

ANNUAL REPORT OF
FLUGHAFEN ZÜRICH AG

2015



SIGNIFICANT EVENTS 2015

6 FEBRUARY

Welcome: Walter, Läderach, Timebox, Rituals, KIKO Milano & Shanty Beauty Design

The Walter restaurant in the Airside Center, Läderach chocolaterie suisse, as well as the shops Timebox, Rituals, KIKO Milano and Shanty Beauty Design are welcomed to Zurich Airport.

28 APRIL

“The Circle” becomes reality

The symbolic kick-off for construction work on “The Circle” took place in the presence of Government Councillor Ernst Stocker. The preparatory and civil engineering works for the project commenced on 5 January 2015.



17 JUNE

Bombardier CS 100 visits Zurich

The completely revamped aircraft – the Bombardier CSeries CS 100 – visits Zurich Airport. This new aircraft will replace the Avro RJ100 fleet at Swiss as of 2016.



23 JULY

Arrestor system at the end of runway 28

Preparations for installing an arrestor system at the end of runway 28 get under way. It is designed to halt any aircraft that roll over the end of the runway and will not cause any major damage.

1 SEPTEMBER

Changed security checks introduced

The EU now requires random inspections with explosives detectors to be conducted on passengers and their hand baggage. The security checks are being modified accordingly.



7 SEPTEMBER

Zurich Airport is again Europe's leading airport

For the twelfth time in succession, Zurich Airport has received the prestigious World Travel Award for its customer-friendliness and general fulfilment of quality standards.

28 OCTOBER

Opening and commissioning of Terminal 2

The new desks in the northern section and thus the whole of the Terminal 2 check-in hall come on stream.

21 DECEMBER

Fascination of the airport at the Swiss Museum of Transport

Flughafen Zürich AG, together with Geneva Airport and EuroAirport Basel Mulhouse Freiburg, opens the new airport exhibition at the Swiss Museum of Transport in Lucerne.



31 DECEMBER

Over 26 million passengers for the first time in 2015

26.3 million passengers passed through Zurich Airport in 2015, an increase of 3.2%. The number of flight movements remained largely unchanged owing to bigger aircraft on average and better capacity utilisation.

KEY DATA

(CHF 1,000)	2011	2012	2013	2014	2015
Total revenue	905,404	948,820	975,094	963,479	988,973
of which aviation revenue	579,613	596,411	601,437	574,959	597,389
of which non-aviation revenue	325,791	352,409	373,657	388,520	391,584
Operating expenses	-421,462	-558,143	-448,381	-439,981	-486,157
Earnings before interest, tax, depreciation and amortisation (EBITDA)	483,942	390,677	526,713	523,498	502,816
EBITDA margin (in %)	53.5	41.2	54.0	54.3	50.8
Earnings before interest and tax (EBIT)	282,731	171,936	302,003	294,622	274,644
EBIT margin (in %)	31.2	18.1	31.0	30.6	27.8
Profit	169,845	94,732	137,052	205,921	179,807
Cash flow from operating activities	438,899	439,920	458,993	460,726	456,177
Cash flow from investing activities	-449,688	-185,046	-171,239	-220,401	-119,524
Invested capital as at reporting date ¹⁾	3,212,552	3,383,681	3,413,507	3,200,107	3,186,427
Average invested capital ¹⁾	3,090,595	3,298,117	3,398,594	3,306,807	3,193,267
Return on average invested capital (ROIC in %)	7.3	4.1	7.1	7.1	6.8
Equity as at reporting date	1,801,777	1,859,803	2,051,618	2,140,522	2,212,437
Return on equity (in %)	9.7	5.2	7.0	9.8	8.3
Equity ratio (in %)	47.2	45.7	50.5	53.6	54.7
Interest-bearing liabilities (net) ²⁾	1,012,051	826,230	692,758	372,202	174,683
Interest-bearing liabilities (net) / EBITDA	2.09x	2.11x	1.32x	0.71x	0.35x

Key operational data

Number of passengers	24,337,954	24,802,400	24,865,138	25,477,622	26,281,228
Number of flight movements	279,001	270,027	262,227	264,970	265,095
Freight in tonnes	415,035	418,751	415,362	429,830	411,780
Number of full-time positions as at reporting date ³⁾	1,321	1,365	1,478	1,450	1,474
Number of employees as at reporting date ³⁾	1,570	1,615	1,736	1,707	1,721

Key data for shareholders of Flughafen Zürich AG

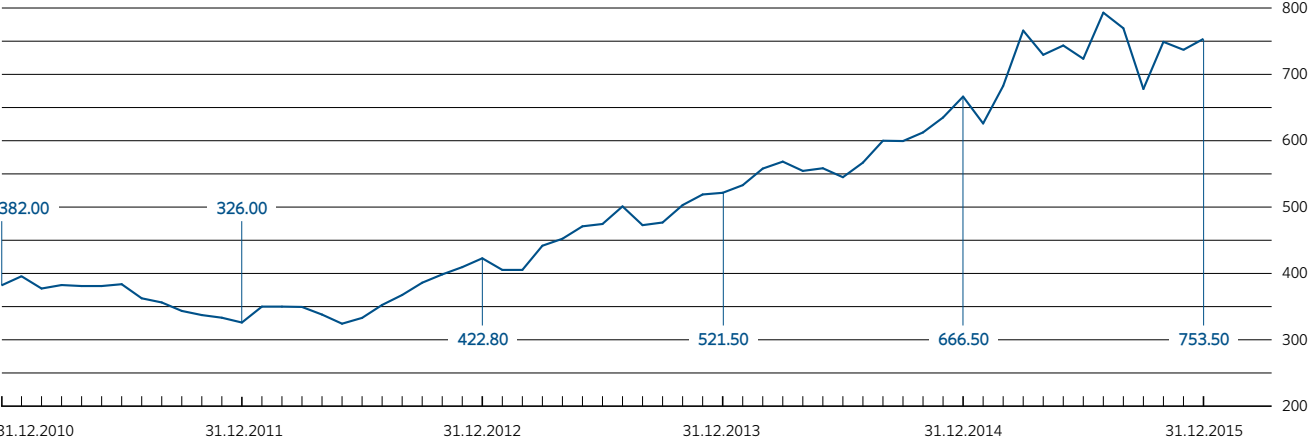
Number of issued shares	6,140,375	6,140,375	6,140,375	6,140,375	6,140,375
Proposed / paid dividend per share (CHF) ⁴⁾	9.50	9.50	10.00	13.50	15.00
Dividend total (CHF 1,000) ⁴⁾	58,334	58,334	61,404	82,895	92,106
Payout ratio (in %) ⁴⁾	34.3	61.6	44.8	40.3	51.2
Equity per share (CHF)	293.43	302.88	334.12	348.60	360.31
Basic earnings per share (CHF)	27.67	15.52	22.34	33.53	29.26
Diluted earnings per share (CHF)	27.65	15.51	22.33	33.52	29.26

- 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 current and non-current financial assets and fixed-term deposits.
- 3) From 2013 including employees of the consolidated A-port Operaciones S.A. and its subsidiaries.
- 4) 2015: Additional dividend from capital contribution reserves of CHF 16.00 per share not included.

SHARE PRICE TREND

(in CHF)

Flughafen Zürich AG / Registered share / Swiss Sec. No. 1056796 / Reuters FHZN.S / SIX Symbol FHZN



KEY DATA EXCLUDING THE INFLUENCE OF AIRCRAFT NOISE

Flughafen Zürich AG refinances all costs related to aircraft noise according to the costs-by-cause principle via noise charges. There is a specified purpose for these noise charges, and any surplus, after all noise-related expenses have been paid, is supposed to be repaid and does not belong to the owners of Flughafen Zürich AG.

As the consolidated 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.

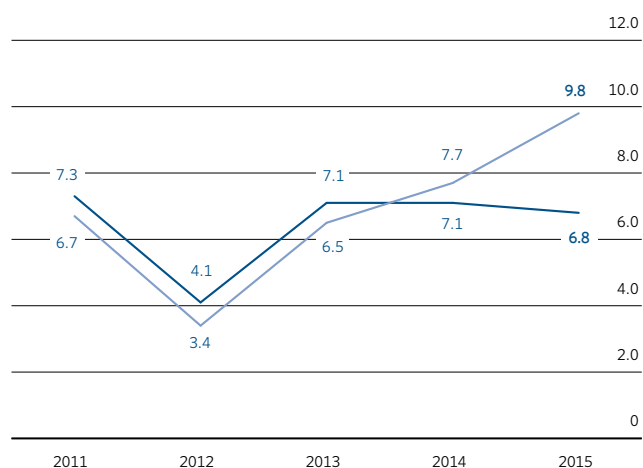
The following key data are shown excluding the influence of aircraft noise:

(CHF 1,000)	2011	2012	2013	2014	2015
Total revenue	856,817	896,764	920,737	953,280	978,200
of which aviation revenue	531,026	544,355	547,080	564,760	586,616
of which non-aviation revenue	325,791	352,409	373,657	388,520	391,584
Operating expenses	-417,197	-554,332	-444,494	-436,089	-385,884
Earnings before interest, tax, depreciation and amortisation (EBITDA)	439,620	342,432	476,243	517,191	592,316
EBITDA margin (in %)	51.3	38.2	51.7	54.3	60.6
Earnings before interest and tax (EBIT)	245,472	131,440	259,282	295,798	369,881
EBIT margin (in %)	28.6	14.7	28.2	31.0	37.8
Profit	149,351	80,590	96,016	211,440	269,224
Cash flow from operating activities	400,242	414,262	428,712	468,423	472,537
Cash flow from investing activities	-412,127	-173,283	-165,270	-238,976	-152,129
Invested capital as at reporting date ¹⁾	3,036,763	3,193,750	3,172,650	2,974,659	3,030,840
Average invested capital ¹⁾	2,925,054	3,115,257	3,183,200	3,073,655	3,002,750
Return on average invested capital (ROIC in %)	6.7	3.4	6.5	7.7	9.8
Equity as at reporting date	1,625,988	1,669,872	1,810,761	1,915,074	2,076,406
Return on equity (in %)	9.5	4.9	5.5	11.3	13.5
Equity ratio (in %)	49.9	47.8	52.3	57.9	61.3
Interest-bearing liabilities (net) ²⁾	1,257,253	1,107,887	994,706	871,017	651,169
Interest-bearing liabilities (net) / EBITDA	2.86x	3.24x	2.09x	1.68x	1.10x
Key data for shareholders of Flughafen Zürich AG					
Payout ratio (in %) ⁴⁾	39.1	72.4	64.0	39.2	34.2
Equity per share (CHF)	264.80	271.95	294.89	311.88	338.16
Basic earnings per share (CHF)	24.33	13.20	15.65	34.43	43.83
Diluted earnings per share (CHF)	24.31	13.19	15.64	34.42	43.82

Please see left-hand page for an explanation of the footnotes.

ROIC TREND

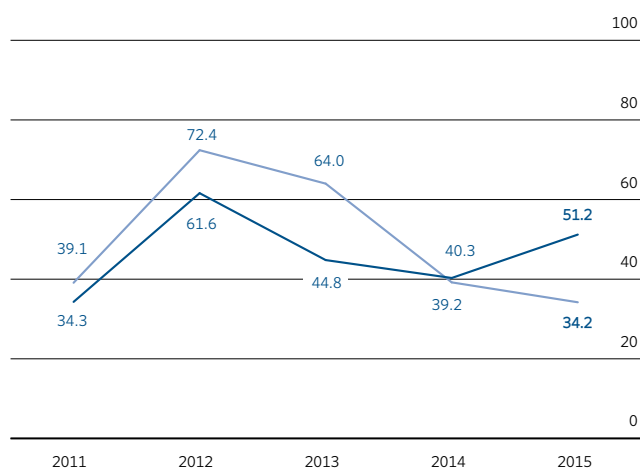
(in %)



● incl. aircraft noise ● excl. aircraft noise

PAYOUT RATIO TREND

(in %)



● incl. aircraft noise ● excl. aircraft noise

CONTENTS

ADDRESS TO SHAREHOLDERS	4
--------------------------------	----------

CORPORATE PROFILE	7
--------------------------	----------

BUSINESS DEVELOPMENT	
Key data	12
Results trend	14
Consolidated cash flow statement	16
Segment reporting	16
Investments and management agreements	16
Investments	17
Balance sheet structure	17
Outlook	18
Airport of Zurich Noise Fund	18
Trend in traffic volume	19
Aviation	22
Non-aviation	23
Projects	24
Strategic developments	24

EMPLOYEES, SOCIETY AND THE ENVIRONMENT	
Flughafen Zürich AG as an employer	28
Social responsibility	28
Environment	30
Background discussion	38

CORPORATE GOVERNANCE	42
-----------------------------	-----------

REMUNERATION REPORT	47
----------------------------	-----------

RISK MANAGEMENT	54
------------------------	-----------

FINANCIAL REPORT	
Consolidated financial statements according to IFRS	63
Audit report	112
Financial statements according to the Swiss Code of Obligations (CO)	113
Audit report	124

2016 FINANCIAL CALENDAR	126
--------------------------------	------------

ADDRESS TO SHAREHOLDERS

Zurich Airport posted a new passenger record in the previous year. Other key milestones included the reaching of an agreement on airport charges, the successful commissioning of the new Terminal 2 and the start of construction on the major project “The Circle”. However, the past year also presented challenges, with bottlenecks during peak-time flight operations and a strong franc impacting on the retail sector.



ANDREAS SCHMID
CHAIRMAN OF THE BOARD OF DIRECTORS



STEPHAN WIDRIG
CHIEF EXECUTIVE OFFICER

Dear Shareholders,
Dear Sir or Madam

2015 was a challenging but successful year for Flughafen Zürich AG. The divergent interests of our neighbours on the issues of noise levels and peak-time bottlenecks were and remain a major challenge for us as the airport operator. A key task is to protect the interests of the company and to ensure the continued development of the airport without losing sight of the concerns of our neighbours and partners.

Financially, we can look back on another successful year. In 2015, Flughafen Zürich AG generated a profit of CHF 179.8 million on sales of CHF 989.0 million. We saw an increase in both revenue from aviation operations and from non-aviation business.

New record for passenger numbers

Zurich Airport served a total of 26,281,228 passengers in 2015. This corresponds to an increase of 3.2% compared with the previous year. The number of local passengers rose by 6.0% to 18.7 million during the year under review. At the same time, the number of transfer passengers at Zurich Airport declined by 3.3% to 7.5 million. In percentage terms, the share of transfer passengers fell from 30.3% in 2014 to 28.5% in 2015. The average number of passengers per flight rose from 110 to 114, and the seat load factor increased by 1.2% to 76.8%. Seating capacity to and from Zurich rose in 2015 by 1.9%. Overall, there were 265,095 flight movements in 2015, a figure in line with the previous year. The shares of passengers were as follows: Swiss International Air Lines (Swiss, 54.6%), followed by Air Berlin (5.6%), Edelweiss Air (4.6%), Germanwings (2.5%) and British Airways (2.2%). Air freight saw a year-on-year decline of 4.2% in 2015. A total of 411,780 tonnes of freight were transported. Sales from aviation business amounted to CHF 597.4 million, up CHF 22.4 million (+3.9%) on the previous year's figure.

Retail and real estate

Despite the strong franc, our retail partners in the area accessible to the public posted sales growth of 3.6%. This positive development is partly a result of the expansion of Migros and the opening of additional H&M and Coop stores. The removal of the minimum euro-franc exchange rate had a negative impact, particularly on the airside retail offering, and sales in this area registered a significant temporary decrease. However, the new airside catering concepts are proving extremely popular and had a positive impact on results. Retail sales and revenue from retail business thus remained on a par with the previous year overall. Thanks to stable revenue from real estate and parking business, total revenue from non-aviation business increased by 0.8% to CHF 391.6 million (2014: CHF 388.5 million).

Agreement reached on airport charges

A key milestone in the year under review was the consensus reached with the airlines concerning airport charges. The revised charge proposal ensures cost-covering charges in the regulated segment. At the same time, passengers and airlines benefit from a reduction in airport charges of around CHF 40 million per year thanks to changed operating conditions, because the share of local passengers has risen, but also owing to a reduction in the cost base through investment discipline and strict cost management. The lower charges will also strengthen the competitiveness of both the airport as well as of Zurich as a business location. The revised charges are expected to be introduced in the third quarter of 2016 once the Federal Office of Civil Aviation (FOCA) has issued its final legally binding decision.

Upgrades to the infrastructure

Following a five-year complete renovation, the upgraded Terminal 2 was commissioned in autumn 2015. Its open ceiling design makes for a light and airy space with a new total of 104 check-in counters. In its new and improved form, the building offers passengers and staff significantly higher levels of comfort than before. The extension of car park P6 to the east is also going according to plan. When the P6 car park complex reaches completion at the end of 2016, it will offer around 7,500 parking spaces and will thus be one of the largest multi-storey car parks in Europe. Work on the curbside lanes is also well under way and is due to be completed before the summer holidays in 2016.

Arrestor system at the end of runway 28

As a result of the safety review presented by FOCA in 2013, an arrestor system is being installed at the end of runway 28, the shortest runway. The arrestor system comprises a bed of specially engineered materials which is designed to stop – with minimal damage – aircraft that have overshoot a runway during take-off or landing. Today's already high safety standards can thus be improved still further. Preliminary work on the system was begun in July of the year under review, and construction of the actual arrestor system is scheduled to commence in the spring of 2016.

Changes to security checks

To meet European Union requirements, security checks for passengers and hand baggage were adapted as of 1 September 2015. The changes involve more frequent spot checks of hand baggage items, as well as new checks to detect traces of explosives on passengers.

"The Circle"

Following the 2014 decision to proceed with "The Circle", construction work began on this major project in 2015. The existing infrastructure on the premises was dismantled, the development area was cleared and important preparatory civil engineering works were completed. HRS Real Estate AG was selected as the sole contractor for the construction of "The Circle" and excavation work commenced in early 2016. The opening is scheduled for 2019.

Investments in foreign operations

Our largest international commitment – Confins Airport in Belo Horizonte, Brazil – saw positive developments. Despite a challenging economic environment, the airport improved on the previous year, processing a volume of 12 million passengers.

Awards

2015 again saw Zurich Airport receiving multiple awards. For the twelfth year in succession, the airport was presented with the prestigious World Travel Award in the "Best airport in Europe" category for its customer friendliness and fulfilment of general quality standards. The Swiss gateway to the world also picked up the Air Cargo Excellence Award for the fourth time running. As in the previous year, Zurich came top of the "Airports Europe – Up to 399,999 Tonnes" category. The awards apply to Zurich Airport's overall system, including all partners.

Changes on the Management Board

Patrick Candrian, head of Non-Aviation Services, has decided to leave Flughafen Zürich AG. We would like to offer Patrick Candrian our sincere thanks for his commitment and wish him all the best for the future. The Non-Aviation division was divided into Commercial and Real Estate divisions at the beginning of 2016. In Stefan Gross and Daniel Scheifele, we were fortunate to gain two experienced and recognised leaders to head up the new divisions.

Balance sheet management and distribution of profits

The level of debt has been steadily reduced in recent years, and today, thanks to its very solid balance sheet, Flughafen Zürich AG has room to manoeuvre when it comes to future balance sheet management. The focus will be on further value-enhancing investments in the development of the company's growth areas. However, it also offers the potential to return reserves from capital contributions to the shareholders over the coming years in the form of additional dividends – always in line with the economic climate and any changes in the company's investment needs. Accordingly, the Board of Directors will propose to the General Meeting of Shareholders on 28 April 2016 the payment – along with the ordinary dividend of CHF 15.00 per share – of an additional dividend out of capital contribution reserves of CHF 16.00 per share for the 2015 financial year.

Outlook and thanks

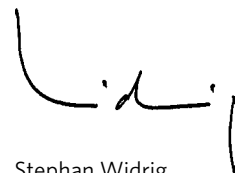
Flughafen Zürich AG is financially and strategically well-placed. We will continue to operate and develop Switzerland's gateway to the world – our airport – on a highly competitive basis. One of our key concerns is that this important Swiss aviation infrastructure should continue to develop in the future, in the interests of the Canton of Zurich as well as the whole of Switzerland.

We would like to thank everyone who works on behalf of Zurich Airport – now and in the future – and especially the Government Council of the Canton of Zurich, the representatives of the Cantonal Parliament and the Head of the Federal Department of the Environment, Transport, Energy and Communications, Doris Leuthard, for her forward-looking and balanced aviation policy in the common interest of the country and its population. Our sincere thanks are also due to all our shareholders for their many years of trust in our company, to our customers, partners and employees for their untiring commitment on behalf of the company and to our highly valued passengers and visitors, who make use of our services on a daily basis.

Zurich Airport, 10 March 2016



Andreas Schmid
Chairman of the
Board of Directors



Stephan Widrig
Chief Executive Officer

CORPORATE PROFILE

Flughafen Zürich AG is the owner and operator of Zurich Airport. It ensures that the demand for direct connections to the world's major cities is satisfied. Thanks to the high quality of its services, Zurich Airport enjoys an excellent reputation.

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, the cleanliness of its infrastructure, the reliability of its processes and other quality indicators. This performance can be credited to around 26,900 employees at more than 285 partner companies, who ensure each day that passengers and visitors enjoy the time they spend at Zurich Airport.

As a semi-public listed company, Flughafen Zürich AG operates one of Switzerland's most important transport and meeting hubs in Switzerland – Zurich Airport. The airport's key mission arising from the Confederation's licence mandate is to satisfy the demand for direct connections to the world's major cities. In doing so, Flughafen Zürich AG takes equal account of the three aspects of cost-efficiency, environment and social responsibility, while seeking to increase the company's competitiveness and credibility as well as add to its value in the long term. The company focuses on its core activities: serving as a national and international airport operator, being a leading Swiss operator of landside and airside commercial centres, and profitably managing and further developing real estate at its Zurich base. Flughafen Zürich AG employs around 1,700 staff.

STRUCTURE

Flughafen Zürich AG is divided into the following four divisions:

Aviation

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

BOARD OF DIRECTORS

Chairman: ANDREAS SCHMID

Audit & Finance Committee
Chairman: ULRİK SVENSSON

Nomination & Compensation Committee
Chairman: KASPAR SCHILLER

Public Affairs Committee
Chairwoman: CARMEN WALKER SPÄH

MANAGEMENT BOARD

Chief Executive Officer
STEPHAN WIDRIG

Aviation
STEFAN CONRAD, COO

Commercial
STEFAN GROSS, CCO
(as of 1 February 2016)

Real Estate
DANIEL SCHEIFELE, CREO
(as of 1 April 2016)

Finance
DANIEL SCHMUCKI, CFO

As of 1 January 2016

Commercial

The Commercial division represents the interests of the airport's end customers. In this capacity, it is responsible for support for the airport's commercial centres, its landside traffic and marketing. The division organises attractive shopping, catering and services in both the airside and landside areas, and operates the second-largest shopping centre in Switzerland in terms of sales. Other tasks include overall responsibility for all landside transport services, the airport's parking products and its connections to public transport as well as all the service and information points, the design of the airport's digital presence and its overarching marketing and branding.

Real Estate

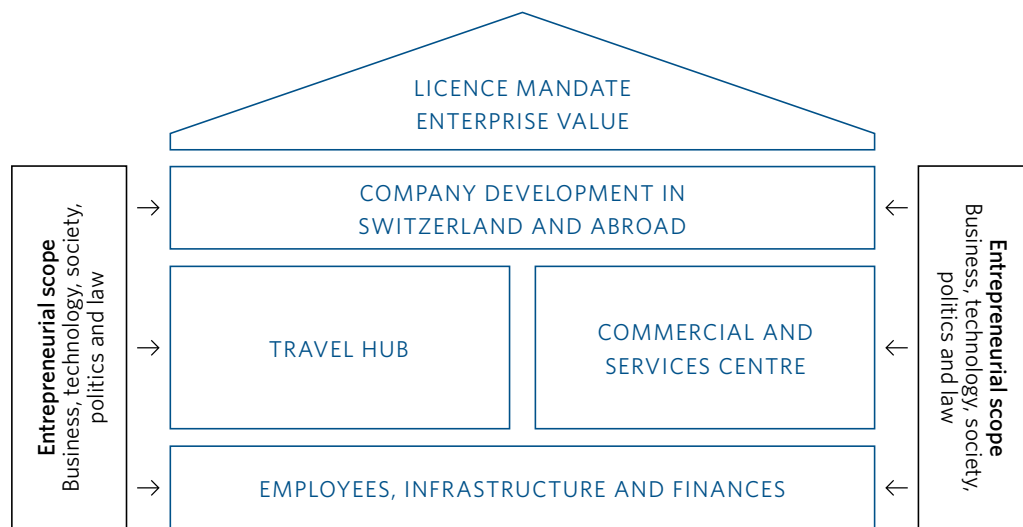
The Real Estate division is responsible for the development, construction, and commercial, technical and infrastructural operation of all the buildings and associated building systems at Zurich Airport. Its portfolio ranges from the terminal buildings, office centres, logistics and hangar buildings to the new major project "The Circle". The division ensures that all projects, small and large, are realised within their defined budgets, on schedule, and to the necessary quality standards, and that the airport's real estate and systems are operated optimally throughout their life cycles. Real Estate looks after the building technology systems, but also energy and heat provision, the baggage handling system and passenger transport to Dock E.

Finance

The Finance division covers cross-divisional functions and supports international airport activities. The Treasury department is responsible for the financing and liquidity of Flughafen Zürich AG and ensures transparency with regard to financial processes and results. Risk and Compliance Management ensures systematically that corporate risks are evaluated and assessed in an ongoing fashion. Investor Relations provides high-quality and timely financial reports and communications. Supply Management is responsible for optimal purchasing conditions for capital equipment and consumables as well as their procurement. Information Technology looks after all data processing and communication networks and offers IT-related technology services and solutions to companies based at Zurich Airport. International Business Development and International Airport Operations put the airport's know-how and experience to work in international projects in order to generate added value and contribute to the company's growth.

