993
Total liabilities		1,902,223	1,722,802
Total equity and liabilities		3,343,734	3,017,219

Notes to the financial statements

General remarks

These financial statements of Flughafen Zürich AG were prepared in accordance with the provisions of the Swiss Code of Obligations. They also serve for tax purposes and form the basis for the statutory business of the General Meeting of Shareholders.

Current risk situation

The following factors are regarded as the primary sources of risk for the company:

1. Legal uncertainties

Various domestic and foreign restrictions could mean that Flughafen Zürich AG will not be able to fully utilise its infrastructure and would need to finance additional investments. These restrictions include the following:

- The Sectoral Aviation Infrastructure Plan (SAIP)
- Regulation of the use of South German airspace for landings or take-offs from Zurich Airport (implementing ordinance)
- Investments to reduce complexity
- Zurich Aircraft Noise Index (ZFI)
- Ordinance on airport charge regulation

2. Decline in demand

Experience over the past few years has shown that the air transport sector is a growing but also volatile industry that is affected by external events such as economic crises, acts of terrorism or epidemics (SARS, bird flu, etc.). Such events could temporarily cause a drop in demand at Zurich Airport. In addition, other external factors such as the political and macro-economic environment could impact negatively on demand in both the aviation and non-aviation business at Zurich Airport.

3. Increasing safety and security requirements

Additional safety and security regulations may result in rising costs and reduced revenue or changes in capacity. Whereas some of the higher costs can be compensated or refinanced through higher charges, possibly with a delay, a negative impact on the result for other elements cannot be ruled out.

4. Hub carrier

The airline Swiss is the main customer of Flughafen Zürich AG. Like any other hub airport, Zurich Airport depends to a considerable extent on the operational and financial development of its hub carrier.

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

Costs for formal expropriations qualify as an intangible asset under the accounting provisions of the Swiss Code of Obligations. They are recognised as assets at the latest on the date on which the counterparty has attained an assertable claim. An equal amount is also recognised as a provision at the same date. Adequate provisions are recognised for liabilities arising from sound insulation and resident protection measures. Amortisation of capitalised costs for formal expropriations is based at a minimum on the consolidated financial statements. Any balance of revenue after deduction of noise-related costs (compensation for formal expropriations, sound insulation and resident protection measures, operating costs, financing costs and amortisation) is transferred to the provision for aircraft noise (see note 7, "Provision for aircraft noise").

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 20,000 noise-related claims for compensation, of which around 15,600 were still pending at the end of 2011. Approximately 1,800 cases are currently being examined by the Swiss Federal Assessments Commission.

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

Based on the fundamental issues on which the Swiss Federal Supreme Court has ruled to date, the reliably estimated noise-related costs ("base case") as of 30 June 2008 amounted to a total of CHF 759.8 million (including formal expropriations, costs for sound insulation and resident protection plus 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 CHF 800.0 million and CHF 1.2 billion.

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 pre-financing 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 resident protection plus all related operating costs) would exceed CHF 1.1 billion ("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 2011, at CHF 1.55 billion, was higher than the original amount of CHF 1.1 billion, but has no effect on the pre-financing provided by the Canton of Zurich.

Despite the estimate as of the middle of 2008 of CHF 759.8 million stated above, the total estimated noise-related costs exceeded the threshold of CHF 1.1 billion in the worst case (“negative case”). As a result, the pre-financing 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 (CHF 115.4 million). This amount was recognised in these financial statements as an intangible asset from the right of formal expropriation, and represents a portion of the costs for “old” noise-related liabilities, which since 1 July 2008 have been covered by the Canton of Zurich, but until 30 June 2008 were financed by Flughafen Zürich AG through 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 Swiss Federal Administrative Court subsequently corrected a decision by the Swiss Federal Assessment Commission of 17 December 2007, which had defined 1 January 1961 as the cut-off date for the foreseeability of an eastern approach. The Swiss Federal Administrative Court changed this date to 23 May 2000. Flughafen Zürich AG decided to appeal this decision to the Swiss Federal Supreme Court. In its ruling on 8 June 2010, the Swiss Federal Supreme Court then defined 1 January 1961 as the cut-off date for the foreseeability of an eastern approach.

