

2013

ANNUAL REPORT
OF FLUGHAFEN ZÜRICH AG



Major events

7 February

Development of infrastructure for de-icer runoff

Work has been underway on extending the infrastructure for treating de-icer runoff since October 2012. From February, work is also carried out within the safety zones of the runways and taxiways.

7 March

Council of States approves treaty

A majority of the cantons approves the international treaty with Germany. The majority of the National Council also ratifies it on 5 June.

8 March

Flughafen Zürich AG commences construction of Echo North aircraft stands

Future generations of aircraft will require more space at stands. To maintain its current stand capacity, the airport operator is building new aircraft stand areas to the north of Dock E.

19 April

Zurich Airport can implement new noise charge framework

The Federal Administrative Court lifted the suspensive effect of the complaint filed by the Schutzverband der Bevölkerung um den Flughafen Zürich (SBFZ) (an association for the protection of the population around the airport) and the municipality of Rümlang. The revised noise charge framework was implemented on 1 May 2013.

26 April

Flughafen Zürich AG commissions runway extension planning

Extending runways 28 and 32 is necessary to enable the efficient handling of operations at Zurich Airport also during the extended curfew periods agreed in the treaty with Germany. Flughafen Zürich AG commissions the planning work required.

22 May

Flughafen Zürich AG commences construction of ground station for GPS-assisted landing

The airport operator invests CHF 4 million in a GBAS ground station to make GPS-assisted landings even more accurate and facilitate the introduction of state-of-the-art approach procedures.

26 June

SAIP draft sets out spatial planning parameters for Zurich Airport

The Federal Council approves the SAIP draft for Zurich Airport. This decision provides Zurich Airport with its first set of spatial planning principles.

11 July

Flughafen Zürich AG begins redesign of curbside lanes

The airport operator is intending to completely remodel the curbside lanes in the arrival and departure areas in order to upgrade the existing infrastructure and reduce traffic jams. The first changes become visible during the summer holidays. Work on upgrading the infrastructure for the curbside lanes in the arrival area begins in October.

6 August

Opening of P6 car park extension at Zurich Airport

Flughafen Zürich AG celebrates the expansion of car park P6. With around 1,300 additional parking spaces, P6 is now the biggest car park at the airport and can accommodate up to 4,000 vehicles.

23 August

Flughafen Zürich AG regrets failure of negotiations on charges

Despite six months of intensive discussions during the negotiations on charges, the parties are unable to achieve consensus. Flughafen Zürich AG regrets the failure of these negotiations. It had continually sought to reach an agreement, and had submitted a final proposal providing for a very moderate increase in airport charges which would have been the first rise in ten years.

15 November

FOCA imposes charges at Zurich Airport

The Federal Office of Civil Aviation (FOCA) issues a decision setting out airport charges for 2014 to 2017.

22 November

Zurich's airport operator wins concession tender for airport in Brazil

As part of a consortium with the Brazilian company CCR and Flughafen München GmbH, Flughafen Zürich AG has won the concession tender for the operation and expansion of Confins International Airport in Belo Horizonte, Brazil.

18 December

Funding secured for "The Circle"

Flughafen Zürich AG and Swiss Life AG sign a contract to jointly finance this major real estate project.

Key data (5-year comparison)

(CHF 1,000)	2013	2012	2011	2010	2009
Total revenue	975,094	948,820	905,404	851,548	809,890
of which revenue from aviation operations	604,491	596,411	579,613	534,722	501,716
of which revenue from non-aviation operations	370,603	352,409	325,791	316,826	308,174
Operating expenses	-448,381	-558,143	-421,462	-415,100	-407,656
Earnings before interest, tax, depreciation and amortisation (EBITDA)	526,713	390,677	483,942	436,448	402,234
EBITDA margin (in %)	54.0	41.2	53.5	51.3	49.7
Earnings before interest and tax (EBIT)	302,003	171,936	282,731	245,730	213,156
EBIT margin (in %)	31.0	18.1	31.2	28.9	26.3
Profit	137,052	94,732	169,845	138,519	190,610
Cash flow from operating activities	458,993	439,920	438,899	431,032	350,933
Cash flow from investing activities	-171,239	-185,046	-449,688	-266,971	-132,911
Invested capital as at reporting date ¹⁾	3,413,507	3,383,681	3,212,552	2,968,638	3,074,504
Average invested capital ¹⁾	3,398,594	3,298,117	3,090,595	3,021,571	2,967,793
Return on average invested capital (ROIC in %)	7.1	4.1	7.3	6.5	5.7
Equity as at reporting date	2,051,618	1,859,803	1,801,777	1,684,402	1,598,411
Return on equity (in %)	7.0	5.2	9.7	8.4	12.6
Equity ratio (in %)	50.5	45.7	47.2	47.9	44.9
Interest-bearing liabilities (net) ²⁾	692,758	826,230	1,012,051	1,002,062	1,066,144
Interest-bearing liabilities (net) / EBITDA	1.32x	2.11x	2.09x	2.30x	2.65x
Key operational data					
Number of passengers	24,865,138	24,802,400	24,337,954	22,878,251	21,926,872
Number of flight movements	262,227	270,027	279,001	268,765	262,121
Freight in tonnes	415,362	418,751	415,035	411,037	344,415
Number of full-time positions as at reporting date ³⁾	1,478	1,365	1,321	1,292	1,302
Number of employees as at reporting date ³⁾	1,736	1,615	1,570	1,543	1,549
Key data for shareholders of Flughafen Zürich AG					
Number of issued shares	6,140,375	6,140,375	6,140,375	6,140,375	6,140,375
Proposed / paid dividend per share (CHF) ⁴⁾	10.00	9.50	9.50	7.00	7.50
Dividend total (CHF 1,000)	61,404	58,334	58,334	42,983	46,053
Payout ratio (in %)	44.8	61.6	34.3	31.0	24.2
Equity per share (CHF)	334.12	302.88	293.43	274.32	260.31
Basic earnings per share (CHF)	22.34	15.52	27.67	22.57	31.20
Diluted earnings per share (CHF)	22.33	15.51	27.65	22.56	31.18
Share price (CHF)					
High	534.50	432.50	402.50	391.00	339.00
Low	396.25	316.00	276.50	283.60	198.00
	Security number		SIX symbol		Reuters
Flughafen Zürich AG (registered share)	1056796		FHZN		FHZN.S

¹⁾ Invested capital includes equity, interest-bearing debt and the fair values of the hedging instruments.
²⁾ Interest-bearing liabilities (net) include interest-bearing debt and the fair values of hedging instruments less cash and cash equivalents, interest-bearing other current and non-current financial assets and fixed-term deposits.
³⁾ 2013: Including employees of the newly consolidated A-port Operaciones S.A. and its subsidiaries.
⁴⁾ 2009: Ordinary dividend of CHF 5.00 and special dividend (from proceeds of partial disposal of Bangalore International Airport Ltd.) of CHF 2.50.

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

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

(CHF 1,000)	2013	2012	2011	2010	2009
Total revenue	920,737	896,764	856,817	819,791	777,622
of which revenue from aviation operations	550,134	544,355	531,026	502,965	469,448
of which revenue from non-aviation operations	370,603	352,409	325,791	316,826	308,174
Operating expenses	-444,494	-554,332	-417,197	-410,751	-402,989
Earnings before interest, tax, depreciation and amortisation (EBITDA)	476,243	342,432	439,620	409,040	374,633
EBITDA margin (in %)	51.7	38.2	51.3	49.9	48.2
Profit	96,016	80,590	149,351	124,662	176,653
Key data for shareholders of Flughafen Zürich AG					
Payout ratio (in %)	64.0	72.4	39.1	34.5	26.1
Basic earnings per share (CHF)	15.65	13.20	24.33	20.31	28.92

¹⁾ The reported key data excluding the influence of aircraft noise have been adjusted for all significant items relating to aircraft noise. In the income statement, these items are noise charges, noise-related operating expenses, amortisation of the intangible asset from the right of formal expropriation, noise-related finance expenses and finance income, and the tax effects arising from these adjustments. In the balance sheet, all the significant noise-related asset and liability items have been eliminated.

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Foreword | Address to shareholders

Dear Shareholders,
Dear Sir or Madam

The past financial year was marked by intensive negotiations on airport charges, important political decisions, pleasing developments in our major projects and operational challenges of the kind we encounter on a daily basis. As the operator of the largest airport in Switzerland, it is our task, together with the airlines operating at Zurich Airport, to ensure that the Zurich economic region and Switzerland as a whole are very well connected with the most important cities and markets around the world.

During the past financial year, Flughafen Zürich AG generated a profit of CHF 137.1 million, corresponding to an increase of 44.7 % compared with the previous year. The Board of Directors is proposing an ordinary dividend of CHF 10.00 per share to the General Meeting of Shareholders.

Passenger figures: moderate and within the expected range

A total of 24,865,138 passengers used Zurich Airport in 2013, amounting to an increase of 0.3 % compared with the previous year. The number of local passengers in 2013 rose by 2.2 % to 16.6 million. At the same time, the number of transit passengers at Zurich Airport fell by 3.5 % to 8.2 million. In percentage terms, the share of transfer passengers fell from 34.2 % in 2012 to 32.9 % in 2013. The average number of passengers per flight rose from 106 to 109, and the seat load factor increased from 74.4 % in 2013 to 75.1 %. Seating capacity to and from Zurich declined in 2013 by 0.7 %. Overall, there were 262,227 flight movements at Zurich Airport in 2013, corresponding to a drop of 2.9 % from the previous year's figure. Swiss International Air Lines' share of air traffic amounted to 56.8 %, followed by Air Berlin (5.5 %), Edelweiss Air (3.7 %), Lufthansa (3.6 %) and British Airways (2.1 %).

Sales from aviation business amount to CHF 604.5 million (+1.4 %), while non-aviation sales, at CHF 370.6 million, are 5.2 % above the previous year's figure.

Flight operations charges

The partners to the negotiations on these charges were unable to reach an agreement within the specified time period. Flughafen Zürich AG regrets this very much, as its proposed adjustments to these charges were very moderate. Given the lack of an agreement, the airport operator has submitted a proposal for charges to the Federal Office of Civil Aviation (FOCA) in line with the Ordinance on Airport Charges. FOCA has issued the corresponding directive, and the various airlines have responded by lodging complaints against it. Considering

the suspension of the fixed CHF 5 noise supplement, overall flight operations charges at Zurich Airport would be lower for passengers than before, which would make the airport even more competitive. Airlines are expected to pass this cost reduction along to their passengers. The advantages are clear: passengers pay lower fees, airlines can offer more attractive prices, and the airport operator can safeguard the refinancing of its investments and costs through the moderate increase in the pure passenger charge.

Development of runway system

The present runway system is oriented toward a North Concept, with approaches from the north and take-offs toward the west or south. This concept applies during the day. Owing to German curfew periods, approaches during shoulder periods of daily flight operations must take place from the east (East Concept) or the south (South Concept). The state treaty envisages once again extending the night-time curfew period for approaches from the north over German territory from 6 p.m. to 6:30 a.m. every day. During this time period (6 – 8 p.m.) there are also approaches by long-haul flights for which the present runway 28 is not long enough. The improved East Concept is the only alternative of equal value to the proven North Concept. However, a fully functional East Concept can only be realised if runway 28 is extended to the west and runway 32 to the north. Fast taxiways and a taxiway around runway 28 are also required. A fully functional East Concept also necessitates disentangling the approach and take-off routes. Zurich Airport wants to implement the provision for taxiing around runway 28 independently of the state treaty, as this will increase safety margins. The runway extensions will be necessary if the curfew periods are changed. Since the preparation of a request for planning permission for runway extensions is very time-consuming, Flughafen Zürich AG began with the planning in 2013.

Upgrades to the infrastructure

In early summer 2014, the new closed noise protection hangar will go into operation and will enable indoor engine ground testing of long-haul aircraft up to the size of a Boeing 747-800. Construction work on the Echo North aircraft stands is on schedule. Likewise at the north end of Dock E, the engineering work preparatory to the renovation of runway 14/32 is continuing apace. The curbside lanes along the terminals are among the oldest infrastructures at Zurich Airport. They are being completely resurfaced and redesigned at the arrival and departure levels. A new management system with barriers and a routing system will improve traffic flows here. The southern extension of car park P6 as a replacement for car park P5 opened for operation in early August 2013; with its 1,300 additional parking spaces, the new building can accommodate around 4,000 vehicles. As

part of the overall renovation of Terminal 2, the southern part of the building was completely gutted across all levels, expanded to the south, and adapted to the building's future use while still a construction shell. The new glass façade was completed at the end of September 2013. Sixteen new check-in counters are being added to enhance check-in capacity. In autumn 2013, the infrastructure for the check-in area was installed, and test runs of the baggage carousels were carried out. The affected airlines will be able to occupy their new check-in counters in the renovated part of the terminal as early as the first quarter of 2014.

Safety

In spring 2013, FOCA published a Safety Survey with the goal of identifying complex operating processes and systemic risks and reducing these risks. The analysis was conducted on behalf of FOCA by Flughafen Zürich AG in conjunction with Skyguide, Swiss International Air Lines and the Swiss Air Force. The survey comes to the conclusion that Zurich Airport is safe. The system's complexities include the operating concepts and runways that cross. A variety of measures is intended to reduce this complexity and increase the margin of safety. Flughafen Zürich AG has already implemented several of the measures named in the report, and others are in development.

Retail and catering

The airport's duty-free business has continued to develop successfully in both the departure and arrival areas. Thanks to centralised security checks, passengers generally spend more time in the Airside Center which, together with the completely renovated shops, has had a positive effect on retail revenues. Sales at the arrival duty-free stores introduced two years ago are charting clear double-digit percentage growth, proving that passengers are now aware of this opportunity and value it. Revenue per departing passenger rose again in the year under review. Contributory factors include a variety of new openings and projects in the retail and catering areas of the airport.



Andreas Schmid
Chairman of the Board of Directors



Thomas E. Kern
Chief Executive Officer

Major projects

Several milestones in the project "The Circle" were reached in 2013. The preliminary project was successfully concluded on 30 June, and on that basis, Flughafen Zürich AG initiated the planning of the construction project. Advance occupancy for the first phase is intended to reach 50 % by the time construction begins at the end of 2014. In December 2013, Flughafen Zürich AG and Swiss Life AG signed contracts governing the joint financing of this major real estate project. These two partners will become co-owners when construction begins, with Flughafen Zürich AG and Swiss Life AG holding stakes of 51% and 49 % respectively. Operational management of the real estate and management functions in development, client representation and marketing of "The Circle" will remain with Flughafen Zürich AG. The decision to proceed with the project is linked in particular to both a sufficient advance occupancy rate and a limit to the investment costs after the next planning phase is concluded, and is presently expected at the end of 2014. Completion of the first phase is expected in 2018, but some building structures could be operable as early as 2017.

A consortium consisting of Flughafen Zürich AG, the Brazilian CCR Group and Flughafen München GmbH won the concession tender for the expansion and operation of Confins International Airport in Belo Horizonte, Brazil. With 11 million passengers, this airport is among the most important in Brazil and is developing into a key domestic transport hub. In addition to the expected equity contribution of around CHF 24 million by the twelfth year of the concession, Flughafen Zürich AG will provide management services and appoint some key personnel.

Political environment

Last year, the Swiss Parliament approved the state treaty with Germany. By contrast, Germany suspended the ratification process. Flughafen Zürich AG continues to work actively on behalf of the treaty and thus for the legal and planning security the airport so urgently needs. This is the only way to master the challenges facing aviation over the long term. Germany's new federal government was constituted in December 2013. It is therefore time for the German Transport Minister to continue the process of ratifying the state treaty. On 26 June 2013, the Swiss Federal Council approved the first part of the Zurich Airport Sectoral Aviation Infrastructure Plan (SAIP). This plan creates a framework for operation, space planning, noise emissions and infrastructure up to the year 2030. The part of the plan which has now been published corresponds largely to current airport operations on the existing runway system. In a second planning step, the Federal Council will decide on the changes made necessary by the operational implementation of the treaty with Germany and further safety-related optimisations.

South-side sound insulation concept

In early December 2013, FOCA approved Zurich Airport's south-side sound insulation concept. Residential properties exposed to noise from the southern approach to runway 34 are to be equipped with automatic closing mechanisms for bedroom windows. The occupants of around 1,300 buildings in the municipalities of Opfikon-Glattbrugg, Wallisellen, Zurich and Dübendorf will benefit from this concept. As there are still no clear legal requirements for the present perimeters, FOCA has obligated the airport operator to submit an enhanced insulation concept within two years which incorporates the latest findings from noise impact research. These adjustments will then be the subject of a new proceeding.

Outlook and thanks

The largest airport in Switzerland is a gateway to the world. But Zurich Airport is meanwhile surrounded by one of the most densely populated areas in Switzerland. This has led to a situation in which the varying interests – noise and environmental protection on the one hand, and demand-oriented growth in flight operations on the other – collide ever more strongly. This tension between the interests of business, society, politics and the environment represents one of the greatest challenges the airport operator must face, again and again. It is clear that more than ever, conditions are needed that can do justice to these diverging interests without unnecessarily restricting Zurich Airport.

So we are very grateful to all those who contributed again last year to the benefit of the company and of Zurich Airport. We will continue to move forward with the planning of important projects and processes – professionally, pragmatically and with foresight.

Zurich Airport, 3 March 2014



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 25,000 employees at more than 280 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. Flughafen Zürich AG takes a cost-effective, environmentally friendly and socially responsible approach to formulating and implementing its strategy. In this way it aims to increase the company's competitiveness and credibility and add to its value on a sustainable basis.



From left to right: Stefan Conrad (COO), Michael Schallhart (CSO), Thomas E. Kern (CEO), Stephan Widrig (CCO) and Daniel Schmucki (CFO)

The company focuses on its core activities: being an 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 for passengers in the departure, arrival and transfer areas, freight handling, stand allocation and guidance of aircraft on aprons. Everything runs smoothly because all 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

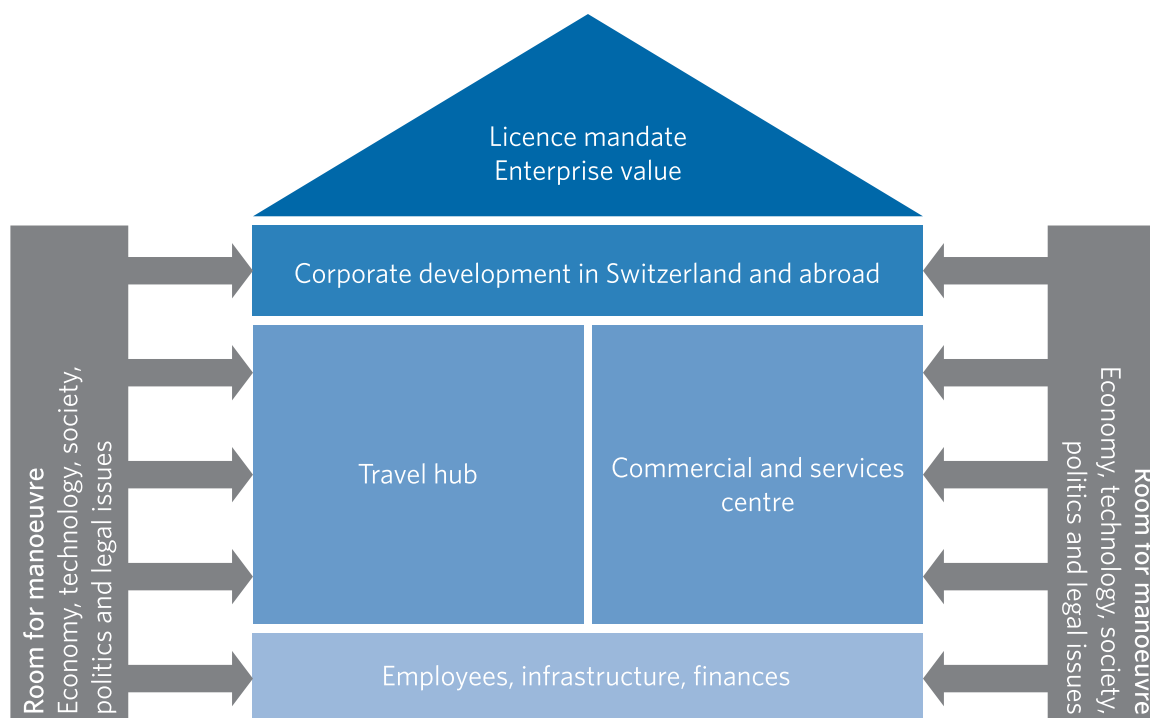
The Marketing & Real Estate division is responsible for the development, construction and profitable operation of buildings at Zurich Airport. The division develops attractive retail, restaurant and service facilities, both airside and landside. Other tasks include managing the technical systems necessary 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 (national hub for global air transport)
- Increasing enterprise value

Flughafen Zürich AG is fulfilling the Confederation's 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 and objectives

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. 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.

LORD

The behaviour of all employees is goal-oriented and characterised by loyalty, openness, respect and discipline (LORD). Our managers are expected to lead by example and respect the company's values and corporate culture in their daily work. Managers at Flughafen Zürich AG are guided by the following principles:

Exemplary

- I behave as I expect my staff to behave.
- I remain focused on our company's objectives and set goals for my staff accordingly.
- I share information openly at the appropriate level and in good time.

Human

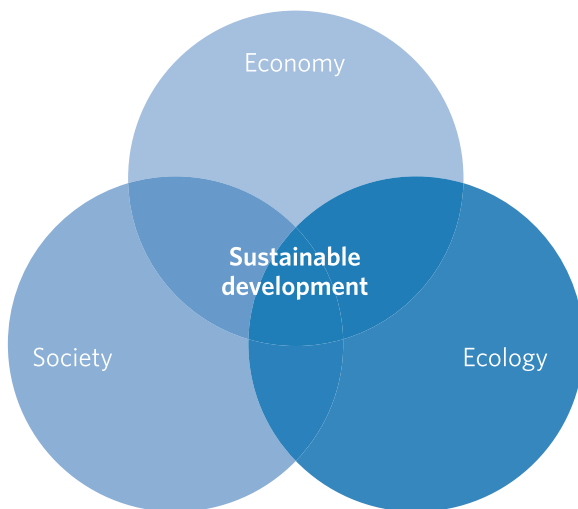
- I allow both existing and planned matters to be questioned.
- I create a credible and trustworthy environment for my staff/team.
- I challenge and encourage my staff, help them to learn from their mistakes, and reward excellent performance.

Resolute

- I make my expectations clear with regard to objectives, priorities and quality, and demand that they are met.
- I communicate decisions clearly, respect them and support them.
- I always delegate responsibility in conjunction with the necessary skills.

Commitment to sustainability

Flughafen Zürich AG's understanding of sustainability is based on the three dimensions of economic performance, environmental responsibility and social solidarity.



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.





4,139

SQUARE METRES OF CATERING SPACE ARE AVAILABLE IN THE NON-PUBLIC ZONES OF ZÜRICH AIRPORT.

193

STEPS LEAD FROM THE SECURITY CHECK STATIONS TO THE NZZ CAFÉ IN THE AIRSIDE CENTER.

20,000

PEOPLE VISITED THE NZZ CAFÉ, WHICH OPENED IN 2013.

8

TABLET COMPUTERS ARE CURRENTLY AVAILABLE TO CAFÉ GUESTS WHO WANT TO READ THE "NEUE ZÜRCHER ZEITUNG".

Business development | Key data

Key data (2-year comparison)

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Profit	137,052	94,732	44.7
Cash flow from operating activities	458,993	439,920	4.3
Cash flow from investing activities	-171,239	-185,046	-7.5
Invested capital as at reporting date ¹⁾	3,413,507	3,383,681	0.9
Average invested capital ¹⁾	3,398,594	3,298,117	3.0
Return on average invested capital (ROIC, in %)	7.1	4.1	
Equity as at reporting date	2,051,618	1,859,803	10.3
Return on equity (in %)	7.0	5.2	
Equity ratio (in %)	50.5	45.7	
Interest-bearing liabilities (net) ²⁾	692,758	826,230	-16.2
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Number of passengers	24,865,138	24,802,400	0.3
Number of flight movements	262,227	270,027	-2.9
Freight in tonnes	415,362	418,751	-0.8
Number of full-time positions as at reporting date ³⁾	1,478	1,365	8.3
Number of employees as at reporting date ³⁾	1,736	1,615	7.5
Key data for shareholders of Flughafen Zürich AG			
Number of issued shares	6,140,375	6,140,375	
Proposed / paid dividend per share (CHF)	10.00	9.50	5.3
Dividend total (CHF 1,000)	61,404	58,334	5.3
Payout ratio (in %)	44.8	61.6	
Equity per share (CHF)	334.12	302.88	10.3
Basic earnings per share (CHF)	22.34	15.52	43.9
Diluted earnings per share (CHF)	22.33	15.51	44.0
Share price (CHF)			
High	534.50	432.50	23.6
Low	396.25	316.00	25.4
	Security number	SIX Symbol	Reuters
Flughafen Zürich AG (registered share)	1056796	FHZN	FHZN.S

¹⁾ Invested capital includes equity, interest-bearing debt and the fair values of the hedging instruments.

²⁾ Interest-bearing liabilities (net) include interest-bearing debt and the fair values of hedging instruments less cash and cash equivalents, interest-bearing other current and non-current financial assets and fixed-term deposits.

³⁾ 2013: Including employees of the newly consolidated A-port Operaciones S.A. and its subsidiaries.

Key data (excluding the influence of aircraft noise)

Flughafen Zürich AG refinances all costs related to aircraft noise according to the cost-by-causes 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 required 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)	2013	2012	Change in %
Total revenue	920,737	896,764	2.7
of which revenue from aviation operations	550,134	544,355	1.1
of which revenue from non-aviation operations	370,603	352,409	5.2
Operating expenses	-444,494	-554,332	-19.8
Earnings before interest, tax, depreciation and amortisation (EBITDA)	476,243	342,432	39.1
EBITDA margin (in %)	51.7	38.2	
Earnings before interest and tax (EBIT)	259,282	131,440	97.3
EBIT margin (in %)	28.2	14.7	
Profit	96,016	80,590	19.1
Cash flow from operating activities	428,712	414,262	3.5
Cash flow from investing activities	-165,270	-173,283	-4.6
Invested capital as at reporting date ¹⁾	3,172,650	3,193,750	-0.7
Average invested capital ¹⁾	3,183,201	3,115,257	2.2
Return on average invested capital (ROIC in %)	6.5	3.4	
Equity as at reporting date	1,810,761	1,669,872	8.4
Return on equity (in %)	5.5	4.9	
Equity ratio (in %)	52.3	47.8	
Interest-bearing liabilities (net) ²⁾	994,706	1,107,886	-10.2
Interest-bearing liabilities (net) / EBITDA	2.09x	3.24x	
Key operational data			
Number of passengers	24,865,138	24,802,400	0.3
Number of flight movements	262,227	270,027	-2.9
Freight in tonnes	415,362	418,751	-0.8
Number of full-time positions as at reporting date ³⁾	1,468	1,354	8.4
Number of employees as at reporting date ³⁾	1,725	1,604	7.5
Key data for shareholders of Flughafen Zürich AG			
Number of issued shares	6,140,375	6,140,375	
Proposed / paid dividend per share (CHF)	10.00	9.50	5.3
Dividend total (CHF 1,000)	61,404	58,334	5.3
Payout ratio (in %)	64.0	72.4	
Equity per share (CHF)	294.89	271.95	8.4
Basic earnings per share (CHF)	15.65	13.20	18.6
Diluted earnings per share (CHF)	15.64	13.19	18.6

¹⁾ Invested capital includes equity, interest-bearing debt and the fair values of the hedging instruments.

²⁾ Interest-bearing liabilities (net) include interest-bearing debt and the fair values of hedging instruments less cash and cash equivalents, interest-bearing other current and non-current financial assets and fixed-term deposits.

³⁾ 2013: Including employees of the newly consolidated A-port Operaciones S.A. and its subsidiaries.

Results trend

Revenue rose year on year from CHF 948.8 million to CHF 975.1 million (+2.8 %). Both aviation business and in particular non-aviation business contributed to this growth.

Of the total revenue, approximately 62 % was attributable to **revenue from aviation operations**, amounting to CHF 604.5 million (+1.4 %) in the year under review. The most important revenue items are commented on below.

(CHF 1,000)	2013	2012	Change in %
Passenger charges	203,870	199,636	2.1
PRM charges	11,137	11,104	0.3
Landing charges	85,331	85,954	-0.7
Emission charges	3,191	3,222	-1.0
Parking charges	7,060	6,675	5.8
Fuel charges	7182	7164	0.3
Freight revenue	7,686	7,623	0.8
Baggage sorting and handling system	29,663	29,574	0.3
Aircraft energy supply system	13,274	12,906	2.9
CUTE charges (check-in system for handling agents)	4,765	4,697	1.4
Other revenue	14,760	14,803	-0.3
Total revenue from aviation flight operations	387,919	383,358	1.2
Security charges	161,190	160,039	0.7
Refund of security costs	1,025	958	7.0
Total revenue from aviation security	162,215	160,997	0.8
Noise charges	54,357	52,056	4.4
Total revenue from aviation aircraft noise	54,357	52,056	4.4
Total revenue from aviation operations	604,491	596,411	1.4

Overall, passenger volumes were up slightly on the previous year, with the drop in the number of transfer passengers being more than offset by a welcome rise in the number of local passengers. Revenue from **passenger and security charges** accordingly went up to CHF 203.9 million and CHF 161.2 million respectively.

As in the previous year, the decline in **landing charges** by 0.7 % to CHF 85.3 million was due to a fall in the number of flight movements (-2.9 %). This decline was partially offset by the renewed increase in the average take-off weight per aircraft.

Revenue from **noise charges** grew disproportionately to CHF 54.4 million (+4.4 %). These charges comprise passenger noise charges, noise-related landing charges, and surcharges for shoulder hours. In accordance with the revised noise charge framework imposed by the Federal Office of Civil Aviation (FOCA), higher rates have been in force for the latter two types of charges since 1 May 2013. 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. The apportionment ratio remained unchanged in the year under review: 76 % to 24 %.

Revenue from non-aviation operations saw a substantial rise of 5.2 % to CHF 370.6 million. The proportion of this revenue which is generated outside flight operations is now around 38 %.

(CHF 1,000)	2013	2012	Change in %
Retail, tax & duty-free	92,413	87,425	5.7
Food & beverage operations	14,968	14,275	4.9
Advertising media and promotion	16,611	16,749	-0.8
Revenue from multi-storey car parks	68,697	67,097	2.4
Other commercial revenue (car rentals, taxis, banks, etc.)	13,366	12,369	8.1
Total commercial revenue	206,055	197,915	4.1
Revenue from rental & leasing agreements	95,530	94,531	1.1
Energy and utility cost allocation	26,710	26,833	-0.5
Cleaning	4,189	3,919	6.9
Other service revenue	2,809	2,478	13.4
Revenue from facility management	129,238	127,761	1.2
Communication services	15,088	14,839	1.7
Revenue from consulting activities	1,490	1,335	11.6
Other services and miscellaneous	18,732	10,559	77.4
Revenue from services	35,310	26,733	32.1
Total revenue from non-aviation operations	370,603	352,409	5.2

Retail, tax & duty-free and food & beverage operations made the biggest contribution to growth, with turnover-based revenue rising by 5.7 % and 4.9 % respectively. This gratifying trend confirms that the decision to optimise the retail portfolio was correct.

In the year under review, the sales for shop and restaurant operators at Zurich Airport to which this revenue is attributable amounted to CHF 537.6 million (+3.9 %). This corresponds to an average spend per departing passenger of CHF 43.20 (2012: CHF 41.70).