Staff units

The CEO's staff units comprise the Human Resources, Corporate Communications, Public Affairs and Legal & Environmental units.



STRATEGY

Vision

We are the leading transport and meeting centre in Europe.

Mission

- We connect Switzerland to the world.
- We welcome our guests round the clock.
- We undertake projects at home and abroad.
- We live "Swissness".

Strategy and strategy house

Flughafen Zürich AG fulfils the Confederation's licence mandate and increases the company's value by

- using its resources (employees, infrastructure, finances) sustainably and optimally exploiting entrepreneurial scope,
- constantly developing the airport as a high-quality travel hub while also ensuring safety and making optimum use of the available infrastructure and technology,
- using the commercial and services centre (real estate, commerce, services) to expand flight operations, bring the fascination of flying to life, and generate profits which allow the whole system at Zurich Airport to be further developed to a high quality standard, and
- utilising its expertise and experience in projects in Switzerland and abroad to develop new revenue streams in the medium to long term.

CORPORATE VALUES AND CULTURE

Principles of conduct

Our behaviour is goal-oriented and is characterised by loyalty, openness, respect and discipline.

Management principles

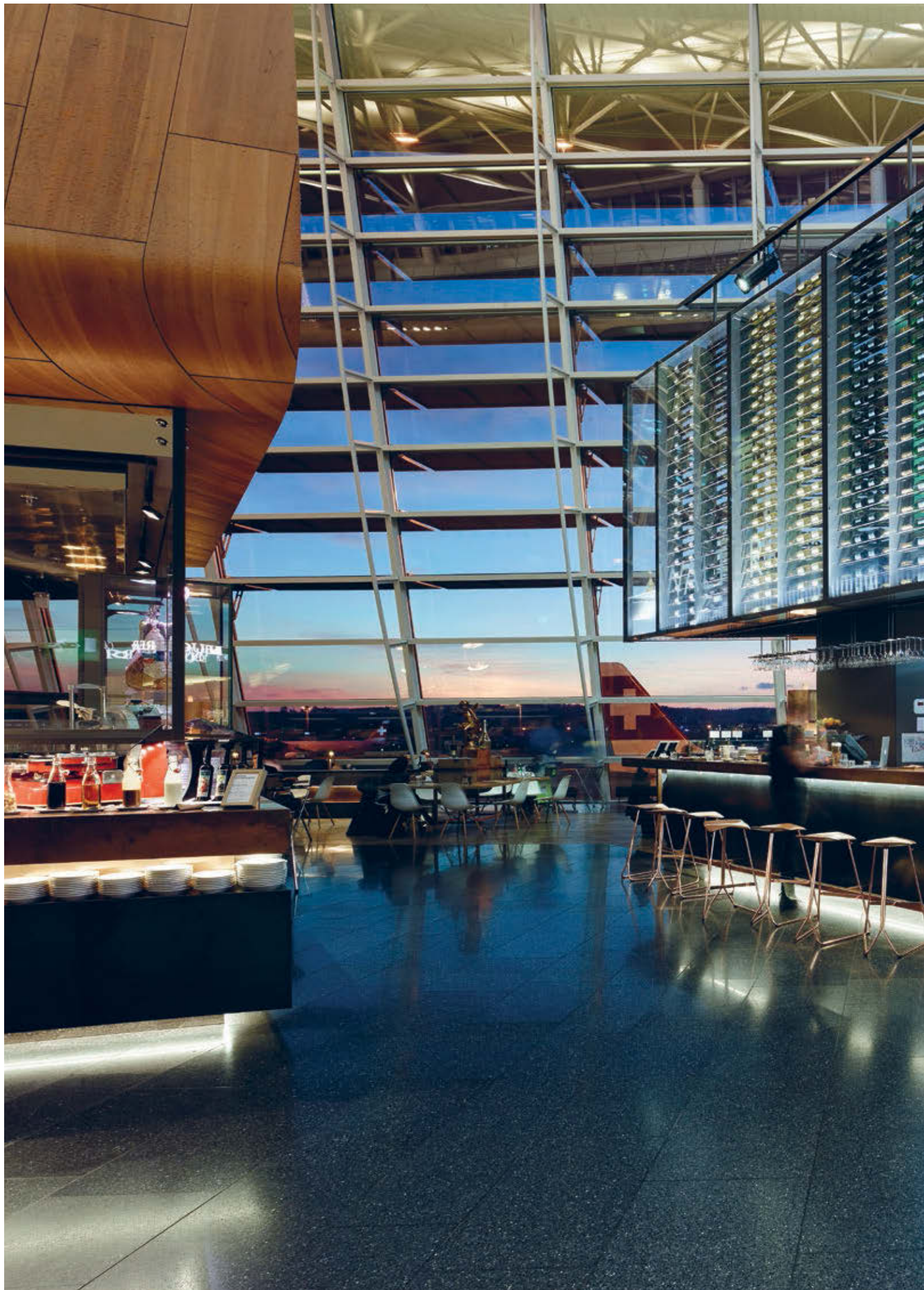
We assume responsibility, serve as good examples, offer trust and demand accountability.

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 foundations of safety, quality and efficiency, we operate Zurich Airport in a sustainable way by

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





2,000 wines

DESTINATION WALTER

As well as trendy music, Mediterranean restaurant WALTER offers impressive views and boasts four different types of house-made pasta. Vegetarians are also spoiled for choice with a buffet featuring eleven regularly changing dishes. But the most eye-catching feature of this restaurant, which opened last March, has to be its “flying wine cube” that holds up to 2,000 wine bottles.

BUSINESS DEVELOPMENT

Flughafen Zürich AG is investing around one million Swiss francs per working day in infrastructure, and therefore also in strategic development. Balancing the individual interests of all the stakeholders involved – as regards airport charges, large-scale projects or noise levels for instance – remains a major challenge.

KEY DATA

(CHF 1,000)	2015	2014	Change in %
Total revenue	988,973	963,479	2.6
of which aviation revenue	597,389	574,959	3.9
of which non-aviation revenue	391,584	388,520	0.8
Operating expenses	-486,157	-439,981	10.5
Earnings before interest, tax, depreciation and amortisation (EBITDA)	502,816	523,498	-4.0
EBITDA margin (in %)	50.8	54.3	
Earnings before interest and tax (EBIT)	274,644	294,622	-6.8
EBIT margin (in %)	27.8	30.6	
Profit	179,807	205,921	-12.7
Cash flow from operating activities	456,177	460,726	-1.0
Cash flow from investing activities	-119,524	-220,401	-45.8
Invested capital as at reporting date ¹⁾	3,186,427	3,200,107	-0.4
Average invested capital ¹⁾	3,193,267	3,306,807	-3.4
Return on average invested capital (ROIC, in %)	6.8	7.1	
Equity as at reporting date	2,212,437	2,140,522	3.4
Return on equity (in %)	8.3	9.8	
Equity ratio (in %)	54.7	53.6	
Interest-bearing liabilities (net) ²⁾	174,683	372,202	-53.1
Interest-bearing liabilities (net) / EBITDA	0.35x	0.71x	
Key operational data			
Number of passengers	26,281,228	25,477,622	3.2
Number of flight movements	265,095	264,970	0.0
Freight in tonnes	411,780	429,830	-4.2
Number of full-time positions as at reporting date	1,474	1,450	1.7
Number of employees as at reporting date	1,721	1,707	0.8
Key data for shareholders of Flughafen Zürich AG			
Number of issued shares	6,140,375	6,140,375	
Proposed / paid dividend per share (CHF) ³⁾	15.00	13.50	11.1
Dividend total (CHF 1,000) ³⁾	92,106	82,895	11.1
Payout ratio (in %) ³⁾	51.2	40.3	
Equity per share (CHF)	360.31	348.60	3.4
Basic earnings per share (CHF)	29.26	33.53	-12.7
Diluted earnings per share (CHF)	29.26	33.52	-12.7
Flughafen Zürich AG (registered share)	Security number	SIX Symbol	Reuters
	1056796	FHZN	FHZN.S
Closing price as at 31.12. (CHF)	753.50	666.50	13.1

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 current and non-current financial assets and fixed-term deposits.

3) 2015: Additional dividend from capital contribution reserves of CHF 16.00 per share not included.

KEY DATA EXCLUDING THE INFLUENCE OF AIRCRAFT NOISE

Flughafen Zürich AG refinances all costs related to aircraft noise according to the costs-by-cause principle via noise charges. There is a specified purpose for these noise charges, and any surplus, after all noise-related expenses have been paid, is supposed to be repaid and does not belong to the owners of Flughafen Zürich AG.

As the consolidated 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.

The following adjusted key figures reflect all significant noise-related items in the income statement and balance sheet:

(CHF 1,000)	2015	2014	Change in %
Total revenue	978,200	953,280	2.6
of which aviation revenue	586,616	564,760	3.9
of which non-aviation revenue	391,584	388,520	0.8
Operating expenses	-385,884	-436,089	-11.5
Earnings before interest, tax, depreciation and amortisation (EBITDA)	592,316	517,191	14.5
EBITDA margin (in %)	60.6	54.3	
Earnings before interest and tax (EBIT)	369,881	295,798	25.0
EBIT margin (in %)	37.8	31.0	
Profit	269,224	211,440	27.3
Cash flow from operating activities	472,537	468,423	0.9
Cash flow from investing activities	-152,129	-238,976	-36.3
Invested capital as at reporting date ¹⁾	3,030,840	2,974,659	1.9
Average invested capital ¹⁾	3,002,750	3,073,655	-2.3
Return on average invested capital (ROIC in %)	9.8	7.7	
Equity as at reporting date	2,076,406	1,915,074	8.4
Return on equity (in %)	13.5	11.3	
Equity ratio (in %)	61.3	57.9	
Interest-bearing liabilities (net) ²⁾	651,169	871,017	-25.2
Interest-bearing liabilities (net) / EBITDA	1.10x	1.68x	
Key data for shareholders of Flughafen Zürich AG			
Payout ratio (in %) ³⁾	34.2	39.2	
Equity per share (CHF)	338.16	311.88	8.4
Basic earnings per share (CHF)	43.83	34.43	27.3
Diluted earnings per share (CHF)	43.82	34.42	27.3

Please see left-hand page for an explanation of the footnotes.

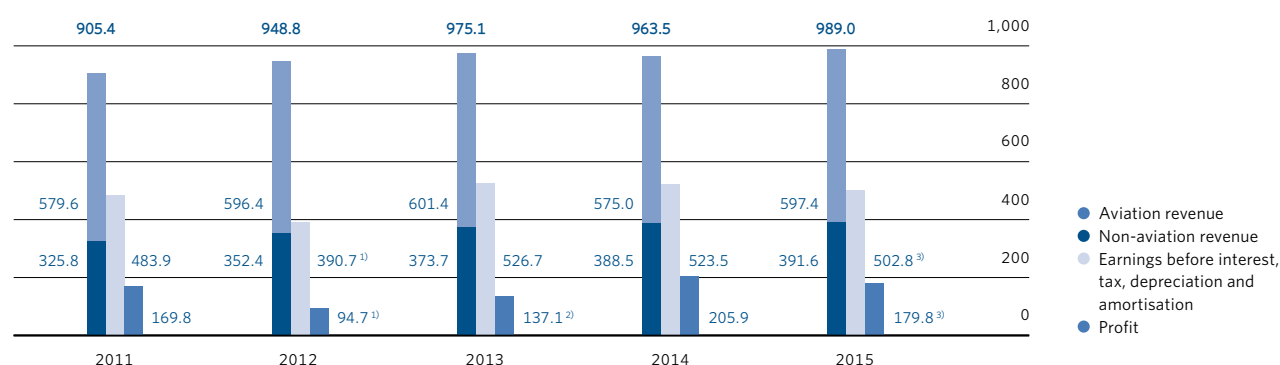
RESULTS INCLUDING AND EXCLUDING NOISE-RELATED ITEMS

The figures for the income statement and results including and excluding noise-related factors are as follows:

	2015			2014		
(CHF 1,000)	Including aircraft noise	Elimination of aircraft noise	Excluding aircraft noise	Including aircraft noise	Elimination of aircraft noise	Excluding aircraft noise
Aviation revenue	597,389	-10,773	586,616	574,959	-10,199	564,760
Non-aviation revenue	391,584	0	391,584	388,520	0	388,520
Total revenue	988,973	-10,773	978,200	963,479	-10,199	953,280
Operating expenses	-486,157	100,273	-385,884	-439,981	3,892	-436,089
EBITDA	502,816	89,500	592,316	523,498	-6,307	517,191
Depreciation and amortisation	-228,172	5,737	-222,435	-228,876	7,483	-221,393
EBIT	274,644	95,237	369,881	294,622	1,176	295,798
Profit	179,807	89,417	269,224	205,921	5,519	211,440

FINANCIAL DEVELOPMENT

(CHF million)



¹⁾ After expenditure for the initial recognition of employee benefits according to IAS 19 (primarily the new affiliation contract with the BVK Employee Pension Fund of the Canton of Zurich).

²⁾ After expenditure for the restructuring of non-current financial liabilities.

³⁾ After expenditure for increasing the provisions for sound insulation and resident protection, proceeds from the adjustment of net defined benefit obligations as a result of the announced change to the BVK scheme, and profit from the sale of a portion of land for "The Circle" and transfer of the associated project costs.

RESULTS TREND

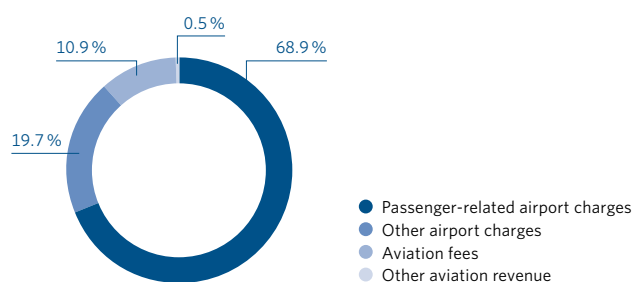
→ Table page 64

Revenue rose year on year from CHF 963.5 million to CHF 989.0 million (+2.6%). Both aviation and non-aviation business showed positive growth.

Aviation revenue

Of the total revenue, approximately 60% was attributable to aviation revenue, amounting to CHF 597.4 million (+3.9%) in the year under review.

BREAKDOWN OF AVIATION REVENUE



(CHF million)

Aviation revenue	2015	in %
Passenger-related airport charges	411,363	68.9
Other airport charges	117,572	19.7
Aviation fees	64,920	10.9
Other aviation revenue	3,534	0.5
Total	597,389	100.0

Passenger volumes developed positively in the past year (+3.2%). At 26.3 million passengers, a new all-time record was set at Zurich Airport. Despite discontinuation of the five-franc noise supplement from 1 February 2014, revenue from passenger-related airport charges increased from CHF 396.6 million to CHF 411.4 million (+3.7%), with the rise in the number of local passengers (+6.0%) especially having a positive impact.

Higher revenue from landing charges (increase in average take-off weight per aircraft) and from aircraft noise charges (as income from noise charges has no longer been split with the Canton of Zurich since December 2014) essentially led to a CHF 4.2 million increase in other airport charges (+3.7%), taking the total to CHF 117.6 million.

Higher income from the baggage sorting and handling system and from aircraft de-icing as a result of the more severe winter in comparison with the previous year meant that aviation fees rose by CHF 3.2 million to CHF 64.9 million (+5.1%).

Non-aviation revenue

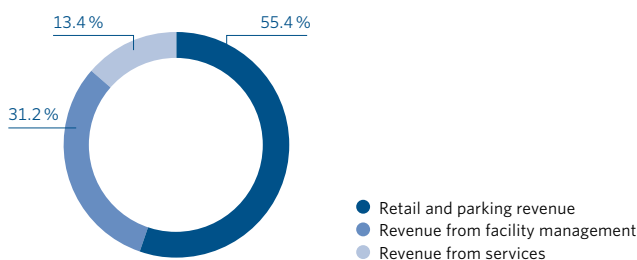
Revenue from non-aviation operations saw a disproportionate rise of CHF 3.1 million to CHF 391.6 million (+0.8%).

Despite the challenges posed by the strength of the Swiss franc, retail revenue was maintained on a par with the previous year and fell only slightly by 0.3% to CHF 111.5 million, thanks also to the increase in floor space during the year under review. In 2015, sales for retail outlets and restaurant operators at Zurich Airport, from which this revenue stems, amounted to CHF 534.2 million (-1.4%). This corresponds to an average spend per passenger of CHF 40.70 (2014: CHF 42.50). Revenue from car parking also grew by 1.2% to CHF 74.3 million, mainly as a result of the growth in local passenger numbers.

In the facility management segment, revenue totalled CHF 122.4 million (-0.8%). Revenue from rental and leasing agreements fell year on year by CHF 6.6 million (-7.0%). This decline is due solely to a one-off item posted in the previous year resulting from the premature termination of a rental contract and the resulting payment from a tenant. As a result of mild weather during the winter months in the prior-year period, revenue from the cross-charging of energy and utility costs saw a year-on-year increase by 6.8% to CHF 24.5 million. Thanks to being chosen as client representative and lead managers for "The Circle" joint ownership company, Flughafen Zürich AG achieved an increase in services revenue of around CHF 3.8 million.

Owing to the rise in revenue from consulting activities for international clients, revenue from services rose by CHF 2.3 million (+4.5 %).

BREAKDOWN OF NON-AVIATION REVENUE



(CHF million)

Non-aviation revenue	2015	in %
Retail and parking revenue	216,759	55.4
Revenue from facility management	122,358	31.2
Revenue from services	52,467	13.4
Total	391,584	100.0

Operating expenses

Owing to various one-off factors in the year under review, operating expenses rose by CHF 46.2 million to CHF 486.2 million (+10.5 %). The recognition of the provisions for sound insulation and resident protection measures in the income statement due to the expansion of the sound insulation programme (CHF 97.1 million) led to an increase in operating expenses. Changes to the pension scheme announced by BVK resulted in a reduction of net defined benefit obligations (CHF 17.9 million) and consequently in lower personnel expenses. Finally, the sale of a portion of building land for "The Circle" and consequently the allocation of the associated project costs to "The Circle" joint ownership company led to a one-off gain of CHF 34.6 million. Excluding these one-off effects, operating expenses amounted to CHF 441.5 million which, despite the growth in traffic, were virtually unchanged from the previous year (CHF 440.0 million).

Personnel expenses for the reporting period totalled CHF 167.8 million, or CHF 185.7 million after adjusting for the one-off effect arising from the changes to defined benefit obligations. This represents an increase of 2.7 %. In addition to the higher average headcount in Zurich, other expenses relating to employee benefit provisions pursuant to IAS 19 contributed to this trend. As at 31 December 2015, Flughafen Zürich AG employed 1,645 staff in Switzerland (31.12.2014: 1,633), corresponding to 1,398 full-time equivalent positions (31.12.2014: 1,376). As at the reporting date a further 76 employees worked for consolidated company A-port Operaciones S.A. and its subsidiaries.

Despite strong growth in the number of local passengers, expenses for police and security increased only slightly to CHF 118.6 million (+0.7 %).

In comparison with the mild winter during the previous year, the cool weather during the first quarter and the hot summer resulted in a significant increase in expenses for energy and waste (+5.5 %).

Expenses relating to sales, marketing and administration again fell, by CHF 1.8 million, in the 2015 financial year and amounted to CHF 35.0 million.

After adjustment for the aforementioned one-off effects from "The Circle" and expansion of the sound insulation programme (CHF –50.8 million), capitalised expenditure and other income/expenses totalled CHF 11.7 million (2014: CHF 10.5 million).

Operating result

Earnings before interest, tax, depreciation and amortisation (EBITDA) amounted to CHF 502.8 million (–4.0 %). The EBITDA margin fell from 54.3 % to 50.8 %. After adjusting for the aforementioned one-off effects, EBITDA was CHF 547.5 million (+4.6 %) and the EBITDA margin rose from 54.3 % to 55.4 %.

At CHF 228.2 million, depreciation and amortisation remained on a par with the previous year (CHF 228.9 million). Earnings before interest and tax (EBIT) fell from CHF 294.6 million to CHF 274.6 million (–6.8 %). After adjusting for one-off factors, EBIT amounted to CHF 319.3 million (+8.4 %).

The finance result of Flughafen Zürich AG amounted to CHF –37.4 million in the year under review, and therefore below that of the prior-year period (CHF –33.8 million). At CHF 16.4 million, interest expenses on debentures and non-current loans were CHF 4.8 million or 22.7 % down on the previous year. The savings are attributable to the repayment in full of the US private placement in April 2015. On the other hand, owing to the generally low level of interest rates, the interest rate for discounting the provisions for sound insulation and resident protection plus formal expropriations had to be reduced from 1.1 % to 0.4 % and 0.3 % respectively. As a result, the interest on these provisions is CHF 9.3 million higher than in the previous year.

The share in the result of associates in the amount of CHF –3.9 million (2014: CHF –1.4 million) is based primarily on the company's share in the profit/loss of the operators of airports in Bengaluru (India) and Belo Horizonte (Brazil), and the company's other investment portfolio in Latin America.

Profit

Profit amounted to CHF 179.8 million, CHF 26.1 million below the previous year's figure. When adjusted to take account of one-off effects, profit totalled CHF 215.3 million, representing a year-on-year increase of CHF 9.4 million (+4.6 %).

The Board of Directors is proposing to the General Meeting of Shareholders the payment of an ordinary dividend of CHF 15.00 (2014: CHF 13.50) per share as well as the payment of an additional dividend out of the capital contribution reserves of CHF 16.00 per share.

CONSOLIDATED CASH FLOW STATEMENT Table page 67

Compared with the prior year (CHF 460.7 million), cash flow from operating activities fell by CHF 4.5 million and amounted to CHF 456.2 million for the year under review. Activities relating to aircraft noise resulted in a cash outflow of CHF –16.4 million (2014: CHF –7.7 million).

Cash flow from investing activities amounts to CHF –119.5 million (2014: CHF –220.4 million). In addition to the lower cash outflows for investments in property, plant and equipment and in the project “The Circle” – compared with the previous year, in particular proceeds from the disposal of property, plant and equipment (share of land and project costs for “The Circle”) of CHF 67.9 million led to the reduced cash outflow.

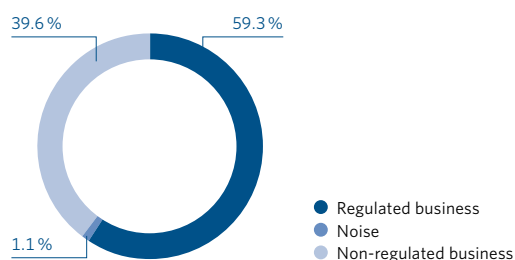
The result for the year under review was a cash outflow from financing activities of CHF –190.3 million. This fall in comparison with the prior-year figure of CHF –407.1 million is essentially attributable to the repayment of a loan for CHF 225.0 million in February 2014.

At the end of 2015, the company possessed cash and cash equivalents in the amount of CHF 372.0 million (2014: CHF 226.1 million), of which CHF 49.1 million is held by the Airport of Zurich Noise Fund.

SEGMENT REPORTING Table page 76

Reporting of operating segments is carried out in accordance with the Ordinance on Airport Charges (FGV), more specifically with regard to the regulated charges and fees affected by the Ordinance.

BREAKDOWN OF SEGMENT REVENUE WITH THIRD PARTIES



(CHF million)

Segment revenue with third parties	2015	in %
Regulated business	586.6	59.3
Noise	10.8	1.1
Non-regulated business	391.6	39.6
Total	989.0	100.0

Regulated business

During the year under review, revenue from third parties for the regulated business segment rose from CHF 564.8 million to CHF 586.6 million, while earnings before interest and tax (EBIT) for regulated business, which comprises the “Aviation”, “PRM”, “User Fees” and “Security” segments, improved by CHF 34.5 million to CHF 143.5 million.

The improved result was primarily due to the “Aviation” segment, where higher traffic volumes with an increased number of local passengers as well as lower operating expenses contributed to the positive trend. EBIT for the “Security” segment improved from CHF 22.3 million to CHF 30.2 million, also attributable to the higher passenger volumes. In terms of EBIT, the “PRM” segment achieved a balanced result in the reporting period. The result for the “User Fees” segment improved by CHF 1.0 million to CHF 3.7 million.

Compared with the previous year, capital invested for regulated business remained virtually unchanged at CHF 1.9 billion, of which CHF 1.4 billion is associated with the “Aviation” segment. In addition to the purely aviation-related infrastructure, invested capital also includes a proportion of the costs from mixed-use buildings, in particular the terminals. Invested capital of CHF 0.3 billion is allocated to the “User Fees” segment, which includes primarily the baggage sorting and handling system as well as the aircraft power supply systems. ROIC for regulated business is 6.1%.

Noise

The decline in passenger-related noise charges, which were levied up until the end of January 2014, was offset in the 2015 financial year by the discontinuation from December 2014 of the splitting of noise charges income with the Canton of Zurich. This has resulted in noticeably higher revenue from aircraft noise charges. The negative EBITDA result is influenced by the one-off effect of increasing the provisions for sound insulation and resident protection measures (expansion of the sound insulation programme). Adjusted for this, the segment result at the EBITDA level was CHF 7.6 million.

Invested capital of CHF 0.2 billion includes mainly the financial assets of the Airport of Zurich Noise Fund and the new noise protection hangar.

Non-regulated business

In the year under review, EBIT for the non-regulated business segment went up by CHF 39.0 million to CHF 226.3 million. This increase is primarily due to the one-off effect from the sale of a portion of the building land for “The Circle” and the transfer of the project to “The Circle” joint ownership company. Adjusted for this one-off effect, the result (EBIT) for the non-regulated business segment was CHF 191.7 million.

At CHF 1.2 billion, invested capital was up slightly compared with the previous year. ROIC for the non-regulated business segment is 16.1% (2014: 13.4%). Adjusted for the one-off effect arising from “The Circle”, ROIC is 13.7%.

INVESTMENTS AND MANAGEMENT AGREEMENTS

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 in May 2008.

