

**2012**

ANNUAL REPORT  
OF FLUGHAFEN ZÜRICH AG

Significant events

9 January

**New airport app for iPhone**

Zurich Airport offers a free app to all iPhone users which provides a wealth of information for passengers, as well as meeters and greeters and visitors, about flights, services and getting to and from the airport. Users of smartphones with other operating systems use the new mobile website.

1 February

**Commissioning of temporary noise barrier**

The temporary noise barrier at Zurich Airport commences operation. The structure significantly reduces noise levels during engine ground testing. It will serve as a provisional solution until a new, fully enclosed noise protection hangar has been erected.

21 February

**Sound insulation concept for south-side residents**

Flughafen Zürich AG draws up a sound insulation concept for residents on the south side of the airport. The concept provides for the installation of automatic closing mechanisms on the bedroom windows of properties located within a defined residential area.

7 March

**Hyatt signs up as hotel operator for “The Circle”**

Flughafen Zürich AG succeeds in winning the Hyatt hotel chain as the ideal operator for the hotel facilities to be provided in its major project “The Circle”.

11 April

**Zurich Airport receives cargo handling award**

Zurich Airport receives the “Air Cargo Excellence Award” for its freight handling services.

19 April

**Planning permission for “The Circle” obtained**

The 30-day appeal period following the granting of planning permission for Flughafen Zürich AG’s major project “The Circle” expires without any appeals being filed. This represents another major milestone in the realisation of the planned service centre.

20 April

**Rating raised from A- to A**

Standard & Poor’s raises the rating of Flughafen Zürich AG from A- to A (“stable outlook”).

22 June

**GPS-assisted landing at Zurich Airport: planning application for ground station submitted**

GPS-assisted landing on the airport’s runway 14 is possible under certain conditions. Flughafen Zürich AG and air safety agency Skyguide plan to further optimise satellite-based landing procedures. A planning application for a ground station is therefore submitted to the Federal Office of Civil Aviation (FOCA).

7 August

**Zurich Airport: first tranche of parking spaces approved**

In October 2010, Flughafen Zürich AG submitted an application to the Confederation to gradually increase the number of its parking spaces by 2020. The first tranche of around 7,100 parking spaces is approved.

4 September

**Treaty to settle air traffic noise dispute signed**

The aviation treaty between Germany and Switzerland initialled by negotiators on 2 July 2012 is signed by Swiss Federal Councillor Doris Leuthard and German Transport Minister Peter Ramsauer.

14 September

**Flughafen Zürich AG granted planning permission for noise protection hangar**

Flughafen Zürich AG gets the green light to commence construction of its planned noise protection hangar after planning consent is granted by FOCA.

8 October

**Zurich Airport again voted Europe’s leading airport**

For the ninth time in succession, Zurich Airport receives the prestigious “World Travel Award” for its user-friendliness and consistently high quality standards.

15 November

**Zurich Airport wins best transport hub award**

Zurich Airport and VBG Verkehrsbetriebe Glattal AG are named joint winners of the “FLUX – golden transport hub” award. The focus of the prize is on customer information and signage.

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## Foreword | Address to shareholders

Dear Shareholders,

The 2012 financial year was characterised by operational challenges and political decisions. The construction projects are proceeding apace, our infrastructure is functioning smoothly, and our service standards meet the most exacting standards. But we cannot afford to rest on our laurels. The political pressure on our airport is increasing all the time. The implementation of the possible international treaty and the planning of future operations at Zurich Airport are fuelling numerous discussions – and require a considerable amount of explanation and information.

In a challenging business year, Flughafen Zürich AG generated a profit of CHF 94.7 million, corresponding to a decline of 44.2 % compared with the previous year. The fall-off is due to a one-off special factor which took effect in the 2012 business year – the provision for the BVK Employee Pension Fund. Excluding this special factor, the profit figure would amount to CHF 192.0 million or an increase of 13.1 %. The Board of Directors is proposing to the General Meeting of Shareholders the payment of an ordinary dividend of CHF 9.50 per share.

### **Passenger figures: slight growth, new record**

In 2012, Zurich Airport was host to 24.8 million passengers. This figure exceeded the previous year's record by 1.9 % and was in line with forecasts. The number of flight movements decreased by 3.2 %. On average, aircraft were bigger and occupancy rates higher. Whereas the number of local passengers rose by 1.6 % to 16.2 million, the number of transfer passengers at Zurich Airport increased by 2.5 % to 8.5 million. The percentage of transfer passengers went up from 34.0 % in 2011 to 34.2 % in 2012. The staggered completion of the final phase of construction work in the Airside Center means that passengers will again be able to enjoy a high-quality shopping experience. This trend is also having a positive impact on sales. Sales from aviation business amount to CHF 596.4 million (+2.9 %), while non-aviation sales come to CHF 352.4 million, which is 8.2 % above the previous year's figure.

### **Efficient travel processes**

Flughafen Zürich AG is constantly endeavouring to streamline passenger handling processes at Zurich Airport in order to make them more efficient. A comprehensive automatic deboarding system was commissioned in Dock A. All 17 gates now have automatic double doors and motion detectors so that they can be operated without personnel. This innovation makes passenger handling more efficient and cost-effective for both the airlines and service providers. Zurich Airport consistently wins awards for its user-friendliness and the general quality standards of its products and services. Most recently it won the "World Travel Award" as "Europe's Leading Airport" for the ninth consecutive time.

### **New flight procedures on the up**

As part of the GPS-assisted landing procedure on runway 14 introduced in 2011, Flughafen Zürich AG submitted a planning application for a ground station to the Federal Office of Civil Aviation (FOCA). The ground station on the airport premises is intended to additionally improve the precision of the GPS signal. A new departure procedure employing satellite navigation has been available on runway 34 since 18 October 2012. This is the first time that a departure procedure has been used in Switzerland which specifies a turn radius for the turning segment. The satellite-based departure route is the same as the existing departure route. However, this new departure procedure promises more precise routing, and consequently less track dispersion in the turning segment.

### **Adjustment to fees and charges**

With the enactment of the Ordinance of 25 April 2012, new rules have come into force on the setting and levying of airport charges. The ordinance must be implemented by 1 January 2014. It will create the important economic framework to provide Flughafen Zürich AG and airport users with greater planning security. A two-stage process is envisaged for setting flight operation charges in future: the first involves seeking to reach a negotiated solution with users. If this is not possible, Flughafen Zürich AG will submit a charge proposal to FOCA, which will review it, make any necessary amendments and issue a decree. Early negotiations on noise charges commenced in July 2012, but no agreement was reached by the deadline set. Flughafen Zürich AG subsequently submitted its proposed noise charges to FOCA on 30 October 2012 and they were approved – albeit with minor amendments – in early 2013 in the form of a decree. In February 2013 a third party lodged a complaint against this decree, which could delay the introduction of the planned noise charges.

### **Long-term planning of landside traffic**

Over the next few years the number of local passengers is likely to increase and thus aggravate the parking situation. Flughafen Zürich AG has therefore identified the need to gradually provide an additional 7,100 parking spaces by 2020 and has submitted an application to do so. The construction of 3,059 spaces was approved in an initial stage. The additional parking spaces to be provided by 2020 have been coordinated with the general regional transport plan of the Canton of Zurich. If the number of local passengers continues to increase as expected over the next few years, sites for the remaining 4,041 requested parking spaces will be identified and the planning applications will be extended accordingly.

The modal split represents a binding stipulation for Zurich Airport to increase the proportion of trips by public transport. This component has been steadily increased in recent years. For services to public transport, Zurich Airport and VBG Verkehrsbetriebe Glattal AG were also joint winners of the "FLUX – golden transport hub" award.

### **Infrastructure upgrade and optimisation**

Following completion of the preparatory work, the main construction phase 1 of the Terminal 2 upgrade commenced in the spring. Besides new arrival and check-in systems on the southern side, it includes the link to the baggage sorting system, new southern and eastern facades, plus new office facilities. Work is also being done on the apron. In the hangar area the new noise protection hangar means that relatively large areas of the apron cannot be used. The airport operator is therefore planning to extend the apron towards the western end of Zurich Airport, which is one of the last aviation development areas available at the airport. The planning application for this "Zone West" was submitted to FOCA in March 2012.

### **"The Circle" enters a decisive phase**

In March 2012 Flughafen Zürich AG concluded a long-term agreement with the international hotel company Hyatt, in which space of around 45,000m<sup>2</sup> is planned for the operation of two hotels with a total of 550 rooms and a congress area for up to 1,500 persons. Obtaining the final planning permission and signing up tenants for around a quarter of the overall useable space represent two key milestones towards the realisation of the planned service centre. Once all further conditions have been met and financing has been secured, building work is likely to commence in 2014. The opening of the first phase is scheduled for the end of 2017.



Andreas Schmid  
Chairman of the Board of Directors



Thomas E. Kern  
Chief Executive Officer

**Political environment**

On 4 September 2012, Swiss Federal Councillor Doris Leuthard and German Transport Minister Peter Ramsauer signed the new aviation treaty. Assuming it is ratified by the parliaments of both countries, the treaty will enter into force on 1 January 2020 at the latest. However, Germany suspended the ratification process in November 2012. It is now up to the Confederation to provide information and advance the ratification. Flughafen Zürich AG supports ratification by Switzerland in order to obtain legal certainty and to minimise the risk of a unilateral tightening of the terms.

An important decision is also pending in the Sectoral Aviation Infrastructure Plan (SAIP) process. The SAIP is the Confederation's planning and coordination instrument for civil aviation. It will provide planning and legal certainty, for both the public and the airport operator. It is therefore of paramount importance that the SAIP process be concluded as quickly as possible. If delays occur because of the international treaty, partial implementation would be desirable and appropriate.

**Looking ahead to the coming business year**

Flughafen Zürich AG is well positioned for the future. However, owing to the difficulty in predicting developments in the European aviation market and uncertainty regarding economic trends, the company expects passenger volumes to be only slightly above the 2012 level.

**Thanks**

Demand for direct connections from Switzerland to the world's major cities remains high. Thanks are due to everyone who has helped promote the development and well-being of the company and of Zurich Airport in 2012. By keeping a watchful eye on the progress of daily business and by planning carefully for the long term, we can prepare for the future.

Zurich Airport, 7 March 2013



Andreas Schmid  
Chairman of the  
Board of Directors



Thomas E. Kern  
Chief Executive Officer



As Switzerland's gateway to the world, Zurich Airport 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.

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. Its key mission is to satisfy the demand for direct connections to the world's major cities. In the formulation and implementation of its strategy, Flughafen Zürich AG underpins the three aspects of cost-efficiency, environment 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, the operation of landside and airside commercial centres, as well as the income-generating management and further development of real estate in the Zurich region. Flughafen Zürich AG employs around 1,600 staff.



### **Structure**

With its four divisions, Flughafen Zürich AG is able to deliver maximum safety, quality and efficiency.

### **Operations**

The Operations division is responsible for licensed operations at Zurich Airport. It carries out and coordinates all the activities and procedures required to ensure safe, high-quality and efficient flight operations. As well as safety and security, these include all the services provided for passengers in the departure, arrival and transfer areas, freight handling, stand allocation and guidance of aircraft on aprons. Everything runs smoothly because all major partners are managed by a central control body – Airport Steering. Aviation Marketing helps third-party airlines to grow along with demand. The development, construction and operation of the 880 hectares of airport premises, including utilities, waste management and maintenance of landside and airside engineering structures, also fall under the remit of Operations. As well as ensuring that aviation infrastructures and procedures are developed with a view to meeting demand in the short, medium and long term, the Operations division lobbies the Federal Office of Civil Aviation (FOCA) to provide a favourable regulatory environment.

### **Marketing & Real Estate**

The Marketing & Real Estate division is responsible for the development, construction and profitable operation of buildings at Zurich Airport. The division develops attractive retail, restaurant and service facilities, as well as office space, both airside and landside. Other tasks include managing the technical systems necessary for flight operations and buildings, infrastructural facility management, overall responsibility for all landside transport services and car parks, as well as the overarching marketing and branding of the airport.

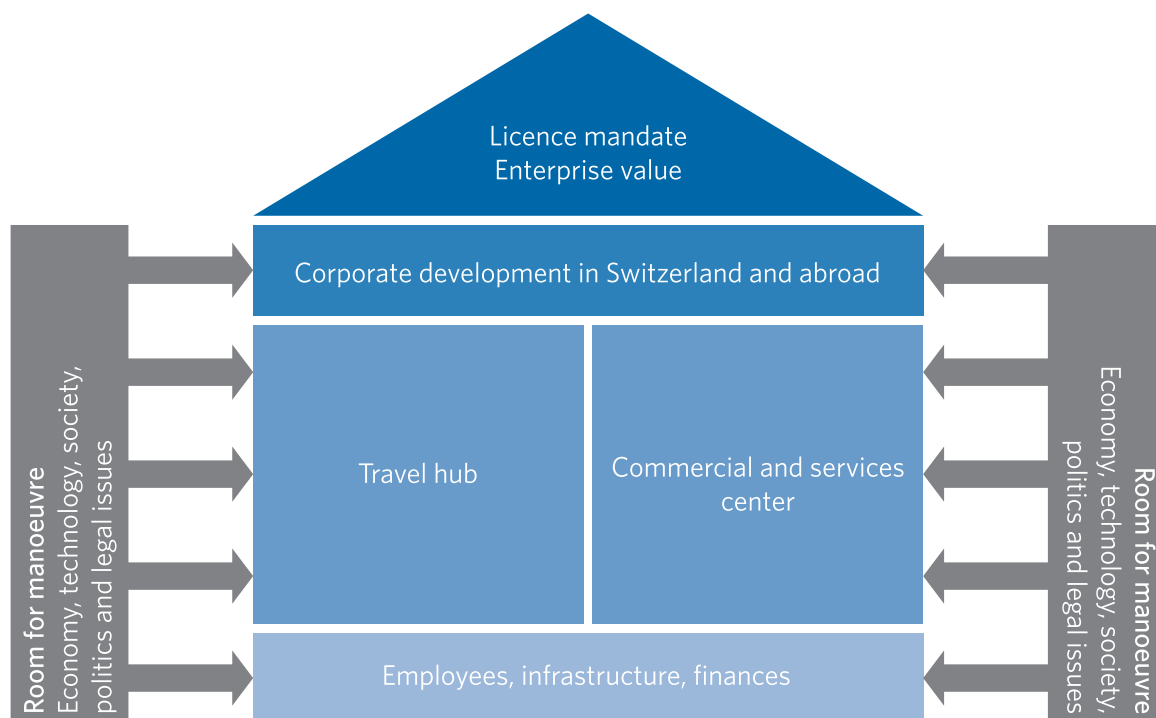
### **Finance**

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 currently supervises the ten airports that Flughafen Zürich AG operates with its partners in India and Latin America.

### **Services**

The Services division encompasses all business services required for the operational processes of Flughafen Zürich AG. These include Human Resources, Procurement, and Legal Services, which also handles noise compensation procedures. The Public Affairs and Corporate Communication departments represent the political concerns of Flughafen Zürich AG to the public and communicate its activities appropriately for specific target groups. As well as monitoring compliance with the prescribed departure and approach routes, the Noise Management & Resident Protection department is responsible for implementing the sound insulation programme. Environmental Protection deals with all aspects relating to the issues of air quality, climate, energy and water resources, and the biosphere. Information Technology is responsible for all data processing and communication networks. It also offers IT-related technology services and solutions to companies based at Zurich Airport.





### Strategy

Strategy is like a signpost, providing guidance towards objectives by means of projects and measures:

- Fulfilling the terms of the operating licence (Switzerland's gateway to the world)
- Increasing enterprise value

Flughafen Zürich AG is fulfilling its licence mandate and increasing enterprise value by

- managing resources (employees, infrastructure, finances) sustainably, and optimally exploiting the available entrepreneurial scope,

- constantly developing the airport as a high-quality travel hub at the same time as ensuring safety and making optimum use of the available infrastructure and technology,
- complementing the aviation business with the commercial and services centre (real estate, retail, services), making it possible to experience the "fascination of flying", and generating sufficient revenue to enable the continued development of the entire Zurich Airport complex as a high-quality destination,
- utilising expertise and experience in projects in Switzerland and abroad to develop new revenue streams in the medium to long term.

### Long-term priorities

To fulfil its mandate and implement its strategy, Flughafen Zürich AG has defined ten long-term priorities. These are the basis for the continued successful development of the company.

1. Rigorous focus on quality, consumers and customers
2. Maintaining entrepreneurial freedom
3. Exercising a leadership role at Zurich Airport
4. Expansion and continued development as a transport hub
5. Developing the commercial and services centre by means of attractive and innovative projects
6. Expanding and strengthening project management capability at home and abroad
7. Commitment to creating an ideal political framework
8. Goal-oriented personnel management and deployment
9. Strengthening the financial base and value creation
10. Differentiation with traditional Swiss values "Swissness"

### **Corporate values and culture**

Flughafen Zürich AG has defined a strong set of corporate values based on its traditions and focused on its mandate. They influence its every action and provide the basis for sustainable business. The behaviour of all employees is goal-oriented and characterised by loyalty, openness, respect and discipline.

Three values are particularly important:

#### **“Swissness”**

Everything is just so – particularly when it comes to safety. Quality is totally focused on the needs of consumers, and punctuality and reliability are paramount. Small details are just as important as an understanding of the big picture. In short: Swiss through and through. That is what makes Flughafen Zürich AG – a company with a global reputation as a reliable partner – proud to provide a warm welcome to this small, vibrant country at the heart of Europe.

#### **“Attentive”**

The welcoming smile comes from the heart. As does the desire to cater to the needs and desires of customers and partners. Delivering exactly the right solution at all times is one of the basic principles that is consistently followed. For Flughafen Zürich AG, attentiveness means dealing with the little things in life with the same enthusiasm as it tackles the big challenges facing the airline business and society.

#### **“Resolute”**

Flughafen Zürich AG is a progressive, resolute company. Its high quality of service sets standards not just locally, but in the industry as a whole. It tackles and achieves its objectives actively, efficiently and with a clear focus. It possesses an instinctive flair and a strong desire to get things done, in the interests of employees, customers, partners and shareholders.

### **Commitment to sustainability**

Flughafen Zürich AG's understanding of sustainability is based on the three dimensions of economic performance, environmental responsibility and social solidarity. It applies these principles across all three pillars of its business model comprising an international transport hub, commercial and services centre, and project development in Switzerland and abroad.

“Building on the solid foundations of safety, quality and efficiency, Zurich Airport is operated in a sustainable way by

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



8

NEW SHOPS WERE OPENED IN THE  
NON-PUBLIC ZONE IN 2012 (INCL. THE  
MARCHÉ BAKERY RESTAURANTS AND  
SPRÜNGLI CAFÉ).

**224,080**

"LUXEMBURGERLI" MACARONS WERE  
SOLD IN 2012 AT ZURICH AIRPORT.

**1,390**

SQUARE METRES OF FLOORSPACE ARE  
OCCUPIED BY THE LARGEST SHOP IN THE  
NON-PUBLIC ZONE, THE TAX & DUTY FREE  
SHOP ON LEVEL 1.

**14,000**

SQUARE METRES ARE TAKEN UP BY  
THE STORES IN THE NON-PUBLIC ZONE  
(INCL. GATE AREAS).

**50,000**

PEOPLE VISITED THE SPRÜNGLI CAFÉ  
IN 2012.





## Business development | Key data

### Key data (2-year comparison)

(CHF 1,000)	2012	2011 <sup>1)</sup>	Change in %
Total revenue	948,820	905,404	4.8
of which revenue from aviation operations	596,411	579,613	2.9
of which revenue from non-aviation operations	352,409	325,791	8.2
Operating expenses	-558,143	-421,462	32.4
Earnings before interest, tax, depreciation and amortisation (EBITDA)	390,677	483,942	-19.3
EBITDA margin (in %)	41.2	53.5	
Earnings before interest and tax (EBIT)	171,936	282,731	-39.2
EBIT margin (in %)	18.1	31.2	
Profit	94,732	169,845	-44.2
Cash flow from operating activities	439,920	438,899	0.2
Cash flow from investing activities	-185,046	-449,688	-58.9
Invested capital as at 31.12. <sup>2)</sup>	3,383,681	3,212,552	5.3
Average invested capital <sup>2)</sup>	3,298,117	3,090,595	6.7
Return on average invested capital (ROIC, in %)	4.1	7.3	
Equity as at 31.12.	1,859,803	1,801,777	3.2
Return on equity (in %)	5.2	9.7	
Equity ratio (in %)	45.7	47.2	
Interest-bearing liabilities (net) <sup>3)</sup>	826,230	1,012,051	-18.4
Interest-bearing liabilities (net) / EBITDA	2.11x	2.09x	
<b>Key operational data</b>			
Number of passengers	24,802,400	24,337,954	1.9
Number of flight movements	270,027	279,001	-3.2
Freight in tonnes	418,751	415,035	0.9
Number of full-time positions as at 31.12	1,365	1,321	3.3
Number of employees as at 31.12.	1,615	1,570	2.9
<b>Key data for shareholders</b>			
Number of issued shares	6,140,375	6,140,375	
Proposed / paid dividend per share (CHF)	9.50	9.50	0
Dividend total (CHF 1,000)	58,334	58,334	0
Payout ratio (in %)	61.6	34.3	
Equity per share (CHF)	302.88	293.43	3.2
Basic earnings per share (CHF)	15.52	27.67	-43.9
Diluted earnings per share (CHF)	15.51	27.65	-43.9
Share price (CHF)			
High	432.50	402.50	7.5
Low	316.00	276.50	14.3
	Security number	SIX Symbol	Reuters
Flughafen Zürich AG (registered share)	1056796	FHZN	FHZN.S

<sup>1)</sup> Restated due to early application of IAS 19 (amended 2011); see pp. 90 – 91 for details.

<sup>2)</sup> Invested capital includes equity, interest-bearing debt and the fair values of the hedging instruments.

<sup>3)</sup> Interest-bearing liabilities (net) include interest-bearing debt and the fair value of hedging instruments 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 noise

Flughafen Zürich AG refinances 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 the income statement or cash flow statement of Flughafen Zürich AG. These adjusted key figures reflect all significant noise-related items in the income statement and balance sheet.

(CHF 1,000)	2012	2011 <sup>1)</sup>	Change in %
Total revenue	896,764	856,817	4.7
of which revenue from aviation operations	544,355	531,026	2.5
of which revenue from non-aviation operations	352,409	325,791	8.2
Operating expenses	-554,332	-417,197	32.9
Earnings before interest, tax, depreciation and amortisation (EBITDA)	342,432	439,620	-22.1
EBITDA margin (in %)	38.2	51.3	
Earnings before interest and tax (EBIT)	131,440	245,472	-46.5
EBIT margin (in %)	14.7	28.6	
Profit	80,590	149,351	-46.0
Cash flow from operating activities	414,262	400,242	3.5
Cash flow from investing activities	-173,283	-412,127	-58.0
Invested capital as at 31.12. <sup>2)</sup>	3,193,750	3,036,763	5.2
Average invested capital <sup>2)</sup>	3,115,257	2,925,054	6.5
Return on average invested capital (ROIC in %)	3.4	6.7	
Equity as at 31.12.	1,669,872	1,625,988	2.7
Return on equity (in %)	4.9	9.5	
Equity ratio (in %)	47.8	49.9	
Interest-bearing liabilities (net) <sup>3)</sup>	1,107,886	1,257,253	-11.9
Interest-bearing liabilities (net) / EBITDA	3.24x	2.86x	
<b>Key operational data</b>			
Number of passengers	24,802,400	24,337,954	1.9
Number of flight movements	270,027	279,001	-3.2
Freight in tonnes	418,751	415,035	0.9
Number of full-time positions as at 31.12.	1,354	1,310	3.4
Number of employees as at 31.12.	1,604	1,559	2.9
<b>Key data for shareholders</b>			
Number of issued shares	6,140,375	6,140,375	
Proposed / paid dividend per share (CHF)	9.50	9.50	0
Dividend total (CHF 1,000)	58,334	58,334	0
Payout ratio (in %)	72.4	39.1	
Equity per share (CHF)	271.95	264.80	2.7
Basic earnings per share (CHF)	13.20	24.33	-45.7
Diluted earnings per share (CHF)	13.19	24.31	-45.7

<sup>1)</sup> Restated due to early application of IAS 19 (amended 2011); see pp.90 – 91 for details.

<sup>2)</sup> Invested capital includes equity, interest-bearing debt and the fair values of the hedging instruments.

<sup>3)</sup> Interest-bearing liabilities (net) include interest-bearing debt and the fair value of hedging instruments less cash and cash equivalents, interest-bearing other current and non-current financial assets and fixed-term deposits.



## Business development | Results trend

### Results trend

**Revenue** rose year on year from CHF 905.4 million to CHF 948.8 million (+4.8%). Both aviation business and non-aviation business contributed to this growth.

Approximately 63 % of the total revenue came from **aviation operations**, which amounted to CHF 596.4 million (+2.9%) in the year under review. The most important revenue items are commented on below.

(CHF 1,000)	2012	2011	Change in %
Passenger fees	199,636	195,555	2.1
PRM fees	11,104	11,200	-0.9
Landing fees	85,954	84,527	1.7
Emission fees	3,222	3,150	2.3
Parking fees	6,675	6,100	9.4
Fuel charges	7,164	7,039	1.8
Freight revenue	7,623	7,817	-2.5
Baggage sorting and handling system	29,574	29,047	1.8
Aircraft energy supply system	12,906	11,134	15.9
CUTE charges (check-in system for handling agents)	4,697	4,397	6.8
Other revenue	14,803	12,521	18.2
<b>Total revenue from aviation flight operations</b>	<b>383,358</b>	<b>372,487</b>	<b>2.9</b>
Security fees	160,039	157,310	1.7
Refund of security costs	958	1,229	-22.1
<b>Total revenue from aviation security</b>	<b>160,997</b>	<b>158,539</b>	<b>1.6</b>
Noise charges	52,056	48,587	7.1
<b>Total revenue from aviation aircraft noise</b>	<b>52,056</b>	<b>48,587</b>	<b>7.1</b>
<b>Total revenue from aviation operations</b>	<b>596,411</b>	<b>579,613</b>	<b>2.9</b>

In line with the positive trend in passenger volume, revenue from **passenger and security charges** went up to CHF 199.6 million and CHF 160.0 million respectively.

Despite a fall in the number of flight movements (-3.2%), **landing charges** rose to CHF 86.0 million (+1.7%). This is attributable to the renewed increase in the average take-off weight (MTOW) per aircraft.

Revenue from **noise charges** grew disproportionately to CHF 52.1 million (+7.1%) 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 Flughafen Zürich AG and the Canton of Zurich, which was implemented as planned: 76 % to 24 % (previously 72 % to 28 %). Revenue from noise charges has been split between Flughafen Zürich AG and the Canton of Zurich since 1 July 2008 for the purpose of financing compensation for formal expropriations.

Revenue from **non-aviation operations** rose by 8.2 % to CHF 352.4 million and thus accounted for around 37 % of the total revenue in the year under review.

(CHF 1,000)	2012	2011	Change in %
Retail, tax & duty-free	87,425	75,167	16.3
Food & beverage operations	14,275	13,631	4.7
Advertising media and promotion	16,749	15,070	11.1
Revenue from multi-storey car parks	67,097	65,863	1.9
Other commercial revenue (car rentals, taxis, banks, etc.)	12,369	12,668	-2.4
<b>Total commercial revenue</b>	<b>197,915</b>	<b>182,399</b>	<b>8.5</b>
Revenue from rental & leasing agreements	94,531	88,905	6.3
Energy and utility cost allocation	26,833	25,236	6.3
Cleaning	3,919	3,521	11.3
Other service revenue	2,478	3,023	-18.0
<b>Revenue from facility management</b>	<b>127,761</b>	<b>120,685</b>	<b>5.9</b>
Communication services	14,839	13,587	9.2
Revenue from consulting activities	1,335	2,062	-35.3
Other services and miscellaneous	10,559	7,058	49.6
<b>Revenue from services</b>	<b>26,733</b>	<b>22,707</b>	<b>17.7</b>
<b>Total revenue from non-aviation operations</b>	<b>352,409</b>	<b>325,791</b>	<b>8.2</b>

Turnover-based revenue in the **retail, tax & duty-free and food & beverage operations** increased by 16.3 % and 4.7 % respectively in the year under review. This revenue growth is mainly due to the substantial expansion of airside space.

Sales for all shop and restaurant operators at Zurich Airport amounted to CHF 517.2 million (7.9 %). This corresponds to average expenditure per departing passenger of CHF 41.70 (2011: CHF 39.40).

(CHF 1,000)	2012	2011	Change in %
Trend in revenue of commercial partners (CHF million)	517.2	479.2	7.9
Commercial revenue of Flughafen Zürich AG			
Retail, tax & duty-free	87,425	75,167	16.3
Food & beverage operations	14,275	13,631	4.7
<b>Average revenue per departing passenger (in CHF)</b>	<b>41.70</b>	<b>39.40</b>	<b>5.9</b>

Growth in **parking revenue** of 1.9 % to CHF 67.1 million is largely due to increased charges for non-public parking.

Revenue from **facility management** amounted to CHF 127.8 million (+5.9 %). Revenue from **rental and leasing agreements** went up by CHF 5.6 million (+6.3 %) compared with the previous year. This increase is due on the one hand to the leasing of new additional premises and on the other hand to a further reduction in vacant premises. Similarly, revenue from the cross-charging of **energy and utility costs** saw a year-on-year increase of 6.3 % to CHF 26.8 million.

**Revenue from services** increased by around CHF 4.0 million (+17.7 %) to CHF 26.7 million in 2012. The main reasons for this were higher revenue from communication services as well as higher revenue from the observation deck on Dock B.

## Business development | Results trend

**Operating expenses** rose in financial year 2012 by 32.4 % overall from CHF 421.5 million to CHF 558.1 million, owing to a special factor. This sharp rise is primarily due to the charging of the new affiliation contract with the BVK Employee Pension Fund of the Canton of Zurich to the income statement. According to the new affiliation contract, Flughafen Zürich AG is also required to contribute to the restructuring of BVK. Moreover, because BVK will have a separate legal personality from 2014 and will no longer be a dependent entity under public cantonal law, the continuation of the pension fund is no longer assured. Both of these aspects have led

to this employee benefit scheme of Flughafen Zürich AG being reclassified as a defined benefit plan in accordance with IAS 19 rather than a defined contribution plan as previously, and being recognised accordingly in the company's financial statements. This initial recognition, which was carried in the income statement under "Personnel expenses" led primarily to an increase in employee benefit obligations in the balance sheet of Flughafen Zürich AG. Excluding the corresponding effect of approximately CHF 121.9 million, the operating costs would amount to CHF 436.2 million or an increase of 3.5 %.

(CHF 1,000)	2012	2011 <sup>1)</sup>	Change in %
Personnel expenses	290,116	163,543	77.4
Police and security	115,347	118,040	-2.3
Energy and waste	26,109	23,888	9.3
Maintenance and material	42,758	39,400	8.5
Other operating expenses	51,953	49,499	5.0
Sales, marketing, administration	41,618	39,127	6.4
Capitalised expenditure and other income / expenses, net	-9,758	-12,035	-18.9
<b>Total operating expenses</b>	<b>558,143</b>	<b>421,462</b>	<b>32.4</b>

<sup>1)</sup> Restated due to early application of IAS 19 (amended 2011); see pp. 90 – 91 for details.