(CHF 1,000)	2013	2012	Change in %
Trend in revenue of commercial partners (CHF millions)	537.6	517.2	3.9
Commercial revenue of Flughafen Zürich AG			
Retail, tax & duty-free	92,413	87,425	5.7
Food & beverage operations	14,968	14,275	4.9
Average revenue per departing passenger (in CHF)	43.20	41.70	3.6

Mainly as a result of the growth in local passengers, **revenue from car parking** grew by 2.4 % to CHF 68.7 million.

Revenue from **facility management** amounted to CHF 129.2 million (+1.2 %). Owing to a further reduction in vacant premises, revenue from **rental and leasing agreements** went up by CHF 1.0 million (+1.1 %) compared with the previous year. There was a slight year-on-year decrease of 0.5 % to CHF 26.7 million in revenue from the cross-charging of **energy and utility costs**.

In particular as a result of the first-time consolidation of the Chilean management company A-port Operaciones and its subsidiaries, **revenue from services** increased by CHF 8.6 million (+32.1 %) to CHF 35.3 million. The consolidation effect on revenue amounts to CHF 7.0 million.

Business development | Results trend

(CHF 1,000)	2013	2012	Change in %
Personnel expenses	178,180	290,116	-38.6
Police and security	118,113	115,347	2.4
Energy and waste	25,185	26,109	-3.5
Maintenance and material	43,568	42,758	1.9
Other operating expenses	53,618	51,953	3.2
Sales, marketing, administration	38,278	41,618	-8.0
Capitalised expenditure and other income / expenses, net	-8,561	-9,758	-12.3
Total operating expenses	448,381	558,143	-19.7

Operating expenses in the year under review fell by CHF 109.8 million to CHF 448.4 million (-19.7 %). This substantial reduction was primarily the result of charging CHF 121.9 million to the income statement for the new affiliation contract with the BVK Employee Pension Fund of the Canton of Zurich in the previous year.

Without this initial recognition, operating expenses would have risen by CHF 12.1 million (2.8 %), of which expenditure of around CHF 6 million can be attributed to the first-time consolidation of A-port Operaciones S.A. and its subsidiaries.

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

(CHF million)		
Personnel expenses in 2012		290.1
Adjustment to employee benefit obligations recognised in the income statement	approx.	-121.9
Adjustment of basic salaries	approx.	1.6
Decrease in provision for holidays and overtime	approx.	-1.0
Higher variable salary components based on the annual result (management)	approx.	0.5
Lower refund from social insurance contributions	approx.	0.3
Higher employer contributions to pension fund (BVK)	approx.	3.9
Consolidation of personnel expenses of A-port Operaciones and its subsidiaries	approx.	5.0
Lower other personnel expenses	approx.	-0.1
Various	approx.	-0.2
Personnel expenses in 2013		178.2

As at 31 December 2013, Flughafen Zürich AG employed 1,639 staff in Switzerland (31.12.2012: 1,615), corresponding to 1,381 full-time equivalent positions (31.12.2012: 1,365). Moreover, as at the reporting date, 97 people worked for A-port Operaciones S.A. and its subsidiaries, which were consolidated for the first time.

Expenses for **police and security** rose by 2.4 % to CHF 118.1 million, due to additional payments to the Zurich cantonal police for perimeter protection, as well as a slight rise in passenger volumes.

(CHF 1,000)	2013	2012	Change in %
Zurich cantonal police force	97,356	94,978	2.5
Security expenses relating to third parties	20,757	20,369	1.9
Total police and security expenses	118,113	115,347	2.4

In particular, lower electricity costs led to a reduction in expenses for **energy and waste**, which fell by 3.5 % from CHF 26.1 million to CHF 25.2 million in the year under review.

The winter season of 2012–2013 brought Zurich Airport the harshest, longest winter in its history. Expenditure for winter services, on runway de-icing agents for example, is reflected in the **maintenance and material** costs, which saw a year-on-year increase of 1.9 % to CHF 43.6 million in the year under review.

Other operating expenses also rose, namely by 3.2 % to CHF 53.6 million, partly because of the higher costs of assisting passengers with reduced mobility (PRM). In the year under review, the number of passengers assisted increased substantially by 7 %.

Expenses relating to **sales, marketing and administration** fell sharply by 8.0 % or CHF 3.3 million to CHF 38.3 million in the year under review. In particular the costs of studies and external support fell.

Capitalised expenditure and other income/expenses was around CHF 1.2 million (–12.3 %) less than in the previous year. This was due in part to the lower expenditure on projects and construction plans than in 2012.

(CHF 1,000)

Earnings before interest, tax, depreciation and amortisation (EBITDA)

Depreciation and amortisation

Earnings before interest and tax (EBIT)

Finance result, net

Share of profit or loss of associates

Income tax expense

Profit

	2013	2012	Change in %
Earnings before interest, tax, depreciation and amortisation (EBITDA)	526,713	390,677	34.8
Depreciation and amortisation	–224,710	–218,741	2.7
Earnings before interest and tax (EBIT)	302,003	171,936	75.6
Finance result, net	–134,438	–56,969	n/a
Share of profit or loss of associates	2,988	2,401	24.4
Income tax expense	–33,501	–22,636	48.0
Profit	137,052	94,732	44.7

Earnings before interest, tax, depreciation and amortisation (EBITDA)

amounted to CHF 526.7 million, up CHF 136.0 million on the previous year (CHF 390.7 million). Adjusted for the previous year's initial recognition in the income statement of expenses for employee benefit obligations resulting from the new affiliation contract with the BVK Employee Pension Fund, EBITDA was lifted by 2.8 %. The EBITDA margin of 54.0 % remained unchanged from the adjusted value of the previous year.

At CHF 224.7 million, **depreciation and amortisation** is around CHF 6.0 million above the previous year's figure. This increase is primarily attributable to the completion of some parts of the Terminal 2 upgrade project and the extension of car park 6, as well as new retail facilities.

Earnings before interest and tax (EBIT) rose by 75.6 %, from CHF 171.9 million to CHF 302.0 million. Adjusted for the extraordinary effect in the prior year (BVK affiliation contract), EBIT increased by 2.8 %.

The **net finance result** was CHF 134.4 million and thus CHF 77.5 million higher than in 2012. The main reason for the substantial increase is the restructuring of non-current financial liabilities. On 25 March 2013, the company gave notice of early termination of the JPY 37 billion Japanese private placement, taken out in 2003 and due to run until 2023, and repaid it in full on 23 May 2013. The instrument used to hedge currency risks associated with future interest payments and repayments for the Japanese private placement was also terminated at the same time. On 17 April 2013, a new

debenture was issued in the amount of CHF 400.0 million (nominal amount). It carries an interest coupon of 1.5 % and will be redeemed in 2023. The restructuring of non-current financial liabilities has had a negative effect to the tune of CHF 82.9 million on the net finance result for the 2013 financial year.

In the year under review, a reassessment was made of the expected cash outflows for formal expropriations, and the discount rate used on the provision for sound insulation and resident protection plus formal expropriations. This resulted in non-liquidity-related finance income of CHF 6.2 million compared with finance costs of CHF 25.8 million in the previous year.

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 137.1 million is 44.7 % above the previous year's figure. If adjusted to take account of the effects (after taxes) of restructuring the non-current financial liabilities in the year under review and the initial recognition in the income statement of the new affiliation contract with the BVK Employee Pension Fund in the previous year, profit would have increased by 5.8 %.

The Board of Directors is proposing a dividend of CHF 10.00 per share (2012: CHF 9.50) to the General Meeting of Shareholders.

The following figures show the **results with and without the noise-related financial components**. Noise-related revenue is used exclusively to cover costs relating to aircraft noise and therefore does not benefit the shareholders of Flughafen Zürich AG. Viewed in isolation, income or expenditure surpluses may be generated in individual years which must be neutralised again in terms of revenue and cash flow until the noise-related items have been settled in full. The key figures including and excluding aircraft noise are shown on pages 14 and 15.

	2013			2012		
	Including aircraft noise	Elimination of aircraft noise	Excluding aircraft noise	Including aircraft noise	Elimination of aircraft noise	Excluding aircraft noise
(CHF 1,000)						
Revenue from aviation operations	604,491	-54,357	550,134	596,411	-52,056	544,355
Revenue from non-aviation operations	370,603	0	370,603	352,409	0	352,409
Total revenue	975,094	-54,357	920,737	948,820	-52,056	896,764
Operating expenses	-448,381	3,887	-444,494	-558,143	3,811	-554,332
Earnings before interest, tax, depreciation and amortisation (EBITDA)	526,713	-50,470	476,243	390,677	-48,245	342,432
EBITDA margin (in %)	54.0		51.7	41.2		38.2
Depreciation and amortisation	-224,710	7,749	-216,961	-218,741	7,749	-210,992
Earnings before interest						
Earnings before interest and tax (EBIT)	302,003	-42,721	259,282	171,936	-40,496	131,440
EBIT margin (in %)	31.0		28.2	18.1		14.7
Profit	137,052	-41,036	96,016	94,732	-14,142	80,590
Profit in % of total revenue	14.1		10.4	10.0		9.0

Consolidated cash flow statement

Cash flow from operating activities was up slightly versus the prior year (CHF 439.9 million) and amounted to CHF 459.0 million for the year under review. Cash flow from operating activities relating to aircraft noise amounted to CHF 30.3 million (2012: CHF 25.7 million).

Cash outflow from investing activities was down by CHF 13.8 million, despite greater construction activity, owing to the repayment of fixed-term deposits with a maturity of over 90 days, and amounted to CHF -171.2 million in 2013. 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 -6.0 million (2012: CHF -11.8 million).

The result for the year under review, owing to the restructuring of non-current financial liabilities (repayment of the Japanese private placement as well as the associated hedging instrument and the issue of a new debenture), was a cash outflow from financing activities of CHF -263.2 million, compared with a cash inflow in the previous year of CHF 44.3 million.

At the end of 2013, the company possessed cash and cash equivalents in the amount of CHF 392.9 million (2012: CHF 368.7 million), of which CHF 45.8 million is held by the Airport of Zurich Noise Fund.

(CHF 1,000)	2013	2012	Change in %
Cash flow from operating activities	458,993	439,920	4.3
of which related to aircraft noise	30,281	25,658	18.0
Income from noise charges	53,799	52,044	3.4
Expenses for sound insulation and resident protection plus formal expropriations	-23,518	-26,386	-10.9
Cash flow from investing activities	-171,239	-185,046	-7.5
of which related to aircraft noise	-5,969	-11,763	-49.3
Investments in financial assets of Airport of Zurich Noise Fund	-73,169	-87,613	-16.5
Repayment of current financial assets of Airport of Zurich Noise Fund	67,200	75,850	-11.4
Cash flow from financing activities	-263,228	44,332	n/a
Increase (+) / decrease (-) in cash and cash equivalents	24,526	299,206	-91.8
Balance at beginning of financial year	368,713	69,512	n/a
Effect of foreign exchange differences on cash and cash equivalents held	-296	-5	n/a
Balance at end of financial year	392,943	368,713	6.6
of which included in Airport of Zurich Noise Fund	45,760	27,759	64.8

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 millions)	2013	2012	Change in %
Revenue from third parties	384.5	381.3	0.8
Inter-segment revenue	10.4	8.2	26.8
Total revenue	394.9	389.5	1.4
Segment result (EBIT)	44.4	-16.4	n/a
Total segment assets	977.6	948.0	3.1
Depreciation and amortisation	63.0	61.6	2.3
Total investments	97.4	59.1	64.8
Number of employees (full-time positions) as at 31 December	596	595	0.2

In contrast to the previous year (CHF -16.4 million) the “Aviation flight operations” segment posted a positive result again of CHF 44.4 million. This substantial improvement is due primarily to the fact that the previous year’s figures include the provision for employee benefit obligations recognised in the income statement (new affiliation agreement with the BVK pension fund), which was charged to the “Aviation flight operations” segment proportionately.

The higher traffic volumes result in a CHF 3.2 million increase in segment revenue. The slight rise in depreciation and amortisation in the “Aviation flight operations” segment is due to higher amortisation for passenger loading bridges and for the baggage sorting and handling system. The investments of CHF 97.4 million include mainly costs recognised in the balance sheet for the construction of the new noise protection hangar and for modifications and restructuring of the flight operations areas.

Aviation security

(CHF millions)	2013	2012	Change in %
Revenue from third parties	162.8	161.6	0.7
Inter-segment revenue	0.0	0.0	n/a
Total revenue	162.8	161.6	0.7
Segment result (EBIT)	18.7	8.6	117.4
Total segment assets	34.6	37.2	-7.0
Depreciation and amortisation	4.8	5.5	-12.7
Total investments	2.1	0.9	133.3
Number of employees (full-time positions) as at 31 December	17	16	6.3

In the 2013 financial year, the result of the “Aviation security” segment improved from CHF 8.6 million to CHF 18.7 million. Here too, the substantial improvement is due primarily to the fact that the previous year’s figures include the provision for employee benefit obligations recognised in the income statement (new affiliation agreement with the BVK pension fund), which was charged to the “Aviation flight operations” segment proportionately.

Moreover, higher revenue from third parties, which increased slightly as a result of passenger growth, had a positive impact on the result. This was offset by higher costs for police and security.

Aviation aircraft noise

(CHF millions)	2013	2012	Change in %
Revenue from third parties	54.4	52.1	4.4
Inter-segment revenue	0.0	0.0	n/a
Total revenue	54.4	52.1	4.4
Segment result (EBIT)	42.8	40.1	6.7
Total segment assets	592.6	580.1	2.2
Depreciation and amortisation	7.9	8.0	-1.2
Total investments	73.2	87.6	-16.4
Provision for sound insulation and resident protection plus formal expropriations	305.4	334.4	-8.7
Number of employees (full-time positions) as at 31 December	10	11	-9.1

The result for the “Aviation aircraft noise” segment improved from CHF 2.7 million to CHF 42.8 million in the year under review. The positive trend is a result of both higher traffic volumes and in particular of the noise charge model, which was revised and approved by the Federal Office for Civil Aviation (FOCA) on 1 May 2013.

The decrease in finance costs (see p. 78, Segment reporting) is attributable to the previous year’s disproportionately high finance costs due to the unwinding of discount on the provision for sound insulation and resident protection plus formal expropriations.

Non-aviation

(CHF millions)	2013	2012	Change in %
Revenue from third parties	373.4	353.8	5.5
Inter-segment revenue	135.2	138.9	-2.7
Total revenue	508.6	492.7	3.3
Segment result (EBIT)	196.1	139.6	40.5
Total segment assets	1,946.9	1,951.2	-0.2
Depreciation and amortisation	149.0	143.6	3.8
Total investments	147.4	116.7	26.3
Number of employees (full-time positions) as at 31 December	855	743	15.1

The result for the “Non-aviation” segment advanced from CHF 139.6 million to CHF 196.1 million. Here too, the substantial improvement is due primarily to the fact that the previous year’s figures include the provision for employee benefit obligations recognised in the income statement (new affiliation agreement with the BVK pension fund), which was charged to the “Non-aviation” segment proportionately.

Higher retail revenue and revenue from the first-time consolidation of A-port Operaciones S.A. and its subsidiaries contributed to this increase in revenue from third parties. However, the revenue from the first-time consolidation is almost completely offset by expenses arising primarily in connection with close to 100 full-time positions at the newly consolidated companies. The increase in depreciation and amortisation is due mainly to the opening of new retail outlets and the partial commissioning in Terminal 2.

Holdings and subsidiaries

India

As at the reporting 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 Operations, Management & Service Agreement (OMSA), from which it receives revenue. Flughafen Zürich AG is represented on the Board of Directors of BIAL.

Latin America

At the end of November 2013, Flughafen Zürich AG's consortium with the Brazilian company CCR and Flughafen München GmbH won the concession tender for the operation and expansion of Confins International Airport in Belo Horizonte, Brazil. Flughafen Zürich AG has a 24 % stake in the consortium. The private consortium will hold a 51 % share of the local airport company, with the remaining 49 % continuing to be held by the state-owned Infraero, which previously managed the airport's operations. With around 11 million passengers, Confins is one of the most important airports in Brazil and is positioning itself to become a major domestic hub. In addition to the expected equity contribution of around CHF 24 million by the twelfth year of the concession, Flughafen Zürich AG will provide management services and appoint some key personnel. The signing of the concession agreement for 30 years is scheduled for the spring of 2014.

Based on the strategy of deploying its expertise as profitably as possible in international projects by means of operation and management agreements and of supplementing this with know-how from a strong local partner, Flughafen Zürich AG sought to optimise its equity holdings in Latin America. This process was completed in early 2013 when Flughafen Zürich AG took over the majority stake in A-port Operaciones S.A. This company based in Santiago de Chile (Chile) manages and operates airports in Latin America and the Caribbean. This includes airports in Chile and Curaçao as well as the current agreements in Colombia and Honduras that are managed via the local companies A-port Operaciones Colombia S.A.S. and Unique IDC S.A. de C.V.

The shares in the licensed companies for the Chilean airports in Puerto Montt, Iquique and Antofagasta 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 took place in June 2013. The ICSID tribunal is expected to reach a decision in the second half of 2014. The carrying amount of this investment was fully impaired in 2006.

Investments

Taking noise-related items into account, CHF 320.1 million was invested in 2013 compared with CHF 264.3 million in the previous year. Investments in property, plant and equipment amounted to CHF 246.9 million (2012: CHF 176.7 million). Broken down into the various categories, the picture is as follows:

(CHF millions)	2013	2012
Property, plant and equipment	246.9	176.7
Intangible asset from right of formal expropriation	0.0	0.0
Non-current financial assets of Airport of Zurich Noise Fund	73.2	87.6
Total	320.1	264.3

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

- Upgrade of Terminal 2 (CHF 43.5 million)
- Maintenance operations to preserve the value of engineering structures (CHF 26.2 million)
- "The Circle" at Zurich Airport (CHF 21.6 million)
- Expansion of car parking (CHF 19.5 million)
- New noise protection hangar (CHF 16.4 million)
- Implementation of GDP General Drainage Plan (CHF 15.0 million)
- Echo North aircraft stands (CHF 14.5 million)
- Renovation of runway 14/32 (CHF 13.3 million)

Balance sheet structure

At CHF 4,065.7 million, total assets remained virtually unchanged compared with the previous year. Current assets decreased by CHF 38.2 million to CHF 609.0 million, primarily due to the lower overall level of cash and cash equivalents and fixed-term deposits. On the other hand, non-current assets went up slightly by CHF 36.0 million to CHF 3,456.7 million.

Equity increased in the year under review by a total of CHF 191.8 million and amounted to CHF 2,051.6 million at the end of 2013, which corresponds to a ratio of 50.5 % (2012: 45.7 %).

Owing to the restructuring of non-current financial liabilities carried out in the year under review, a debenture falling due in 2014, and lower employee benefit obligations, non-current liabilities decreased by a total of CHF 305.8 million, amounting to CHF 1,496.7 million as at 31 December 2013. By contrast, despite a drop in the fair value of the outstanding swaps as a result of the debenture falling due in 2014, current liabilities saw a net increase of CHF 111.7 million, totaling CHF 517.4 million as at the reporting date.

The return on invested capital (ROIC) rose to 7.1 % (2012: 4.1 %).

	2013		2012	
	Total	in %	Total	in %
(CHF 1,000)				
Non-current assets	3,456,655	85.0	3,420,690	84.1
Current assets	609,020	15.0	647,225	15.9
Total assets	4,065,675	100.0	4,067,915	100.0
Equity	2,051,618	50.5	1,859,803	45.7
Non-current liabilities	1,496,692	36.8	1,802,477	44.3
Current liabilities	517,365	12.7	405,635	10.0
Total equity and liabilities	4,065,675	100.0	4,067,915	100.0
Average capital employed	3,398,594		3,298,117	
Return on average capital employed (ROIC)		7.1		4.1

Outlook

Traffic and revenue trend

Flughafen Zürich AG expects a modest rise in passenger volumes of around 1 % for 2014, and also a continuing slight decline in the number of flight movements. As long as the charges stipulated by FOCA cannot be implemented because of legal proceedings, the revenue from aviation operations will rise in line with the volume of traffic. An exception is the 5 franc noise supplement: its discontinuation from 1 February 2014 will substantially reduce noise revenue. For non-aviation operations, in 2014 the company is expecting slightly above-average growth.

Operating expenses

Operating expenses are expected to differ only marginally from those in 2013.

Investments

Flughafen Zürich AG has earmarked around CHF 250 million for investments in property, plant and equipment in 2014, the major portion of which will flow into the upgrading of Terminal 2, the renovation of runway 14/32, the construction of additional aircraft stand areas, the expansion of parking infrastructure, and the redevelopment of the curbside lanes.

Result

Excluding the one-off effect 2013 and noise-related components, both earnings before interest, tax, depreciation and amortisation (EBITDA) plus the EBITDA margin and earnings before interest and tax (EBIT) are likely to be 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 “cost-by-causes” 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 at the reporting 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 85 to 87 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 104 and 105 in the financial section of this Annual Report).

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

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

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

(CHF 1,000)	2013			2012		
	Flughafen Zürich AG	Canton of Zurich	Total	Flughafen Zürich AG	Canton of Zurich	Total
Airport of Zurich Noise Fund as at 1 January	273,786	219,233	493,019	247,711	203,337	451,048
Revenue from noise charges	53,799	16,989	70,788	52,044	16,435	68,479
Costs for sound insulation and resident protection	-20,611	0	-20,611	-23,230	0	-23,230
Costs for formal expropriations ¹⁾	-2,907	-9,139	-12,046	-3,156	-3,227	-6,383
Net result before operating costs and finance result	304,067	227,083	531,150	273,369	216,545	489,914
Operating costs	-3,887	-7	-3,894	-3,811	-16	-3,827
Interest income from financial assets	4,755	1,491	6,246	5,857	2,279	8,136
Adjustments to fair value and realised gains/losses on financial assets (available-for-sale securities)	-4,738	-653	-5,391	-1,629	425	-1,204
Airport of Zurich Noise Fund as at 31 December	300,197	227,914	528,111	273,786	219,233	493,019

¹⁾ In addition to compensation payments for formal expropriations, this amount includes other associated external costs, in accordance with the regulations of the Airport of Zurich Noise Fund (see note 15, Provision for sound insulation and resident protection plus formal expropriations on page 103 in the financial section of this annual report).

Trend in traffic volume

Positive development despite uncertain economic environment

In 2013, Zurich Airport was host to 24,865,138 passengers – a figure that exceeds last year's record by 0.3 %, but lies below the 1.3 % average growth rate for all major European airports¹.

Despite the uncertain economic environment, in 2013 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 rose by 2.2 % in 2013 to 16.6 million. At the same time, the number of transit passengers at Zurich Airport declined by 3.5 % to 8.2 million. In percentage terms, the share of transfer passengers fell from 34.2 % in 2012 to 32.9 % in 2013.

Scheduled flights grew in 2013 by 0.8 %. Charter flights, in contrast, declined markedly by 28.8 %, a trend attributable to the increased shift away from charter business toward regularly scheduled flights. General aviation posted a fall of 4.4 %.

Intercontinental flights grew by 1.6 %. In particular, flights to and from the Far East (+5.0 %), North America (+4.1 %) and the Middle East (+3.2 %) showed substantial growth owing to expanded flight opportunities and increased demand. The collapse of Egyptian business meant that passenger volumes to and from Africa dropped dramatically (-14.4 %). Europe, Zurich's largest market, declined only slightly by 0.1 %.

Based on the total number of passengers, Swiss International Airlines, Darwin Airlines, Alitalia, Turkish Airlines and Intersky contributed most strongly to passenger volume growth. At Zurich Airport, the hub carrier Swiss has the largest passenger share at 56.8 %, followed by Air Berlin (5.5 %), Edelweiss Air (3.7 %) and Lufthansa (3.6 %).

Fewer flight movements with better capacity utilisation

There were 262,227 flight movements in 2013, corresponding to a decline of 2.9 % from the previous year. However, the use of larger aircraft meant that the number of seats offered per flight changed only marginally (-0.7 %).

In combination with the increase in passengers and the drop in flight movements, this led to a 0.7 % rise in the seat load factor to 75.1 %. Thus the number of passengers per flight movement rose from 106 in 2012 to 109 in 2013.

The decline in flight movements of scheduled flights was slight at 1.7 %, whereas charter flights showed a strong drop of 26.0 %. General aviation fell by 8.1 %.

Freight volume trend

Freight volumes at Zurich Airport were down by 0.8 % in 2013 compared with 2012. A total of 415,362 tonnes of freight were transported during the year under review. The volume of freight shipped by air grew slightly by 0.5 %, whereas substitute air freight transported by road fell by 3.9 %.

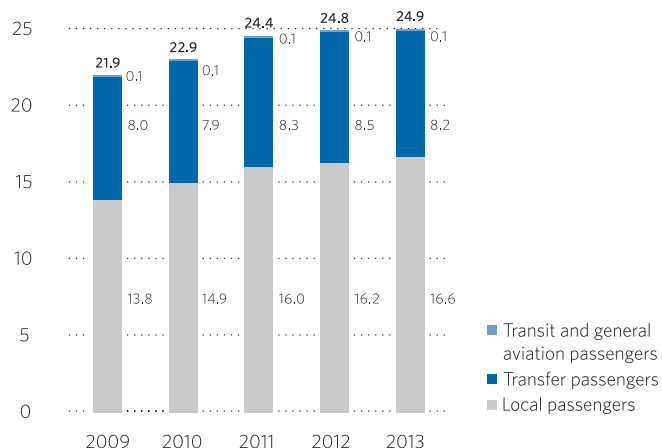
Strong network

In 2013, 61 airlines with scheduled service and 12 charter companies operated flights from Zurich Airport to 130 European and 54 intercontinental destinations. 2013 saw a weakening in the wave of consolidations of recent years, which resulted in the bankruptcy of several airlines relevant for Zurich. Only OLT Express Germany (Dresden and Bremen) was forced to discontinue operations. In order to boost their efficiency, in future large airlines will concentrate on larger airports and increase their capacities there through larger aircraft. This opens up new opportunities for regional airlines to serve decentral airports over the long term. In 2013, Intersky was the first to do so; the airline now serves Graz and Salzburg. Other airlines have announced that during 2014 they intend to enrich the Zurich Airport flight network with further destinations.

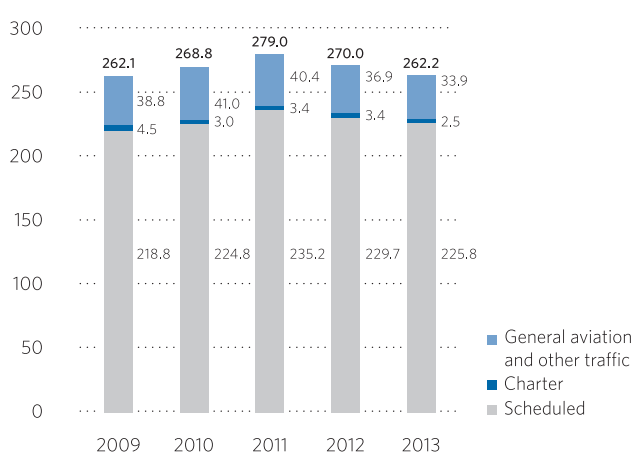
¹⁾ Source: ACI Airports Council International

Business development | Trend in traffic volume

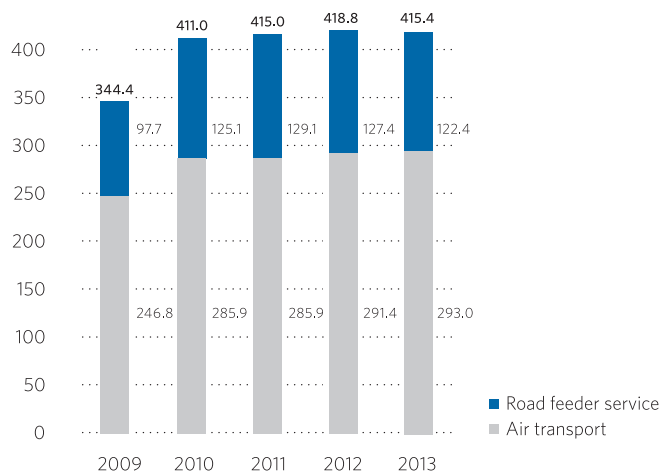
Trend in passenger volume (in millions)



Flight movements (in 1,000)



Freight (in 1,000 tonnes)



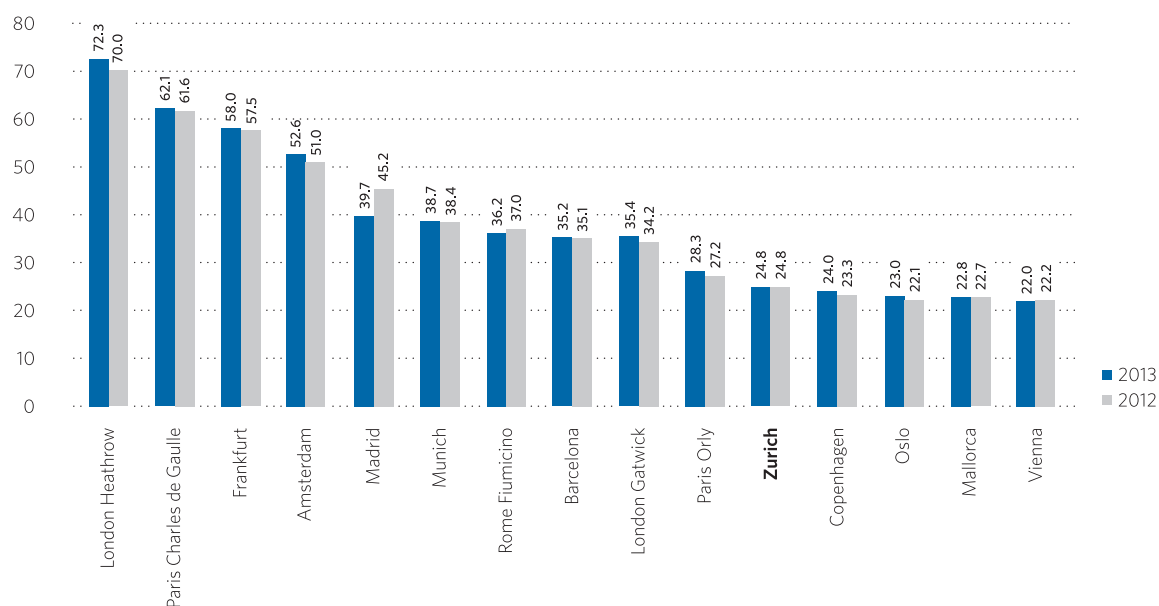
Airlines and destinations

Number of airlines	2013	2012
Scheduled flights	61	65
Charter flights	12	13
Destinations, scheduled flights (cities)		
Europe	130	130
Africa	19	20
Asia	17	19
North America	14	15
Latin America	4	4
Total	184	188
Destinations, scheduled flights (countries)		
Europe	36	36
Africa	8	8
Asia	14	16
North America	2	2
Latin America	4	4
Total	64	66

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

Passengers at European airports (in millions)

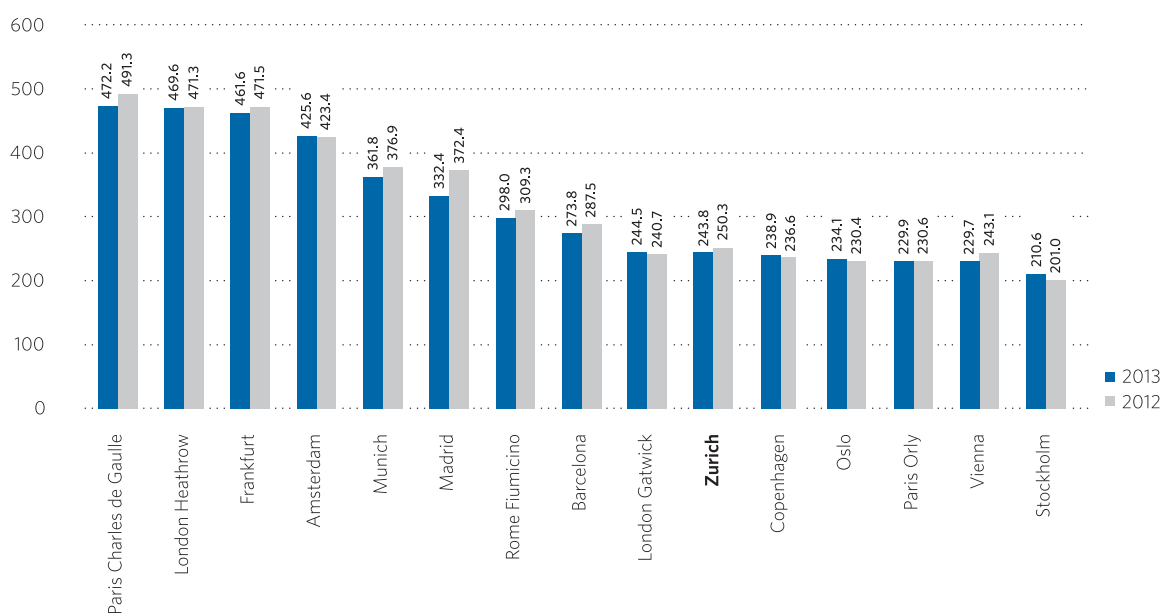
The 15 largest European airports in terms of commercial passenger volumes



Source: ACI Airports Council International (commercial passengers)

Flight movements at European airports (in 1,000)

The 15 largest European airports in terms of commercial flight movements



Source: ACI Airports Council International (commercial movements)

Aviation

Zurich Airport's operating licence runs until the year 2051. Accordingly, the airport operator is making long-term plans to develop its key infrastructure – Switzerland's largest airport. However, public attention is currently focused on a relatively short-term issue, namely airport charges for 2014 to 2017.