The decision of the Swiss Federal Supreme Court on 9 December 2011 on the method used to calculate a decline in the market value of investment property adds to the existing legal basis for settling outstanding claims for compensation. The court confirmed the model used by the Swiss Federal Assessments Commission.

Based on the Swiss Federal Supreme Court’s latest ruling and other fundamental issues that have already been decided, the company undertook a re-assessment of the noise-related operating costs (“updated base case”) in cooperation with the Canton of Zurich. According to the updated assessment, the noise-related operating costs now total CHF 740.6 million (2010: CHF 739.5 million, originally CHF 749.8 million). This amount includes CHF 25.0 million for the construction of a new noise protection hangar (not recognised as a provision, as this is a future investment). This cost estimate is based on a number of assumptions, such as pending legal issues where there is no judgment by a court of last instance.

As in the worst-case (“updated negative case”) the total estimated noise-related costs exceed the adjusted threshold as set out in the supplementary agreement, the Canton of Zurich would continue to provide pre-financing.

As of the balance sheet date, Flughafen Zürich AG has recognised an intangible asset from the right of formal expropriation in the financial statements according to the provisions of the Swiss Code of Obligations amounting to CHF 95.2 million and a provision for aircraft noise totalling CHF 346.0 million (see note 7, “Provision for aircraft noise”). As mentioned, the recognised provision relates only to “new” noise-related liabilities (in accordance with the “base case”) for which the company is required to pay compensation.

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 pre-financing 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 time Flughafen Zürich AG would make a current estimate of the total outstanding noise-related liabilities and adjust 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 southern approaches, 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, pre-financing 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 an intangible asset from the right of formal expropriation, the amortisation period or the corresponding provision.

1) Finance result, net

(CHF 1,000)	2011	2010
Interest expenses on debentures and non-current loans	56,786	59,669
Less capitalised interest on borrowings for buildings under construction	-4,724	-2,569
Net interest expenses on debentures and non-current loans	52,062	57,100
Interest expenses on finance lease liabilities	3,356	2,525
Realised and unrealised gains / losses on financial assets of Airport of Zurich Noise Fund, net	1,635	2,781
Other interest expenses and finance costs	11,398	7,133
Total finance expenses	68,451	69,539
Interest income on financial assets of Airport of Zurich Noise Fund	-5,134	-4,977
Other interest and finance income	-2,334	-2,429
Total finance income	-7,468	-7,406
Finance result, net	60,983	62,133

Capitalised interest on borrowings for buildings under construction was calculated using an average interest rate of 5.05% in 2011 (2010: 5.04%).

2) Extraordinary result, net

(CHF 1,000)	2011	2010
Extraordinary income	680	1,392
Extraordinary expenses	-10,924	-1,426
Extraordinary result, net	-10,244	-34

In the year under review, extraordinary expenses include losses from disposals of non-current assets and one-off expenses relating to the restructuring of the wholly-owned subsidiary Zurich Airport International AG (see also note 4, "Total financial assets and associates").

3) Financial assets of Airport of Zurich Noise Fund

(CHF 1,000)	31.12.2011	31.12.2010
Non-current financial assets	167,632	150,904
Current financial assets	76,469	57,628
Total financial assets of Airport of Zurich Noise Fund	244,101	208,532

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

4) Total financial assets and associates

(CHF 1,000)		31.12.2011	31.12.2010
APT Airport Technologies AG, Kloten ¹⁾	Equity share 100% / share capital CHF 1.8 million	0	1,800
Unique Betriebssysteme AG, Kloten	Equity share 100% / share capital CHF 0.1 million	100	100
Zurich Airport International AG, Kloten	Equity share 100% / share capital CHF 0.1 million	6,020	100
Zurich Airport International AG, Kloten	Loan ²⁾	0	13,759
Bangalore International Airport Ltd., India	Equity share 5% / share capital INR 3,846 million	4,695	4,116
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		10,826	19,886

¹⁾ Merged with Flughafen Zürich AG as of 1 January 2011.

²⁾ Entirely subject to subordination.