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

(CHF million)		
<b>Personnel expenses in 2011 (published)</b>		<b>162.5</b>
Restatement due to early application of IAS 19 (amended 2011)	approx.	1.1
Adjustment of basic salaries	approx.	2.5
Lower variable salary components based on the annual result (management)	approx.	-0.7
Decrease in provision for holidays and overtime	approx.	-0.1
Higher other personnel expenses (incl. external auxiliaries)	approx.	2.9
Adjustment to employee benefit obligations recognised in the income statement	approx.	121.9
<b>Personnel expenses in 2012</b>		<b>290.1</b>

As at 31 December 2012, Flughafen Zürich AG employed 1,615 staff (31.12.2011: 1,570), corresponding to 1,365 full-time equivalent positions (31.12.2011: 1,321). The higher headcount is primarily the result of the new infrastructures (Dock B and security check building) that came on stream at the end of 2011.

Despite higher passenger numbers, Flughafen Zürich AG's expenses for **police and security** fell by 2.3 % to CHF 115.3 million. This reduction is due to the expected efficiency gains following the introduction of centralised security checks and optimised resource planning.

(CHF 1,000)	2012	2011	Change in %
Zurich cantonal police force	94,978	97,620	-2.7
Security expenses relating to third parties	20,369	20,420	-0.2
<b>Total police and security expenses</b>	<b>115,347</b>	<b>118,040</b>	<b>-2.3</b>

Higher electricity and fuel costs and greater consumption as a result of additional infrastructure meant that expenses for **energy and waste** rose by 9.3 % from CHF 23.9 million to CHF 26.1 million.

At CHF 42.8 million, expenses for **maintenance and material** in the year under review were significantly higher than the prior year's levels and represent an increase of CHF 3.4 million (+8.5 %). One reason for this was the greater consumption of de-icing agents as a result of the weather during the winter months of 2012. Secondly, it was possible to resume all the necessary maintenance work on buildings which had been temporarily suspended in 2011 because of the large-scale projects commissioned in the context of "Zürich 2010". Based on a comparison over several years, the costs for maintenance and material were roughly average in the year under review.

At CHF 52.0 million, **other operating expenses** are up 5.0 % compared with the previous year. The increase is due in particular to higher PRM costs (costs for assisting passengers with reduced mobility). The number of passengers assisted went up by 13 % during the financial year.

Expenses relating to **sales, marketing and administration** amounted to CHF 41.6 million, up from the 2011 figure of CHF 39.1 million (+6.4 % or CHF +2.5 million). Among other things, the increase is due to the higher costs of studies and external support.

In the 2012 financial year, **capitalised expenditure and other income/ expenses (net)** was around CHF 2.3 million (-18.9 %) less than in the previous year. This was due in part to the drop in expenditure from the exceptionally high level in 2011 following the completion and commissioning of "Zürich 2010".

(CHF 1,000)	2012	2011 <sup>1)</sup>	Change in %
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>390,677</b>	<b>483,942</b>	<b>-19.3</b>
Depreciation and amortisation	-218,741	-201,211	8.7
<b>Earnings before interest and tax (EBIT)</b>	<b>171,936</b>	<b>282,731</b>	<b>-39.2</b>
Finance result, net	-56,969	-73,451	-22.4
Share of profit or loss of associates	2,401	1,390	72.7
Income tax expense	-22,636	-40,825	-44.6
<b>Profit</b>	<b>94,732</b>	<b>169,845</b>	<b>-44.2</b>

<sup>1)</sup> Restated due to early application of IAS 19 (amended 2011); see pp. 90 – 91 for details.

**Earnings before interest, tax, depreciation and amortisation (EBITDA)** amounted to CHF 390.7 million, down CHF 93.3 million from the previous year (CHF 483.9 million). Adjusted for the initial recognition of expenses for employee benefit obligations resulting from the new affiliation contract with the BVK Employee Pension Fund in the income statement (see the comments in the Operating expenses section above), EBITDA was lifted by 5.9 % to CHF 512.6 million. The adjusted EBITDA margin of 54.0 % was again slightly higher than last year (53.5 %).

At CHF 218.7 million, **depreciation and amortisation** is around CHF 17.5 million above the previous year's figure. This increase is mainly attributable to new infrastructure that came on stream at the end of 2011.

The lower EBITDA and **higher depreciation and amortisation** resulted in a reduction in earnings before interest and tax (EBIT) by CHF 282.7 million to CHF 171.9 million (-39.2 %).

The **net finance result** was CHF 57.0 million and thus CHF 16.5 million or 22.4 % lower than in 2011. Ordinary interest costs were slightly lower than in the previous year. However, the main reason for the substantial decrease is the recognition of a valuation gain on the Japanese private placement in the income statement, which was partially offset by substantially higher finance costs for unwinding of discount on the provision for sound insulation and resident protection plus formal expropriations. Together with the lower level of interest rates, the lower refinancing costs of Flughafen Zürich AG at the balance sheet date required the discount rate for valuing the provision to be reduced from 2.5 % to 1.2 %, which resulted in correspondingly higher finance costs.

In the year under review, the **share in the result of associates** is based on the share in profits in the Indian airport operator in Bengaluru (Bangalore International Airport Ltd., BIAL) and the investment portfolio in Latin America.

## Business development | Results trend

**Profit** amounting to CHF 94.7 million is 44.2 % below the previous year's figure. If adjusted to disregard the initial recognition of the new affiliation contract with the BVK Employee Pension Fund in the income statement (see the comments in the Operating expenses section above), profit would be CHF 192.0 million (+13.1 %).

The Board of Directors is proposing to the General Meeting of Shareholders the payment of a dividend of CHF 9.50 (2011: CHF 9.50) 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 therefore 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 14 and 15.

	2012			2011 <sup>1)</sup>		
	Including aircraft noise	Elimination of aircraft noise	Excluding aircraft noise	Including aircraft noise	Elimination of aircraft noise	Excluding aircraft noise
<b>(CHF 1,000)</b>						
Revenue from aviation operations	596,411	-52,056	544,355	579,613	-48,587	531,026
Revenue from non-aviation operations	352,409	0	352,409	325,791	0	325,791
<b>Total revenue</b>	<b>948,820</b>	<b>-52,056</b>	<b>896,764</b>	<b>905,404</b>	<b>-48,587</b>	<b>856,817</b>
Operating expenses	-558,143	3,811	-554,332	-421,462	4,265	-417,197
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>390,677</b>	<b>-48,245</b>	<b>342,432</b>	<b>483,942</b>	<b>-44,322</b>	<b>439,620</b>
EBITDA margin (in %)	41.2		38.2	53.5		51.3
Depreciation and amortisation	-218,741	7,749	-210,992	-201,211	7,063	-194,148
<b>Earnings before interest and tax (EBIT)</b>	<b>171,936</b>	<b>-40,496</b>	<b>131,440</b>	<b>282,731</b>	<b>-37,259</b>	<b>245,472</b>
EBIT margin (in %)	18.1		14.7	31.2		28.6
<b>Profit</b>	<b>94,732</b>	<b>-14,142</b>	<b>80,590</b>	<b>169,845</b>	<b>-20,494</b>	<b>149,351</b>
Profit in % of total revenue	10.0		9.0	18.8		17.4

<sup>1)</sup> Restated due to early application of IAS 19 (amended 2011); see pp. 90 – 91 for details.

### Consolidated cash flow statement

Cash flow from operating activities was up slightly versus the prior year (CHF 438.9 million) and amounted to CHF 439.9 million for the year under review. Cash flow from operating activities relating to aircraft noise amounted to CHF 25.7 million (2011: CHF 38.7 million).

Cash outflow from investing activities decreased by CHF 264.6 million, mainly due to less construction activity and to the repayment of fixed-term deposits with a maturity of over 90 days, and amounted to CHF -185.0 million in 2012. 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 -11.8 million (2011: CHF -37.6 million).

Cash flow from financing activities amounted to CHF 44.3 million in 2012 (2011: CHF 6.7 million). In the year under review, a debenture with a nominal value of CHF 300.0 million was issued (2011: debenture of CHF 250.0 million). Further substantial cash outflows resulted from the repayment of the US car park lease liability (CHF -56.0 million) and the US private placement (CHF -73.2 million), from interest payments (CHF -60.0 million) and from the dividend payment amounting to CHF 57.4 million.

As of the end of 2012, the company had cash and cash equivalents in the amount of CHF 368.7 million (2011: CHF 69.5 million), of which the sum of CHF 27.8 million is held by the Airport of Zurich Noise Fund.

(CHF 1,000)	2012	2011	Change in %
<b>Cash flow from operating activities</b>	<b>439,920</b>	<b>438,899</b>	<b>0.2</b>
<b>of which related to aircraft noise (Airport of Zurich Noise Fund)</b>	<b>25,658</b>	<b>38,657</b>	<b>-33.6</b>
Income from noise charges	52,044	48,244	7.9
Expenses for sound insulation and resident protection plus formal expropriations	-26,386	-9,587	175.2
<b>Cash flow from investing activities</b>	<b>-185,046</b>	<b>-449,688</b>	<b>-58.9</b>
<b>of which related to aircraft noise (Airport of Zurich Noise Fund)</b>	<b>-11,763</b>	<b>-37,561</b>	<b>-68.7</b>
Investments in financial assets of Airport of Zurich Noise Fund	-87,613	-99,313	-11.8
Repayment of current financial assets of Airport of Zurich Noise Fund	75,850	61,752	22.8
<b>Cash flow from financing activities</b>	<b>44,332</b>	<b>6,672</b>	<b>564.4</b>
<b>Increase (+) / decrease (-) in cash and cash equivalents</b>	<b>299,206</b>	<b>-4,117</b>	<b>n/a</b>
Balance at beginning of financial year	69,512	73,642	-5.6
Effect of foreign exchange differences on cash and cash equivalents held	-5	-13	-61.5
<b>Balance at end of financial year</b>	<b>368,713</b>	<b>69,512</b>	<b>430.4</b>
<b>of which included in Airport of Zurich Noise Fund</b>	<b>27,759</b>	<b>1,101</b>	<b>n/a</b>

## Business development | 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)	2012	2011 <sup>1)</sup>	Change in %
Revenue from third parties	381.3	372.5	2.4
Inter-segment revenue	8.2	12.9	-36.4
<b>Total revenue</b>	<b>389.5</b>	<b>385.4</b>	<b>1.1</b>
<b>Segment result (EBIT)</b>	<b>-16.4</b>	<b>52.4</b>	<b>n/a</b>
<b>Total segment assets</b>	<b>948.0</b>	<b>961.3</b>	<b>-1.4</b>
<b>Depreciation and amortisation</b>	<b>61.6</b>	<b>59.6</b>	<b>3.4</b>
<b>Total investments</b>	<b>59.1</b>	<b>53.9</b>	<b>9.6</b>
<b>Number of employees (full-time positions) as at 31.12.</b>	<b>595</b>	<b>595</b>	<b>0.0</b>

<sup>1)</sup> Restated due to early application of IAS 19 (amended 2011); see pp. 90 – 91 for details.

"Aviation flight operations" posted a negative result of CHF -16.4 million. In the year-back period, the segment result was positive at CHF 52.4 million. The pronounced deterioration is mainly due to the provisions for employee benefit obligations recognised in the income statement which were charged to the "Aviation flight operations" segment proportionately. The decline in intersegment

revenue is due to the reallocation of primary costs (without any impact on the result for the "Aviation flight operations" segment. Likewise, the higher depreciation and amortisation and costs for expenses relating to a full operating year for Dock B contributed to the lower figure. By contrast, higher aviation revenue impacted positively on the result.

### Aviation security

(CHF million)	2012	2011 <sup>1)</sup>	Change in %
Revenue from third parties	161.6	158.5	2.0
Inter-segment revenue	0.0	0.0	n/a
<b>Total revenue</b>	<b>161.6</b>	<b>158.5</b>	<b>2.0</b>
<b>Segment result (EBIT)</b>	<b>8.6</b>	<b>4.0</b>	<b>115.0</b>
<b>Total segment assets</b>	<b>37.2</b>	<b>42.2</b>	<b>-11.8</b>
<b>Depreciation and amortisation</b>	<b>5.5</b>	<b>7.7</b>	<b>-28.6</b>
<b>Total investments</b>	<b>0.9</b>	<b>1.8</b>	<b>-50.0</b>
<b>Number of employees (full-time positions) as at 31.12.</b>	<b>16</b>	<b>16</b>	<b>0.0</b>

<sup>1)</sup> Restated due to early application of IAS 19 (amended 2011); see pp. 90 – 91 for details.

The "Aviation security" segment reported an improvement of CHF 4.6 million and lifted its result to CHF 8.6 million. This was due on the one hand to higher revenue from third parties, which in-

creased as a result of passenger growth. On the other hand, lower costs for police and security contributed to the improved result. This was partially offset by higher rent costs of operating the security check building for a full year.



## Aviation aircraft noise

(CHF million)	2012	2011 <sup>1)</sup>	Change in %
Revenue from third parties	52.1	48.6	7.2
Inter-segment revenue	0.0	0.0	n/a
<b>Total revenue</b>	<b>52.1</b>	<b>48.6</b>	<b>7.2</b>
<b>Segment result (EBIT)</b>	<b>40.1</b>	<b>37.1</b>	<b>8.1</b>
<b>Total segment assets</b>	<b>580.1</b>	<b>551.7</b>	<b>5.1</b>
<b>Depreciation and amortisation</b>	<b>8.0</b>	<b>7.5</b>	<b>6.7</b>
<b>Total investments</b>	<b>87.6</b>	<b>124.2</b>	<b>-29.5</b>
<b>Provision for sound insulation and resident protection plus formal expropriations</b>	<b>334.4</b>	<b>333.7</b>	<b>0.2</b>
<b>Number of employees (full-time positions) as at 31.12.</b>	<b>11</b>	<b>11</b>	<b>0.0</b>

<sup>1)</sup> Restated due to early application of IAS 19 (amended 2011); see pp. 90 – 91 for details.

In the 2012 financial year, the result of the “Aviation aircraft noise” segment went up from CHF 37.1 million to CHF 40.1 million. The improvement was due to higher traffic volumes and to the new breakdown of noise charges between Flughafen Zürich AG (76 %) and the Canton of Zurich (24 %) since 1 January 2012, compared with the previous 72 % and 28 %.

The increase in finance costs is attributable to the substantially higher finance costs due to the unwinding of discount on the provision for sound insulation and resident protection plus formal expropriations.

## Non-aviation

(CHF million)	2012	2011 <sup>1)</sup>	Change in %
Revenue from third parties	353.8	325.8	8.6
Inter-segment revenue	138.9	122.7	13.2
<b>Total revenue</b>	<b>492.7</b>	<b>448.5</b>	<b>9.9</b>
<b>Segment result (EBIT)</b>	<b>139.6</b>	<b>189.2</b>	<b>-26.2</b>
<b>Total segment assets</b>	<b>1,951.2</b>	<b>1,968.9</b>	<b>-0.9</b>
<b>Depreciation and amortisation</b>	<b>143.6</b>	<b>126.4</b>	<b>13.6</b>
<b>Total investments</b>	<b>116.7</b>	<b>283.4</b>	<b>-58.8</b>
<b>Number of employees (full-time positions) as at 31.12.</b>	<b>743</b>	<b>699</b>	<b>6.3</b>

<sup>1)</sup> Restated due to early application of IAS 19 (amended 2011); see pp. 90 – 91 for details.

The result for the “Non-aviation” segment declined from CHF 189.2 million in 2011 to CHF 139.6 million in 2012, despite higher total revenue of CHF 44.2 million. The positive revenue trend is due in particular to higher revenue from retail and facility management. Inter-segment revenue also improved as a result of the rent charged for the first time for an entire operating year for Dock B and the security check building commissioned on 1 December 2011. As

with the “Aviation flight operations” segment, the employee benefit obligations recognised in the income statement impacted negatively on the result. This and the substantially higher depreciation and amortisation led to the CHF 49.6 million fall in the result.

In terms of investments, the decrease is due to the completion of the “Zürich 2010” investment programme.

## Holdings and subsidiaries

### India (Bengaluru)

As at 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 the airport under an Operation, Management & Service Agreement (OMSA), and receives revenue from it. 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 by means of operation and management agreements, a structural optimisation in Latin America was initiated together with existing local partners against the backdrop of the ongoing privatisation process in Brazil which will be concluded in early 2013. 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.

Following the completion of the structural optimisation, the shares in the licensed companies for the Chilean airports in Antofagasta, Puerto Montt and Iquique are held by A-port Chile S.A. based in Santiago de Chile, and for Hato International Airport in Curaçao by Companhia de Participações Aeroportuárias, 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. There have been various exchanges of correspondence between Flughafen Zürich AG and the Bolivarian Republic of Venezuela. The hearing before the ICSID in Washington is scheduled for June 2013. The value of this holding was fully impaired in 2006.

## Investments

Taking noise-related issues into account, CHF 264.3 million was invested in 2012 compared with CHF 463.3 million in the previous year. The investments in property, plant and equipment amounted to CHF 176.1 million (2011: CHF 339.1 million). Broken down into the various categories, the picture is as follows:

(CHF million)	2012	2011
Property, plant and equipment	176.7	339.1
Intangible asset from right of formal expropriation	0.0	27.0
Non-current financial assets of Airport of Zurich Noise Fund	87.6	97.2
<b>Total</b>	<b>264.3</b>	<b>463.3</b>

The biggest investments in the category "Property, plant and equipment" were made in the following projects:

- Upgrade of Terminal 2 (CHF 30.8 million)
- Maintenance operations to preserve the value of engineering structures (CHF 24.2 million)
- Expansion of car parking (CHF 23.0 million)
- Renovation of runway 14/32 (CHF 9.9 million)
- Replacement of airbridges in Dock A (CHF 9.8 million)

### Balance sheet structure

The balance sheet total increased in the year under review by CHF 253.6 million to CHF 4,067.9 million. Current assets went up by CHF 279.4 million to CHF 647.2 million, which was due primarily to the higher overall level of cash and cash equivalents and fixed-term deposits. Non-current assets declined slightly by CHF 25.9 million to CHF 3,420.7 million, as a result of a surplus of writedowns in relation to new investments.

Equity increased in the year under review by CHF 58.0 million to CHF 1,859.8 million at the end of 2012, which corresponds to an equity ratio of 45.7 % (2011: 47.2 %).

Owing to the debenture issued in July 2012 and higher employee benefit obligations, non-current liabilities rose by CHF 273.1 million and totalled CHF 1,802.5 million as at 31 December 2012. Current liabilities were reduced by CHF 77.6 million and totalled CHF 405.6 million on the balance sheet date.

The return on invested capital (ROIC) declined to 4.1% (2011: 7.3 %), primarily as a result of the charging to the income statement of the new affiliation contract with the BVK.

(CHF 1,000)	2012		2011 <sup>1)</sup>	
	Total	in %	Total	in %
Non-current assets	3,420,690	84.1	3,446,543	90.4
Current assets	647,225	15.9	367,798	9.6
<b>Balance sheet total</b>	<b>4,067,915</b>	<b>100.0</b>	<b>3,814,341</b>	<b>100.0</b>
Equity	1,859,803	45.7	1,801,777	47.2
Non-current liabilities	1,802,477	44.3	1,529,347	40.1
Current liabilities	405,635	10.0	483,217	12.7
<b>Balance sheet total</b>	<b>4,067,915</b>	<b>100.0</b>	<b>3,814,341</b>	<b>100.0</b>
Average capital employed	3,298,117		3,090,595	
<b>Return on average capital employed (ROIC)</b>		<b>4.1</b>		<b>7.3</b>

<sup>1)</sup> Restated due to early application of IAS 19 (amended 2011); see pp. 90 – 91 for details.

### Outlook

#### Traffic and revenue trend

Owing to the continued uncertain global economic situation, Flughafen Zürich AG expects only slight passenger growth in 2013 and anticipates a modest increase in passenger volume of between 0 % and 1%. Revenue from non-aviation operations is likely to grow slightly more than revenue from aviation operations.

#### Operating expenses

Adjusted for the initial recognition of the new contract with the BVK Employee Pension Fund, operating expenses will rise at a slightly less than average rate.

#### Investments

Flughafen Zürich AG is planning investments of around CHF 200 – 250 million in 2013. The largest individual projects are the upgrading of Terminal 2, the expansion of parking facilities, the renovation of runway 14/32 and the construction of additionally required aircraft stands.

#### Result

Barring unexpected factors, and adjusted for the initial recognition of the new affiliation contract with the BVK Employee Pension Fund, both earnings before interest, tax, depreciation and amortisation (EBITDA) plus the EBITDA margin and EBIT (earnings before interest and tax) are likely to be slightly above the prior year levels.

### **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, which 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 108 and 109 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](http://www.zurich-airport.com/aznf).

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

<b>(CHF 1,000)</b>						
	<b>2012</b>			<b>2011</b>		
	Flughafen Zürich AG	Canton of Zurich	Total	Flughafen Zürich AG	Canton of Zurich	Total
<b>Airport of Zurich Noise Fund as at 1.1.</b>	<b>247,711</b>	<b>203,337</b>	<b>451,048</b>	<b>209,050</b>	<b>183,938</b>	<b>392,988</b>
Revenue from noise charges	52,044	16,435	68,479	48,244	18,762	67,006
Costs for sound insulation and resident protection	-23,230	0	-23,230	-9,526	0	-9,526
Costs for formal expropriations <sup>1)</sup>	-3,156	-3,227	-6,383	-929	-1,748	-2,677
<b>Net result before operating costs and finance result</b>	<b>273,369</b>	<b>216,545</b>	<b>489,914</b>	<b>246,839</b>	<b>200,952</b>	<b>447,791</b>
Operating costs	-3,811	-16	-3,827	-4,265	-19	-4,284
Interest income from financial assets of Airport of Zurich Noise Fund	5,857	2,279	8,136	5,031	2,115	7,146
Adjustments to fair value and realised gains / losses on financial assets (available-for-sale securities)	-1,629	425	-1,204	106	289	395
<b>Airport of Zurich Noise Fund as at 31.12.</b>	<b>273,786</b>	<b>219,233</b>	<b>493,019</b>	<b>247,711</b>	<b>203,337</b>	<b>451,048</b>

<sup>1)</sup>In addition to compensation payments for formal expropriations, this amount includes other associated external costs, in accordance with the regulations of the Airport of Zurich Noise Fund (see note 15, "Provision for sound insulation and resident protection plus formal expropriations" on page 107 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:

<b>(CHF 1,000)</b>							
<b>Maturity</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017 ff.</b>	<b>Total</b>	<b>in %</b>
<b>Credit rating</b>							
Cash and cash equivalents	197,499	0	0	0	0	197,499	40.06
AAA	24,251	22,858	20,586	40,652	19,708	128,055	25.97
AA+/AA/AA-	37,971	28,759	6,582	10,695	15,095	99,102	20.10
A+/A/A-	10,486	4,127	9,830	5,051	6,828	36,322	7.37
Not rated	5,111	0	12,231	10,858	8,742	36,942	7.49
Other <sup>1)</sup>	-4,901	0	0	0	0	-4,901	-0.99
<b>Total</b>	<b>270,417</b>	<b>55,744</b>	<b>49,229</b>	<b>67,256</b>	<b>50,373</b>	<b>493,019</b>	<b>100.00</b>
<b>in %</b>	<b>54.84</b>	<b>11.31</b>	<b>9.99</b>	<b>13.64</b>	<b>10.22</b>	<b>100.00</b>	

<sup>1)</sup>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.

## **Trend in traffic volume**

### **Positive development despite uncertain economic environment**

In 2012, Zurich Airport was host to 24,802,400 passengers, exceeding the previous year's record by 1.9 %. This figure lies well above the +0.4% growth rate for all major European airports.<sup>1)</sup>

Growth was driven by the first three quarters. From January through September passenger numbers developed consistently positively, whereas the period October to December showed a slight decline.

Despite the uncertain economic environment, in 2012 the Zurich Airport catchment area again proved to be a stable and reliable market with a continuing increase in demand for flights. The number of local passengers increased during 2012 by 1.6 % to a total of 16.2 million. At the same time, the number of transit passengers at Zurich Airport rose by 2.5 % to 8.5 million. In percentage terms, the share of transfer passengers rose from 34.0 % in 2011 to 34.2 % in 2012.

Scheduled and charter flights increased in 2012 by +1.9 % each, while general aviation dropped by 5.9 %.

Intercontinental flights enjoyed above-average growth of +7.5 %. This increase was especially significant with regard to flights to and from Asia (+13.0 %), the Middle East (+9.4 %) and North America (+7.5 %) thanks to greater flight availability and demand. Europe, Zurich's largest market, grew by +0.4 %.

Based on the total number of passengers, Swiss International Airlines, Turkish Airlines, Aeroflot and Oman Air contributed most strongly to passenger volume growth. At Zurich Airport, the hub carrier Swiss has the largest passenger share at 56.4 %, followed by Air Berlin (6.1 %), Edelweiss Air (3.8 %) and Lufthansa (3.6 %).

### **Fewer flight movements with better capacity utilisation**

In 2012, takeoffs and landings numbered 270,027, a decline of 3.2 % compared with the previous year. Yet owing to the use of larger aircraft the number of seats to and from Zurich remained nearly unchanged at -0.2 %.

The increase in passengers and the drop in flight movements led to a 1.6 % rise in the seat load factor to 74.4 %. Thus the number of passengers per flight movement likewise rose from 102 in 2011 to 106 in 2012.

The decline in flight movements of scheduled flights amounted to -2.3 %. In contrast, charter flights showed a slight rise of +0.4 %. General aviation dropped by 8.6 %.

### **Slight gains in freight volumes**

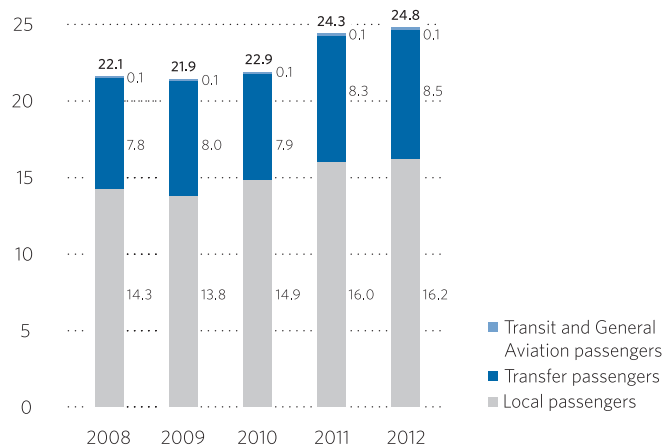
Freight volumes at Zurich Airport increased by 0.9 % in 2012 over their 2011 levels. During the year under review, a total of 418,751 tonnes of freight were transported. The volume of freight shipped by air grew slightly by +1.9%, whereas substitute air freight transported by road fell by -1.3%.

### **Strong network**

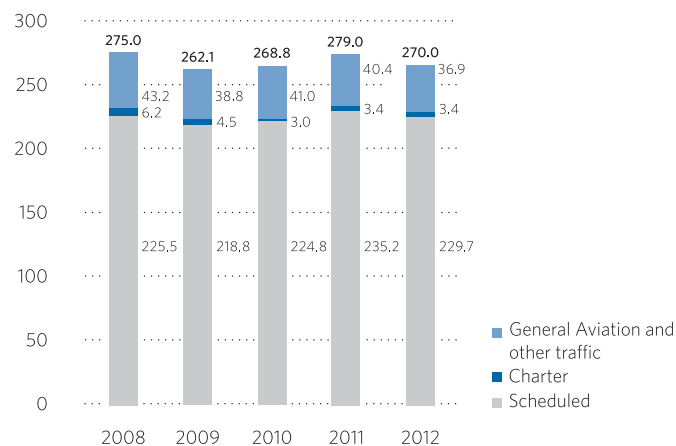
In 2012, 65 airlines with scheduled services and 13 charter companies operated flights from Zurich Airport to 130 European and 58 intercontinental destinations. Cirrus Airlines (Dresden and Salzburg), City Airline (Göteborg), Hello (various charter destinations) and Malév Hungarian Airlines (Budapest) were forced to discontinue operations for economic reasons, but the vacated capacities were largely filled by existing airlines. In addition, Zurich Airport was able to welcome three new airlines in 2012: Air Dolomiti (Verona), Alitalia (Rome) and eurolot (Krakow).

<sup>1)</sup> Source: ACI, Airports Council International (as at January 2013)

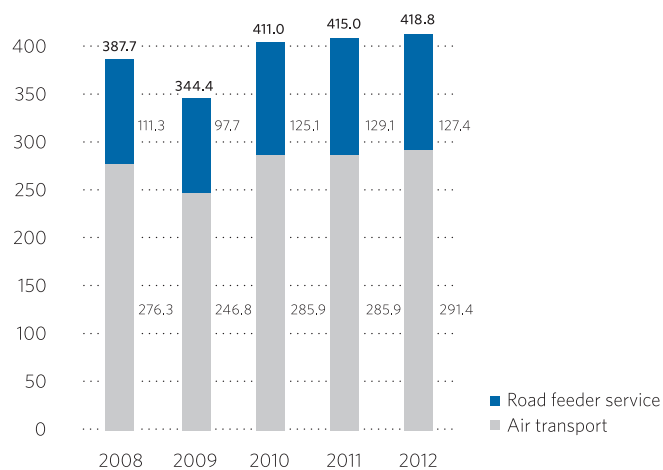
### Trend in passenger volume (in million)



### Flight movements (in 1,000)



### Freight (in 1,000 tonnes)



### Airlines and destinations

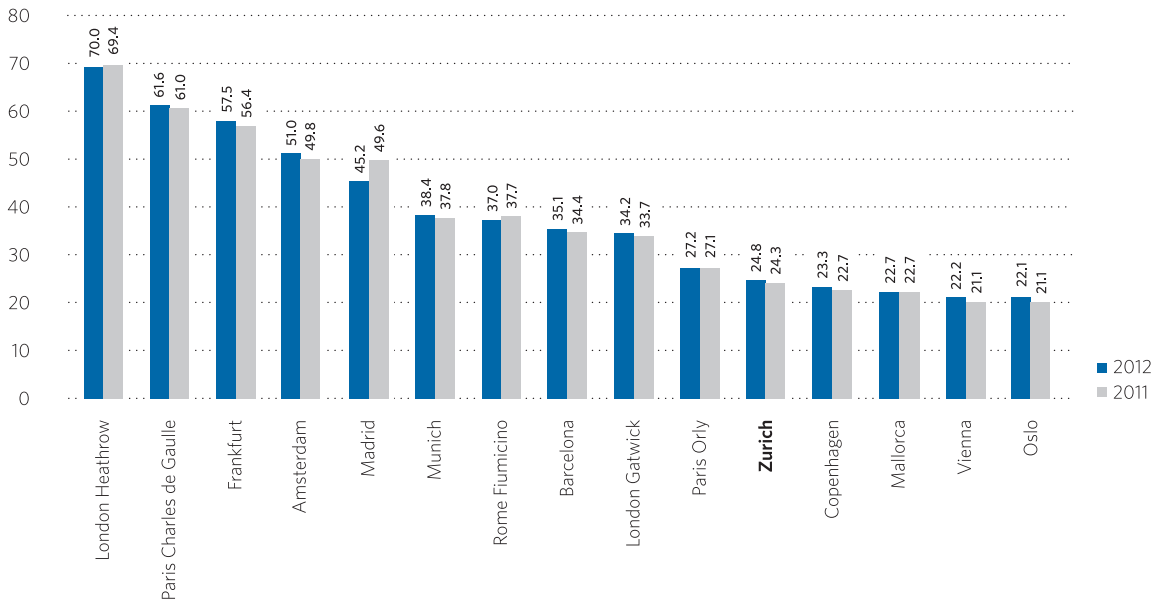
Number of airlines		2012	2011
Scheduled flights		65	70
Charter flights		13	15
Destinations, scheduled flights (cities)			
Europe		130	135
Africa		20	20
Asia		19	19
North America		15	17
Latin America		4	5
<b>Total</b>		<b>188</b>	<b>196</b>
Destinations, scheduled flights (countries)			
Europe		36	38
Africa		8	8
Asia		16	15
North America		2	2
Latin America		4	4
<b>Total</b>		<b>66</b>	<b>67</b>

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



Passengers at European airports (in millions)

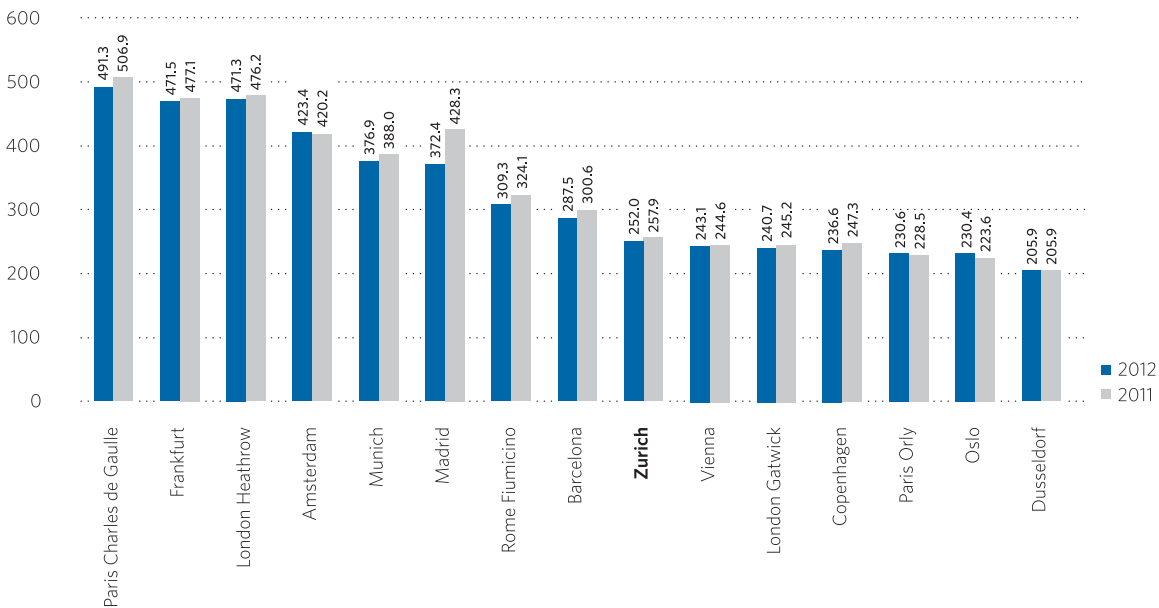
The 15 largest European airports in terms of passenger volumes



Source: ACI Airport Council International (as at January 2013)

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 2013). Commercial flight movements include scheduled, charter and general commercial aviation traffic.