Airport charges

In the negotiations on airport charges, no agreement was reached between the parties. The airport operator greatly regrets this, especially since the changes to the tariffs proposed during the negotiations were well below the misleading double-digit percentages being bandied around in the media. According to the Ordinance on Airport Charges, if a consensus cannot be reached, the airport operator must submit its proposed charges to the Federal Office of Civil Aviation (FOCA). FOCA made its decision on the matter in November 2013. Firstly and most importantly, following the withdrawal of the 5 franc noise supplement, the overall charges for passengers at Zurich Airport will be lower than to date. The following table shows an overview of the passenger-related charges set by FOCA:

Local passengers

in CHF	Today	2014	2015	2016	2017
Passenger charge	21.00	23.20	23.70	24.20	24.70
Security charge	14.50	12.80	12.80	12.80	12.80
Noise charge	5.00	0.00	0.00	0.00	0.00
PRM charge	0.90	1.00	1.00	1.00	1.00
Total	41.40	37.00	37.50	38.00	38.50

Transfer passengers

in CHF	Today	2014	2015	2016	2017
Passenger charge	8.00	8.00	8.30	8.60	8.90
Security charge	10.00	10.00	10.00	10.00	10.00
Noise charge	5.00	0.00	0.00	0.00	0.00
PRM charge	0.90	1.00	1.00	1.00	1.00
Total	23.90	19.00	19.30	19.60	19.90

The security charge for local passengers was lowered thanks to the efficient operation of the new security check building. The 5 franc noise supplement has been discontinued. As it stands, the Airport of Zurich Noise Fund currently possesses sufficient assets to cover the costs for noise insulation measures in the areas affected by aviation noise and also the costs of formal expropriations, especially in view of the noise-related landing charges amounting to some tens of millions of francs flows into the noise fund.

For calculating the aircraft landing and parking charges in future, aircraft will be allocated to one of nine aircraft categories. The charges for the years from 2014 through to 2017 have been set for each of these categories. In the past, the take-off weight in tonnes was used as a factor

for calculating landing charges. The clearer categorisation of aircraft simplifies calculations and provides greater transparency. Parts of the ruling were contested by the Board of Airline Representatives, the airline Swiss and other airlines in the Lufthansa Group and can therefore not be implemented for the time being. The discontinuation of the 5 franc noise supplement as of 1 February 2014 is not affected.

Together with the flight operations charges, FOCA ordered the implementation of the Federal Administrative Court's recent decision on the matter of noise charges. In consultation with the relevant authorities and its partners, the airport operator will draft a new proposal for noise charges to be levied during shoulder periods and at night. This must be submitted to FOCA by the end of 2014. This will meet the Federal Administrative Court's requirement to strengthen the incentive effect of noise charges during shoulder periods and at night.

Development of runway system

Over the past year, the development of Switzerland's major transport hub attracted a lot of attention. What is at stake is nothing less than the future of Zurich Airport: how can it develop and what external influences will shape this development? Although many questions were answered, a few remain open, especially since Germany continues to stall on the international treaty between Germany and Switzerland on the topic of aircraft noise. It remains to be seen if and when this can be implemented.

Nevertheless, if the treaty is indeed implemented, planning work for the development of runways 10/28 and 14/32 must be progressed if Zurich Airport is to be ready by 2020. The treaty would have other far-reaching impacts, so it is vital that Zurich Airport has a viable alternative to the proven northern approach concept. This is only possible, however, if runway 10/28 is extended towards the west and runway 14/32 is extended to the north. The shortest runway 10/28 must be extended in order to enable long-haul aircraft to land on it in unfavourable weather conditions. In addition, runway 14/32 must be extended to enable all aircraft types to take off with their maximum loading. A further measure to strengthen the East Concept is the creation of a taxiway system around the eastern end of runway 10/28. This will reduce the number of aircraft crossing this runway after landing or before take-off. These changes would give Zurich Airport a viable alternative to the northern approach concept, enabling it to maintain capacity at almost current levels while greatly reducing the complexity of the system on the ground and in the air.

Within the company various departments are working closely together to move runway development forward. April 2013 saw the official kick-off of the project with commissioning of the planning work required. These plans will provide the technical basis for preparing the decisions to be taken by the Federal government, the Canton of Zurich and Flughafen Zürich AG. According to the Airport Act, the relevant planning application cannot be submitted to the Federal Department of Environment, Transport, Energy and Communications (DETEC) until the Canton of Zurich has approved the plan. However, since the 2020 timescale is very tight for a project of this size, the airport operator is already making a start on planning.

Operational infrastructure

Development work elsewhere on the apron is already well advanced. Already clearly visible from outside the perimeter fence, the steel frame of the new noise protection hangar is rising up in front of hangar 1. At 126 metres long, 26 metres high and 90 metres wide (max. exterior dimensions), the fully enclosed hangar will enable large long-haul aircraft up to the size of a Boeing 747-800 to perform engine ground testing. Up until now, this engine testing has been carried out directly on the hangar apron, on the runways or under the temporary noise barrier. The facility is on track for trials in the spring of 2014 and is scheduled to go into operation in early summer 2014. Once the noise protection hangar has opened, the temporary noise barrier will be dismantled. This has been in use as a transitional solution since February 2012 as a replacement for the obsolete noise baffles and is already making a significant contribution towards reducing noise levels.

All the other construction areas on the apron are in the northern part of the airport site. Another highly visible construction site is the one directly next to Dock E where the civil engineering works for the Echo North aircraft stands began in March. When these stands are commissioned in 2014, they will provide the additional stand capacity the airport will need to accommodate the new Bombardier CSeries aircraft of Swiss. This modern aircraft type has a significantly larger wingspan than the Avro jets which currently make up Swiss's fleet. As a result, it will not be possible to handle as many aircraft on the current stands north of Dock A.

Another capital-intensive civil engineering project is presently taking place to the north of Dock E: the renovation of runway 14/32. This main landing runway is now 35 years old and has been subject to a great deal of wear and tear, so its centreline and the associated electrical installations all need to be replaced. Although the main construction work will be carried out in 2014, the relevant preparatory work falls within the year under review.

Because of flight operations, it will be necessary to work during the night. Modern construction equipment and vehicles will be used to ensure that noise levels in neighbouring residential areas are kept to a minimum.

Construction of the GBAS (ground-based augmentation system) ground station also began at the end of May 2013. GBAS is used in conjunction with a new approach procedure which the airport operator has played a significant role in developing. For about two years now, appropriately equipped aircraft have been able to approach runway 14 from the north using satellite-based GPS technology. The GBAS ground station at the airport will increase the accuracy of the GPS signal so that in future aircraft will be able to use GPS technology to land even during low cloud or poor visibility conditions. With this investment, Flughafen Zurich AG is underscoring its leading role in the development and introduction of state-of-the-art flight procedures, also under the auspices of the European research project SESAR (Single European Sky ATM Research). The ground station will be installed and operated by Skyguide, which is responsible for all navigation facilities in Switzerland, but it will be financed by Flughafen Zürich AG.

Safety

FOCA published a safety report in spring 2013 in response to an incident in March 2011 in which two aircraft nearly converged during take-off. As a consequence, the Swiss Accident Investigation Board (SAIB) had recommended, among other things, a comprehensive analysis of operating procedures at Zurich Airport with the aim of simplifying complex operational processes and reducing systemic risks. This analysis was conducted on behalf of FOCA by Flughafen Zürich AG in conjunction with Skyguide, Swiss, and the Swiss Air Force. The key finding of this report: Zurich Airport is safe. However, its flight operations are complex owing to take-offs and approaches crossing one another, intersecting runways and the different operating concepts. The objective must therefore be to reduce complexity with a range of measures and thus increase the margin of safety. The airport operator has already implemented various measures mentioned in the report, and a number of others are in the pipeline. From the point of view of Flughafen Zürich AG, only measures that are financially reasonable and politically achievable should be implemented.

Airlines and passenger convenience

As one of the country's chief airports, Zurich Airport connects Switzerland to the world and the world to Switzerland. It is gratifying to note that this dense network of over 180 destinations continues to grow. Since May 2013 our hub carrier Swiss has been flying to Singapore – until then Singapore Airlines was the only airline flying to this city from Zurich. Swiss is also providing competition on the Zurich-Kiev route, previously served only by Ukraine International Airlines. Qatar Airways is the first operator to serve Zurich with the Boeing 787 Dreamliner. Since early 2014, Emirates Airlines, already long established at Zurich Airport, has operated one of its two daily flights from Zurich with the Airbus A380. This development will be welcomed not only by the business community, but also by the many airport fans who will now have an opportunity to marvel at an Airbus twice each day, one from Singapore Airlines and one from Emirates Airlines. For the time being, however, there is one visit by another giant aircraft that will remain truly unique: at the end of September 2013, an Antonov An-225 – the biggest aircraft in the world – attracted crowds of aviation fans when it landed at Zurich Airport to pick up cargo.

Shortly before Christmas 2013, Flughafen Zürich AG introduced new baggage carts. In a first step, some of the 2,500 old trolleys that had seen over 40 years of service were replaced by 1,500 new baggage carts overnight. By January 2014 the total number of new carts was increased to 2,500. The upgrade was prompted by advances in technology: the new model has better traction on the escalators than the old carts and is consequently easier to steer. The baggage carts remain free to use for all passengers and contribute to the high quality experience at Zurich Airport.

Winter operations

As part of implementing the measures set out in Zurich Airport's General Drainage Plan (GDP), the second phase of extending the de-icing runoff treatment systems is underway. This focused primarily on putting the newly built infrastructure in place: basins, pump systems, retention filter basins and spray irrigation areas. This phase had almost been completed by the beginning of November 2013. The waste water from de-icing operations across the whole of the airport's infrastructure is therefore now treated in accordance with the GDP and in compliance with statutory provisions. In a final stage lasting about one year, the technical equipment will be installed or converted and the pipe network will be completely replaced. The complete system is scheduled to come on stream during the next winter season.

The previous winter season of 2012-2013 brought Zurich Airport the harshest, longest winter in its history. Unsurprisingly, therefore, the winter services team reported record-breaking figures in all areas. Despite extreme operating challenges and highly adverse weather conditions, Zurich Airport remained open every day – a truly impressive demonstration of its efficiency.

Non-aviation

Non-aviation activities focused on large-scale building projects and the ongoing further development of commercial facilities.

Redesign of curbside lanes and car parks

The curbside lanes at the terminals are some of the oldest infrastructure at Zurich Airport and no longer meet current needs, either in terms of function or quality. They are therefore currently being completely redeveloped and upgraded on both the arrival and departure levels. A new management system with barriers and a routing system will improve traffic flows. The renewal of the traffic lanes, better lighting, a canopy over the whole road on the departure level, as well as upgrades to the existing infrastructure will lend the curbside lanes a uniform, contemporary appearance. In the departures area, a barrier system was installed on the outer curbside lane for private vehicles in August 2013. In the specially designated drop-off zones, people can drop off passengers free of charge for the first five minutes. After the first five minutes, a fee will be charged. Owing to the construction work, the curbside lane on the arrival level was closed to private traffic at the end of October 2013. The complete refurbishment of the curbside lane on the arrival level will take place in two stages and is scheduled to last until November 2014. Building work will then commence on the departure level. The construction work and upgrading of the entire infrastructure is due to be completed by the middle of 2016, when the curbside lanes will resume normal operation.

The southern extension of car park P6 which replaced car park P5 went into operation at the beginning of August 2013. The addition of around 1,300 parking spaces means that P6 now has capacity for approximately 4,000 vehicles. One small, but notable, new addition are the parking spaces for electric cars with two charging points from which power can be drawn free of charge. Next summer, a photovoltaic array will also be installed on the roof which will generate 680 megawatt-hours per year. This is the equivalent of the annual electricity consumption of around 200 households. In all its construction projects, Flughafen Zürich AG attaches great importance to addressing environmental aspects from an

early stage. With the photovoltaic array, the airport operator has been able to make optimum use of the roof area of the car park.

The next step is the extension of car park P6 towards the east. Ultimately the whole P6 car park complex will offer around 7,500 parking spaces and will consequently be one of the largest multi-storey car parks in Europe. Plans for the civil engineering works were submitted in October 2013, and installation work commenced at the end of 2013. The P6 eastern extension is scheduled to come into operation at the end of 2016.

Terminal 2 upgrade and infrastructure maintenance

The complete refurbishment and upgrade of Terminal 2 presents major logistical challenges as it involves completely renewing infrastructure which is right at the heart of passenger operations and is therefore constantly in use. The southern part of the building was completely gutted across all levels, expanded to the south, and adapted to the building's future use while still a construction shell. The new glass facade was completed at the end of September 2013, and the building is now light and friendly. Together with the new skylights, it creates a contemporary ambience in Check-in 2. The upgraded Terminal 2 provides more space and a clearer layout for passengers, with 16 desks being added to the check-in capacity. In the autumn of 2013, the check-in furniture and ticket counters were installed, and the baggage conveyors were tested. The various airlines are set to occupy their new check-in desks in the remodelled part of the hall already towards the end of the first quarter of 2014. Likewise in the spring of 2014, the second corridor with direct access to the Airport Center will be opened, which will enable even better management of passenger flows. The northern part of the hall will then be handed over to the builders. Remodelling the entire check-in hall will take until the end of 2015 – so the project will require understanding and patience for a little longer from everyone affected, including passengers and visitors.

The availability of technical systems during 2013 was maintained at the customary high level. The systems, including those for supplying electricity and heating to the airport, building services, the passenger transport systems to Dock E, baggage sorting, security installations, and the passenger loading bridges, all met their availability targets in 2013. The cooling plant in building A4 deserves a special mention. In the past, 22 cooling units at nine different locations had provided the cooling air for Zurich Airport in the areas between Fracht West and Dock A. New statutory requirements for refrigerants, the age of the system, and additional capacity requirements made it necessary to find a new solution for generating cooling air in future. The new cooling plant, which was successively phased in from September 2013, now pro-

vides the necessary cooling capacity reserves and meets all the statutory requirements regarding the use of refrigerants. The airport operator has therefore put in place the foundations for efficient, safe and maintenance-friendly operation.

It was also able to complete the redesign of the General Aviation Center (GAC). During the first phase which began in 2012, a new security check area and the new customs and passport checkpoints were built. Beginning in March 2013, the remaining infrastructure and passenger zones were renewed. The new GAC meets the needs of customers and also complies with earthquake resistance and fire prevention regulations. The GAC also offers additional office space for handling service providers and a new bistro to complement the operational facilities.

Retail and catering

The airport's duty-free business continues to be successful in both the departure and arrival areas. The centralisation of the security checkpoints enables passengers to spend more time in the Airside Center which, together with the completely renovated shops, has had a positive impact on retail revenues. Sales at the arrival duty-free stores introduced two years ago are charting growth in the double-digit percentage range, a clear sign that passengers are now well aware of them and are keen to use them.

Revenue per departing passenger rose in the year under review to CHF 43.20 (2012: CHF 41.70). Significant contributing factors were the various new retail store and food outlet openings. For instance, Victorinox, Mammut and Porsche Design opened new shops in the Airside Center, while a new Lauder boutique has expanded the offering on the perfume and cosmetics side. Various shops underwent major remodelling, including Türlér Boutique, Bulgari, Spirit of Switzerland airside, and Lacoste, Vögele Shoes, Calida, Swisscom, Orange and Marionnaud landside. November 2013 saw the Airport Center welcome a prominent new arrival in the shape of a Victoria's Secret shop. This leading fashion brand for lingerie and cosmetics opened its very first beauty and accessories store in Switzerland in the Airport Center at Zurich Airport. Incidentally, it was also the branch that recorded the highest sales among all Victoria's Secret stores of this type during its first three days of trading – worldwide! Migros' expansion project in the Airport Center will be implemented at the end of 2014. Innovative new café and restaurant projects were also realised. June saw the opening in the Airside Center of "Chalet Suisse", a new restaurant offering regional Swiss specialities. Other than the name perhaps suggests, in its contemporary design as well as in its creative menus, this waiter-service restaurant with seating for 100 diners reflects the modern face of Switzerland. Right from the

Business development | Non-aviation

outset, both passengers and airport staff were wowed by the ambience and quality. The new NZZ Café and the Press & Books shop at the base of Dock A followed in July. This unique combination of café and reading corner will help passengers while away their waiting time at the airport. A Starbucks café also opened in the middle of Dock A so passengers can now drop by this popular coffee shop in both the public and non-public zones of the airport. A modern Ritazza café also opened its doors at the furthest corner of Dock A. Following many successful years, the AlpenRock House on the Butzenbüel hill closed to make way for "The Circle" project.

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. Flughafen Zürich AG can look back on a stable business year without any notable additions or disposals. As at the end of the year, total vacancies amounted to 1.2 % of the property portfolio (2012: 1.3 %).

A long-term rental contract with SR Technics has enabled the airport to pursue the renovation of hangar buildings. In addition, a new oneworld lounge opened in the Airside Center. Meteo Swiss is currently preparing to move into its new headquarters. The tenant fit-out is already well underway, and staff will move in in the spring. The low vacancy rate for office space is being maintained, demonstrating the attractiveness of Zurich Airport as a location for business premises.

Services and promotions

No effort is spared to continually improve the quality of the airport experience for passengers and visitors. For instance, since the beginning of 2013, travellers have been able to surf the Internet free of charge for an hour. They also benefit from the 18 new surfing stations installed in Dock A. Capacity was also doubled by the addition of 30 new access points to increase surfing speeds. Another new development during the past year was a makeover for Zurich Airport's website which has been sporting a contemporary new look since 10 December 2013.

Something that is often overlooked is that Flughafen Zürich AG operates its own ICT centre of excellence, which in 2013 generated sales revenues of around CHF 23 million. This was also attributable to an arrangement with system partner Swissport, which switched over to the system and support from Flughafen Zürich AG for its company-wide telephone service.

Shortly before the end of the year, the airport operator opened its new VIP lounge. As well as creating a new high-quality space for guests seeking fast connections and discretion, it can also be used for political and diplomatic guests. Along with a bistro, rest areas and separate meeting rooms, the VIP lounge meets all the other requirements of such a facility.

As a mark of quality, "Swissness" is evident not only in the airport's services, but also in its numerous promotion partnerships. One particularly exciting cooperation took place in connection with the series "Best of Switzerland" with the Museum of Fine Arts Bern which presented a major exhibition of works by the Swiss artist Hannes Schmid. At the beginning of the autumn holidays in October, Swiss TV programme "Schweiz aktuell extra" broadcast live from Zurich Airport for nine hours, with a behind-the-scenes look at the airport usually hidden from the view of passengers, local residents, visitors and even airport staff. The programme provided viewers with a tangible insight into all the facets that make flying endlessly fascinating. In addition to Thomas E. Kern, important airport partners and Swiss Federal Councillor Doris Leuthard appeared as guests on the show. The enthusiasm for Zurich Airport also continues unabated on the new Observation Deck B, which succeeded in notching up over 320,000 visitors.

Project management (growth areas)

“The Circle”

The major project “The Circle” is proceeding apace. It represents the focus of Zurich Airport’s landside development strategy and will create a new high-quality service centre right at the heart of the landside transport hub of Zurich Airport, within walking distance of the terminals and the other airport buildings. The innovative utilisation mix comprising two Hyatt hotels, a large conference centre, brand showrooms, medical services, art spaces, training facilities and high-quality offices with adjacent green spaces, as well as numerous restaurants and entertainment options will create a vibrant international atmosphere and will lend the airport a whole new landside visage. The preliminary project for the real estate project known as “The Circle” was successfully concluded on 30 June 2013. The project was refined further, and additional security with respect to the investment costs has been achieved. On this basis, Flughafen Zürich AG has initiated the next phase – planning of the construction project. Advance occupancy for the first phase is presently around 30 %. The aim is to increase this to 50 % by the time construction is due to commence at the end of 2014. Completion of the first phase is expected in 2018, but some structures will commence operation as early as the end of 2017.

Financing for the project has also been secured, with Swiss Life AG coming on board as an experienced and professional partner. In December 2013 Flughafen Zürich AG and Swiss Life AG accordingly signed contracts to jointly finance this major real estate project. The contracts foresee a joint co-ownership structure, with Flughafen Zürich AG holding a 51 % stake, and Swiss Life AG 49 %. The airport operator will also contribute the respective land to the joint ownership structure. Operational management of the property as well as the lead role in the development, owner representation, and marketing of this major project will remain with Flughafen Zürich AG. The joint ownership structure will be created when the project is given the green light. This decision is expected to be taken at the end of 2014, and is above all dependent on the achievement of adequate advance occupancy and an investment cost cap to be set after completion of the next planning phase.

International business development

Activities have also stepped up with respect to other international airports. Following a lengthy period during which the airport operator and its strong partners always managed to come close to acquiring an operating concession, but ultimately fell at the last hurdle – not least due to the massively inflated bids of competitors in some cases, at the end of November it was able to report a success: Flughafen Zürich AG’s consortium with the Brazilian company CCR and Flughafen München GmbH won the concession tender for the operation and expansion of Confins International Airport in Belo Horizonte, Brazil. Flughafen Zürich AG has a 24 % stake in the consortium. The private consortium will hold a 51 % share of the local airport company, with 49 % remaining with the state-owned Infraero, which previously managed the airport’s operations. Confins Airport in Belo Horizonte was tendered out together with Galeão Airport in Rio de Janeiro by the Brazilian Civil Aviation Authority (ANAC) at the beginning of 2013. With around 11 million passengers, it is one of the most important airports in Brazil and is positioning itself to become a major domestic hub. In addition to the expected equity contribution of around CHF 24 million by the twelfth year of the concession, Flughafen Zürich AG will provide management services and appoint some key personnel. The concession agreement for 30 years is due to be signed in spring 2014.

Zurich’s airport operator is currently involved in the operation of ten further airports outside Switzerland in India and Latin America, including Bangalore in India, Antofagasta, Iquique and Puerto Montt in Chile, Bogotá in Colombia and in Curaçao. Flughafen Zürich AG’s strategy is to conclude management contracts in emerging markets such as Latin America, the Caribbean and eastern Europe, as well as Central and South-East Asia. These activities are always pursued in cooperation with strong local partners.

130

DIFFERENT SPECIES OF BIRDS
AND MAMMALS LIVE ON THE
AIRPORT GROUNDS.

3,352

OF A TOTAL 12,000 RUNWAY
LIGHTS AT THE AIRPORT BURNED
OUT AND WERE REPLACED IN 2013.

30

TONNES OF PAINT ARE USED TO MARK
PATHS DIRECTING PILOTS AND AIRPORT
EMPLOYEES ACROSS THE APRONS.

5.4

METRES: THE DIAMETER OF
THE TWO SKYMETRO TUNNELS
LEADING TO DOCK E.

18

KILOMETRES OF FENCING SURROUND
ZURICH AIRPORT.





GROUND MARKINGS AT DOCK E

Flughafen Zürich AG as an employer

Guiding principles

For the airport operator, its employees are the key to lasting success, and its human resources management is therefore geared to the 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, the bonus system and function evaluation process were revised.

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 2013 the range of internal further development training in technical and management subjects was further expanded.

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 around 30 interns and 25 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.

Recruitment marketing

Recruiting people with the right skills is particularly difficult for technical departments such as ones that deal with heating, ventilation, air conditioning, refrigeration, plumbing and electrical services. The labour market has dried up, and the competition among employers seeking to recruit people possessing these skills is fierce. This is also forcing Flughafen Zürich AG to take suitable marketing measures to intensify and optimise its recruitment efforts. A concept was therefore drawn up which, despite a modest budget, seeks to increase the recruitment success rate.

Occupational safety

As there are a number of occupational groups at Flughafen Zürich AG that are exposed to danger in the course of their work, for example on building sites, on the apron or during ground handling, the airport operator attaches great importance to occupational safety. For instance, the position of the occupational health and safety officer is firmly established, and numerous additional occupational safety measures have been implemented. Statistics for work-related and non-work-related accidents during recent years verify that these measures improve occupational safety.

Equal pay

Flughafen Zürich AG attaches great importance to treating all its employees equally. This applies with respect to ethnic origin, skin colour, sex, religion and age. The table below shows a comparison of pay between men and women.

Of the more than 1,600 employees, 32 % are female and 68 % are male. The average age is 44.

To be able to draw objective conclusions about equal pay, it is necessary to compare average pay on the individual function levels. A salary band is assigned to each function level on the basis of the requirements and responsibilities of the role. The salary bands are reviewed regularly to check they are in line with the market and are adjusted where necessary.

Function level 1 corresponds to the management level that is mostly directly under the Management Board. This is followed by function levels 2 to 6.

The pay differential between men and women is 2 percent. This is because on average men are two years older and therefore usually have more experience in the job. Each salary band has a bandwidth of +/-15 %, so that practical experience and good performance can also be taken into account in an individual's salary.

Function level	Headcount	Proportion of women	Avg. salary of women as a % of men
1 ¹⁾	39	7 %	n/a
2	144	21 %	95 %
3	239	19 %	99 %
4	403	27 %	97 %
5	300	31 %	99 %
6	212	47 %	98 %
Total	1,298	32 %	98 %

¹⁾ To compare the average pay of men and women, only those function levels which had sufficient numbers of both men and women were evaluated, which is why the comparison begins at function level 2. For the same reason, some interim levels between function levels 2 to 6 were not evaluated either. Consequently, out of over 1,600 employees, only 1,298 were included in the comparison. The pay of part-time employees was scaled up to give a full-time equivalent.

Restructuring of the BVK Employee Pension Fund

The Board of Trustees of BVK unanimously appointed Bruno Zanella, Head of Human Resources at Flughafen Zürich AG, as President for a term of four years. Halfway through the period of office, the President will exchange roles with the Vice President. From 1 January 2014, the foundation under private law established in 2013 will take over the operational management of the pension fund. The Board of Trustees comprising 18 members (nine each from the employer and employee side) is the supreme governing body of the now privatised BVK. The merger of the pension fund with the BVK foundation will take place in the autumn of 2014, with retroactive effect from 1 January 2014.

Since 1 January 2013, following the injection of CHF 2 billion by the canton and a good return on assets, the liquidity ratio increased from 90.9 % to 96.1 % (unaudited figure) at the end of 2013.

Social responsibility

As the biggest airport in Switzerland, Zurich Airport, together with the airlines operating in Zurich, provides excellent connections between the Zurich economic region and the whole of German-speaking Switzerland to the world's major cities and markets.

Zurich Airport is, however, now surrounded by one of the most densely populated areas in Switzerland. As a result, the different interests of the various parties – noise and environmental protection for residents on the one hand and demand-led growth of the airport's operations on the other hand – are increasingly coming into conflict. This tension between the interests of the business community, society, politicians and the environment is one of the biggest challenges constantly facing the airport operator. Now, more than ever, it is clear that a regulatory environment is needed which takes account of these conflicting interests without imposing unnecessary restrictions on Zurich Airport.

Economic importance

Zurich Airport is a regional, national and international transport hub, one of the biggest workplaces in the Canton of Zurich, a service centre, and consequently a business location in its own right within the Canton of Zurich: around 280 companies employ over 25,000 people at Zurich Airport, together creating value to the tune of around CHF 6 billion. In addition, thanks to its efficient infrastructure, Zurich Airport supports 184 direct flights to global destinations, turns over around 415,400 tonnes of freight, and offers a friendly welcome to 10,000 overnight tourists per day, consequently strengthening Switzerland's standing as a tourist destination. These are the findings of a study on the economic importance of Zurich Airport conducted by BAK Basel and Infrast in 2013¹⁾.

Associations, interest groups and political dialogue

As in previous years, in 2013 Flughafen Zürich AG continued its constructive cooperation with national and international industry associations. In particular, it was possible to pool interests to a greater extent within the Swiss International Airports Association (SIAA), the association of six Swiss airports operating scheduled flights, and to speak with one voice in the political arena.

Informing and conducting dialogue with critical organisations around Zurich Airport was also further intensified. The airport operator's management attended various information events in the region to proactively represent the airport's position in a factual way and answer questions openly about the need to extend the runway system because of the international treaty with Germany.

In addition, it continued to pursue its strategy established over previous years of systematically informing important political players. Besides its annual event for neighbouring communities, the airport operator notably organised direct information events for some parliamentary groups in the Cantonal Parliament. Strengthening the region is very important to Flughafen Zürich AG. It is therefore involved in the "Flughafenregion Zürich", an association which aims to create an active business network and promote the development of the whole of the Glatt valley.

Political environment

Last year the Swiss Parliament approved the treaty with Germany on flights approaching Zurich Airport over southern German territory. The National Council and the Council of States thus acknowledged the significance of this treaty for Switzerland, its economy and especially its aviation sector, and that this treaty can create the necessary legal and planning certainty for future development. In Germany, however, the ratification process was suspended. Flughafen Zürich AG is continuing to actively lobby for the treaty in order to secure the urgently required legal and planning certainty as this is the only way that the challenges facing the aviation industry can be overcome in the long term. Following the formation of the new German government in December 2013, the new German Transport Minister must now resume the ratification process for the treaty that was agreed after lengthy negotiations and was signed by the two transport ministers at the time.

¹⁾ For more information see www.zurich-airport.com/economy

Sectoral Aviation Infrastructure Plan (SAIP)

On 26 June 2013 the Federal Council approved the Zurich Airport Sectoral Aviation Infrastructure Plan (SAIP). With this plan, Zurich Airport now has, for the first time, a spatial planning foundation that markedly increases its legal and planning security. The part of the plan which has now been published corresponds largely to current airport operations on the existing system of runways.

In a further planning step, the Federal Council will decide on the adjustments required by operational implementation of the state treaty with Germany and safety-related upgrades.