The former subsidiary APT Airport Technologies AG (APT) was merged with Flughafen Zürich AG in the year under review. Its range of services in the field of information and communication technology was integrated completely into Flughafen Zürich AG. The gain of CHF 27.8 million resulting from the merger was allocated to other reserves.

The purpose of Unique Betriebssysteme AG is to operate the infrastructure of relevance to Zurich Airport.

Zurich Airport International AG, which is responsible for advising, operating and/or owning airports and airport-related companies throughout the world, was restructured by Flughafen Zürich AG in the year under review (see note 2, "Extraordinary result").

Moreover, Flughafen Zürich AG holds a 5% stake in the share capital of Bangalore International Airport Ltd. (BIAL), the owner and operator of the airport that was opened in Bengaluru, India, in May 2008. It is also involved in the operation of the airport under an Operation, Management & Service Agreement (OMSA). Revenue is flowing to the company from this agreement. Flughafen Zürich AG is also represented on the Board of Directors of BIAL.

In 2010, Flughafen Zürich AG turned to the International Centre for Settlement of Investment Disputes (ICSID) in Washington D.C. in the matter of the airport expropriated in Venezuela (Isla de Margarita). This step is in compliance with the bilateral investment protection treaty between Venezuela and Switzerland. In the meantime, the arbitration judges have been appointed, the milestones for the proceedings defined, and the statement of claim has been submitted. The value of this holding was fully impaired in 2006.

Loans to subsidiaries bear interest at normal market rates.

5) Own shares

Number of shares	2011	2010
Holdings at beginning of financial year	2,325	4,975
Acquisitions (at applicable market price)	1,436	353
Sales (at applicable market price)	0	0
Free distribution of shares	-2,380	-3,003
Holdings at end of financial year	1,381	2,325

(CHF 1,000)	31.12.2011	31.12.2010
Carrying amount of own shares	450	888
Reserves for own shares	477	751

Reserves for own shares are reported separately under equity.

6) Debentures and non-current loans

(CHF 1,000)	31.12.2011	31.12.2010
Japanese private placement	421,173	421,173
US private placement	219,450	292,600
Liabilities to banks arising from US car park lease	0	56,032
Debentures	475,000	225,000
Total debentures and non-current loans	1,115,623	994,805

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

	Nominal amount		Interest rate	Early repayment	Interest payment dates
(CHF 1,000)	31.12.2011	Duration			
Japanese private placement	421,173	2003–2024	5.730%	no	23 May/23 November
US private placement	219,450	2003–2015	4.753%	from 2011	11 April/11 October
Debenture	225,000	2009–2014	4.500%	no	18 February
Debenture	250,000	2011–2017	2.25%	no	5 May

7) Provision for aircraft noise

(CHF 1,000)	31.12.2011	31.12.2010
Provision for aircraft noise as of 1 January	315,709	302,546
Increase in provision for aircraft noise	30,303	13,163
Provision for aircraft noise as of 31 December	346,012	315,709
thereof current (planned payment within 1 year)	20,949	10,740
thereof non current (planned payment from 1 year on)	325,063	304,969

The increase of the provision for aircraft noise comprises the balance of revenue from noise charges and noise-related costs and expenses:

(CHF 1,000)	31.12.2011	31.12.2010
Revenue from noise charges	48,587	31,757
Costs for sound insulation and resident protection	-9,526	-9,771
Costs for formal expropriations	-929	-1,036
Noise-related operating costs	-4,265	-4,349
Interest income and realised / unrealised gains / losses on financial assets of Airport of Zurich Noise Fund	3,499	2,196
Amortisation of intangible asset from right of formal expropriation	-7,063	-5,634
Total increase of provision for aircraft noise	30,303	13,163

For reporting of noise data in the financial statements according to the Swiss Code of Obligations see also "Notes to the financial statements", "Current risk situation", point 5, "Reporting of noise-related costs in the financial statements" on pages 126 and 127.