The operation and management agreement between Flughafen Zürich AG and BIAL expired on 23 May 2015 after a term of ten years. Seven years after the airport in Bengaluru com-

menced operation, the company withdrew from operational responsibility, but it continues to be represented as a shareholder on BIAL's Board of Directors.

Kazakhstan

Through its subsidiary Zurich Airport International AG, Flughafen Zürich AG is involved in the operation of a portfolio of eleven airports in Kazakhstan under an Operations, Management & Service Agreement (OMSA), and currently provides consulting services to six of them. It accordingly receives revenue from this service agreement.

Brazil

At the end of November 2013, Flughafen Zürich AG's consortium with the Brazilian company CCR and Flughafen München GmbH was awarded the concession for the operation and expansion of Confins International Airport in Brazil, which serves the city of Belo Horizonte and the state of Minas Gerais. The 30-year concession agreement was signed in April 2014. With around 11.5 million passengers in 2015 (up by 4 % over 2014), Confins is one of the most important airports in Brazil and is positioning itself to become a major domestic hub.

Flughafen Zürich AG holds a 25 % interest in a private consortium which in turn holds a 51 % controlling stake in the local airport operator Concessionária do Aeroporto Internacional de Confins S.A. – the remaining 49 % of the shares are held by the state-owned Infraero. Flughafen Zürich AG appoints the retail and flight operations managers. In December 2014, Flughafen Zürich AG also signed an Operations, Management & Service Agreement (OMSA) with the licence holder.

Latin America

Flughafen Zürich AG has a 62 % majority stake in A-port Operaciones S.A. This company, based in Santiago de Chile, manages and operates airports in Latin America and the Caribbean. This includes airports in Chile, Curaçao and Colombia.

In addition to the operation of airports, Flughafen Zürich AG holds indirect interests in the licence holders for the Chilean airports in Antofagasta and Iquique due to its 49 % stake in A-port Chile S.A. and an interest in Hato International Airport in Curaçao through Companhia de Participações Aeroportuárias, based in São Paulo (Brazil).

Venezuela

In 2010, Flughafen Zürich AG and its consortium partner Unique IDC 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 investment protection treaty between Venezuela, Switzerland and Chile.

The ICSID reached its decision in November 2014, requiring the Bolivarian Republic of Venezuela to reimburse the consortium the costs incurred for the proceedings and project plus a compensation payment of around USD 19.5 million as well as interest incurred up until receipt of payment (around USD 15.3 million accrued as at 31 December 2015). Flughafen Zürich AG is entitled to 50 % of the total amount of the payments. Prior to the deadline set for 18 March 2015, Venezuela appealed to the ICSID to set

aside the tribunal's decision on the grounds of an infringement of procedural rules. A new three-judge tribunal was appointed to decide on whether the arbitration ruling is to be upheld or not. The oral hearings will take place in mid August 2016.

INVESTMENTS

→ Table page 83

Investments in property, plant and equipment in the 2015 financial year amounted to CHF 160.2 million. The largest investments comprised the upgrading of Terminal 2 (CHF 38.2 million), the expansion of car parking (CHF 21.8 million) and the refurbishment of the curbside lanes (CHF 19.6 million). A further CHF 36.2 million was invested in maintenance operations to preserve the value of engineering structures.

Moreover, a proportional share of investment in "The Circle" amounting to CHF 39.5 million was posted.

BALANCE SHEET STRUCTURE

→ Table page 65

The consolidated balance sheet total of Flughafen Zürich AG increased by CHF 52.1 million (+1.3 %) compared with the previous year, amounting to CHF 4,042.6 million on the balance sheet date.

Owing to the higher level of cash and cash equivalents and fixed-term deposits as well as current financial assets of the Airport of Zurich Noise Fund, current assets increased by CHF 39.9 million (+6.6 %) to CHF 644.8 million. Overall there was little significant change in non-current assets, which totalled CHF 3,397.8 million at the balance sheet date. The higher level of non-current financial assets of the Airport of Zurich Noise Fund (including the related fixed-term deposits) was offset in particular by the net changes in property, plant and equipment and investment property.

Liabilities declined year on year by CHF 19.8 million (-1.1 %) and now total CHF 1,830.1 million. The increase in provisions for sound insulation and resident protection plus formal expropriations (expansion of the sound insulation programme) as well as the employee benefit obligations were offset by a decrease in liabilities for various other current and non-current liability items. Among other things, the final tranche of the US private placement amounting to CHF 73.2 million was repaid in April of the reporting period.

Equity increased in the year under review by CHF 71.9 million and amounted to CHF 2,212.4 million at the end of 2015, which corresponds to a ratio of 54.7 % (2014: 53.6 %). For the 2015 financial year, the return on invested capital (ROIC) was 6.8 % (2014: 7.1 %). Adjusted for noise-related factors, ROIC improved from 7.7 % to 9.8 %.

OUTLOOK

Traffic and revenue trend

Flughafen Zürich AG expects passenger growth of around 3 % in 2016, with slightly more flight movements than in 2015. Owing to the reduction in charges expected in the third quarter 2016, aviation revenue will fall in the 2016 financial year, although passenger growth may offset this reduction to some extent. Revenue from non-aviation business is expected to rise slightly.

Operating expenses

Excluding one-off factors, only a marginal year-on-year rise in operating expenses is expected in 2016.

Capital expenditure

The company has earmarked around CHF 250 million for investments in property, plant and equipment in 2016, of which investments for "The Circle" will account for some CHF 100 million. As well as the final touches to the Terminal 2 upgrade project and various works to maintain the value of the airport's infrastructure, the focus of investment at Zurich Airport in 2016 will be the expansion of parking facilities and the refurbishment of the curbside lanes.

Result

Excluding the one-off effects in the 2015 financial year and any further extraordinary factors, the reduction in charges means that the figure for earnings before interest, tax, depreciation and amortisation (EBITDA) is expected to be lower than in 2015. Owing to higher depreciation, earnings before interest and taxes (EBIT) is also expected to be down, as is profit excluding noise-related items.

AIRPORT OF ZÜRICH NOISE FUND

Flughafen Zürich AG refinances all costs that arise in connection with 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, which is a liquidity-based fund. The fund statement presents the accumulated surplus or shortfall as at the balance sheet date arising from noise charges, less expenses for formal expropriations, sound insulation and resident protection measures and noise-related operating costs.

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 financial institutions using a conservative, money-market-oriented investment strategy. The income from these investments is credited to the fund statement.

The detailed fund statement is disclosed to a committee comprising representatives of Zurich Airport's customers, of the relevant authorities and of Flughafen Zürich AG. 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.

After the pre-financing solution with the Canton of Zurich ceased to apply as of 30 November 2014 due to the positive trend in the equity of Flughafen Zürich AG, and the Canton of Zurich's share of the Airport of Zurich Noise Fund was therefore returned to Flughafen Zürich AG (see pages 74 and 75 in the financial section of this Annual Report), the position of the Airport of Zurich Noise Fund as at the reporting date is as follows:

AIRPORT OF ZÜRICH NOISE FUND

(CHF 1,000)	2015			2014		
	Flughafen Zürich AG	Canton of Zurich	Total	Flughafen Zürich AG	Canton of Zurich	Total
Airport of Zurich Noise Fund as at 1 January	491,396	0	491,396	300,197	227,914	528,111
Revenue from noise charges	10,865	0	10,865	15,651	4,423	20,074
Costs for sound insulation and resident protection ¹⁾	-17,779	0	-17,779	-46,406	0	-46,406
Costs for formal expropriations ²⁾	-12,954	0	-12,954	-1,942	-8,787	-10,729
Balance before operating costs and finance result	471,528	0	471,528	267,500	223,550	491,050
Operating costs	-3,137	0	-3,137	-3,892	-5	-3,897
Interest income from financial assets of Airport of Zurich Noise Fund	3,897	0	3,897	3,820	950	4,770
Adjustments to fair value and realised gains / losses on financial assets (available-for-sale securities)	-544	0	-544	-276	-251	-527
Return of the Canton of Zurich's share in the Airport of Zurich Noise Fund on 30 Nov. 2014	0	0	0	224,244	-224,244	0
Airport of Zurich Noise Fund as at 31 Dec.	471,744	0	471,744	491,396	0	491,396

1) Including financing costs of CHF 3.5 million (2015) and CHF 25.0 million (2014) for the new noise protection hangar.

2) In addition to compensation payments for formal expropriations, this amount includes other associated external costs, in accordance with the regulations of the Airport of Zurich Noise Fund (see note 18, "Provision for sound insulation and resident protection plus formal expropriations" on page 95 in the financial section of this annual report).

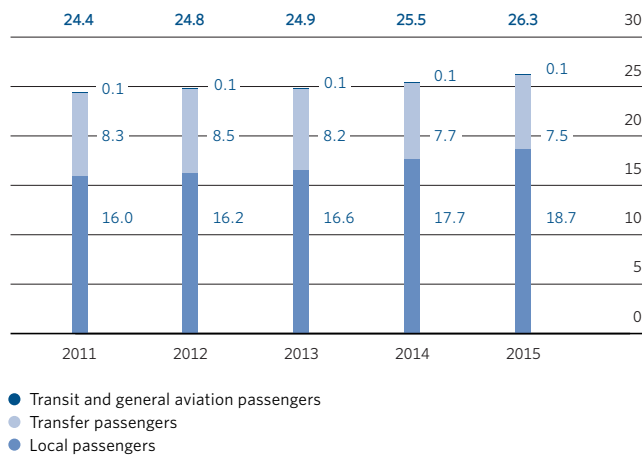
TREND IN TRAFFIC VOLUME

Record-breaking 26 million passengers at Zurich Airport

In the past year, Zurich Airport handled 26,281,228 passengers, setting a new record and exceeding the previous record set in 2014 by 3.2%. In comparison with all major European airports, however, Zurich's figure is below the average growth rate of +5.0%¹⁾.

TREND IN PASSENGER VOLUMES

(in millions)



In 2015, the Zurich Airport catchment area again proved to be a stable and reliable market. Increasing local demand for air travel was one of the most important drivers of growth at Zurich Airport over the preceding year. The number of local passengers rose by 6.0% to 18.7 million. This offset the steady decline in the number of transfer passengers by 3.3% to 7.5 million. The transfer share of all passengers declined from 30.3% in 2010 to 28.5% during the year under review. The scheduled and charter segment grew by +3.2% in 2015. General aviation went up by 1.7%.

Europe, Zurich Airport's most important market, showed a rise of 3.2%. Intercontinental traffic grew by +2.8%. In particular the Far East segment posted strong growth (+8.3%) thanks to increases in capacity which were well received by the market. This was followed by the Middle East (+6.9%). The North American market shrank slightly by -0.1%. Owing to the collapse of Egyptian business in particular, passenger volumes to and from Africa experienced a further contraction (-10.3%).

In the year under review, hub carrier Swiss's share of passengers amounted to 54.6%, followed by Air Berlin (5.6%), Edelweiss Air (4.6%), Germanwings (2.5%) and British Airways (2.2%).

Strong network

In 2015, scheduled airlines operated flights from Zurich Airport to 121 European and 48 intercontinental destinations. A total of 59 scheduled airlines and 15 charter carriers offered services on the route network.

1) Source: ACI Airports Council International

Comparable flight movements but better capacity utilisation

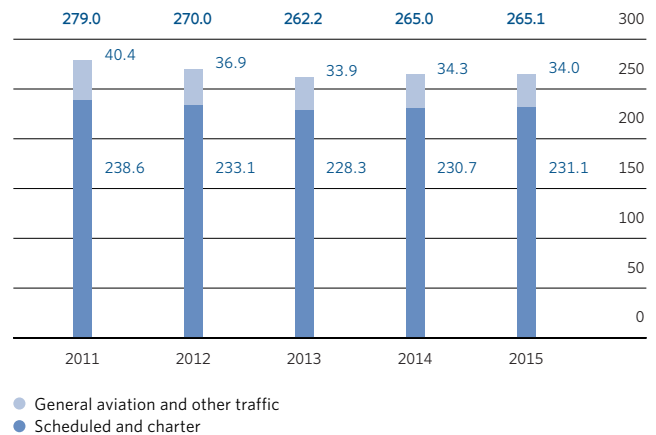
Flight movements totalled 265,095 in 2015, approximately on a par with the previous year. During the same period the number of seats offered rose by 1.2%.

The positive trend in passenger volumes in 2015 also led to a further improvement in the seat load factor, which grew by 0.9 percentage points to 76.8%. The number of passengers per flight movement consequently also rose from 110 to 114.

In the scheduled and charter flight segment, the number of flight movements saw a rise of 0.2%. General aviation contracted by 0.8%.

FLIGHT MOVEMENTS

(in 1,000)

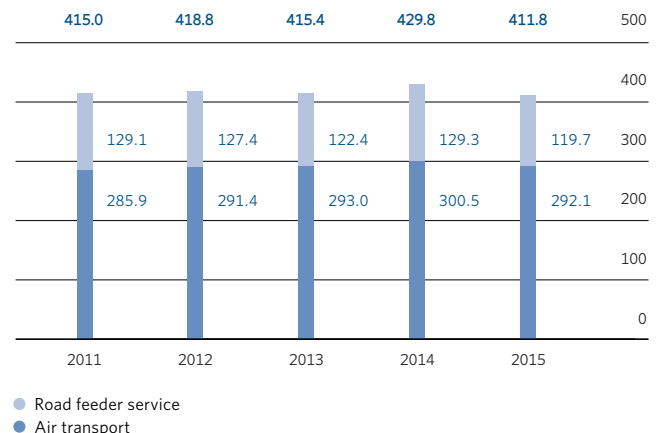


Marginal decline in freight volumes

In 2015, freight volumes at Zurich Airport fell by 4.2% over their 2014 levels. A total of 411,780 tonnes of freight were transported during the year under review. The volume of freight shipped by air decreased by 2.8%, and substitute air freight transported by road fell by 7.5%.

FREIGHT

(in 1,000 tonnes)



TREND IN TRAFFIC VOLUME

AIR TRAFFIC MOVEMENTS IN EUROPE

(Take-offs and landings per year to/ from the respective countries)

- Under 1,000
- 1,000 - 5,000
- 5,000 - 10,000
- 10,000 - 15,000
- 15,000 - 25,000
- Over 40,000

NUMBER OF AIRLINES

2015

59

Scheduled flights

15

Charter flights

SCHEDULED FLIGHT DESTINATIONS

EUROPE

36

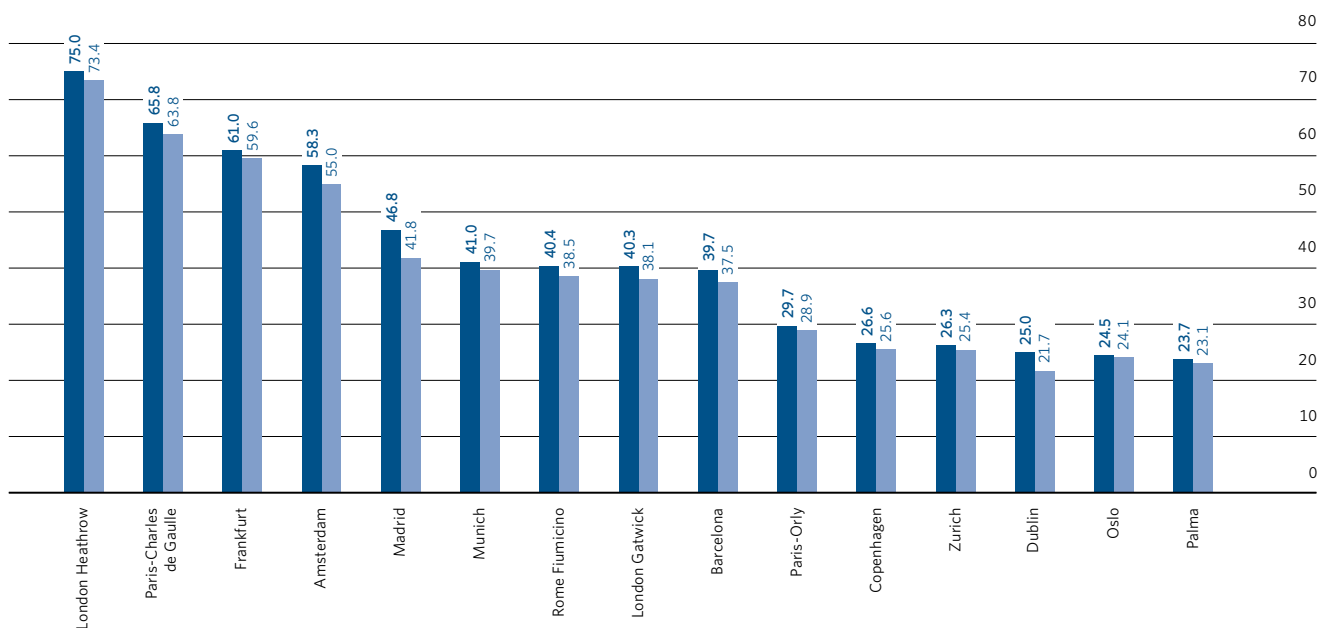
Countries

121

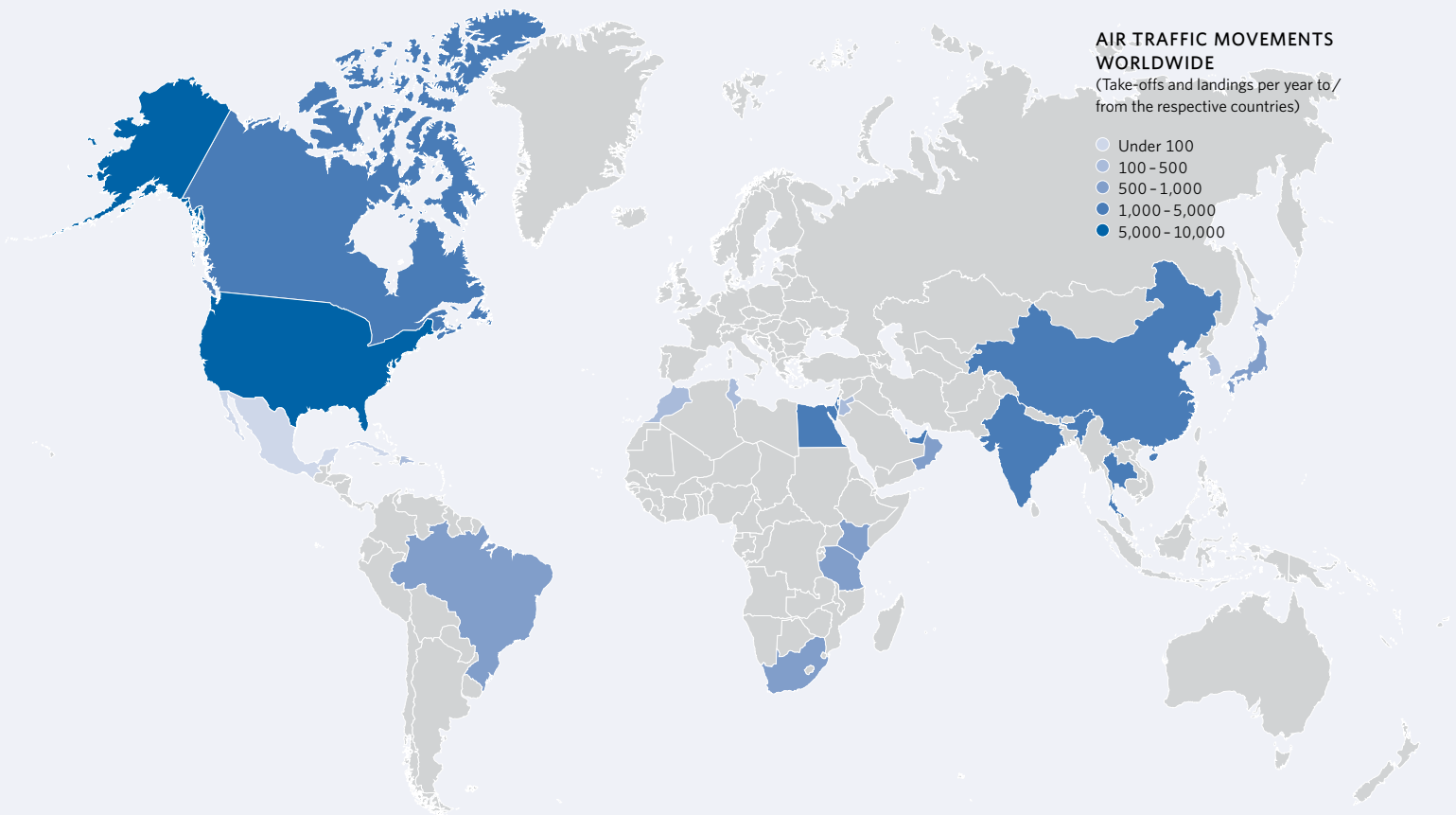
Cities

PASSENGERS AT EUROPEAN AIRPORTS (IN MILLIONS)

2015 2014



Source: ACI Airports Council International (Commercial Passengers)



NORTH AMERICA

2
Countries
15
Cities

SOUTH / CENTRAL AMERICA

3
Countries
3
Cities

AFRICA

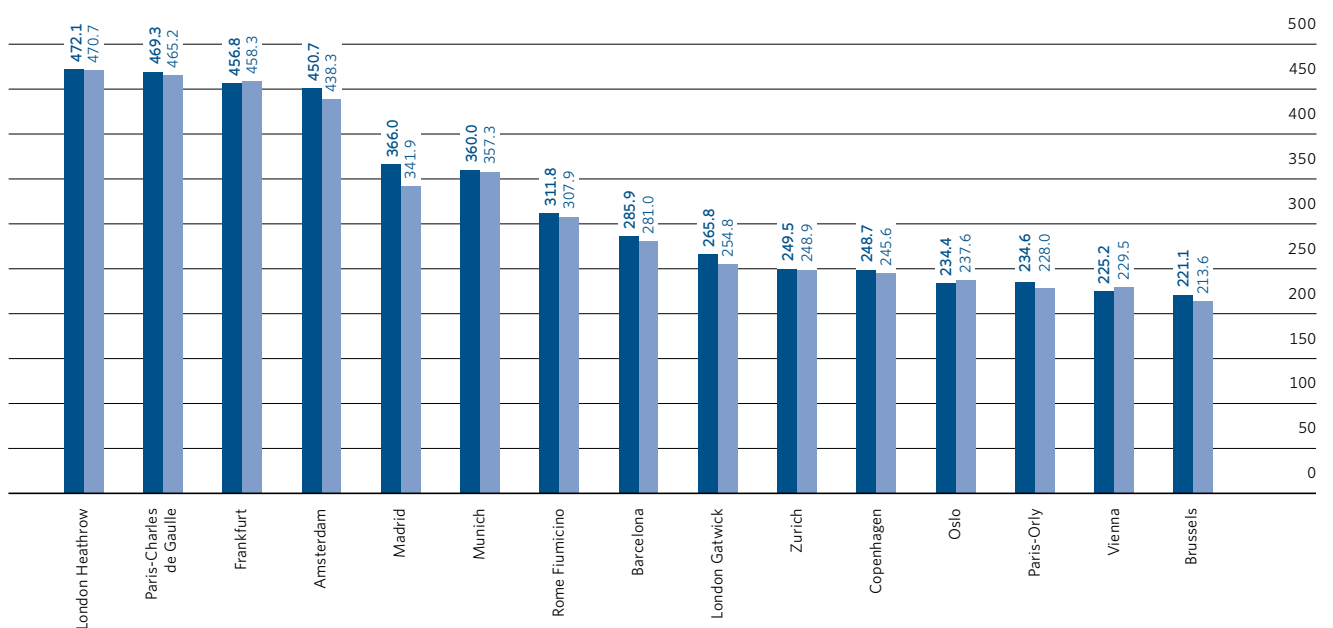
6
Countries
13
Cities

ASIA

13
Countries
17
Cities

COMMERCIAL MOVEMENTS AT EUROPEAN AIRPORTS (IN THOUSANDS)

● 2015 ● 2014



Source: ACI Airports Council International (Commercial Movements)

AVIATION

Diverse operational challenges

The summer of 2015 was a hot one at Zurich Airport, and not just because of the high temperatures. Record-breaking passenger numbers were recorded on several days on which over 95,000 people travelled via Switzerland's gateway to the world. By way of comparison, around 70,000 people arrive at, transfer via and depart from Zurich Airport during an average day. A major challenge to both infrastructure and employees alike. Thanks to the well-oiled teamwork of all its partners, however, the airport coped very successfully with this exceptionally large volume of passengers.

Major challenges were faced not only within the terminals, but also in relation to flight operations. Above all during the mid-day peak when many flights with transfer passengers land in Zurich and just as many take off from Zurich again, the capacity of the complex system with intersecting runways was often stretched to the limit. This situation was further exacerbated when a change in the normal runway utilisation was required due to a westerly or north-easterly wind. This resulted in lower punctuality rates. Once a day began with delays, it was virtually impossible to get back on schedule. As a result of rotation delays, flights were pushed right back into the evening and the airport had to finally catch up between 11 p.m. and 11.30 p.m.

“New passenger records of over 95,000 people a day during the summer represented a major challenge for infrastructure and employees alike.”

Challenging proceedings

In June 2013, the Federal Council approved the Zurich Airport Sectoral Aviation Infrastructure Plan (SAIP). This plan creates the spatial planning framework for the operation and infrastructure of Zurich Airport. As the treaty relating to the impact of the airport's operations over German territory has not yet been ratified by Germany, the plan must be implemented in several phases. The first phase confirms the current mode of operation and includes the framework for the construction of Zone West, the taxiway around the end of runway 28, and the planned high-speed taxiways from runways 28 and 34. In September 2015, the Federal Council approved the section on Zurich Airport in the cantonal development plan, subject to the reinstatement of the spatial planning safeguards for runway extensions 28 and 32 which the Cantonal Parliament had removed from the development plan. The Federal Council therefore followed the wishes of the Government Council and also of the Zurich electorate, which had clearly rejected a ban on runway extensions in a referendum held in 2011.