This type of phased plan also enables the airport to make structural and operational changes that are required by safety-related optimisations and which are not related to the state treaty. This is necessary because airport buildings and operational changes which have a considerable impact on the environment, space and capacity, may not be realised without a legal basis in the draft SAIP. Based on the current level of knowledge, implementation of the state treaty will involve extending runway 28 (landings from the east) and runway 32 (take-offs to the north). At present, however, the planning document only contains preliminary guidelines on the flight operations as stipulated by the state treaty, so these are not yet legally binding. On this basis the airport can nevertheless initiate the necessary planning steps by way of preparation. Ahead of the Federal government, first the Zurich Cantonal Government and Cantonal Parliament – and ultimately also the Zurich electorate – will decide on runway extensions. The curved north approach as an alternative to the current southern approaches is also put forward as a preliminary proposal. The definitive decision on this option, too, will be taken in a subsequent step.

Noise charge framework

As required by FOCA, on 1 May 2013 Flughafen Zurich AG provisionally implemented the revised noise charge framework. The changes are intended to reintroduce an incentive effect. In other words, wherever possible, airlines should deploy quieter aircraft for their flights to and from Zurich. Owing to technical advances, only around 10 % of all aircraft using Zurich Airport were subject to noise charges under the old rules. Some residents have raised objections to the new framework, however. Following the Swiss Federal Administrative Court's ruling of 30 October 2013, the framework must be revised again, paying particular respect to flights during shoulder periods and at night. On 14 November 2013, FOCA set Flughafen Zürich AG a deadline of the end of 2014 to comply.

South-side sound insulation concept

At the beginning of December, FOCA approved Zurich Airport's sound insulation concept for south-side residents. This concept provides for the installation of automatic closing mechanisms on the bedroom windows of residential properties located under the southern approach route to runway 34. This will benefit around 1,300 properties in the communities of Opfikon-Glattbrugg, Wallisellen, Zurich and Dübendorf. The mechanism on the bedroom windows will automatically close bedroom windows in the early morning before the first incoming flight approaching from the south, preventing residents there from being woken early. Because the perimeter used is not based directly on acoustic criteria (but only takes these indirectly into account), and the legal situation is still somewhat unclear, FOCA has given the airport operator two years to submit a supplementary concept for protection measures which takes the latest findings from noise impact research into account. This update should then be used as the basis for a new process.



Employees, society and the environment | Background discussion

Interview with Thomas Graber, Project Leader for the Upgrade of Terminal 2



The Terminal 2 upgrade project involves the complete renovation of Terminal 2 by the year 2015. While operations in the terminal continue, the entire building is being dismantled down to its shell and then completely rebuilt in phases. A range of structural alterations will be carried out to optimise the terminal's infrastructure and appearance, and thus make it more passenger-friendly. The renovation of Terminal 2 is presently the largest construction project at Flughafen Zürich AG – and a reference project in Switzerland for the efficient total reconstruction of a building during ongoing operations. As project leader, Thomas Graber is responsible for managing the construction of the upgrade. He trained as both a draughtsman and a mason, then completed an additional programme in construction management and project management at the Zurich University of Applied Sciences (ZHAW) in Winterthur. He has been working for the airport operator since 2007.



Flughafen Zürich AG (FZAG): *You have been managing this project since 2009. That's more than four years, and quite a long commitment ...*

Thomas Graber (TG): Yes, but it's a very exciting one. The upgrade project in Terminal 2 is divided into five phases, and brings together a lot of sub-projects, so it's very complex. Some of these sub-projects were carved out and brought forward, such as the renovation of Arrival 2, the baggage claim area, space for the arrival duty-free shops, the Swiss Arrival Lounge and the customs exit. The southern end of the check-in hall was dismantled down to its shell and rebuilt, and the reopening and commissioning of that area is now taking place. Right now, the old walkway between Terminal 2 and the Airport Center is being closed, and we are starting on the renovation of the northern part of the building, which will take around another two years.



FZAG: *Construction is taking place amid ongoing passenger operations. How does that work?*

TG: That is indeed a big challenge, and one that demands extremely precise planning on our part and a lot of patience from both passengers and our airport partners. It's a complex project, because Terminal 2 is at the heart of the airport. It's home to a lot of public traffic – people picking up or dropping off passengers and visitors who want to shop or dine here. The renovation is going well because we are working in phases. The sub-projects are manageable in size and the partial successes – that is, the conclusion of each construction phase – give us all the energy to keep going.

FZAG: *As project leader, how do you maintain your overview of a project like this one?*

TG: You can't get bogged down in the details. You have to keep an eye on the overall aims in terms of costs, deadlines and quality. I spend 80 % of my time on coordination and decision-making. I'm fortunate to be able to work with an extremely motivated and capable group of people. Responsibilities in the core team are clearly delineated: a project manager from Terminal Engineering coordinates all the orders that affect processes inside the building. That includes the infrastructure wishes of our airport partners – everything from telephones to check-in counters. These wishes all flow into a committee and are evaluated there.

FZAG: *Where are the biggest challenges in this project?*

TG: We're building right in the middle of airport operations, so we have to ensure that there are no accidents and that the passenger processes can continue smoothly. And with a multi-year construction project like this one, a certain fatigue can set in, so it's also important to motivate people by reminding them of our goals and to keep them interested at times when things don't move so quickly. That was necessary last winter, for example, when we got behind schedule because of the weather and then had a lot of catching up to do.

FZAG: *The renovation is costing around CHF 230 million. The costs and deadlines are very tight, and any delay affects airport operations directly. That's a lot of responsibility. Does it ever cause you sleepless nights?*

TG: No, if I'm sleepless, the reason is my daughter, who was born last summer. Terminal 2 has been part of my work life for more than four years, and you learn to make the best of it. The key thing is to have a good team and be able to get along with people. Besides, I don't have to do it all myself. Internally and externally there are around 60 people involved in the planning, in addition to the construction workers. And I think that when the going gets tough, my background as a mason is helpful: after all, ultimately construction's all about hammering and building walls.

FZAG: *What particularly delights or fascinates you about this project?*

TG: I've been involved in this project for a long time now. There is one amusing coincidence: Terminal 2 and I are practically the same age, right down to the day. It was opened on 1 November 1975 and I was born on 3 November 1975. But there's one other thing: a particular highlight for me is the new Terminal 2 façade facing the curbside lane. The big glass front lets plenty of light into the building and gives it a feeling of space that has a very positive effect. It's uniquely beautiful.

Noise management and resident protection

Recording aircraft noise exposure

Article 38 of the Noise Abatement Ordinance stipulates that aircraft noise emissions must be determined by calculations. These calculations are performed annually by the Swiss Federal Laboratories for Materials Testing and Research (EMPA) using actual flight movements and paths as well as emissions data for every aircraft type that passes through Zurich Airport. Flughafen Zürich AG also operates a fixed network of noise monitoring terminals to ensure objective data for discussions on the topic of aircraft noise. This network presently encompasses fourteen stations, of which thirteen are in operation; one station is temporarily out of service owing to renovations. Individual measurements at these stations enable the development of noise levels at specific locations to be tracked over a number of years. Aircraft noise levels at the monitoring terminals did not change significantly in 2013 in comparison with the previous year.

New model for noise charges

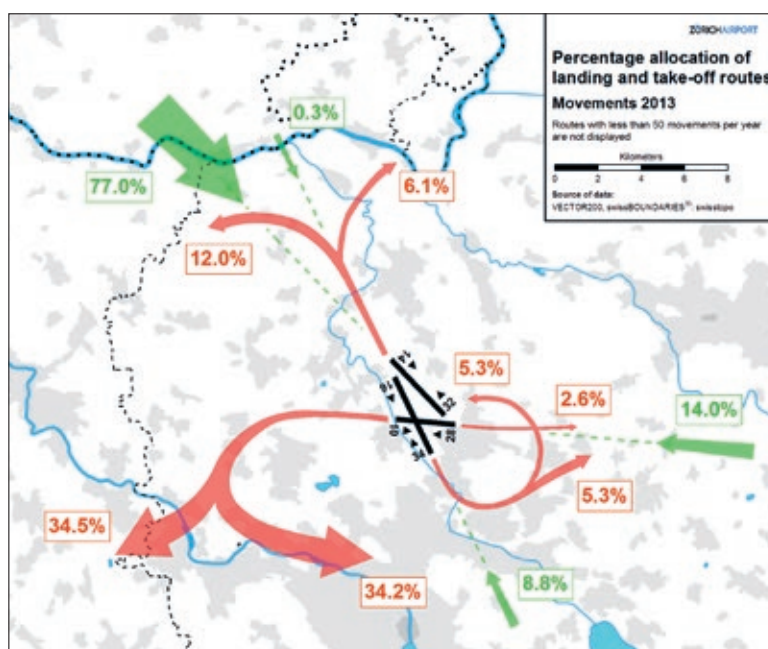
The collection of noise charges is intended to encourage airlines to use aircraft that are as quiet as possible for service to Zurich Airport. The model for noise charges assigns each jet aircraft type to one of five noise classes with varying charge rates. In order to ensure that the charges retain their incentive effect over the long term, the noise charge model from 2000 was revised in 2013,

as most aircraft landing in Zurich are now in the least noisy category, which is free of charge. The new noise classes mean that around 75 % of all aircraft landing at Zurich Airport must again pay noise charges. There are various rates for each noise class; they are charged per landing and take-off. In addition, there are rates for night-time flights; these vary according to noise class and the time of landing or take-off. Rates for the sensitive fringe hours from 9 to 10 p.m. and from 6 to 7 a.m. have been added to the noise charge system. This revised model was implemented provisionally on 1 May 2013 despite two complaints.

Night flights and special authorisations

The number of flight movements and their distribution across the various runways is of central importance for noise levels. Night-time flights in particular (10 p.m. to 6 a.m.) are often perceived by the population as a disturbance. Night flight movements in 2013 amounted to around 3.9 % (2012: 4.1%) of total flight movements. Special authorisations were issued for a total of 186 flights (2012: 273 flights) which took place during the night-time curfew. Such night flights are only authorised when there are justifiable grounds for them. Flughafen Zürich AG endeavours to minimise the number of night flights by continually optimising the punctuality of departing flights.

Distribution of arrival and departure routes in 2013



Monitoring of take-off routes

Take-off and approach routes to and from Zurich Airport are configured in such a way as to avoid direct over-flights of densely populated areas wherever possible. Adherence to these low-noise flight paths is consequently mandatory during the daytime up to an altitude of at least 5,000 feet, and at night up to flight level 80 (approximately 8,000 feet) and is continually monitored by Flughafen Zürich AG.

In the event of a significant deviation from these prescribed routes, the erroneous take-off procedure is investigated in detail in the interests 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 strive to optimise their future take-off behaviour.

Sound insulation measures and noise compensation

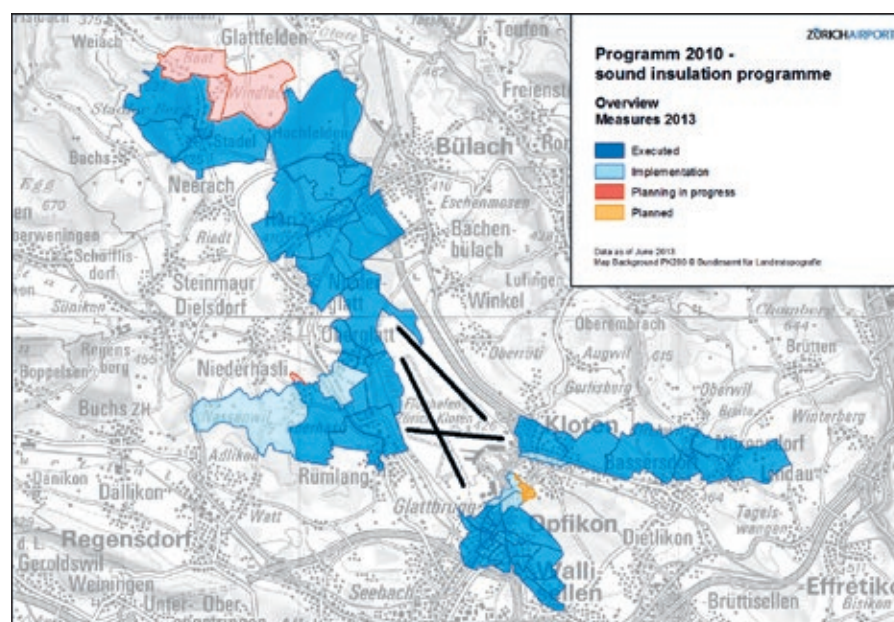
Alongside engine noise abatement, the sound insulation programme is an important element in the airport's efforts to combat aircraft noise. It focuses on passive noise containment in buildings and finances sound insulation measures. As the airport's operator, Flughafen Zürich AG is obliged by law to fund these protective measures. Owners of properties which are noise-sensitive and located within 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 are reimbursed for their investment by Flughafen Zürich AG. Between 1999 and 2013 around CHF 171 million was spent for sound-insulating measures in more than 4,200 buildings. Of the CHF 20.6 million in expenses in 2013, CHF 10.6 million was attributable to window renovation and CHF 10.0 million to reimbursements.

Flight path deviations

	2013	2012	2011
Total number of registered deviations	5,283	4,025	3,208
Proportion of which investigated	117	166	235
Investigations suspended, caution issued	119	160	247
Discussion with pilot / chief pilot	29	7	9
Cases reported to FOCA ¹⁾	0	0	6

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

Overview of sound insulation measures 2013



Environment

Environmental responsibility

The operation of Zurich Airport has an impact on the environment. As the operator of a transport hub, Flughafen Zürich AG therefore bears great responsibility for structuring the operation and further development of the airport such that this impact is minimised as much as possible and always remains within the limits permitted by law. Flughafen Zürich AG and its airport partners make every effort to realise this objective. The principal issues – air quality, climate protection, energy consumption and biodiversity in addition to the central topic of aircraft noise – are laid down in the company's environmental guidelines.

Environmental management system

Since 2001, Flughafen Zürich AG has had an environmental management system which is certified according to ISO standard 14001:2004. The system is used to record and analyse all the environmentally relevant processes at the airport. An internal review of the airport's environmental performance is conducted every year in an ongoing effort to identify possibilities for improvement. This review aims not merely to identify the company's overall impact on the environment, but also to continually improve processes.

Flughafen Zürich AG's conformity to ISO standard 14001:2004 was successfully recertified in 2013 in line with the standard's three-year cycle. This involved a comprehensive audit by external experts which was conducted at the same time as the audits of other management systems. In the process, Flughafen Zürich AG was recognised for its very high degree of environmental awareness. Among the most important tasks is the sensitisation of all airport employees with regard to environmentally responsible behaviour at the workplace and in the planning of airport projects.

Extensive data management

The foundation for measurable success in environmental protection is the availability of precise data, as this is the only way to enable measurable goals to be set and monitored objectively. This is why Zurich Airport operates several monitoring stations which deliver precise data on air quality and meteorological parameters. Data on energy and water consumption are also collected by monitoring stations. Other data are collected annually across the airport, recorded and summarised in the form of key figures standardised for the aviation industry.

Environmental supervision of construction projects

Flughafen Zürich AG works intensively on the environmentally responsible planning and implementation of construction projects. A variety of developments – such as passenger volume growth at Zurich Airport and the trend toward larger aircraft, but also changes in the political environment – necessitate construction projects for expansions and renovations. All construction projects, however small they may be, are assessed for their ecological impact during realisation as well as during subsequent operation. Larger projects are closely tracked with a view to environmental protection. The environmental protection regulations for building projects laid down by Flughafen Zürich AG are always an integral part of tender terms and construction contracts.

Dialogue on environmental issues

Transparency regarding its processes is the top priority for Zurich Airport. Events such as tours and presentations offer opportunities every year for contact with hundreds of people who seek information on environmental protection topics, and the observation decks offer a wealth of interesting facts on these topics as well. At both the airport itself and at external exhibition sites, the travelling exhibition on environmental protection illustrates the environmental challenges confronting Zurich Airport and shows how it masters them.

Naturally there are other sources of information about Flughafen Zürich AG's efforts on behalf of environmental protection in the form of brochures and detailed technical reports which are continually updated and can be downloaded from the airport's website.

Energy

Energy consumption

Zurich Airport is considered a large-scale consumer in its consumption of electricity and energy required for heating. In 2013 the consumption of heat across the airport amounted to 119,168 MWh, which corresponds to an increase of 5.5 %. This is primarily due to the cold spring and low temperatures at the end of the year, compared with the previous year. Electricity requirements grew as well by a slight 0.8 % to 195,347 MWh.

Measures to reduce consumption

Flughafen Zürich AG continually implements measures designed to reduce its energy consumption. A team works exclusively on continual operational refinements of the systems. During 2013, for instance, optimisations to reduce long-term energy requirements were undertaken at Dock B, which went into operation at the end of 2011, as well as in the security check building. A new cooling plant on the roof of the baggage sorting facility was put into operation; in future it will provide much more efficient cooling in the summer than the old system did. The ongoing renovation of the airport's buildings

also contributes substantially to reducing their heating requirements. Today's standards and possibilities for insulating building shells and controlling inside temperatures enable significant energy savings.

Large-scale consumers agreement

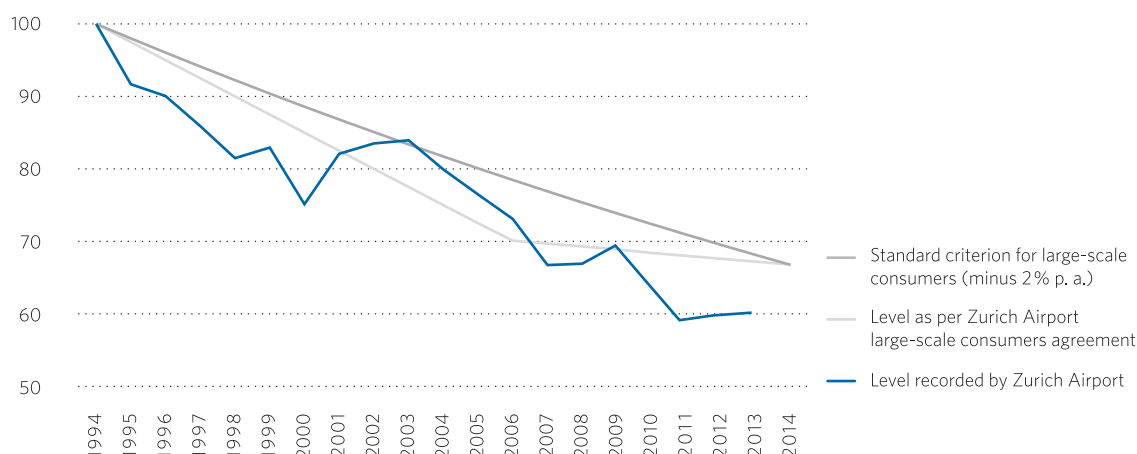
Specific total energy consumption at Zurich Airport was not decreased in the year under review. However, it is on a par with the last two years and thus still well below the target of the Building Department of the Canton of Zurich. The airport has thus continued to comply with the large-scale consumers agreement concluded between 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. This agreement, which has been in place since 1998, requires a 2 % reduction every year in energy consumption in terms of the amount of heated or cooled space (energy consuming area) and passenger volume. The authorities forego any detailed requirements, and the participating companies are largely free to choose the measures they use to meet these energy targets.

Trend in Zurich Airport's energy use

	2013	2012	2011
Heat consumption by the airport (MWh)	119,168	112,948	108,415
Electricity consumption by the airport (MWh)	195,347	193,896	185,250
Total energy consumption (MWh)	314,515	306,844	293,665

Specific total energy consumption at Zurich Airport (as at 1.1.2014)

Specific energy consumption
(in %)



Energy

Long-term development

Flughafen Zürich AG has implemented measures to reduce its energy consumption for many years now, and its efforts have been successful: although Zurich Airport has grown steadily in recent years and today has around 50 % more energy consuming area as well as handling 60 % more traffic than it did 20 years ago, its energy consumption has remained stable. The renovations of numerous buildings and other infrastructural elements over the last few years have played a large part in this positive development. Just as important are the low-energy buildings realised as part of the 5th expansion phase in the 2000 - 2004 period.

Production of heat and electricity

Heat at Zurich Airport is provided mainly by the airport's own heating plant. It is operated with an average of 90 % natural gas and 10 % heating oil, and as a combined heat and power generation system simultaneously generates electricity. The fuel needed for the plant is thus utilised in optimum fashion. The energy piles in Dock E – a geothermic technology – enable the extraction of a substantial amount of the energy needed in winter and the dissipation into the ground of excess heat in the summer.

The consumption of heat across the airport has dropped over the last 20 years. Electrical consumption, on the other hand, has risen slightly but steadily. Savings by consumers who are becoming increasingly efficient are more than offset by higher demands in terms of comfort

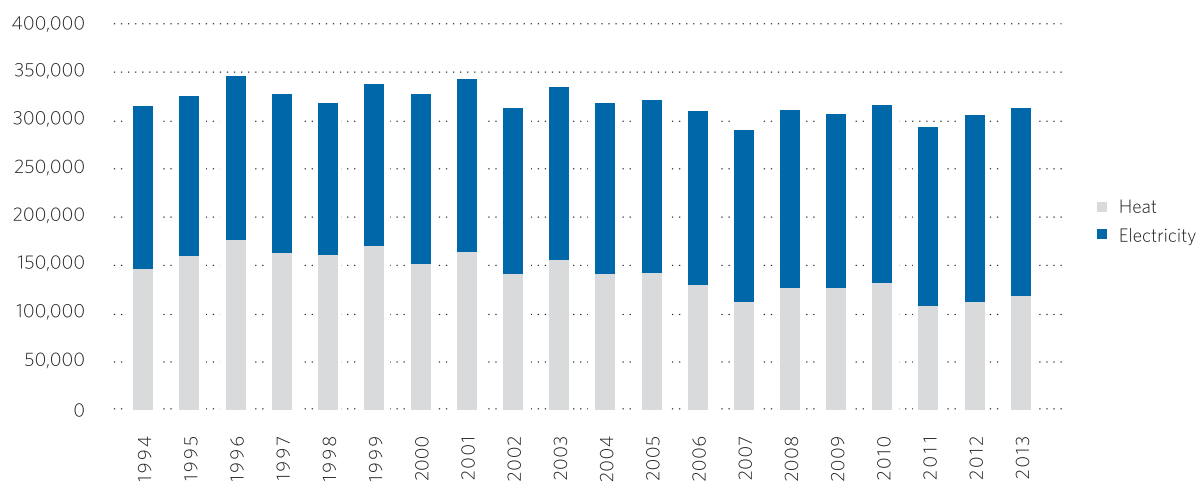
and the increase in appliances that use electricity. This is a direct effect of the growth of Zurich Airport and its volume of passengers and visitors. Zurich Airport purchases 91.5 % of its electricity via the public grid from Industrielle Betriebe Kloten (IBK) and 8.2 % from Flughafen Zürich AG's power station. The remaining 0.3 % is generated by the photovoltaic installation on the roof of Dock E and by the emergency generators.

Energy Strategy 2030

Over the past year, Flughafen Zürich AG has been working intensively on its future energy supply. The Swiss Confederation's "Energy Strategy 2050" and the associated phase-out of nuclear energy as well as other expected energy developments have led the airport to examine its present situation closely and to draft scenarios for the future. The result of these efforts was the Energy Strategy 2030, published at the end of 2013, which has the objective of ensuring a secure and economically and ecologically sound supply of energy at Zurich Airport. Three concrete aims are set out in this strategy. The first is a reduction in primary energy consumption, because every unit of energy not used is a unit that need not be generated or transmitted, and this saves resources and money. The other two aims are a smoothing-out of peak demand and an increase in the airport's energy autonomy. The measures necessary to achieve these aims are being determined in projects and the regular infrastructure planning.

Developments in energy efficiency since 1994

Consumption in MWh



Global climate

Airport-wide inventory

Climate protection is one of the focal points of environmental protection at Zurich Airport. The only greenhouse gas produced in relevant quantities at Zurich Airport is carbon dioxide (CO₂). Both CO₂ emissions at Flughafen Zürich AG and emissions from other sources at Zurich Airport are documented. This inventory is drawn up in accordance with the Greenhouse Gas Protocol (GHG Protocol) and amended on the basis of other guidelines published by Airports Council International (ACI). In the process, individual sources of CO₂ are allocated to different spheres of influence known as "scopes": scope 1 comprises airport-owned or controlled sources (e.g. vehicles, heating systems, own electricity production), scope 2 covers off-site electricity generation (grid) and scope 3 covers other airport-related sources (e.g. aircraft and aircraft handling). The sources that 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 of overall emissions is attributable to actual aircraft on flights to their various destinations (scope 3).

Voluntary CO₂ reduction targets

In order to reduce the CO₂ emissions from scopes 1 and 2 even further, Flughafen Zürich AG has set itself voluntary reduction targets. By the year 2020 the emission of CO₂ is to be reduced to 30,000 tonnes for scopes 1 and 2, and by 2030 to 20,000 tonnes. That corresponds to a drop in CO₂ emissions of more than 50% compared with 1991 against the backdrop of a growing infrastructure.

Climate programme

Since 2010 Flughafen Zürich AG has been accredited by Airport Carbon Accreditation for its climate protection programme. This independent accreditation system was launched in 2009 by Airports Council International (ACI) Europe and has four award levels for the management of CO₂ emissions, with the highest level signifying that airport operations are carbon-neutral. Since the very beginning Flughafen Zürich AG has been accredited at the second-highest level, which means that its own CO₂ emissions are continually reduced; airport partners are likewise involved and also make an effort to reduce emissions. A total of 78 airports in Europe and others in Asia and Africa are meanwhile accredited.

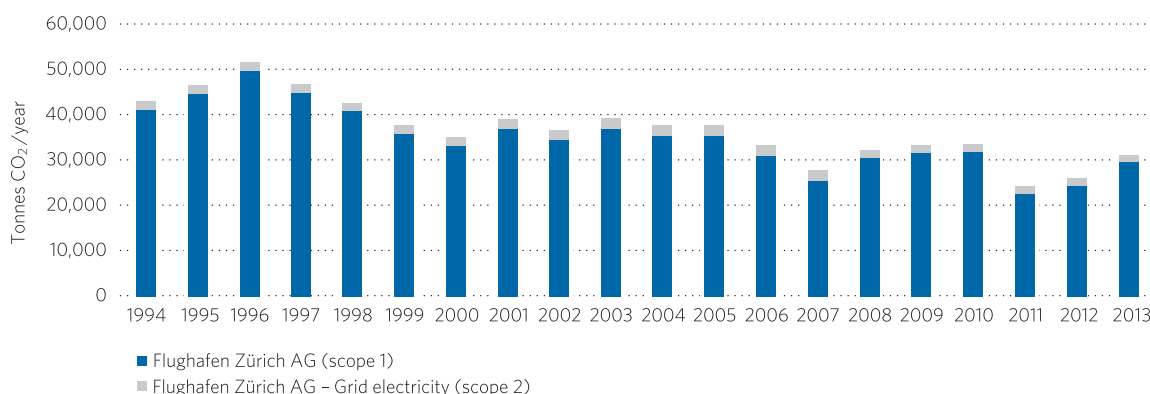
CO₂ emissions in 2013

During the year under review, carbon dioxide emissions amounted to 29,656 tonnes for scope 1, 1,517 tonnes for scope 2 and 3,409,942 tonnes for scope 3. The increase in emissions for scope 1 is due to higher electricity production and slightly higher heating requirements.

Based on the revised CO₂ Act and the related ordinance, Flughafen Zürich AG has been obliged since 1 January 2013 to participate in the Swiss federal emissions trading system. In return, the CO₂ levy on fuels is reimbursed.



CO₂ emissions at Zurich Airport by scope since 1994



Local air quality

Air pollutants

Nitrogen oxides (NO_x), particulate matter (PM) and ozone (O₃) are the main pollutants that affect local air quality at Zurich Airport. Every year the contribution of the various sources at the airport for each pollutant is calculated, as it generally cannot be measured directly at the source. Flight operations – the movement of aircraft on the ground and in the air in the vicinity of the airport – account for the majority of emissions. The situation is virtually unchanged compared with the previous year.

Regional air pollution

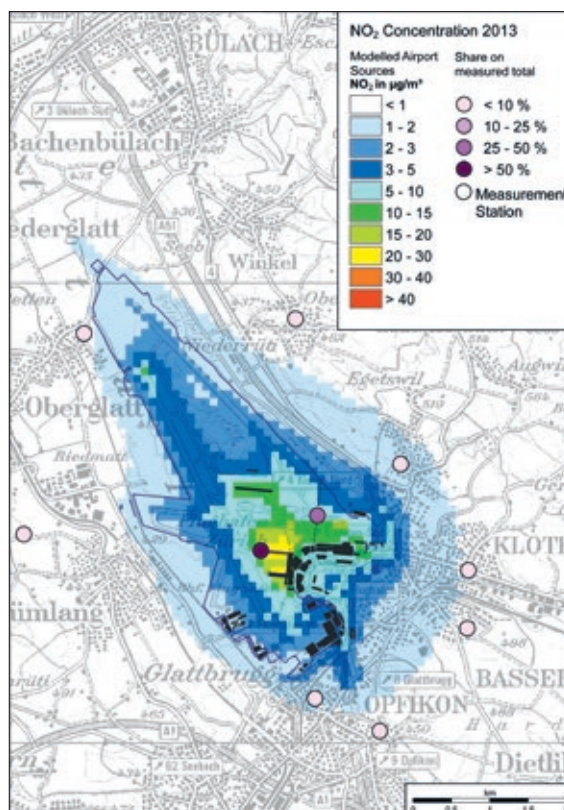
In addition to calculating emissions, regional concentrations are modelled for the main pollutant, nitrogen dioxide (NO₂). The result is an image of the degree to which pollutant emissions from Zurich Airport have a negative impact on regional air quality (see diagram at right). The precision of this image was confirmed by the results of the various monitoring stations in the region. Outside the airport perimeter the airport's effect on overall levels of pollution amounts to a maximum of 10 %. A comprehensive study produced last year together with the Office for Waste, Water, Energy and Air of the Canton of Zurich (AWEL) also showed clearly that Zurich Airport produced substantial immissions on the airport's apron zones, but had little influence outside the airport perimeter. The immission threshold is exceeded only along the main roadways, where vehicular traffic also produces high emission levels. However, this situation remained virtually unchanged compared with 2012.

At the airport itself, a number of air pollutants are continually monitored by several fully automatic monitoring stations operated by AWEL on behalf of the airport. Moreover, two additional passive collectors like those installed throughout the region collect and deliver data on air pollution directly next to the runways and at the open aircraft stands on the aprons.

Measures to improve air quality

The ongoing improvement of air quality has a high priority at Flughafen Zürich AG. In recent years, pollutant emissions have stabilised despite an increase in operations. A host of measures is aimed at reducing the number of hours combustion engines are operated as well as optimising the combustion process itself. For example, vehicles powered by electricity are gradually supplanting those powered by diesel fuel or petrol, and more and more of these emission-free vehicles are used in ground handling. Flughafen Zürich AG has only limited influence on actual flight operations, where the largest volume of emissions is generated. However, it leads through its work on international committees that focus on the reduction of pollutant emissions from aircraft engines and the optimisation of airport operations, thus contributing to future improvements.

Impact of the airport on local air quality in the region



Water and nature conservation

Water consumption

A total of 578,552 m³ of drinking water were consumed at Zurich Airport in 2013, amounting to 2 % less than in the previous year. In addition, 141,886 m³ of ground water were pumped and used in part in technical installations. 13,427 m³ of rainwater were used for toilet flushing. The total consumption of fresh water thus amounted to 733,865 m³, representing an increase compared with the year before. The consumption of fresh water per passenger thus comes to 29.5 litres.