## Aviation

### Passengers

2012 was very much a proving ground for large infrastructure projects, especially for Dock B and the security check building which both came on stream at the end of 2011. Flughafen Zürich AG is constantly endeavouring to streamline passenger handling processes at Zurich Airport in order to make them more efficient. As was proved over the course of 2012, the new infrastructures stood up well to the demands placed on them. The centralised security checks lived up to expectations. The high level of acceptance among passengers for automated boarding card checks, both when entering the security check building and again when boarding at the respective gate, is particularly gratifying to note.

There have also been new developments in the deboarding process when passengers disembark from an aircraft. Automatic deboarding commenced in Dock A at the beginning of February 2012. All 17 gates have now been equipped with automatic double doors and motion detectors so they can be operated without personnel. This process was enabled by the discontinuation of the security boundary between the arrivals level and the departures level in Dock A when centralised security checks were introduced. Automatic deboarding makes passenger handling more efficient and cost-effective for both the airlines and the handling agents. A screen displaying current flight information and voice announcements at the triage point assist passenger routing in the airbridge. In this way passengers are individually guided to the shortest possible route to the gate for their connecting flight. This optimises transfer times for transit passengers with tight connecting times and consequently reduces delays.

### Airlines

Travellers can fly direct to 188 destinations from Zurich Airport. At around 56.4%, hub carrier Swiss International Air Lines continues to account for the biggest share of passengers, followed by Air Berlin (6.1%), Edelweiss Air (3.8%) and Lufthansa (3.6%).

Swiss International Air Lines is planning the phased replacement of its Avro aircraft by the new Bombardier C series between 2014 and 2016. This requires far-sighted planning and investment on the part of the airport operator, in particular with regard to stand allocation. Further new developments such as the introduction of a

Boeing 787 – known as the “Dreamliner” – by Qatar Airlines on its Zurich-Doha route will not require any major operational or structural changes. SriLankan Airlines, which had been serving the popular tourist destination of Colombo from December 2011, was forced to withdraw this service again within the year. From February 2012, Swiss International Air Lines operated five flights a week to Beijing, and boosted this to a daily service from 19 April. In addition, a stronger Alitalia returned to Zurich and has offered a twice-daily service to Rome from 29 October 2012.

Freight also contributes to the success of Zurich Airport, especially for our hub carrier Swiss International Air Lines. The airport received the “Air Cargo Excellence Award” for the excellent service provided by our freight division and the agencies involved. Zurich Airport took first place in the “European airports between 100,000 to 399,000 tonnes” category and ranked third overall in an international field of airports.

### Standards

Efficiency is important not only on the ground, but also in the skies above the airport. A number of bodies involved in civil aviation have come together in the SESAR project (Single European Sky Air Traffic Management Research) to promote improved efficiency and modernisation in European air traffic management. As linchpins of Europe’s air transport network, airports play a key role here as they have the greatest density of traffic and also supply the majority of the data. Flughafen Zürich AG is therefore participating in SESAR as part of a consortium comprising the airports of Amsterdam, Frankfurt, London, Munich and Paris.

One SESAR project concerns the development of a GPS approach procedure, and Zurich Airport was the first airport in Europe to introduce this in March 2011. It is being developed as part of the CHIPS Swiss innovation platform – the “CH-wide Implementation Program for SESAR Related Activities”. In addition to Flughafen Zürich AG and Skyguide, other participants include the Federal Office of Civil Aviation (FOCA) and Swiss International Air Lines. Zurich Airport’s commitment to this project underscores its role as a leading airport at the forefront of the development and deployment of satellite-based flight procedures.

### **New flight procedures**

In the year under review, the airport operator repeatedly demonstrated its willingness to translate plans into actions. Not only did it optimise an existing modern approach procedure, it also implemented an innovative departure procedure. GPS-assisted landing has been possible at the airport's runway 14 under certain conditions since March 2011. A ground station located at Zurich Airport will additionally improve the precision of the GPS signal. This use of GPS technology will enable suitably equipped aircraft to land even in low-cloud or poor visibility conditions in future. Flughafen Zürich AG therefore submitted a planning application for a ground station to FOCA in June this year.

A new departure procedure employing satellite navigation has also been possible on runway 34 since 18 October 2012. This is the first time that a departure procedure has been used in Switzerland which specifies a turn radius for the turning segment. In principle, the new satellite-based departure route is the same as the existing departure route. So while the technology has changed, the routes remain the same. However, the new departure procedure promises more precise routing, and consequently less track dispersion in the turning segment. Which technology is used for departures from runway 34 depends on the aircraft instrumentation and is ultimately up to the pilot to decide. The project will enable Skyguide, Flughafen Zürich AG and hub carrier Swiss International Air Lines to gather some initial experience with new technologies for departure and approach procedures.

### **Safety and security**

Under the terms of its operating licence, the airport operator has a duty to ensure operational safety at Zurich Airport at all times. Together with its partner companies, it ensures efficient and safe flight operations by optimising the general operating conditions and taking measures to reduce the complexity of the overall system.

As the operator of Zurich Airport, Flughafen Zürich AG has been certified according to the requirements of the International Civil Aviation Organization (ICAO) since June 2006, and is required to be audited by FOCA every three years. Along with the airport's operating and safety processes, in the spring of 2012 FOCA inspected the Safety Management System of Flughafen Zürich AG and once again deemed it compliant. The inspection included the airport operator's organisation of contingency planning, aircraft refuelling, regular runway inspections and snow clearing.

One open issue is the interface between air traffic control, for which Skyguide is responsible, and apron control, for which Flughafen Zürich AG is responsible. Following detailed analysis as part of a risk-based study, FOCA attested that there were no unacceptable risks at this interface. Coordination of this interface is continually optimised. Work is currently underway at the European Aviation Safety Agency to define certain specifications relating to this interface. A working group headed by the Safety Officer at Geneva airport was formed in the summer of 2012. The two airports of Zurich and Geneva are exchanging knowledge and sharing information here.

Since 6 November 2006, all European airports have been obliged to impose restrictions on liquids in hand luggage. The European Union is now planning to gradually relax these regulations from January 2014. To this end, various European airports have been testing new screening equipment. From 19 January to the end of February 2012, trials of two new scanners designed to detect dangerous liquids in hand luggage were conducted at Zurich Airport. Further trials are scheduled for the spring of 2013.

### **Charges**

With the enactment of the Ordinance on Airport Charges (Verordnung über die Flughafengebühren, FIGV) on 25 April 2012, new rules have come into force on the setting and levying of airport charges. The ordinance came into force on 1 June 2012 and is to be implemented by January 2014. The economic framework is therefore now in place which will create greater planning security for both Flughafen Zürich AG and airport users with respect to operational charges as well as usage and access charges. The ordinance will enable Flughafen Zürich AG to adequately refinance its high investment in the development and maintenance of the airport's infrastructure.

The ordinance provides for a two-stage process to regulate flight operation charges. Airports and their users should first attempt to negotiate an agreement on the system and level of charges. If no agreement can be reached through negotiation, in a second stage the airport operator will submit its proposed charges to FOCA. These will be based either on a benchmark study with airports operating according to a similar business model, or on the detailed calculation criteria defined in the ordinance.

Separate negotiations on noise charges commenced in July 2012, but no agreement was reached by the deadline set. Flughafen Zürich AG subsequently submitted its proposed noise charges to FOCA on 30 October 2012 and they were approved – albeit with minor amendments – in early 2013 in the form of a decree. In February 2013 a third party lodged a complaint against this decree, which could delay the introduction of the planned noise charges.

#### **Operational infrastructure**

Swiss is planning to replace the Jumbolino fleet in stages with a modern C series as of 2014. As the new aircraft have a large wingspan, they can no longer be handled at the existing Jumbolino stands Hotel and India. Flughafen Zürich AG has therefore submitted a planning application to FOCA to build seven new stands to the north of Dock E. The construction work is scheduled for 2013–14.

Construction work on the apron next to the hangar area is proceeding apace. Owing to the erection of the new noise protection hangar, in future it will not be possible to use some relatively large areas of the apron near the hangars. The airport operator is therefore planning to extend the apron towards the western end of Zurich Airport. The planning application for this “Zone West” was submitted to FOCA in March 2012. The overall area covered by the first construction phase is around 16.5 hectares. This represents one of the last aviation development areas at Zurich Airport. The first phase in Zone West will create new apron areas. This does not involve increasing the number of aircraft stands, it will merely serve to cater to the recent trend in building aircraft with larger wingspans. Construction is scheduled for 2014 to 2016.

As Zurich Airport’s main landing runway, runway 14/32 is subject to heavy wear and tear. The centreline of this 35-year old runway is therefore in need of extensive renovation. In May 2011, Flughafen Zürich AG submitted a planning application to renovate runway 14/32. The main work on the runway is scheduled to be carried out during the summer months of 2014. However, preliminary work for this commenced already in August 2012. Advance projects include renewal of the electrical installations and the associated new cable conduits along the runway. Sound insulation measures will be put in place to ensure that noise levels in neighbouring residential areas are kept to a minimum.

#### **Non-aviation**

##### **Retail, catering and promotions**

Revenue per outbound passenger rose significantly in the year under review. No doubt one of the major contributing factors was the new duty-free walk-through outlets set up at the same time as the security check building in the Airside Center, which were expanded to include a generous amount of space devoted to perfumes and cosmetics on Level 1. Many new stores opened, while tried and tested concepts were also revamped. For instance, new boutiques from IWC, La Prairie, Caviar House, Sprüngli and Tommy Hilfiger were welcomed at the airport. A new multi-brand concept for handbags was implemented, while Swatch and Navyboot stores underwent makeovers both landside and airside. Complementing its womenswear boutique on Level 1, Grieder opened a second store specialising in men’s fashions on Level 2. Sales are also up at the Arrival Duty Free Store, which is enjoying increasing popularity and recognition.

On the gastronomy side, May saw the opening of the “upperdeck” restaurant in the Airport Center which combines high-quality dining with experiencing the “fascination of flying”. The summer saw the opening of Confiserie Sprüngli’s Café & Lounge with integrated shop on Level 2 of the Airside Center. The original café on Zurich’s Paradeplatz now has a modern offshoot at Zurich Airport which immediately became a big hit with both passengers and airport staff alike, bringing further vitality to the upper level of the Airside Center. In addition to the Marché restaurant opened in Dock B in 2012, an equally successful Marché “grab & go” outlet was launched in Transit A. A touch of Swiss flair is offered by famous Zurich sausage purveyors “Sternengrill” who have set up stall in the bus terminal directly next to the entrance to the Airport Center. Following lengthy renovations, the well-frequented “Asia” restaurant in Check-in 1 has now also re-opened. While still serving up Italian specialities, restaurant “Italian” has now changed its name to “Intermezzo”. It has also greatly expanded its outdoor seating next to the entrance to the observation deck.

Seasonal promotions involving famous brands attract attention and increase awareness of the wide-ranging attractive retail offering at Zurich Airport. In the spring Zurich Airport played host to the cult motorcycle brand, Ducati. In early summer, an exhibition featuring top Swiss brands found a platform at Zurich Airport under the title “Best of Switzerland”. The autumn Fashion Days event brought a touch of glamour to the airport, with the latest autumn and winter fashion trends being presented at more than 20 locations over a six-week period.

## Business development | Non-aviation

### Real estate

Flughafen Zürich AG seeks to manage its property portfolio to generate income and create added value. It focuses on increasing revenue from rental agreements, reducing vacancies, and on remaining competitive with other property services in the region.

Alongside the property rental business as such, conversion and refurbishment projects are assessed and realised in close cooperation with internal and external construction experts.

In November 2012, after a two-year construction period, Zurich Protection & Rescue opened its new 3,000 m<sup>2</sup> call centre in Operation Center 1. In addition, EOS Schweiz AG was recruited as a new tenant. Operating in the receivables and risk management sector, the company has been leasing 1,100 m<sup>2</sup> in Office Center 1 since October 2012. As at the end of the year, total vacancies amounted to 1.3 % of the property portfolio (2011: 1.8 %).

### Services and advertising

A new iPhone app launched by Flughafen Zürich AG at the beginning of the year is making life easier for travellers. The Zurich Airport app provides passengers with the latest arrivals and departures information. The automatic notifications (push messages) are especially practical: once the user specifies a preferred flight, the system automatically sends notifications of all status changes. Anyone travelling by car to the airport can check parking availability in the car parks. Public transport users can obtain the latest departure times for trains, buses and trams. The app also includes information on shopping and restaurants in the passenger and public zones, as well as on checking in, baggage and customs regulations, airlines, special assistance, hotels and contact addresses. Users of smartphones with other operating systems will find the same information on the new mobile website. To boost digital services even further, free access to the Internet for an hour was launched at the beginning of 2013.

A new promotional video about Zurich Airport as a product and Flughafen Zürich AG was also produced in 2012. In collaboration with Switzerland Tourism and Zurich Tourism, this engaging film is being shown on various information platforms and is also proving invaluable to the airport operator for partner communication purposes. The showroom for our flagship project "The Circle" was also realised professionally. Next to the bus terminal, in view of and within walking distance of the Butzenbühl hill, a spacious elegant visitor room has been available since the autumn of 2012 for project managers working on "The Circle". Containing all the scale models, a multimedia installation and seating, this space provides an ideal representation platform.

### Landside transport

The car parking situation at Zurich Airport currently reaches critical levels on around 30 peak days each year. Most parking spaces in the car parks and in the P60 long-term car park are occupied on these days. The number of local passengers will probably rise further in the coming years, and consequently – despite the planned increase in the share of public transport (modal split) – the parking situation is set to become increasingly difficult. Flughafen Zürich AG has therefore identified the need to gradually provide an additional 7,100 parking spaces by 2020 and has submitted an application to do so.

The Swiss Federal Department of Environment, Transport, Energy and Communications (DETEC) has confirmed the need for these parking spaces and has approved a first tranche of 3,059. These will be created by adding 2,817 spaces on the eastern side of existing car park 6, and by building a new parking deck with 242 additional spaces in car park P70 near the maintenance area. For the time being, these additional parking spaces will meet the immediate need created by the rise in local passenger numbers. The further parking spaces to be gradually provided by 2020 have been coordinated with the general regional transport plan of the Canton of Zurich. If the number of local passengers continues to increase as expected over the next few years, sites for the remaining 4,041 parking spaces applied for will be identified and the planning applications will be extended accordingly.

The modal split requirements represent a binding target for Zurich Airport to increase the proportion of public transport. This share has been constantly rising over recent years, and according to the new definition is now around 40 % (46 % according to the old definition). For many years the growth in public transport serving Zurich Airport has been greater than the increase in the number of private vehicles. The goal is to increase the modal split to 42 % by 2020, and then to 46 % again in the longer term. This target is in line with the general regional transport plan, the cantonal development plan, and also the federal government's Sectoral Aviation Infrastructure Plan (SAIP).

For services to public transport, Zurich Airport and VBG Verkehrsbetriebe Glattal AG were joint winners of the "FLUX – golden transport hub" award. The focus for this year's prize was on customer information and signage, which the jury found to be excellent at Zurich Airport.

Another gratifying prize is the "World Travel Award" as "Europe's Leading Airport" which was conferred on Zurich Airport for the ninth consecutive time. The nomination criteria were the reach of its sales efforts in the tourist industry, i.e. communication with travel operators and travel agents, the user-friendliness of the airport, and the consistently high quality of its products and services.

#### **The airport as excursion destination**

Zurich Airport is one of the most popular excursion destinations in Switzerland. The opening of the new observation deck on Dock B a year ago has made it even more attractive. Over more than 7,500 m<sup>2</sup>, the deck offers a mini-airport for children, flight information points and a discovery path on the "fascination of flying". Out on the observation walkway, visitors can get closer to flight operations than at any other large airport in the world and can even observe pilots at work in the cockpit. The multimedia binoculars known as Airportsopes are also a world first. Developed especially for Zurich Airport, they provide background information about fixed and mobile points of interest around the airport.

For Flughafen Zürich AG, the observation deck on Dock B has proved a great success. With 400,000 admissions during its first year of operation, visitor numbers have already greatly exceeded expectations. Visitors are from all age groups: 27 % are children under ten, 5 % are young people and 68 % are adults.

The observation deck is not only a visitor attraction, it also serves as a valuable platform for our partner companies. For instance, thanks to the observation walkway, the public are able to watch from up close the naming ceremonies for aircraft owned by Swiss International Air Lines. The visitors room on the observation deck can also be hired for events of all kinds. Booking numbers prove that this new service is very popular.

#### **Project management**

##### **Projects and infrastructure**

The upgrade of Terminal 2 is the biggest construction project currently underway. Besides extensive renovation of the building, the project aims to deliver tangible improvements. An extension will create even more space for passengers and will feature a friendly atmosphere with lots of natural daylight.

Following completion of all the preparatory work (including Delivery North, the baggage claim hall, customs control facility, cloakrooms and lounge on the mezzanine level, customs hall link, temporary check-in counter), the spring saw the launch of the main construction phase 1 which covers renovation of the southern part of the building in a first phase. Besides new arrival and check-in systems on the southern side, this phase will also encompass the link to the baggage sorting system, new southern and eastern facades, plus new office facilities. Desks 7 to 10 from the southern end of Terminal 2 have already been relocated to the mezzanine level G1 and have recommenced operation there.

Since the work is scheduled to be carried out in a number of phases up until 2015, the refurbished southern part of the hall will already be available for use following completion of the first phase at the beginning of 2014. But well before that, the "new" Terminal 2 will already be very much in evidence, particularly when the new facade and the second walkway have been erected and work commences on the interior. The northern part will then be renovated. The roof, building services and links to the baggage sorting system and other functional areas will also be renewed step-by-step.

All the renovation work will be carried out during ongoing operations. The biggest physical bottlenecks are currently affecting the Arrival 2 area. The airport operator will endeavour to manage the high concentration of people in the area as optimally as possible by running an information campaign as well as providing on-the-spot airport guides and additional signposting.

Nevertheless, alongside these provisions, much patience and understanding will be required from everyone affected. At the same time as Terminal 2 is being upgraded, a project to completely renew the curbside lanes is being planned and will be gradually rolled out between 2013 and 2016.

The first phase of rebuilding the General Aviation Center was completed at the beginning of December 2012 and this has now commenced operation. This phase encompassed both the departures section with security and passport control, and the arrivals section, likewise with passport control. It also included customs clearance, which now has a red and a green zone. This means that it is now possible to clear goods too through customs in the General Aviation Center. Building work was then temporarily suspended in order not to disrupt operations during the annual World Economic Forum. The second building phase is scheduled for completion in the summer of 2013.

It is also necessary to continually optimise and adapt existing facilities to meet present-day needs. By way of example for a wealth of infrastructure projects, we will cite just three here:

A new central cooling plant will be built on the roof of the baggage sorting system and will be big enough to handle centralised cooling, along with all the necessary electrical systems required. The 22 cooling units which in the past were scattered over nine sites will now be operated with just four units from a single site. On the one hand, this new central cooling plant will meet all the statutory requirements regarding the use of refrigerants. Secondly, the airport operator will be able to ensure the necessary cooling capacity reserves for efficient and maintenance-friendly operation.

In addition, since March 2012 we have been successively replacing the old airbridges in Dock A with more modern glass bridges. The last of the 17 airbridges will go into operation in March 2013, bringing them up to the same high standard as those in Dock B and Dock E. At the same time as the new airbridges were being installed in Dock A, the ground power systems were also renewed.

In the baggage sorting system, the airport operator is replacing the X-ray scanners with more modern ones. The system thus meets the highest safety standards and will continue to ensure in future that security checks on passengers' luggage are fast and efficient.

The systems crucial for airport operations were also maintained and optimised during the year under review. Flughafen Zürich AG is proud that all systems met – and in some cases significantly exceeded – their availability targets and consequently helped the airport to meet its demanding quality and punctuality targets.

#### **“The Circle”**

On 6 March 2012, the airport operator was granted planning permission from the municipality of Kloten for its major project “The Circle”. No appeals were filed before the 30-day deadline expired, and consequently the building permit is legally binding. Also in March, Flughafen Zürich AG succeeded in concluding an agreement with the international hotel group Hyatt. The long-term agreement stipulates that two hotels will together provide some 550 rooms and convention facilities over an area of approximately 45,000 m<sup>2</sup>. Obtaining the final planning permission and signing up tenants for around a quarter of the overall useable space represent two key milestones towards the realisation of the planned service centre. To ensure the project's success, additional anchor tenants still need to be found for the office spaces and service areas, investments need to be secured as the main basis for the project's viability, and investment and financing structures need to be put in place. Once all these conditions have been met and financing has been secured, building work is likely to commence in 2014. The opening of the first phase is scheduled for the end of 2017.



### **International business development**

Outside Switzerland, Flughafen Zürich AG is currently involved in operating ten airports in India and South America, always in cooperation with strong local partners. Although the airport operator pursued a number of acquisition projects during the year under review, unfortunately they collapsed at the final hurdle. By participating in the tendering process for the Portuguese airports, the business development team ventured into a very large-scale project for the first time. The company ANA, which is set to be privatised, operates ten airports, including Lisbon and Porto, as well as some smaller airports on Madeira and in the Azores. Besides Flughafen Zürich AG, of the eight bidders who participated in the non-binding bidding round, four other consortia prequalified. Four contenders then submitted binding bids in December 2012. Flughafen Zürich AG went forward into the final round as Zurich Airport Consortium together with Global Infrastructure Partners (GIP) and Companhia de Concessões Rodaviárias (CCR). Despite the very tight timescales, and in some cases rapidly changing conditions, the team succeeded in drawing up a professional evaluation and submitting a binding offer. Unfortunately the concession was awarded to a competitor who submitted a substantially higher bid.

In addition to Portugal, Flughafen Zürich AG also looked at other projects worldwide during the year. In Latin America, via its joint venture with A-port Chile S.A., it was awarded the concession for the operation and expansion of Iquique airport in Chile. Following the takeover in January 2013, the responsibility for both the expansion and management of the airport will be handed over to A-Port Chile for an interim period of four years. "Aeropuerto Internacional Diego Aracena" lies around 20 kilometres south of the port of Iquique. Approximately 1.1 million passengers travelled through Chile's third largest airport last year. In mid-October 2012 the new international terminal in Bogotá also successfully came on stream. It is currently the most modern terminal at the third largest airport in Latin America.





**2**

ROE DEER LIVE ON THE AIRPORT SITE

**70**

KG OF RUBBER IS THE APPROXIMATE AMOUNT LOST BY A BOEING 747 ON LANDING.

**250**

TONNES OF RUBBER COATING WERE REMOVED FROM THE RUNWAYS AT ZURICH AIRPORT IN 2012.

**3,249**

RUNWAY LIGHTS WERE REPLACED ON RUNWAYS AND TAXIWAYS IN 2012.

**10,338**

RUNWAY LIGHTS ARE INSTALLED ON RUNWAYS AND TAXIWAYS AT ZURICH AIRPORT.

### **Guiding principles**

For the airport operator, its employees are the key to lasting success, and its human resources management consequently thinks long-term. The following summarises the basic principles:

### **Attractiveness as an employer**

By offering modern employment conditions, Flughafen Zürich AG ensures that it is and will remain an attractive and progressive employer. It offers fair, market-based remuneration, equal opportunities for all employees, and promotes their professional development. In the year under review, it completely revised its employment conditions and implemented a new uniform time management system, further adding to the attractiveness of Flughafen Zürich AG as an employer.

### **Principles of cooperation**

Co-determination and active participation are essential components of the company's corporate values. Employee surveys are conducted and measures for continuous improvement implemented on a regular basis. The company encourages a culture of open communication, respect and mutual support in daily work. Behaviour is goal-oriented and is characterised by loyalty, openness, respect and discipline. Excellent performance is rewarded. Managers focus on results and exercise situational leadership.

### **Maintaining marketability**

The company's staff development programme helps employees and managers with targeted measures based on a personnel development concept and management principles. Qualified employees can take up airport-related posts abroad and consequently benefit from the opportunity of developing their skills in an international environment. While also serving its own interests, the company offers a range of internal and external training opportunities to help staff achieve the necessary competencies for postings abroad, or for professional development in general. During 2012, the range of internal further development training in technical and management subjects was further expanded. Moreover, an expat candidate programme was devised in close cooperation with the International Business Development department. This programme is used to prepare suitable interested employees specifically for assignments abroad.

### **Trainees and interns**

Flughafen Zürich AG considers providing basic vocational education to be both an economic necessity and a social duty. It ensures that trainers have the necessary qualifications and practical experience and also takes great care to choose the right interns and trainees. It fosters the vocational, personal and social development of interns and trainees, ensuring they are well prepared to enter the world of work on completion of their education. Interns and trainees are often offered the opportunity to work at the airport after their training. These highly motivated employees represent a valuable asset to the company.

### **Health management**

In-house health management activities focus on promoting and maintaining the health of the entire workforce, as healthy employees perform better and are more highly motivated. Moreover, absentee rates and staff turnover are reduced. Both the company and employees themselves are co-responsible for the success of health management.

### **Social partnerships**

The staff representation council (PeV) was reorganised and reconstituted during the year under review. Elections to the PeV council also took place in 2012, at which a new President and new Board were elected. The company cooperated closely with the State Secretariat for Economic Affairs (SECO) and the VPOD, SEV and PUSH trades unions in drafting new regulations governing Sunday working.

### **New pension fund**

Employees of Flughafen Zürich AG are members of the BVK Employee Pension Fund of the Canton of Zurich, which is to adopt its own legal personality from 1 January 2014. In connection with the change in legal form and the upcoming restructuring in BVK, Flughafen Zürich AG examined the new affiliation contract offered by BVK as well as other future retirement provision options for its employees. The PeV was also extensively involved in the decision process for the new pension fund solution. Based on the conclusions drawn following these investigations, and taking careful consideration of everyone's interests, the Management Board and the Board of Directors of Flughafen Zürich AG have decided to remain with BVK.

Flughafen Zürich AG announced its decision on 14 September 2012, and the new affiliation contract was signed on 29 November 2012. It came into force on 1 January 2013. According to the new contract, Flughafen Zürich AG will also have to contribute to the upcoming restructuring of BVK. The Head of Human Resources at Flughafen Zürich AG was also elected with a clear majority to be the employers' representative on the newly formed Board of Trustees of the BVK Pension Fund.





### **Social responsibility and the environment**

The economic importance of Zurich Airport is huge. Zurich Airport is a major economic driver and Switzerland's gateway to the world. Its impact reaches far beyond the borders of the canton and the country. By providing direct links to and from the world's most important cities, Zurich Airport is making a valuable contribution to the Swiss economy and tourism. As a country with a high level of exports, Switzerland is dependent on reliable access to international markets. Zurich Airport plays a major role here. For many high-value Swiss exports in particular, only direct air links can ensure fast and reliable transport.

### **Associations and interest groups**

Flughafen Zürich AG is in regular contact with its national and international stakeholders. These include not only international civil aviation agencies and associations, but also other airports in Switzerland and Europe, national aviation and airport organisations, plus other groups and organisations interested in airport issues. Through the regular exchange of information, the airport operator strengthens its network within the aviation industry, and is consequently able to anticipate developments and quickly form suitable partnerships. The category of networking activities also includes contacts with business organisations directly or indirectly associated with or dependent on Zurich Airport such as tourism organisations, local development associations, plus business and industry associations.

### **Political dialogue**

Active dialogue with representatives of regional, cantonal and national politics is an important aspect of Flughafen Zürich AG's social responsibility agenda. At the regional level, the Public Affairs department is in frequent contact with the municipality of Kloten and the other neighbouring communities. 2012 also saw a community event together with the political representatives of these communities. The aim of the event is to provide advance information about planned developments at Zurich Airport, to hear any concerns the communities might have and, wherever operationally and economically possible, take these into account in planning further steps. This promotes acceptance of Zurich Airport and its operations.

The Zurich Cantonal Airport Act stipulates that, as the majority shareholder, the Canton of Zurich has a right of veto on the Board of Directors regarding any changes to the runway system. Via its representatives on the Board of Directors, the Canton of Zurich is always informed of any planned developments and involved in decisions in good time. In addition, dialogue with the Cantonal Parliament is ongoing and is continually expanded. For the first time in 2012, an information event was held directly with the Canton's parliamentary groups. This series of events proved to be a valuable way of communicating the future shape of aviation and the development of Zurich Airport as a whole. These events will be held regularly in future. This exchange with parliamentarians and government representatives from other cantons will be actively maintained at the national level too.