Putting the conditions in place for routing a taxiway around runway 28 is proving to be challenging. This is one of the measures identified in the safety review conducted by the Federal Office of Civil Aviation (FOCA) to improve safety. Routing a taxiway around the end of runway 28 will reduce the number of crossings of the shortest runway at Zurich Airport and consequently reduce the complexity of taxiing traffic on the ground. The new taxiways

for runway 14/32 will also reduce through-traffic around Dock E and de-icing pad Charlie. This will reduce the complexity of the system and considerably improve the margin of safety. As the taxiway around the end of runway 28 will require the airport's perimeter to be moved, this decision must be taken by the Federal Council.

Arrestor system at the end of runway 28

Likewise following on from FOCA's safety review is the installation of an arrestor system at the end of the shortest runway at Zurich Airport, runway 28. The arrestor system comprises a bed of specially engineered materials which is designed to stop – with minimal damage – aircraft that have overshot a runway during take-off or landing. Today's already high safety standards can thus be improved still further. Preliminary work on the system was begun in July of the year under review, and construction of the actual arrestor system is scheduled to commence in the spring of 2016.

Expanded sound insulation programme

During the year under review, Flughafen Zürich AG submitted a sound insulation programme to FOCA. The programme covered all the areas where noise exposure exceeds imission limits according to the noise calculations for the operating regulations currently in force, as well as areas where this will be the case under the pending 2014 operating regulations. Affected citizens in a total of 25,000 residential units in 27 municipalities will now benefit from sound insulation measures or reimbursement for noise remediation work already carried out. As a result of the expanded sound insulation programme, the total costs of Flughafen Zürich AG for sound insulation measures rose by CHF 100 million to around CHF 340 million. The measures will be implemented by 2025.

Awards

Again in 2015 Zurich Airport was the recipient of various awards for quality. For the twelfth consecutive year it won the highly prestigious World Travel Award for “Best Airport in Europe” for its customer-friendliness and its generally high level of quality. In doing so, it beat off competition from rival airports such as Amsterdam, Munich and Paris Charles de Gaulle. It is not only in its passenger operations that Zurich Airport leads the pack, however. For the fourth year in a row, Switzerland's gateway to the world also received an Air Cargo Excellence Award for 2015. As in the previous year, Zurich Airport came top of the “Airports Europe up to 399,999 Tonnes” category. This is the only international award for freight handling at airports. The award recognises quality as well as the price/performance ratio, the infrastructure and the service provided by the agencies involved.

The awards are conferred on the entire Zurich Airport complex and all partner companies equally.

Agreement on airport charges

An important milestone was achieved during the year under review when agreement on airport charges was reached with the airlines. With its ruling of 25 June 2015, the Swiss Federal Administrative Court helped clarify important principles for setting charges at Zurich Airport. In addition, gratifying progress has

been made in various areas since the application for the charges was submitted. The cost basis has been reduced, thanks to strict cost management and investment discipline, and local passenger numbers have grown beyond original expectations. On the basis of these positive developments and the court's ruling, Flughafen Zürich AG has agreed a revised charges proposal with the complainants for a four-year charge period which has been submitted to FOCA. Once this proposal is implemented, passengers and airlines will benefit from a reduction in charges totalling some CHF 40 million a year. At the same time, the capital costs of regulated business will be covered, and the airport will have a measure of certainty regarding the amount of charges expected for the next four years. The lower charges will also strengthen the competitiveness of both the airport and of Zurich as a business location. The revised charges are expected to be introduced in the third quarter 2016 once FOCA has issued its final legally binding decision.

Changes to security checks

From 1 September 2015, the European Union (EU) required spot checks with explosives detectors to be carried out on passengers and their hand luggage. Security checks for passengers and hand luggage were accordingly changed at Zurich Airport. The changes involve more frequent spot checks of hand baggage items as well as new checks to detect traces of explosives on passengers. Testing the samples takes just a few seconds using ionisation with ultraviolet light and does not involve a radioactive source. The spot checks with explosives detectors pose absolutely no danger to passengers' health. Manual checks may also continue to be carried out on passengers.

NON-AVIATION

Retail challenges

In the areas accessible to the general public, sales of Flughafen Zürich AG's retail partners grew by 3.6% in 2015. This is the strongest landside growth for five years. Among other things, this positive trend is due to the expansion of Migros and to the additional H&M and Coop outlets. The lifting of the minimum Swiss franc-euro exchange rate had a negative impact, especially on the airside retail zone, where sales dropped markedly following the Swiss National Bank's announcement of the new policy. The market is showing signs of a slight recovery. In addition, the new airside catering concepts proved highly popular and contributed to the positive result.

Various exciting new developments emerged both landside and airside. The new restaurant Walter which opened in the Airside Center in March 2015, offering Mediterranean specialties and a large selection of wines, proved very popular with travellers. The Airport Center also extended its wellness and beauty offering with the brands Rituals and KIKO MILANO. The new Timebox store in Check-in 2 offers watches and jewellery. In the autumn, the Glarus-based chocolatier Läderach opened its latest branch in Check-in 1.

"Since the end of 2015 visitors of all ages can experience the fascination of airports at the new interactive exhibition in the Swiss Museum of Transport."

Real estate portfolio

Flughafen Zürich AG's real estate portfolio 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, conversions and refurbishment projects are assessed and realised in close cooperation with internal and external construction experts.

During the year under review the airline Swiss signed a new lease for around 3,000m² additional lounge space on the third floor of Dock E. Following twelve months' building work, the three new lounges for the First, Senator and Business Class product were opened on 1 February 2016. As at the end of the reporting period, vacancies were equivalent to 1.5% of the total real estate portfolio (2014: 1.6%).

Systems and maintenance

The availability of technical systems during 2015 continued to be maintained at the customary high level. During the year under review, the expanded baggage sorting system in the newly opened Check-in 2 as well as a new ammonia-based refrigeration plant came into operation. The systems, including those for supplying electricity and heating to the airport, building services, the passenger transport system to Dock E, baggage sorting, security installations, and the passenger loading bridges, all met their availability targets in 2015.

Fascination of airports exhibition at the Swiss Museum of Transport

Since the end of 2015, the fascination of airports can also be experienced far away from the airport in the Swiss Museum of Transport in Lucerne. In collaboration with Geneva Airport and EuroAirport Basel Mulhouse Freiburg, Flughafen Zürich AG revived the airport exhibition in the Swiss Museum of Transport. The exhibition offers visitors new insights into the world of Switzerland's airports. The interactive exhibition explains the fascination of airports in a creative and engaging way for families and young people. Entertaining games of skill and observation provide an up-close insight into the workings of an airport. A light projection depicts operations at the airport during the hectic hours of the morning. Animated cabin windows playfully communicate facts and impressions of the world of Swiss airports which even the youngest airport fans are able to understand. By providing a memorable and lively airport experience, the various exhibits and the airport-style architecture inspire visitors to discover Swiss airports.

PROJECTS

Landside construction projects

Zurich Airport is undertaking a number of projects to upgrade its infrastructure for private transport. The eastward extension of car park P6 is progressing on schedule. 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. It is scheduled to come into operation towards the end of 2016.

Also planned is the construction of the Oberhau car park; the airport operator submitted an application to FOCA in October 2015. This car park is directly beside the Balsberg stop on the Glatt Valley rapid transit rail line. Passengers can reach the terminals easily by public transport. The new eleven-storey car park with around 3,000 spaces is intended to serve primarily as a long-stay car park for travellers who wish to leave their cars there while they are away on holiday. It is scheduled to open in 2018.

The extensively remodelled curbside lanes with their new modern canopy and a new operating concept are also due to come into operation ahead of the 2016 summer vacation – another important milestone in the airport's construction history.

“Following completion of the northern section of Terminal 2 in the autumn of 2015, the entire hall successfully opened for business after many years of renovation.”

Opening of Terminal 2

Terminal 2 has been operating for almost 40 years and is an integral part of Zurich Airport's passenger infrastructure. In addition to the large Check-in Hall 2, Terminal 2 is home to Arrival 2 as well as a wide variety of shops, restaurants and offices. Comprehensive renovation of the building started in June 2010 with two aims: to increase capacity for the future and to create more space and comfort for passengers and employees alike.

The renovation of Terminal 2 took several years. Owing to its interconnecting landside and airside zones, the building work presented considerable challenges, especially since it had to be carried out without interrupting regular passenger operations. Following the commencement of operations in the southern section of the check-in hall at the start of 2014, the completion of the northern section in the autumn of 2015 finally enabled the entire hall to open for business. As well as improving its appearance, the alterations make the layout much clearer for passengers, and the hall is consequently much more passenger-friendly. The open ceiling design created a generous light-flooded space which now accommodates a total of 104 check-in desks. Passengers and visitors enter Terminal 2 through the refurbished walkway and from there take the new ascending travelators to the check-in hall or the escalators to Arrival 2.

The opening also brought a change of location for those airlines which had been housed one floor down in temporary row 7 during the renovation work. The entire “Terminal 2 upgrade” project is due to be completed in the second half of 2016. The project was delivered both on-budget and on-schedule.

“The Circle”

Since the official start of construction in April 2015, work on Switzerland's largest building project has been in full swing. In January of the year under review, following a multi-stage selection process, Flughafen Zürich AG and Swiss Life AG chose HRS Real Estate AG to be their partner for the construction of “The Circle”. The selection process, during which the winning team was chosen from 13 bidders in a number of stages over several months, involved specialists from both Flughafen Zürich AG and Swiss Life AG. Apart from the approach roads which will be built prior to completion of the building, the civil engineering works are due to be completed during 2016, following which the above-ground work on constructing the buildings will begin.

“Work on Switzerland's largest building project ‘The Circle’ is in full swing.”

Tenants have already been found for a significant number of the various modules. For instance, the Hyatt Hotels Corporation with its Hyatt Regency and Hyatt Place hotels and the Convention Center have already been acquired for the “Hotels & Convention” module. And the venerable University Hospital Zurich will be moving into “The Circle” as a strong partner for the “Health & Beauty” module. Brand houses form the core element of the “Brands & Dialogue” module. This module gives tenants the opportunity to present a brand or product at a prime location and create an individual experience for their customers. The Swatch Group, Caviar House & Prunier as well as Bongénie Grieder have already decided to occupy one of these brand houses. In addition, the “Eventbox”, a club with dining facilities and a show stage, will provide a balance to the large Convention Center. It could host jazz concerts, weekend parties, corporate events – which would benefit from the tremendous atmosphere – as well as receptions or creative product launches.

Marketing discussions for the “Brands & Dialogue” and the “Headquarters & Offices” modules are being held frequently. Concept development and marketing for the “Education & Knowledge” and “Counsel & Arts” modules are also progressing well. Planning and tenders for the catering concepts and the Eventbox will be carried out in the course of 2016. Active marketing of the Convention Center will commence from the summer of 2016. It will be possible to book events from then. “The Circle” is due to open sometime in 2019.

STRATEGIC DEVELOPMENTS

International activities

International airport activities are a central pillar of strategic development for Flughafen Zürich AG. Despite the challenging economic climate in Brazil, Flughafen Zürich AG's currently largest engagement in foreign ventures at Confins International Airport in Belo Horizonte is progressing well. During the year under review it handled some 12 million passengers, up on the previous year. During 2015, Flughafen Zürich AG's experts provided significant assistance during the construction and expansion of the airport there. Among other things, an operations centre for opti-

mally directing day-to-day operations was set up based on the model of Airport Steering at Zurich Airport. In addition, following an intensive planning phase, construction of the new Terminal 2 commenced with assistance from Zurich experts. The retail and restaurant side is being constantly developed and is already contributing significantly to earnings.

The international airport in Bengaluru, in which Flughafen Zürich AG has a 5% stake, confirmed its position as India's third-largest hub airport. It handled 18 million passengers during the year under review, representing a growth rate of 25%. Moreover, the airport received the prestigious Skytrax Award for "Best Regional Airport in Central Asia". Following extensive assistance under the guidance of Flughafen Zürich AG's experts during the construction phase and the first seven years of operation, the contract to provide support for the operation and management of the airport expired in May 2015.

In Kazakhstan, the airport operator was providing operational support for the capital's airport in Astana as well as for a further five regional airports. The airports in Bogotá in Colombia and Iquique and Antofagasta in Chile are operated by Chilean subsidiary A-port. In Curaçao, A-port has a contract for operational support. Experts from Flughafen Zürich AG provide support for these airports through A-port as and when needed.

Executives from Flughafen Zürich AG are active in the management of the local operator companies. In Belo Horizonte, the Zurich Airport operator appoints the Chief Operation Officer (COO) and the Chief Commercial Officer (CCO), and likewise the COO in Curaçao. In Bogotá, the COO and other management posts are filled by the subsidiary A-port.

The focus of business development in the international arena is on projects in which Flughafen Zürich AG can assume full responsibility for airport operations as a qualified minority shareholder (25–49%). In addition to privatisations on a public-private partnership basis in developing markets, in future it will increasingly seek out acquisitions that also offer the opportunity to assume management responsibility.

92,000 m²

P6 RISING TO THE CHALLENGE

Around 3,500 new parking spaces are being created by the eastward expansion of the twelve-storey car park 6. This project will help create the landside infrastructure to enable the airport to handle the expected growth in passenger numbers over the coming years. The extension will add approximately 92,000 m² of parking space and is due to be commissioned in December 2016.





EMPLOYEES, SOCIETY AND THE ENVIRONMENT

The company not only employs about 1,700 people, it also has overall responsibility for controlling one of the most important transport hubs in Switzerland. Zurich Airport is a key economic driver for the whole region. Dialogue with the airport's various stakeholders is therefore of great importance.

FLUGHAFEN ZÜRICH AG AS AN EMPLOYER

Guiding principles

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

Attractiveness as an employer

By offering modern employment conditions, Flughafen Zürich AG ensures that it is and will remain an attractive and progressive employer. It offers fair, market-based remuneration, equal opportunities for all employees, and promotes their professional development.

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. To help staff achieve the necessary competencies for foreign postings and also in its own interests, the company offers a range of internal and external training and professional development opportunities.

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 takes great care to choose the right interns and trainees. It also fosters the vocational, personal and social development of interns and trainees, ensuring they are well prepared to enter the world of work on completion of their education. Interns and trainees are often offered the opportunity to work at the air-

port 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.

Retirement provision

As an employer, Flughafen Zürich AG is obliged to offer its employees a good occupational pension scheme, both in terms of savings contributions and the eventual benefits. With the BVK Employee Pension Fund, the airport operator offers a scheme that goes far beyond the legal minimum stipulated in the Occupational Pensions Act (BVG). Savings contributions are above-average, with 60 % being paid by Flughafen Zürich AG. The changes in pension regulations due to come into force from 1 January 2017 will be analysed closely. Conversion rates are to be reduced, but this will be partially offset by higher savings contributions. Pensions are set to fall by 8 % on average. The BVK is also geared up for a low-interest environment in future in order to provide a financially stable pension fund.

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 constraints on Zurich Airport and its role in Switzerland's economy as a whole.

Economic importance

Zurich Airport generates added value of CHF 6.1 billion – equivalent to that of a medium-sized Swiss town. Over 285 companies and 26,900 employees are based at Zurich Airport, which makes it very important both as a business location and as a workplace. The majority of these companies are directly or indirectly connected with the aviation industry, but a growing number are also service providers in the airport's restaurants or retail outlets, or are simply taking advantage of the airport as a convenient business location that offers excellent transport links. Together, these companies generate direct value of CHF 4.4 billion and indirect value of CHF 1.7 billion. Moreover, the consumer spending from revenue generated with the direct and indirect effects is associated with added value of CHF 7.2 billion.

Transport links

Zurich Airport is one of the most important transport hubs in Switzerland. As well as connecting Switzerland to about 170 destinations worldwide, it serves as a local and national transport hub for both public and private transport. During the past year, in addition to over 26 million air passengers, over 25 million public transport users were recorded landside. An increasing number of these users live or work in the region and make use of Zurich Airport as a convenient transfer point offering some 740 bus, 400 tram and 360 train services each day. Flughafen Zürich AG will continue in future to do everything in its power to maintain and expand its infrastructure in line with demand, whether for air traffic or as an efficient regional transport hub. As a result, it is making a direct contribution to the excellent transport links, the attractiveness and the economic success of the whole region.

Associations, interest groups and political dialogue

Over the past year Flughafen Zürich AG has continued to intensify its collaboration and constructive dialogue with various associations, interest groups and political stakeholders. Together with other members of the Swiss International Airports Association (SIAA, the association of six Swiss airports that operate scheduled flights), the Aerosuisse industry association and the Swiss Business Federation *economiesuisse*, common political positions were formulated in order to speak with one voice in the political process.

Engaging in stakeholder dialogue with various political interest groups was also a focal point for Flughafen Zürich AG in the 2015 financial year. In addition to regular exchanges with the respective representatives of neighbouring communities as well as cantonal and national politicians, it also stepped up political dialogue in connection with some specific projects, for instance in relation to the public consultation for its 2015 sound insulation programme.

Political environment

If Zurich Airport is to continue serving as an intercontinental hub over the long term, the airport operator needs a regulatory environment that allows for demand-led further development as otherwise Switzerland's gateway to the world will be unable to survive in competition with other European hub airports. Security regulations and various politically motivated restrictions are increasingly constraining flight operations, and Zurich Airport is already operating at the limits of its capacity during peak periods. During the year under review, in the course of the consultation on the report on civil aviation policy (LUPO) published by the Swiss Federal Council, the airport operator called for a clear strategy for overcoming the capacity bottlenecks at Switzerland's largest hub and safeguarding the airport's capacity for long-term development.

Support for politically active employees

Flughafen Zürich AG backs a strengthening of the "militia" political system and supports employees who contribute to Switzerland's success model through their activities in a public body or political office. The airport operator provides the necessary conditions to enable its employees to combine work and public office. The focus is on elected politicians at all levels of government. Support is tailored to the particular office held. For instance, the employee may be permitted to take time off work to perform the duties required or attend political training courses.

ENVIRONMENT

ENVIRONMENTAL PROTECTION

Flughafen Zürich AG is aware that the airport's operations have an impact on the environment and constantly endeavours to avoid negative impacts wherever possible, or at least mitigate them. Together with its partners at the airport, the company adopts a wide range of regulatory, technical, operational and economic measures to ensure eco-efficient operation of the airport.

Environmental policy

Flughafen Zürich AG sets out priority areas in its environmental policy. In addition to aircraft noise, these are air quality, climate protection, energy consumption and the preservation of natural habitats for plants and animals at the airport. The company complies with statutory and regulatory environmental protection requirements as a matter of course. But over and above that, it also employs its resources efficiently and focuses its efforts on measures designed to have the greatest benefit in the long term. In some environmental areas Flughafen Zürich AG has set voluntary reduction targets which provide a benchmark for planning.

Environmental management system

Flughafen Zürich AG has employed an environmental management system certified to ISO 14001 since 2001. This system documents all environmentally relevant processes in the company and the associated developments. Internal and external audits are used to ascertain whether environmental matters are handled responsibly and in accordance with the regulations. At the same time, any potential for improvement is identified. The changeover to the latest version of the standard 14001:2015 is planned for 2016.

Construction and the environment

Zurich Airport is constantly undergoing further development. Changes in passenger volumes, aircraft types and the political climate can all result in a variety of large and small building projects. These are all assessed in relation to their environmental impact. In-depth surveys are carried out with the assistance of external experts, and a detailed report is drawn up for projects requiring an official environmental impact assessment. This ensures there will be no obstacles to planning consent being granted and that projects are optimised with respect to their environmental impact. All construction work at Zurich Airport is subject to the company's "Environmental protection stipulations for building projects". These specify in detail how the environmental protection aspects of construction projects are to be handled.

The environmental monitoring of construction projects by qualified experts is a further control mechanism which ensures that construction projects are carried out in an environmentally responsible way and that all the conditions stipulated by the authorities have been complied with. Such environmental monitoring was carried out for instance for the large-scale project "The Circle", for which the civil engineering works commenced last year. Experts advise the construction management team and are

on hand with their know-how when unforeseen situations arise. At the same time, they report regularly on environmentally relevant construction matters.

Environmental data and communication

Documenting environmental impacts is one of the central tasks of environmental protection, and the company collects a large volume of standardised data for this purpose. This enables it to spot even very small changes and monitor the effectiveness of measures. Flughafen Zürich AG provides transparent information about its environmental impacts over a variety of channels. A wealth of information is provided on its website, from which brochures and detailed technical reports can be downloaded. There are also a wide range of other publications on individual topics.

Every year the airport welcomes hundreds of interested members of the public to presentations about environmental topics and guided tours. A travelling exhibition illustrates the challenges facing Zurich Airport and how it tackles them.

International commitment

Flughafen Zürich AG is an internationally sought-after partner regarding environmental issues at airports. For instance, it is active in international bodies, acts as a consultant for other airports and shares its know-how in industry and research projects. In 2015 for example, Flughafen Zürich AG developed a CO₂ calculator for air freight, which calculates the carbon dioxide (CO₂) emissions produced by transporting one tonne of air freight from door to door, thus providing a way of determining the climate impacts of the aviation industry.

NOISE MANAGEMENT AND RESIDENT PROTECTION

Recording aircraft noise exposure

According to the Federal Noise Abatement Ordinance, exposure to aircraft noise 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 network of noise monitoring terminals at 14 different fixed locations. The data recorded at these stations are compiled and published monthly, and consequently enable trends in noise levels at specific locations to be tracked over a number of years. Aircraft noise levels at all monitoring points remained on a par with the previous year.

Noise charge framework

By levying noise charges, Zurich Airport aims to encourage airlines to operate the quietest possible aircraft on their Zurich routes. All jet aircraft are allocated to one of five noise categories with varying charge rates in the noise charge framework. Different charges are levied for take-off and landing for each of these five noise categories. In addition, there are charges for night-time flights which differ according to noise category and the specific time of take-off / landing. Since 2013, the charges framework has also had slots for the sensitive shoulder periods between 9 and 10 p.m. and between 6 and 7 a.m.

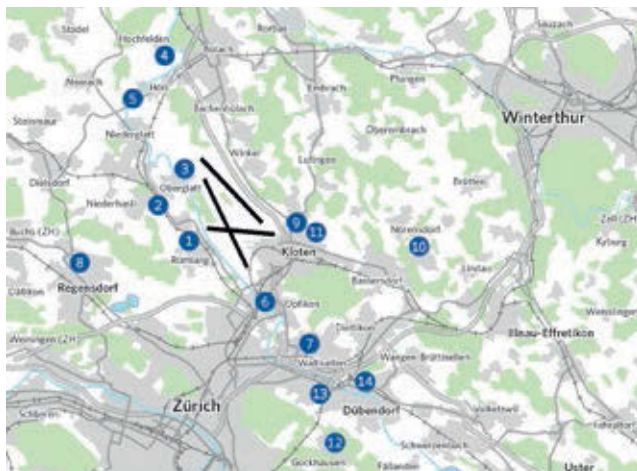
Use of the new noise protection hangar

According to measurements taken at commissioning, the acoustic sound insulation of the noise protection hangar which came into operation in the summer of 2014 is around 25 dB(A). At the same time as the noise protection hangar commenced operations, an automatic monitoring system was installed to document the number and noise impact of engine tests.

During 2015, a total of 857 engine ground tests were carried out in the noise protection hangar (August to December 2014: 385). Of these, 322 (38%) were run at night between 10 p.m. and 6 a.m. and 532 (62%) were run during the day between 6 a.m. and 10 p.m. The majority (87%) of engine tests carried out at night were for the aircraft types A320, F100 and RJ1H. Most engine ground testing for long-haul aircraft and all other aircraft types was carried out during the day.

Both the soundproofing levels and the availability of the new noise protection hangar proved to be exceptionally high. According to the airport's operating regulations, the permitted noise exposure level may be exceeded 25 times a year; this occurred a total of six times in 2015. As a result of maintenance work on the hangar doors, engine testing was performed outside the noise protection hangar during the day in two cases. According to estimates based on figures provided by the aircraft maintenance firms, 1,660 idle tests were run on the apron and the stands, 55% of which were carried out at night.

DISTRIBUTION OF MONITORING TERMINALS



VECTOR200: swisstopo

- | | |
|-----------------------|---------------------|
| 1 Rümlang | 8 Furttal |
| 2 Oberhasli/Oberglatt | 9 Kloten Chaseren |
| 3 Oberglatt | 10 Nürensdorf |
| 4 Hochfelden | 11 Kloten Chaseren |
| 5 Höri | 12 Gockhausen |
| 6 Glattbrugg | 13 Zurich Mattenhof |
| 7 Wallisellen | 14 Dübendorf |

Night flights and special authorisations

The number of flight movements and their distribution across the various runways and flight paths are crucial for noise levels. Night-time flights in particular (10 p.m. to 6 a.m.) are often perceived by residents as a disturbance. In 2015, night flight movements accounted for 4.5% (2014: 4.2%) of total flight movements.

Special authorisations were issued for a total of 261 flights (2014: 222 flights) which took place during the night-time curfew.

Such night flights are only authorised when there are justifiable grounds for them (see Key environmental data table).

Monitoring of take-off routes

Zurich Airport's departure routes and procedures are configured in such a way as to avoid overflying densely populated areas wherever possible in order to minimise the disturbance caused to local residents. Adherence to these flight paths is mandatory during the daytime up to an altitude of 5,000 feet above sea level, and at night up to flight level 80 (approximately 8,000 feet). The Noise Management department of Flughafen Zürich AG monitors adherence to these noise-optimised flight paths. In the event of a significant deviation from the prescribed routes, the non-compliant departure is investigated in detail. If there are no justifiable reasons, such as the avoidance of storm cells or specific instructions from air traffic control, the pilot in question is contacted and asked to provide a detailed explanation. In 2015, 178 (2014: 141) investigations were launched and 28 (2014: 39) interviews with pilots or chief pilots were conducted. This procedure ensures that airlines strive to optimise their take-off behaviour. If a pilot or airline is intransigent, the matter is referred to the Federal Office of Civil Aviation (FOCA). As in the previous year, no investigations were reported to FOCA in 2015.