Nature and countryside

Green space at the airport

The fence around Zurich Airport encloses 780 hectares of land. Around half of this land consists of green space that forms an expansive natural area and offers valuable pockets of space for animals and plants. Part of the meadows directly adjoining the security area is used as a technical system for the eco-friendly treatment of de-icer runoff. 74 hectares are forest and nature conservation areas, of which 44 hectares have been constitutionally designated as protected marshland. Together with the other adjoining nature conservation areas to the west and east, this is what remains of the former marsh landscape.



Rare species

Today, the green space within the fence is a mosaic of vast meadows, reed meadows, fen woodland and low moorlands which offer rare species an ideal refuge thanks to the protection afforded by the fence. Breeding corn buntings (*Emberiza calandra*), which have become very rare in Switzerland, were once again observed on the northern end of the airport during the year under review. Beavers have now also settled in, felling shrubs and trees industriously since they arrived two years ago.

Preservation and bird strikes

Flughafen Zürich AG manages its green spaces in a natural and environmentally friendly manner. Yet without human maintenance, sooner or later the landscape would become overgrown and lose part of its ecological value. For this reason, but also to ensure the security of flight operations, regular intervention is necessary. An annual maintenance plan is produced every year and implemented by Flughafen Zürich AG together with managers from the region.

The management of most of the spaces as extensive high-grass meadows makes a major contribution to reducing the risk of collisions between aircraft and birds (bird strikes), because high grass is not attractive to birds of prey hunting for food or to flocking birds. In addition, it supports a nutrient-poor cohesive meadow landscape with a high diversity of species.

During 2013, it was necessary to intensify the felling of trees in the "Klotener Ried" conservation area between the runways in order to ensure a free line of sight from the tower to runway 14/32. At the same time, the clearing of shrubs and brush proceeded as one of the measures to preserve the low moorlands: around 8,000 square metres of land were cleared during 2013 for this purpose.

Waste and waste water

Waste volumes

In 2013, the volume of waste at Zurich Airport was in line with the previous year. Thanks to continuous efforts, the share of normal waste dropped from 58 % to 54 %, and at the same time the share of waste sent for recycling rose from 39 % to 44 %. Paper/cardboard accounted once again for the largest share of recycled waste, amounting to 2,884 tonnes (+10 % than 2012).

An important new element in increasing the share of recycled waste involves the treatment of liquids at the security check. As part of a test, since September 2013 passengers can empty their bottles into special containers and, depending on the material, dispose of the bottles themselves in PET collection containers or waste bins, all located directly in front of the checkpoints. The liquid collected in this fashion is taken to a co-fermentation plant and used to produce electricity. In 2013, 242 tonnes (2012: 247 tonnes) of liquids and bottles were confiscated at the security checkpoints and disposed of as normal waste. All the normal waste is taken directly to the waste incineration plant. The quantities indicated here were defined by the German Airports Association (ADV) to ensure comparability between airports.

Domestic and industrial waste water

Various types of sewage are generated at Zurich Airport, some of which must be pre-treated before being channelled into the Kloten-Opfikon sewage treatment plant, with which Zurich Airport is affiliated. All waste water, pre-treated and untreated, is transported to the Kloten-Opfikon sewage treatment plant, where it is purified completely. Certain types of waste water generated at the airport and in the hangars are disposed of separately and professionally.

Aircraft and runway de-icing agents

Owing to the many precipitation events which together led to large amounts of snow, the winter of 2012-13 will go down in the airport's history as a record winter. Both aircraft and surfaces had to be de-iced frequently, which resulted in a marked increase in the consumption of

de-icing agents. A total of 2,911 m³ of propylene glycol de-icing agents were used to de-ice aircraft, amounting to more than double the volume required the previous winter (+104.5 %). Aprons, runways and taxiways are de-iced exclusively with formate-based agents, of which 2,795 m³ (+117.8 %) were required. A total of 1,155 tonnes of conventional de-icing salts were used in the maintenance workshop, on roads and in car parks (+140.7 %).

Treatment of waste water from de-icing operations

Both propylene glycol and formates consist of carbon compounds that are harmful to natural bodies of water; thus, waste water from operational spaces must be collected and treated. In the winter of 2012-13, 79 % of the carbon load was absorbed, and 260 tonnes of untreated run-off, or around 21 % of the total volume (previous year: 78 tonnes, 12 %) flowed untreated into the Glatt. Currently the revised General Drainage Plan is being implemented with an investment volume of around CHF 40 million. One part of the new infrastructure is already complete, and another is still under construction. As of the 2014 - 2015 winter season, the connection of the remaining area will mean that at least 95 % of the carbon load that is produced in the waste water can also be treated.

Flughafen Zürich AG maintains a sophisticated system to be able to treat waste water from operational spaces. The type of treatment differs depending on the carbon concentration in the waste water. Lightly polluted de-icer runoff is channelled through retention filter basins and then into the Glatt. Medium-contaminated waste water is sprayed over grassed areas using a special sprinkler system. As the water filters down through the soil, the glycol it contains biodegrades almost completely. Strongly contaminated de-icer runoff is re-used in one of two different ways. Part of it is concentrated in the airport's own plant, and the derived glycol is recycled. The remainder is used to produce biogas at the City of Zurich's Werdhölzli sewage treatment plant and at an agricultural co-fermentation plant.

Consumption of de-icing agents at Zurich Airport	2012/2013	2011/2012	2010/2011
Aircraft de-icing agents (m ³)	2,911	1,423	1,705
Runway and road de-icing agents, formate solution (m ³)	2,795	1,283	1,296
Surface de-icing agents, solid (tonnes)	8	0	3
De-icing salts for other surfaces (tonnes)	1,155	480	433
Untreated carbon washed away (aprons, runway and taxiways, %)	20.6	12.4	19.1

Key environmental data

	2013	2012	2011
NO _x emissions in tonnes	1,094	1,098	1,109
Proportion from aircraft (tonnes) ¹⁾	970	978	979
VOC emissions in tonnes	349	357	368
Proportion from aircraft (tonnes)	267	284	256
CO emissions in tonnes	1,579	1,618	1,541
Proportion from aircraft (tonnes)	1,452	1,479	1,390
PM emissions in tonnes	19	20	23
Proportion from aircraft (tonnes)	14	14	17
CO ₂ emissions in tonnes at Zurich Airport, scope 1 ²⁾	29,656	25,881	22,137 ³⁾
CO ₂ emissions in tonnes at Zurich Airport, scope 2 ⁴⁾	1,517	1,681	1,713
CO ₂ emissions in tonnes at Zurich Airport, scope 3 ⁵⁾	3,409,942	3,423,169	3,349,180 ³⁾
Overall energy consumption (MWh)	314,515	306,844	293,665
Annual water consumption (in m ³)	733,865	724,988 ⁶⁾	698,715 ⁶⁾
Overall waste amount (tonnes)	17,163	17,228	15,983
of which recyclable material (e.g. paper, cardboard, glass, wood) (%)	44.3	38.9	36.4
Confiscated liquids from security checks (t)	242	276	283
Number of residents ⁷⁾ above alarm value for SL II ⁸⁾	not available	4,587	3,824
Number of residents above immission limit for SL II	not available	56,384	45,634
Number of residents above the planning value for SL II	not available	149,644	123,752
Zurich aircraft noise index monitoring value (ZFI)	not available	58,785	53,704
Number of noise monitoring terminals (in operation)	13 (14)	14 (14)	14 (14)
Daytime aircraft noise levels ⁹⁾ at NMT 1/3/6/10 (dB[A]) ¹⁰⁾	66/58/66/57	66/58/66/57	66/58/66/57
Number of registered flight path deviations / investigated	5,283 / 117	4,025 / 166	3,208 / 235
Number of night flight movements (10 p.m. – 6 a.m.)	10,036	10,696	9,579
Proportion in the first hour (10 – 11 p.m.)	7,947	8,340	7,681
Number of special authorisations for night flights issued ¹¹⁾	186	273	166
of which emergency, relief and rescue flights	67	82	70
of which police, military and government flights	8	8	8
of which various other types of flight	111	183 ¹²⁾	88
2010 Sound Insulation Programme: number of properties fitted ¹³⁾	4,200	3,650	3,150
Number of complaints and queries relating to noise ¹⁴⁾	2,394	3,149	2,832

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

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

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

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

⁵⁾ In accordance with the GHG Protocol: Aircraft in LTO cycle and complete route (outbound flight only), calculated by Eurocontrol, other emissions sources at the airport (handling, other heating) and all landside traffic in the vicinity of the airport (approx. 3 kilometres) for all modes of transport

⁶⁾ Retroactive new method for calculating consumption figures

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

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

⁹⁾ Energy-equivalent continuous sound level of daytime aircraft noise (6 a.m. – 10 p.m.)

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

¹¹⁾ Special authorisations can be granted for urgent flights operating during the night-time curfew

¹²⁾ 42 authorisations were issued in December 2012 owing to precarious weather conditions

¹³⁾ Number of buildings and properties which have been renovated to date incl. reimbursements

¹⁴⁾ Includes complaints and enquiries relating to noise levels, flight paths, development of the air traffic, etc.





60,000

PASSENGERS VISITED CHALET SUISSE
IN 2013.

7

HEAT LAMPS MAKE SURE THAT MEALS
ARE KEPT HOT.

200

ORDERS OF "RÖSTI" POTATOES ARE
SERVED ON PEAK DAYS.

3

RESTAURANTS CELEBRATED THEIR
OPENINGS AT ZURICH AIRPORT IN 2013.

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 SIX Swiss Exchange with a market capitalisation of CHF 3.2 billion as at the reporting date, the consolidated group does not comprise any other listed companies. However, it does include the following unlisted companies:

Company	Domicile	Share capital	Stake held
Unique Betriebssysteme AG	Kloten	CHF 100,000	100.0%
Zurich Airport International AG	Kloten	CHF 100,000	100.0%
Zurich Airport Latin America S.A.	Santiago de Chile	CLP 4,403 million	100.0%
A-port Operaciones S.A.	Santiago de Chile	CLP 1,352 million	62.0%
A-port Operaciones Colombia S.A.S.	Bogotá	COP 100 million	62.0%
Unique IDC S.A. de C.V.	Tegucigalpa	HNL 200 million	62.0%

Capital structure

The group's ordinary share capital amounts to CHF 307,018,750, divided into 6,140,375 fully paid-up registered shares with a nominal value of CHF 50 each. All shares have the same dividend entitlements and voting rights (as long as they have been entered in the share register accordingly). No approved or conditional capital,

no participation or dividend right certificates and no outstanding convertible bonds or options existed as of the reporting 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)	31.12.2013	31.12.2012	31.12.2011
Share capital	307,019	307,019	307,019
Legal reserves			
Premium	0	0	0
General reserves from capital contributions	509,980	509,980	509,980
General reserves	42,370	42,370	42,370
Reserves for treasury shares	1,335	1,467	477
Other reserves	107,372	107,240	108,230
Available earnings			
Profit brought forward	576,457	473,435	354,190
Dividend payment for 2012/2011/2010	-58,308	-57,389	-42,964
Profit for the year	148,885	160,411	162,209
Total equity	1,635,110	1,544,533	1,441,511

For information regarding share-based payments (no stock options are granted) 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 2013, 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 Article 20 of the Swiss Federal Stock Exchange Act (SESTA) published during the year under review can be found on the publication platform of the Disclosure Office of SIX Swiss Exchange at www.six-exchange-regulation.com/ obligations. There are no cross-holdings and no shareholder agreements of which the company is aware.

Change in control

The company's Articles of Incorporation contain an opting-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 the tradability of shares on the stock market. No exceptions were granted during the year under review.

Limitations of transferability are set forth in Article 6 of the company's Articles of Incorporation. See also: www.zurich-airport.com/reports. They can be amended by a 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 the inclusion of items on the agenda, no statutory regulations exist that deviate from the relevant legal provisions. In accordance with Article 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 60 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 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); CEO of 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 to 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, lessee of the "Bahnhofbuffet" Zurich since 1979, 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, diploma degree in agr. engineering at the Federal Institute of Technology (ETH); professional 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), City President of Zurich since 2009. 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 Zurich 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; partner in the legal practice of Schiller Rechtsanwälte AG, Winterthur since 1978. 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). Member of the Cantonal Parliament of the Canton of Zurich (1987 – 2010), the City Council of Wädenswil (1998 – 2006) and Mayor 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 (Swiss National Bank), Member of the Board (Swiss Conference of Cantonal Directors of Finance & the Conference of Cantonal Directors of Public Transport), Chairman (ZVV Transport Council), Member of the Zurich Metropolitan Area Association, Member of the Steering Committee of the Conference of Cantonal Governments, 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 International Lake Constance Conference, 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); CEO of Melker Schörling AB, Stockholm since 2006. Member of the Board of Directors since the 2008 General Meeting of Shareholders.
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, FIG) to 2004; appointed to the Board of Directors by the Canton of Zurich in July 2005. 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).

None of the members of the Board of Directors holds an executive position at Flughafen Zürich AG, and none was a member of the Management Board of Flughafen Zürich AG or any of its group companies during the three financial years prior to the period under review. The following business 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 the monitoring of compliance with the accounting policies, the evaluation of financial reporting and auditing activities, the assessment of findings obtained from audits and recommendations by the auditors, the definition of the group's financing policy and an examination of 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 the nomination and/or removal of members of the executive management of the group, including their compensation and questions of succession planning. It defines the principles of the group's personnel and compensation policies and ensures that these are duly complied with. It is also responsible for assessing any potential conflicts of interest on the part of members of the Board of Directors or Management Board.

Political Affairs Committee

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

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

Organisation and participants

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

The committees approve recommendations and submit proposals to the Board of Directors, and order clarifications to be carried out by internal or external offices. However, the committees do not pass any final, substantive resolutions.

The Chairman of the Board of Directors, the members of the Management Board and the General Secretary are regularly invited to participate in meetings of the Board of Directors. The CEO, CFO, head of Financial Services, 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 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 the provisions of Article 716b of the Swiss Code of Obligations. Alongside the duties that are non-delegable by law, the Board of Directors has retained numerous fundamental strategic competencies, in particular those associated with the rights and obligations arising from federal civil aviation concessions, specifically decisions 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, the auditors KPMG AG worked with Internal Audit to examine the internal control system as part of the interim audit. In the year under review, for example, performance and cost controls for specific airport operations and random spot checks of invoiced services for the "Zürich 2010" construction project were carried out 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. Follow-up activities to previous audits also took place. Internal Audit reports directly to the Chairman of the Audit & Finance Committee.

Management Board

Members

Thomas E. Kern

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

CEO since 15 January 2008.

Other activities and commitments: Member of the Board of Directors of Schauspielhaus Zürich 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). Swiss Certified Expert for Accounting and Controlling, various finance and controlling positions at Weidmann International (1990 to 1994) and in the Bosch Group (1994 to 1999).

Joined Flughafen Zürich AG (former 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 FIG) in 1999 with special responsibility for real estate operations. Chief Financial and Commercial Officer of Bengaluru Airport, India, 2005 to 2008.

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, which ensures that the incentives include an element oriented to long-term perspectives. 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) consists of between 53 % and 106 % of the fixed salary. The amounts concerned are set 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 before 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. It is limited by law to a period of seven years.

The fee charged by the auditors for the year under review amounted to CHF 319,000 (2012: CHF 329,000). For additional services outside the audit mandate (audit-related services) the auditors also charged a total of CHF 155,100 (2012: CHF 46,500). The following amounts were charged for non-audit-related services: tax-related services, CHF 22,400 (2012: CHF 24,100); IT services, CHF 24,100 (2012: CHF 27,700); other consulting services, CHF 184,700 (2012: CHF 405,000).

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

Information policy

Shareholders regularly receive information about the company and its activities in the Interim Report and Annual Report, and ongoing developments are reported on in the form of ad-hoc news flashes. Ad-hoc messages published by the company can be read at www.zurich-airport.com/newsflash. Persons interested in these messages can register on the electronic distribution list for ad-hoc messages at www.zurich-airport.com/orderformnewsflash.

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

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VIEW FROM THE TOWER, APRON CONTROL



5

SETS OF BINOCULARS ARE AVAILABLE TO THE AIRPORT'S APRON CONTROLLERS.

130

KILOMETRES INTO THE DISTANCE - ALL THE WAY TO THE VALAIS ALPS IS THE VISIBILITY FROM THE TOWER OF ZURICH AIRPORT.

41

METRES IS THE HEIGHT OF THE TOWER.

3,700

METRES: THE LENGTH OF THE LONGEST RUNWAY AT ZURICH AIRPORT.

Risk management

For Flughafen Zürich AG, comprehensive risk management is a key factor for successful company management. It ensures that risks are handled systematically with due consideration and guarantees transparency regarding all risks associated with business activities as well as continuous improvement and monitoring of the risk situation.

Management and operating tool

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

- **Risk Management Centre**

The Risk Management Centre is run by the Head of Financial Services, 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 units (divisions and departments)**

As part of their function, line units also bear the responsibility for risks in their respective divisions or departments 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) which are coordinated 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 or the corporate structure are adequately reflected.

In reporting on risks, Flughafen Zürich AG describes each identified risk in detail and assesses risks for their probability of occurrence as well as for their potential operational and economic impact. A list of responsibilities and measures is also defined; it outlines how each identified risk can be minimised. The risk management organisation continually monitors the implementation of the defined measures.

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.

A 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 consistent and uniform implementation of compliance management procedures.

Since 2009 the risk management organisation has produced a comprehensive biannual 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 at Flughafen Zürich AG is characterised primarily by the following risks:

1. Legal uncertainties

Various domestic and foreign restrictions could mean that Flughafen Zürich AG would be unable to utilise its infrastructure fully and would need to finance additional investments. These restrictions include the following:

1.1 Regulation governing the use of south German airspace

The use of south German airspace is presently regulated by an implementing ordinance (DVO) issued unilaterally by Germany. On 4 September 2012, Swiss Federal Councillor Doris Leuthard and then German Transport Minister Peter Ramsauer signed the new aviation treaty. Under the treaty, Germany would permit northern approaches to the airport over its territory in the mornings from 6:30 a.m., and thus half an hour earlier than before. It would also fundamentally accept the satellite-based curved northern approach route. In turn, Switzerland is willing, as of 2020, to direct arriving flights to Zurich Airport via another route from 6 p.m. onward instead of using the northern approach. So that this shift is possible without adverse effects on capacity, runways 28 and 32 must be extended, and the approach and take-off routes streamlined. If this is not possible, or if implementation of these measures 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. The two chambers of Switzerland's Parliament have already approved the treaty, but in Germany ratification was halted. If ratification fails altogether, an unstable situation will arise, since Germany could then change the implementing ordinance (DVO) unilaterally. In the absence of multiannual transition periods for adjustments to the airport's infrastructure, this would lead to additional capacity restrictions for Zurich Airport and thus significantly hinder the airport's business development.

1.2 The Sectoral Aviation Infrastructure Plan (SAIP)

The Federal government and the cantons coordinate their airport and urban development strategies based on the SAIP and the related spatial planning guidelines. On 26 June 2013, the Federal Council laid down the Sectoral Aviation Infrastructure Plan for Zurich Airport with the exception of aircraft noise. Even if differences between the Sectoral Aviation Infrastructure Plan and the spatial planning guidelines of the Cantons of Zurich and Aargau have not been eliminated, Zurich Airport now has, for the first time, a spatial planning foundation that markedly increases its legal and planning security. By deciding not to pursue the option of securing land for a parallel runway, the Swiss Federal Department of Environment, Transport, Energy and Communications (DETEC) abandoned the only alternative that would have been able to meet demand up to and beyond 2020, according to current projections, even though this course was recommended by the spatial planning experts charged with evaluating the options.

The Federal government is presently preparing for noise specifications in SAIP as well as clarifications of safety measures. There is a possibility that changes to SAIP

could lead to changes in capacity, which would have an effect on future revenues.

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 more 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. They may result in investments in infrastructure, or, in the event of non-implementation, may lead to capacity restrictions which would have an impact on business development.

1.4 Zurich Aircraft Noise Index (ZFI)

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

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

In recent years, the monitoring value of 47,000 persons was exceeded every year. This is due to the steady and uninterrupted population growth in the region around the airport compared with the year 2000. The ZFI action plan consists of a set of measures for flight operations and another set for land-use planning and residential quality of life. Flughafen Zürich AG supports the Canton of Zurich in analysing the causes of aircraft noise and developing potential corrective measures. The steps included in the action plan do not involve any negative consequences for flight operations. However, it is conceivable that the Canton of Zurich, through its representatives on the Board of Directors or the Swiss Federal government, could demand the implementation of certain measures that could have a negative impact on the airport's development.

Risk management

1.5 Ordinance on Airport Charges

The Ordinance on Airport Charges came into force on 1 June 2012. This ordinance will provide greater legal and planning certainty for both Flughafen Zürich AG and its users. When the negotiations between Flughafen Zürich AG and airport users provided for by the ordinance failed in summer 2013, the airport operator submitted a proposal on 5 September 2013 to set flight operations charges for the 2014 – 2017 period, and on 14 November 2013 FOCA directed that these charges be levied as proposed. Individual users then lodged a complaint against the FOCA directive. The complaint does not include the suspension of the noise supplement for passengers, which was implemented as of 1 February 2014, but it has a suspensive effect on the adjustment of the other charges. Flughafen Zürich AG can only levy the adjusted charges if a corresponding ruling has been presented or a positive decision has been made to revoke the suspensive effect. 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 have a negative impact 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. Some of the higher costs can be compensated or refinanced through higher charges, possibly with a delay, but 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 main customer of Flughafen Zürich AG. During the year under review, Swiss accounted for around 56 % of both the passenger and traffic volume at Zurich Airport. The airline 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. However, capacity reductions can never be ruled out.

5. Noise compensation and sound insulation measures

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

5.1 Noise management and resident protection

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 measures in those areas where they are uncontested. By the end of 2013 Flughafen Zürich AG had spent around CHF 171 million of the previously estimated amount of CHF 240 million for resident protection, of which around CHF 30 million was for reimbursements of soundproof windows financed by homeowners. The remaining costs associated with resident protection measures (remediation of other areas and reimbursements to homeowners) will presumably total around CHF 69 million, based on the provisional operating regulations submitted on 31 December 2003.

When the Swiss Federal Supreme Court decision of 22 December 2010 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. The south-side sound insulation concept submitted on 16 December 2011 was approved by FOCA in early December 2013. At the same time, FOCA is requiring the airport operator to submit an amended insulation concept within two years which incorporates the latest findings from noise impact research.

5.2 Formal expropriations

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

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 at 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 arising from the right of formal expropriation, and represents a portion of the costs for "old" noise-related liabilities, which have been covered since 1 July 2008 by the Canton of Zurich, but were financed until 30 June 2008 by Flughafen Zürich AG through revenue from 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.

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

Based on the above estimates of noise-related costs and the initiation of prefinancing by the Canton of Zurich, the amount of CHF 125.5 million (present value) was recognised in the consolidated financial statements as at 30 June 2008 as a provision for compensation of formal expropriations (nominal amount, CHF 150.1 million). This amount relates to the "new" noise-related obliga-

tions of Flughafen Zürich AG. The present value of the future payments was recognised at the same time as an intangible asset from the right of formal expropriation.

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

In light of this latest Swiss Federal Supreme Court decision and other previously settled fundamental issues, at the end of 2011 the company and the Canton of Zurich undertook a new estimate of noise-related operating costs ("updated base case"), which was still valid on 31 December 2013. According to this updated calculation, the total noise-related operating costs amount to CHF 740.6 million, of which CHF 25 million is earmarked for the construction of the new noise protection hangar. This cost estimate continues to be based on a number of assumptions, such as pending legal issues where there has been no decision by a court of last instance.

Since in the worst case ("updated negative case") the total estimated noise-related 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 was 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). The share of "old" noise-related liabilities that must be pre-financed by the Canton of Zurich has been reduced on the basis of the updated calculations. Thus Flughafen Zürich AG is entitled to a share of 76 % of the collected noise charges as of 1 January 2012.

Risk management

As at the reporting date of 31 December 2013, Flughafen Zürich AG had therefore recognised total costs for formal expropriations as an intangible asset amounting to CHF 289.9 million and provisions for formal expropriations of CHF 239.7 million plus other provisions for outstanding sound insulation and resident protection costs of CHF 65.7 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

Aircraft noise costs are refinanced through charges. The most important charge from a refinancing standpoint is the separate CHF 5.00 noise supplement for passengers. Owing to a directive on flight operations charges issued by FOCA on 14 November 2013, this passenger-related noise supplement will no longer be collected as of 1 February 2014: based on today's standard of knowledge, we must assume that the funds of the Airport Zurich Noise Fund are sufficient to finance any costs that, according to the base case, are incurred. Should noise-related costs significantly exceed the estimate, this supplement would have to be levied again over 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 "cost-by-causes 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 will be recognised as a provision as soon as they can be reliably estimated.

5.4.2 Formal expropriations

With the award of the operating licence, Flughafen Zürich AG was also granted a right of formal expropriation of property owners exposed to aircraft noise. This right of formal expropriation was granted on condition that the airport operator bears the costs associated with compensation payments. This right is capitalised as an intangible asset. This right is capitalised when a current obligation arises on the basis of a definitive ruling or when the probable total costs can be estimated on the basis of court rulings in the final instance and therefore a reliable cost estimate as defined in IAS 38.21 becomes possible. The timing of capitalisation may differ for dif-

ferent airport regions. 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 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 capitalised as assets at the latest when the counterparty has attained an as-sertable claim. An equal amount is also recognised as a provision at the latest at the same date. The amortisation of the 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 the 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 300.0 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 300.0 million was repaid early without any additional costs. Flughafen Zürich AG was also able to obtain a credit limit of CHF 200.0 million to cover any financing gap that might arise.

5.7.2 Under the supplementary agreement, the Canton of Zurich assumes pre-financing of all "old" noise-related liabilities if, upon payment of the first formal expropriations, there is 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 prefinancing 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. 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. They are therefore no longer capitalised.

5.7.3 The threshold is subject to an annual adjustment mechanism based on the equity trend of Flughafen Zürich AG. As at 31 December 2013, the threshold was CHF 1.73 billion and thus above the original level of CHF 1.1 billion, but has yet no effect on pre-financing provided by the Canton of Zurich.

5.7.4 If the risk cited in section 5.7.2 falls below the threshold in the course of legal proceedings or if the amended threshold exceeds the current value of the "negative case" owing to the equity development of Flughafen Zürich AG, the company 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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ESCALATORS CARRY VISITORS,
PASSENGERS AND COMMUTERS UP AND
DOWN THE AIRPORT'S DIFFERENT LEVELS.

260

TONNES: THE MAXIMUM LIVE LOAD OF
ALL THE ELEVATORS AT ZURICH AIRPORT.

60

FANS ENSURE CLEAN AIR IN
THE AIRPORT CENTER.

200

CLOCKS AT ZURICH AIRPORT ENSURE
THAT VISITORS KNOW WHAT TIME IT IS.

384

TRAINS STOP AT ZURICH AIRPORT
ON WEEKDAYS





AIRPORT CENTER: THE "EYE" OF THE AIRPORT

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Consolidated income statement

(CHF 1,000)	Notes	2013	2012
Revenue from aviation operations	(1)	604,491	596,411
Revenue from non-aviation operations	(1)	370,603	352,409
Total revenue		975,094	948,820
Personnel expenses	(2)	-178,180	-290,116
Police and security		-118,113	-115,347
Energy and waste		-25,185	-26,109
Maintenance and material		-43,568	-42,758
Other operating expenses	(3)	-53,618	-51,953
Sales, marketing, administration		-38,278	-41,618
Capitalised expenditure and other income / expenses, net	(4)	8,561	9,758
Earnings before interest, tax, depreciation and amortisation (EBITDA)		526,713	390,677
Depreciation and amortisation	(7)	-224,710	-218,741
Earnings before interest and tax (EBIT)		302,003	171,936
Finance costs	(5)	-164,070	-93,280
Finance income	(5)	29,632	36,311
Share of profit or loss of associates	(9)	2,988	2,401
Profit before tax		170,553	117,368
Income tax expense	(6)	-33,501	-22,636
Profit		137,052	94,732
Profit attributable to shareholders of Flughafen Zürich AG		137,084	94,732
Profit attributable to non-controlling interests		-32	0
Basic earnings per share (CHF)	(13)	22.34	15.52
Diluted earnings per share (CHF)	(13)	22.33	15.51

Consolidated statement of comprehensive income

(CHF 1,000)	Notes	2013	2012
Profit		137,052	94,732
Other comprehensive income			
Cross-currency interest rate swaps, net of income tax			
Adjustments to fair value	(14)	-12,266	8,029
Transfer to income statement	(5)	92,141	8,643
Tax rate adjustment	(14)	0	-366
Available-for-sale securities			
Adjustments to fair value		-1,453	954
Foreign exchange differences		-2,326	1,632
Items that are or may be reclassified subsequently to profit or loss		76,096	18,892
Remeasurement of defined benefit liability, net of income tax	(18)	34,866	-132
Items that will never be reclassified to profit or loss		34,866	-132
Other comprehensive income, net of income tax		110,962	18,760
Total comprehensive income		248,014	113,492
Comprehensive income attributable to shareholders of Flughafen Zürich AG		248,055	113,492
Comprehensive income attributable to non-controlling interests		-41	0

Consolidated balance sheet

(CHF 1,000)	Notes	31.12.2013	31.12.2012
Assets			
Land	(7)	110,195	110,042
Buildings, engineering structures	(7)	2,451,985	2,508,344
Leased assets	(7)	36,194	40,221
Projects in progress	(7)	247,375	161,455
Movables	(7)	86,189	87,644
Total property, plant and equipment		2,931,938	2,907,706
Intangible asset from right of formal expropriation	(7)	289,949	297,698
Other intangible assets	(7)	11,555	11,697
Investments in associates	(9)	12,415	17,767
Non-current financial assets of Airport of Zurich Noise Fund	(8)	206,944	185,811
Other financial assets		3,854	11
Non-current assets		3,456,655	3,420,690
Inventories		10,206	9,642
Current financial assets of Airport of Zurich Noise Fund	(8)	49,244	68,086
Trade receivables	(10)	115,460	107,875
Other receivables and prepaid expenses	(11)	21,167	17,871
Fixed-term deposits	(12)	20,000	75,038
Cash and cash equivalents	(12)	392,943	368,713
Current assets		609,020	647,225
Total assets		4,065,675	4,067,915
Equity and liabilities			
Share capital		307,019	307,019
Treasury shares		-1,335	-1,467
Capital reserves		591,263	590,968
Hedging reserve, net		-907	-80,782
Fair value reserve		997	2,450
Translation reserve		-3,386	-1,069
Other retained earnings		1,156,326	1,042,684
Equity attributable to shareholders of Flughafen Zürich AG		2,049,977	1,859,803
Equity attributable to non-controlling interests		1,641	0
Total equity		2,051,618	1,859,803
Debentures and non-current loans	(14)	995,618	1,256,393
Non-current lease liabilities	(14)	31,640	38,546
Non-current provision for sound insulation and resident protection plus formal expropriations	(15)	280,362	301,049
Deferred tax liabilities	(17)	104,662	80,281
Employee benefit obligations	(18)	84,410	126,208
Non-current liabilities		1,496,692	1,802,477
Trade payables		51,415	39,434
Current financial liabilities	(14)	285,016	59,283
Other current liabilities, accruals and deferrals	(19)	138,218	260,895
Current provision for sound insulation and resident protection plus formal expropriations	(15)	25,000	33,337
Current tax liabilities		17,716	12,686
Current liabilities		517,365	405,635
Total liabilities		2,014,057	2,208,112
Total equity and liabilities		4,065,675	4,067,915