### **Political environment**

2012 marked an important milestone for Zurich Airport. On 4 September 2012, Swiss Federal Councillor Doris Leuthard and German Transport Minister Peter Ramsauer signed the new aviation treaty. This accord lays to rest the long-running dispute between Germany and Switzerland about restrictions on flights approaching Zurich Airport over southern German territory. Compared with the previous 2001 treaty, the new treaty creates a number of operational benefits. Firstly, it creates legal certainty and investment security until at least 2030. Secondly, by omitting any limitation on the number of flight approaches from the north, it offers some scope for moderate development in future in line with demand.

Assuming it is ratified by the parliaments of both countries, the treaty will enter into force on 1 January 2020. However, Germany suspended the ratification process in November 2012. Political activists in Germany claim that the text of the treaty leaves too much room for interpretation and that it disadvantages Germany in some important respects. It is now up to the Confederation to provide information and push for swift ratification. Flughafen Zürich AG can lend assistance with expert knowledge and further illustrative information, for example with the film it produced on the various complex approach and departure procedures.

It is to be expected that the political pressure on Zurich Airport will increase. This is a matter which requires far-sighted planning from the airport operator, which needs to begin now. Any extension to the curfew periods would necessitate changes to flight movements, i.e. the rerouting of approaches from the north into Swiss airspace instead. Future development therefore requires a viable alternative to the North Concept. For reasons of complexity and capacity, and also because of the large number of people who would be affected by noise, the

South Concept is less suitable. In the event of extended curfew periods, the volume of traffic can only be handled efficiently if runway 28 is extended towards the west and runway 32 is extended to the north. The shortest runway 28 must be extended from its current 2,500 metres to 2,950 metres in order to enable long-haul aircraft to land on it when the runway is wet and in unfavourable weather conditions. In addition, runway 32 must be extended from 3,300 metres to 3,700 metres to enable all aircraft types to take off with their maximum loading. The planned alterations to the runway system also include building a taxiway around the eastern end of runway 28 to reduce the number of aircraft crossing it after landing or before take-off. With these extensions, Zurich Airport would have two separate runways that could be used during additional German curfew periods and in poor weather. In addition, this would reduce the complexity of the system on the ground and in the air, and enable the airport to maintain current capacity levels. With these upgrades, the East Concept would be a suitable alternative to the North Concept.

Long-term planning necessitates the establishment of certain fundamental principles. If the airport is to implement the necessary changes to its infrastructure in time, it must establish these and start the planning process immediately. At the end of November 2012, therefore, Flughafen Zürich AG put the planning work out to tender in order to put the foundations in place for submitting a planning application at a later date. This planning will serve to provide the technical basis for preparing for the political and business decisions. According to the Airport Act, however, a planning application for extending runways may only be submitted to DETEC with the agreement of the Canton's representative on the Board of Directors of Flughafen Zürich AG.

### **Sectoral Aviation Infrastructure Plan**

The SAIP is the Confederation's planning and coordination instrument for civil aviation. In the current SAIP process, the future constructional and operational aspects of Zurich Airport are to be defined under the supervision of the federal government and coordinated with spatial planning in the region.

Six variants are presented for discussion in the FOCA report of 5 October 2012. As part of the consultation process on the SAIP draft for Zurich Airport in relation to implementation of the treaty, Flughafen Zürich AG is in favour of Variant 3 from 2020 (segmented ("curved") northern approach route / approach from the south in the morning, approach from the east in the evening). Variant 2 (curved northern approach route in the morning, approach from the east in the evening) should also be anchored in spatial planning in the long term.

From the point of view of Flughafen Zürich AG, when the treaty comes into force in 2020, flights arriving during the curfew period on weekday mornings between 6 a.m. and 6.30 a.m. should use the curved northern approach route. At weekends and on Baden-Württemberg public holidays, they should continue to use the southern approach route between 6 a.m. and 9 a.m. During the curfew period in the evening, aircraft arriving after 6 p.m. should now approach from the east. This scenario corresponds to Variant 3. If technical advances permit the use of the curved northern approach route from 6 a.m. to 9 a.m. without loss of capacity in the long term, then Variant 2 should be used. Flughafen Zürich AG already made a public statement about Variants 2 and 3 during a media interview on 12 July 2012. In principle, these variants correspond to Variant 1 of the previous SAIP process. This variant also included the extension of the East Concept. Flughafen Zürich AG has consistently expressed its preference for this variant. How the curved northern approach route, the East Concept and the South Concept will be used in future will be decided as part of the SAIP process.



## Employees, society and environment | Background discussion

### Interview with Joana Filippi, Head Public Affairs

**Flughafen Zürich AG (FZAG):** *In recent years the field of public affairs has become more and more established both in Switzerland and elsewhere. Flughafen Zürich AG has had a Public Affairs department for several years now. Could you describe your work for us?*

**Joana Filippi (JF):** In general, the field of public affairs is understood to be the “strategic management of decision-making processes at the intersection of politics, business and society”. This means that our external relationships to governments, parliaments and authorities at all national levels as well as to the business community and society are coordinated and maintained by the Public Affairs department. We bring our political interests into the political process directly through personal conversations as well as indirectly through a wide variety of communication channels. Our aim is to achieve the most positive conditions possible for the airport.

**FZAG:** *Why does Flughafen Zürich AG need a Public Affairs department?*

**JF:** The business of operating Zurich Airport is significantly influenced and shaped in many ways by political conditions. Thus all the phases in the development of the airport, which is the most important aviation infrastructure in Switzerland, are also dependent on political processes. The Public Affairs department is the interface between Flughafen Zürich AG and the various political stakeholder groups.

An airport is an extremely complex entity. In order to draw the attention of important stakeholder groups to the needs of the airport and make them plausible, it is necessary to explain the airport and the related processes and key factors in detail, and that in turn necessitates the proactive, systematic and ongoing provision of information. In the years to come as well there will be important business issues to deal with at the political level, such as the international agreement with Germany, the Sectoral Aviation Infrastructure Plan (SAIP) or the second revision of the Swiss Federal Civil Aviation Act. And contact to the decision-makers needs to be maintained regularly to ensure an optimal starting point for us in the talks.





**FZAG:** *What influence do international organisations and decisions have on Zurich Airport?*

**JF:** Ten years ago, airport topics had a primarily regional focus, but issues involving Zurich Airport have become strongly international since then. The airport gained national and international attention in particular owing to the aircraft noise conflict with Germany.

But Zurich Airport is increasingly affected by other cross-border topics as well. Alongside the many aviation standards which are prescribed by the European Union and international aviation organisations and must be adopted by Switzerland, there are also global topics that influence the airport – as can be seen, for example, in the Asylum Act or the Epidemics Act.

**FZAG:** *What about co-operation with political institutions at the national level? And at the cantonal and municipal levels?*

**JF:** We maintain an intensive exchange with political institutions at all three levels in order to provide ongoing information on the further development of the aviation sector and the airport's plans. We organise customised events for the different political institutions, we maintain personal contact with opinion leaders and once a year, together with the other airports in the Swiss International Airports Association, we host a drinks reception in Berne for members of parliament. It's important to us that we provide transparent reasons for our decisions so our partners can understand why a decision was made a certain way. In addition, whenever operationally and economically possible we try to implement the requests brought to us especially by the municipalities directly around the airport. Our exchange of views with them is consistently respectful and constructive even if not everyone holds the same opinions.

**FZAG:** *One important topic during the year under review was the signing of the international treaty governing the effects of Zurich Airport's flight operations on German territory. What was or is the biggest challenge here from the point of view of Flughafen Zürich AG?*

**JF:** First, the good news: the international treaty means that after years of uncertainty we now have a set of rules to clarify the situation concerning aircraft approaches to Zurich Airport across southern Germany. This created an important basis for enabling modest, demand-driven growth of Zurich Airport in the future. The international treaty creates a clear framework for ensuring the necessary planning, legal and investment security for Zurich Airport and the region around it until 2030.

But the international treaty also represents a compromise: each of the two negotiating parties would have preferred more concessions from the other. That's the nature of the thing.

The biggest challenge now is for both parliaments to ratify the international treaty. Unfortunately, Germany has suspended the ratification process and in Switzerland the treaty's supporters and opponents are about even in numbers, so there is still a lot of resistance to overcome. But without the international treaty, Switzerland runs the risk that Germany will issue a more extensive, even more restrictive and one-sided regulation. For this reason there is no alternative to the existing international treaty.



### Monitoring of take-off routes

The take-off routes at Zurich Airport are defined as noise-optimised standard routes to ensure that wherever possible, densely populated areas are not directly overflowed. Consequently, all pilots must adhere to these flight paths during the daytime up to an altitude of at least 5,000 feet, and at night even up to flight level 80 (approximately 8,000 feet). Only air traffic control is authorised to divert aircraft from these standard routes.

In the event of a significant deviation from these prescribed routes, the erroneous take-off procedure is investigated in detail under the aspect of noise containment. If there are no justifiable reasons such as the avoidance of storm cells or concrete instructions from air traffic control, the pilot in question is contacted and asked to provide details. This procedure ensures that airlines are called upon to optimise their future take-off behaviour.

### Sound insulation measures and noise compensation

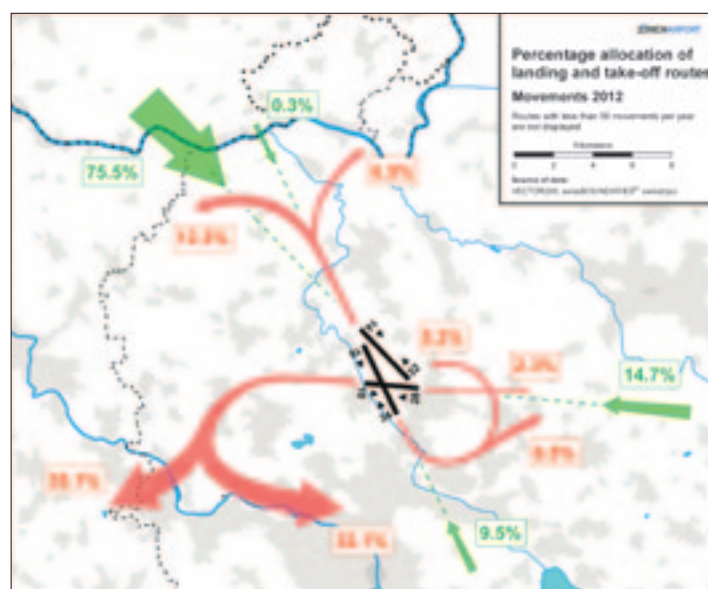
The sound insulation programme of Flughafen Zürich AG represents one of the most important measures for combating aircraft noise. Sound-insulating windows provide local residents with passive protection against intrusive or harmful noise. As the airport's operator, Flughafen Zürich AG is obliged by law to fund these protective measures. Owners of properties which are noise-sensitive and located in a defined perimeter ("sound insulation perimeter") are entitled to sound-insulating windows. Property owners who have already taken the initiative of fitting sound-insulating windows will be reimbursed for their investment by Flughafen Zürich AG. Between 1999 and 2012 around CHF 150 million was spent for sound-insulating measures in more than 3,650 buildings. Of the CHF 23.5 million in expenses in 2012, CHF 12.5 million was attributable to restructuring, and CHF 11 million to reimbursements.

### Flight path deviations

	2012	2011	2010
Total number of registered deviations	4,025	3,208	1,636
Proportion of which investigated	166	235	286
Investigations suspended, caution issued <sup>1)</sup>	160	247	280
Discussion with pilot/chief pilot	7	9	9
Cases reported to FOCA	0	6	1

<sup>1)</sup> 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 management and communication**

### **Environmental responsibility**

Zurich Airport encompasses 880 hectares, employs around 24,000 people and functions in many ways almost like an autonomous city. As the airport operator, Flughafen Zürich AG consequently bears a sizeable responsibility for the environment together with the other businesses located there. Society's need for mobility may be increasing constantly, but it is important to protect the environment from the negative effects of flying. This ecological responsibility is firmly rooted in the company's values and set forth in its environmental policy, which describes the focal points of its environmental efforts and the direction they will take in the years to come. Along with aircraft noise, the principal issues are air quality, climate protection, energy consumption and biodiversity.

### **Long-term measures**

Environmental protection measures are generally designed for the long term, and as a result improvements are often only visible over longer periods of time. Flughafen Zürich AG implements regulatory, technical, operational and market-based measures with the objective of avoiding environmental pollution entirely where possible or at least minimising it. For many years now Zurich Airport has had an exemplary reputation in the airport sector as regards its commitment to environmental protection, and has received several awards. Flughafen Zürich AG stands out in particular for the carefulness and continuity of its work in this area.

The central element of the airport's systematic environmental protection is its environmental management system, which complies with international standard ISO 14001:2004. The environmental management system comprises all environmentally relevant processes at the airport and enables them to be continually optimised. Internal audits are conducted every year to examine the way the system is applied and identify possibilities for improvement. The management system also undergoes regular external audits. Such a monitoring audit was conducted in 2012 and passed successfully.

As part of systematic management, Flughafen Zürich AG records key environmental data from all over the airport. The data form a basis for setting realistic targets and monitoring their achievement objectively.

## **Dialogue on environmental issues**

The need for detailed information on the environmental effects of Zurich Airport is constantly increasing. In 2012 various technical reports, which are more detailed than the theme brochures, were overhauled and brought up to date. The teaching materials for secondary school pupils introduced in 2011 as a download from an electronic platform for teachers enjoy very active use. Exciting worksheets offer pupils a look at environmental topics at the airport.

The mobile environmental exhibition, which contains nine modules, enables an even more direct experience of environmental protection at the airport. In addition to being shown at the airport at regularly changing locations, the exhibition occasionally tours externally as well, including a stop in early 2012 at the Swiss Museum of Transport in Lucerne. The exhibition addresses nine important topics from the entire spectrum of environmental protection at the airport.

## Local air quality

### Pollutant emissions

A number of air pollutants are emitted at Zurich Airport. The most important are nitrogen oxides (NO<sub>x</sub>), hydrocarbons (VOC, volatile organic compounds), carbon monoxide (CO) and particulate matter (PM). Flight operations involving aircraft on the ground and in the area surrounding the airport account for the majority of nitrogen oxide emissions (89 %). Other main sources are vehicles, machines and heating systems whose fuels and combustible fuels produce pollutants when burned, and exhaust from processes. Since these emissions cannot generally be measured directly, the total emissions of Zurich Airport are calculated using mathematical models. The results show that the emissions in the year under review are in line with the previous year's level.

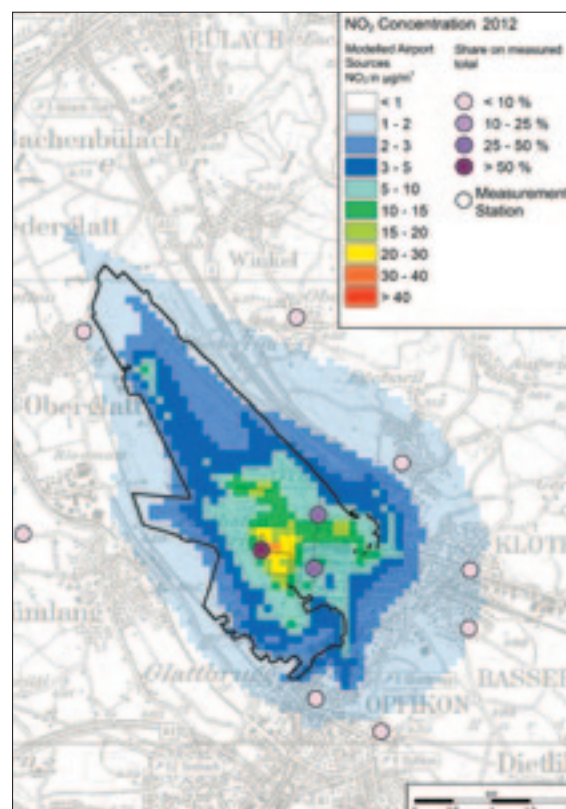
### Measuring and modelling

Air pollution in the Zurich Airport region is measured at individual locations and modelled as a whole using a number of parameters such as emissions and meteorological conditions. The Canton of Zurich's Office for Waste, Water, Energy and Air (WWEA) carries out the individual measurements on behalf of Flughafen Zürich AG. The airport itself is home to a number of electronic measuring devices which record the primary pollutants directly on beside the runways and on the aprons. In addition, a system of monitoring stations across the region records levels of the main pollutant, nitrogen dioxide (NO<sub>2</sub>). Over the years, the data from some of these NO<sub>2</sub> passive collectors showed a zero effect of airport emissions, and in 2012 those collectors were decommissioned. At the same time, two new passive collectors were installed on the site to enable the airport to gain more detailed information on pollutants between the runways and on the aircraft stands. A third new passive collector will record data in the landside traffic area.

### Regional air pollution

Measurements and modelling show that the airport's influence on nitrogen dioxide and particulate matter levels in the surrounding area is minimal. Immissions produced by the airport are carried only short distances and are also diluted quickly, so their negative impact is only minor. According to modelling results, at a distance of two kilometres the airport contributes less than 10 % to the total amount of nitrogen dioxide in the air. Nonetheless, the limits are still being exceeded at individual monitoring terminals, particularly along the arterial roads.

## Impact of the airport on local air quality in the region



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### Air pollutants on the apron

Aircraft handling on the apron generally involves many vehicles and machines with internal combustion engines. The use of vehicles powered by gas or electricity and the replacement of mobile ground power units through stationary electrical connections have helped in recent years to keep emissions from aircraft handling at a low level. Measurements were taken in summer 2012 to obtain a more precise picture of the air pollutants generated during aircraft handling. This involved measuring an extended spectrum of air pollutants at a variety of locations directly next to the aircraft. The results revealed that the concentrations of the pollutants measured (such as diesel engine emissions, polycyclic aromatic hydrocarbons, formaldehyde, carbon monoxide, nitrogen monoxide and nitrogen dioxide) are very low. Each pollutant had a concentration of less than 10 – 30 % of the maximum allowable concentration at the workplace.

### Improvement measures

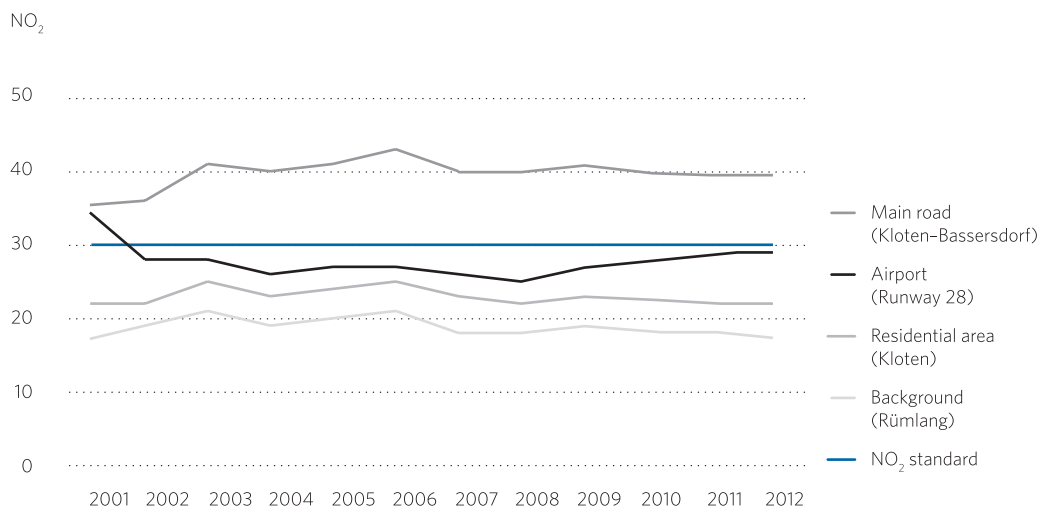
Improvements in air quality at the airport can be achieved through a wide variety of measures. The fundamental aims are to reduce the operating time of internal combustion engines and aircraft engines and optimise the combustion process itself. This applies to aircraft and vehicles as well as heating systems and machines. Zurich Airport has levied emission-based landing fees since 1997 to motivate airlines to operate aircraft at the

airport which are as low in emissions as possible. Since actual engine emissions are used as a basis for charging rather than the size of the aircraft itself, there is an incentive to make even small improvements.

### Vehicle fleet renewals

The partial changeover to electric vehicles at Flughafen Zürich AG means that further improvements in air quality and climate protection can be achieved. The total fleet comprises over 400 motorised vehicles, including around 180 cars and delivery vans. 34 vehicles were replaced in 2012. Comprehensive tests with initial small delivery vans produced in series showed very positive results, so that two vehicles powered solely by electricity were purchased. These vehicles are locally emission-free in terms of air quality and enable CO<sub>2</sub> emissions to be reduced considerably with the currently purchased electricity mix. The purchase of additional electric vehicles to replace vehicles with an internal combustion engine is planned.

### Evolution of nitrogen dioxide levels in the vicinity of the airport (mean annual levels in µg/m<sup>3</sup>)





## Global climate

### Detailed inventory

Zurich Airport documents all its carbon dioxide emissions 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). The CO<sub>2</sub> emissions are broken down into: airport-owned or controlled sources (Scope 1, e.g. vehicles and heating systems), off-site electricity generation (Scope 2, electricity), and other airport-related sources (Scope 3, e.g. aircraft and aircraft handling). The emission sources which Flughafen Zürich AG can influence directly (Scopes 1 and 2) account for only a very small proportion – around 1% – of all emissions produced as a result of the airport's operations and activities. The vast majority stem from the aircraft themselves on their way to various destinations. In the year under review, CO<sub>2</sub> emissions were 25,581 tonnes for Scope 1, 681 tonnes for Scope 2 and 3,423,169 tonnes for Scope 3. The increase in emissions for Scope 1 is due in part to higher heating requirements as a result of the cold temperatures in February 2012, and also to the resumption of electricity production at the heating plant.

### Long-term goals

Climate protection is among the main environmental protection concerns at Flughafen Zürich AG. The company has voluntarily set ambitious CO<sub>2</sub> reductions goals which greatly exceed legal requirements. By the year 2020 the emission of carbon dioxide (CO<sub>2</sub>) is to be reduced to 30,000 tonnes for Scopes 1 and 2, and by 2030 to 20,000 tonnes. The achievement of these objectives will cut CO<sub>2</sub> emissions by more than half compared with 1991.

Yet these goals can only be achieved if effective long-term measures are in place. Because over 80% of the airport's CO<sub>2</sub> emissions are produced in the area of energy used in and for buildings, a study commissioned in 2012 took a close look at the energy use of individual buildings. The results will form a basis for planning further renovations.

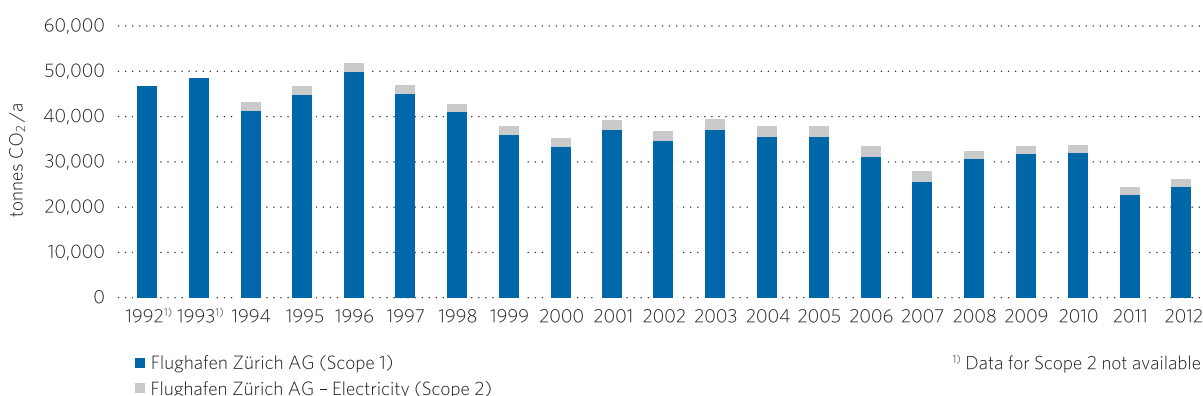
### Climate programme

Flughafen Zürich AG's climate protection programme has been certified since 2010 by Airport Carbon Accreditation – an independent European certification system for airports inaugurated in 2009. It certifies four levels, with the highest level signifying that airport operations are carbon-neutral. Since the beginning, Zurich Airport has been certified at the second-highest level: "Optimisation". This means that the operator is not only lowering its own CO<sub>2</sub> emissions, it is also encouraging and helping the other companies represented at the airport to cut their CO<sub>2</sub> emissions too. For instance, in 2012 specific emissions inventories were produced for a number of airport partners. They offer additional insights into the sources of greenhouse gases and allow those involved to identify even more targeted measures for reducing them.

As at the end of 2012, just under 70 airports in Europe were accredited by Airport Carbon Accreditation. The system is recognised by the European Civil Aviation Conference (ECAC) and other international organisations.



## CO<sub>2</sub> emissions at Zurich Airport by Scope



## Resources (energy and water)

### Energy consumption

Both building renovation and ongoing optimisation of operations contributed in 2012 to keeping Zurich Airport's overall energy consumption at the stable level it has held for many years now. However, the very cold weather in February had a significant effect on the total balance. In Dock E, for example, as much heating was required in February 2012 alone as during the entire preceding year. In contrast, the first full year of operating the renovated and more energy-efficient Dock B, the new security check building and the new freight dispatch hall had only marginal effects on the overall result. Once again, this shows that refurbishing or replacing existing buildings can reduce energy consumption significantly. In the year under review, consumption of heat at Zurich Airport amounted to 112,948 MWh. This corresponds to an increase of 4.2 % over the previous year. Given the very low consumption in the previous year as a result

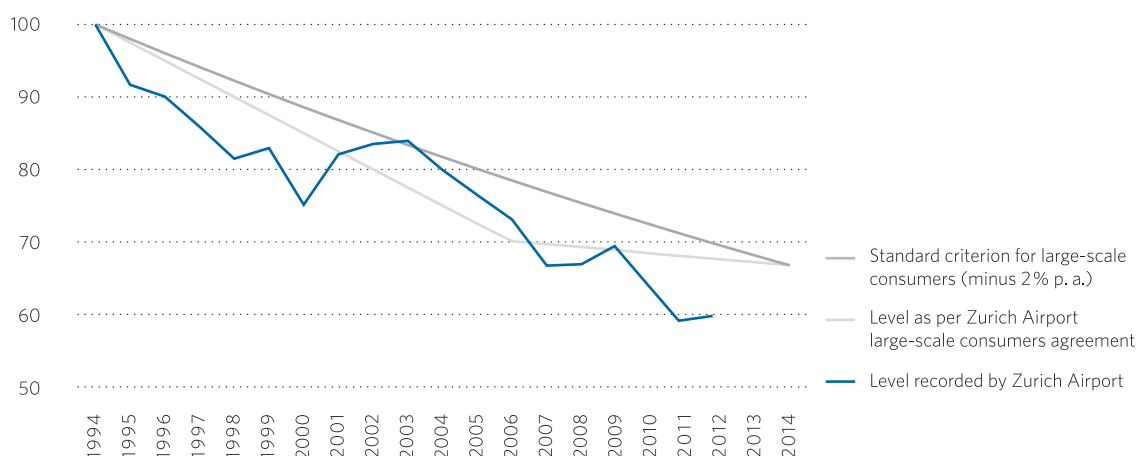
of good weather, a slight increase was expected. There was a similar increase in total electricity consumption to 193,896 MWh (+4.7 %).

### Large-scale consumers agreement

In order to steadily increase energy efficiency, 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 concluded a large-scale consumers agreement which stipulates a reduction in energy consumption of 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. In the year under review, the value for specific energy consumption was not reduced but remained stable at the previous year's level and is still well below the target figure.

### Specific total energy consumption at Zurich Airport (as at 1. 1. 2013)

Specific energy consumption  
(in %)



### Trend in Zurich Airport's energy use

	2012	2011	2010
Heat consumption by the airport (MWh)	112,948	108,415	132,551 <sup>1)</sup>
Electricity consumption by the airport (MWh)	193,896	185,250	185,399
<b>Total energy consumption (MWh)</b>	<b>306,844</b>	<b>293,665</b>	<b>317,950</b>

<sup>1)</sup> Retroactive new calculation including losses from electricity supplies to third parties.

### Water consumption

In 2012, 551,386 m<sup>3</sup> of drinking water were consumed (+2 % compared with 2011). In addition, 91,241 m<sup>3</sup> of groundwater were used to supply technical installations

and 11,707 m<sup>3</sup> of rainwater were used for toilet flushing. The total consumption of fresh water thus totals 652,563 m<sup>3</sup>, i.e. 1 % less than in 2011. Per-passenger consumption was reduced to 26.4 litres.



## Waste and waste water

### Waste volumes

In 2012, a total of 17,228 tonnes of waste were generated at Flughafen Zürich. This corresponds to an increase of 8 % over the previous year. The share of refuse was reduced slightly, from 60 % to 58 %. At the same time, the proportion of materials recycled rose from 36 % to 39 %. The effect of the various measures implemented in recent years aimed at increasing the recycling component was seen for the first time. Paper/cardboard accounted for the largest share of waste sent for recycling, amounting to 2,621 tonnes (+10 % over 2011). PET recycling declined slightly and came to 169 tonnes in 2012 (2011: 177 tonnes). The volume of liquids confiscated during security checks also fell from 283 tonnes in 2011 to 276 tonnes in 2012. Refuse was transformed into energy via the incineration plant, used to produce electricity and channelled into a district heating network. To enable a comparison with other airports to be made, the quantities indicated were defined by the German airports association (ADV).

### Domestic & industrial waste water

Various types of sewage are generated at Zurich Airport. These must sometimes be pre-treated before being channelled into the Kloten-Opfikon sewage treatment plant, with which Zurich Airport is affiliated. All the domestic waste water, e.g. from toilets and restaurants, is treated at the sewage treatment plant. The same applies to industrial waste water, some of which is pre-treated, however. The airport also generates other special waste water which in some cases is also pre-treated and processed at the Kloten-Opfikon plant (e.g. aircraft sewage) or is disposed of separately.

### Aircraft and runway de-icing agents

During the winter of 2011-12, 1,423 m<sup>3</sup> of de-icing agents were used to de-ice aircraft (-16.5 % compared with the previous winter). The de-icing of aprons, runways and taxiways required 1,283 m<sup>3</sup> (-1 %). An additional 480 tonnes of conventional de-icing salts were used in the maintenance workshop, on roads and in car parks. This is somewhat more (+10.9 %) than the volume required during the winter of 2010-11.

### Treatment of waste water from de-icing operations

Propylene glycol is used for de-icing aircraft and formates are used for runway, apron and taxiway surfaces. As the carbon contained in both agents depletes the oxygen level in water while degrading and thus threatens plant and animal life, it is necessary to collect and treat de-icer run-off from the operational areas. However, it is not yet possible to capture and treat all the carbon. In the winter of 2011-12, 78 tonnes of untreated run-off, or around 12 % of the total volume (previous year 142 tonnes, 19 %) flowed into the Glatt. By 2015 the revised General Drainage Plan (GEP) will be implemented, reducing the volume of untreated, washed-away run-off to less than 5 %.

Collected run-off contaminated with de-icing agents is treated in different ways depending on the concentration of carbon in it. Lightly polluted de-icer runoff is led 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 run-off with a high proportion of carbon is recycled in two different ways. Some of it 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.