8) Other non-current provisions

(CHF 1,000)	31.12.2011	31.12.2010
Pension fund liabilities	3,825	3,933
Provisional tenancy agreements	1,500	1,500
Total other non-current provisions	5,325	5,433

9) Current financial liabilities

(CHF 1,000)	31.12.2011	31.12.2010
Current liabilities arising from US private placement	73,150	73,150
Current liabilities to banks arising from US car park lease	56,032	54,198
Debenture (redemption 14.6.2010)	0	0
Total current financial liabilities	129,182	127,348

10) Other current provisions

(CHF 1,000)	31.12.2011	31.12.2010
Amounts due to personnel (holidays and overtime)	4,911	4,054
Tax liabilities	17,536	23,629
Utilisation fees ¹⁾	0	0
Other liabilities	0	36
Total other current provisions	22,447	27,719

¹⁾ In the course of 2010 an agreement was reached with the partner concerned and the corresponding provision reversed at the end of 2010.

11) Major shareholders

As of the balance sheet date, the following shareholders or groups of shareholders held more than 3% of the voting rights:

	2011	2010
Canton of Zurich (including BVK pension fund)	33.40%	33.36%
City of Zurich (including pension fund of the City of Zurich)	5.04%	5.04%

12) Related parties

Related parties are:

- Canton of Zurich
- Members of the Board of Directors
- Members of the Management Board
- Associates

The Canton of Zurich has contractually agreed with Flughafen Zürich AG to assume the pre-financing for "old" aircraft noise compensation payments.

a) Transactions with related parties

In the year under review, the Canton of Zurich police force was reimbursed at market conditions for services rendered for a total amount of CHF 97.6 million (2010: CHF 94.3 million) in accordance with the service level agreement.

In the year under review, Flughafen Zürich AG received revenue of CHF 1.4 million (2010: CHF 2.1 million) from the Operation, Management & Service Agreement (OMSA) with Bangalore International Airport Ltd. Under the service level agreements with associates in Latin America (in particular A-port Operaciones S.A.) the company generated revenue of CHF 0.1 million in the year under review (2010: CHF 0.1 million).

b) Remuneration of related parties

The following amounts were paid to related parties in the form of remuneration:

Board of Directors in 2011:

(CHF)		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
Recipient	Function						
Andreas Schmid	Chairman	150,000	22,500	15,000	15,000	14,157	216,657
Lukas Briner	Vice Chairman	60,000	22,500	10,000	20,000	8,215	120,715
	Member; Chairman of the Nomination & Compensation						
Kaspar Schiller	Committee	45,000	22,500	10,000	7,500	6,207	91,207
Martin Candrian	Member; Chairman of the Audit & Finance Committee	45,000	22,500	10,000	5,000	3,986	86,486
Martin Wetter	Member	45,000	22,500	5,000	7,500	5,842	85,842
Ulrik Svensson	Member	45,000	17,500	5,000	5,000	5,294	77,794
Elmar Ledergerber (until 14.04.2011)	Member	15,000	7,500	3,333	7,500	1,732	35,065
Corine Mauch (from 14.04.2011) ¹⁾	Member	15,000	7,500	0	2,500	1,826	26,826
Ernst Stocker ²⁾	Member; Chairman of the Political Affairs Committee	0	9,000	0	3,000	876	12,876
Total		420,000	154,000	58,333	73,000	48,135	753,468

¹⁾ In addition, a lump sum of CHF 18,333 was paid to the City of Zurich.

²⁾ In addition, a lump sum of totally CHF 82,167 was paid to the Department of Economics of the Canton of Zurich.

Board of Directors in 2010:

(CHF)		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
Recipient	Function						
Andreas Schmid	Chairman	150,000	22,500	10,000	15,000	12,439	209,939
Lukas Briner	Vice Chairman	60,000	22,500	5,000	10,000	6,494	103,994
	Member; Chairman of the Nomination & Compensation						
Kaspar Schiller	Committee	45,000	22,500	10,000	12,500	5,994	95,994
Martin Candrian	Member; Chairman of the Audit & Finance Committee	45,000	22,500	10,000	5,000	4,755	87,255
Martin Wetter	Member	45,000	22,500	5,000	12,500	5,661	90,661
Ulrik Svensson	Member	45,000	22,500	5,000	2,500	4,995	79,995
Elmar Ledergerber ¹⁾	Member	25,500	22,500	0	0	1,766	49,766
Rita Fuhrer (until 30.04.2010) ²⁾	Member	0	3,000	0	0	200	3,200
Ernst Stocker (from 01.05.2010) ²⁾	Member	0	6,500	0	0	433	6,933
Total		415,500	167,000	45,000	57,500	42,737	727,737

¹⁾ In addition, a lump sum of CHF 24,500 was paid to the City of Zurich.