Consolidated statement of changes in equity

(CHF 1,000)	Share capital	Treasury shares	Capital reserves	Hedging reserve, net	Fair value reserve	Translation reserve	Other retained earnings	Equity attributable to shareholders of Flughafen Zürich AG	Equity attributable to non-controlling interests	Total equity
Balance as at 1 January 2012	307,019	-477	588,055	-97,088	1,496	-2,701	1,005,473	1,801,777	0	1,801,777
Profit							94,732	94,732		94,732
Other comprehensive income, net of income tax				16,306	954	1,632	-132	18,760		18,760
Total comprehensive income	0	0	0	16,306	954	1,632	94,600	113,492	0	113,492
Dividends for the 2011 financial year							-57,389	-57,389		-57,389
Purchase of treasury shares		-33,319						-33,319		-33,319
Sale of treasury shares		31,294	3,046					34,340		34,340
Share-based payments		1,035	-133					902		902
Balance as at 31 December 2012	307,019	-1,467	590,968	-80,782	2,450	-1,069	1,042,684	1,859,803	0	1,859,803
Balance as at 1 January 2013	307,019	-1,467	590,968	-80,782	2,450	-1,069	1,042,684	1,859,803	0	1,859,803
Profit							137,084	137,084	-32	137,052
Other comprehensive income, net of income tax				79,875	-1,453	-2,317	34,866	110,971	-9	110,962
Total comprehensive income	0	0	0	79,875	-1,453	-2,317	171,950	248,055	-41	248,014
Dividends for the 2012 financial year							-58,308	-58,308	-71	-58,379
Purchase of treasury shares		-577						-577		-577
Sale of treasury shares								0		0
Share-based payments		709	295					1,004		1,004
Change in scope of consolidation								0	1,753	1,753
Balance as at 31 December 2013	307,019	-1,335	591,263	-907	997	-3,386	1,156,326	2,049,977	1,641	2,051,618

Consolidated cash flow statement

(CHF 1,000)	Notes	2013	2012
Profit		137,052	94,732
Net finance result	(5)	134,438	56,969
Share of profit or loss of associates	(9)	-2,988	-2,401
Income tax expense	(6)	33,501	22,636
Depreciation / amortisation of			
Buildings, engineering structures	(7)	184,909	179,870
Movables	(7)	17,075	17,217
Intangible asset from right of formal expropriation	(7)	7,749	7,749
Other intangible assets	(7)	5,416	5,597
Leased assets	(7)	10,184	8,953
Recognition of government subsidies and grants on buildings and engineering structures in the income statement			
Buildings, engineering structures	(7)	-623	-645
Gains (-) / losses (+) on disposal of property, plant and equipment (net)		4,347	483
Share-based payments		1,004	902
Increase (-) / decrease (+) in inventories, trade receivables and other receivables and prepaid expenses		-9,172	-2,783
Increase (+) / decrease (-) in current liabilities, excluding current financial liabilities		-7,614	-737
Increase (+) / decrease (-) in employee benefit obligations	(18)	-301	122,306
Increase (+) / decrease (-) in provision for sound insulation and resident protection plus formal expropriations	(15)	-22,869	-25,114
Income tax paid		-33,115	-45,814
Cash flow from operating activities		458,993	439,920
of which related to aircraft noise (Airport of Zurich Noise Fund)		30,281	25,658
Income from noise charges	(16)	53,799	52,044
Expenses for sound insulation and resident protection plus formal expropriations	(16)	-23,518	-26,386
Investments in property, plant and equipment (projects in progress)		-223,873	-195,594
Proceeds from disposal of property, plant and equipment		124	5,481
Change in share of voting rights (A-port Operaciones)		1,798	0
Investments in financial assets of Airport of Zurich Noise Fund		-73,169	-87,613
Investments in fixed-term deposits due > 90 days	(12)	-20,000	-125,108
Repayment of fixed-term deposits due > 90 days	(12)	75,038	135,180
Repayment of current financial assets of Airport of Zurich Noise Fund		67,200	75,850
Interest received		1,643	6,758
Cash flow from investing activities		-171,239	-185,046
of which related to aircraft noise (Airport of Zurich Noise Fund)		-5,969	-11,763
Investments in financial assets Airport of Zurich Noise Fund		-73,169	-87,613
Repayment of current financial assets Airport of Zurich Noise Fund		67,200	75,850
Issue of new debenture	(14)	399,534	299,059
Repayment of liabilities to banks arising from US car park lease	(14)	0	-56,033
Repayment of liabilities to banks arising from US private placement	(14)	-73,150	-73,150
Repayment of lease liabilities	(14)	-10,883	-9,154
Repayment of liabilities to banks arising from Japanese private placement	(14)	-373,018	0
Repayment MtM swap Japanese private placement	(14)	-111,924	0
Payment of dividend for the 2012-2011 financial year	(13)	-58,379	-57,389
Purchase of treasury shares		-577	-33,319
Sale of treasury shares		0	34,340
Interest paid		-34,831	-60,022
Cash flow from financing activities		-263,228	44,332
Increase (+) / decrease (-) in cash and cash equivalents		24,526	299,206
Balance at beginning of financial year	(12)	368,713	69,512
Effect of foreign exchange differences on cash and cash equivalents held		-296	-5
Balance at end of financial year		392,943	368,713
of which included in Airport of Zurich Noise Fund	(12)	45,760	27,759

Segment reporting

	Aviation flight operations		Aviation security		Aviation aircraft noise		Non-Aviation		Eliminations		Consolidated	
(CHF millions)	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Revenue from third parties	384.5	381.3	162.8	161.6	54.4	52.1	373.4	353.8			975.1	948.8
Inter-segment revenue	10.4	8.2					135.2	138.9	-145.6	-147.1	0.0	0.0
Total revenue	394.9	389.5	162.8	161.6	54.4	52.1	508.6	492.7	-145.6	-147.1	975.1	948.8
Segment result	44.4	-16.4	18.7	8.6	42.8	40.1	196.1	139.6			302.0	171.9
Earnings before interest and tax (EBIT)											302.0	171.9
Finance costs	-2.4	-2.8			-4.1	-29.2	0.0	-3.4			-6.5	-35.4
Unallocated finance costs											-157.6	-57.9
Finance income					11.5	4.6					11.5	4.6
Unallocated finance income											18.2	31.7
Share of profit or loss of associates							3.0	2.4			3.0	2.4
Unallocated income tax expense											-33.5	-22.6
Profit											137.1	94.7
Property, plant and equipment and intangible assets	977.6	948.0	34.6	37.2	290.7	298.5	1,934.5	1,933.4			3,237.4	3,217.1
Financial assets					206.9	185.8					206.9	185.8
Investments in associates							12.4	17.8			12.4	17.8
Current financial assets and cash and cash equivalents					95.0	95.8					95.0	95.8
Total segment assets	977.6	948.0	34.6	37.2	592.6	580.1	1,946.9	1,951.2			3,551.7	3,516.5
Unallocated current financial assets and cash and cash equivalents											367.2	416.0
Unallocated assets											146.8	135.4
Total assets											4,065.7	4,067.9
Total segment liabilities	43.5	48.2			305.4	334.4					348.9	382.6
Unallocated liabilities											1,665.2	1,825.5
Total liabilities											2,014.1	2,208.1
Total investments	97.4	59.1	2.1	0.9	73.2	87.6	147.4	116.7			320.1	264.3
Depreciation and amortisation	63.0	61.6	4.8	5.5	7.9	8.0	149.0	143.6			224.7	218.7
Number of full-time positions as at 31 December	596	595	17	16	10	11	855	743			1,478	1,365

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 with 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, Valuation uncertainties and 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.

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 Fair Value Measurement
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine
- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)
- IAS 27 Separate Financial Statements (revised 2011)
- IAS 28 Investments in Associates and Joint Ventures (revised 2011)
- Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)
- Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)
- Amendments to IFRSs (May 2012)
- Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)

With the exception of additional disclosures in connection with IFRS 12 Disclosure of Interests in Other Entities and Presentation of Items of Other Comprehensive Income (Amendments to IAS 1), the new standards or interpretations and the above-mentioned amendments did not have a significant impact on the financial position, results of operations or cash flows of Flughafen Zürich AG for financial year 2013.

IAS 19 Employee Benefits (revised 2011) had already been applied early in financial year 2012.

Introduction of new standards in 2014 and later

The following new, revised and amended standards and interpretations were issued prior to the date of approval of the 2013 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
IFRIC 21 Levies	*	Financial year 2014
IFRS 9 Financial Instruments	***	To be decided
Revisions and amendments of Standards and Interpretations		
Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)	*	Financial year 2014
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	*	Financial year 2014
Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)	*	Financial year 2014
Employee Contributions (Amendments to IAS 19)	*	Financial year 2015
Annual amendments to IFRSs (2010 – 2012 and 2011 – 2013 cycle)	*	Financial year 2015

* 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.

*** Earliest effective date; the impact 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 it directly or indirectly controls. Flughafen Zürich AG controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control begins until the date on which control ceases. All assets and liabilities are therefore 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 instruments 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 value of the net assets acquired.

Changes in the consolidated group

The group of consolidated companies has been extended as, at the beginning of financial year 2013, Flughafen Zürich AG assumed a controlling interest in the Chilean management company A-port Operaciones S.A., based in Santiago de Chile. For several years already, Flughafen Zürich AG had held a minority interest in this company, which manages airport projects in Latin America (see also note 9, Investments in Associates and note 20.6, Composition of the group).

The first-time consolidation of A-port Operaciones S.A. and its subsidiaries had only a minor financial impact. Consolidated revenue attributable to the "Non-aviation" segment amounted to around CHF 7 million in the reporting period, while operating costs amounted to approximately CHF 6 million.

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. Foreign 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 reporting date. Foreign exchange gains/losses that arise from the settlement or translation of foreign currency monetary items are recognised in the income statement.

Revenue recognition

Revenue is recognised by Flughafen Zürich AG when the service has been rendered, 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.

Revenue in the "Aviation flight operations" segment mainly concerns passenger and landing charges as well as charges for the use of the baggage sorting and handling system. Revenue in the "Aviation security" segment mainly concerns security charges, and in the "Aviation aircraft noise" segment it primarily concerns noise-related charges. Revenue is recognised immediately on rendering the service in question. Landing charges are billed per landing according to the weight of the aircraft. Passenger charges, charges for the use of the baggage sorting and handling system, and security charges are based on the number of departing passengers. Noise-related charges are based, in turn, on the number of departing passengers and on an emissions-based charge according to the aircraft type.

The main components in the "Non-aviation" segment are revenue from the marketing and rental of the commercial infrastructure at the airport (retail, tax & duty-free, food & beverage operations, advertising media, parking, rental and leasing agreements, and energy and incidental cost allocation). The service is rendered as soon as the commercial space is made available and the revenue recognised accordingly. For fixed-rent 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. from turnover-based tenancy agreements) are recognised on an accrual basis based on the turnover generated by the lessee, in which case a minimum rent may be applied. The company does not currently have any tenancy agreements classified as finance leases.

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 leases

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 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 approximately 8,335,000 m² is divided into individual plots of land on the basis of an internal grid. Each plot is valued separately. In addition to various criteria specific to the airport, e.g. potential utilisation density, the development of land prices in the region was also taken into account for valuation purposes in connection with the formation of Flughafen Zürich AG as of 1 January 2000. Land that has already been developed or is classified as developable and is comparable to industrial real estate constitutes the highest category, followed by areas required for actual flight operations (runways, taxiways, aprons, etc.). A third category includes undeveloped agricultural land and the extended nature conservation area. On the basis of the internal grid, land values range from CHF 675.00 per m² for intensive use, down to CHF 2.00 per m² for plots reserved for nature conservation.

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

Buildings & engineering structures and movables

Buildings & engineering structures and movables are stated at acquisition or construction cost, less accumulated depreciation and accumulated impairment losses. The production costs of buildings include direct costs for labour (third-party services and internal personnel), materials and overheads, plus the borrowing costs arising during the construction stage, which are capitalised up until the date the asset is taken into use or at the date of completion, if earlier. The property, plant and equipment contributed by the Canton of Zurich on 31 December 1999 contain no overheads and borrowing costs. Since 1 January 2000, borrowing costs and overheads relating to assets under construction significant in terms of amount have been capitalised.

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

The leased assets are depreciated using the straight-line method over the estimated useful life or over the term of the lease, whichever is shorter.

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

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

Government subsidies and grants

Government subsidies and grants related to investments are recognised as income over the useful life of each asset and 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

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).

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.

Investments in associates

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 holds 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.

Financial assets

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

Financial assets also include minority interests not providing significant influence and loans that are measured at cost, less impairment losses.

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 liabilities. They are carried at fair value in accordance with IAS 39. Changes in the fair value of derivative instruments which fulfil the requirements for cash flow hedges are booked directly to the hedging reserve, net. As soon as the hedged transaction has occurred, the accumulated, non-realised gains and losses are transferred 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).

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 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.

Treasury shares

Acquisition costs (purchase price and directly attributable transaction costs) of treasury 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 reporting 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).

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 others, 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, including 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 taxes expected to be payable on the taxable result, calculated using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes are recognised for temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and their tax base using the balance sheet liability method. No deferred taxes are recognised for the following temporary differences: 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 timing and manner of realisation or settlement of the assets and liabilities concerned using tax rates that are enacted or substantively enacted at the reporting 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 the operating segments' performance.

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 charges. Revenue from third parties is determined by passenger volumes, flight volumes and the trend with respect to aircraft take-off weights.

Aviation security

This segment covers the installation, operation and maintenance of security infrastructure and all processes of direct relevance to security. This includes all systems and their operation and maintenance designed to prevent actions of any kind that affect the security of commercial civil aviation, in particular facilities for the control of passengers, personnel, hand luggage, checked 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 reporting date arising from noise charges collected on a "cost-by-causes" basis, less expenses for formal expropriations, sound insulation and resident protection measures and related operating costs (see Notes to the 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 charges plus a broad range of commercial services provided by Flughafen Zürich AG.

Notes to the 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
- 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 2013. Approximately 1,600 cases are currently being examined by the Swiss Federal Assessments Commission.

For reporting purposes, each profit centre has been allocated to a segment. Any internal supplies and services that have been provided to other segments have been booked as inter-segment earnings or offset against costs. For example, the Information and Communication Technology (ICT) profit centre is allocated to the "Non-aviation" segment, and proportionate costs are charged to "Aviation" on a "cost-by-causes" basis. Support functions are also allocated to the "Non-aviation" segment and charged on 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. Costs for the use of premises are allocated 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 financial year 2013, external consulting services worth CHF 1.5 million (2012: CHF 1.3 million) were provided.

Flughafen Zürich AG's revenue with Lufthansa Group in 2013 amounts to CHF 390.3 million (2012: CHF 372.1 million) and is reported in the segments "Aviation flight operations", "Aviation security", "Aviation aircraft noise" and "Non-aviation".

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 1.73 billion, the threshold as at 31 December 2013 was higher than the original level of CHF 1.1 billion, but does not currently affect 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 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 2013. According to this updated calculation, total noise-related operating costs amounted to CHF 740.6 million. This amount includes CHF 25 million for the construction of a new noise protection hangar. 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 82 Intangible assets). 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% of the collected noise charges as of 1 January 2012.

As at 31 December 2013, Flughafen Zürich AG has therefore recognised an intangible asset from the right of formal expropriation in the amount of CHF 289.9 million and provisions for formal expropriations of CHF 239.7 million plus provisions for outstanding sound insulation and resident protection costs of CHF 65.7 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 or if the amended threshold exceeds the current value of the "negative case" owing to the equity trend of Flughafen Zürich AG, 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 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. Assuming that the relevant parameters do not change (any further) and that there are no extraordinary occurrences, Flughafen Zürich AG expects that the pre-financing of the "old" noise-related liabilities by the Canton of Zurich can be reversed in the next one to two years.

As, based on today's standard of knowledge, the Airport of Zurich Noise Fund has sufficient assets to be able to finance the estimated costs for formal expropriations as well as noise insulation and resident protection measures, the passenger-related noise supplement was suspended on 1 February 2014.

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 splitting of noise charges would presumably continue to apply, provided that the pre-financing of the "old" noise-related liabilities has not already been reversed. 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 resulting amortisation 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).

1) Revenue

(CHF 1,000)	2013	2012
Passenger charges	203,870	199,636
PRM charges	11,137	11,104
Landing charges	85,331	85,954
Emission charges	3,191	3,222
Parking charges	7,060	6,675
Fuel charges	7,182	7,164
Freight revenue	7,686	7,623
Baggage sorting and handling system	29,663	29,574
Aircraft energy supply system	13,274	12,906
CUTE charges (check-in system for handling agents)	4,765	4,697
Other revenue	14,760	14,803
Total revenue from aviation flight operations	387,919	383,358
Security charges	161,190	160,039
Refund of security costs	1,025	958
Total revenue from aviation security	162,215	160,997
Noise charges	54,357	52,056
Total revenue from aviation aircraft noise	54,357	52,056
Total revenue from aviation	604,491	596,411
Retail, tax & duty-free	92,413	87,425
Food & beverage operations	14,968	14,275
Advertising media and promotion	16,611	16,749
Revenue from multi-storey car parks	68,697	67,097
Other commercial revenue (car rentals, taxis, banks, etc.)	13,366	12,369
Total commercial revenue	206,055	197,915
Revenue from rental and leasing agreements	95,530	94,531
Energy and utility cost allocation	26,710	26,833
Cleaning	4,189	3,919
Revenue from services	2,809	2,478
Total revenue from facility management	129,238	127,761
Communication services	15,088	14,839
Revenue from consulting activities	1,490	1,335
Other services and miscellaneous	18,732	10,559
Total revenue from services	35,310	26,733
Total revenue from non-aviation	370,603	352,409
Total revenue	975,094	948,820

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 European Regulation 1107/2006, the company levies a charge for providing assistance to PRMs of CHF 0.90 per departing passenger. The airlines are invoiced for this charge.

The charge 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.

As in the previous year, the current cost shortfall is primarily the result of the number of passengers with reduced mobility handled by the airport, which in turn was higher than assumed when the charge was calculated.

Like all other charges for flight operations, the PRM charge is covered by the Federal Office of Civil Aviation (FOCA) decree on flight operations charges dated 14 November 2013. This decree provides for an increase in the PRM charge to CHF 1.00 per departing passenger and is being reviewed as part of the ongoing appeal.

The service agreement with the current provider expires at the end of October 2014. The contract is being put out to tender as of 1 November 2014.

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

(CHF 1,000)	2013	2012
PRM charges	11,137	11,104
Total revenue	11,137	11,104
Fixed service costs (service provider)	-3,188	-3,288
Variable service costs (service provider)	-9,109	-8,497
Other operating expenses	-119	-160
Earnings before interest, tax, depreciation and amortisation (EBITDA)	-1,279	-841
Depreciation and amortisation	-58	-58
Earnings before interest and tax (EBIT)	-1,337	-899
Imputed interest and income tax	263	174
Cost surplus/shortfall	-1,074	-725

2) Personnel expenses

(CHF 1,000)	2013	2012
Wages and salaries	137,161	130,772
Pension costs		
for defined benefit plans ¹⁾	15,516	114,134
for defined contribution plans	0	11,266
Social security contributions	13,044	13,321
Other personnel expenses and employee benefits	12,459	20,623
Total personnel expenses	178,180	290,116
Average number of employees (full-time positions)²⁾	1,458	1,353
Number of employees as at reporting date (full-time positions)²⁾	1,478	1,365
Personnel expense per full-time position as at 31 December	121	213

¹⁾ See note 18, Employee benefits.

²⁾ 2013: Including employees of the newly consolidated A-port Operaciones S.A. and its subsidiaries.

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 reporting period, 151 shares (2012: 148 shares) worth CHF 70,450 (2012: CHF 53,986) were handed out.

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

The total annual remuneration awarded 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	2013 (CHF in 1,000)	2012 ¹⁾ (CHF in 1,000)	2012 ¹⁾ (Number of shares)	Price per share ¹⁾ (CHF)
Members of the Management Board	333	316	706	431.50
Other members of management	611	570	1,237	431.50
Adjustment of share price to market price in subsequent year ²⁾	-48	1		
Total	896	887	1,943	431.50

¹⁾ Shares distributed in the 2013 financial year under the bonus programme for the Management Board and other members of management (number and price per share) for the 2013 financial year.

²⁾ The value of the shares comprising the bonus for the 2013 financial year was CHF 48,097 lower in April 2013 (grant date) than the amount accrued for the bonus for the 2012 financial year as of year-end.

The bonus for financial year 2013 was estimated and accounted for on the basis of the data available as at the reporting 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 at year-end, a total of 1,810 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 also note 20.5, Related parties).

Option programme

No option programme exists at Flughafen Zürich AG.

3) Other operating expenses

(CHF 1,000)	2013	2012
Zurich Protection & Rescue Services	21,376	21,554
PRM costs (service costs of service providers)	12,297	11,785
Other operating costs	8,419	6,383
Insurance	3,941	3,934
Cleaning by external contractors, incl. snow clearing	2,386	2,658
Costs for own car park	2,482	2,854
Communication costs	1,456	1,661
Passenger services	1,261	1,124
Total other operating expenses	53,618	51,953

4) Capitalised expenditure and other income/expenses, net

(CHF 1,000)	2013	2012
Capitalised expenditure	10,605	12,084
Other income	3,285	2,338
Other expenses	-5,329	-4,664
Total capitalised expenditure and other income/expenses, net	8,561	9,758

Capitalised expenditure of CHF 10.6 million (2012: CHF 12.1 million) primarily comprises fees for the company's architects and engineers as well as for project managers representing the client.

In addition to realised gains on the disposal of non-current assets, other income also includes one-off compensation payments from rental contracts. In the reporting period, other expenses include losses on the disposal of non-current assets and bad debt write-offs from the aviation business.

5) Finance result

(CHF 1,000)	2013	2012
Interest expenses on debentures and non-current loans	-95,100	-55,129
Less capitalised interest on borrowings for buildings under construction	635	581
Net interest expenses on debentures and non-current loans	-34,465	-54,548
Interest expenses on finance lease liabilities	-2,362	-2,824
Accretion of interest on financial liabilities at amortised cost	-6,774	-3,471
Net interest expenses on defined benefit obligations	-2,195	-81
Other interest expenses	-75	-91
Total interest expenses	-45,871	-61,015
Loss on financial assets of Airport of Zurich Noise Fund	-3,285	-2,583
Other finance costs	-114,687	-3,717
Foreign exchange losses	-227	-209
Unwinding of discount on provision for sound insulation and resident protection plus formal expropriations	0	-25,756
Total finance costs	-164,070	-93,280
Interest income on financial assets of Airport of Zurich Noise Fund	5,300	4,648
Interest income on postal accounts and bank deposits / loans	417	679
Interest on arrears	11	12
Total interest income	5,728	5,339
Unwinding of discount on provision for sound insulation and resident protection plus formal expropriations	6,155	0
Foreign exchange gains	17,718	30,971
Other finance income	31	1
Total finance income	29,632	36,311
Finance result, net	-134,438	-56,969

Flughafen Zürich AG's finance result for financial year 2013 includes extraordinary effects relating to the restructuring of its non-current financial liabilities. On 25 March 2013, the company gave notice of the termination of the Japanese private placement in the amount of JPY 37 billion and, on 23 May 2013, repaid it in full (see note 14, Financial liabilities). The hedging instrument used to hedge currency risks associated with future interest payments and repayments from the Japanese private placement was terminated at the same time. On 17 April 2013, a new debenture was issued in the amount of CHF 400.0 million (nominal amount). It carries an interest coupon of 1.5 % and will be redeemed in 2023.

The negative impact of the restructuring on the finance result for financial year 2013 totalled CHF 82.9 million and breaks down as follows:

- Foreign currency gain of CHF 17.4 million on the Japanese private placement due to the change in the exchange rate between the Swiss franc and the Japanese yen since the last reporting date, 31 December 2012, reported under foreign exchange gains
- Costs to terminate the hedging instrument in the amount of CHF 111.9 million, reported under other finance costs
- Amortisation of the remaining recognised transaction costs arising from the Japanese private placement in the amount of CHF 4.8 million, reported under accretion of interest on financial liabilities at amortised cost
- Pro-rated reduction in interest expense of CHF 16.4 million in financial year 2013, which made a major contribution to reducing interest expenses on debentures and non-current loans

In connection with the repayment of the Japanese private placement and the termination of the hedging instrument, the related hedging reserve of CHF 89.3 million was also dissolved. The termination of the derivative financial instrument also helped to significantly reduce other current liabilities (see note 19, Other current liabilities, accruals and deferrals).

Owing primarily to the above-mentioned savings in connection with the restructuring of non-current financial liabilities, interest expenses on debentures and non-current loans were CHF 20.0 million or 36.3 % less than in the prior year and now total CHF 35.1 million.

In the reporting period, the future expected cash outflows for formal expropriations were reassessed and the discount rate used for the unwinding of the discount on provisions for sound insulation, resident protection and formal expropriations increased (see note 15, Provision for sound insulation and resident protection plus formal expropriations). Both resulted in interest income of CHF 6.2 million from the unwinding of the discount on provisions for sound insulation, resident protection and formal expropriations compared with expense of CHF 25.8 million in the prior year.

Capitalised interest on borrowings for buildings under construction was calculated using an average interest rate of 2.78 % (2012: 4.64 %).

6) Income tax

(CHF 1,000)	2013	2012
Taxes for current year	38,645	41,177
Taxes for prior years	-455	37
Total current income tax	38,190	41,214
Deferred income tax on changes in temporary differences	-4,689	-18,578
Total deferred income tax	-4,689	-18,578
Total income tax	33,501	22,636

Income tax can be analysed as follows:

(CHF 1,000)	2013	2012
Profit before tax	170,553	117,368
Tax expense at anticipated tax rate of 20.2 %	34,452	23,708
Adjustments of deferred taxes	-582	-1,746
Prior period adjustments	-455	37
Non-tax-deductible expenses/tax-exempt income	405	583
Miscellaneous items	-319	54
Total income tax	33,501	22,636

7) Changes in property, plant and 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
(CHF millions)										
Cost										
Balance as at 1 January 2012	109.5	1,522.2	3,838.1	98.5	207.8	253.5	6,029.6	326.6	71.9	398.5
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
Balance as at 31 December 2012	110.0	1,544.0	3,981.9	99.1	161.5	259.5	6,156.0	326.6	75.0	401.6
Balance as at 1 January 2013	110.0	1,544.0	3,981.9	99.1	161.5	259.5	6,156.0	326.6	75.0	401.6
Change in scope of consolidation			0.8			0.5	1.3		1.8	1.8
Additions				6.1	240.8		246.9			0.0
Disposals			-63.9			-10.8	-74.7		-3.3	-3.3
Transfers	0.2	24.2	106.8		-151.4	16.0	-4.2		4.2	4.2
Effect of exchange rate movements			-0.1				-0.1		-0.2	-0.2
Balance as at 31 December 2013	110.2	1,568.2	4,025.5	105.2	250.9	265.2	6,325.2	326.6	77.5	404.1
Depreciation, amortisation										
Balance as at 1 January 2012	0.0	691.7	2,167.5	49.9	0.0	170.2	3,079.4	21.2	59.6	80.8
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
Balance as at 31 December 2012	0.0	738.3	2,277.1	58.8	0.0	171.8	3,246.1	28.9	63.3	92.2
Balance as at 1 January 2013	0.0	738.3	2,277.1	58.8	0.0	171.8	3,246.1	28.9	63.3	92.2
Change in scope of consolidation						0.2	0.2		0.4	0.4
Additions		47.3	137.6	10.2		17.1	212.2	7.7	5.4	13.1
Disposals			-60.1			-10.1	-70.2		-3.0	-3.0
Effect of exchange rate movements							0.0		-0.1	-0.1
Balance as at 31 December 2013	0.0	785.6	2,354.6	69.0	0.0	179.0	3,388.3	36.6	66.0	102.6
Government subsidies and grants										
Balance as at 31 December 2011	0.0	0.1	2.7	0.0	0.0	0.0	2.8	0.0	0.0	0.0
Disposals		-0.1	-0.6				-0.7			0.0
Balance as at 31 December 2012	0.0	0.0	2.1	0.0	0.0	0.0	2.1	0.0	0.0	0.0
Additions					3.5		3.5			0.0
Disposals			-0.6				-0.6			0.0
Balance as at 31 December 2013	0.0	0.0	1.5	0.0	3.5	0.0	5.0	0.0	0.0	0.0
Net carrying amount as at 31 December 2011	109.5	830.4	1,667.8	48.6	207.8	83.3	2,947.4	305.4	12.3	317.7
Net carrying amount as at 31 December 2012	110.0	805.7	1,702.7	40.2	161.5	87.6	2,907.7	297.7	11.7	309.4
Net carrying amount as at 31 December 2013	110.2	782.6	1,669.4	36.2	247.4	86.2	2,931.9	290.0	11.5	301.5

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 to finance the 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 eleventh 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), 1 January 2012 (CHF 0.6 million) and 1 April 2013 (CHF 6.1 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 finance leases and have therefore been recognised in the balance sheet. The leased facilities available for use have been depreciated with effect from their date of completion.

The term of the finance lease for the baggage sorting and handling system ends on 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 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.

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

The intangible asset from the right of formal 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 voluntarily carries out a calculation at company level on a yearly basis to determine whether there is any indication that assets may be impaired. The calculation is based on the estimated future cash flows of Flughafen Zürich AG. The calculation as at 31 December 2013 did not identify any indications of impairment.

The calculation is based on the following assumptions:

- Discount rate of 7.5 %
- Zurich will maintain its hub status
- The volume of passengers will increase by 2 % over the medium and long term
- Growth of flight movements will be disproportionately slower than passenger growth at around 1 %
- 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 225.3 million were offset against government grants and subsidies recognised in the income statement in the amount of CHF -0.6 million.

8) Financial assets of Airport of Zurich Noise Fund

(CHF 1,000)	31.12.2013	31.12.2012
Current available-for-sale securities (see note 16, Airport of Zurich Noise Fund)	49,244	68,086
Non-current available-for-sale securities (see note 16, Airport of Zurich Noise Fund)	206,944	185,811
Total financial assets of Airport of Zurich Noise Fund	256,188	253,897

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 2013 was between 0.25 % and 4.00 % (2012: 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)	31.12.2013	31.12.2012
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 %)	6,184	5,438
A-port Chile S.A., Santiago de Chile (Chile)		
Share capital: CLP 5,264 million (previous year CLP 5,264 million) / Equity share 49.0 % (previous year 49.0 %)	6,231	5,155
Companhia de Participações Aeroportuárias (previously: A-port S.A.), São Paulo (Brazil)		
Share capital: BRL 63 million (previous year BRL 63 million) / Equity share 15.0 % (previous year 15.0 %)	n/a	4,314
A-port Operaciones S.A., Santiago de Chile (Chile)		
Share capital: CLP 1,352 million (previous year CLP 1,352 million) / Equity share 62.0 % (previous year 49.5 %)	n/a	2,860
Administradora Unique IDC C.A., Porlamar (Venezuela)		
Share capital: VEB 25 million (previous year VEB 25 million) / Equity share 49.5 % (previous year 49.5 %)	0	0
Aeropuertos Asociados de Venezuela C.A., Porlamar (Venezuela)		
Share capital: VEB 10 million (previous year VEB 10 million) / Equity share 49.5 % (previous year 49.5 %)	0	0
Total investments in associates	12,415	17,767

India

As at the reporting date, Flughafen Zürich AG held 5 % of the share capital of Bangalore International Airport Ltd. (BIAL), the owner and operator of the airport that opened in Bengaluru, India, in May 2008. It is involved in the operation of the airport under an Operations, 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 reached at the end of 2009 regarding the sale of a 12 % interest in BIAL, Flughafen Zürich AG has an option to sell the remaining 5 % stake in BIAL to the buyer in the period from 24 May 2011 to 30 September 2014. As at the reporting date, the fair value of this put option was close to zero. In return, the buyer was granted the right to buy the remaining 5 % at the market price.