### Consumption of de-icing agents at Zurich Airport

	2011/2012	2010/2011	2009/2010
Aircraft de-icing agents (m <sup>3</sup> )	1,423	1,705	2,514
Runway and road de-icing agents, formiate solution (m <sup>3</sup> )	1,283	1,296	1,991
Surface de-icing agents, solid (tonnes)	0	3	0
De-icing salts for other surfaces (tonnes)	480	433	849
Untreated carbon washed away (aprons, runway and taxiways, %)	12.4	19.1	24.2



## Employees, society and environment | Environment

### Nature and countryside

#### The airport as a haven for nature

Zurich Airport covers a total of 880 hectares of land. Of the 780 fenced-in, non-public hectares, approximately one half consists of green spaces. Here, vast meadows, reed meadows, fen woodlands and marshlands form an ecologically valuable natural landscape with great biodiversity. 74 hectares are forest and nature conservation areas, of which 44 hectares have been designated by the Swiss Federal Constitution as protected marshland. Together with the "Bachenbülacher Allmend", "Rütner Allmend", "Goldentor" and "Altläufe der Glatt" nature conservation areas adjacent to the airport, they are what remains of an extensive former marsh landscape. Part of the meadows directly adjoining the runway security area is used as a technical system for the eco-friendly treatment of de-icer runoff. Owing to its mosaic of different habitats and its protective fence, the airport is a refuge for a variety of animal species. Rare breeds of birds, small mammals, amphibians and insects are among those who benefit. In 2012 white storks were regularly observed on the airport site. As aircraft collisions with these large birds could have serious consequences, the storks are driven away rigorously.

#### Maintenance of green spaces

To preserve the natural areas but above all to ensure safe flight operations, the green spaces must be maintained regularly. Every year, an annual maintenance plan is drawn up for the various green spaces and implemented by Flughafen Zürich AG in cooperation with farmers from the region. The cultivation of the green spaces as extensive high-grass meadows has two positive effects: It helps to reduce the risk of bird strikes because high grass is not attractive to birds of prey or flocks of birds. At the same time, it encourages a nutrient-poor cohesive meadow landscape, which is becoming a rarity in central Switzerland. One of the focal points of the maintenance measures carried out in 2012 was the suppression of neophytes – i.e., plants which have migrated to Switzerland from other parts of the world and are displacing native plants. Scrub clearance in the marshlands was likewise carried out during the year under review to preserve both the marshlands and their typical composition of species. A subsequent improvement was made to the "Halbmatt" nature conservation area set up in 2001 in the year under review: the topmost layers of soil were removed from a part of the area and it was reseeded to facilitate the growth of a nutrient-poor meadow that meets the requirements.



## Key environmental data

	2012	2011	2010
NO <sub>x</sub> emissions in tonnes	1,098	1,109	1,014
Proportion from aircraft (tonnes) <sup>1)</sup>	978	979	875
VOC emissions in tonnes	357	368	397
Proportion from aircraft (tonnes)	284	256	285
CO emissions in tonnes	1,618	1,541	1,664
Proportion from aircraft (tonnes)	1,479	1,390	1,502
PM emissions in tonnes	20	23	23
Proportion from aircraft (tonnes)	14	17	17
CO <sub>2</sub> emissions in tonnes at Zurich Airport, Scope 1 <sup>2)</sup>	25,881	22,137 <sup>3)</sup>	31,009 <sup>3)</sup>
CO <sub>2</sub> emissions in tonnes at Zurich Airport, Scope 2 <sup>4)</sup>	1,681	1,713	1,727 <sup>5)</sup>
CO <sub>2</sub> emissions in tonnes at Zurich Airport, Scope 3 <sup>6)</sup>	3,423,169	3,349,180 <sup>3)</sup>	3,150,011 <sup>3,5)</sup>
Overall energy consumption (MWh)	306,844	293,665	317,950 <sup>7)</sup>
Annual water consumption (in m <sup>3</sup> )	652,563	655,232	644,681
Overall waste amount (tonnes)	17,228	15,983	15,581
of which recyclable material (e.g. paper, cardboard, glass, wood) (%)	38.9	36.4	35.8
Confiscated liquids from security checks (t)	276	283	262
Number of residents <sup>8)</sup> above alarm value for SLII <sup>9)</sup>	not available	3,824	3,894
Number of residents above alarm value for SLII	not available	45,634	40,998
Number of residents above the planning value for SLII	not available	123,752	110,838
Zurich aircraft noise index monitoring value (ZFI)	not available	53,704	50,757
Number of noise monitoring terminals (in operation)	14 (14)	14 (14)	14 (14) <sup>9)</sup>
Daytime aircraft noise levels <sup>10)</sup> at NMT 1/3/6/10 (dB(A)) <sup>11)</sup>	66/58/66/57	66/58/66/57	66/58/66/57
Number of registered flight path deviations/investigated	4,025/166 <sup>12)</sup>	3,208/235	1,636/286
Number of night flight movements (10 p.m. – 6 a.m.)	10,696	9,579	10,010
Proportion in the first hour (10 – 11 p.m.)	8,340	7,681	7,500
Number of special authorisations for night flights issued <sup>13)</sup>	273	166	250
of which emergency, relief and rescue flights	82	70	66
of which police, military and government flights	8	8	34
of which various other types of flight	183 <sup>14)</sup>	88	150 <sup>14)</sup>
2010 Sound Insulation Programme: number of properties fitted	3,650 <sup>15)</sup>	3,150 <sup>15)</sup>	2,650 <sup>16)</sup>
Number of complaints and queries relating to noise <sup>17)</sup>	3,149	2,832	2,740

<sup>1)</sup> Flight operations in LTO cycle (up to 915 metres), taking into account actual engine power, APU, engine start-up and airframe

<sup>2)</sup> In accordance with the GHG Protocol: Flughafen Zürich AG's own sources (vehicles, machinery, heating)

<sup>3)</sup> Retroactive adjustment of emission factors in accordance with the guideline of the Federal Office for the Environment (FOEN)

<sup>4)</sup> In accordance with the GHG Protocol: Electricity sourced by Flughafen Zürich AG externally

<sup>5)</sup> Retroactive additional distinction of electricity supplies to third parties

<sup>6)</sup> 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

<sup>7)</sup> Retroactive new calculation including losses from electricity supplies to third parties

<sup>8)</sup> Encompassing noise contours of the day and night noise limits

<sup>9)</sup> Sensitivity level 2 in accordance with Art. 43 of the Federal Noise Abatement Ordinance

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

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

<sup>12)</sup> A new regulation regarding the speed and extension of the prescribed departure procedure and the partial changeover to a different navigation system resulted in a temporary rise in the number of registered flight path deviations in 2012.

<sup>13)</sup> Special authorisations can be granted for urgent flights operating during the night-time curfew

<sup>14)</sup> 42 authorisations in December 2012 and 111 in December 2012 were issued owing to precarious weather conditions

<sup>15)</sup> Number of buildings and properties which have been renovated to date incl. reimbursements

<sup>16)</sup> Number of buildings and properties which have been renovated to date excl. reimbursements

<sup>17)</sup> Includes complaints and enquiries relating to noise levels, flight paths, development of the air traffic, etc.





AIRPORT CENTER, UPPERDECK RESTAURANT



**1,056**

SALMON BURGERS WERE SOLD AT THE UPPERDECK RESTAURANT IN 2012.

**7,915**

SQUARE METRES OF DINING SPACE IS LOCATED AT ZURICH AIRPORT.

**4**

RESTAURANTS WERE OPENED AT ZURICH AIRPORT IN 2012.

**102,542**

GUESTS VISITED THE UPPERDECK RESTAURANT IN 2012.

## 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 2.6 billion as at 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 at 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)	31.12.2012	31.12.2011	31.12.2010
Share capital	307,019	307,019	307,019
Legal reserves			
Premium	0	0	533,290
General reserves from capital contributions	509,980	509,980	0
General reserves	42,370	42,370	19,060
Reserves for own shares	1,467	477	751
Other reserves	107,240	108,230	80,107
Available earnings			
Profit brought forward	473,435	354,190	254,875
Dividend payment for 2011/2010/2009	-57,389	-42,964	-46,013
Profit for the year	160,411	162,209	145,328
<b>Total equity</b>	<b>1,544,533</b>	<b>1,441,511</b>	<b>1,294,417</b>

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 at 31 December 2012, 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/](http://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-up clause which stipulates that, in the event that the threshold at which an offer is required in accordance with the provisions of the Swiss Stock Exchange Act 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](http://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. Pursuant to Art. 699 para. 3 of the Swiss Code of Obligations, shareholders representing shares with a par value of one million Swiss francs may request that an item be included on the agenda. The relevant requests must be submitted in writing to the Board of Directors of the company together with proof of entitlement, an exact description of the requested item and a specifically formulated resolution proposal. Only requests which are received by the company in good time, i.e. at least 90 days before the date of the General meeting can be considered.

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 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 from 2001 until 2012 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.

#### 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 Metropolitan Conference Association of the Zürich Metropolitan Area Association, 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 Cantonal Parliament 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 ten 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, but they do not take any definitive material decisions.

The Chairman and members of the Management Board and General Secretary are regularly invited to attend meetings of the Board of Directors. 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. Alongside the duties that are non-delegable by law, the Board of Directors has retained numerous fundamental strategic competencies, in particular those associated with the rights and obligations arising from federal civil aviation concessions, specifically deciding on significant licence applications, major budget approval requests, petitions for amendments to operating regulations and modifications of fees and charges, while entrusting the Management Board with the general management of the company.

## 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 for performing their duty of overall supervision, the processing and invoicing of IT services for external customers, contract management and invoicing in the rental system 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 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 at Weidmann International (1990 to 1994) and in the Bosch Group (1994 to 1999).

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 (BIAL).

##### 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 Flughafen-Immobilien-Gesellschaft, FIG) 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 airport 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 (which was paid out in the spring of the following year) totalled between 51% and 100 % 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 329,000 (2011: CHF 326,800). For additional services outside the audit mandate (audit-related services) the auditors also charged a total of CHF 46,500 (2011: CHF 48,800). The following amounts were charged for non-audit-related services: tax-related services CHF 24,100 (2011: CHF 26,700), legal services CHF 0 (2011: CHF 7,000), IT consulting CHF 27,700 (2011: CHF 10,900) and for other advisory services CHF 405,000 (2011: CHF 0).

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](http://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](http://www.zurich-airport.com/orderformnewsflash).

For further information please see Investor Relations at [www.zurich-airport.com/investorrelations](http://www.zurich-airport.com/investorrelations).

### **Contacts**

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### **Investor Relations**

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### **Corporate Communication**

Sonja Zöchling  
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A large de-icing truck is positioned on a snowy tarmac at night, spraying a large commercial airplane. The truck's arm is extended, and a bright light illuminates the scene. The ground is covered in snow and ice, and the sky is dark.

**22**

DE-ICING TRUCKS ARE ON HAND AT ZURICH AIRPORT.

**3-35**

MINUTES IS THE TIME REQUIRED TO DE-ICE AN A320, DEPENDING ON THE WEATHER CONDITIONS.

**100**

LITRES OF DE-ICING AGENT ARE CALCULATED TO DE-ICE AN A380 IN LIGHT FROST. 1,000 LITRES OR MORE MAY BE NEEDED FOR HEAVY SNOWFALL.

**6,937**

DE-ICINGS WERE CARRIED OUT IN 2012.

**2**

EMPLOYEES ARE NEEDED ON THE REMOTE DE-ICING PADS TO COMPLETELY DE-ICE AN AIRCRAFT.





## Risk management

For Flughafen Zürich AG, comprehensive risk management is a key factor for successful company management. Risk management ensures that risks are handled systematically with due consideration. As well as making all the risks associated with business activities transparent and enabling risk situations to be monitored, it supports a process of continual improvement.

### 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 30 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 rigorous and consistent 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 Regulation of the use of South German airspace for landings or take-offs from Zurich Airport**

Germany has issued a unilateral implementing regulation 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. The final ruling is expected during the course of 2013.

On 4 September 2012, Swiss Federal Councillor Doris Leuthard and German Transport Minister Peter Ramsauer signed the new aviation treaty. Under the treaty, Germany waives any limitation on the number of flight movements over its territory on weekday mornings from 6.30 a.m., thus again allowing approaches from the north half an hour earlier. It also fundamentally accepts the satellite-based curved northern approach route. In return, from 2020 Switzerland is willing to use an alternative to the northern approach route to guide landing aircraft into Zurich Airport already from 6 p.m. onwards. To enable this without any loss of capacity, runways 28 and 32 must be extended, and departure and approach routes must be further separated. If this is not possible, or if implementation is delayed, either the airport will not be able to handle the forecast demand during the new curfew periods, or delays will be a regular occurrence. The treaty must be ratified by both countries. If ratification fails, Germany might further tighten the implementing regulation, which could lead to additional capacity restrictions for Zurich Airport and consequently have a significant impact on business development.

##### **1.2 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 conducted when drafting the Sectoral Aviation Infrastructure Plan for Zurich Airport, the Federal Office of Civil Aviation (FOCA) carried out a comprehensive study of alternatives. By deciding not to pursue the option of securing land for a parallel runway, DETEC abandoned the only 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 SAIP is dependent on the outcome of the negotiations on the use of South German airspace. The plan should be approved by the Federal Council in 2014, 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, and in the short term capacity bottlenecks can be expected, at aircraft stands for instance.

##### **1.3 Investments to reduce complexity**

The runway and taxiway layout, the departure 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, in 2012 Flughafen Zürich AG, Skyguide, Swiss and the Swiss Air Force prepared a comprehensive risk report with the assistance of FOCA and DETEC. It includes a number of measures aimed at improving safety. 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, in the event of non-implementation, may lead to capacity restrictions which would impact on business development.

## Risk management

### 1.4 Zurich Aircraft Noise Index (ZFI)

In 2007, the Cantonal Parliament's counterproposal to a cantonal referendum was accepted. The counterproposal 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 2011, the value reached 53,700, exceeding the guideline figure of 47,000. Compared with 2000, this is due to the steady and uninterrupted population growth in the region around the airport. The ZFI action plan consists of a set of measures for flight operations and another set for land-use planning and quality of life. Flughafen Zürich AG supports the Canton of Zurich in analysing the causes of aircraft noise and developing potential remedial 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 Confederation, might demand that certain measures be implemented that could negatively impact on the airport's development.

### 1.5 Ordinance on Airport Charges

On 1 June 2012, the Federal Council introduced new regulations governing the setting and levying of airport charges. This ordinance must be implemented by January 2014. It provides for a two-stage process to regulate flight operation charges. Airports and their users should first attempt to negotiate an agreement on the system and level of charges. If no agreement can be reached through negotiation, in a second stage the airport operator will submit its proposed charges to the Federal Office of Civil Aviation. These will be based either on a benchmark study with airports operating according to a similar business model, or on the detailed calculation criteria defined in the ordinance. The Ordinance on Airport Charges will provide greater legal and planning certainty, for both Flughafen Zürich AG and its users. Since the stipulations relating to the procedures for implementing the ordinance are fairly extensive, there is a certain risk that the ordinance cannot be implemented in time. The Ordinance on Airport Charges makes provision for this eventuality, in that the previous charges remain in effect until the new charges come into force. Airport charges are a significant source of income for Flughafen Zürich AG.

### 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. 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. In the year under review, Swiss accounted for around 56 % of both passenger and traffic volumes at Zurich Airport. It plays a major role within the Lufthansa Group as far as profits are concerned, so the risk of the hub carrier failing for economic reasons can be considered minor at present. 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 legislation, 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-related landing charges or 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 150 million by the end of 2012 for sound insulation and resident protection measures, including around CHF 19 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 90 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 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 response, on 16 December 2011 Flughafen Zürich AG submitted a sound insulation concept for south-side residents to FOCA. After being reviewed by the supervisory authority, this concept was made available for inspection by the public in the municipalities of Opfikon-Glattbrugg, Wallisellen, Dübendorf and Zurich (Schwamendingen). Some objections were received, and FOCA has yet to rule on the matter.

### **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 up to this time, the noise-related costs that were reliably estimable (“base case”) as at 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 (assuming 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 at 30 June 2008 (nominal amount CHF 150.1 million).

## Risk management

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 applicability 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 decided to appeal 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 further added 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 undertook a further new estimate of noise-related operating costs (“updated base case”) at the end of 2011 which is still valid on the balance sheet date of 31 December 2012. Based on this updated calculation, the total noise-related operating costs are now estimated at CHF 740.6 million (previously 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 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 2011, the share of the “new” noise-related liabilities would be higher, however, and would have to be financed by Flughafen Zürich AG.

As at the end of 2011, therefore, the provision for formal expropriations 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 has, since 1 January 2012, been entitled to a share of 76 % (previously: 72 %, originally 53 %) of the collected noise charges.

As at the balance sheet date of 31 December 2012, Flughafen Zürich AG had therefore recognised total costs for formal expropriations as an intangible asset amounting to CHF 297.7 million and provisions for formal expropriations of CHF 248.1 million plus provisions for outstanding sound insulation and resident protection costs of CHF 86.3 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 charges. The most important charge from a refinancing standpoint is the separate CHF 5.00 noise charge for passengers. In connection with adjusting the noise charges at Zurich Airport, on 13 January 2013, FOCA stipulated that from 1 January 2014 this separate noise charge for passengers should be suspended or substantially reduced as forecasts predict that the funds in the Airport of Zurich Noise Fund will soon be sufficient to finance the costs arising as per the baseline scenario. Should the noise-related costs significantly exceed the estimate, this charge would have to be reintroduced or 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 and 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 vary 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.

#### **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 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 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, on the same date the outstanding loan from the Canton of Zurich amounting to CHF 300 million was repaid early 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.

## Risk management

**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 a 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 at 31 December 2012, the threshold was CHF 1.58 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 mentioned in section 5.7.1 and the new special credit limit have 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).







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## Consolidated income statement

(CHF 1,000)	Notes	2012	2011 <sup>1)</sup>
Revenue from aviation operations	(1)	596,411	579,613
Revenue from non-aviation operations	(1)	352,409	325,791
<b>Total revenue</b>		<b>948,820</b>	<b>905,404</b>
Personnel expenses	(2)	-290,116	-163,543
Police and security		-115,347	-118,040
Energy and waste		-26,109	-23,888
Maintenance and material		-42,758	-39,400
Other operating expenses	(3)	-51,953	-49,499
Sales, marketing, administration		-41,618	-39,127
Capitalised expenditure and other income / expenses, net	(4)	9,758	12,035
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>		<b>390,677</b>	<b>483,942</b>
Depreciation and amortisation	(7)	-218,741	-201,211
<b>Earnings before interest and tax (EBIT)</b>		<b>171,936</b>	<b>282,731</b>
Finance costs	(5)	-93,280	-77,772
Finance income	(5)	36,311	4,321
Share of profit or loss of associates	(9)	2,401	1,390
<b>Profit before tax</b>		<b>117,368</b>	<b>210,670</b>
Income tax expense	(6)	-22,636	-40,825
<b>Profit</b>		<b>94,732</b>	<b>169,845</b>
Basic earnings per share (CHF)	(13)	15.52	27.67
Diluted earnings per share (CHF)	(13)	15.51	27.65

<sup>1)</sup> Restated due to early application of IAS 19 (amended 2011); see pp. 90 – 91 for details.

## Consolidated statement of comprehensive income

(CHF 1,000)	Notes	2012	2011 <sup>1)</sup>
<b>Profit</b>		<b>94,732</b>	<b>169,845</b>
<b>Other comprehensive income</b>			
Cross-currency interest rate swaps, net of income tax			
Adjustments to fair value	(14)	8,029	-20,826
Transfer to income statement	(14)	8,643	10,833
Adjustment to tax rate	(14)	-366	0
Available-for-sale securities			
Adjustments to fair value		954	1,126
Transfer to income statement		0	275
Foreign exchange differences		1,632	-2,445
Defined benefit plan actuarial gains / (losses)	(18)	-132	434
<b>Other comprehensive income, net of income tax</b>		<b>18,760</b>	<b>-10,603</b>
<b>Total comprehensive income</b>		<b>113,492</b>	<b>159,242</b>

<sup>1)</sup> Restated due to early application of IAS 19 (amended 2011); see pp. 90 – 91 for details.

## Consolidated balance sheet

(CHF 1,000)	Notes	31.12.2012	31.12.2011 <sup>1)</sup>	1.1.2011 <sup>1)</sup>
<b>Assets</b>				
Land	(7)	110,042	109,508	109,509
Buildings, engineering structures	(7)	2,508,344	2,498,162	2,267,592
Leased assets	(7)	40,221	48,617	57,505
Projects in progress	(7)	161,455	207,814	283,800
Movables	(7)	87,644	83,317	88,680
<b>Total property, plant and equipment</b>		<b>2,907,706</b>	<b>2,947,418</b>	<b>2,807,086</b>
Intangible asset from right of formal expropriation	(7)	297,698	305,447	285,469
Other intangible assets	(7)	11,697	12,303	9,432
Investments in associates	(9)	17,767	13,732	14,767
Non-current financial assets of Airport of Zurich Noise Fund	(8)	185,811	167,632	150,904
Other financial assets		11	11	11
<b>Non-current assets</b>		<b>3,420,690</b>	<b>3,446,543</b>	<b>3,267,669</b>
Inventories		9,642	9,118	8,643
Current financial assets of Airport of Zurich Noise Fund	(8)	68,086	76,469	57,628
Trade receivables	(10)	107,875	98,591	82,860
Other receivables and prepaid expenses	(11)	17,871	28,997	28,039
Fixed-term deposits	(12)	75,038	85,111	0
Cash and cash equivalents	(12)	368,713	69,512	73,642
<b>Current assets</b>		<b>647,225</b>	<b>367,798</b>	<b>250,812</b>
<b>Total assets</b>		<b>4,067,915</b>	<b>3,814,341</b>	<b>3,518,481</b>
<b>Equity and liabilities</b>				
Share capital		307,019	307,019	307,019
Own shares		-1,467	-477	-751
Capital reserves		590,968	588,055	587,786
Hedging reserve, net		-80,782	-97,088	-87,095
Fair value reserve		2,450	1,496	95
Translation reserve		-1,069	-2,701	-256
Other retained earnings		1,042,684	1,005,473	878,158
<b>Equity</b>		<b>1,859,803</b>	<b>1,801,777</b>	<b>1,684,956</b>
Debentures and non-current loans	(14)	1,256,393	1,070,649	884,709
Non-current lease liabilities	(14)	38,546	47,728	59,734
Non-current provision for sound insulation and resident protection plus formal expropriations	(15)	301,049	312,795	292,187
Deferred tax liabilities	(17)	80,281	94,273	98,484
Employee benefit obligations	(18)	126,208	3,902	3,379
<b>Non-current liabilities</b>		<b>1,802,477</b>	<b>1,529,347</b>	<b>1,338,493</b>
Trade payables		39,434	36,829	40,313
Current financial liabilities	(14)	59,283	98,656	93,639
Other current liabilities, accruals and deferrals	(19)	260,895	309,262	326,245
Current provision for sound insulation and resident protection plus formal expropriations	(15)	33,337	20,949	10,740
Current tax liabilities		12,686	17,521	24,095
<b>Current liabilities</b>		<b>405,635</b>	<b>483,217</b>	<b>495,032</b>
<b>Total liabilities</b>		<b>2,208,112</b>	<b>2,012,564</b>	<b>1,833,525</b>
<b>Total equity and liabilities</b>		<b>4,067,915</b>	<b>3,814,341</b>	<b>3,518,481</b>

<sup>1)</sup> Restated due to early application of IAS 19 (amended 2011); see pp. 90 – 91 for details.

## Consolidated statement of changes in equity

	Share capital	Own shares	Capital reserves	Hedging reserve, net	Fair value reserve	Translation reserve	Other retained earnings	Total equity
(CHF 1,000)								
Balance as at 1.1.2011, prior to restatement	307,019	-751	587,786	-87,095	95	-256	877,604	1,684,402
Restatement due to early application of IAS 19 (amended 2011) <sup>1)</sup>							554	554
Balance as at 1.1.2011, after restatement <sup>1)</sup>	307,019	-751	587,786	-87,095	95	-256	878,158	1,684,956
Profit <sup>1)</sup>							169,845	169,845
Cross-currency interest rate swaps, net of income tax								
Adjustments to fair value <sup>2)</sup>				-20,826				-20,826
Transfer to income statement <sup>2)</sup>				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
Defined benefit plan actuarial gains / (losses) <sup>1)</sup>							434	434
Other comprehensive income, net of income tax <sup>1)</sup>	0	0	0	-9,993	1,401	-2,445	434	-10,603
<b>Total comprehensive income <sup>1)</sup></b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-9,993</b>	<b>1,401</b>	<b>-2,445</b>	<b>170,279</b>	<b>159,242</b>
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
<b>Balance as at 31.12.2011 <sup>1)</sup></b>	<b>307,019</b>	<b>-477</b>	<b>588,055</b>	<b>-97,088</b>	<b>1,496</b>	<b>-2,701</b>	<b>1,005,473</b>	<b>1,801,777</b>
<b>Balance as at 1.1.2012</b>	<b>307,019</b>	<b>-477</b>	<b>588,055</b>	<b>-97,088</b>	<b>1,496</b>	<b>-2,701</b>	<b>1,005,473</b>	<b>1,801,777</b>
Profit							94,732	94,732
Cross-currency interest rate swaps, net of income tax								
Adjustments to fair value <sup>2)</sup>				8,029				8,029
Transfer to income statement <sup>2)</sup>				8,643				8,643
Adjustment to tax rate <sup>2)</sup>				-366				-366
Available-for-sale-securities								
Adjustments to fair value					954			954
Transfer to income statement					0			0
Foreign exchange differences						1,632		1,632
Defined benefit plan actuarial gains / (losses)							-132	-132
Other comprehensive income, net of income tax	0	0	0	16,306	954	1,632	-132	18,760
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16,306</b>	<b>954</b>	<b>1,632</b>	<b>94,600</b>	<b>113,492</b>
Dividends for the 2011 financial year							-57,389	-57,389
Purchase of own shares		-33,319						-33,319
Sale of own shares		31,294	3,046					34,340
Share-based payments		1,035	-133					902
<b>Balance as at 31.12.2012</b>	<b>307,019</b>	<b>-1,467</b>	<b>590,968</b>	<b>-80,782</b>	<b>2,450</b>	<b>-1,069</b>	<b>1,042,684</b>	<b>1,859,803</b>

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

<sup>1)</sup> Restated due to early application of IAS 19 (amended 2011); see pp. 90 – 91 for details.

<sup>2)</sup> See “Notes to consolidated financial statements”, note 5, “Financial result” and note 14, “Financial liabilities”.



## Consolidated cash flow statement

(CHF 1,000)	Notes	2012	2011 <sup>1)</sup>
<b>Profit</b>		<b>94,732</b>	<b>169,845</b>
Net finance result	(5)	56,969	73,451
Share of profit or loss of associates	(9)	-2,401	-1,390
Income tax expense	(6)	22,636	40,825
Depreciation / amortisation of			
Buildings, engineering structures	(7)	179,870	161,475
Movables	(7)	17,217	19,647
Intangible asset from right of formal expropriation	(7)	7,749	7,063
Other intangible assets	(7)	5,597	4,805
Leased assets	(7)	8,953	8,888
Recognition of government subsidies and grants on buildings and engineering structures in the income statement			
Buildings, engineering structures	(7)	-645	-667
Gains(-) / losses(+) on disposal of property, plant and equipment (net)		483	1,170
Share-based payments		902	1,060
Increase(-) / decrease(+) in inventories, trade receivables and other receivables and prepaid expenses		-2,783	-16,839
Increase(+) / decrease(-) in current liabilities, excluding current financial liabilities		-737	26,412
Increase(+) / decrease(-) in employee benefit obligations	(18)	122,306	957
Increase(+) / decrease(-) in provision for sound insulation and resident protection plus formal expropriations	(15)	-25,114	-9,587
Income tax paid		-45,814	-48,216
<b>Cash flow from operating activities</b>		<b>439,920</b>	<b>438,899</b>
<b>of which related to aircraft noise (Airport of Zurich Noise Fund)</b>		<b>25,658</b>	<b>38,657</b>
Income from noise charges	(16)	52,044	48,244
Expenses for sound insulation and resident protection plus formal expropriations	(16)	-26,386	-9,587
Investments in property, plant and equipment (projects in progress)		-195,594	-332,800
Proceeds from disposal of property, plant and equipment	(7)	5,481	134
Investments in financial assets of Airport of Zurich Noise Fund		-87,613	-99,313
Investments in fixed-term deposits due > 90 days	(12)	-125,108	-85,111
Repayment of fixed-term deposits due > 90 days	(12)	135,180	0
Repayment of current financial assets of Airport of Zurich Noise Fund		75,850	61,752
Interest received		6,758	5,650
<b>Cash flow from investing activities</b>		<b>-185,046</b>	<b>-449,688</b>
<b>of which related to aircraft noise (Airport of Zurich Noise Fund)</b>		<b>-11,763</b>	<b>-37,561</b>
Investments in financial assets Airport of Zurich Noise Fund		-87,613	-99,313
Repayment of current financial assets Airport of Zurich Noise Fund		75,850	61,752
Issue of new debenture	(14)	299,059	246,750
Repayment of liabilities to banks arising from US car park lease	(14)	-56,033	-54,198
Repayment of liabilities to banks arising from US private placement	(14)	-73,150	-73,150
Repayment of lease liabilities	(14)	-9,154	-8,577
Repayment / increase of Zurich Airport Staff Pension Fund		0	1
Payment of dividend for the 2011 / 2010 financial years	(13)	-57,389	-42,964
Purchase of own shares		-33,319	-517
Sale of own shares		34,340	0
Interest paid		-60,022	-60,673
<b>Cash flow from financing activities</b>		<b>44,332</b>	<b>6,672</b>
<b>Increase (+) / decrease (-) in cash and cash equivalents</b>		<b>299,206</b>	<b>-4,117</b>
Balance at beginning of financial year	(12)	69,512	73,642
Effect of foreign exchange differences on cash and cash equivalents held		-5	-13
<b>Balance at end of financial year</b>		<b>368,713</b>	<b>69,512</b>
<b>of which included in Airport of Zurich Noise Fund</b>	(12)	<b>27,759</b>	<b>1,101</b>

<sup>1)</sup> Restated due to early application of IAS 19 (amended 2011); see pp. 90 – 91 for details.