²⁾ In addition, a lump sum of totally CHF 65,500 was paid to the Department of Economics of the Canton of Zurich.

There is no share or option programme for the Board of Directors. No severance payments or other long-term compensation were paid in 2010 or 2011.

Management Board in 2011:

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 year under review, and payment is made in spring in the following year. Any salary adjustments take effect on 1 May.

(CHF)	Salary	Bonus (cash)	Bonus (shares)	Pension and social insurance expenses ¹⁾	Miscellaneous	Total CHF	Number of shares	Share price (CHF)
Recipient								
Thomas E. Kern	380,000	291,333	145,667	153,906	26,479	997,385	447	326.00
Other members of the Management Board	1,120,000	458,267	229,133	373,419	85,870	2,266,689	703	326.00
Total	1,500,000	749,600	374,800	527,325	112,349	3,264,074	1,150	

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 2011.

Management Board in 2010:

(CHF)	Salary	Bonus (cash)	Bonus (shares)	Pension and social insurance expenses ¹⁾	Miscellaneous	Total CHF	Number of shares	Share price (CHF)
Recipient								
Thomas E. Kern	380,000	253,333	126,667	145,921	26,479	932,400	332	382.00
Other members of the Management Board	1,218,581	432,849	192,850	389,374	103,121	2,336,775	505	382.00
Total	1,598,581	686,182	319,517	535,295	129,600	3,269,175	837	

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 final amount paid to the Management Board for 2010 was CHF 3.3 million.

c) Shares held by related parties

As of the 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 31.12.2011	Number of shares as of 31.12.2010
Andreas Schmid	Chairman	4	4
Lukas Briner	Vice Chairman	21	21
Kaspar Schiller	Member; Chairman of the Nomination & Compensation Committee	13	13
Martin Candrian	Member; Chairman of the Audit & Finance Committee	375	375
Martin Wetter	Member	0	0
Ulrik Svensson	Member	0	0
Elmar Ledergerber (until 14.4.2011)	Member	n/a	110
Corine Mauch (from 14.4.2011)	Member	0	n/a
Rita Fuhrer (until 30.4.2010)	Member	n/a	n/a
Ernst Stocker (from 1.5.2010)	Member; Chairman of the Political Affairs Committee	0	0
Total		413	523

As of the balance sheet date, members of the Management Board and related parties held the following number of shares:

Name	Number of shares as of 31.12.2011	Number of shares as of 31.12.2010
Thomas E. Kern	1,436	1,101
Daniel Schmucki	667	560
Michael Schallhart	288	181
Stephan Widrig	471	364
Stefan Conrad (from 1.6.2010)	63	0
Total	2,925	2,206

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

13) Miscellaneous

Fire insurance values

(CHF 1,000)	31.12.2011	31.12.2010
Buildings including loading bridges	3,455,078	3,423,607
Movables	660,126	660,126

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)	31.12.2011	31.12.2010
Finance lease liabilities not reported in the balance sheet	65,709	78,783

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 the balance

sheet date CHF 4.2 million had been provided as collateral in the form of cash and cash equivalents (31 December 2010: CHF 4.1 million) and CHF 159.0 million as collateral in the form of letters of credit (31 December 2010: CHF 180.0 million).