Latin America

Based on the strategy of deploying the expertise of Flughafen Zürich AG as profitably as possible in international projects via operation and management agreements and supplementing that expertise with the knowledge of a local partner, steps were taken to optimise the investments in Latin America and completed in early 2013. In the process, Flughafen Zürich AG acquired a majority stake in A-port Operaciones S.A. This company based in Santiago de Chile (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, a 49 % interest is still held in the share capital of A-port Chile S.A., an associate based in Santiago de Chile (Chile), which in turn holds the interests in the licensed companies for the Chilean airports in Antofagasta, Iquique and Puerto Montt. This company receives the income and expenses from the operation of the aforementioned airports.

The restructuring of the ownership resulted in the loss of significant influence in Companhia de Participações Aeroportuárias based in São Paulo (Brazil), which holds the interest in Hato International Airport in Curaçao. This minority interest is now recognised in Other financial assets.

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 protec-

tion 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 took place in June 2013. The ICSID ruling is expected in the second half of 2014. The value of this holding was fully impaired in 2006.

The following tables summarise the financial information for the associates of Flughafen Zürich AG. The amounts correspond to those in the associates' financial statements prepared in accordance with IFRSs, adjusted for differences in accounting policies.

Bangalore International Airport Ltd.

(CHF 1,000)	31.12.2013	31.12.2012
Revenue	105,227	111,363
Profit	23,468	17,258
Comprehensive income	23,468	17,258
Non-current assets	414,460	404,922
Current assets	117,487	102,103
Non-current liabilities	-332,758	-319,331
Current liabilities	-75,502	-78,936
Net equity	123,687	108,758
Equity share	5%	5%
Carrying amount of interest in associate	6,184	5,438

A-port Chile S.A.

(CHF 1,000)	31.12.2013	31.12.2012
Revenue	10,614	8,675
Profit	3,704	3,368
Comprehensive income	3,704	3,368
Non-current assets	28,577	12,243
Current assets	5,658	5,195
Non-current liabilities	-20,297	-5,134
Current liabilities	-1,221	-1,784
Net equity	12,717	10,520
Equity share	49%	49%
Carrying amount of interest in associate	6,231	5,155

10) Trade receivables

(CHF 1,000)	31.12.2013	31.12.2012
Trade receivables ¹⁾	116,139	108,536
Impairment allowance	-679	-661
Total trade receivables, net	115,460	107,875

¹⁾ Trade receivables include an amount of CHF 38.2 million due from Swiss (2012: CHF 38.6 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 reporting date and the preparation of the 2013 annual report, Swiss International Air Lines Ltd. had paid the outstanding amount arising from airport charges in full as at 31 December 2013.

Geographical distribution of trade receivables:

(CHF 1,000)	31.12.2013	31.12.2012
Switzerland	109,012	102,622
Europe	6,477	5,690
India	99	112
Latin America	551	112
Total trade receivables	116,139	108,536

Classification of receivables by maturity as at the reporting date:

	Trade receivables Gross 31.12.2013	Individual allowance 31.12.2013	Collective allowance 31.12.2013	Trade receivables Gross 31.12.2012	Individual allowance 31.12.2012	Collective allowance 31.12.2012
(CHF 1,000)						
Not past due	110,515	0	-535	85,388	0	-425
Past due, 0 to 30 days	4,982	0	-21	21,858	0	-109
Past due, 31 to 60 days	382	0	-1	803	0	-4
Past due, more than 61 days	260	-121	-1	487	-121	-2
Total	116,139	-121	-558	108,536	-121	-540

The impairment allowance changed as follows in the reporting period:

	Individual allowance		Collective allowance		Total allowance	
(CHF 1,000)	2013	2012	2013	2012	2013	2012
Balance as at 1 January	-121	-382	-540	-480	-661	-862
Change	0	261	-18	-60	-18	201
Balance as at 31 December	-121	-121	-558	-540	-679	-661

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)	31.12.2013	31.12.2012
Services not yet invoiced	8,125	6,911
Accrued interest on interest-bearing debt instruments Airport of Zurich Noise Fund	1,692	2,207
Prepaid services	527	660
Prepaid expenses and accruals	10,344	9,778
Tax receivables (VAT / withholding tax)	9,203	6,604
Other receivables	1,620	1,489
Total other receivables and prepaid expenses	21,167	17,871

Other receivables and prepaid expenses include the following financial instruments:

(CHF 1,000)	31.12.2013	31.12.2012
Services not yet invoiced	8,125	6,911
Accrued interest on interest-bearing debt instruments Airport of Zurich Noise Fund	1,692	2,207
Total financial instruments	9,817	9,118
Tax receivables (VAT / withholding tax)	9,203	6,604
Prepaid services	527	660
Other receivables	1,620	1,489
Total other receivables and prepaid expenses	21,167	17,871

The interest from the liquid funds of the Airport of Zurich Noise Fund that were invested separately (see also note 8, Financial assets of Airport of Zurich Noise Fund and note 16, Airport of Zurich Noise Fund) was recognised on an accrual basis.

All services provided in the reporting period were invoiced between the reporting date and the preparation of the annual report. There are no past due receivables reported in the above items that would require the recognition of an individual or collective allowance.

12) Cash and cash equivalents and fixed-term deposits

(CHF 1,000)	31.12.2013		31.12.2012	
	Total	of which AZNF	Total	of which AZNF
Cash on hand	219		222	
Cash at banks and in postal accounts	392,724	45,760	232,636	27,759
Fixed-term deposits ¹⁾	0		120,000	
Collateral, due within 90 days ²⁾	0		15,855	
Total cash and cash equivalents	392,943	45,760	368,713	27,759

¹⁾ Due within 90 days from date of acquisition.

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

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

	Original currency	2013 Interest rates (%)	2012 Interest rates (%)	2013 Average maturity (days)	2012 Average maturity (days)
Cash at banks and in postal accounts	CHF	0.00 to 0.05	0.00 to 0.125	n/a	n/a
Fixed-term deposits	CHF	0.07 to 0.175	0.10 to 0.25	48	89
Collateral	CHF	0.01 to 0.02	0.00 to 0.07	n/a	n/a

The recognised fixed-term deposit of CHF 20.0 million has a term to maturity to 14 January 2014.

13) Equity and reserves

Number of shares	Issued registered shares (nominal value, CHF 50)	Treasury shares	Total shares in circulation
Balance as at 1 January 2012	6,140,375	1,381	6,138,994
Purchase of treasury shares		101,190	-101,190
Sale of treasury shares		-95,000	95,000
Distribution of treasury shares to employees and third parties		-3,139	3,139
Balance as at 31 December 2012	6,140,375	4,432	6,135,943
Purchase of treasury shares		1,237	-1,237
Sale of treasury shares		0	0
Distribution of treasury shares to employees and third parties		-2,110	2,110
Balance as at 31 December 2013	6,140,375	3,559	6,136,816

Share rights

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

Treasury shares

Treasury shares are distributed to employees and third parties under the bonus programme (see note 2, Personnel expenses and note 20.5, Related parties). Treasury 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 changes in cash flow hedging instruments in connection with transactions that have been hedged but have not yet occurred.

Fair value reserve

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

Translation reserve

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

Earnings per share

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

	2013	2012
Profit attributable to shareholders of Flughafen Zürich AG in Swiss francs	137,083,773	94,732,217
Weighted average number of outstanding shares	6,136,655	6,105,686
Effect of dilutive shares	2,479	3,417
Adjusted weighted average number of outstanding shares	6,139,134	6,109,103
Basic earnings per share (CHF)	22.34	15.52
Diluted earnings per share (CHF)	22.33	15.51

Major shareholders and shareholder structure

The shareholder structure as at 31 December was as follows:

	2013	2012
Public sector	38.60 %	38.60 %
Private individuals	3.07 %	3.29 %
Companies	2.21 %	2.84 %
Pension funds	1.38 %	1.94 %
Financial institutions (including nominees)	26.21 %	25.65 %
Balance available and non-registered shareholders	28.53 %	27.68 %
Total	100.00 %	100.00 %

	2013	2012
Number of shareholders	5,141	4,951

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

	2013	2012
Canton of Zurich	33.33 %	33.33 %
City of Zurich (including pension fund of the City of Zurich)	5.05 %	5.04 %

14) Financial liabilities

(CHF 1,000)	31.12.2013	31.12.2012
Debentures	946,922	771,115
Japanese private placement	0	385,583
US private placement	48,696	99,695
Non-current lease liabilities	31,640	38,546
Non-current financial liabilities	1,027,258	1,294,939
Debentures	224,929	0
US private placement	48,138	49,604
Current lease liabilities	11,949	9,679
Current financial liabilities	285,016	59,283
Total financial liabilities	1,312,274	1,354,222

On 23 May 2013, the Japanese private placement was repaid in full (in this context, see also the detailed explanatory notes in note 5, Finance result).

On 17 April 2013, a new debenture was issued in the amount of CHF 400.0 million (nominal amount). It carries an interest coupon of 1.5 % and will be redeemed in 2023. It has been recognised under non-current financial liabilities.

The change in liabilities arising from the US private placement comprises the combined effects of foreign exchange movements and annual repayments. In April of the reporting period, the third of five annual tranches was repaid at the nominal amount of CHF 73.2 million (2012: CHF 73.2 million, nominal).

In financial year 2013, a total of CHF 10.9 million (2012: CHF 9.2 million) of the outstanding lease liabilities was repaid in accordance with the existing lease agreements.

Composition of non-current financial liabilities as at the reporting date:

Financial liabilities	Nominal value as at 31.12.2013 in 1,000	Carrying amount as at 31.12.2013 in CHF 1,000	Duration	Interest rate	Early amortisation	Interest payment date
Debenture	CHF 250,000	248,130	2011–2017	2.250 %	no	5.5.
Debenture	CHF 300,000	299,227	2012–2020	1.250 %	no	3.7.
Debenture	CHF 400,000	399,565	2013–2023	1.500 %	no	17.4.
US private placement	USD 55,000	48,696	2003–2015	4.753 %	from 2011	11.4./11.10.
Lease liabilities (baggage sorting and handling system)	CHF 23,151	23,151	2003–2016	4.713 %	no	1 st of each month
Lease liabilities (aircraft energy supply systems)	CHF 8,489	8,489	2003–2020	3.712 %	no	1 st of each month
Total non-current financial liabilities		1,027,258				

External financing is subject to standard guarantees and covenants, which were complied with as at the reporting date.

In addition, unused credit facilities (excluding the credit facility of the Airport of Zurich Noise Fund) at the reporting date amount to a total of CHF 192.9 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)	31.12.2013	31.12.2012
Due within 1 year	285,016	59,283
Due within 2 to 5 years	325,804	606,040
Due in more than 5 years	701,454	688,899
Total financial liabilities	1,312,274	1,354,222

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			
Fair values						
Balance as at 31 December 2011	84,406	92,806	16,530	193,742	-39,717	154,025
Adjustment to tax rate	0	0	0	0	581	581
Adjustment to fair value	13,122	-20,677	-16,530	-24,085	4,865	-19,220
Balance as at 31 December 2012	97,528	72,129	0	169,657	-34,271	135,386
Adjustment to fair value	-97,528	-22,514	0	-120,042	24,248	-95,794
Balance as at 31 December 2013	0	49,615	0	49,615	-10,023	39,592

Following the termination of the hedging instrument used to hedge currency risk on the Japanese private placement in March 2013, only the hedging instrument for the US private placement remains at the reporting date. As a result, the cumulative loss after deduction of deferred taxes declined sharply in the reporting period, from CHF 135.4 million to CHF 39.6 million. The fair value of the derivative instrument for the US private placement is recognised under Other current liabilities, accruals and deferrals (see also note 19, Other current liabilities, accruals and deferrals).

For hedge accounting purposes, the remaining cross-currency interest rate swap used to hedge currency risk associated with future interest payments and repayments on the US private placement is divided into two components: one component for hedging currency

risks, and the other for hedging interest rate 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 the change in the fair value of the foreign currency component of the swap are recognised in the income statement. The interest component of the swap is classified as a cash flow hedge. Changes in the fair value of the interest component of the hedging instrument 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 the swap are presented in the maturities table in note 20.1, a) Financial risk management, ii) Liquidity risk. The hedge was fully effective during the reporting period.

The accumulated foreign exchange differences in the hedged financial liabilities changed as follows in the reporting period and are completely offset (partly offset in the comparative period) by the portion 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)
Balance as at 31 December 2011	30,564	-86,218	-15,965	-71,619	14,682	-56,937
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
Balance as at 31 December 2012	-30,754	-68,426	0	-99,180	20,034	-79,146
Foreign exchange differences	30,754	19,949	0	50,703	-10,242	40,461
Balance as at 31 December 2013	0	-48,477	0	-48,477	9,792	-38,685

The unrealised gains/losses recognised in the hedging reserve, net as an item within equity changed as follows in the reporting period:

(CHF 1,000)	Gross	Deferred tax	Net
Balance as at 31 December 2011	-122,123	25,035	-97,088
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
Balance as at 31 December 2012	-101,231	20,449	-80,782
Adjustment to fair value	-15,372	3,106	-12,266
Transfer to income statement	115,465	-23,324	92,141
Balance as at 31 December 2013	-1,138	231	-907

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. The following collateral existed at the reporting date:

(CHF 1,000)	Original currency	2013 Interest rate in %	2012 Interest rate in %	31.12.2013 CHF	31.12.2012 CHF
Cash and cash equivalents, due within 90 days	CHF	0.01 to 0.02	0.00 to 0.07	0	15,855
Letter of credit, due within 90 days ¹⁾	CHF	0.65	0.60 to 0.85	30,000	120,000

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

Overview of lease liabilities

The lease liabilities shown below mainly include the lease agreements for the baggage sorting and handling system and the aircraft energy supply system (see note 7, Changes in property, plant and equipment and intangible assets).

(CHF 1,000)	31.12.2013	31.12.2012
Future minimum lease payments		
Due within 1 year	13,768	11,978
Due within 2 to 5 years	31,030	37,960
Due in more than 5 years	2,741	4,410
Total future minimum lease payments	47,539	54,348
Future interest payments	-3,950	-6,123
Present value of lease liabilities	43,589	48,225
of which due within 1 year	11,949	9,679
of which due within 2 to 5 years	28,978	34,344
of which due within more than 5 years	2,662	4,202

As at the reporting date, interest rates on the material lease liabilities were 4.713 % (baggage sorting and handling system) and 3.712 % (aircraft energy supply system).

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

(CHF 1,000)	Sound insulation and resident protection	Formal expropriations	Total
Balance as at 1 January 2012	100,448	233,296	333,744
Provision used ¹⁾	-23,230	-1,884	-25,114
Unwinding of discount ²⁾	9,116	16,640	25,756
Balance as at 31 December 2012	86,334	248,052	334,386
of which current (planned payment within 1 year)	25,000	8,337	33,337
of which non-current (planned payment from 1 year on)	61,334	239,715	301,049
Balance as at 1 January 2013	86,334	248,052	334,386
Provision used ¹⁾	-20,611	-2,258	-22,869
Unwinding of discount ³⁾	-63	-6,092	-6,155
Balance as at 31 December 2013	65,660	239,702	305,362
of which current (planned payment within 1 year)	20,000	5,000	25,000
of which non-current (planned payment from 1 year on)	45,660	234,702	280,362

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

²⁾ In the previous year, a reassessment was made of the discount rate and the expected cash outflows.

³⁾ In the year under review, a reassessment was made of the discount rate and the expected cash outflows for formal expropriations measures up to the end of 2020, which resulted in a positive effect from the unwinding of the discount on the provision for formal expropriations.

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 at the reporting date, a total of CHF 170.9 million had been paid out. 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 1.5 % (2012: 1.2 %). 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 Valuation uncertainties and significant estimates and assumptions in the application of accounting policies, point 1.5, pages 85 to 87), a total amount of CHF 239.7 million was recognised as a provision for "new" noise-related liabilities (nominal amount CHF 259.1 million) as at the reporting date. This amount takes account of the final-instance court rulings made to date in the various regions around the airport. The discount rate used to calculate the interest cost on the nominal payment flows is now 1.5 % (2012: 1.2 %). It is currently expected that the payments can be completed by the end of 2020 (previously: 2018).

16) Airport of Zurich Noise Fund

Flughafen Zürich AG refinances all costs relating to aircraft noise through special noise charges based on the "costs-by-cause" principle. In the interest of transparency, costs and income relating to 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 reporting 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.

If the fund statement shows an accumulated income surplus, this surplus is 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 are higher than the accumulated income (i.e. a financing gap arises), 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 and 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 an amount of CHF 115.4 million was transferred to the Canton of Zurich on 1 July 2008 as part of the pre-financing solution (see Valuation uncertainties and significant estimates and assumptions in the application of accounting policies, point 1.5, pages 85 to 87) and, as of that date, the Canton has also received a portion of the collected noise charges, the balance of the Airport of Zurich Noise Fund as at 31 December 2013 relates to the "new" noise-related liabilities of Flughafen Zürich AG.

The detailed fund statement is disclosed to a committee comprising representatives of Zurich Airport customers and the relevant authorities. The regulations of the Airport of Zurich Noise Fund and other information (including an overview of its financial development) can be downloaded from the following website: www.zurich-airport.com/aznf.

The situation of the fund from the perspective of Flughafen Zürich AG is presented below taking a liquidity-based view as required by the AZNF regulations.

(CHF 1,000)	2013	2012
Airport of Zurich Noise Fund as at 1 January	273,786	247,711
Revenue from noise charges ¹⁾	53,799	52,044
Costs for sound insulation and resident protection	-20,611	-23,230
Costs for formal expropriations ²⁾	-2,907	-3,156
Net result before operating costs and finance result	304,067	273,369
Operating costs	-3,887	-3,811
Interest income from financial assets of Airport of Zurich Noise Fund	4,755	5,857
Adjustments to fair value of financial assets (available-for-sale-securities)	-1,453	954
Realised gains/losses on financial assets (available-for-sale-securities)	-3,285	-2,583
Airport of Zurich Noise Fund as at 31 December	300,197	273,786

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

²⁾ In addition to compensation payments for formal expropriations, this amount includes other associated external costs (in accordance with regulations of the Airport of Zurich Noise Fund; see note 15, Provision for sound insulation and resident protection plus formal expropriations).

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

(CHF 1,000)	31.12.2013	31.12.2012
Cash equivalents (see note 12, Cash and cash equivalents)	45,760	27,759
Current available-for-sale securities (see note 8, Financial assets of Airport of Zurich Noise Fund)	49,244	68,086
Non-current available-for-sale securities (see note 8, Financial assets of Airport of Zurich Noise Fund)	206,944	185,811
Accrued asset/(liability) towards Flughafen Zürich AG ¹⁾	-1,751	-7,870
Total assets invested for Airport of Zurich Noise Fund	300,197	273,786

¹⁾ For accounting reasons, an accrual (deferral) towards Flughafen Zürich AG arises as at the reporting 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)	2014	2015	2016	2017	2018 ff.	Total
Cash and cash equivalents	45,760	0	0	0	0	45,760
AAA	22,443	15,207	40,320	21,464	24,975	124,409
AA+ / AA / AA-	22,776	6,573	18,697	8,484	33,021	89,551
A+ / A / A-	4,025	8,168	5,008	0	3,989	21,190
Without rating	0	6,732	4,573	4,788	4,945	21,038
Other ¹⁾	-1,751	0	0	0	0	-1,751
Total assets invested for Airport of Zurich Noise Fund	93,253	36,680	68,598	34,736	66,930	300,197
in %	31.06	12.22	22.85	11.57	22.30	100.00

¹⁾ For accounting reasons, an accrual (deferral) towards Flughafen Zürich AG arises as at the reporting 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 % (2012: 20.2 %). 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)	2013	2012
Deferred tax liability, net as at 1 January	80,281	94,273
Change in tax rate, recognised in hedging reserve	0	366
Change in tax rate, recognised in income statement	0	-1,746
Deferred taxes on adjustments to fair value of cross-currency interest rate swaps recognised in hedging reserve	-3,106	2,032
Cross-currency interest rate swaps - transfer to income statement	23,324	2,188
Deferred taxes on remeasurement of defined benefit liability, recognised in OCI	8,826	0
Change in scope of consolidation	26	0
Change according to income statement	-4,689	-16,832
Deferred tax liability, net as at 31 December	104,662	80,281

Deferred tax is allocated to the following items:

(CHF 1,000)	31.12.2013		31.12.2012	
	Assets	Liabilities	Assets	Liabilities
Buildings and movables		30,266		33,307
Renovation fund		29,513		28,402
Aircraft noise		58,133		48,278
Financial liabilities transaction costs		200		1,325
Financial liabilities issuing costs		636		3,839
Employee benefit obligations	14,193		20,937	
Cross-currency interest rate swaps	10,022		34,271	
Private placements		9,792		20,034
Miscellaneous items		337		304
Deferred tax, gross	24,215	128,877	55,208	135,489
Offsetting of assets and liabilities	-24,215	-24,215	-55,208	-55,208
Deferred tax liability, net	0	104,662	0	80,281

As at 31 December 2013, 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)	31.12.2013	31.12.2012
Post-employment benefit obligations	-75,838	-117,621
Other long-term employee benefits	-8,572	-8,587
Employee benefit obligations	-84,410	-126,208

18.1) Post-employment benefits

Flughafen Zürich AG maintains the following employee benefit plans:

a) Defined benefit plans

BVK employee benefit plans

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). 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 96.1% as at 31 December 2013 (31 December 2012: 90.9%) as calculated according to the applicable Swiss accounting regulations (Article 44 BVV2).

Until the new affiliation contract was signed on 29 November 2012, the previous main post-employment benefit plan with the BVK was 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 amendments to the previous affiliation contract 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 was at that time a dependent entity under public cantonal law whose continuation was 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 (approval of a single payment of CHF 2 billion and the appropriate revisions to 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 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 reporting date of 31 December 2012. Due to the change in classification, the difference in the net benefit obligation of CHF 113.3 million was 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.

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.

Until the end of 2013, the BVK was a legally dependent entity as part of the cantonal administration of the Canton of Zurich, and the Government Council of the Canton of Zurich was the senior executive body of the BVK. It issued the Articles of Association and set out the investment strategy. The management was responsible for the correct implementation of the requirements. The administrative commission, as a bipartite body, advised the Government Council on important insurance-related matters and recommended that the annual financial statements of the foundation be approved. It comprised 16 members, eight employee and eight 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. On 1 January 2014, the BVK was therefore separated from the administrative structure of the Canton in legal, organisational and financial terms and transformed into a foundation under private law. The Foundation Board, comprising nine employer and nine employee representatives, is the senior executive body of the foundation and thus responsible for the strategic objectives and principles and for monitoring its management. The management is responsible for implementing legal requirements and the instructions given by the Foundation Board.

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 by 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 of between 7.2 % and 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. Until the end of 2013, the BVK's investment strategy was stipulated by the Government Council of the Canton of Zurich and implemented on an operational level by the Investment Committee and BVK Asset Management. The investment strategy ranges within tactical bandwidths so as to enable a flexible response to current market situations. 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 2013 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 2013 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 asset classes at the reporting 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 reporting date are as follows:

(CHF 1,000)	31.12.2013	31.12.2012
Present value of funded defined benefit obligations	-475,518	-484,390
Fair value of plan assets	399,680	366,769
Net defined benefit obligations recognised in the balance sheet	-75,838	-117,621

The defined benefit obligations changed as follows:

(CHF 1,000)	2013	2012
Present value of defined benefit obligations as at 1 January	-484,390	-3,902
Current service costs	-15,163	0
Net interest expenses on defined benefit obligations	-8,989	-81
Employee contributions	-8,930	0
Benefits paid	15,627	628
Gain / (loss) due to experience	9,004	-132
Gain / (loss) due to financial assumption changes	17,676	0
Past service costs	-353	-787
Integration of BVK pension plan	0	-480,116
Present value of defined benefit obligations as at 31 December	-475,518	-484,390

The weighted average duration of the defined benefit obligations at 31 December 2013 is 15.4 years (2012: 15.6 years).

The plan assets changed as follows:

(CHF 1,000)	2013	2012
Fair value of plan assets as at 1 January	366,769	0
Employer contributions	15,910	628
Employee contributions	8,930	0
Benefits paid	-15,627	-628
Administration expenses	-260	0
Interest income on plan assets	6,946	0
Return on plan assets excluding amounts included in interest income	17,012	0
Integration of BVK pension plan	0	366,769
Fair value of plan assets as at 31 December	399,680	366,769

The net defined benefit obligations changed as follows:

(CHF 1,000)	2013	2012
Net defined benefit obligations as at 1 January	-117,621	-3,902
Total charge recognised in the income statement	-17,819	-114,215
Total remeasurements recognised in other comprehensive income	43,692	-132
Employer contributions	15,910	628
Net defined benefit obligations as at 31 December	-75,838	-117,621

The company expects employer contributions of CHF 17.2 million for financial year 2014.

Analysis of the amounts recognised in the income statement:

(CHF 1,000)	2013	2012
Current service cost	-15,163	0
Past service cost	-353	-114,134
Net interest expenses on defined benefit obligations	-2,043	-81
Immediate recognition of (gain) / loss arising during year	0	0
Administration expenses	-260	0
Total charge recognised in the income statement	-17,819	-114,215

Analysis of the amounts recognised in other comprehensive income:

(CHF 1,000)	2013	2012
Actuarial gains / (losses) due to changes in financial assumptions	17,676	0
Actuarial gains / (losses) due to experience	9,004	-132
Return on plan assets excluding amounts included in net interest	17,012	0
Total remeasurements recognised in other comprehensive income	43,692	-132

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

	2013	2012
Discount rate	2.2 %	1.9 %
Underlying consumer price inflation	1.0 %	1.0 %
Future salary increases	1.0 %	1.0 %
Rate of pension increases	0.1 %	0.1 %

Breakdown of plan assets by asset class:

(in %)	2013	2012
Asset category:		
Cash and cash equivalents	11.5	12.2
Shares	31.5	30.6
Bonds	28.1	26.4
Property	18.6	21.2
Other	10.3	9.6
Total	100.0	100.0

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:

	2013 Effect on DBO		2012 Effect on DBO	
	+0.25 %	-0.25 %	+0.25 %	-0.25 %
Discount rate	Decrease by 3.6 %	Increase by 3.9 %	Decrease by 3.7 %	Increase by 3.9 %
Future salary increases	Increase by 0.4 %	Decrease by 0.4 %	Increase by 0.4 %	Decrease by 0.4 %
Interest rate on retirement savings accounts	Increase by 0.9 %	Decrease by 0.8 %	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 obligations recognised at the reporting 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 of CHF 8.6 million (2012: CHF 8.6 million) was calculated based on the number of accumulated service years which, at the reporting date, was 8.7 (2012: 8.5 years).

19) Other current liabilities, accruals and deferrals

(CHF 1,000)	31.12.2013	31.12.2012
Expenses not invoiced	39,874	34,319
Accrued interest on financial liabilities	20,033	18,859
Investments not invoiced	10,840	12,195
Deferred income	2,520	13,107
Deferred income and accruals	73,267	78,480
Fair value of cross-currency interest rate swaps ¹⁾	49,615	169,657
Amounts due to personnel (holidays and overtime)	3,851	4,809
Deposits and advance payments by customers	5,755	3,133
Social security contributions	4,175	3,674
Other liabilities	1,555	1,142
Total other current liabilities, accruals and deferrals	138,218	260,895

¹⁾ See also note 14, Financial liabilities.

Other current liabilities, accruals and deferrals include the following financial instruments:

(CHF 1,000)	31.12.2013	31.12.2012
Expenses not invoiced	39,874	34,319
Accrued interest on financial liabilities	20,033	18,859
Investments not invoiced	10,840	12,195
Total liabilities carried at amortised cost	70,747	65,373
Fair value of cross-currency interest rate swaps ¹⁾	49,615	169,657
Total financial instruments held for hedging purposes	49,615	169,657
Amounts due to personnel (holidays and overtime)	3,851	4,809
Deposits and advance payments by customers	5,755	3,133
Deferred income	2,520	13,107
Social security contributions	4,175	3,674
Other liabilities	1,555	1,142
Total other current liabilities, accruals and deferrals excluding financial instruments	17,856	25,865
Total other current liabilities, accruals and deferrals	138,218	260,895

¹⁾ See also note 14, Financial liabilities.

The expenses not yet invoiced as at the reporting date mainly concern purchases effected in the fourth quarter of 2013 or in December 2013 that were invoiced by the suppliers concerned in early 2014.

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 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.

The Flughafen Zürich AG risk management system is the management and operating 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 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 of Financial Services, 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.

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 reporting date are invoiced within one month and subsequently monitored as part of trade receivables management.

With the exception of Swiss as the main client, credit risk is distributed over a broad clientele. Trade receivables include an amount of CHF 38.2 million due from Swiss (2012: 38.6 million) (see note 10, Trade receivables). In the period between the reporting date and the preparation of the 2013 annual report, Swiss paid the outstanding amount arising from airport charges as at 31 December 2013 in full.

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 pro-forma invoicing) are applied, or security is 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 in the credit exposure above the respective carrying amounts. The maximum exposure to credit risk as at the reporting date was as follows:

(CHF 1,000)

	31.12.2013	31.12.2012
Cash equivalents (excluding cash on hand)	392,724	368,491
Fixed-term deposits	20,000	75,038
Non-current financial assets of Airport of Zurich Noise Fund	206,944	185,811
Trade receivables, net	115,460	107,875
Current financial assets of Airport of Zurich Noise Fund	49,244	68,086
Other receivables and prepaid expenses	9,817	9,118
Other financial assets	11	11
Total maximum exposure to credit risk	794,200	814,430

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 main-

taining 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 capital market. For this purpose, the company uses rolling liquidity planning that is based on expected cash flows and is periodically updated. Treasury is responsible for monitoring liquidity risk. As at the reporting date, Flughafen Zürich AG had the following unused credit limits at its disposal:

(CHF 1,000)	Duration	31.12.2013	31.12.2012
Operating credit lines (committed credit lines)	31.12.2015	240,000	300,000
Airport of Zurich Noise Fund (committed credit lines)	31.12.2015	200,000	200,000
Total credit lines		440,000	500,000
Utilisation ¹⁾		-47,059	-120,060
Total unused credit lines		392,941	379,940

¹⁾ Letter of credit and bank guarantees

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

31.12.2013 (CHF 1,000)	Carrying amount	Contractual cash flows	Due within 1 year	Due within 2 to 5 years	Due in more than 5 years
Debentures	1,171,851	1,293,875	250,500	305,875	737,500
Japanese private placement	0	0	0	0	0
US private placement	96,834	104,016	53,556	50,460	0
Lease liabilities	43,589	47,539	13,768	31,030	2,741
Trade payables	51,415	51,415	51,415	0	0
Other current liabilities and accruals	70,747	70,747	70,747	0	0
Total non-derivative financial liabilities	1,434,436	1,567,592	439,986	387,365	740,241
Cross-currency interest rate swap	49,615	49,257	24,838	24,419	0
Total derivative financial liabilities	49,615	49,257	24,838	24,419	0
Total	1,484,051	1,616,849	464,824	411,784	740,241

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
Debentures	771,115	853,375	19,500	522,625	311,250
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
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
Total non-derivative financial liabilities	1,459,029	1,695,524	205,655	711,888	777,981
Cross-currency interest rate swaps	169,657	250,292	36,357	97,926	116,009
Total derivative financial liabilities	169,657	250,292	36,357	97,926	116,009
Total	1,628,686	1,945,816	242,012	809,814	893,990

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 finance 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 that 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.