## Segment reporting

(CHF million)	Aviation flight operations		Aviation security		Aviation aircraft noise		Non-aviation		Eliminations		Consolidated	
	2012	2011 <sup>1)</sup>	2012	2011 <sup>1)</sup>	2012	2011 <sup>1)</sup>	2012	2011 <sup>1)</sup>	2012	2011 <sup>1)</sup>	2012	2011 <sup>1)</sup>
Revenue from third parties	381.3	372.5	161.6	158.5	52.1	48.6	353.8	325.8			948.8	905.4
Inter-segment revenue	8.2	12.9					138.9	122.7	-147.1	-135.6	0.0	0.0
<b>Total revenue</b>	<b>389.5</b>	<b>385.4</b>	<b>161.6</b>	<b>158.5</b>	<b>52.1</b>	<b>48.6</b>	<b>492.7</b>	<b>448.5</b>	<b>-147.1</b>	<b>-135.6</b>	<b>948.8</b>	<b>905.4</b>
<b>Segment result</b>	<b>-16.4</b>	<b>52.4</b>	<b>8.6</b>	<b>4.0</b>	<b>40.1</b>	<b>37.1</b>	<b>139.6</b>	<b>189.2</b>			<b>171.9</b>	<b>282.7</b>
<b>Earnings before interest and tax (EBIT)</b>											<b>171.9</b>	<b>282.7</b>
Finance costs	-2.8	-3.4			-29.2	-15.6	-3.4	-5.4			-35.4	-24.4
Unallocated finance costs											-57.9	-53.4
Finance income					4.6	3.3					4.6	3.3
Unallocated finance income											31.7	1.0
Share of profit or loss of associates							2.4	1.4			2.4	1.4
Unallocated income tax expense											-22.6	-40.8
<b>Profit</b>											<b>94.7</b>	<b>169.8</b>
Property, plant and equipment and intangible assets	948.0	961.3	37.2	42.2	298.5	306.5	1,933.4	1,955.2			3,217.1	3,265.2
Financial assets					185.8	167.6					185.8	167.6
Investments in associates							17.8	13.7			17.8	13.7
Current financial assets and cash and cash equivalents					95.8	77.6					95.8	77.6
<b>Total segment assets</b>	<b>948.0</b>	<b>961.3</b>	<b>37.2</b>	<b>42.2</b>	<b>580.1</b>	<b>551.7</b>	<b>1,951.2</b>	<b>1,968.9</b>			<b>3,516.5</b>	<b>3,524.1</b>
Unallocated current financial assets and cash and cash equivalents											416.0	153.5
Unallocated assets											135.4	136.7
<b>Total assets</b>											<b>4,067.9</b>	<b>3,814.3</b>
<b>Total segment liabilities</b>	<b>48.2</b>	<b>56.8</b>			<b>334.4</b>	<b>333.7</b>	<b>0.0</b>	<b>38.7</b>			<b>382.6</b>	<b>429.2</b>
Unallocated liabilities											1,825.5	1,583.3
<b>Total liabilities</b>											<b>2,208.1</b>	<b>2,012.5</b>
<b>Total investments</b>	<b>59.1</b>	<b>53.9</b>	<b>0.9</b>	<b>1.8</b>	<b>87.6</b>	<b>124.2</b>	<b>116.7</b>	<b>283.4</b>			<b>264.3</b>	<b>463.3</b>
Depreciation and amortisation	61.6	59.6	5.5	7.7	8.0	7.5	143.6	126.4			218.7	201.2
<b>Number of employees (full-time positions)</b>	<b>595</b>	<b>595</b>	<b>16</b>	<b>16</b>	<b>11</b>	<b>11</b>	<b>743</b>	<b>699</b>			<b>1,365</b>	<b>1,321</b>

<sup>1)</sup> Restated due to early application of IAS 19 (amended 2011); see pp. 90–91 for details.

## 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 property, plant & equipment and intangible 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.

- Disclosures – Transfers of Financial Assets (Amendments to IFRS 7)
- Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12)

The above-mentioned amendments were applied for the first time in financial year 2012 and did not have a significant impact on the financial position, results of operations or cash flows of Flughafen Zürich AG.

Following the signing of the new affiliation contract with the BVK, this post-employment plan has to be classified as a defined benefit plan and was accounted for as such in the 2012 consolidated financial statements. Consequently, IAS 19 "Employee Benefits (amended 2011)" was applied already in the 2012 financial year. Reference is made to the corresponding statements on pages 90 – 91 and to note 18, Employee benefits.

### Introduction of new standards in 2013 and later

The following new, revised and amended standards and interpretations have been issued until the date of approval of the 2012 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.

New Standards or Interpretations	Effective date	Planned application by Flughafen Zürich AG
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
<b>Revisions and amendments of Standards and Interpretations</b>		
Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)		1 July 2012 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
Amendments to IFRSs (May 2012)	*	1 January 2013 Reporting year 2013
Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities:		
Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)	*	1 January 2013 Reporting year 2013
Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)	*	1 January 2014 Reporting year 2014
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	*	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 cannot 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 8,335,000 m<sup>2</sup> 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 m<sup>2</sup> for intensive use, down to CHF 2.00 per m<sup>2</sup> 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 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 benefits

For defined benefit plans, the benefit cost and the defined benefit obligation are determined on the basis of various economic and demographic assumptions using the projected unit credit method and taking into account the past years of insurance up until the measurement date. The assumptions required to be made by Flughafen Zürich AG include, among other expectations about future salary increases, the interest rate on retirement savings accounts, employee turnover and life expectancy. The calculations are performed annually by independent actuaries. The plan assets are measured annually at fair value and deducted from the defined benefit obligation.

The defined benefit cost consists of three components:

- service cost, which is recognised in the income statement within personnel expenses;
- net interest expense, which is recognised in the income statement within the finance result; and
- remeasurement components, which are recognised in other comprehensive income.

Service cost comprises current service cost, past service cost and gains and losses on settlement. Gains and losses resulting from curtailments are regarded as past service cost. Employee contributions reduce service cost and are deducted from it if they are set out in the formal terms of the plan.

The net interest expense is the amount calculated by multiplying the net defined benefit obligation (or asset) by the discount rate, both as at the beginning of the financial year, taking account of any changes during the period as a result of contribution and benefit payments. Cash flows and changes during the year are factored in pro rata.

Remeasurement components comprise actuarial gains and losses resulting from changes in the present value of the defined benefit obligations due to changes in assumptions and experience adjustments, the return on plan assets less amounts included in net interest expense, and changes in unrecognised assets less effects included in net interest expense. Remeasurement components are recognised in other comprehensive income and cannot be recycled.

The amount recognised in the consolidated financial statements is the surplus or deficit of the defined benefit plans (net defined benefit obligation or asset). However, the asset recognised as a result of any surplus is limited to the present value of economic benefits to the Group available in the form of reductions in future contributions.

Employer contributions to defined contribution plans are recognised in the income statement as personnel expenses when the employee earns the benefit entitlement.

For other long-term employee benefits, the present value of the obligation is recognised at the end of the reporting period. Changes in the present value are recognised in the income statement as personnel expenses.

### 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.

#### **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. A liquidity-based statement of noise-related data is presented in the notes to the consolidated financial statements. 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 primarily provides services within Switzerland. In the 2012 financial year, external consulting services worth CHF 1.3 million (2011: CHF 2.1 million) were provided.

Flughafen Zürich AG's revenue with Lufthansa Group in 2012 amounts to approximately CHF 372.1 million (2011: CHF 362.0 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 restrictions include the following:

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

###### 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. 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, the possibility of other elements having a negative impact on earnings 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 15,000 were still pending at the end of 2012. Approximately 1,700 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 at 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") in the assumed worst-case scenario ("negative case").

"Old" noise-related liabilities are liabilities that arose prior to 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. The threshold is subject to an annual adjustment based on the development of the equity of Flughafen Zürich AG. At CHF 1.58 billion, the threshold as at 31 December 2012 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 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, 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.

As of the same date, the Canton of Zurich received a 47 % share of 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 above estimates of noise-related costs and the initiation of pre-financing by the Canton of Zurich, the amount of CHF 125.5 million (present value) was recognised as a provision for formal expropriations 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, 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 has since added 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, in cooperation with the Canton of Zurich, undertook a reappraisal of noise-related operating costs at the end of 2011 ("updated base case"), which still applies at the end of the reporting period, 31 December 2012. According to this updated calculation, total noise-related operating costs amounted to 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 has been no decision 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 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 was therefore increased by the present value of CHF 27.0 million at the end of 2011 (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 83 "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 % (previously: 72 %, originally 53 %) of the collected noise charges as of 1 January 2012.

As at 31 December 2012, Flughafen Zürich AG has therefore recognised an intangible asset from the right of formal expropriation in the amount of CHF 297.7 million and provisions for formal expropriations of CHF 248.1 million plus provisions for outstanding sound insulation and resident protection costs of CHF 86.3 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 3.2 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 property, plant & equipment and intangible assets”).

**Impact of the early application of IAS 19 “Employee Benefits” (as amended in 2011)**

Following the signing of the new affiliation contract with the BVK, this post-employment plan has to be classified as a defined benefit plan and was accounted for as such in the 2012 consolidated financial statements. For this reason, Flughafen Zürich AG decided to adopt IAS 19 “Employee Benefits” (as amended in 2011) before the effective date. On the basis of this decision and in accordance with the transition guidance in paragraph IAS 19.173 (as amended in 2011), the prior-year amounts were adjusted accordingly.

The amendments to IAS 19 change the accounting for defined benefit obligations and termination benefits. The most significant amendments affect the accounting for changes in plan assets and the present value of benefit obligations. The amended Standard requires these changes to be recognised when they occur. The option under the existing IAS 19 to use the “corridor approach” has been eliminated. All actuarial gains and losses must be recognised immediately in other comprehensive income (OCI). As a result of this change, the net benefit obligation or asset recognised in the balance sheet is the deficit or surplus of the plans, adjusted for any effects of IFRIC 14 (“IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction”). Past service costs have to be recognised immediately in the income statement.

In addition, the interest cost on the present value of defined benefit obligations and the expected return on plan assets used in the current IAS 19 is replaced in IAS 19 (as amended in 2011) with a net interest expense. This is calculated on the basis of the discount rate and the net benefit obligation or asset.

Further changes affect the presentation of benefit costs and the information required to be disclosed in the notes.

IAS 19 (as amended in 2011) is early-adopted in the consolidated financial statements for the year ended 31 December 2012. Applying IAS 8, the Group’s equity as at 1 January 2011 was adjusted and financial year 2011 presented in accordance with the requirements of IAS 19 (as amended in 2011).



These changes result in the following effects on the employee benefit obligation and the Group's equity. The adjustments only relate to the special plan with the Employee Pension Fund of the Canton of Zurich (BVK) providing compensation for early retirement (see also note 18, Employee benefits):

(CHF 1,000)	1.1.2011 (published)	Restatement IAS 19 revised	1.1.2011 (restated)
<b>Impact on the balance sheet and equity</b>			
Non-current liabilities			
Employee benefit obligations	3,933	-554	3,379
Equity			
Other retained earnings	877,604	554	878,158

(CHF 1,000)	31.12.2011 (published)	Restatement IAS 19 revised	31.12.2011 (restated)
<b>Impact on the balance sheet and equity</b>			
Non-current liabilities			
Employee benefit obligations	3,825	77	3,902
Equity			
Other retained earnings	1,005,550	-77	1,005,473

(CHF 1,000)	31.12.2011 (published)	Restatement IAS 19 revised	31.12.2011 (restated)
<b>Impact on the income statement and profit</b>			
Personnel expenses	-162,478	-1,065	-163,543
Profit	170,910	-1,065	169,845
Basic earnings per share (CHF)	27.84		27.67
Diluted earnings per share (CHF)	27.82		27.65

(CHF 1,000)	31.12.2011 (published)	Restatement IAS 19 revised	31.12.2011 (restated)
<b>Impact on comprehensive income</b>			
Profit	170,910	-1,065	169,845
Other comprehensive income			
Cross-currency interest rate swaps, net of income tax	-9,993	0	-9,993
Available-for-sale securities	1,401	0	1,401
Foreign exchange differences	-2,445	0	-2,445
Defined benefit plan actuarial gains / (losses)	0	434	434
Other comprehensive income, net of income tax	-11,037	434	-10,603
Total comprehensive income	159,873	-631	159,242

(CHF 1,000)	31.12.2011 (published)	Restatement IAS 19 revised	31.12.2011 (restated)
<b>Impact on the cash flow statement</b>			
Profit	170,910	-1,065	169,845
Increase / decrease in employee benefit obligations	-108	1,065	957
Cash flow from operating activities	438,899	0	438,899
Cash flow from investing activities	-449,688	0	-449,688
Cash flow from financing activities	6,672	0	6,672
Increase / decrease in cash and cash equivalents	-4,117	0	-4,117

## Consolidated income statement

## 1) Revenue

(CHF 1,000)	2012	2011
Passenger fees	199,636	195,555
PRM fees	11,104	11,200
Landing fees	85,954	84,527
Emission fees	3,222	3,150
Parking fees	6,675	6,100
Fuel charges	7,164	7,039
Freight revenue	7,623	7,817
Baggage sorting and handling system	29,574	29,047
Aircraft energy supply system	12,906	11,134
CUTE charges (check-in system for handling agents)	4,697	4,397
Other revenue	14,803	12,521
<b>Total revenue from aviation flight operations</b>	<b>383,358</b>	<b>372,487</b>
Security fees	160,039	157,310
Refund of security costs	958	1,229
<b>Total revenue from aviation security</b>	<b>160,997</b>	<b>158,539</b>
Noise charges	52,056	48,587
<b>Total revenue from aviation aircraft noise</b>	<b>52,056</b>	<b>48,587</b>
<b>Total revenue from aviation</b>	<b>596,411</b>	<b>579,613</b>
Retail, tax & duty-free	87,425	75,167
Food & beverage operations	14,275	13,631
Advertising media and promotion	16,749	15,070
Revenue from multi-storey car parks	67,097	65,863
Other commercial revenue (car rentals, taxis, banks, etc.)	12,369	12,668
<b>Total commercial revenue</b>	<b>197,915</b>	<b>182,399</b>
Revenue from rental and leasing agreements	94,531	88,905
Energy and utility cost allocation	26,833	25,236
Cleaning	3,919	3,521
Revenue from services	2,478	3,023
<b>Total revenue from facility management</b>	<b>127,761</b>	<b>120,685</b>
Communication services	14,839	13,587
Revenue from consulting activities	1,335	2,062
Other services and miscellaneous	10,559	7,058
<b>Total revenue from services</b>	<b>26,733</b>	<b>22,707</b>
<b>Total revenue from non-aviation</b>	<b>352,409</b>	<b>325,791</b>
<b>Total revenue</b>	<b>948,820</b>	<b>905,404</b>

**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. 32 ff. of the Federal Ordinance on Civil Aviation Infrastructure amounting to CHF 0.90 per departing passenger (until 31 March 2011 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 shortfall is primarily the result of the number of passengers with reduced mobility handled by the airport, which in 2012 was higher than assumed when the charge was calculated. Total passenger growth in 2012 remained below the assumptions used in the last charge calculation.

Like all other charges for flight operations, the PRM fee will be the subject of the charge negotiations on 1 January 2014.

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

(CHF 1,000)	2012	2011
PRM fees	11,104	11,200
<b>Total revenue</b>	<b>11,104</b>	<b>11,200</b>
Fixed service costs (service provider)	-3,288	-3,288
Variable service costs (service provider)	-8,497	-7,515
Other operating expenses	-160	-95
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>-841</b>	<b>302</b>
Depreciation and amortisation	-58	-46
<b>Earnings before interest and tax (EBIT)</b>	<b>-899</b>	<b>256</b>
Imputed interest and income tax	174	-58
<b>Result</b>	<b>-725</b>	<b>198</b>

## 2) Personnel expenses

(CHF 1,000)	2012	2011 <sup>1)</sup>
Wages and salaries	130,772	128,808
Pension costs		
for defined benefit plans <sup>2)</sup>	114,134	1,151
for defined contribution plans	11,266	11,366
Social security contributions	13,321	13,061
Other personnel expenses and employee benefits	20,623	9,157
<b>Total personnel expenses</b>	<b>290,116</b>	<b>163,543</b>
<b>Average number of employees (full-time positions)</b>	<b>1,353</b>	<b>1,296</b>
<b>Number of employees as at 31.12. (full-time positions)</b>	<b>1,365</b>	<b>1,321</b>
<b>Personnel expense per position as at 31.12.</b>	<b>213</b>	<b>124</b>

<sup>1)</sup> Restated due to early application of IAS 19 (amended 2011); see pp. 90 – 91 for details.

<sup>2)</sup> See note 18, "Employee benefits".

### 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, 148 shares (2011: 156 shares) worth CHF 53,986 (2011: CHF 57,120) 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	2012	2011 <sup>1)</sup>	2011 <sup>1)</sup>	Price per share <sup>1)</sup>
	CHF in 1,000	CHF in 1,000	Number of shares	CHF
Members of the Management Board	316	375	1,137	329.00
Other members of management	570	604	1,841	329.00
Adjustment of share price to market price in subsequent year <sup>2)</sup>	1	5		
<b>Total</b>	<b>887</b>	<b>984</b>	<b>2,978</b>	<b>329.00</b>

<sup>1)</sup> Shares distributed in the 2012 financial year under the bonus programme for the Management Board and other members of management (number and price per share) for the 2011 financial year.

<sup>2)</sup> The value of the shares comprising the bonus for the 2011 financial year was about CHF 1,000 higher in April 2012 (grant date) than the amount accrued for the bonus for the 2011 financial year as of year-end.

The bonus for the 2012 financial year was estimated on the basis of the available data as at 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 2,097 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)	2012	2011
Zurich Protection & Rescue Services	21,554	21,000
PRM costs (service costs of service providers)	11,785	10,802
Other operating costs	6,383	6,641
Insurance	3,934	4,072
Cleaning by external contractors, incl. snow clearing	2,658	2,097
Costs for own car park	2,854	2,082
Communication costs	1,661	1,616
Passenger services	1,124	1,189
<b>Total other operating expenses</b>	<b>51,953</b>	<b>49,499</b>

### 4) Capitalised expenditure and other income / expenses, net

(CHF 1,000)	2012	2011
Capitalised expenditure	12,084	13,634
Other income	2,338	147
Other expenses	-4,664	-1,746
<b>Total capitalised expenditure and other income / expenses, net</b>	<b>9,758</b>	<b>12,035</b>

Capitalised expenditure of CHF 12.1 million (2011: CHF 13.6 million) comprises primarily fees for the company's architects and engineers, and project managers representing the client. The decrease compared with the previous year is due to the fall-off in investment activity.

Other income includes mainly realised book gains on the disposal of non-current assets. In the year under review, other expenses include bad debt write-offs from the aviation business and losses from disposals of non-current assets.

## 5) Finance result

(CHF 1,000)	2012	2011
Interest expenses on debentures and non-current loans	55,129	56,786
Less capitalised interest on borrowings for buildings under construction	-581	-4,724
<b>Net interest expenses on debentures and non-current loans</b>	<b>54,548</b>	<b>52,062</b>
Interest expenses on finance lease liabilities	2,824	3,356
Accretion of interest on financial liabilities at amortised cost	3,471	3,145
Net interest expenses on defined benefit obligations	81	0
Other interest expenses	91	70
<b>Total interest expenses</b>	<b>61,015</b>	<b>58,633</b>
Loss on financial assets of Airport of Zurich Noise Fund	2,583	1,295
Other finance costs	3,717	3,928
Foreign exchange losses	209	553
Unwinding of discount on provision for sound insulation and resident protection plus formal expropriations	25,766	13,363
<b>Total finance costs</b>	<b>93,280</b>	<b>77,772</b>
Interest income on financial assets of Airport of Zurich Noise Fund	-4,648	-3,332
Interest income on postal accounts and bank deposits / loans	-679	-555
Interest on arrears	-12	-8
<b>Total interest income</b>	<b>-5,339</b>	<b>-3,895</b>
Gain on financial assets of Airport of Zurich Noise Fund	0	0
Foreign exchange gains	-30,971	-396
Other finance income	-1	-30
<b>Total finance income</b>	<b>-36,311</b>	<b>-4,321</b>
<b>Finance result, net</b>	<b>56,969</b>	<b>73,451</b>

The change in the exchange rate between the Swiss franc and the Japanese yen resulted in a foreign exchange gain on the Japanese private placement of CHF 30.8 million, which was not offset by the loan's hedging instrument, as exchange rate movements on the Japanese private placement are only partially hedged. The increase in finance costs for the unwinding of the discount on provisions for

sound insulation and resident protection plus formal expropriations is due primarily to the reduction in the discount rate (see note 15, Provisions for sound insulation and resident protection plus formal expropriations). Capitalised interest on borrowings for buildings under construction was calculated using an average interest rate of 4.64 % in 2012 (2011: 5.05 %).

## 6) Income tax

(CHF 1,000)	2012	2011
Taxes for current year	41,177	41,985
Taxes for prior years	37	474
<b>Total current income tax</b>	<b>41,214</b>	<b>42,459</b>
Deferred income tax on changes in temporary differences	-18,578	-1,634
<b>Total deferred income tax</b>	<b>-18,578</b>	<b>-1,634</b>
<b>Total income tax</b>	<b>22,636</b>	<b>40,825</b>

Income tax can be analysed as follows:

(CHF 1,000)	2012	2011
Profit before tax	117,368	211,735
Tax expense at anticipated tax rate of 20.2 % / (2011: 20.5 %)	23,708	43,406
Adjustments of deferred taxes due to tax rate adjustment	-1,746	0
Prior period adjustments	37	-1,600
Tax effect of losses not recognised	0	-891
Non-tax-deductible expenses / tax-exempt income	583	-23
Miscellaneous transitory items	54	-67
<b>Total income tax</b>	<b>22,636</b>	<b>40,825</b>



Consolidated balance sheet

7) Changes in property, plant & equipment and intangible 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	Total intangible assets
<b>(CHF million)</b>										
<b>Cost</b>										
<b>Balance as at 1.1.2011</b>	<b>109.5</b>	<b>1,384.6</b>	<b>3,617.5</b>	<b>98.5</b>	<b>283.8</b>	<b>244.3</b>	<b>5,738.2</b>	<b>299.6</b>	<b>71.4</b>	<b>371.0</b>
Additions					339.1		339.1	27.0		27.0
Disposals		-3.6	-30.0			-6.2	-39.8		-7.4	-7.4
Reclassification		85.1	-86.1			1.0	0.0			0.0
Transfers		56.1	336.7		-415.1	14.4	-7.9		7.9	7.9
<b>Balance as at 31.12.2011</b>	<b>109.5</b>	<b>1,522.2</b>	<b>3,838.1</b>	<b>98.5</b>	<b>207.8</b>	<b>253.5</b>	<b>6,029.6</b>	<b>326.6</b>	<b>71.9</b>	<b>398.5</b>
<b>Balance as at 1.1.2012</b>	<b>109.5</b>	<b>1,522.2</b>	<b>3,838.1</b>	<b>98.5</b>	<b>207.8</b>	<b>253.5</b>	<b>6,029.6</b>	<b>326.6</b>	<b>71.9</b>	<b>398.5</b>
Additions				0.6	176.1		176.7			0.0
Disposals	-3.8	-1.3	-23.7			-16.2	-45.0		-2.2	-2.2
Transfers	4.3	23.1	167.5		-222.4	22.2	-5.3		5.3	5.3
<b>Balance as at 31.12.2012</b>	<b>110.0</b>	<b>1,544.0</b>	<b>3,981.9</b>	<b>99.1</b>	<b>161.5</b>	<b>259.5</b>	<b>6,156.0</b>	<b>326.6</b>	<b>75.0</b>	<b>401.6</b>
<b>Depreciation, amortisation</b>										
<b>Balance sheet as at 1.1.2011</b>	<b>0.0</b>	<b>637.3</b>	<b>2,093.6</b>	<b>41.0</b>	<b>0.0</b>	<b>155.6</b>	<b>2,927.6</b>	<b>14.1</b>	<b>62.0</b>	<b>76.1</b>
Additions		44.0	117.4	8.9		19.6	189.9	7.1	4.8	11.9
Reclassification		13.8	-14.5			0.7	0.0			0.0
Disposals		-3.4	-29.0			-5.7	-38.1		-7.2	-7.2
<b>Balance as at 31.12.2011</b>	<b>0.0</b>	<b>691.7</b>	<b>2,167.5</b>	<b>49.9</b>	<b>0.0</b>	<b>170.2</b>	<b>3,079.4</b>	<b>21.2</b>	<b>59.6</b>	<b>80.8</b>
<b>Balance sheet as at 1.1.2012</b>	<b>0.0</b>	<b>691.7</b>	<b>2,167.5</b>	<b>49.9</b>	<b>0.0</b>	<b>170.2</b>	<b>3,079.4</b>	<b>21.2</b>	<b>59.6</b>	<b>80.8</b>
Additions		47.4	132.5	8.9		17.2	206.0	7.7	5.6	13.3
Disposals		-0.8	-22.9			-15.6	-39.3		-1.9	-1.9
<b>Balance as at 31.12.2012</b>	<b>0.0</b>	<b>738.3</b>	<b>2,277.1</b>	<b>58.8</b>	<b>0.0</b>	<b>171.8</b>	<b>3,246.1</b>	<b>28.9</b>	<b>63.3</b>	<b>92.2</b>
<b>Government subsidies and grants</b>										
<b>Balance as at 31.12.2010</b>	<b>0.0</b>	<b>0.1</b>	<b>3.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>3.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Disposals			-0.7				-0.7			0.0
<b>Balance as at 31.12.2011</b>	<b>0.0</b>	<b>0.1</b>	<b>2.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>2.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Disposals		-0.1	-0.6				-0.7			0.0
<b>Balance as at 31.12.2012</b>	<b>0.0</b>	<b>0.0</b>	<b>2.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>2.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Net carrying amount as at 31.12.2010</b>	<b>109.5</b>	<b>747.2</b>	<b>1,520.4</b>	<b>57.5</b>	<b>283.8</b>	<b>88.7</b>	<b>2,807.0</b>	<b>285.5</b>	<b>9.4</b>	<b>294.9</b>
<b>Net carrying amount as at 31.12.2011</b>	<b>109.5</b>	<b>830.4</b>	<b>1,667.8</b>	<b>48.6</b>	<b>207.8</b>	<b>83.3</b>	<b>2,947.4</b>	<b>305.4</b>	<b>12.3</b>	<b>317.7</b>
<b>Net carrying amount as at 31.12.2012</b>	<b>110.0</b>	<b>805.7</b>	<b>1,702.7</b>	<b>40.2</b>	<b>161.5</b>	<b>87.6</b>	<b>2,907.7</b>	<b>297.7</b>	<b>11.7</b>	<b>309.4</b>

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

**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 tenth 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), 31 October 2010 (CHF 6.9 million) and 1 January 2012 (CHF 0.6 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 at 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 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 2012.

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 219.3 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)	31.12.2012	31.12.2011
Current available-for-sale securities (see note 16, "Airport of Zurich Noise Fund")	68,086	76,469
Non-current available-for-sale securities (see note 16, "Airport of Zurich Noise Fund")	185,811	167,632
<b>Total financial assets of Airport of Zurich Noise Fund</b>	<b>253,897</b>	<b>244,101</b>

The available-for-sale securities are debentures. The investment horizon is based on the expected obligation to make payments from the Airport of Zurich Noise Fund, and averages two to four years. Interest on debentures in 2012 was between 0.25 % and 4.375 % (2011: between 0.25 % and 4.375 %). 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)	31.12.2012	31.12.2011
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 %)	5,438	4,695
Companhia de Participações Aeroportuárias (previously: A-port S.A.), São Paulo (Brazil)		
Share capital: BRL 63 million (previous year BRL 117 million) / Equity share 15.0 % (previous year 15.0 %)	4,314	7,990
A-port Chile S.A., Santiago de Chile (Chile)		
Share capital: CLP 5,264 million (previous year n/a) / Equity share 49.0 % (previous year n/a)	5,155	n/a
A-port Operaciones S.A., Santiago de Chile (Chile)		
Share capital: CLP 1,352 million (previous year 1,328 CLP million) / Equity share 49.0 % (previous year 32.6 %)	2,860	1,047
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
<b>Total investments in associates</b>	<b>17,767</b>	<b>13,732</b>

**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 at the balance sheet date. It is involved in the operation of the airport under an Operation, Management & Service Agreement (OMSA) and receives revenue from it. 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 at 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.

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 will be concluded in early 2013. 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.

Following the completion of the structural optimisation, the shares in the licensed companies for the Chilean airports in Antofagasta, Puerto Montt and Iquique are held by A-port Chile S.A. based in Santiago de Chile, and for Hato International Airport in Curaçao by Companhia de Participações Aeroportuárias 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. There have been various exchanges of correspondence between Flughafen Zürich AG and the Bolivarian Republic of Venezuela. The hearing before the ICSID in Washington is scheduled for June 2013. 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)	31.12.2012	31.12.2011
Assets	554,470	526,995
Liabilities	-406,791	-378,189
Total revenue	121,840	154,643
Result	16,116	24,506

## 10) Trade receivables

(CHF 1,000)	31.12.2012	31.12.2011
Trade receivables <sup>1)</sup>	108,536	99,453
Impairment allowance	-661	-862
<b>Total trade receivables, net</b>	<b>107,875</b>	<b>98,591</b>

<sup>1)</sup> Trade receivables include an amount of CHF 38.6 million due from Swiss (2011: CHF 36.6 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 2012 annual report, Swiss International Air Lines Ltd. had paid the outstanding amount arising from airport charges in full as of 31 December 2012.

Geographical distribution of trade receivables:

(CHF 1,000)	31.12.2012	31.12.2011
Switzerland	102,622	91,451
Europe	5,690	7,535
India	112	341
Latin America	112	126
<b>Total trade receivables</b>	<b>108,536</b>	<b>99,453</b>

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

	Trade receivables Gross	Individual allowance	Collective allowance	Trade receivables Gross	Individual allowance	Collective allowance
(CHF 1,000)	31.12.2012	31.12.2012	31.12.2012	31.12.2011	31.12.2011	31.12.2011
Not past due	85,388	0	-425	96,484	0	-465
Past due, 0 to 30 days	21,858	0	-109	541	0	-3
Past due, 31 to 60 days	803	0	-4	708	0	-3
Past due, more than 61 days	487	-121	-2	1,720	-382	-9
<b>Total</b>	<b>108,536</b>	<b>-121</b>	<b>-540</b>	<b>99,453</b>	<b>-382</b>	<b>-480</b>

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

	Individual allowance		Collective allowance		Total allowance	
(CHF 1,000)	2012	2011	2012	2011	2012	2011
As at 1.1.	-382	-453	-480	-411	-862	-864
Change	261	71	-60	-69	201	2
<b>As at 31.12.</b>	<b>-121</b>	<b>-382</b>	<b>-540</b>	<b>-480</b>	<b>-661</b>	<b>-862</b>

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)	31.12.2012	31.12.2011
Services not yet invoiced	6,911	13,573
Accrued interest on interest-bearing debt instruments, Airport of Zurich Noise Fund	2,207	3,078
Prepaid services	660	636
<b>Prepaid expenses and accruals</b>	<b>9,778</b>	<b>17,287</b>
Tax receivables (VAT / withholding tax)	6,604	11,014
Other receivables	1,489	696
<b>Total other receivables and prepaid expenses</b>	<b>17,871</b>	<b>28,997</b>

Other receivables and prepaid expenses include the following financial instruments:

(CHF 1,000)	31.12.2012	31.12.2011
Services not yet invoiced	6,911	13,573
Accrued interest on interest-bearing debt instruments, Airport of Zurich Noise Fund	2,207	3,078
<b>Total financial instruments</b>	<b>9,118</b>	<b>16,651</b>
Tax receivables (VAT / withholding tax)	6,604	11,014
Prepaid services	660	636
Other receivables	1,489	696
<b>Total other receivables and prepaid expenses</b>	<b>17,871</b>	<b>28,997</b>

The interest from the liquid funds of the 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. 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)	31.12.2012		31.12.2011	
	Total	of which AZNF	Total	of which AZNF
Cash on hand	222		240	
Cash at banks and in postal accounts	232,636	27,759	43,417	1,101
Call deposits <sup>1)</sup>	0		6,649	
Fixed-term deposits <sup>1)</sup>	120,000		15,019	
Collateral, due within 90 days <sup>2)</sup>	15,855		4,187	
<b>Total cash and cash equivalents</b>	<b>368,713</b>	<b>27,759</b>	<b>69,512</b>	<b>1,101</b>

<sup>1)</sup> Due within 90 days from date of acquisition.

<sup>2)</sup> 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	2012 Interest rates (%)	2011 Interest rates (%)	2012 Average maturity (days)	2011 Average maturity (days)
Cash at banks and in postal accounts	CHF	0.00 – 0.125	0.125 – 0.25	n/a	n/a
Call deposits	CHF	0	0.15 – 1.075	n/a	26
Fixed-term deposits	CHF	0.10 – 0.25	0.375	89	28
Collateral	CHF	0.00 – 0.07	0.00 – 0.12	n/a	n/a

The capitalised fixed-term deposits amounting to CHF 75.0 million have the following maturity dates: CHF 50.0 million – maturity 3 April 2013 and CHF 25.0 million – maturity 3 July 2013.