Complaints and queries relating to noise

Dialogue with local residents is important to Flughafen Zürich AG. Anyone affected by aircraft noise can call or e-mail Flughafen Zürich AG directly with complaints or queries. Staff in the Noise Management department respond to specific questions immediately. Statistics compiled on the number of messages received and the reasons for complaints are presented to the Management Board. In 2015, landings on runway 34 constituted the most frequent cause for complaints. In comparison with the previous year, complaints and queries fell by 23%.

Sound insulation measures and reimbursement

In addition to reducing engine noise, the sound insulation programme is a key element in the airport's efforts to minimise aviation noise exposure. The programme includes and finances passive noise protection measures in buildings in neighbouring municipalities. As the airport's operator, Flughafen Zürich AG is obliged by law to fund these protective measures.

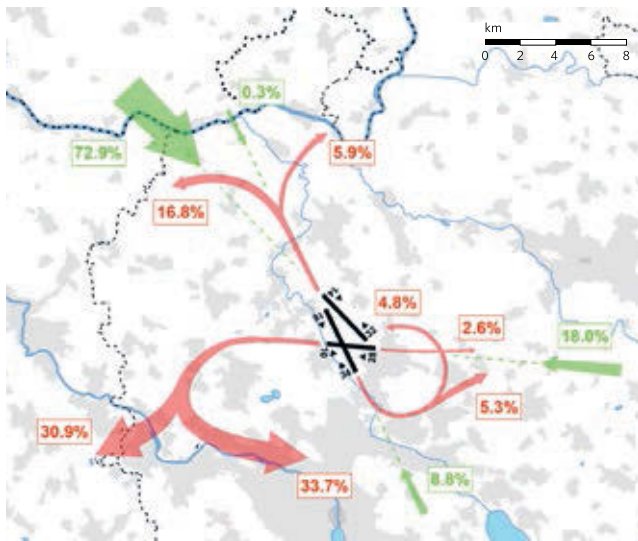
Owners of properties with noise-sensitive rooms which are located within a clearly defined perimeter, and which were not subject to any obligation to install sound insulation during building or conversion, are entitled to benefit from the programme. Property owners who have already taken the initiative of fitting sound-insulating windows themselves are reimbursed by Flughafen Zürich AG.

Between 1999 and 2015, CHF 206.6 million was spent on noise protection measures in around 5,100 buildings. Of the CHF 14.3 million in expenses incurred in 2015, CHF 9.0 million was spent on upgrades and CHF 5.3 million on reimbursements.

Expanded sound insulation programme

In connection with the approved noise exposure levels and its 2014 operating regulations application, FOCA required Flughafen Zürich AG to submit an expanded sound insulation programme by the end of June 2015. Flughafen Zürich AG duly submitted its 2015 sound insulation programme by this deadline. Over and above the CHF 240 million for sound insulation and resident protection estimated in the "Programme 2010" sound insulation programme, on 22 June 2015 the Board of Directors approved further measures for the 2015 sound insulation programme worth a total of CHF 100 million. Following approval by FOCA, the 2015 sound insulation programme should be implemented within ten years.

DISTRIBUTION OF ARRIVAL AND DEPARTURE ROUTES IN 2015



Percentage allocation of landing and take-off routes

Movements 2015

(Routes with fewer than 50 movements per year are not shown)

Data sources: VECTOR200, swissBOUNDARIES3D: swisstopo

AIR QUALITY

Air pollutants

A number of harmful substances that affect local air quality are emitted at Zurich Airport. Nitrogen oxides (NO_x), particulate matter (PM) and ozone (O₃) play a major role. As it generally cannot be measured directly at source during everyday operations, the emitted quantity of each pollutant is calculated annually. Thanks to modern software, detailed models and a thorough understanding of operational processes, nowadays it is possible to perform these calculations with a high level of accuracy. In the year under review, the environmental database used for the calculations was restructured. All data about aircraft and their ground movements at the airport are recorded, which enables the detailed calculation of emissions at any particular time and place.

Pollutant sources

The above-mentioned air pollutants are primarily produced by the combustion of fossil fuels such as diesel, kerosene, fuel oil and gas. The majority of emissions at the airport arise directly from flight operations. The main engines of aircraft operating in the vicinity of the airport and the use of auxiliary power units on the ground account for around 90 % of total nitrogen oxide emissions at the airport.

Regional air pollution

A network of monitoring stations spread across the region around the airport allows air pollution levels to be assessed. This network is operated on behalf of Flughafen Zürich AG by the Office for Waste, Water, Energy and Air of the Canton of Zurich. In addition, there are a number of fully automatic monitoring stations at the airport which measure levels of the most important pollutants 24/7. Analyses of the measurements show that limit values continue to be exceeded at certain individual monitoring points, namely those directly on the apron, where aviation represents the primary source, and those along busy roads near the airport, where road traffic is the dominant origin.

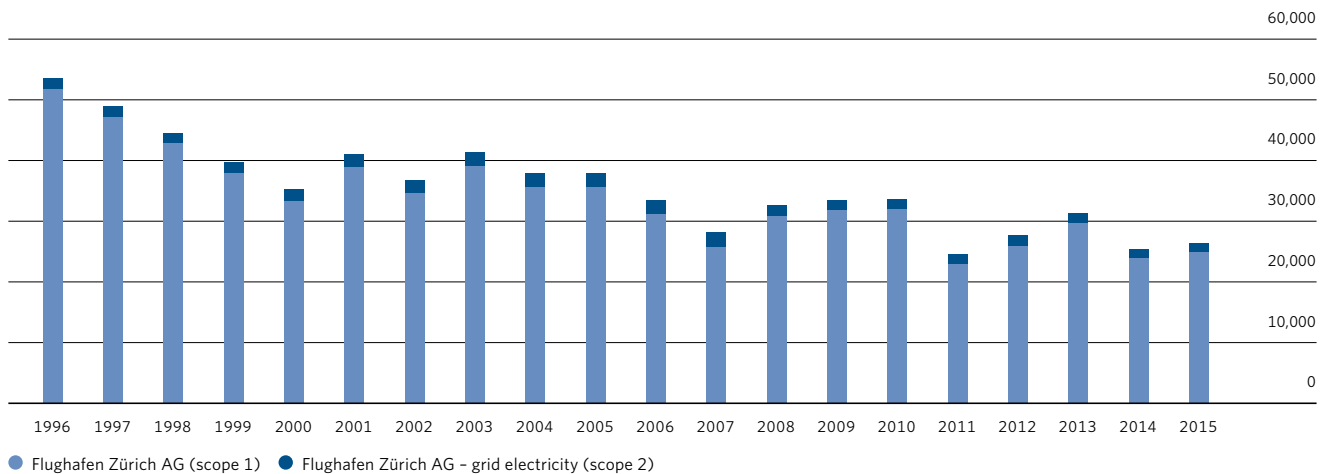
In addition to these measurements, Flughafen Zürich AG also calculates concentrations on the basis of computer models that indicate how much of the total load can be attributed to the airport. Outside its perimeter, the proportion of the main pollutant nitrogen dioxide arising from airport operations is a maximum of 10 %. The reason that this percentage is not higher is largely due to the fact that the majority of aircraft emissions are produced at an altitude at which they are quickly dispersed over a wide area. Compared with the previous year, overall levels of air pollution remained virtually unchanged.

Measures

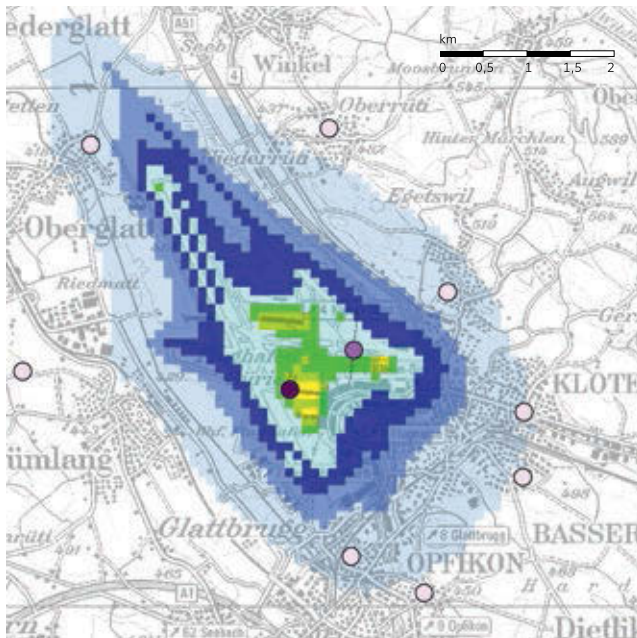
Flughafen Zürich AG has consistently implemented measures designed to reduce pollutant emissions. The airport operator has levied emission-based landing charges since 1997, and in this way has contributed to the development of less polluting engines. Other ongoing measures include, for example, the use of aircraft ground energy systems and the deployment of apron vehicles powered by gas or electricity.

CO₂ EMISSIONS AT ZÜRICH AIRPORT BY SCOPE SINCE 1996

Tonnes CO₂/year



IMPACT OF THE AIRPORT ON LOCAL AIR QUALITY

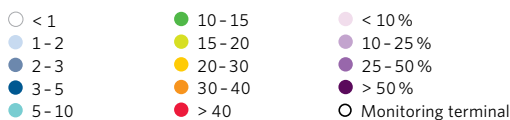


NO₂ concentration 2015

Modelled airport sources

NO₂ in µg/m³

Percentage of measured total



Reproduced by permission of swisstopo (BAT 160026)

GLOBAL CLIMATE

CO₂ emissions from airport operations

Global climate protection is one of the most urgent environmental priorities. Worldwide, aviation accounts for around 3.5 % of anthropogenic global warming caused to date. Airports, which themselves contribute only a minimal amount to this, together with airlines and others in the aviation industry, have a responsibility to reduce greenhouse gas emissions throughout the aviation system as a whole. Of the known greenhouse gases, only carbon dioxide (CO₂) is produced in relevant quantities at Zurich Airport. An inventory of all airport sources of this pollutant is drawn up annually on the basis of the Greenhouse Gas Protocol (GHG Protocol) and other guidelines published by Airports Council International (ACI). In the process, individual sources 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). Flughafen Zürich AG can influence scopes 1 and 2 directly. However, these account for only around 1 % of the total emissions. The vast majority of emissions are attributable to actual aircraft on flights to their various destinations.

Over the past year, 24,773 tonnes of CO₂ were emitted in scope 1, 1,582 tonnes in scope 2 and 3,632,395 tonnes in scope 3. This corresponds to an increase in emissions of around 4 % per scope.

Voluntary reduction targets

As it attaches great importance to climate protection and considers there is further potential for reducing CO₂ emissions, Flughafen Zürich AG has set itself voluntary reduction targets. By the year 2020 it aims to reduce emissions of CO₂ for scopes 1 and 2 to 30,000 tonnes, and to 20,000 tonnes by 2030. This corresponds to a reduction in CO₂ emissions of more than 50 % compared with 1991, despite a steadily growing infrastructure.

Airport Carbon Accreditation

Since 2009, airports that reduce their CO₂ emissions can be certified by Airport Carbon Accreditation. This independent accreditation system was launched by Airports Council International (ACI) Europe and now covers airports on all continents. It has four levels of award, with the highest level signifying that airport operations are carbon-neutral. Flughafen Zürich AG has been accredited at the second-highest level since 2010. This means that the company is continually reducing its own CO₂ emissions and that it actively includes its partner companies at the airport, which can also make a significant contribution to reducing CO₂ emissions.



ENERGY

Changes to energy data reporting

In 2015, some changes were introduced to how energy data are reported. Firstly the boundaries of the airport system were adjusted. As a result, some buildings outside the airport's perimeter which have lost their direct connection to the airport over the years are now no longer included in the reporting. At the same time, various individual buildings were added, so that the total energy reference area is slightly smaller with the new system boundary. Secondly, the total energy consumption of the airport system is now stated as primary energy. Primary energy also includes the energy necessary for generation and transmission which is required before a specific energy vector is used as final energy (electricity, heating). This makes the effective energy input more transparent and consequently enables different types of energy to be compared directly. As a result of these changes, comparison of the figures published here with those of earlier years is only possible to a limited extent.

Energy demand

A large amount of energy in the form of heat and electricity is required to operate the infrastructure at Zurich Airport. In the year under review, the heat demand for the whole airport totalled 97,544 MWh and electricity consumption was 166,044 MWh. Translated into primary energy, this equates to a demand of 517,083 MWh at Zurich Airport in 2015.

Energy Strategy 2030

Since 2013, Flughafen Zürich AG has been following its own "Energy Strategy 2030", which aims to ensure a secure, economic and environmentally responsible energy supply for Zurich Airport in the future. The main objective is to reduce primary energy consumption. The strategy also aims to smooth out peak demand and increase the airport's energy autonomy.

New large-scale consumers agreement

At the end of 2015, Flughafen Zürich AG signed a new agreement with the Building Department of the Canton of Zurich regarding

large-scale consumers. The old agreement, which the company had concluded together with other property owners at the airport, expired at the end of 2014 after the targets had been met. In the new agreement, which now applies solely to Flughafen Zürich AG, the company is required to cut its specific energy consumption by 22.5% by the end of 2030. As under the previous agreement, this requires an annual efficiency improvement rate of 2% based on the user units and the heated area of the buildings owned by Flughafen Zürich AG.

Measures

Energy savings are achieved in particular following renovations where the focus is on fully insulating building envelopes so they meet the latest standards and on integrating energy-efficient installations and equipment. In addition, installations are continually optimised to exploit any potential for savings.

Another focal point is resource-efficient energy generation. For instance, the air conditioning in Dock E is driven for the most part by "energy piles". These geothermal structures enable more than half the heating and cooling requirement for the dock to be provided by renewable energy. Another example are the two rooftop photovoltaic arrays which generated 1,024 MWh of renewable electricity in the year under review. Further arrays are planned.

FINAL ENERGY

Trend in Zurich Airport's final energy use

	2015	2014	2013
Heat consumption by the airport (MWh)	97,544	92,103 ¹⁾	119,168 ¹⁾
Electricity consumption by the airport (MWh)	166,044	189,151 ¹⁾	195,347 ¹⁾

1) Based on old system limit which included more buildings than the current system

NATURE AND LANDSCAPE

The airport's green spaces

The Zurich Airport site covers 916 hectares, 780 of which are fenced off and consequently not open to the public. Around half of this comprises green spaces that were originally the reed meadows that covered this area before the airport was built. Meadows, woodland and watercourses together form a valuable natural landscape offering protection for animals and plants. 74 hectares are woodland and nature conservation areas, of which 37 hectares have been designated as constitutionally protected marshland. Together with the "Bachenbülacher Allmend", "Rütener Allmend", "Goldentor" and "Altläufe der Glatt" nature conservation areas adjacent to the airport, these tracts are the remnants of formerly extensive wetlands.

Maintenance and bird strikes

The nature conservation areas are maintained in accordance with an annual maintenance plan drawn up by the cantonal office responsible for nature conservation. This plan prioritises the preservation of the ecological value of these spaces. The various other green spaces also require regular maintenance. In this case, the highest priority is accorded to the safety of flight operations. The

CONSUMPTION OF DE-ICING AGENTS AT ZURICH AIRPORT

Consumption of de-icing agents at Zurich Airport	2014 / 2015	2013 / 2014	2012 / 2013
Aircraft de-icing agents (m ³)	1,741	860	2,911
Runway and road de-icing agents, formiate solution (m ³)	1,548	732	2,795
Surface de-icing agents, solid (tonnes)	0	0	8
De-icing salts for other surfaces (tonnes)	474	218	1,155
Untreated carbon washed away (aprons, runway and taxiways, %)	6	13	21

cultivation of most of this land as extensive high-grass meadows greatly helps to reduce the risk of collisions between aircraft and birds (known as bird strikes), because high grass is not attractive to flocking birds or to birds of prey on the hunt for food. At the same time, by encouraging the development of a nutrient-poor meadow landscape, this type of land management also increases the ecological value of these natural areas. All such maintenance measures are carried out by Flughafen Zürich AG in cooperation with farmers and land managers in the region.

Another method of avoiding bird strikes is to reduce the amount of food available to birds of prey by encouraging their natural predators such as foxes and weasels, who reduce the numbers of field mice and other small mammals.

Environmental compensation

If Flughafen Zürich AG builds on green spaces that have been rated ecologically valuable, it is obliged to offset this by compensatory measures of equal value. Such an environmental compensation project outside the airport site commenced in the "Hundig" area to the southeast of Glattfelden in 2014. The construction work required for upgrading habitats was completed during 2015. A task that remains is to dig the channels necessary for the water meadows which, in addition to their ecological value, are also of cultural and historical interest.

WASTE

Improved recycling rates

At 17,723 tonnes, the total volume of waste at Zurich Airport remained more or less unchanged from the previous year (+0.4 %). The proportion of mixed waste rose slightly from 52 % to 53 %. At the same time, the proportion of waste sent for recycling was increased from 45 % to 46 %. At 3,568 tonnes, paper and cardboard in particular experienced a substantial year-on-year increase of 23 % in 2015. The volume of separately collected PET was 147 tonnes, which is on a par with the previous year.

The mixed waste collected is taken directly to the waste incineration plant where it is thermally treated. This means that the heat produced during the combustion process is used to generate electricity and heating for a district heating network. With materials recycling, the collected materials can then be re-used.

The quantities stated here are as defined by the German Airports Association (ADV) to ensure comparability between airports.

Waste at the security checkpoint

After the volume of liquids confiscated annually at the security checkpoint had been falling for a number of years, in the past year it once more rose again from 226 to 239 tonnes (+6 %), which is equivalent to the level in 2013. Reducing this specific type of waste thus remains a challenge. Flughafen Zürich AG is taking innovative steps to make it as easy as possible for passengers to dispose of plastic bottles and liquids separately. Before passing through the security checkpoint, they can empty liquids into special containers and dispose of the bottles in appropriate bins.

WATER AND WATER PROTECTION

Water consumption

In the year under review, consumption of drinking water amounted to 562,802 m³, 7 % up on the previous year. In addition, 165,717 m³ of groundwater (−1 %) was pumped, some of which was used in technical installations. Rainwater consumption for toilet flushing fell to 9,772 m³. In the year under review, consumption of fresh water amounted to 738,291 m³, 5 % up on the previous year. 28.1 litres of fresh water were consumed per passenger.

Domestic and industrial waste water

Various types of waste water arise at Zurich Airport, some of which requires pre-treatment before being channelled into the Kloten-Opfikon sewage treatment plant to which Zurich Airport is connected. This applies to aircraft toilet waste and to aircraft maintenance waste water. Certain other types of waste water which cannot be discharged into the sewage treatment plant are disposed of appropriately.

Aircraft and runway de-icing

Over the 2014 / 15 winter season, waste water from de-icing operations was treated for the first time using the extended system, which now covers 57 % of the airport's operational areas. From the outset the system worked without problems. The winter saw more precipitation and in particular more snow than the extremely mild winter of the previous year. The volume of de-icing agents used corresponded to the long-term average. 1,741 m³ of propylene glycol were used for aircraft de-icing (+102 % compared with the previous year). A total of 1,548 m³ of liquid de-icing agents were required for runways, taxiways and aprons (+111 %). 474 tonnes of conventional de-icing salts were additionally used on roads, in the car parks and around the maintenance area (+117 %).

Treatment of waste water from de-icing operations

De-icing aircraft with hot water and propylene glycol as well as spraying formate-based de-icing agents on operating surfaces results in waste water contaminated with carbon compounds. This waste water can be harmful to natural watercourses so it is collected and treated. Flughafen Zürich AG operates a sophisticated system for dealing with the waste water depending on its carbon concentration.

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. Heavily contaminated runoff is treated in the airport's own concentration plant, which processes the glycol so that it can be sent for industrial recycling. The plant was extended in 2015 and can now process all the highly concentrated waste water at Zurich Airport.

Over the 2014/15 winter season, 94% of the carbon load was captured, while 45 tonnes or around 6% of the total volume (previous year: 52 tonnes or 13%) flowed untreated into the Glatt.

KEY ENVIRONMENTAL DATA FOR ZURICH AIRPORT

	2015	2014	2013
NO _x emissions in tonnes	1,153	1,107	1,094
Proportion from aircraft (tonnes) ¹⁾	1,048	999	970
VOC emissions in tonnes	303	278	349
Proportion from aircraft (tonnes)	202	187	267
CO emissions in tonnes	1,334	1,271	1,579
Proportion from aircraft (tonnes)	1,217	1,149	1,452
PM emissions in tonnes	21	19	19
Proportion from aircraft (tonnes)	16	14	14
CO ₂ emissions in tonnes at Zurich Airport, scope 1 ²⁾	24,773	23,838	29,656
CO ₂ emissions in tonnes at Zurich Airport, scope 2 ³⁾	1,582	1,519	1,517
CO ₂ emissions in tonnes at Zurich Airport, scope 3 ⁴⁾	3,632,395	3,487,625	3,409,942
Overall consumption primary energy (MWh)	517,083	not available ⁵⁾	not available ⁵⁾
Annual water consumption (in m ³)	738,291	703,923	733,865
Overall waste amount (tonnes)	17,723	17,653	17,163
of which recyclable material (e.g. paper, cardboard, glass, wood) (%)	46.1	44.7	44.3
Confiscated liquids from security checks (t)	239	226	242
Number of residents ⁶⁾ above alarm value for SL II ⁷⁾	not available ⁸⁾	5,051	4,107
Number of residents above immission limit for SL II	not available ⁸⁾	55,785	49,928
Number of residents above the planning value for SL II	not available ⁸⁾	154,541	148,141
Zurich aircraft noise index monitoring value (ZFI)	not available ⁸⁾	61,381	57,123
Number of noise monitoring terminals (in operation)	14 (14)	14 (14)	13 (14)
Daytime aircraft noise levels ⁹⁾ at NMT 1/3/6/10 (dB[A]) ¹⁰⁾	66/58/66/58	67/59/66/58	66/58/66/57
Number of registered flight path deviations/ investigated	3,927/178	5,964/141	5,283/117
Number of night flight movements (10 p.m. – 6 a.m.)	11,518	10,914	10,036
Proportion in the first hour (10 – 11 p.m.)	9,074	8,618	7,947
Number of special authorisations for night flights issued ¹¹⁾	261	222	186
of which emergency, relief and rescue flights	77	63	67
of which police, military and government flights	29	21	8
of which various other types of flight	155	138	111
2010 Sound Insulation Programme: number of properties fitted ¹²⁾	5,100	4,750	4,200
Number of complaints and queries relating to noise ¹³⁾	2,423	3,143	2,394

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

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

5) This figure was not published prior to 2015.

6) Encompassing noise contours of the day and night noise limits.

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

8) Figures will be calculated by Empa and published only after this report is printed.

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

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

IN CONVERSATION – WITH THOMAS MÜLLER

HEAD OF MASTER PLANNING, FLUGHAFEN ZÜRICH AG



Master Planning is tasked with steering the development of Zurich Airport over the long term. It strives to meet the growing demands and space requirements of air transport in a way that is both acceptable to policymakers and practicable, given the airport's location. A challenging job, and a highly satisfying one for manager Thomas Müller.

FLUGHAFEN ZÜRICH AG (FZAG) Mr Müller, as master planner you are the one to know: What will Zurich Airport look like in 20 years' time?

THOMAS MÜLLER (TM) Well, perhaps we can start off by reminding ourselves what my predecessor envisaged for Zurich Airport 20 years ago, and all the things that did actually come about over the intervening years. At that time we were in the middle of planning the fifth expansion stage for the airport. We went on to build this pretty much as specified on the plans. But since then we have also built car parks, a new cargo terminal, numerous aprons and a large noise protection hangar. On the site where "The Circle" is currently being constructed the plans showed some buildings with similar uses in some cases, but in a completely different form. I could name many more examples, the list is long. I imagine things will progress at a similar rate in future. In terms of aviation operations, I expect Zurich Airport will be overtaken in the next 20 years by other European airports as far as passenger volumes and the number of flights are concerned. But I'm convinced that there will still be a place for an airport in the heart of Europe with a certain volume of transfer passengers and therefore also long-haul connections. In 20 years' time our currently oldest building, Terminal 1, and the oldest cargo buildings and hangars will also look very different from today. We will soon be reaching the maximum building density possible around the present terminals, so before long airport buildings will also be erected in peripheral, as yet undeveloped areas.

FZAG What do you especially like about your job?

TM I get to work on an ever-changing range of projects together with a small but strong team of colleagues, the variety is endlessly fascinating. For instance, there were earlier phases where we worked intensively on analysing air traffic, then we focused more on spatial planning again together with the local and cantonal authorities, and after that we were looking to revitalise and move a river. We're currently involved in smoothing the way for the upcoming major construction projects around the terminals and the cargo

complex. The topics we cover are not only wide-ranging but are sometimes also very complex. Getting to grips with a new area is always exciting.

FZAG What are the biggest challenges you face in your daily work?

TM As well as a wide variety of projects, we also have to juggle different time horizons. There are concrete ongoing projects where we in Master Planning have to ensure that the various interfaces between the company and our external partners function smoothly. At the same time, there are other more long-term projects which may not seem very important at present. But we still have to deal with them now, as otherwise we run the risk of not being able to complete certain projects on schedule. We have limited resources, and it is tricky to allocate these in such a way that we pay sufficient attention to immediate matters, while at the same time not losing sight of long-term projects. It can also sometimes happen that we can be working on something that all of a sudden is no longer so important in the short term. For example, we had been looking at getting new hangars. But with maintenance business increasingly being shifted abroad, the need for new hangars is no longer so urgent for the time being.

FZAG Aviation is a very dynamic sector, changes here are part and parcel of the business. However, protracted political processes are quite another matter. How do you deal with the tensions this creates?