Contingent liabilities

In autumn 2010, the BVK Employee Pension Fund of the Canton of Zurich (BVK) announced, among other things, that owing to the inadequate cover ratio which has persisted for some time, comprehensive restructuring measures (contribution increases, reduction in the conversion rate, adjustment of the interest rate, employer's contributions to the restructuring, etc.) would be introduced to bring the benefits payable by the pension fund into line with current economic circumstances and to secure the fund's long-term financing. Based on the reactions arising from the consultation, the BVK presented a revised proposal for restructuring the pension fund in the fourth quarter of 2011. The definitive restructuring measures are planned to take effect on 1 January 2013, according to the schedule published by the BVK, provided that the Cantonal Council approves the revised package of measures in the second quarter of 2012.

The Board of Directors of Flughafen Zürich AG states in this connection that, on the basis of a supplementary agreement to the contract with BVK signed in the 2003 financial year, the company is not obliged to make any additional contributions. It also confirms that Flughafen Zürich AG will do everything necessary to uphold the contract with BVK (see also "Financial Report/Accounting Policies/Employee Benefit Obligations" on page 84).

Discussions with the BVK have revealed that the pension fund takes the view – contrary to Flughafen Zürich AG – that the above-mentioned additional agreement does not in principle exempt Flughafen Zürich AG from any necessary restructuring measures. It is not possible at this time to say whether Flughafen Zürich AG would have to contribute to the restructuring as part of the implementation of the planned package of measures in order to uphold the contract with the BVK. The payment of restructuring contributions would probably mean that the employee benefit plan would be classified as a defined benefit plan according to the relevant accounting standard, which could have a significant financial impact on the financial statements.

14) 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 20.1 (pages 110 to 115).

15) Events occurring after the balance sheet date

The Board of Directors authorised the 2011 financial statements according to the provisions of the Swiss Code of Obligations (CO) for issue on 8 March 2012. These also have to be approved by the General Meeting of Shareholders.

No events occurred between 31 December 2011 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 in 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 CHF 473,434,530 should be used as follows:

CHF	
Allocation to legal reserves ¹⁾	0
Payment of an ordinary dividend of CHF 9.50 (gross) ²⁾	58,333,562
To be carried forward	415,100,968
Total available earnings	473,434,530

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 eligible to a dividend. For this reason, the reported dividend sum may be correspondingly lower.

If the proposals for the 2011 financial year are approved, the ordinary dividend will be CHF 9.50 per share. After deduction of withholding tax of 35%, the shareholders will receive a net dividend of CHF 6.18.

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 financial statements of Flughafen Zürich AG, which comprise the income statement, balance sheet and notes (pages 124 to 137) for the year ended 31 December 2011.

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 2011 comply with Swiss law and the company's articles of incorporation.

Emphasis of Matter

We draw attention to the disclosure regarding "1. Legal uncertainties" and "5. Reporting of noise-related costs in the financial statements" as part of "Current risk situation" on pages 126 and 127 in the notes to the financial statements. The uncertainties and risks referred to therein that are largely beyond the company's influence, could have significant effects on the nature and scope of the business activities and thus on the financial position, the results of operations and the cash flows. At present such effects cannot be conclusively determined. Our opinion is not qualified in respect of this matter.

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, 8 March 2012

2012 financial calendar

Financial reporting dates

21 March 2012	Publication of 2011 annual results
26 April 2012	2012 General Meeting of Shareholders
21 August 2012	Publication of 2012 interim results
18 April 2013	2013 General Meeting of Shareholders

Traffic and Commercial Figures

11 April 2012	Key Figures for March 2012
11 May 2012	Key Figures for April 2012
12 June 2012	Key Figures for May 2012
11 July 2012	Key Figures for June 2012
13 August 2012	Key Figures for July 2012
12 September 2012	Key Figures for August 2012
11 October 2012	Key Figures for September 2012
13 November 2012	Key Figures for October 2012
12 December 2012	Key Figures for November 2012
14 January 2013	Key Figures for December 2012

Contacts

Investor Relations

Michael Ackermann
investor.relations@zurich-airport.com

Corporate Communication

Sonja Zöchling
medien@zurich-airport.com

Further information

Other results and financial information:
www.zurich-airport.com/investorrelations

Annual Report 2011

The 2011 Annual Report of Flughafen Zürich AG is available in German and English. The German version is binding. To order a copy, please send an e-mail to the above Investor Relations address. An electronic version is available at www.zurich-airport.com/annualreport

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