### 13) Equity

Number of shares	Issued registered shares (nominal value, CHF 50)	Own shares	Total shares in circulation
<b>Balance as at 1.1.2011</b>	<b>6,140,375</b>	<b>2,325</b>	<b>6,138,050</b>
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
<b>Balance as at 31.12.2011</b>	<b>6,140,375</b>	<b>1,381</b>	<b>6,138,994</b>
Purchase of own shares		101,190	101,190
Sale of own shares		-95,000	-95,000
Distribution of own shares to employees and third parties		-3,139	-3,139
<b>Balance as at 31.12.2012</b>	<b>6,140,375</b>	<b>4,432</b>	<b>6,135,943</b>

#### Share rights

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

#### Own shares

Own shares are distributed to employees and third parties within the scope of the bonus programme (see note 2, "Personnel expenses" and note 20.5, "Related parties"). Own shares are used for the bonus programme and are held as treasury stock.

#### 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). As at the balance sheet date, reserves amounting to CHF 155.0 million (2011: 154.0 million) are subject to a distribution limit.

#### 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 2012 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 26 April 2012, Flughafen Zürich AG paid a dividend of CHF 57.4 million (no dividend on own shares) or CHF 9.50 per share for the 2011 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:

	2012	2011 <sup>1)</sup>
Profit attributable to shareholders of Flughafen Zürich AG in Swiss francs	94,732,217	169,845,361
Weighted average number of outstanding shares	6,105,686	6,139,056
Effect of dilutive shares	3,417	3,776
Adjusted weighted average number of outstanding shares	6,109,103	6,142,832
Basic earnings per share (CHF)	15.52	27.67
Diluted earnings per share (CHF)	15.51	27.65

<sup>1)</sup> Restated due to early application of IAS 19 (amended 2011); see pp. 90 – 91 for details.

**Major shareholders and shareholder structure**

The shareholder structure as of 31 December was as follows:

	2012	2011
Public sector	38.60 %	38.60 %
Private individuals	3.29 %	2.54 %
Companies	2.84 %	2.68 %
Pension funds	1.94 %	1.45 %
Financial institutions (including nominees)	25.65 %	32.29 %
Balance available and non-registered shareholders	27.68 %	22.44 %
<b>Total</b>	<b>100.00 %</b>	<b>100.00 %</b>

	2012	2011
Number of shareholders	4,951	4,458

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

	2012	2011
Canton of Zurich (including BVK pension fund of the Canton of Zurich)	33.33 %	33.40 %
City of Zurich (including pension fund of the City of Zurich)	5.04 %	5.04 %

**14) Financial liabilities**

(CHF 1,000)	31.12.2012	31.12.2011
Japanese private placement	385,583	446,608
US private placement	99,695	153,061
Debenture	771,115	470,980
Non-current liabilities to banks arising from US car park lease	0	0
Non-current lease liabilities	38,546	47,728
<b>Non-current financial liabilities</b>	<b>1,294,939</b>	<b>1,118,377</b>
US private placement	49,604	50,892
Current liabilities to banks arising from US car park lease	0	38,669
Current lease liabilities	9,679	9,095
<b>Current financial liabilities</b>	<b>59,283</b>	<b>98,656</b>
<b>Total financial liabilities</b>	<b>1,354,222</b>	<b>1,217,033</b>

On 20 December 2012, the last of a total of eight tranches under the US car park lease (CHF 56 million, nominal) was repaid out of existing cash funds on schedule and in accordance with the agreement. The loan has therefore been repaid in full.

In the year under review, the second of five annual tranches of the US private placement was also repaid at the nominal amount of CHF 73.2 million (2011: CHF 73.2 million, nominal).

In 2012, a total of CHF 9.2 million (2011: CHF 8.6 million) of the outstanding lease liabilities was repaid in accordance with the existing lease agreements.

On 3 July 2012, a new debenture in the amount of CHF 300.0 million (nominal amount) with an interest coupon of 1.25 % with redemption in 2020 was issued. It has been recognised under non-current financial liabilities.

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

Financial liabilities	Nominal value as at 31.12.2012 in 1,000	Carrying amount as at 31.12.2012 in CHF 1,000	Duration	Interest rate	Early amortisation	Interest payment date
Debenture	CHF 225,000	224,402	2009 – 2014	4.500 %	no	18.2.
Debenture	CHF 250,000	247,599	2011 – 2017	2.250 %	no	5.5.
Debenture	CHF 300,000	299,114	2012 – 2020	1.250 %	no	3.7.
Japanese private placement	JPY 37,000,000	385,683	2003 – 2024	5.730 %	no	23.5. / 23.11.
US private placement	USD 110,000	99,695	2003 – 2015	4.753 %	from 2011	11.4. / 11.10.
Lease liabilities (baggage sorting and handling system)	CHF 28,734	28,734	2003 – 2016	5.868 %	no	1st of each month
Lease liabilities (aircraft energy supply systems)	CHF 9,812	9,812	2003 – 2020	3.712 %	no	1st of each month
<b>Total non-current financial liabilities</b>		<b>1,294,939</b>				

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

Furthermore, as at the balance sheet date unused credit facilities exist in the amount of CHF 379.9 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)	31.12.2012	31.12.2011
Due within 1 year	59,283	98,656
Due within 2 to 5 years	606,040	419,248
Due in more than 5 years	688,899	699,129
<b>Total financial liabilities</b>	<b>1,354,222</b>	<b>1,217,033</b>

#### Hedge transactions (with hedge accounting)

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

Description	Japanese private placement 2003 – 2024	US private placement 2003 – 2015	US car park lease 2003 – 2012	Total fair value (gross)	Deferred tax	Total fair value (net)
Contract amount (CHF 1,000)	JPY 37,000 million	USD 275 million	USD 271 million			
<b>Fair values</b>						
<b>as at 31.12.2010</b>	<b>96,877</b>	<b>116,671</b>	<b>32,606</b>	<b>246,154</b>	<b>-50,462</b>	<b>195,692</b>
Adjustments to fair value	-12,471	-23,865	-16,076	-52,412	10,745	-41,667
<b>as at 31.12.2011</b>	<b>84,406</b>	<b>92,806</b>	<b>16,530</b>	<b>193,742</b>	<b>-39,717</b>	<b>154,025</b>
Adjustment to tax rate	0	0	0	0	581	581
Adjustments to fair value	13,122	-20,677	-16,530	-24,085	4,865	-19,220
<b>as at 31.12.2012</b>	<b>97,528</b>	<b>72,129</b>	<b>0</b>	<b>169,657</b>	<b>-34,271</b>	<b>135,386</b>

In the year under review, the accumulated losses on hedging instruments decreased from CHF 154.0 million (after deduction of deferred taxes) to CHF 135.4 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 the interest component of the 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 2012 and are partially offset by those parts of the swaps designated as a fair value hedge:

(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)
<b>as at 31.12.2010</b>	<b>3,783</b>	<b>-108,694</b>	<b>-31,690</b>	<b>-136,601</b>	<b>28,003</b>	<b>-108,598</b>
Foreign exchange differences	26,781	22,476	15,725	64,982	-13,321	51,661
<b>as at 31.12.2011</b>	<b>30,564</b>	<b>-86,218</b>	<b>-15,965</b>	<b>-71,619</b>	<b>14,682</b>	<b>-56,937</b>
Adjustment to tax rate	0	0	0	0	-215	-215
Foreign exchange differences	-61,318	17,792	15,965	-27,561	5,567	-21,994
<b>as at 31.12.2012</b>	<b>-30,754</b>	<b>-68,426</b>	<b>0</b>	<b>-99,180</b>	<b>20,034</b>	<b>-79,146</b>

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
<b>as at 31.12.2010</b>	<b>-109,553</b>	<b>22,458</b>	<b>-87,095</b>
Adjustment to fair value	-26,196	5,370	-20,826
Transfer to income statement	13,626	-2,793	10,833
<b>as at 31.12.2011</b>	<b>-122,123</b>	<b>25,035</b>	<b>-97,088</b>
Adjustment to tax rate	0	-366	-366
Adjustment to fair value	10,061	-2,032	8,029
Transfer to income statement	10,831	-2,188	8,643
<b>as at 31.12.2012</b>	<b>-101,231</b>	<b>20,449</b>	<b>-80,782</b>

#### 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 at the balance sheet date the following collateral existed:

(CHF 1,000)	Original currency	2012 Interest rate in %	2011 Interest rate in %	31.12.2012 CHF	31.12.2011 CHF
Cash and cash equivalents, due within 90 days	Swiss francs	0.00 bis 0.07	0.00 bis 0.12	15,855	4,187
Letter of credit, due within 90 days <sup>1)</sup>	Swiss francs	0.60 bis 0.85	0.85 bis 0.95	120,000	159,000

<sup>1)</sup> 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 at 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 property, plant & equipment and intangible assets").

(CHF 1,000)	31.12.2012	31.12.2011
Future minimum lease payments		
Due within 1 year	11,978	11,906
Due within 2 to 5 years	37,960	47,983
Due in more than 5 years	4,410	5,820
<b>Total future minimum lease payments</b>	<b>54,348</b>	<b>65,709</b>
Future interest payments	-6,123	-8,886
<b>Present value of lease liabilities</b>	<b>48,225</b>	<b>56,823</b>
of which due within 1 year	9,679	9,095
of which due within 2 to 5 years	34,344	42,289
of which due within more than 5 years	4,202	5,439

The interest rates for lease liabilities amount to 5.868 % (baggage sorting and handling system) and 3.712 % (aircraft energy supply systems) as at 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
<b>Provision as at 1.1.2011</b>	<b>110,611</b>	<b>192,316</b>	<b>302,927</b>
Provision used <sup>1)</sup>	-9,526	-61	-9,587
Provision made	0	27,041	27,041
Unwinding of discount <sup>2)</sup>	-637	14,000	13,363
<b>Provision as at 31.12.2011</b>	<b>100,448</b>	<b>233,296</b>	<b>333,744</b>
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
<b>Provision as at 1.1.2012</b>	<b>100,448</b>	<b>233,296</b>	<b>333,744</b>
Provision used <sup>1)</sup>	-23,230	-1,884	-25,114
Provision made	0	0	0
Unwinding of discount <sup>3)</sup>	9,116	16,640	25,756
<b>Provision as at 31.12.2012</b>	<b>86,334</b>	<b>248,052</b>	<b>334,386</b>
thereof current (planned payment within 1 year)	25,000	8,337	33,337
thereof non-current (planned payment from 1 year on)	61,334	239,715	301,049

<sup>1)</sup> The amount paid for formal expropriations only includes effective payments of compensation, and excludes other associated external costs in accordance with the regulations of the Airport of Zurich Noise Fund (see note 16, "Airport Zurich Noise Fund").

<sup>2)</sup> In the previous year, a reassessment was made of the discount rate and 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.

<sup>3)</sup> In the year under review, a reassessment was made of the discount rate and the expected cash out flows.

### 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 150 million had been paid. The estimated outstanding costs are stated at the present value in the breakdown of provisions shown above. Due to the decline in general interest rates and currently lower refinancing costs, the discount rate used to calculate the interest cost on the nominal payment flows is now 1.2 % (2011: 2.5 %). 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 248.1 million was recognised as a provision for "new" noise-related liabilities (nominal amount CHF 261.3 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 1.2 % (2011: 2.5 %). 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.

## 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 at 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 "Valuation uncertainties and 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 2012 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](http://www.zurich-airport.com/aznf).

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

(CHF 1,000)	2012	2011
<b>Airport of Zurich Noise Fund as at 1.1.</b>	<b>247,711</b>	<b>209,050</b>
Revenue from noise charges <sup>1)</sup>	52,044	48,244
Costs for sound insulation and resident protection	-23,230	-9,526
Costs for formal expropriations <sup>2)</sup>	-3,156	-929
<b>Net result before operating costs and finance result</b>	<b>273,369</b>	<b>246,839</b>
Operating costs	-3,811	-4,265
Interest income from financial assets of Airport of Zurich Noise Fund	5,857	5,031
Adjustments to fair value of financial assets (available-for-sale-securities)	954	1,401
Realised gains / losses on financial assets (available-for-sale-securities)	-2,583	-1,295
<b>Airport of Zurich Noise Fund as at 31.12.</b>	<b>273,786</b>	<b>247,711</b>

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

<sup>2)</sup> 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)	31.12.2012	31.12.2011
Cash equivalents (see note 12, "Cash and cash equivalents")	27,759	1,101
Current available-for-sale securities (see note 8, "Financial assets of Airport of Zurich Noise Fund")	68,086	76,469
Non-current available-for-sale securities (see note 8, "Financial assets of Airport of Zurich Noise Fund")	185,811	167,632
Accrued asset / (liability) towards Flughafen Zürich AG <sup>1)</sup>	-7,870	2,509
<b>Total assets invested for Airport of Zurich Noise Fund</b>	<b>273,786</b>	<b>247,711</b>

<sup>1)</sup> For accounting reasons, an accrual (deferral) towards Flughafen Zürich AG arises as at 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)	2013	2014	2015	2016	2017 ff.	Total
Cash and cash equivalents	27,759	0	0	0	0	27,759
AAA	24,251	22,858	15,373	38,562	19,708	120,752
AA+/AA/AA-	28,294	23,119	6,582	8,622	15,095	81,712
A+/A/A-	10,486	4,127	8,253	5,051	2,012	29,929
Without Rating	5,055	0	6,896	4,564	4,989	21,504
Other <sup>1)</sup>	-7,870	0	0	0	0	-7,870
<b>Total assets invested for Airport of Zurich Noise Fund</b>	<b>87,975</b>	<b>50,104</b>	<b>37,104</b>	<b>56,799</b>	<b>41,804</b>	<b>273,786</b>
in %	32.13	18.30	13.55	20.75	15.27	100.00

<sup>1)</sup> For accounting reasons, an accrual (deferral) towards Flughafen Zürich AG arises as at 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 20.2 % (2011: 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)	2012	2011
<b>Opening balance (deferred tax liability, net) as at 1.1.</b>	<b>94,273</b>	<b>98,484</b>
Change in tax rate, recognised in hedging reserve	366	0
Change in tax rate, recognised in income statement	-1,746	0
Deferred taxes on adjustments to fair value of cross-currency interest rate swaps recognised in hedging reserve	2,032	-5,370
Cross-currency interest rate swaps - transfer to income statement	2,188	2,793
Change according to income statement	-16,832	-1,634
<b>Deferred tax liability, net as at 31.12.</b>	<b>80,281</b>	<b>94,273</b>

Deferred tax is allocated to the following balance sheet items:

(CHF 1,000)	31.12.2012		31.12.2011	
	Assets	Liabilities	Assets	Liabilities
Buildings and movables		33,307		39,775
Renovation fund		28,402		27,696
Aircraft noise		48,278		45,615
Financial liabilities transaction costs		1,325		1,836
Financial liabilities issuing costs		3,839		3,924
Employee benefit obligations	20,937		0	
Cross-currency interest rate swaps	34,271		39,717	
Private placements and liabilities from US car park lease		20,034		14,682
Miscellaneous items		304		462
<b>Deferred tax, gross</b>	<b>55,208</b>	<b>135,489</b>	<b>39,717</b>	<b>133,990</b>
Offsetting of assets and liabilities	-55,208	-55,208	-39,717	-39,717
<b>Deferred tax liability, net</b>	<b>0</b>	<b>80,281</b>	<b>0</b>	<b>94,273</b>

As at 31 December 2012, the subsidiaries of Flughafen Zürich AG had total losses brought forward of CHF 1.5 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 2014, CHF 0.3 million in 2015, CHF 0.4 million in 2016, CHF 0.2 million in 2017 and CHF 0.1 million in 2019.

## 18) Employee benefits

(CHF 1,000)	31.12.2012	31.12.2011
Post-employment benefit obligations	-117,621	-3,902
Other long-term employee benefits	-8,587	0
<b>Employee benefit obligations</b>	<b>-126,208</b>	<b>-3,902</b>

## 18.1) Post-employment benefits

Flughafen Zürich AG maintains the following employee benefit plans:

## a) Defined benefit plans

**BVK Employee Pension Fund of the Canton of Zurich****New affiliation contract with the BVK**

Since 1 January 2000, the employees of Flughafen Zürich AG have been affiliated to the "BVK Employee Pension Fund of the Canton of Zurich" (BVK). The BVK is a multi-employer plan for employees of the Canton of Zurich and other employers. The liabilities of the BVK were funded at an (unaudited) level of 90.9 % as at 31 December 2012 (31 December 2011: 83.2 %) as calculated according to the applicable Swiss accounting regulations (Article 44 BVV2).

The main post-employment benefit plan with the BVK was previously treated as a defined contribution plan as, in financial year 2003, the contract between Flughafen Zürich AG and the BVK was amended by an agreement under which Flughafen Zürich AG would not be required to pay additional contributions to cover any shortfall in funding. A breach of this provision would have given 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 declared that under no circumstances would it pay extra contributions to cover funding deficits in the benefit plan, at the same time stressing that it was prepared to do whatever was necessary to uphold the contract with the BVK. The above-mentioned contractual amendments and the declarations by the Board of Directors meant that no actuarial or investment risk associated with the benefit plan could be transferred to Flughafen Zürich AG as the employer. Given this situation and the fact that the BVK is a dependent entity under public cantonal law whose continuation is deemed secured, the post-employment benefit plan was treated as a defined contribution plan in accordance with IAS 19.25.

In autumn 2010, the BVK announced that, owing among other things to the insufficient level of funding which had persisted for some time, comprehensive restructuring measures would be introduced to bring the benefits payable by the pension fund into line with current circumstances and to secure the fund's long-term financing. On 2 April 2012, the Cantonal Parliament of the Canton of Zurich approved the package of measures (a single payment of CHF 2 billion and the revision of the Articles of Association dated 9 November 2011). The Department of Finance of the Canton of Zurich then issued a new contract, which took effect on 1 January 2013.

Under the new affiliation contract, employers must contribute to the BVK's upcoming restructuring. Based on the previous contractual

arrangements with the supplementary agreement concluded in 2003, if the company had left the BVK, it might have been able to avoid paying restructuring contributions. After making an overall assessment taking into account all interests, the Board of Directors of Flughafen Zürich AG judged staying with the BVK to be the more suitable solution for the company overall. Therefore, on 29 November 2012, Flughafen Zürich AG signed the new affiliation contract with the BVK.

Due to the characteristics of the plan under the new affiliation contract and the provisions of the BVG, the employer is exposed to actuarial risks. For these reasons, the new affiliation contract is classified as a defined benefit plan and included as such in the consolidated financial statements of Flughafen Zürich AG as at the balance sheet date of 31 December 2012. Due to the change in classification, the difference in the net benefit obligation of CHF 113.3 million has been charged to the 2012 income statement as past service cost (personnel expense).

**Special plan with the BVK**

The special plan agreed with the BVK providing compensation for early retirement is not affected by the new affiliation contract and continues to be treated as a defined benefit plan. The impact of the early adoption of IAS 19 "Employee Benefits" (as amended in 2011) is shown on pages 90 and 91.

**Characteristics and risks of BVK pension plans**

The BVK has the legal status of a foundation. It is registered with and supervised by the Office for Occupational Pension Schemes of the Canton of Zurich. The BVK is subject to the statutory provisions concerning occupational pension schemes (BVG). In accordance with these requirements, the management body of the pension fund is also responsible for ensuring that restructuring measures are decided and implemented in the event of a shortfall, so that complete cover for future pension benefits is restored within a reasonable period. Among other things this includes restructuring benefits in the form of additional contributions. The BVK will be a legally dependent entity as part of the cantonal administration of the Canton of Zurich until the end of 2013. The Government Council of the Canton of Zurich is the senior executive body of the BVK. It issues the Articles of Incorporation and sets out the investment strategy. The management is responsible for the correct implementation of the requirements. The administrative commission, as a bipartite body, advises the Government Council on important insurance-related matters and recommends that the annual financial statements of the foundation be approved. It comprises 16 members, 8 employee and employer representatives. In accordance with the revised Federal Law on Occupational Benefit Plans concerning Old-age, Survivors and Invalidity (BVG), public-sector pension funds such as the BVK are required to be independent by early 2014. Consequently, the BVK

will be separated from the administrative structure of the Canton as of 1 January in legal, organisational and financial terms and will be transformed into a foundation under private law.

Employees of Flughafen Zürich AG are insured with the BVK against the risks of old age, death and disability. The retirement benefits are determined on the basis of the individual retirement savings accounts at the time of retirement and are calculated by multiplying the balance of the savings account with the conversion rate stipulated in the regulations. The statutory retirement age is 65. Early retirement with a reduced conversion rate is possible as of the time the employee turns 61. Flughafen Zürich AG pays age-related contributions for all insured persons which amount to between 7.2 % - 14.4 % of the insured salary and risk contributions of 1.8 % (up to age 23 the risk contribution is 1.2 %). Moreover, in the event of a shortfall, according to the statutory financial statements, the company is obliged to pay additional restructuring contributions. As this is currently the case, Flughafen Zürich AG's obligation to pay restructuring contributions for all insured persons amounting to 2.5 % of the insured salary, which has been in effect since 1 January 2013, will continue until the shortfall has been eliminated.

The assets originate from the BVK benefit plans. The BVK's investment strategy is stipulated by the Government Council of the Canton of Zurich and ranges within tactical bandwidths in order to react

flexibly to market situations. The investment strategy is implemented on an operational basis by the Investment Committee and BVK Asset Management. The assets are well diversified. Compliance with the investment guidelines and the investment results are reviewed periodically. Because the BVK, as a multi-employer plan, does not prepare separate financial statements for Flughafen Zürich AG, the company is also liable for liabilities of other affiliated employers, in accordance with the statutory provisions.

#### Explanation of the amounts in the consolidated financial statements

The actuarial calculation of the defined benefit obligations as at 31 December 2012 and the service cost was performed by independent actuaries using the projected unit credit method. The fair value of the plan assets was determined as at 31 December 2012 based on the information available at the date of preparation of the annual financial statements.

As no separate information was available for the new affiliation contract with Flughafen Zürich AG for the plan assets or for the breakdown of assets into the investment categories on the balance sheet date, assumptions had to be made on the basis of the available information for these purposes.

The net defined benefit obligations recognised in the balance sheet at the balance sheet date are as follows:

(CHF 1,000)	31.12.2012	31.12.2011
Present value of funded defined benefit obligations	-484,390	-3,902
Fair value of plan assets	366,769	0
<b>Net defined benefit obligations recognised in the balance sheet</b>	<b>-117,621</b>	<b>-3,902</b>

The defined benefit obligations changed as follows:

(CHF 1,000)	2012	2011
<b>Present value of defined benefit obligations as at 1.1.</b>	<b>-3,902</b>	<b>-3,379</b>
Net interest expenses on defined benefit obligations	-81	-86
Benefits paid	628	470
Gain / (loss) due to experience	-132	490
Gain / (loss) due to financial assumption changes	0	-56
Past service costs	-787	-1,341
Integration of BVK pension plan	-480,116	0
<b>Present value of defined benefit obligations as at 31.12.</b>	<b>-484,390</b>	<b>-3,902</b>

The weighted average duration of the defined benefit obligations at the end of the current financial year is 15.6 years.

The plan assets changed as follows:

(CHF 1,000)	2012	2011
<b>Fair value of plan assets as at 1.1.</b>	<b>0</b>	<b>0</b>
Employer contributions	628	470
Benefits paid	-628	-470
Integration of BVK pension plan	366,769	0
<b>Fair value of plan assets as at 31.12.</b>	<b>366,769</b>	<b>0</b>

The net defined benefit obligations changed as follows:

(CHF 1,000)	2012	2011
<b>Net defined benefit obligations as at 1.1.</b>	<b>-3,902</b>	<b>-3,379</b>
Total charge recognised in the income statement	-114,215	-1,427
Total remeasurements recognised in other comprehensive income	-132	434
Employer contributions	628	470
<b>Net defined benefit obligations as at 31.12.</b>	<b>-117,621</b>	<b>-3,902</b>

The company expects employer contributions amounting to CHF 13.6 million for the 2013 business year.

Analysis of the amounts recognised in the income statement:

(CHF 1,000)	2012	2011
Current service cost	0	0
Past service cost	-114,134	-1,341
Net interest expenses on defined benefit obligations	-81	-86
<b>Total charge recognised in the income statement</b>	<b>-114,215</b>	<b>-1,427</b>

Analysis of the amounts recognised in other comprehensive income:

(CHF 1,000)	2012	2011
Actuarial gains / (losses) due to changes in financial assumptions	0	-56
Actuarial gains / (losses) due to experience	-132	490
<b>Total remeasurements recognised in other comprehensive income</b>	<b>-132</b>	<b>434</b>

Assumptions used to determine the defined benefit obligations at year-end:

	2012	2011
Discount rate	1.9 %	2.2 %
Underlying consumer price inflation	1.0 %	1.0 %
Future salary increases	1.0 %	1.5 %
Rate of pension increases	0.1 %	1.0 %

Breakdown of plan assets by asset class:

(in %)	2012	2011
<b>Asset category</b>		
Cash and cash equivalents	12.2	0.0
Shares	30.6	0.0
Bonds	26.4	0.0
Property	21.2	0.0
Other	9.6	0.0
<b>Total</b>	<b>100.0</b>	<b>0.0</b>

### Sensitivities

The discount rate, the assumption regarding future salary increases and the interest rate on retirement savings accounts are the significant actuarial assumptions in calculating the present value of the defined benefit obligations. A change in the assumptions of +0.25 % or -0.25 % has the following impact on the present value of the defined benefit obligations:

	+0.25 % Effect on DBO	-0.25 % Effect on DBO
Discount rate	Decrease by 3.7 %	Increase by 3.9 %
Future salary increases	Increase by 0.4 %	Decrease by 0.4 %
Interest rate on retirement savings accounts	Increase by 0.8 %	Decrease by 0.8 %

The above sensitivity calculations are based on one assumption changing while the others remain unchanged. In practice, however, there are certain correlations between the individual assumptions. The same method was used to calculate the sensitivities and the defined benefit obligation at the balance sheet date.

### b) Defined contribution plan

An agreement exists with Zurich Insurance Company offering benefits to the pensioners of 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 all future benefits.

### 18.2) Other long-term employee benefits

Flughafen Zürich AG pays its employees loyalty bonuses on the basis of years of service, in accordance with the employment regulations of 1 July 2012. The corresponding provision amounting to CHF 8.6 million was calculated based on the number of accumulated service years which, on the balance sheet date, was 8.5.

### 19) Other current debt, accruals and deferrals

(CHF 1,000)	31.12.2012	31.12.2011
Expenses not invoiced	34,319	39,246
Accrued interest on financial liabilities	18,859	17,969
Investments not invoiced	12,195	39,283
Deferred income	13,107	10,756
<b>Deferred income and accruals</b>	<b>78,480</b>	<b>107,254</b>
Fair value of cross-currency interest rate swaps <sup>1)</sup>	169,657	193,742
Amounts due to personnel (holidays and overtime)	4,809	4,911
Deposits and advance payments by customers	3,133	1,220
Social security contributions	3,674	1,824
Other liabilities	1,142	311
<b>Total other current liabilities, accruals and deferrals</b>	<b>260,895</b>	<b>309,262</b>

<sup>1)</sup> See also note 14, "Financial liabilities".

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

(CHF 1,000)	31.12.2012	31.12.2011
Expenses not invoiced	34,319	39,246
Accrued interest on financial liabilities	18,859	17,969
Investments not invoiced	12,195	39,283
<b>Total liabilities carried at amortised cost</b>	<b>65,373</b>	<b>96,498</b>
Fair value of cross-currency interest rate swaps <sup>1)</sup>	169,657	193,742
<b>Total financial instruments held for hedging purposes</b>	<b>169,657</b>	<b>193,742</b>
Amounts due to personnel (holidays and overtime)	4,809	4,911
Deposits and advance payments by customers	3,133	1,220
Deferred income	13,107	10,756
Social security contributions	3,674	1,824
Other liabilities	1,142	311
<b>Total other current liabilities, accruals and deferrals excluding financial instruments</b>	<b>25,865</b>	<b>19,022</b>
<b>Total other current liabilities, accruals and deferrals</b>	<b>260,895</b>	<b>309,262</b>

<sup>1)</sup> See also note 14, "Financial liabilities".

The expenses not yet invoiced as at the balance sheet date mainly concern purchases effected in the fourth quarter of 2012 or in December 2012 that will be invoiced by the suppliers concerned in early 2013.

## 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.

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

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

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

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 at 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 CHF 38.6 million due from Swiss (2011: CHF 36.6 million) (see note 10, "Trade

receivables"). In the period between the balance sheet date and the preparation of the 2012 annual report, Swiss paid the outstanding amount arising from airport charges in full as of 31 December 2012.

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)	31.12.2012	31.12.2011
Cash equivalents (excluding cash on hand)	368,491	69,272
Fixed-term deposits	75,038	85,111
Non-current financial assets of Airport of Zurich Noise Fund	185,811	167,632
Trade receivables, net	107,875	98,591
Current financial assets of Airport of Zurich Noise Fund	68,086	76,469
Other receivables (accruals)	9,118	16,651
Other financial assets	11	11
<b>Total maximum exposure to credit risk</b>	<b>814,430</b>	<b>513,737</b>

**ii) Liquidity risk**

Liquidity risk refers to the risk that Flughafen Zürich AG may not be able to meet its financial obligations on the 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 at the balance sheet date, Flughafen Zürich AG had the following unused credit limits at its disposal:

(CHF 1,000)	Duration	31.12.2012	31.12.2011
Operating credit lines (committed credit lines) <sup>1)</sup>	31.12.2012	300,000	300,000
Airport of Zurich Noise Fund (committed credit lines)	31.12.2015	200,000	200,000
<b>Total credit lines</b>		<b>500,000</b>	<b>500,000</b>
Utilisation <sup>2)</sup>		-120,060	-159,060
<b>Total unused credit lines</b>		<b>379,940</b>	<b>340,940</b>

<sup>1)</sup> The credit facilities were extended on 31.12.2012 for a total amount of CHF 240 million with a three-year term to maturity from 1.1.2013 until 31.12.2015.