TM Although the aviation industry is very dynamic, there is a relatively steady demand-driven growth in traffic. So we are not talking about dynamic in the sense of unpredictable. Forecasts enable us to make fairly precise estimates of likely traffic growth, and we can then plan on this basis. Since political processes or approval procedures take rather longer, this means we need to begin with the necessary preparatory work in good time. The problem is that the regulatory constraints for airports are becoming ever tighter, which makes it increasingly difficult to plan for even moderate growth in air transport. But we are working on it.

Thomas Müller began his airport career in 1997 as a project engineer for the fifth expansion stage. Since 2004, the 54-year old Head of Master Planning and his team of 7 have been responsible for forward planning at Zurich Airport.



An aerial photograph of an airport apron. In the foreground, a white Air France Airbus A320neo is parked at a gate, connected to a jet bridge. The aircraft has 'AIRFRANCE' written on its side and a blue and red tail. Several ground support vehicles, including a white tug with the number '612', are positioned around the aircraft. In the background, another aircraft with a blue and white livery is taxiing. The apron is marked with yellow and red lines and signs. The text '30 tonnes' is overlaid in large white font on the left side of the image.

30 tonnes

APRON MARKED

Close quarters and hectic activity: the apron is a complex place to work. This is why clear signals are indispensable: 1,200 signs and 12,000 runway and taxiway lights ensure orientation across a paved surface of some 800,000 m². Approximately 30 tonnes of paint are required every year for the apron's 7,500 different ground markings.



CORPORATE GOVERNANCE

Corporate governance forms an important element of Flughafen Zürich AG's corporate policy. It is based on transparency and clearly regulated responsibilities. The company meets the guidelines of SIX Swiss Exchange and those of the Swiss Code of Obligations, and observes the Swiss Code of Best Practice for Corporate Governance recommendations issued by *economiesuisse*.

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", "Notes to the consolidated financial statements", pages 76 to 78). Apart from Flughafen Zürich AG, Kloten (securities no. 1056796, ISIN

CH0010567961), which was listed on SIX Swiss Exchange with a market capitalisation of CHF 4.6 billion as at the balance sheet date, the consolidated group does not comprise any other listed companies. However, it does include the following unlisted companies:

Company	Domicile	Share capital	Holding
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, which is divided into 6,140,375 fully paid-up registered shares with a nominal value of CHF 50.00 each. All shares have the same dividend entitlements and voting rights (as long as they have been entered in the Share Register accordingly). No approved or conditional capital, no participation or dividend right certificates and no outstanding convertible bonds or options existed as at the balance sheet date.

For information concerning the distribution of shares to employees (no options are distributed), please refer to "Financial report", "Consolidated financial statements according to IFRS", "Notes to the consolidated financial statements", Note 3, "Personnel expenses".

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)	31.12.2015	31.12.2014	31.12.2013
Share capital	307,019	307,019	307,019
Legal capital reserves			
Capital contribution reserves	509,980	509,980	509,980
Legal retained earnings			
General legal retained earnings	42,370	42,370	42,370
Voluntary retained earnings	109,168	108,707	108,707
Available earnings			
Profit brought forward	757,745	605,666	518,149
Profit for the year	267,694	234,960	148,885
Treasury shares	-642	-1,098	-1,335
Total equity	1,993,334	1,807,604	1,633,775

SHAREHOLDER STRUCTURE AND VOTING RIGHTS

Major shareholders

As at 31 December 2015, 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 about 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/the-company/investor-relations-en/general-meeting-of-shareholders (available in German only). 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 CHF 1.0 million may request that items be included on the agenda. In accordance with Article 12 para. 3 of the company's Articles of Incorporation, 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 that 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 company's Articles of Incorporation, any shareholder may arrange to be represented at the General Meeting by another shareholder entered in the Share Register, who shall present a written power of attorney, or by an independent proxy. Members of the Board of Directors and Management Board may represent other shareholders provided this does not constitute institutionalised representation. In accordance with Article 14 para. 3 of the company's Articles of Incorporation, the Board of Directors may draw up rules of procedure covering participation in and representation at the General Meeting of Shareholders and, in particular, make detailed provision for the issue of instructions to the independent proxies. It shall ensure that the shareholders are also able to issue electronic powers of attorney and instructions to the independent proxy.

A qualified majority in accordance with Article 704 of the Swiss Code of Obligations is 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 the transferability of registered shares
- Conversion of registered shares into bearer shares

BOARD OF DIRECTORS

Election and term of office

Members of the Board of Directors are elected by the General Meeting of Shareholders for a term of office of one year. They may stand for re-election, although members of the Board of Directors are required to step down for age reasons at the General Meeting of Shareholders that is held in the year in which they turn seventy.

In accordance with Article 762 of the Swiss Code of Obligations, the Canton of Zurich has a statutory entitlement to appoint three of seven or eight, or four of nine persons to the Board of Directors. In the year under review, the five members to be elected by the General Meeting of Shareholders were elected by individual vote.

Members

Andreas Schmid

- Swiss citizen, born in 1957, MA (Law); Member of the Mövenpick Executive Board of Management from 1993 to 1997 and then CEO of Jacobs AG (until 2000); 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 and Member of the Board of Directors since December 2014; 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, Member of the Advisory Board of Alliance Global Corporate Specialty AG and Chairman of the Avenir Suisse Foundation Board.

Vincent Albers

- Swiss citizen, born in 1956, degree in mechanical engineering from the Federal Institute of Technology (ETH) and MSc in management from Stanford Graduate School of Business; mechanical engineer at Amdahl Corp., Sunnyvale and Fujitsu Ltd., Tokyo; Director of Albers & Co., Zurich since 1986, responsible since 1992 for the Real Estate division, Partner since 1993.
- Member of the Board of Directors since May 2015.
- Other activities and commitments: CEO of Hardturm AG, Member of the Board of Directors of Schoeller Textil AG.

Guglielmo Brentel

- Swiss citizen, born in 1955, commercial apprenticeship, Swiss federal diploma as administration officer, Swiss Hospitality Management School in Lausanne with Swiss federal diploma; various positions in advisory services for the hotel and tourism sector since 1989; founder, owner and managing director of H&G Hotel Gast AG.
- Member of the Board of Directors since 2014 General Meeting of Shareholders.
- Other activities and commitments: President of the Board of Directors of EHL SA, Lausanne, and member of the University Council of HTW Chur.

Corine Mauch

- Swiss citizen, born in 1960, degree in agr. engineering from 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), Mayor of Zurich since 2009.
- Member of the Board of Directors 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, Deputy President of the Swiss Union of Cities and Towns, Member of the Steering Committee of the Association of Mayors of the Canton of Zurich, Member of the Technopark Zurich Foundation Board, Member of the Foundation Board of Switzerland Innovation, Zurich.

Eveline Saupper

- Swiss citizen, born in 1958, PhD (Law); attorney-at-law and federally qualified tax expert; degree from the University of St. Gallen; positions in tax and company law at Homburger AG since 1985, from 1994 to 2014 as Partner and since 2014 “of counsel”.
- Member of the Board of Directors since May 2015.
- Other activities and commitments: Member of the Board of Directors of Baloise Holding AG, Syngenta International AG, Georg Fischer AG, hkp Group AG, Stäubli Holding AG and Mentex AG.

Kaspar Schiller

- Swiss citizen, born in 1947, PhD (Law); attorney-at-law, partner in the legal practice of Schiller Rechtsanwälte AG, Winterthur since 1978.
- Member of the Board of Directors since 2004 General Meeting of Shareholders.
- Other activities and commitments: none.

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 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.

Carmen Walker Späh

- Swiss citizen, born in 1958, MA (Law); attorney-at-law, head of Legal Services and deputy head of the Building Inspectorate of the City of Winterthur (1998–2000); independent attorney (2000–2015); politically active as a Member of the Cantonal Council (2002–2015) and since 2015 as Government Councillor and Chair of the Department for Economic Affairs of the Canton of Zurich.
- Member of the Board of Directors since July 2015.
- Other activities and commitments: President of the “Greater Zurich Area” Foundation Board; Member of the Board of Directors of Axpo and MCH Group AG; Member of the Board of the Swiss Conference of Cantonal Directors of Finance, the Conference of Cantonal Directors of Public Transport, the Conference of Directors of Public Transport for the Zurich Region and Chairman of the ZVV Transport Council; Member of the Swiss Conference of Directors of Building, Planning and Environmental Protection, Member of the Metropolitan Council of the Metropolitan Conference Association of the Zurich Metropolitan Area Association, Member of the Steering Committee of the Gotthard Komitee, President of the Innovationspark Zürich Foundation Board, Member of the Swiss Innovation Park Foundation Board, Member of the Technopark Foundation Board.

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. As at the reporting date, there were no business relationships between members of the Board of Directors or the entities they represent and Flughafen Zürich AG that were deemed significant and thus worthy of mention.

According to Article 19 of the company's Articles of Incorporation, the number of additional mandates that members of the Board of Directors are permitted to hold in the most senior managerial or administrative organs of legal entities outside the scope of consolidation of the company is restricted to five mandates at

listed companies and ten mandates at unlisted companies, and to an additional ten mandates at other legal entities entered in the Commercial Register.

Internal organisation

Chairman of the Board of Directors: Andreas Schmid (elected by the General Meeting of Shareholders for one year at a time)

Vice-Chairwoman of the Board of Directors: Eveline Saupper

The Board of Directors has formed the following committees:

Audit & Finance Committee

Members: Ulrik Svensson (Chairman), Guglielmo Brentel, Carmen Walker Späh, 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), Eveline Saupper, Vincent Albers, Andreas Schmid (are elected by the General Meeting of Shareholders for one year at a time)

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 relating to succession planning. It defines the principles of the Group's personnel and compensation policies and ensures that these are duly complied with. It is also responsible for assessing any potential conflicts of interest on the part of members of the Board of Directors or Management Board.

Public Affairs Committee

Members: Carmen Walker Späh (Chairwoman), Eveline Saupper, 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 three meetings, the Nomination & Compensation Committee four and the Public Affairs Committee two 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 and 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, Head of Human Resources and the General Secretary are invited to attend meetings of the Nomination & Compensation Committee, and the CEO, Head of Public Affairs, COO and the General Secretary are invited to attend meetings of the Public Affairs Committee.

Competency 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 deciding on significant licence applications, major budget approval requests, petitions for amendments to operating regulations and modifications of fees and charges, while entrusting the Management Board with the general management of the company.

Information and controlling tools

The Management Board reports to the Board of Directors by means of monthly updates via the Management Information System. This tool encompasses traffic developments, marketing activities, non-aviation business, personnel controlling, balance sheet management 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, reviews of the routines and controls in Purchasing and Ordering as well as business with external ICT customers were carried out within the internal auditing process, which is designed to be an independent tool to help the Board of Directors and Audit & Finance Committee perform 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

Stephan Widrig

- Swiss citizen, born in 1972, CEO. MA (Business Economics), University of St. Gallen; business consultant at Arthur Andersen (1997 to 1999); joined Flughafen Zürich AG (former Flughafen-Immobilien-Gesellschaft, FIG) in 1999 with special responsibility for real estate operations; Chief Financial and Commercial Officer at Bangalore International Airport Ltd. (BIAL), Bengaluru, India (2005 to 2008).
- Returned to Flughafen Zürich AG in 2008 as Member of the Management Board; CEO since 1 January 2015.
- Other activities and commitments: none.

Stefan Conrad

- Swiss citizen, born in 1954, Head of Aviation. 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: Member of the Board of Directors at AMG, Astana (Kazakhstan).

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 Flughafen-Immobilien-Gesellschaft, FIG) in 1999 as head of Controlling; also responsible for Investor Relations & Treasury since 2003; assumed his position on the Management Board in April 2008.
- Other activities and commitments: Member of the Board of Directors of Bangalore International Airport Ltd. (BIAL), Bengaluru, India.

At the end of the 2015 financial year, the Non-Aviation division was dissolved and divided into two new divisions as of 1 January 2016: "Commercial" and "Real Estate". As at the reporting date, the positions of the members of the Management Board who head these divisions are either no longer filled (dissolved division) or have not yet been filled (new divisions).

In the year under review there were no management agreements associated with the assignment of management duties to third parties.

According to Article 19 of the company's Articles of Incorporation, the number of additional mandates that members of the Management Board are permitted to hold in the most senior managerial and administrative organs of legal entities outside the scope of consolidation of the company is restricted to one mandate at listed companies and five mandates at unlisted companies, and to an additional five mandates at other legal entities entered in the Commercial Register.

REMUNERATION, PARTICIPATION AND LOANS

Remuneration

The rules relating to the remuneration of the Board of Directors and the Management Board, which are based on Article 25ff of the Articles of Incorporation, and the remuneration paid in the year under review are shown in the separate Remuneration Report (see pages 47 to 50).

AUDITORS

The audit mandate is awarded each year by the General Meeting of Shareholders. The current auditors assumed their mandate in 1992 (for the former Flughafen Immobilien Gesellschaft, FIG) at which time the old company law was still in effect. The current auditor in charge, Martin Schaad at KPMG AG, has been respon-

sible for this mandate since 2014. 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 312,500 (2014: CHF 324,500). For additional services outside the audit mandate (audit-related services) the auditors charged a total of CHF 57,100 (2014: CHF 66,400). The following amounts were charged for non-audit-related services: tax consultancy CHF 243,200 (2014: CHF 122,800); IT consultancy CHF 21,800 (2014: CHF 0); other consulting services CHF 0 (2014: CHF 19,000).

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 current events and developments in the Interim Report and Annual Report, and in the form of ad-hoc news flashes. Ad-hoc messages published by the company can be read at www.zurich-airport.com/news-flash. 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.

Contact addresses

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

Investor Relations

Lukas Brosi
investor.relations@zurich-airport.com

Corporate Communication

Sonja Zöchling
medien@zurich-airport.com

REMUNERATION REPORT

The following Remuneration Report describes the principles of the remuneration policy at Flughafen Zürich AG as well as the associated decision-making powers and the components of remuneration. The foundation for these disclosures is the Ordinance against Excessive Compensation in Stock Exchange Listed Companies.

I. REMUNERATION POLICY AT FLUGHAFEN ZÜRICH AG

1. Foundations and principles

At Flughafen Zürich AG, the rules governing remuneration are based on the corporate and capital market law requirements of the Swiss Code of Obligations, the Ordinance against Excessive Compensation in Stock Exchange Listed Companies and SIX regulations as well as the company's Articles of Incorporation and any resolutions and rules issued on the basis of these Articles.

The remuneration philosophy of Flughafen Zürich AG is geared to a corporate strategy oriented toward sustainable success. Market-based, performance-oriented remuneration is intended to create the conditions for recruiting and retaining qualified, committed employees in a competitive labour market. The remuneration system should be simply structured, clear and transparent. The basic structure of the company's existing remuneration system has been unchanged for a long time; over the years there have merely been adjustments of individual aspects of it.

2. Components and methods of determination

→ for the remuneration of members of the Board of Directors

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 judgement 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. Additionally, the company assumes the payment of all statutory social security contributions due on these amounts. There are no bonus or participation programmes for members of the Board of Directors.

→ for the remuneration of members of the Management Board

Remuneration of members of the Management Board is based on individual employment contracts and comprises a fixed compo-

nent (fixed salary and benefits) and a variable performance component plus employer contributions to social security and pension funds. 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 component is determined on a discretionary basis, and the variable component is based on the degree to which the target for the company's success set by the Board of Directors for the relevant financial year was achieved. EBIT according to the budget (excluding the influence of aircraft noise) has been adopted as the target. The target bonus proposed for 100 % achievement of the target amounts to 100 % of the fixed salary for the CEO and 50 % of the fixed salary for the other members of the Management Board. In the event that the target is exceeded, variable remuneration is limited to 150 % of the target bonus. If the achievement of the target drops below 70 %, no variable remuneration is paid.

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.

3. Approval by the General Meeting of Shareholders

Each year, the General Meeting of Shareholders holds a binding vote on the aggregate amount of remuneration for the Board of Directors and the Management Board. On the basis of Article 26 of the company's Articles of Incorporation, this vote is held prospectively; that is, the maximum aggregate amounts which could be paid to the members of the Board of Directors and the Management Board during the following reporting period are submitted to the General Meeting of Shareholders for approval.

In accordance with Article 26 para. 2 of the Articles of Incorporation, an additional sum of 30 % of the approved aggregate

amount is available as necessary for the remuneration of any subsequently nominated members of the Management Board (per additional member); this sum does not require the approval of the General Meeting of Shareholders.

As the amounts actually to be paid out depend in part on a consolidated result not yet known when these amounts are ap-

proved, this prospective method of approval requires that the theoretical maximum amounts be used by the General Meeting of Shareholders as a basis for their approval decisions. The remuneration actually paid out for a specific reporting period will be stated the following year in the Remuneration Report, which will be presented to the General Meeting of Shareholders for consultation.

II. REMUNERATION PAID

The following table shows the remuneration that was actually paid for the given financial year:

1. REMUNERATION OF THE BOARD OF DIRECTORS

a) for the reporting period (2015):

(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	20,000	15,000	40,000	31,197	256,197
Vincent Albers ²⁾	Member	30,000	15,000	3,333	17,500	9,555	75,388
Guglielmo L. Brentel	Member	51,531	25,765	5,726	28,628	0	111,650
Lukas Briner ¹⁾	Vice Chairman	20,000	7,500	3,333	7,500	3,936	42,269
Corine Mauch	Member	20,000	10,875	0	0	4,481	35,356
Eveline Saupper ²⁾	Vice Chairwoman	40,000	12,500	6,667	7,500	9,676	76,343
Kaspar Schiller	Member; Chairman of the Nomination & Compensation Committee	49,372	24,686	10,972	10,972	0	96,002
Ernst Stocker ³⁾	Member; Chairman of the Public Affairs Committee	0	5,500	0	1,000	943	7,443
Ulrik Svensson	Member; Chairman of the Audit & Finance Committee	45,000	22,500	10,000	7,500	12,336	97,336
Carmen Walker Späh ⁴⁾	Member; Chairwoman of the Public Affairs Committee	0	0	0	0	0	0
Martin Wetter ¹⁾	Member	15,000	7,500	1,667	5,000	2,834	32,001
Total		420,903	151,826	56,698	125,600	74,958	829,985

The following lump-sum payments were made:

to the Department for Economic Affairs of the Canton of Zurich (as part of the remuneration due to Ernst Stocker and Carmen Walker Späh)	88,500
to City of Zurich (as part of the remuneration due to Corine Mauch)	41,625
Total	960,110
Total amount approved by the General Meeting of Shareholders	1,200,000

1) Until 28.4.2015

2) Since 28.4.2015

3) Until 30.6.2015

4) Since 1.7.2015

b) for the comparative period (2014):

(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	20,000	15,000	30,000	30,398	245,398
Guglielmo L. Brentel ²⁾	Member	34,391	5,732	3,821	0	0	43,944
Lukas Briner	Vice Chairman	60,000	17,500	10,000	25,000	11,760	124,260
Martin Candrian ¹⁾	Member; Chairman of the Audit & Finance Committee	15,000	5,000	3,333	2,500	2,486	28,319
Corine Mauch	Member	20,000	10,875	0	0	4,519	35,394
Kaspar Schiller	Member; Chairman of the Nomination & Compensation Committee	49,473	21,988	10,994	19,240	0	101,695
Ernst Stocker	Member; Chairman of the Public Affairs Committee	0	7,500	0	3,000	1,537	12,037
Ulrik Svensson ³⁾	Member; Chairman of the Audit & Finance Committee	45,000	20,000	8,333	7,500	11,830	92,663
Martin Wetter	Member	45,000	20,000	5,000	17,500	8,688	96,188
Total		418,864	128,595	56,481	104,740	71,218	779,898

The following lump-sum payments were made:

to the Department for Economic Affairs of the Canton of Zurich (as part of the remuneration due to Ernst Stocker)	84,500
to City of Zurich (as part of the remuneration due to Corine Mauch)	41,625
Total	906,023

Total amount approved by the General Meeting of Shareholders (not yet applicable for 2014)

- 1) Until 10.4.2014
2) Since 10.4.2014
3) Chairman of the Audit & Finance Committee since 10.4.2014

No severance payments or other long-term remuneration payments were made in 2014 or 2015.

2. REMUNERATION OF THE MANAGEMENT BOARD

a) for the reporting period (2015):

(CHF)	Salary	Bonus (cash) ³⁾	Bonus (shares) ³⁾	Pension and social insurance expenses ¹⁾	Miscellaneous	Total CHF	Number of shares ²⁾	Share price (CHF) ²⁾
Recipient								
Stephan Widrig (CEO)	350,000	254,912	126,588	154,148	26,994	912,642	168	753.50
Other members of the Management Board	1,366,667	644,411	162,756	757,086	91,461	3,022,381	216	753.50
Total	1,716,667	899,323	289,344	911,234	118,455	3,935,023	384	
Total amount approved by the General Meeting of Shareholders						3,900,000		
Maximum available additional sum ⁴⁾						1,170,000		
Amount used of additional sum ⁵⁾						35,023		

- 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.
2) The bonus shares indicated above are based on the share price as at the end of the year. The definitive number of shares is calculated on the basis of the share price at the payment date.
3) Allocation is rounded to whole shares, and any remainder is added to the cash component. This may result in minor differences between the cash and the share components, but the overall bonus remains unchanged.
4) In accordance with Article 26 para. 2 of the Articles of Incorporation, an additional sum of 30 % of the approved aggregate amount is available as necessary for the remuneration of any subsequently nominated members of the Management Board (per additional member).
5) For the unsecured remuneration portion of the approved total amount for the new Management Board member Patrick Candrian (Head Non-Aviation).

Remuneration of members of the Management Board was effected as shown in the above table. The bonus (cash and share components) is accrued for the period under review and paid out in the spring of the following year. The aggregate variable remuneration (cash and share components of the bonus) amounts to between 50 % and 109 % of the fixed salary for individual members of the Management Board. Bonus shares are blocked for a period of four years (see also "Financial report", "Consolidated financial statements according to IFRS", "Notes to the consolidated financial statements", note 3, "Personnel expenses"). No long-term remuneration or severance payments were made in 2015. Changes

in the Management Board during the year under review were associated from a personnel point of view with the nomination of an additional member of the Management Board at a point in time after the maximum remuneration for this year was approved by the General Meeting of Shareholders, and functionally with an overlap of several months in employment contracts at the CEO level. The additional financial requirements for the remuneration of the Management Board that this entailed could not be completely covered by the aggregate amount approved by the General Meeting of Shareholders, thus use was made of the additional sum envisioned in the Articles of Association for such cases.

b) for the comparative period (2014):

(CHF)	Salary	Bonus (cash) ²⁾	Bonus (shares) ²⁾	Pension and social insurance expenses ¹⁾	Miscellaneous	Total CHF	Number of shares	Share price (CHF)
Recipient								
Thomas E. Kern (CEO)	393,333	314,970	157,030	203,550	26,479	1,095,362	205	766.00
Other members of the Management Board	1,173,332	471,136	232,864	458,398	136,263	2,471,993	304	766.00
Total	1,566,665	786,106	389,894	661,948	162,742	3,567,355	509	
Total amount approved by the General Meeting of Shareholders (not yet applicable for 2014)								

- 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.
2) The breakdown of the bonus into a cash and equity component has been changed slightly compared with the Remuneration Report of the previous year. This is because the allocation of bonus shares, made only at the time of the payment, was rounded to whole shares, and the remainder was transferred to the cash component.

3. LOANS, ADVANCES, NON-MARKET-BASED REMUNERATION

No loans or advances were granted to members of the Board of Directors or the Management Board in 2014 or 2015, nor was non-market-based remuneration paid to parties related to members of the Board of Directors or the Management Board during these years.

We have audited the accompanying Remuneration Report dated 10 March 2016 of Flughafen Zürich AG for the financial year ended 31 December 2015. The audit was limited to the information according to articles 14 – 16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in section “II. Remuneration paid” on pages 48 to 50 of the Remuneration Report.

Board of Directors’ Responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the Remuneration Report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor’s Responsibility

Our responsibility is to express an opinion on the accompanying Remuneration Report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Remuneration Report complies with Swiss law and articles 14 – 16 of the Ordinance.