After conclusion of the restructuring of non-current financial liabilities (see section 5, Finance result and section 14, Financial liabilities), Flughafen Zürich AG is exposed to currency risk as at the reporting date in connection with the private placement in US dollars, although the currency risk has been largely 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 reporting date, the company still has a foreign currency account for US dollars.

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

(CHF 1,000)	31.12.2013			31.12.2012		
	Euro	Yen	US dollars	Euro	Yen	US dollars
Cash at banks and in postal accounts	0	0	484	111	0	361
Total currency risk assets	0	0	484	111	0	361
Current financial liabilities	0	0	48,138	0	0	49,604
Debentures and non-current loans	0	0	48,696	0	385,583	99,695
Cross-currency interest rate swaps	0	0	57,754	0	33,204	259,627
Total currency risk liabilities	0	0	154,588	0	418,787	408,926

An appreciation or depreciation in the exchange rate of the Swiss franc by 10 % against the currencies below as at 31 December 2013 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 the prior year was based on the same assumptions.

(CHF 1,000)	Appreciation of CHF (plus 10%)		Depreciation of CHF (minus 10%)	
	Equity	Profit	Equity	Profit
Yen	-6,608	31,155	5,895	-24,541
US dollars	-4,966	-29	8,819	29
Euro	0	-9	0	9
31 December 2012	-11,574	31,117	14,714	-24,503
Yen	0	0	0	0
US dollars	924	-39	1,486	39
Euro	0	0	0	0
31 December 2013	924	-39	1,486	39

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 in 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-by-case basis using interest rate swaps.

The financial assets of the 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 reporting date, Flughafen Zürich AG's interest rate profile was as follows (interest-bearing financial instruments):

(CHF 1,000)	31.12.2013	31.12.2012
Fixed-interest financial assets of Airport of Zurich Noise Fund	256,188	253,897
Fixed-term deposits	20,000	75,038
Fixed-interest financial instruments (assets)	276,188	328,935
Cash and cash equivalents	347,183	340,954
Cash and cash equivalents of Airport of Zurich Noise Fund	45,760	27,759
Variable-interest financial instruments (assets)	392,943	368,713
Total interest-bearing assets	669,131	697,648
Debentures	-1,171,851	-771,115
Japanese private placement	0	-385,583
US private placement	-96,834	-149,299
Cross-currency interest rate swaps	-49,615	-169,657
Lease liabilities	-43,589	-48,225
Fixed interest financial instruments (liabilities)	-1,361,889	-1,523,879
Total interest-bearing liabilities	-1,361,889	-1,523,879

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 financial instruments	0	1,471	0	-295
Fixed-interest financial instruments	541	0	4,063	0
31 December 2012	541	1,471	4,063	-295
Variable-interest financial instruments	0	1,568	0	-157
Fixed-interest financial instruments	-2,262	0	2,290	0
31 December 2013	-2,262	1,568	2,290	-157

b) Fair values

The carrying amounts of cash and cash equivalents, fixed-term deposits, trade receivables, other current receivables and current liabilities correspond approximately to their fair values.

Financial assets in the Airport of Zurich Noise Fund: The fair value corresponds to the market price of the securities as at the reporting date.

Derivatives: The fair value of the cross-currency interest rate swap is determined using a fair value model. The key input factors are foreign exchange rates and interest rates observable in the market. Non-observable input factors do not have any material influence on the valuation.

Financial liabilities: The fair value of the debentures corresponds to the 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 as at the reporting date.

(CHF 1,000)	Carrying amount	Fair value	Carrying amount	Fair value
	31.12.2013	31.12.2013	31.12.2012	31.12.2012
Debentures	1,171,851	1,183,100	771,115	814,335
Japanese private placement	0	0	385,583	363,424
US private placement	96,834	98,149	149,299	153,198
Total	1,268,685	1,281,249	1,305,997	1,330,957

c) Categories of financial instruments

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

(CHF 1,000)	31.12.2013	31.12.2012
Cash (excl. cash on hand) and cash equivalents, collateral and short-term monetary investments	392,724	368,491
Fixed-term deposits	20,000	75,038
Trade receivables, net	115,460	107,875
Other receivables and prepaid expenses	9,817	9,118
Other financial assets	11	11
Total loans and receivables	538,012	560,533
Current and non-current financial assets of Airport of Zurich Noise Fund	256,188	253,897
Other financial assets ¹⁾	3,843	0
Total available-for-sale financial assets	260,031	253,897
Financial liabilities	-1,312,274	-1,354,222
Trade payables, net	-51,415	-39,434
Other current liabilities and prepaid expenses, excluding derivatives and non-financial instruments	-70,747	-65,373
Total liabilities carried at amortised cost	-1,434,436	-1,459,029
Other current liabilities (cross-currency interest rate swap)	-49,615	-169,657
Total derivative financial instruments held for hedging purposes	-49,615	-169,657

¹⁾ Carried at cost

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 inputs used to measure fair value:

Level 1 (Quoted market prices): The inputs used to measure the assets or liabilities are quoted, unadjusted market prices determined in active markets for identical assets or liabilities at the measurement date.

Level 2 (Measurement based on observable inputs): The assets or liabilities are measured on the basis of inputs (other than the quoted prices included within level 1) that are directly or indirectly observable for the asset or liability.

Level 3 (Measurement based on unobservable inputs): The inputs for these assets or liabilities are not observable. Flughafen Zürich AG does not have any assets or liabilities in this level.

Assets/liabilities

(CHF 1,000)	Available-for-sale securities		Other financial liabilities	
	Debt instruments	Airport of Zurich Noise Fund	Derivative financial instruments	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Level 1 (quoted market price)	256,188	253,897	0	0
Level 2 (valuation based on observable input)	0	0	-49,615	-169,657
Level 3 (valuation based on unobservable input)	0	0	0	0
Total at fair value	256,188	253,897	-49,615	-169,657

e) Capital management

With respect to capital management, Flughafen Zürich AG pays particular attention to ensuring the continuation of the group's activities, achieving an acceptable dividend for shareholders and optimising the balance sheet structure, particularly in periods of major investment activity, taking account of the cost of capital. 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 treasury shares may be held for the purpose of employee and bonus programmes. It is not permitted to accumulate several years' worth of treasury shares for the purpose of bonus programmes, however. Neither is it permitted to hold treasury shares to use as payment for acquisitions (exchange of shares in the event of a takeover) or for the purpose of speculating on higher selling prices. Accumulated treasury shares may in no case exceed 10 % of all shares issued.

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.

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 and have a fixed term of five years with a two-year extension option.

20.3) Capital commitments

As at the reporting date, capital commitments for various engineering structures amount to approximately CHF 238 million. The most significant capital commitments concern the upgrade of Terminal 2 (CHF 71 million), the renovation of runway 14/32 (CHF 39 million) and the refurbishment of the curbside lanes (CHF 25 million).

At the end of November 2013, Flughafen Zürich AG's consortium with the Brazilian company CCR and Flughafen München GmbH won the concession tender for the operation and expansion of Confins International Airport in Belo Horizonte, Brazil. Flughafen Zürich AG has a 24 % stake in the consortium. The private consortium will hold a 51 % interest in the local airport company, with the remaining 49 % continuing to be held by the state-owned Infraero, which previously managed the airport's operations. With around 11 million passengers, Confins is one of the most important airports in Brazil and is positioning itself to become a major domestic hub. In addition to the expected equity contribution of around CHF 24 million by the twelfth year of the concession, Flughafen Zürich AG will also provide management services and appoint a number of key personnel. The 30-year concession agreement is scheduled to be signed in spring 2014.

In connection with the airport holding in Venezuela, the syndicate, in which Flughafen Zürich AG holds a 49.5 % interest, 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 Valuation uncertainties and significant estimates and assumptions in the application of accounting policies, point 1.5, pages 85 to 87), 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 of the Airport of Zurich Noise Fund ("reversal"). As of that date, the splitting of noise charges would also cease to 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 splitting 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
- BVK

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 reporting period, the Canton of Zurich police force was reimbursed on market terms for services rendered for a total amount of CHF 97.4 million (2012: CHF 95.0 million) in accordance with the applicable service level agreement.

In the reporting period, Flughafen Zürich AG generated revenue of CHF 1.3 million (2012: CHF 1.2 million) from the Operations, Management & Service Agreement (OMSA) with Bangalore International Airport Ltd.

b) Remuneration of related parties

In the reporting period, the following amounts were paid to related parties in the form of remuneration:

Board of Directors in 2013:

(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	25,000	15,000	37,500	17,596	245,096
Lukas Briner	Vice Chairman	60,000	25,000	10,000	32,500	7,522	135,022
Martin Candrian	Member; Chairman of the Audit & Finance Committee	45,000	22,500	10,000	5,000	4,465	86,965
	Member; Chairman of the Nomination & Compensation Committee						
Kaspar Schiller	Committee	49,548	27,526	11,011	22,021	0	110,106
Ernst Stocker ¹⁾	Member; Chairman of the Political Affairs Committee	0	10,125	0	3,375	1,076	14,576
Corine Mauch ²⁾	Member	25,000	12,750	0	0	3,008	40,758
Ulrik Svensson	Member	45,000	22,500	5,000	5,000	6,176	83,676
Martin Wetter	Member	45,000	25,000	5,000	17,500	5,144	97,644
Total		419,548	170,401	56,011	122,896	44,987	813,843

¹⁾ In addition, a lump sum of CHF 91,500 was paid to the Department of Economics of the Canton of Zurich.

²⁾ In addition, a lump sum of CHF 47,250 was paid to the City of Zurich.

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 Committee						
Kaspar Schiller	Committee	50,529	30,879	11,229	11,229	0	103,866
Ernst Stocker ¹⁾	Member; Chairman of the Political Affairs Committee	0	10,500	0	3,500	1,116	15,116
Corine Mauch ²⁾	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
Total		420,529	182,629	56,229	77,229	44,560	781,176

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

²⁾ In addition, a lump sum of CHF 53,750 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 2012 or 2013.

Management Board in 2013:

The table below shows a breakdown of the remuneration paid to members of the Management Board. The bonus (cash and share components) is accrued for the reporting period and paid out in the spring of the following year. Any salary adjustments take effect on 1 May.

(CHF) Recipient	Salary	Bonus (cash)	Bonus (shares)	Pension and social insurance expenses ¹⁾	Miscellaneous	Total CHF	Number of shares	Share price (CHF)
Thomas E. Kern	380,000	268,533	134,267	155,694	26,479	964,973	257	521.50
Other members of the Management Board	1,120,000	397,973	198,987	383,007	85,870	2,185,837	382	521.50
Total	1,500,000	666,506	333,254	538,701	112,349	3,150,810	639	

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

The number of shares indicated above for the bonus portion is based on the share price as of the end of the year. The definitive number of shares is calculated on the basis of the share price at the grant date. Bonus shares are blocked for a period of four years (see also note 2, Personnel expenses). No severance payments or other non-current payments were made in 2013.

Management Board in 2012:

(CHF) Recipient	Salary	Bonus (cash)	Bonus (shares)	Pension and social insurance expenses ¹⁾	Miscellaneous	Total CHF	Number of shares	Share price (CHF)
Thomas E. Kern	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
Total	1,500,000	632,266	316,102	517,990	112,349	3,078,707	748	

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

The final amount paid to the Management Board for 2012 was CHF 3.05 million.

c) Shares held by related parties

As at the reporting date, members of the Board of Directors and related parties held the following number of shares:

Name	Function	Number of shares as at	Number of shares as at
		31.12.2013	31.12.2012
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	Member	0	0
Ulrik Svensson	Member	0	0
Martin Wetter	Member	0	0
Total		413	413

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

Name	Number of shares as at	Number of shares as at
	31.12.2013	31.12.2012
Thomas E. Kern	2,160	1,878
Stefan Conrad	342	236
Michael Schallhart	568	462
Daniel Schmucki	947	841
Stephan Widrig	751	645
Total	4,768	4,062

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

20.6) Composition of the group

In the reporting period, the group comprised 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	100.0
Zürich Airport International AG	Kloten	CHF 1,000 100	100.0
Zürich Airport Latin America S.A.	Santiago de Chile	CLP million 4,403	100.0
A-port Operaciones S.A.	Santiago de Chile	CLP million 1,352	62.0
A-port Operaciones Colombia S.A.S.	Bogotá	COP million 100	62.0
Unique IDC S.A. de C.V.	Tegucigalpa	HNL million 200	62.0

In addition, the following associates are included by applying the equity method:

Company	Domicile	Share capital	Stake held in %
Bangalore International Airport Ltd.	Bengaluru	INR million 3,846	5.0
A-port Chile S.A.	Santiago de Chile	CLP million 5,264	49.0
Sociedad Concesionaria Aeropuerto Antofagasta S.A.	Santiago de Chile	CLP million 3,600	49.0
Sociedad Concesionaria Aeropuerto Iquique S.A.	Santiago de Chile	CLP million 600	49.0
Sociedad Concesionaria Aeropuerto Puerto Montt S.A.	Santiago de Chile	CLP million 1,120	16.3
Concesión Aeropuerto La Florida S.A.	Santiago de Chile	CLP million 231	49.0
Concesión Aeropuerto El Loa S.A.	Santiago de Chile	CLP million 7	49.0
Administradora Unique IDC C.A.	Porlamar	VEB million 25	49.5
Aeropuertos Asociados de Venezuela C.A.	Porlamar	VEB million 10	49.5

20.7) Notes on service concession agreements

The Swiss Federal Department of the Environment, Transport, Energy and Communications (DETEC) awarded Flughafen Zürich AG the licence to operate 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 charges 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 after the reporting date

The Board of Directors authorised the 2013 consolidated financial statements for issue on 3 March 2014. These also have to be approved by the General Meeting of Shareholders.

No events occurred between 31 December 2013 and the date on which the consolidated financial statements were authorised for issue by the Board of Directors which would require the adjustment 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 to the General Meeting of Shareholders of Flughafen Zürich AG

Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the consolidated financial statements of Flughafen Zürich AG, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes (pages 74 to 120) for the year ended 31 December 2013.

Board of Directors' Responsibility

The board of directors is responsible for the preparation 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 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 2013 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 87 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, 3 March 2014

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Income statement

(Financial statements according to the Swiss Code of Obligations)

(CHF 1,000)	Notes	2013	2012
Revenue from aviation operations		604,491	596,411
Revenue from non-aviation operations		367,525	356,222
Total revenue		972,016	952,633
Personnel expenses		-164,794	-186,752
Police and security		-118,113	-115,348
Energy and waste		-25,185	-26,109
Cost of materials used and maintenance		-43,568	-42,759
Other operating expenses		-52,901	-51,953
Sales, marketing, administration		-34,237	-37,597
Expenses for sound insulation and resident protection plus formal expropriations		-46,607	-44,307
Deposits into renovation fund		-5,500	-5,500
Other income and expenses		9,903	10,570
Ordinary profit before depreciation and amortisation, interest and tax		491,014	452,878
Depreciation and amortisation		-197,257	-189,609
Ordinary profit before interest and tax		293,757	263,269
Finance result	(1)	-102,808	-57,839
Extraordinary result	(2)	-1,952	-1,378
Profit before tax		188,997	204,052
Tax		-40,112	-43,641
Profit for the year		148,885	160,411

Balance sheet

(Financial statements according to the Swiss Code of Obligations)

(CHF 1,000)	Notes	31.12.2013	31.12.2012
Assets			
Land		110,195	110,042
Buildings, engineering structures	(13)	2,300,461	2,329,539
Projects in progress	(13)	247,375	161,455
Movables	(13)	86,004	87,644
Total property, plant and equipment		2,744,035	2,688,680
Intangible asset from right of formal expropriation		83,845	89,335
Other intangible assets		10,384	11,697
Non-current financial assets of Airport of Zurich Noise Fund	(3)	206,944	185,811
Investments and other financial assets	(4)	11,623	11,561
Non-current assets		3,056,831	2,987,084
Inventories		10,206	9,647
Current financial assets of Airport of Zurich Noise Fund	(3)	49,244	68,086
Trade receivables		115,021	107,907
Other receivables		8,821	6,103
Prepaid expenses		10,344	9,778
Treasury shares	(5)	1,335	1,467
Fixed-term deposits		20,000	75,038
Cash and cash equivalents		390,206	368,101
Current assets		605,177	646,127
Total assets		3,662,008	3,633,211
Equity and liabilities			
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 treasury shares	(5)	1,335	1,467
Other reserves		107,372	107,240
Available earnings			
Profit brought forward		576,457	473,435
Dividend payment for 2012–2011		-58,308	-57,389
Profit for the year		148,885	160,411
Equity		1,635,110	1,544,533
Debentures and non-current loans	(6)	1,023,150	1,342,473
Non-current provision for aircraft noise	(7)	362,047	331,688
Renovation fund		146,102	140,602
Other non-current provisions	(8)	11,891	20,304
Non-current liabilities		1,543,190	1,835,067
Trade payables		55,416	42,428
Current financial liabilities	(9)	298,150	73,150
Other current liabilities		5,329	4,112
Accruals and deferrals		74,210	79,333
Current provision for aircraft noise	(7)	25,000	33,337
Other current provisions	(10)	25,603	21,251
Current liabilities		483,708	253,611
Total liabilities		2,026,898	2,088,678
Total equity and liabilities		3,662,008	3,633,211

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 governing the use of south German airspace
- 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. 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, the possibility of other elements having a negative impact on earnings 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 2013. Approximately 1,600 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 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 1.73 billion, the threshold as at 31 December 2013 was higher than the original amount of CHF 1.1 billion, but does not yet have any 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 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 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 2013. According to this updated calculation, total noise-related operating costs amounted to CHF 740.6 million. This amount includes CHF 25 million for the construction of a noise protection hangar. 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 final 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.

As at 31 December 2013, 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 83.8 million and a provision for aircraft noise totalling CHF 387.0 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 or if the amended threshold exceeds the current value of the “negative case” owing to the equity development of Flughafen Zürich AG, 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. Assuming that the relevant parameters do not change (any further) and that there are no extraordinary occurrences, Flughafen Zürich AG expects that the pre-financing of the “old” noise-related liabilities by the Canton of Zurich can be reversed in the next one to two years.

As, based on today’s standard of knowledge, the Airport of Zurich Noise Fund has sufficient assets to be able to finance the estimated costs for formal expropriations as well as noise insulation and resident protection measures, the passenger-related noise supplement was suspended on 1 February 2014.

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 splitting of noise charges would presumably continue to apply, provided that the pre-financing of the “old” noise-related liabilities has not already been reversed. 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 resulting amortisation or the corresponding provision.

1) Finance result

(CHF 1,000)	2013	2012
Interest expenses on debentures and non-current loans	-35,100	-55,129
Less capitalised interest on borrowings for buildings under construction	635	581
Interest expenses on debentures and non-current loans	-34,465	-54,548
Interest expenses on finance lease liabilities	-2,362	-2,824
Realised and unrealised gains/losses on financial assets of Airport of Zurich Noise Fund	-1,421	-83
Other interest expenses and finance costs	-118,254	-9,859
Total finance expenses	-156,502	-67,314
Interest income on financial assets of Airport of Zurich Noise Fund	4,240	4,986
Other interest and finance income	49,454	4,489
Total finance income	53,694	9,475
Finance result	-102,808	-57,839

Flughafen Zürich AG's finance result for financial year 2013 includes extraordinary effects relating to the restructuring of its non-current financial liabilities. On 25 March 2013, the company gave notice of the termination of the Japanese private placement in the amount of JPY 37 billion and, on 23 May 2013, repaid it in full. The hedging instrument used to hedge currency risks associated with future interest payments and repayments from the Japanese private placement was terminated at the same time. On 17 April 2013, a new debenture was issued in the amount of CHF 400.0 million (nominal amount). It carries an interest coupon of 1.5 % and will be redeemed in 2023.

The main effects of the restructuring is stated under Other interest expenses and finance costs (costs to terminate the hedging instrument in the amount of CHF 111.9 million) and under Other interest and finance income (foreign exchange gain on the repayment of the Japanese private placement of CHF 48.2 million). Pro-rated reductions in interest expenses also contributed to reducing interest expenses on debentures and non-current loans.

Capitalised interest on borrowings for buildings under construction was calculated using an average interest rate of 2.78 % in 2013 (2012: 4.64 %).

2) Extraordinary result

(CHF 1,000)	2013	2012
Extraordinary income	2,673	1,761
Extraordinary expenses	-4,625	-3,139
Extraordinary result	-1,952	-1,378

In the year under review, extraordinary income includes realised gains on the disposal of non-current assets amounting to CHF 0.1 million and one-off compensation payments from rental contracts.

In 2013, extraordinary expenses include bad debt write-offs from the aviation business and also losses from disposals of non-current assets.

3) Financial assets of Airport of Zurich Noise Fund

(CHF 1,000)	31.12.2013	31.12.2012
Non-current financial assets	206,944	185,811
Current financial assets	49,244	68,086
Total financial assets of Airport of Zurich Noise Fund	256,188	253,897

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

4) Investments and other financial assets

(CHF 1,000)		31.12.2013	31.12.2012
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	6,012
Bangalore International Airport Ltd., India	Equity share 5% / share capital INR 3,846 million	5,500	5,438
Administradora Unique IDC C.A., Venezuela	Equity share 49.5% / share capital VEB 25 million	0	0
Aeropuertos Asociados de Venezuela C.A., Venezuela	Equity share 49.5% / share capital VEB 10 million	0	0
FZ Colombia S.A., Chile	Loan	11	11
Total investments and other financial assets		11,623	11,561

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 5% of the share capital of Bangalore International Airport Ltd. (BIAL), the owner and operator of the airport that opened in Bengaluru, India, in May 2008. It is also involved in the operation of the airport under an Operations, Management & Service Agreement (OMSA) from which it receives revenue. 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 took place in June 2013. The ICSID ruling is expected in the second half of 2014. The carrying amount of this investment was fully impaired in 2006.

5) Treasury shares

Number of shares	2013	2012
Holdings as at 1 January	4,432	1,381
Acquisitions (at applicable market price)	1,237	101,190
Sales (at applicable market price)	0	-95,000
Free distribution of shares	-2,110	-3,139
Holdings as at 31 December	3,559	4,432

(CHF 1,000)	31.12.2013	31.12.2012
Carrying amount of treasury shares	1,335	1,467
Reserves for treasury shares	1,335	1,467

Reserves for treasury shares are reported separately under equity.

6) Debentures and non-current loans

(CHF 1,000)	31.12.2013	31.12.2012
Debentures	950,000	775,000
US private placement	73,150	146,300
Japanese private placement	0	421,173
Total debentures and non-current loans	1,023,150	1,342,473

Non-current fixed interest-bearing financial liabilities as at the reporting date:

(CHF 1,000)	Nominal amount 31.12.2013	Duration	Interest rate	Early amortisation	Interest payment dates
Debenture	250,000	2011 – 2017	2.250 %	no	5.5.
Debenture	300,000	2012 – 2020	1.250 %	no	3.7.
Debenture	400,000	2013 – 2023	1.500 %	no	17.4.
US private placement	73,150	2003 – 2015	4.753 %	from 2011	11.4. / 11.10.

7) Provision for aircraft noise

(CHF 1,000)	31.12.2013	31.12.2012
Balance as at 1 January	365,025	346,012
Increase in provision for aircraft noise	22,022	19,013
Balance as at 31 December	387,047	365,025
of which current (planned payment within 1 year)	25,000	33,337
of which non current (planned payment from 1 year on)	362,047	331,688

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

(CHF 1,000)	2013	2012
Revenue from noise charges	54,357	52,056
Costs for sound insulation and resident protection	-20,611	-23,230
Costs for formal expropriations	-2,907	-3,156
Noise-related operating costs	-3,887	-3,811
Interest income and realised / unrealised gains / losses on financial assets of Airport of Zurich Noise Fund	2,819	4,903
Amortisation of intangible asset from right of formal expropriation	-7,749	-7,749
Total increase of provision for aircraft noise	22,022	19,013

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

8) Other non-current provisions

(CHF 1,000)	31.12.2013	31.12.2012
Provision for financial restructuring of BVK pension fund	11,891	20,304
Total other non-current provisions	11,891	20,304

The employees of Flughafen Zürich AG are affiliated to the BVK Employee Pension Fund of the Canton of Zurich (BVK). The disclosed provision includes estimated employer contributions for the restructuring of the BVK Employee Pension Fund.

9) Current financial liabilities

(CHF 1,000)	31.12.2013	31.12.2012
Debtenture	225,000	0
Current liabilities arising from US private placement	73,150	73,150
Total current financial liabilities	298,150	73,150

10) Other current provisions

(CHF 1,000)	31.12.2013	31.12.2012
Amounts due to personnel (holidays and overtime)	3,851	4,809
Tax liabilities	17,996	12,686
Other liabilities	3,756	3,756
Total other current provisions	25,603	21,251

11) Major shareholders

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

	2013	2012
Canton of Zurich	33.33 %	33.33 %
City of Zurich (including pension fund of the City of Zurich)	5.05 %	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 on market terms for services rendered for a total amount of CHF 97.4 million (2012: CHF 95.0 million).

In the year under review, Flughafen Zürich AG generated revenue of CHF 1.3 million (2012: CHF 1.2 million) from the Operations, Management & Service Agreement (OMSA) with Bangalore International Airport Ltd.

b) Remuneration of related parties

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

Board of Directors in 2013:

(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	25,000	15,000	37,500	17,596	245,096
Lukas Briner	Vice Chairman	60,000	25,000	10,000	32,500	7,522	135,022
Martin Candrian	Member; Chairman of the Audit & Finance Committee Member; Chairman of the Nomination & Compensation Committee	45,000	22,500	10,000	5,000	4,465	86,965
Kaspar Schiller	Member; Chairman of the Political Affairs Committee	49,548	27,526	11,011	22,021	0	110,106
Ernst Stocker ¹⁾	Member	0	10,125	0	3,375	1,076	14,576
Corine Mauch ²⁾	Member	25,000	12,750	0	0	3,008	40,758
Ulrik Svensson	Member	45,000	22,500	5,000	5,000	6,176	83,676
Martin Wetter	Member	45,000	25,000	5,000	17,500	5,144	97,644
Total		419,548	170,401	56,011	122,896	44,987	813,843

¹⁾ In addition, a lump sum of CHF 91,500 was paid to the Department of Economics of the Canton of Zurich.

²⁾ In addition, a lump sum of CHF 47,250 was paid to the City of Zurich.

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 Member; Chairman of the Nomination & Compensation Committee	45,000	27,500	10,000	5,000	4,804	92,304
Kaspar Schiller	Member; Chairman of the Political Affairs Committee	50,529	30,879	11,229	11,229	0	103,866
Ernst Stocker ¹⁾	Member	0	10,500	0	3,500	1,116	15,116
Corine Mauch ²⁾	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
Total		420,529	182,629	56,229	77,229	44,560	781,176

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

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

There is no share or option programme for the Board of Directors. No severance payments or other non-current payments were made in 2012 or 2013.

Management Board in 2013:

The table below shows a breakdown of the remuneration paid to members of the Management Board. The bonus (cash and share components) is accrued for the period under review and paid out in the spring of the following year: Any salary adjustments take effect on 1 May.

(CHF) Recipient	Salary	Bonus (cash)	Bonus (shares)	Pension and social insurance expenses ¹⁾	Miscellaneous	Total CHF	Number of shares	Share price (CHF)
Thomas E. Kern	380,000	268,533	134,267	155,694	26,479	964,973	257	521.50
Other members of the Management Board	1,120,000	397,973	198,987	383,007	85,870	2,185,837	382	521.50
Total	1,500,000	666,506	333,254	538,701	112,349	3,150,810	639	

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

The number of shares indicated above for the bonus portion is based on the share price at the end of the year. The definitive number of shares is calculated on the basis of the share price at the grant date. Bonus shares are blocked for a period of four years. No severance payments or other non-current payments were made in 2013.

Management Board in 2012:

(CHF) Recipient	Salary	Bonus (cash)	Bonus (shares)	Pension and social insurance expenses ¹⁾	Miscellaneous	Total CHF	Number of shares	Share price (CHF)
Thomas E. Kern	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
Total	1,500,000	632,266	316,102	517,990	112,349	3,078,707	748	

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

The final amount paid to the Management Board for 2012 was CHF 3.05 million.

c) Shares held by related parties

As at the reporting date, members of the Board of Directors and related parties held the following number of shares:

Name	Function	Number of shares as at	Number of shares as at
		31.12.2013	31.12.2012
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	Member	0	0
Ulrik Svensson	Member	0	0
Martin Wetter	Member	0	0
Total		413	413

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

Name	Number of shares as at	Number of shares as at
	31.12.2013	31.12.2012
Thomas E. Kern	2,160	1,878
Stefan Conrad	342	236
Michael Schallhart	568	462
Daniel Schmucki	947	841
Stephan Widrig	751	645
Total	4,768	4,062

Neither Members of the Board of Directors nor the Management Board held options on the company's shares at the reporting date.

13) Miscellaneous

Fire insurance values

(CHF 1,000)	31.12.2013	31.12.2012
Buildings including loading bridges	3,650,455	3,589,194
Movables	903,821	903,729

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)	31.12.2013	31.12.2012
Finance lease liabilities not reported in the balance sheet	47,439	54,348

Collateral

For the cross-currency interest rate swap relating to the US private placement (and in the previous year the Japanese private placement), CHF 0 million had been provided as collateral in the form of cash and cash equivalents (31 December 2012: CHF 15.9 million) and CHF 30 million as collateral in the form of letters of credit (31 December 2012: CHF 120 million) as at the reporting date.

Liabilities in respect of employee pension funds

As at the reporting date, liabilities in respect of the BVK Employee Pension Fund of the Canton of Zurich amount to CHF 2.1 million (31 December 2012: CHF 1.7 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 110 to 115).

15) Events occurring after the reporting date

The Board of Directors authorised the 2013 financial statements according to the provisions of the Swiss Code of Obligations (CO) for issue on 3 March 2014. These also have to be approved by the General Meeting of Shareholders.

No events occurred between 31 December 2013 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 adjustment 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 667,033,958 should be used as follows:

CHF	
Allocation to legal reserves ¹⁾	0
Payment of an ordinary dividend of CHF 10.00 (gross) ²⁾	61,403,750
To be carried forward	605,630,208
Total available earnings	667,033,958

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

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

If the proposals for financial year 2013 are approved, the ordinary dividend will be CHF 10.00 per share. After deduction of withholding tax of 35 %, the shareholders will receive a net dividend of 6.50 Swiss francs.

Report of the Statutory Auditor to the General Meeting of Shareholders of Flughafen Zürich AG

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the financial statements of Flughafen Zürich AG, which comprise the income statement, balance sheet and notes (pages 124 to 136) for the year ended 31 December 2013.

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 2013 comply with Swiss law and the company's articles of incorporation.

Emphasis of Matter

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

Report on Other Legal Requirements

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

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

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Marc Ziegler
Licensed Audit Expert
Auditor in Charge

Philipp Hallauer
Licensed Audit Expert

Zurich, 3 March 2014

2014 financial calendar

Financial reporting dates

20 March 2014	Publication of 2013 annual results
10 April 2014	2014 General Meeting of Shareholders
27 August 2014	Publication of 2014 interim results
28 April 2015	2015 General Meeting of Shareholders

Traffic and Commercial Figures

14 April 2014	Key Figures March 2014
14 May 2014	Key Figures April 2014
13 June 2014	Key Figures May 2014
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14 August 2014	Key Figures July 2014
12 September 2014	Key Figures August 2014
14 October 2014	Key Figures September 2014
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12 December 2014	Key Figures November 2014
14 January 2015	Key Figures December 2014

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

Annual Report 2013

The 2013 Annual Report of Flughafen Zürich AG is available in English and German. The German version is binding. To order a copy, please send an e-mail to the above Investor Relations address. An electronic version is available at www.zurich-airport.com/annualreport.

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