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

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

31.12.2012 (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	385,583	517,630	11,062	44,247	462,321
US private placement	149,299	165,364	58,308	107,056	0
Debentures	771,115	853,375	19,500	522,625	311,250
US car park lease	0	0	0	0	0
Lease liabilities	48,225	54,348	11,978	37,960	4,410
Trade payables	39,434	39,434	39,434	0	0
Other current liabilities and accruals	65,373	65,373	65,373	0	0
<b>Total non-derivative financial liabilities</b>	<b>1,459,029</b>	<b>1,695,524</b>	<b>205,655</b>	<b>711,888</b>	<b>777,981</b>
Cross-currency interest rate swaps	169,657	250,292	36,357	97,926	116,009
<b>Total derivative financial liabilities</b>	<b>169,657</b>	<b>250,292</b>	<b>36,357</b>	<b>97,926</b>	<b>116,009</b>
<b>Total</b>	<b>1,628,686</b>	<b>1,945,816</b>	<b>242,012</b>	<b>809,814</b>	<b>893,990</b>

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
<b>Total non-derivative financial liabilities</b>	<b>1,350,360</b>	<b>1,606,040</b>	<b>277,263</b>	<b>530,565</b>	<b>798,212</b>
Cross-currency interest rate swaps	193,742	233,077	51,391	116,679	65,007
<b>Total derivative financial liabilities</b>	<b>193,742</b>	<b>233,077</b>	<b>51,391</b>	<b>116,679</b>	<b>65,007</b>
<b>Total</b>	<b>1,544,102</b>	<b>1,839,117</b>	<b>328,654</b>	<b>647,244</b>	<b>863,219</b>

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

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

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

#### iiia) Currency risk

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

Flughafen Zürich AG is exposed to currency risk in connection with the private placements in US dollars and Japanese yen. The currency risk on the Japanese private placement has been largely hedged, and the currency risk on the US private placement 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 at 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:

(CHF 1,000)	31.12.2012			31.12.2011		
	Euro	Yen	US dollars	Euro	Yen	US dollars
Cash at banks and in postal accounts	111	0	361	15	0	302
Call deposits	0	0	0	6,649	0	0
<b>Total currency risk assets</b>	<b>111</b>	<b>0</b>	<b>361</b>	<b>6,664</b>	<b>0</b>	<b>302</b>
Current financial liabilities	0	0	49,604	0	0	89,561
Debentures and non-current loans	0	385,583	99,695	0	446,608	153,061
Cross-currency interest rate swaps	0	33,204	259,627	0	19,747	249,064
<b>Total currency risk liabilities</b>	<b>0</b>	<b>418,787</b>	<b>408,926</b>	<b>0</b>	<b>466,355</b>	<b>491,686</b>

An appreciation or depreciation in the exchange rate of the Swiss franc by 10 % against the currencies below as at 31 December 2012 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 2011 was based on the same assumptions.

(CHF 1,000)	Appreciation of CHF (plus 10%)		Depreciation of CHF (minus 10%)	
	Equity	Profit	Equity	Profit
Yen	28,494	0	-23,413	0
US dollars	-6,427	-24	12,735	24
Euro	0	-528	0	528
<b>31.12.2011</b>	<b>22,067</b>	<b>-552</b>	<b>-10,678</b>	<b>552</b>
Yen	-6,608	31,155	5,895	-24,541
US dollars	-4,966	-29	8,819	29
Euro	0	-9	0	9
<b>31.12.2012</b>	<b>-11,574</b>	<b>31,117</b>	<b>14,714</b>	<b>-24,503</b>

#### iiib) Interest rate risk

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

Preference is normally given to external financing denominated in Swiss francs and subject to fixed interest rate payments. However, if external financing in foreign currencies is obtainable at more attractive conditions, both the currency and the interest rate risk are hedged. With foreign currency transactions the aim is to hedge the cash flows in Swiss francs.

All non-current financing transactions have been concluded at a fixed interest rate. 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 at the balance sheet date, Flughafen Zürich AG's interest rate profile was as follows (interest-bearing financial instruments):

(CHF 1,000)	31.12.2012	31.12.2011
Fixed-interest financial assets of Airport of Zurich Noise Fund	253,897	244,101
Fixed-term deposits	75,038	85,111
<b>Fixed-interest financial instruments (assets)</b>	<b>328,935</b>	<b>329,212</b>
Cash and cash equivalents	340,954	68,411
Cash and cash equivalents of Airport of Zurich Noise Fund	27,769	1,101
<b>Variable-interest financial instruments (assets)</b>	<b>368,713</b>	<b>69,512</b>
<b>Total interest-bearing assets</b>	<b>697,648</b>	<b>398,724</b>
Japanese private placement	-385,583	-446,608
US private placement	-149,299	-203,953
Debentures	-771,115	-470,980
US car park lease	0	-38,669
Cross-currency interest rate swaps	-169,657	-193,742
Lease liabilities	-48,225	-56,823
<b>Fixed interest financial instruments (liabilities)</b>	<b>-1,523,879</b>	<b>-1,410,775</b>
<b>Total interest-bearing liabilities</b>	<b>-1,523,879</b>	<b>-1,410,775</b>

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	276	0	-104
Fixed-interest financial instruments	3,306	0	829	0
<b>31.12.2011</b>	<b>3,306</b>	<b>276</b>	<b>829</b>	<b>-104</b>
Variable-interest rate financial instruments	0	1,471	0	-295
Fixed-interest financial instruments	541	0	4,063	0
<b>31.12.2012</b>	<b>541</b>	<b>1,471</b>	<b>4,063</b>	<b>-295</b>

## 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 at the 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 other debentures corresponds to the stock market price. The fair value of the other 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
	31.12.2012	31.12.2012	31.12.2011	31.12.2011
Debentures	771,115	814,335	470,980	507,000
Japanese private placement	385,583	363,424	446,608	362,751
US private placement	149,299	153,198	203,953	211,578
US car park lease	0	0	38,669	40,305
<b>Total</b>	<b>1,305,997</b>	<b>1,330,957</b>	<b>1,160,210</b>	<b>1,121,634</b>

### c) Categories of financial instruments

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

(CHF 1,000)	31.12.2012	31.12.2011
Cash (excl. cash on hand) and cash equivalents	368,491	69,272
Fixed-term deposits	75,038	85,111
Trade receivables	107,875	98,591
Other receivables and prepaid expenses	9,118	16,651
Other financial assets	11	11
<b>Total loans and receivables</b>	<b>560,533</b>	<b>269,636</b>
Current and non-current financial assets of Airport of Zurich Noise Fund	253,897	244,101
<b>Total available-for-sale financial assets</b>	<b>253,897</b>	<b>244,101</b>
Financial liabilities	-1,354,222	-1,217,033
Trade payables, net	-39,434	-36,829
Other current liabilities and prepaid expenses, excluding derivatives and non-financial instruments	-65,373	-96,498
<b>Total liabilities carried at amortised cost</b>	<b>-1,459,029</b>	<b>-1,350,360</b>
Other current liabilities (cross-currency interest rate swap)	-169,657	-193,742
<b>Total derivative financial instruments held for hedging purposes</b>	<b>-169,657</b>	<b>-193,742</b>

### 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	Available-for-sale securities		Other financial liabilities	
	Debt instruments	Airport of Zurich Noise Fund	Derivative financial instruments	
(CHF 1,000)	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Level 1 (quoted market price)	253,897	244,101	0	0
Level 2 (valuation based on observable input)	0	0	-169,657	-193,742
Level 3 (valuation based on unobservable input)	0	0	0	0
<b>Total at fair value</b>	<b>253,897</b>	<b>244,101</b>	<b>-169,657</b>	<b>-193,742</b>

### 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.

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 %.

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.

## 20.2) Tenancy agreements

The tenancy agreements entered into by the group in its capacity as landlord may be either fixed 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 at the balance sheet date, capital commitments exist for various engineering structures amounting to approximately CHF 283 million. The most significant capital commitments concern the upgrade of Terminal 2 (CHF 92 million) and the restructuring of runway 14/32 (CHF 48 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 95.0 million (2011: CHF 97.6 million) in accordance with the service level agreement.

In the year under review, Flughafen Zürich AG generated revenue of CHF 1.2 million (2011: CHF 1.4 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 (2011: 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 2012:

(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	27,500	15,000	22,500	16,670	231,670
Lukas Briner	Vice Chairman	60,000	27,500	10,000	22,500	8,500	128,500
Martin Candrian	Member; Chairman of the Audit & Finance Committee	45,000	27,500	10,000	5,000	4,804	92,304
	Member; Chairman of the Nomination & Compensation						
Kaspar Schiller	Committee	50,529	30,879	11,229	11,229	0	103,866
Ernst Stocker <sup>1)</sup>	Member; Chairman of the Political Affairs Committee	0	10,500	0	3,500	1,116	15,116
Corine Mauch <sup>2)</sup>	Member	25,000	3,750	0	0	2,291	31,041
Ulrik Svensson	Member	45,000	27,500	5,000	2,500	6,375	86,375
Martin Wetter	Member	45,000	27,500	5,000	10,000	4,804	92,304
<b>Total</b>		<b>420,529</b>	<b>182,629</b>	<b>56,229</b>	<b>77,229</b>	<b>44,560</b>	<b>781,176</b>

<sup>1)</sup> In addition, a lump sum of CHF 91,000 was paid to the Department of Economics of the Canton of Zurich.

<sup>2)</sup> In addition, a lump sum of CHF 53,750 was paid to the City of Zurich.

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
Martin Candrian	Member; Chairman of the Audit & Finance Committee	45,000	22,500	10,000	5,000	3,986	86,486
	Member; Chairman of the Nomination & Compensation						
Kaspar Schiller	Committee	45,000	22,500	10,000	7,500	6,207	91,207
Ernst Stocker <sup>1)</sup>	Member; Chairman of the Political Affairs Committee	0	9,000	0	3,000	876	12,876
Elmar Ledergerber (until 14.4.2011)	Member	15,000	7,500	3,333	7,500	1,732	35,065
Corine Mauch (from 14.4.2011) <sup>2)</sup>	Member	15,000	7,500	0	2,500	1,826	26,826
Ulrik Svensson	Member	45,000	17,500	5,000	5,000	5,294	77,794
Martin Wetter	Member	45,000	22,500	5,000	7,500	5,842	85,842
<b>Total</b>		<b>420,000</b>	<b>154,000</b>	<b>58,333</b>	<b>73,000</b>	<b>48,135</b>	<b>753,468</b>

<sup>1)</sup> In addition, a lump sum of CHF 82,167 was paid to the Department of Economics of the Canton of Zurich.

<sup>2)</sup> In addition, a lump sum of CHF 18,333 was paid to the City 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 2011 or 2012.

Management Board in 2012:

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 <sup>1)</sup>	Miscellaneous	Total CHF	Number of shares	Share price (CHF)
Recipient									
Thomas E. Kern		380,000	253,333	126,654	148,742	26,479	935,208	300	422.75
Other members of the Management Board		1,120,000	378,933	189,448	369,248	85,870	2,143,499	448	422.75
<b>Total</b>		<b>1,500,000</b>	<b>632,266</b>	<b>316,102</b>	<b>517,990</b>	<b>112,349</b>	<b>3,078,707</b>	<b>748</b>	

<sup>1)</sup> Pension and social insurance expenses include contributions to supplementary retirement insurance, as well as employer's contributions to social security and staff benefit schemes.

The number of shares indicated above for the bonus portion is based on the share price as of the end of the year. The definitive number of shares is calculated on the basis of the share price at 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 2012.

Management Board in 2011:

(CHF)		Salary	Bonus (cash)	Bonus (shares)	Pension and social insurance expenses <sup>1)</sup>	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
<b>Total</b>		<b>1,500,000</b>	<b>749,600</b>	<b>374,800</b>	<b>527,325</b>	<b>112,349</b>	<b>3,264,074</b>	<b>1,150</b>	

<sup>1)</sup> Pension and social insurance expenses include contributions to supplementary retirement insurance, as well as employer's contributions to social security and staff benefit schemes.

The final amount paid to the Management Board for 2011 was CHF 3.3 million.

### c) Shares held by related parties

As at 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 31.12.2012	Number of shares as of 31.12.2011
Andreas Schmid	Chairman	4	4
Lukas Briner	Vice Chairman	21	21
Martin Candrian	Member; Chairman of the Audit & Finance Committee	375	375
Kaspar Schiller	Member; Chairman of the Nomination & Compensation Committee	13	13
Ernst Stocker	Member; Chairman of the Political Affairs Committee	0	0
Corine Mauch (from 14.4.2011)	Member	0	0
Ulrik Svensson	Member	0	0
Martin Wetter	Member	0	0
<b>Total</b>		<b>413</b>	<b>413</b>

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

Name	Number of shares as of 31.12.2012	Number of shares as of 31.12.2011
Thomas E. Kern	1,878	1,436
Stefan Conrad	236	63
Michael Schallhart	462	288
Daniel Schmucki	841	667
Stephan Widrig	645	471
<b>Total</b>	<b>4,062</b>	<b>2,925</b>

Neither members of the Board of Directors nor the Management Board held options on the company's shares as at 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 Parent company
Unique Betriebssysteme AG	Kloten	CHF 1,000	100
Zürich Airport International AG	Kloten	CHF 1,000	100
Zürich Airport Latin America 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
A-port Operaciones S.A.	Santiago de Chile	CLP million	1,352
A-port Operaciones Colombia S.A.S.	Bogotá	COP million	100
Unique IDC S.A. de C.V.	Tegucigalpa	HNL 1,000	200
A-port Chile S.A.	Santiago de Chile	CLP million	3,214
Sociedad Concesionaria Aeropuerto Antofagasta S.A.	Santiago de Chile	CLP million	3,600
Concesión Aeropuerto La Florida S.A.	Santiago de Chile	CLP million	231
Concesión Aeropuerto El Loa S.A.	Santiago de Chile	CLP million	7
Sociedad Concesionaria Aeropuerto Iquique S.A.	Santiago de Chile	CLP million	300
Sociedad Concesionaria Aeropuerto Puerto Montt S.A.	Santiago de Chile	CLP million	2,120
Companhia de Participações Aeroportuárias (prev. A-port S.A.)	São Paulo	BRL million	63
Curaçao Airport Investments N.V.	Curaçao	USD million	17
Curaçao Airport Partners N.V.	Curaçao	USD million	17
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 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 2012 consolidated financial statements for issue on 7 March 2013. These also have to be approved by the General Meeting of Shareholders.

No events occurred between 31 December 2012 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 76 to 124) for the year ended 31 December 2012.

**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 2012 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, 7 March 2013





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## Income statement

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

(CHF 1,000)	Notes	2012	2011
Revenue from aviation operations		596,411	579,155
Revenue from non-aviation operations		356,222	330,447
<b>Total revenue</b>		<b>952,633</b>	<b>909,602</b>
Personnel expenses		-186,752	-162,362
Police and security		-115,348	-118,040
Energy and waste		-26,109	-23,888
Cost of materials used and maintenance		-42,759	-39,400
Other operating expenses		-51,953	-49,499
Sales, marketing, administration		-37,597	-35,917
Expenses for sound insulation and resident protection plus formal expropriations		-44,307	-41,524
Deposits into renovation fund		-5,500	-5,500
Other income and expenses		10,570	13,629
<b>Ordinary profit before depreciation and amortisation, interest and tax</b>		<b>452,878</b>	<b>447,101</b>
Depreciation and amortisation		-189,609	-168,839
<b>Ordinary profit before interest and tax</b>		<b>263,269</b>	<b>278,262</b>
Finance result, net	(1)	-57,839	-60,983
Extraordinary result, net	(2)	-1,378	-10,244
<b>Profit before tax</b>		<b>204,052</b>	<b>207,035</b>
Tax		-43,641	-44,826
<b>Profit for the year</b>		<b>160,411</b>	<b>162,209</b>

## Balance sheet

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

(CHF 1,000)	Notes	31.12.2012	31.12.2011
<b>Assets</b>			
Land		110,042	109,508
Buildings, engineering structures	(13)	2,329,539	2,290,005
Projects in progress	(13)	161,455	207,814
Movables	(13)	87,644	83,317
<b>Total property, plant and equipment</b>		<b>2,688,680</b>	<b>2,690,644</b>
Intangible asset from right of formal expropriation		89,335	95,200
Other intangible assets		11,697	12,303
Non-current financial assets of Airport of Zurich Noise Fund	(3)	185,811	167,632
Financial assets and investments	(4)	11,561	10,826
<b>Non-current assets</b>		<b>2,987,084</b>	<b>2,976,605</b>
Inventories		9,647	9,118
Current financial assets of Airport of Zurich Noise Fund	(3)	68,086	76,469
Trade receivables		107,907	98,552
Other receivables		6,103	10,748
Prepaid expenses		9,778	17,287
Own shares	(5)	1,467	450
Fixed-term deposits		75,038	85,111
Cash and cash equivalents		368,101	69,394
<b>Current assets</b>		<b>646,127</b>	<b>367,129</b>
<b>Total assets</b>		<b>3,633,211</b>	<b>3,343,734</b>
<b>Equity and liabilities</b>			
Share capital		307,019	307,019
Legal reserves			
Premium		0	0
General reserves from capital contributions		509,980	509,980
General reserves		42,370	42,370
Reserves for own shares	(5)	1,467	477
Other reserves		107,240	108,230
Available earnings			
Profit brought forward		473,435	354,190
Dividend payment for 2011 / 2010		-57,389	-42,964
Profit for the year		160,411	162,209
<b>Equity</b>		<b>1,544,533</b>	<b>1,441,511</b>
Debentures and non-current loans	(6)	1,342,473	1,115,623
Non-current provision for aircraft noise	(7)	331,688	325,063
Renovation fund		140,602	135,102
Other non-current provisions	(8)	20,304	5,325
<b>Non-current liabilities</b>		<b>1,835,067</b>	<b>1,581,113</b>
Trade payables		42,428	38,643
Current financial liabilities	(9)	73,150	129,182
Other current liabilities		4,112	1,646
Accruals and deferrals		79,333	108,243
Current provision for aircraft noise	(7)	33,337	20,949
Other current provisions	(10)	21,251	22,447
<b>Current liabilities</b>		<b>253,611</b>	<b>321,110</b>
<b>Total liabilities</b>		<b>2,088,678</b>	<b>1,902,223</b>
<b>Total equity and liabilities</b>		<b>3,633,211</b>	<b>3,343,734</b>

## 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:

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

#### 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 15,000 were still pending at the end of 2012. Approximately 1,700 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 2012, at CHF 1.58 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 has since added 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 at the end of 2011 which is still valid. According to the updated assessment, the noise-related operating costs now total CHF 740.6 million (2011: CHF 739.5 million, originally CHF 759.8 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 at 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 89.3 million and a provision for aircraft noise totalling CHF 365.0 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)	2012	2011
Interest expenses on debentures and non-current loans	55,129	56,786
Less capitalised interest on borrowings for buildings under construction	-581	-4,724
<b>Net interest expenses on debentures and non-current loans</b>	<b>54,548</b>	<b>52,062</b>
Interest expenses on finance lease liabilities	2,824	3,356
Realised and unrealised gains / losses on financial assets of Airport of Zurich Noise Fund, net	83	1,635
Other interest expenses and finance costs	9,859	11,398
<b>Total finance expenses</b>	<b>67,314</b>	<b>68,451</b>
Interest income on financial assets of Airport of Zurich Noise Fund	-4,986	-5,134
Other interest and finance income	-4,489	-2,334
<b>Total finance income</b>	<b>-9,475</b>	<b>-7,468</b>
<b>Finance result, net</b>	<b>57,839</b>	<b>60,983</b>

Capitalised interest on borrowings for buildings under construction was calculated using an average interest rate of 4.64 % in 2012 (2011: 5.05 %).

## 2) Extraordinary result, net

(CHF 1,000)	2012	2011
Extraordinary income	1,761	680
Extraordinary expenses	-3,139	-10,924
<b>Extraordinary result, net</b>	<b>-1,378</b>	<b>-10,244</b>

In the year under review, extraordinary income includes realised book gains on the disposal of non-current assets amounting to CHF 1.7 million. In 2012, extraordinary expenses include bad debt write-offs from the aviation business and losses from disposals of non-current assets. In 2011, one-off expenses relating to the restructuring of the wholly-owned subsidiary Zurich Airport International AG were incurred.

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

(CHF 1,000)	31.12.2012	31.12.2011
Non-current financial assets	185,811	167,632
Current financial assets	68,086	76,469
<b>Total financial assets of Airport of Zurich Noise Fund</b>	<b>253,897</b>	<b>244,101</b>

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)		31.12.2012	31.12.2011
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	6,012	6,020
Bangalore International Airport Ltd., India	Equity share 5% / share capital INR 3,846 million	5,438	4,695
Administradora Uniqne 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
FZ Colombia S.A., Chile	Loan	11	11
<b>Total financial assets and associates</b>		<b>11,561</b>	<b>10,826</b>

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, holds the investment companies in Latin America (with the exception of Venezuela).

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) and receives revenue from it. 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. There have been various exchanges of correspondence between Flughafen Zürich AG and the Bolivarian Republic of Venezuela. The hearing before the ICSID in Washington is scheduled for June 2013. 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	2012	2011
<b>Holdings as at 1.1.</b>	<b>1,381</b>	<b>2,325</b>
Acquisitions (at applicable market price)	101,190	1,436
Sales (at applicable market price)	-95,000	0
Free distribution of shares	-3,139	-2,380
<b>Holdings as at 31.12.</b>	<b>4,432</b>	<b>1,381</b>

(CHF 1,000)	31.12.2012	31.12.2011
Carrying amount of own shares	1,467	450
Reserves for own shares	1,467	477

Reserves for own shares are reported separately under equity.

## 6) Debentures and non-current loans

(CHF 1,000)	31.12.2012	31.12.2011
Japanese private placement	421,173	421,173
US private placement	146,300	219,450
Debentures	775,000	475,000
<b>Total debentures and non-current loans</b>	<b>1,342,473</b>	<b>1,115,623</b>

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

(CHF 1,000)	Nominal amount 31.12.2012	Duration	Interest rate	Early amortisation	Interest payment dates
Japanese private placement	421,173	2003 – 2024	5.730 %	no	23 May / 23 November
US private placement	146,300	2003 – 2015	4.753 %	from 2011	11 April / 11 October
Debenture	225,000	2009 – 2014	4.5 %	no	18 February
Debenture	250,000	2011 – 2017	2.25 %	no	5 May
Debenture	300,000	2012 – 2020	1.25 %	no	3 July

## 7) Provision for aircraft noise

(CHF 1,000)	31.12.2012	31.12.2011
<b>Provision for aircraft noise as at 1.1.</b>	<b>346,012</b>	<b>315,709</b>
Increase in provision for aircraft noise	19,013	30,303
<b>Provision for aircraft noise as at 31.12.</b>	<b>365,025</b>	<b>346,012</b>
thereof current (planned payment within 1 year)	33,337	20,949
thereof non current (planned payment from 1 year on)	331,688	325,063

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)	31.12.2012	31.12.2011
Revenue from noise charges	52,056	48,587
Costs for sound insulation and resident protection	-23,230	-9,526
Costs for formal expropriations	-3,156	-929
Noise-related operating costs	-3,811	-4,265
Interest income and realised / unrealised gains / losses on financial assets of Airport of Zurich Noise Fund	4,903	3,499
Amortisation of intangible asset from right of formal expropriation	-7,749	-7,063
<b>Total increase of provision for aircraft noise</b>	<b>19,013</b>	<b>30,303</b>

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 130 and 131.

## 8) Other non-current provisions

(CHF 1,000)	31.12.2012	31.12.2011
Pension fund liabilities	20,304	3,825
Provisional tenancy agreements	0	1,500
<b>Total other non-current provisions</b>	<b>20,304</b>	<b>5,325</b>

## 9) Current financial liabilities

(CHF 1,000)	31.12.2012	31.12.2011
Current liabilities arising from US private placement	73,150	73,150
Current liabilities to banks arising from US car park lease	0	56,032
<b>Total current financial liabilities</b>	<b>73,150</b>	<b>129,182</b>

## 10) Other current provisions

(CHF 1,000)	31.12.2012	31.12.2011
Amounts due to personnel (holidays and overtime)	4,809	4,911
Tax liabilities	12,686	17,536
Other liabilities	3,756	0
<b>Total other current provisions</b>	<b>21,251</b>	<b>22,447</b>

## 11) Major shareholders

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

	2012	2011
Canton of Zurich (including BVK pension fund of the Canton of Zurich)	33.33 %	33.40 %
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 95.0 million (2011: CHF 97.6 million) in accordance with the service level agreement.

In the year under review, Flughafen Zürich AG received revenue of CHF 1.2 million (2011: CHF 1.4 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 (2011: 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 2012:

(CHF) Recipient	Function	Remuneration for members of the Board of Directors	Remuneration for attending board meetings	Remuneration for committee membership	Remuneration for committee meetings	Social security contributions	Total
Andreas Schmid	Chairman	150,000	27,500	15,000	22,500	16,670	231,670
Lukas Briner	Vice Chairman	60,000	27,500	10,000	22,500	8,500	128,500
Martin Candrian	Member; Chairman of the Audit & Finance Committee Member; Chairman of the Nomination & Compensation Committee	45,000	27,500	10,000	5,000	4,804	92,304
Kaspar Schiller	Committee	50,529	30,879	11,229	11,229	0	103,866
Ernst Stocker <sup>1)</sup>	Member; Chairman of the Political Affairs Committee	0	10,500	0	3,500	1,116	15,116
Corine Mauch <sup>2)</sup>	Member	25,000	3,750	0	0	2,291	31,041
Ulrik Svensson	Member	45,000	27,500	5,000	2,500	6,375	86,375
Martin Wetter	Member	45,000	27,500	5,000	10,000	4,804	92,304
<b>Total</b>		<b>420,529</b>	<b>182,629</b>	<b>56,229</b>	<b>77,229</b>	<b>44,560</b>	<b>781,176</b>

<sup>1)</sup> In addition, a lump sum of CHF 91,000 was paid to the Department of Economics of the Canton of Zurich.

<sup>2)</sup> In addition, a lump sum of CHF 53,750 was paid to the City of Zurich.

Board of Directors in 2011:

(CHF) Recipient	Function	Remuneration for members of the Board of Directors	Remuneration for attending board meetings	Remuneration for committee membership	Remuneration for committee meetings	Social security contributions	Total
Andreas Schmid	Chairman	150,000	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
Martin Candrian	Member; Chairman of the Audit & Finance Committee Member; Chairman of the Nomination & Compensation Committee	45,000	22,500	10,000	5,000	3,986	86,486
Kaspar Schiller	Committee	45,000	22,500	10,000	7,500	6,207	91,207
Ernst Stocker <sup>1)</sup>	Member; Chairman of the Political Affairs Committee	0	9,000	0	3,000	876	12,876
Elmar Ledergerber (until 14.4.2011)	Member	15,000	7,500	3,333	7,500	1,732	35,065
Corine Mauch (from 14.4.2011) <sup>2)</sup>	Member	15,000	7,500	0	2,500	1,826	26,826
Ulrik Svensson	Member	45,000	17,500	5,000	5,000	5,294	77,794
Martin Wetter	Member	45,000	22,500	5,000	7,500	5,842	85,842
<b>Total</b>		<b>420,000</b>	<b>154,000</b>	<b>58,333</b>	<b>73,000</b>	<b>48,135</b>	<b>753,468</b>

<sup>1)</sup> In addition, a lump sum of CHF 82,167 was paid to the Department of Economics of the Canton of Zurich.

<sup>2)</sup> In addition, a lump sum of CHF 18,333 was paid to the City 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 2011 or 2012.

Management Board in 2012:

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) Recipient	Salary	Bonus (cash)	Bonus (shares)	Pension and social insurance expenses <sup>1)</sup>	Miscellaneous	Total CHF	Number of shares	Share price (CHF)
Thomas E. Kern	380,000	253,333	126,654	148,742	26,479	935,208	300	422.75
Other members of the Management Board	1,120,000	378,933	189,448	369,248	85,870	2,143,499	448	422.75
<b>Total</b>	<b>1,500,000</b>	<b>632,266</b>	<b>316,102</b>	<b>517,990</b>	<b>112,349</b>	<b>3,078,707</b>	<b>748</b>	

<sup>1)</sup> Pension and social insurance expenses include contributions to supplementary retirement insurance, as well as employer's contributions to social security and staff benefit schemes.

The number of shares indicated above for the bonus portion is based on the share price as of the end of the year. The definitive number of shares is calculated on the basis of the share price at grant date.

These shares are blocked for a period of four years. No severance payments or other non-current payments were made in 2012.

Management Board in 2011:

(CHF) Recipient	Salary	Bonus (cash)	Bonus (shares)	Pension and social insurance expenses <sup>1)</sup>	Miscellaneous	Total CHF	Number of shares	Share price (CHF)
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
<b>Total</b>	<b>1,500,000</b>	<b>749,600</b>	<b>374,800</b>	<b>527,325</b>	<b>112,349</b>	<b>3,264,074</b>	<b>1,150</b>	

<sup>1)</sup> Pension and social insurance expenses include contributions to supplementary retirement insurance, as well as employer's contributions to social security and staff benefit schemes.

The final amount paid to the Management Board for 2011 was CHF 3.3 million.

### c) Shares held by related parties

As at 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	Number of shares as of
		31.12.2012	31.12.2011
Andreas Schmid	Chairman	4	4
Lukas Briner	Vice Chairman	21	21
Martin Candrian	Member; Chairman of the Audit & Finance Committee	375	375
Kaspar Schiller	Member; Chairman of the Nomination & Compensation Committee	13	13
Ernst Stocker	Member; Chairman of the Political Affairs Committee	0	0
Corine Mauch (from 14.04.2011)	Member	0	0
Ulrik Svensson	Member	0	0
Martin Wetter	Member	0	0
<b>Total</b>		<b>413</b>	<b>413</b>

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

Name	Number of shares as of	Number of shares as of
	31.12.2012	31.12.2011
Thomas E. Kern	1,878	1,436
Stefan Conrad	236	63
Michael Schallhart	462	288
Daniel Schmucki	841	667
Stephan Widrig	645	471
<b>Total</b>	<b>4,062</b>	<b>2,925</b>

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

### 13) Miscellaneous

#### Fire insurance values

(CHF 1,000)	31.12.2012	31.12.2011
Buildings including loading bridges	3,589,194	3,455,078
Movables	903,729	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)	31.12.2012	31.12.2011
Finance lease liabilities not reported in the balance sheet	54,348	65,709

## Collateral

For the cross-currency interest rate swaps relating to the US private placement and the Japanese private placement, as at the balance sheet date CHF 15.9 million had been provided as collateral in the form of cash and cash equivalents (31.12.2011: CHF 4.2 million) and CHF 120 million as collateral in the form of letters of credit (31.12.2011: CHF 159 million).

## Liabilities in respect of employee pension funds

As at the balance sheet date, liabilities in respect of the BVK Employee Pension Fund of the Canton of Zurich amount to CHF 1.7 million (31.12.2011: CHF 1.6 million).

## 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 114 to 119).

## 15) Events occurring after the balance sheet date

The Board of Directors authorised the 2012 financial statements according to the provisions of the Swiss Code of Obligations (CO) for issue on 7 March 2013. These also have to be approved by the General Meeting of Shareholders.

No events occurred between 31 December 2012 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 576,456,372 should be used as follows:

CHF	
Allocation to legal reserves <sup>1)</sup>	0
Payment of an ordinary dividend of CHF 9.50 (gross) <sup>2)</sup>	58,333,563
To be carried forward	518,122,809
<b>Total available earnings</b>	<b>576,456,372</b>

<sup>1)</sup> No allocation is being made to the legal reserves, because these exceed 50 percent of the nominal share capital

<sup>2)</sup> The dividend sum covers all outstanding registered shares. However, those shares held by the company at the time of declaration of the dividend are not eligible to a dividend. For this reason, the reported dividend sum may be correspondingly lower.

If the proposals for the 2012 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 128 to 140) for the year ended 31 December 2012.

**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 2012 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 130 and 131 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, 7 March 2013



## **2013 financial calendar**

### **Financial reporting dates**

20 March 2013	Publication of 2012 annual results
18 April 2013	2013 General Meeting of Shareholders
26 August 2013	Publication of 2013 interim results
10 April 2014	2014 General Meeting of Shareholders

### **Traffic and Commercial Figures**

10 April 2013	Key Figures March 2013
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13 November 2013	Key Figures October 2013
12 December 2013	Key Figures November 2013
15 January 2014	Key Figures December 2013

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#### **Further information**

Other results and financial information:  
[www.zurich-airport.com/investorrelations](http://www.zurich-airport.com/investorrelations)

#### **Annual Report 2012**

The 2012 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](http://www.zurich-airport.com/annualreport)

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