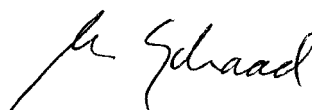
An audit involves performing procedures to obtain audit evidence on the disclosures made in the Remuneration Report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value the components of remuneration, as well as assessing the overall presentation of the Remuneration Report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Remuneration Report of Flughafen Zürich AG for the year ended 31 December 2015 complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG



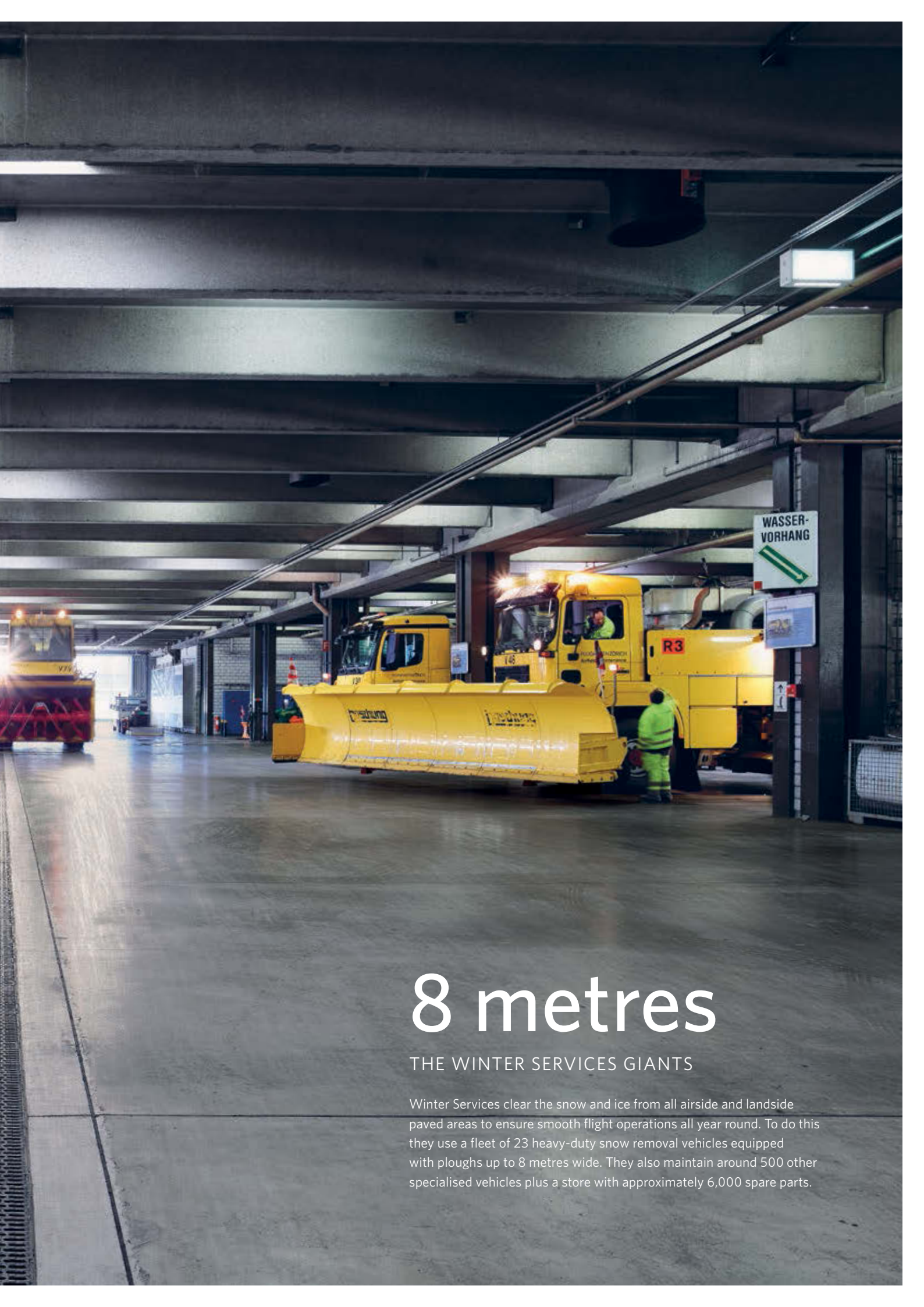
Martin Schaad
Licensed Audit Expert
Auditor in Charge



Samuel Seiler
Licensed Audit Expert

Zurich, 10 March 2016





8 metres

THE WINTER SERVICES GIANTS

Winter Services clear the snow and ice from all airside and landside paved areas to ensure smooth flight operations all year round. To do this they use a fleet of 23 heavy-duty snow removal vehicles equipped with ploughs up to 8 metres wide. They also maintain around 500 other specialised vehicles plus a store with approximately 6,000 spare parts.

RISK MANAGEMENT

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

RISK MANAGEMENT AS A MANAGEMENT AND OPERATING TOOL

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
- Auditing and review of the risk management system

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

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

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

- **Risk Management & Insurance department**

The Risk Management & Insurance department is run by the Head of Financial Services, who reports to the Chief Risk Officer. This department supports the line units in all matters relating to risk management and is responsible for risk reporting as well as the operation and continued development of the risk management system.

- **Line units (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 & Insurance department, 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.).

In reporting on risks, Flughafen Zürich AG describes in detail the most important business risks identified and assesses risks for their probability of occurrence as well as for their 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 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 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 regulation (DVO) issued unilaterally by Germany. On 4 September 2012, Swiss Federal Councillor Doris Leuthard and the 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 accept the principle of a satellite-guided curved northern approach route. In return, 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, and no date has yet been set for ratification in Germany. Germany could also change the implementing regulation (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 SAIP forms the basis for spatial planning at Zurich Airport. As yet, the territory affected by aircraft noise has not been specified. 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 which, according to current projections, would have been able to meet long-term demand. 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 proposed a number of measures aimed at improving safety. Some of these measures have since been implemented or are in the process of being implemented, while others are pending approval by the Confederation. Without implementing these additional measures to improve safety, there is a risk of further capacity restrictions which would consequently have a negative impact on business development.

1.4 Annual noise exposure reporting

On 17 January 2015, the Federal Office of Civil Aviation specified the noise levels permitted for Zurich Airport. Following the withdrawal of the appeal lodged by the Canton of Zurich, these have been in force since 9 November 2015. Under the Federal Noise Abatement Ordinance, Flughafen Zürich AG is consequently obliged to report annually on aircraft noise emissions. Reasons must be given for any noise exposure above that permitted and measures for avoiding such infringements in future must be stated. If it is anticipated that noise emissions will greatly exceed the permitted levels in the long term, the relevant departments of the Federal Administration will take the necessary measures. The restriction of flight operations, especially during the night, cannot be ruled out in future if permitted noise levels are exceeded.

1.5 Zurich Aircraft Noise Index (ZFI)

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

- 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 guideline figure 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 package consists of a set of measures for flight operations and another set for land-use planning/quality of life. The steps included in the action plan do not have any negative implications for flight operations. However, it is conceivable that the Canton of Zurich, through 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.

1.6 Ordinance on Airport Charges

On 25 June 2015 the Swiss Federal Administrative Court ruled on the objection lodged by airport users against Flughafen Zürich AG's application to adjust airport charges in November 2013. In its judgment, on the one hand, the court approved the partial settlement agreed between the parties and clarified some important questions, and on the other hand, it directed FOCA to re-examine the details of the proposed charges. In the interim, Flughafen Zürich AG has been able to come to an agreement on airport charges with the complainant and has submitted these to FOCA for approval. Flughafen Zürich AG expects the decision on this proposal to be announced in the first quarter of 2016. If no objections are received, the proposed new charges could be introduced in the third quarter 2016.

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. While some of these higher costs could at least subsequently be offset or refinanced through higher charges, in the case of other cost elements a negative impact on earnings 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 55 % 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. Capacity reductions can never be ruled out, however.

5. Costs for sound insulation and resident protection plus formal expropriations

Under Article 36a of the Civil Aviation Act (CAA) and the Federal Expropriation Act in connection with Articles 679 and 684 of the Swiss Civil Code (CC), Flughafen Zürich AG must bear the cost of formal expropriations and costs relating to sound insulation and resident protection measures as stated in Article 20f. of the Environmental Protection Act (EPA) and its 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-related landing charges or special surcharges on passenger charges). In the interest of transparency, costs and income relating to aircraft noise are additionally recognised in a separate statement for the Airport of Zurich Noise Fund.

5.1 Reporting of noise-related costs in the financial statements

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 reliably 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 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).

Based on the above estimates of noise-related costs and the contractual triggering of pre-financing for old noise-related liabilities 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 at 30 June 2008 (nominal amount CHF 150.1 million) and as an intangible asset from the right of formal expropriation. At the same time, a portion of the Airport of Zurich Noise Fund amounting to CHF 115.4 million, which was transferred to the Canton of Zurich as part of the pre-financing solution for bearing the risk and financing the old noise-related liabilities, was also recognised as an intangible asset from the right of formal expropriation.

With further rulings on 8 June 2010 and 9 December 2011 the Swiss Federal Supreme Court definitively set the cut-off date for the foreseeability of an eastern approach as 1 January 1961 and ruled definitively on the method used to calculate a decline in the market value of investment property. These decisions laid the legal basis for settling other outstanding claims for compensation.

Based on these Federal Supreme Court rulings and other fundamental issues that have since been decided in a court of last instance, the company, in cooperation with the Canton of Zurich, undertook a reappraisal of noise-related costs at the end of 2010 and 2011, which led to an adjustment of both the provisions for formal expropriations and for intangible assets from the right of formal expropriation. The most recently updated calculation as at 31 December 2011 showed estimated noise-related costs to be CHF 740.6 million. 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.

As a result of the positive equity development of Flughafen Zürich AG, the pre-financing for old noise-related liabilities by the Canton of Zurich was contractually terminated on 30 November 2014. At that time, Flughafen Zürich AG assumed the still unpaid old noise-related liabilities from the Canton of Zurich again, receiving in return the corresponding share of the Airport of Zurich Noise Fund. An amount of CHF 107.7 million was recognised as a provision and, in accordance with the applicable accounting policies, an equal amount was recognised as an intangible asset from the right of formal expropriation. At the same time, the trans-

ferred share of the Airport of Zurich Noise Fund (CHF 224.2 million) was charged to the intangible asset and credited to the assets of the Airport of Zurich Noise Fund.

With respect to sound insulation and resident protection measures, the Federal Office of Civil Aviation (FOCA) required Flughafen Zürich AG, in connection with its 2014 operating regulations application, to submit an extended sound insulation programme by the end of June 2015. Based on the permitted noise exposure levels specified by FOCA, and taking into account the still pending changes to the 2014 operating regulations, the company duly submitted its 2015 sound insulation programme by this deadline. In this connection, at its meeting on 22 June 2015 the Board of Directors additionally approved further measures for sound insulation and resident protection totalling CHF 100.0 million over and above the previously estimated costs of CHF 240.0 million. The present value of these additional costs was recognised as a provision with immediate effect, and the amount of CHF 97.1 million before tax was charged to the income statement in the consolidated financial statements.

Since no further factors that would have changed the estimates made in 2011 have emerged with respect to formal expropriations from new court rulings in the final instance since the Swiss Federal Supreme Court decision of 9 December 2011, the estimated noise-related costs at the end of financial year 2015 now total CHF 840.6 million (previously CHF 740.6 million). As at the reporting date, Flughafen Zürich AG has therefore recognised an intangible asset from the right of formal expropriation in the amount of CHF 161.4 million and provisions for formal expropriations of CHF 354.3 million plus further provisions for outstanding sound insulation and resident protection costs of CHF 131.4 million.

More detailed information on the treatment and reporting of noise-related matters may be found in the following sections as well as in the consolidated financial statements (from page 63) and in the financial statements (from page 113) of this Annual Report.

5.2 Risks for Flughafen Zürich AG associated with aircraft noise

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

Flughafen Zürich AG has received a total of around 20,000 noise-related claims for compensation, of which around 13,800 were still pending at the end of 2015. Approximately 1,500 cases are currently being examined by the Swiss Federal Assessments Commission.

Depending on future and final-instance legal judgments, especially with respect to the southern approaches, in particular noise-related liabilities may in future be subject to substantial adjustments, which would also require adjustments to the noise-related costs recognised as assets and liabilities in the balance sheet. 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.

Aircraft noise costs are refinanced through charges. The most important charge from a refinancing standpoint up until 1 February 2014 was the separate CHF 5.00 noise supplement for passengers. Owing to a directive on airport charges issued by FOCA on 14 November 2013, this passenger-related noise supplement was no longer collected as of 1 February 2014 as it can be assumed that the funds of the Airport of Zurich Noise Fund are sufficient to finance the costs currently arising. 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. Aircraft-related noise charges are still levied.

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.

5.3 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 “costs-by-cause” 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.

5.3.1 Sound insulation and resident protection measures

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

5.3.2 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 the 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 different 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).

To summarise, the significant effects on the consolidated financial statements are as follows:

- Revenue from noise charges will be recognised in the income statement.
- Payments for formal expropriations and for sound insulation and resident protection measures will be charged against the corresponding provisions.
- 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 provisions for formal expropriations and sound insulation and resident protection measures will be recognised in the income statement.
- As before, noise-related operating costs will be borne in full by Flughafen Zürich AG and charged to the Airport of Zurich Noise Fund.

5.4 Treatment of noise-related matters in individual financial statements under the Swiss Code of Obligations (CO)

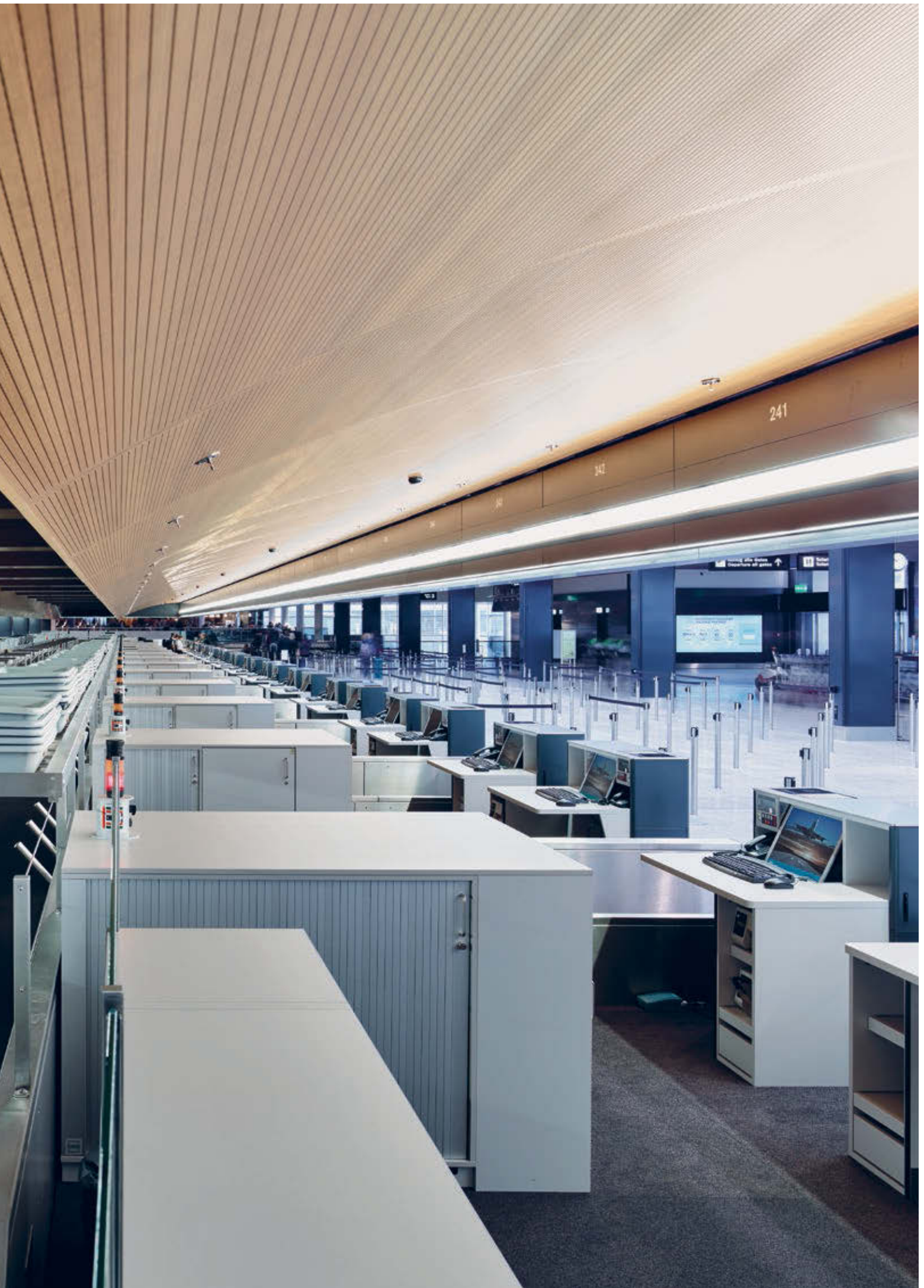
Costs for formal expropriations also qualify as an intangible asset in individual financial statements under the Swiss Code of Obligations. They are recognised as assets at the latest on the date on which the counterparty has attained an assertable claim. An equal amount is also recognised as a provision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

3.1 million

TERMINAL 2 IN FULL FLOW

The opening of the newly renovated check-in hall at the end of October marked a milestone in the total refurbishment of the 40-year old Terminal 2. The overall usable space is now 64,000 m², allowing 16 additional check-in desks to be accommodated. "T2" is therefore well equipped to handle around 3.1 million passengers a year and up to 3,000 passengers per hour.





CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS ACCORDING TO IFRS

Consolidated income statement	64
Consolidated statement of comprehensive income	64
Consolidated balance sheet	65
Consolidated statement of changes in equity	66
Consolidated cash flow statement	67
Notes to the consolidated financial statements	68

AUDIT REPORT	112
--------------	-----

CONSOLIDATED INCOME STATEMENT

(CHF 1,000)	Notes	2015	2014
Aviation revenue	(2)	597,389	574,959
Non-aviation revenue	(2)	391,584	388,520
Total revenue		988,973	963,479
Personnel expenses	(3)	-167,845	-180,904
Police and security		-118,615	-117,828
Energy and waste		-21,872	-20,733
Maintenance and material		-40,789	-41,278
Other operating expenses	(4)	-51,205	-52,920
Sales, marketing and administration		-35,013	-36,840
Capitalised expenditure and other income	(5)	47,296	13,214
Other expenses	(5)	-98,114	-2,692
Earnings before interest, tax, depreciation and amortisation (EBITDA)		502,816	523,498
Depreciation and amortisation		-228,172	-228,876
Earnings before interest and tax (EBIT)		274,644	294,622
Finance costs	(6)	-41,008	-38,103
Finance income	(6)	3,603	4,260
Share of profit or loss of associates	(12)	-3,939	-1,352
Profit before tax		233,300	259,427
Income tax expense	(7)	-53,493	-53,506
Profit		179,807	205,921
Profit attributable to shareholders of Flughafen Zürich AG		179,643	205,801
Profit attributable to non-controlling interests		164	120
Basic earnings per share (CHF)	(16)	29.26	33.53
Diluted earnings per share (CHF)	(16)	29.26	33.52

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(CHF 1,000)	Notes	2015	2014
Profit		179,807	205,921
Other comprehensive income			
Cross-currency interest rate swap, net of income tax			
Adjustments to fair value	(17)	-393	-984
Transfer to income statement	(17)	497	1,787
Available-for-sale securities			
Adjustments to fair value		611	1,454
Transfer to income statement		41	-31
Foreign exchange differences		-6,270	-905
Items that are or may be reclassified subsequently to profit or loss		-5,514	1,321
Remeasurement of defined benefit liability, net of income tax	(21)	-19,974	-57,615
Items that will never be reclassified to profit or loss		-19,974	-57,615
Other comprehensive income, net of income tax		-25,488	-56,294
Total comprehensive income		154,319	149,627
Comprehensive income attributable to shareholders of Flughafen Zürich AG		154,171	149,498
Comprehensive income attributable to non-controlling interests		148	129

CONSOLIDATED BALANCE SHEET

(CHF 1,000)	Notes	31.12.2015	31.12.2014
Assets			
Property, plant and equipment	(8)	2,829,983	2,964,027
Investment property	(9)	73,574	0
Intangible asset from right of formal expropriation	(10)	161,356	165,912
Other intangible assets	(10)	6,865	10,276
Investments in associates	(12)	15,378	24,345
Non-current financial assets of Airport of Zurich Noise Fund	(11)	257,373	217,252
Non-current fixed-term-deposits	(15)	50,000	0
Other financial assets		3,279	3,793
Non-current assets		3,397,808	3,385,605
Inventories		10,041	9,207
Current financial assets of Airport of Zurich Noise Fund	(11)	69,964	49,005
Trade receivables	(13)	99,153	101,605
Other receivables and prepaid expenses	(14)	43,625	23,911
Current fixed-term deposits	(15)	50,000	195,000
Cash and cash equivalents	(15)	371,970	226,126
Current assets		644,753	604,854
Total assets		4,042,561	3,990,459
Equity and liabilities			
Share capital	(16)	307,019	307,019
Treasury shares		-642	-1,098
Capital reserves		592,090	591,671
Hedging reserve, net		0	-104
Fair value reserve		3,072	2,420
Translation reserve		-10,554	-4,300
Other retained earnings		1,319,932	1,243,144
Equity attributable to shareholders of Flughafen Zürich AG		2,210,917	2,138,752
Equity attributable to non-controlling interests		1,520	1,770
Total equity		2,212,437	2,140,522
Debentures and non-current loans	(17)	948,341	947,623
Non-current lease liabilities	(17)	6,454	25,647
Non-current provision for sound insulation and resident protection plus formal expropriations	(18)	450,780	366,363
Deferred tax liabilities	(20)	58,238	83,773
Employee benefit obligations	(21)	168,960	156,650
Non-current liabilities		1,632,773	1,580,056
Trade payables		41,081	43,823
Current financial liabilities	(17)	19,195	67,683
Other current liabilities, accruals and deferrals	(22)	68,851	99,794
Current provision for sound insulation and resident protection plus formal expropriations	(18)	34,940	32,000
Current tax liabilities		33,284	26,581
Current liabilities		197,351	269,881
Total liabilities		1,830,124	1,849,937
Total equity and liabilities		4,042,561	3,990,459

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 2014	307,019	-1,335	591,263	-907	997	-3,386	1,156,326	2,049,977	1,641	2,051,618
Profit							205,801	205,801	120	205,921
Other comprehensive income, net of income tax				803	1,423	-914	-57,615	-56,303	9	-56,294
Total comprehensive income	0	0	0	803	1,423	-914	148,186	149,498	129	149,627
Dividends for the 2013 financial year							-61,368	-61,368		-61,368
Purchase of treasury shares		-512						-512		-512
Share-based payments		749	408					1,157		1,157
Balance as at 31 December 2014	307,019	-1,098	591,671	-104	2,420	-4,300	1,243,144	2,138,752	1,770	2,140,522
Balance as at 1 January 2015	307,019	-1,098	591,671	-104	2,420	-4,300	1,243,144	2,138,752	1,770	2,140,522
Profit							179,643	179,643	164	179,807
Other comprehensive income, net of income tax				104	652	-6,254	-19,974	-25,472	-16	-25,488
Total comprehensive income	0	0	0	104	652	-6,254	159,669	154,171	148	154,319
Dividends for the 2014 financial year							-82,881	-82,881	-398	-83,279
Purchase of treasury shares		-236						-236		-236
Share-based payments		692	419					1,111		1,111
Balance as at 31 December 2015	307,019	-642	592,090	0	3,072	-10,554	1,319,932	2,210,917	1,520	2,212,437

CONSOLIDATED CASH FLOW STATEMENT

(CHF 1,000)	Notes	2015	2014
Profit		179,807	205,921
Finance result	(6)	37,405	33,843
Share of profit or loss of associates		3,939	1,352
Income tax expense	(7)	53,493	53,506
Depreciation / amortisation of			
Buildings, engineering structures	(8)	192,023	189,500
Movables	(8)	16,509	16,038
Leased assets	(8)	11,188	10,743
Intangible asset from right of formal expropriation	(10)	4,556	7,483
Other intangible assets	(10)	4,706	5,660
Recognition of government subsidies and grants on buildings and engineering structures in the income statement			
Buildings, engineering structures	(8)	-810	-548
Gains (-) / losses (+) on disposal of property, plant and equipment (net)		-33,881	1,670
Share-based payments		1,111	1,157
Increase (-) / decrease (+) in inventories, trade receivables and other receivables and prepaid expenses		-759	11,313
Increase (+) / decrease (-) in current liabilities, excluding current financial liabilities		-2,226	-2,487
Increase (+) / decrease (-) in employee benefit obligations		-14,420	-1,638
Change in provision for sound insulation and resident protection plus formal expropriations	(18)	70,334	-22,395
Income tax paid		-66,798	-50,392
Cash flow from operating activities		456,177	460,726
of which related to aircraft noise (Airport of Zurich Noise Fund)		-16,360	-7,697
Income from noise charges	(19)	10,865	15,651
Expenses for sound insulation and resident protection plus formal expropriations		-27,225	-23,348
Investments in property, plant and equipment (projects in progress)		-172,455	-249,535
Investments in investment property (incl. cash advances)		-52,017	0
Proceeds from disposal of property, plant and equipment		67,876	210
Investments in associates		-20	-13,916
Investments in financial assets of Airport of Zurich Noise Fund		-116,020	-36,353
Investments in fixed-term deposits of Airport of Zurich Noise Fund due > 90 days	(15)	-100,000	-100,000
Cash inflow from return of share of Airport of Zurich Noise Fund	(15)	0	101,534
Repayment of fixed-term deposits due > 90 days	(15)	0	20,000
Repayment of fixed-term deposits of Airport Zurich Noise Fund due > 90 days	(15)	195,000	0
Repayment of current financial assets of Airport of Zurich Noise Fund		53,625	53,394
Interest received		4,487	4,265
Cash flow from investing activities		-119,524	-220,401
of which related to aircraft noise (Airport of Zurich Noise Fund)		32,605	18,575
Investments in financial assets and fixed-term deposits of Airport of Zurich Noise Fund		-216,020	-136,353
Repayment of current financial assets of Airport of Zurich Noise Fund		248,625	53,394
Repayment of current financial assets of Airport of Zurich Noise Fund		0	101,534
Repayment of outstanding debenture	(17)	0	-225,000
Repayment of liabilities to banks arising from US private placement	(17)	-73,150	-73,150
Repayment of lease liabilities	(17)	-13,235	-12,050
Payment of dividend for the 2014 / 2013 financial years	(16)	-83,279	-61,368
Purchase of treasury shares		-236	-512
Interest paid		-20,437	-34,978
Cash flow from financing activities		-190,337	-407,058
Increase (+) / decrease (-) in cash and cash equivalents		146,316	-166,733
Balance at beginning of financial year	(15)	226,126	392,943
Effect of foreign exchange differences on cash and cash equivalents held		-472	-84
Balance at end of financial year	(15)	371,970	226,126
of which included in Airport of Zurich Noise Fund	(15)	49,149	37,558

I 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 single-entity 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 requires the Management Board 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 subsequently deviate from the actual circumstances, the estimates and assumptions originally made are adjusted prospectively in the financial year in which the circumstances changed.

Judgements made by the Management Board in its application of IFRS that have a significant effect on the consolidated financial statements, and estimates with a significant risk of adjustment in the following financial year, are discussed in "II. Judgements and significant estimates and assumptions in the application of accounting policies" on pages 74 and 75 and in the following notes in "Notes to the consolidated financial statements":

- Note 8, "Property, plant and equipment"
- Note 10, "Intangible assets"
- Note 12, "Investments in associates"

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.

- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)

- Annual amendments to IFRS (2010 – 2012 and 2011 – 2013 cycles)

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 2015.

INTRODUCTION OF NEW STANDARDS IN 2016 AND LATER

The new, revised and amended standards and interpretations issued by the end of 2015 and set out in the adjacent table are not yet effective and were not applied early in these consolidated financial statements.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments, issued in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. It also carries forward the guidance on the recognition and derecognition of financial instruments from IAS 39.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

Flughafen Zürich AG is currently assessing the possible impact of IFRS 9 and IFRS 15 on its consolidated financial statements. The expected effects resulting from revisions and amendments to standards and interpretations, as set out at the bottom of the adjacent table, reflect the current assessment of the Management Board.

APPLICATION OF ACCOUNTING POLICIES TO NEW TRANSACTIONS AND EVENTS

In connection with the implementation of the project "The Circle" and the related co-ownership structure between Flughafen Zürich AG and Swiss Life AG, the following accounting policies were applied for the first time:

IFRS 11 Joint Arrangements

A joint arrangement (in accordance with IFRS 11) is a contractual arrangement between two or more parties which gives those parties joint control of an activity. Each joint arrangement must be

New Standards or Interpretations		Effective date	Planned application by Flughafen Zürich AG
IFRS 15 Revenue from Contracts with Customers	***	1 January 2018	Financial year 2018
IFRS 9 Financial Instruments	***	1 January 2018	Financial year 2018
Revisions and amendments of Standards and Interpretations			
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	*	1 January 2016	Financial year 2016
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	*	1 January 2016	Financial year 2016
Annual amendments to IFRS (2012 – 2014 cycle)	*	1 January 2016	Financial year 2016
Disclosure Initiative (Amendments to IAS 1)	**	1 January 2016	Financial year 2016
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	*	To be decided	To be decided

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

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

*** The impact on the consolidated financial statements of Flughafen Zürich AG is currently being assessed.

classified as either a joint operation or a joint venture. In a joint operation, the parties that have joint control have rights to the assets and obligations for the liabilities of the joint arrangement and account for them in relation to their interest. In a joint venture, the parties that have joint control merely have rights to the net assets of the joint arrangement (the investment is accounted for using the equity method).

Based on the nature of the contractual arrangement, the co-ownership structure and the ordinary partnership for “The Circle” are classified as a joint operation.

IAS 40 Investment property

Investment property (in accordance with IAS 40) is property held for the long term to earn rentals or for capital appreciation. It is measured at initial recognition at its cost and subsequently at cost less straight-line depreciation and any impairment losses in accordance with IAS 36.

The plot of land and the buildings under construction for “The Circle” are classified as investment property (see note 9, “Investment property”).

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 if 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 are 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

In financial year 2014, Unique Betriebssysteme AG, a wholly-owned subsidiary with no active business operations, was merged with the parent, Flughafen Zürich AG.

FOREIGN CURRENCY

For consolidation purposes, all assets and liabilities reported in the balance sheets of companies within the group are translated into Swiss francs (functional currency of Flughafen Zürich AG) at the closing 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 remeasurement of foreign currency items at the reporting date 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" segment primarily comprises passenger and landing charges. Charges for providing assistance to passengers with reduced mobility are received by the "PRM" segment, while the "User fees" segment primarily receives fees for the use of the central infrastructure. Revenue in the "Security" segment mainly includes security charges, and in the "Noise" segment it mainly contains 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, fees 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-regulated business" 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 AS LESSEE

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 borrow-

ing 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 8,335,000m² 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, changes in land prices in the region were 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 square metre for intensive use, down to CHF 2.00 per square metre 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 construction cost of buildings includes 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 or 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.

INVESTMENT PROPERTY

Investment property (in accordance with IAS 40) is property held for the long term to earn rentals or for capital appreciation. It is measured at initial recognition at its cost and subsequently at cost less straight-line depreciation and any impairment losses in accordance with IAS 36.

INTANGIBLE ASSETS

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. 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 in respect 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 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. This date 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 cost 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.

JOINT ARRANGEMENTS

A joint arrangement (in accordance with IFRS 11) is a contractual arrangement between two or more parties which gives those parties joint control of an activity. Each joint arrangement must be classified as either a joint operation or a joint venture. In a joint operation, the parties that have joint control have rights to the assets and obligations for the liabilities of the joint arrangement and account for them in relation to their interest. In a joint venture, the parties that have joint control merely have rights to the net assets of the joint arrangement (the investment is accounted for using the equity method).

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. They are measured initially 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 non-controlling interests not providing significant influence and loans that are measured at amortised 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, unrealised 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 amortised cost, which usually corresponds to their nominal value, less an impairment allowance. The impairment allowance comprises individual adjustments for specifically identified items for which there is objective evidence that the outstanding amount will not be recovered in full, and collective adjustments for 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 on 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 is the higher of the fair value less costs to sell and value in use. To determine 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

The cost (purchase price and directly attributable transaction costs) of treasury shares is 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 legal and constructive obligations 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 long-term return 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. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss.

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.

II JUDGEMENTS 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 governing the use of south German airspace
- Sectoral Aviation Infrastructure Plan (SAIP)
- Investments to reduce complexity
- Annual noise exposure reporting
- Zurich Aircraft Noise Index (ZFI)
- Ordinance on Airport Charges

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. While some of these higher costs could at least subsequently be offset or refinanced through higher charges, 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 performance 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.

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.

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 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).

Based on the above estimates of noise-related costs and the contractual triggering of pre-financing for old noise-related liabilities 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) and as an intangible asset from the right of formal expropriation. At the same time, a portion of the Airport of Zurich Noise Fund amounting to CHF 115.4 million, which was transferred to the Canton of Zurich as part of the pre-financing solution for bearing the risk and financing the old noise-related liabilities, was also recognised as an intangible asset from the right of formal expropriation.

With further rulings on 8 June 2010 and 9 December 2011, the Swiss Federal Supreme Court definitively set the cut-off date for the foreseeability of an eastern approach as 1 January 1961 and ruled definitively on the method used to calculate a decline in the market value of investment property. These decisions laid the legal basis for settling other outstanding claims for compensation.

Based on these Federal Supreme Court rulings and other fundamental issues that have since been decided in a court of last instance, the company, in cooperation with the Canton of Zurich, undertook a reappraisal of noise-related costs at the end of 2010 and 2011, which led to an adjustment of both the provisions for formal expropriations and for intangible assets from the right of formal expropriation. The most recently updated calculation as at 31 December 2011 showed estimated noise-related costs to be CHF 740.6 million. 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.

Owing to the positive trend in Flughafen Zürich AG's equity, the pre-financing of old noise-related liabilities by the Canton of Zurich was contractually terminated on 30 November 2014. At that time, Flughafen Zürich AG assumed the still unpaid old noise-related liabilities from the Canton of Zurich again, receiving in return the corresponding share of the Airport of Zurich Noise Fund. An amount of CHF 107.7 million was recognised as a provision and, in accordance with the applicable accounting policies, an equal amount was recognised as an intangible asset from the right of formal expropriation. At the same time, the transferred share of the Airport of Zurich Noise Fund (CHF 224.2 million) was charged to the intangible asset and credited to the assets of the Airport of Zurich Noise Fund.

With respect to sound insulation and resident protection measures, the Federal Office of Civil Aviation (FOCA) required Flughafen Zürich AG, in connection with its 2014 operating regulations application, to submit an extended sound insulation programme by the end of June 2015. Based on the permitted noise exposure levels specified by FOCA, and taking into account the still pending changes to the 2014 operating regulations, the company duly submitted its 2015 sound insulation programme by this deadline. In this connection, at its meeting on 22 June 2015 the Board of Directors additionally approved further measures for sound insulation and resident protection totalling CHF 100 million over and above the previously estimated costs of CHF 240 million. The present value of these additional costs was recognised as a provision with immediate effect, and the amount of CHF 97.1 million before tax was charged to the income statement in the consolidated financial statements. Since no further factors that would

have changed the estimates made in 2011 have emerged with respect to formal expropriations from new court rulings in the final instance since the Swiss Federal Supreme Court decision of 9 December 2011, the estimated noise-related costs at the end of financial year 2015 now total CHF 840.6 million (previously CHF 740.6 million). As at the reporting date, Flughafen Zürich AG has therefore recognised an intangible asset from the right of formal expropriation in the amount of CHF 161.4 million and provisions for formal expropriations of CHF 354.3 million plus further provisions for outstanding sound insulation and resident protection costs of CHF 131.4 million.

Depending on future and final-instance legal judgments, including with respect to the southern approaches, the noise-related liabilities may in future be subject to substantial adjustments, which would also require adjustments to the noise-related costs recognised as assets and liabilities in the balance sheet. 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.

Aircraft noise costs are refinanced through charges. The most important charge from a refinancing standpoint up until 1 February 2014 was the separate CHF 5.00 noise supplement for passengers. Owing to a directive on airport charges issued by FOCA on 14 November 2013, this passenger-related noise supplement was no longer collected as of 1 February 2014 as it can be assumed that the funds of the Airport of Zurich Noise Fund are sufficient to finance the costs currently arising. 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. Aircraft-related noise charges are still levied.

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 around CHF 3.0 billion. If there is any indication that an asset may be impaired, the recoverable amount of the asset is calculated (impairment test). A check is conducted at least once a year to determine whether there are any such indications and an impairment test is conducted if necessary. The calculation is based on the estimated future free cash flows of Flughafen Zürich AG, and various assumptions have to be made in order to estimate them. Actual cash flows may be negatively impacted 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 note 8, "Property, plant and equipment" and note 10, "Intangible assets").

III NOTES

1 SEGMENT REPORTING

The reportable segments performed as follows in the past financial year:

(CHF million)	Regulated Business		Noise		Non-regulated Business		Eliminations		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Revenue from third parties	586.6	564.8	10.8	10.2	391.6	388.5			989.0	963.5
Inter-segment revenue	22.7	17.7			78.4	84.3	-101.1	-102.0	0.0	0.0
Total revenue	609.3	582.5	10.8	10.2	470.0	472.8	-101.1	-102.0	989.0	963.5
Segment result (EBITDA) ³⁾	273.0	239.7	-89.5	6.4	319.3	277.4	0.0	0.0	502.8	523.5
Depreciation and amortisation	-129.5	-130.7	-5.7	-8.1	-93.0	-90.1			-228.2	-228.9
Earnings before interest and tax (EBIT) ³⁾	143.5	109.0	-95.2	-1.7	226.3	187.3	0.0	0.0	274.6	294.6
Finance result									-37.4	-33.8
Share of profit or loss of associates									-3.9	-1.4
Income tax expense									-53.5	-53.5
Profit									179.8	205.9
Invested capital	1,878.8	1,884.1	155.6	237.6	1,152.0	1,078.4			3,186.4	3,200.1
Non-interest-bearing non-current liabilities ¹⁾									678.0	606.8
Non-interest-bearing current liabilities ²⁾									178.2	183.6
Total assets									4,042.6	3,990.5
ROIC (in %)	6.1	4.5	-38.5	-0.6	16.1	13.4			6.8	7.1
Capital expenditure	79.6	72.2	0.4	7.9	80.2	174.0			160.2	254.1
Investments in associates					15.4	24.3			15.4	24.3

(CHF million)	Aviation		PRM		User Fees		Security		Eliminations		Total Regulated Business	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Revenue from third parties	343.4	331.2	11.8	11.4	56.3	53.4	175.1	168.8			586.6	564.8
Inter-segment revenue	21.7	20.2			7.4	6.7	4.3	3.8	-10.7	-13.0	22.7	17.7
Total revenue	365.1	351.4	11.8	11.4	63.7	60.1	179.4	172.6	-10.7	-13.0	609.3	582.5
Segment result (EBITDA) ³⁾	197.5	176.9	0.1	-1.8	34.5	31.6	40.9	33.0	0.0	0.0	273.0	239.7
Depreciation and amortisation	-87.9	-91.0	-0.1	-0.1	-30.8	-28.9	-10.7	-10.7			-129.5	-130.7
Earnings before interest and tax (EBIT) ³⁾	109.6	85.9	0.0	-1.9	3.7	2.7	30.2	22.3	0.0	0.0	143.5	109.0
Invested capital	1,427.2	1,451.6	4.1	1.1	308.9	314.4	138.6	117.0			1,878.8	1,884.1
ROIC (in %)	6.1	4.6	-0.9	n/a	1.0	0.7	18.8	12.4			6.1	4.5

- 1) Non-interest-bearing non-current liabilities include non-current provisions for sound insulation and resident protection plus formal expropriations, deferred tax liabilities and employee benefit obligations.
- 2) Non-interest-bearing current liabilities include current provisions for sound insulation and resident protection plus formal expropriations, current tax liabilities, trade payables and other current liabilities plus accruals and deferrals excluding the fair values of the hedging instruments.
- 3) 2015: Segment result "Noise" (EBITDA / EBIT) after expenses for the increase in provisions for sound insulation and resident protection (CHF 97.1 million) and segment result "Non-regulated Business" (EBITDA / EBIT) after gain on the sale of the share of land for "The Circle" and the related allocation of the project costs incurred (CHF 34.6 million). Moreover, revenue from the adjustment to the net defined benefit obligations due to the announced BVK plan amendment amounting to CHF 17.9 million was appropriately apportioned between the reportable segments' personnel expenses.

Internal reporting of operating segments to the chief operating decision-maker is carried out in accordance with the Ordinance on Airport Charges (FGV), more specifically with regard to the regulated charges and fees affected by the Ordinance. The following segments are presented for the regulated business and submitted to the chief operating decision-maker as the basis for his significant judgements and decisions:

- "Aviation" segment
- "PRM" segment
- "User fees" segment
- "Security" segment

In all, the company therefore has the following reportable segments:

→ **Aviation**

The “Aviation” segment comprises the original infrastructure and services related to flight operations. 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, most apron zones (including control activities), passenger zones in the terminals, freight operations, passenger handling and services, and safety. The main sources of revenue for the “Aviation” segment 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.

→ **PRM**

The “PRM” (People with Reduced Mobility) segment combines the infrastructure and services related to implementing the regulation regarding the provision of support for passengers with reduced mobility. Revenue consists exclusively of the PRM charge.

→ **User fees**

The “User fees” segment comprises the central infrastructure, in particular the check-in areas and facilities, baggage sorting and handling system, aircraft energy supply system, handling apron areas and the related services and fees.

→ **Security**

The “Security” segment combines the infrastructure and services related to air security (passenger and aircraft security measures) as well as the facilities and services provided for the purpose of granting airside access to persons other than passengers. 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 main source of revenue for covering the costs incurred in this segment.

→ **Noise**

All revenue and expenses associated with aircraft noise are reported separately in the “Noise” segment. A liquidity-based statement of noise-related data is presented in the notes to the consolidated financial statements (note 19, “Airport of Zurich Noise Fund”). This statement presents the accumulated surplus or shortfall as at the reporting date arising from noise charges determined on a costs-by-cause basis, less expenses for formal expropriations, sound insulation and resident protection measures, and operating costs.

→ **Non-regulated business**

The “Non-regulated business” segment encompasses all activities relating to the development, marketing and operation of the commercial infrastructure at Zurich Airport. This includes all retail and restaurant/catering 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.

Principles of segment reporting

For reporting purposes, each profit centre has been allocated to a segment. Any internal supplies and services that have been provided to other segments have been booked as inter-segment revenue or offset against costs. For example, the “Supplementary costs” profit centre is allocated to Non-regulated business and proportionate costs are charged to the Regulated business segments on a “costs-by-cause” basis. Support functions are also allocated to non-regulated business and charged on accordingly.

Invested capital is allocated to the respective operating segments based, firstly, on the allocation of the individual assets in the fixed-asset ledger and, secondly, on the pro rata allocation of the remaining assets (buildings, engineering structures and net working capital) to the respective segments. Until projects in progress have been completed, they are allocated to the segment with the largest share of the project measured by value. The definitive allocation to segments takes place after the projects have been classified into the relevant asset categories.

The identified operating segments have not been aggregated.

Additional disclosures

Flughafen Zürich AG primarily provides services within Switzerland. In financial year 2015, external consulting services worth CHF 9.6 million (2014: CHF 6.3 million) were provided in India, Brazil and Kazakhstan. Flughafen Zürich AG's revenue with Lufthansa Group in the past financial year amounted to CHF 374.4 million (2014: CHF 359.3 million) in the reportable segments.

2 REVENUE

(CHF 1,000)	2015	2014
Passenger charges	226,406	216,387
Security charges	173,173	166,824
PRM charges	11,784	11,425
Passenger-related noise charges	0	1,985
Passenger-related flight operations charges	411,363	396,621
Landing charges	89,423	87,566
Aircraft-related noise charges	10,773	8,214
Emission charges	3,321	3,226
Parking charges	6,685	6,609
Freight revenue	7,370	7,789
Other flight operations charges	117,572	113,404
Total flight operations charges	528,935	510,025
Baggage sorting and handling system	31,385	30,430
De-icing	2,714	1,600
Check-in	3,488	3,502
Gate and transfer desks	2,531	2,504
Aircraft energy supply system	13,647	13,155
CUTE charges (check-in system for handling agents)	5,138	4,925
Other fees	6,017	5,643
Total aviation fees	64,920	61,759
Refund of security costs	1,015	1,024
Other revenue	2,519	2,151
Total other aviation revenue	3,534	3,175
Total aviation revenue ¹⁾	597,389	574,959
Retail, tax & duty-free	95,395	96,504
Food & beverage operations	16,085	15,315
Advertising media and promotion	17,006	16,340
Revenue from multi-storey car parks	74,317	73,428
Other commercial revenue (car rentals, taxis, banks, etc.)	13,956	13,402
Total commercial revenue	216,759	214,989
Revenue from rental and leasing agreements	87,719	94,291
Energy and utility cost allocation	24,475	22,927
Cleaning	4,553	4,248
Revenue from services	5,611	1,856
Total revenue from facility management	122,358	123,322
Communication services	14,122	14,420
Revenue from consulting activities	9,610	6,328
Other services and miscellaneous	19,398	20,497
Catering	1,832	1,701
Fuel charges	7,505	7,263
Total revenue from services	52,467	50,209
Total non-aviation revenue	391,584	388,520
Total revenue	988,973	963,479

Revenue rose year on year from CHF 963.5 million to CHF 989.0 million (+2.6 %). Both aviation and non-aviation revenue performed well.

Of the total revenue, approximately 60 % was attributable to aviation revenue, amounting to CHF 597.4 million (+3.9 %) in the year under review. Revenue from non-aviation operations saw a disproportionate rise of CHF 3.1 million to CHF 391.6 million (+0.8 %).

3 PERSONNEL EXPENSES

(CHF 1,000)	2015	2014
Wages and salaries	141,244	141,231
Pension costs		
for defined benefit plans ¹⁾	1,280	14,009
for defined contribution plans	0	0
Social security contributions	13,072	13,264
Other personnel expenses and employee benefits	12,249	12,400
Total personnel expenses	167,845	180,904
Average number of employees (full-time positions) ²⁾	1,462	1,470
Number of employees as at reporting date (full-time positions) ²⁾	1,474	1,450
Personnel expense per full-time position as at 31 December	114	125

1) See note 21, "Employee benefits".

2) Including employees of the 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 a one-off gift in the form of one share free of charge. In the reporting period, 118 shares (2014: 134 shares) worth CHF 85,918 (2014: CHF 77,575) 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, depending on the function level, the degree of achievement of personal objectives. The criterion for measuring the consolidated result is earnings before interest and tax (EBIT) excluding noise-related factors, or the difference between targeted and achieved EBIT (excluding noise-related factors). 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 (grant date). Two thirds of the performance component is paid out in cash and one third in shares. For detailed information on the remuneration of the members of the Management Board, please refer to the separate Remuneration Report on pages 47 to 50.

	2015	2014	2014 ¹⁾	Price per share ¹⁾
(Recipient)	(CHF 1,000)	(CHF 1,000)	(Number of shares)	(CHF)
Members of the Management Board	288	374	509	766.00
Other members of management	697	653	873	766.00
Adjustment of share price to market price in subsequent year ²⁾	31	48		
Total	1,016	1,075	1,382	766.00

1) Shares distributed in the 2014 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 2014 financial year was CHF 31,331 higher in April 2015 (grant date) than the amount accrued for the bonus for the 2014 financial year as at year-end.

The bonus for financial year 2015 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 relevant 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 1,307 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 the separate remuneration report on pages 47 to 50).

Option programme

No option programme exists at Flughafen Zürich AG.

4 OTHER OPERATING EXPENSES

(CHF 1,000)	2015	2014
Zurich Protection & Rescue Services	21,208	21,198
PRM costs (service costs of service providers)	11,068	12,599
Other operating costs	7,873	7,245
Insurance	3,275	3,601
Cleaning by external contractors, incl. snow clearing	1,997	2,417
Costs for own car park	2,213	2,929
Communication costs	1,617	1,686
Passenger services	1,954	1,245
Total other operating expenses	51,205	52,920

5 CAPITALISED EXPENDITURE AND OTHER INCOME / EXPENSES

(CHF 1,000)	2015	2014
Capitalised expenditure	12,282	12,803
Other income	35,014	411
Capitalised expenditure and other income	47,296	13,214
Other expenses	-98,114	-2,692
Other expenses	-98,114	-2,692
Total capitalised expenditure and other income / expenses	-50,818	10,522

Capitalised expenditure of CHF 12.3 million (2014: CHF 12.8 million) primarily comprises fees for the company's architects and engineers as well as for project managers representing the client.

The increase in "Other income" is attributable to the gain from the partial sale of land for "The Circle" and the related establishment of the co-ownership structure amounting to CHF 34.6 million (see note 8, "Property, plant and equipment").

The "Other expenses" item primarily includes expenses relating to the increased provision for sound insulation and resident protection measures for the expanded sound insulation programme totalling CHF 97.1 million (see note 18, "Provision for sound insulation and resident protection plus formal expropriations").

6 FINANCE RESULT

(CHF 1,000)	2015	2014
Interest expenses on debentures and non-current loans	-16,370	-21,177
Less capitalised interest on borrowings for buildings under construction	225	518
Net interest expenses on debentures and non-current loans	-16,145	-20,659
Interest expenses on finance lease liabilities	-1,280	-1,830
Accretion of interest on financial liabilities at amortised cost	-932	-1,546
Net interest expenses on defined benefit obligations	-1,575	-1,679
Other interest expenses	-138	-78
Total interest expenses	-20,070	-25,792
Loss on financial assets of Airport of Zurich Noise Fund	-1,196	-1,699
Other finance costs	-2,162	-2,748
Foreign exchange losses	-557	-158
Unwinding of discount on provision for sound insulation and resident protection plus formal expropriations	-17,023	-7,706
Total finance costs	-41,008	-38,103
Interest income on financial assets of Airport of Zurich Noise Fund	2,740	3,784
Interest income on postal accounts and bank deposits/loans	89	184
Interest on arrears	1	5
Total interest income	2,830	3,973
Foreign exchange gains	761	282
Other finance income	12	5
Total finance income	3,603	4,260
Finance result, net	-37,405	-33,843

The net finance result of Flughafen Zürich AG amounted to CHF -37.4 million in financial year 2015, a decrease on the CHF -33.8 million posted in the prior-year period.

Interest expenses on debentures and non-current loans were CHF 4.8 million or 22.7 % down on the previous year to CHF 16.4 million in the year under review. The savings are attributable to the repayment in full of the US private placement in April 2015.

The CHF 9.3 million increase in finance costs from the unwinding of the discount on the provision for sound insulation and resident protection plus formal expropriations is due primarily to the reduction in the discount rate from 1.1 % to 0.4 % or 0.3 % (see note 18, "Provision for sound insulation and resident protection plus formal expropriations").

In 2015, capitalised interest on borrowings for buildings under construction was calculated using an average interest rate of 1.87 % (2014: 2.24 %).

7 INCOME TAX

(CHF 1,000)	2015	2014
Taxes for current year	71,214	59,966
Taxes for prior years	2,660	48
Total current income tax	73,874	60,014
Deferred income tax on changes in temporary differences	-21,712	-6,508
Increase in tax rate	1,331	0
Total deferred income tax	-20,381	-6,508
Total income tax	53,493	53,506

Income tax can be analysed as follows:

(CHF 1,000)	2015	2014
Profit before tax	233,300	259,427
Tax expense at anticipated tax rate of 20.5 % (2014: 20.2 %)	47,845	52,456
Effect of tax rate changes on deferred taxes	1,331	0
Effect of share of results of associates	576	0
Prior period adjustments	2,660	48
Current-year losses for which no deferred tax assets were recognised	0	727
Effect of application of different income tax rates in Switzerland	-205	0
Effect of application of different income tax rates in foreign countries	130	273
Miscellaneous items	1,156	2
Total income tax	53,493	53,506

8 PROPERTY, PLANT AND EQUIPMENT

In connection with the project "The Circle", 49 % of the land was sold on a co-ownership basis to Swiss Life AG. The remaining portion of the land on which "The Circle" project will be implemented was reclassified as "Investment property", as the project qualifies as real estate held for investment (see note 9, "Investment property"). In addition, Flughafen Zürich AG transferred the project costs incurred for "The Circle" up until that date to the co-ownership structure between the company and Swiss Life AG.

Projects in progress

In the past financial year, Flughafen Zürich AG invested CHF 160.2 million in projects in progress (2014: CHF 246.7 million). The decline is due to the investments in "The Circle" project, which as of the year under review are recognised in "Investment property". The biggest items comprise the following projects:

- Upgrade of Terminal 2 (CHF 38.2 million)
- Various maintenance operations to preserve the value of buildings and engineering structures (CHF 36.2 million)
- Expansion of car parking (CHF 21.8 million)
- Refurbishment of curbside lanes (CHF 19.6 million)

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

In December 2001, Flughafen Zürich AG concluded a framework lease agreement for financing the new baggage sorting and handling system, then under construction, and the aircraft energy supply system over a term of 17 years. On 1 August 2003, since the systems were near completion, a first tranche of each of the definitive lease agreements totalling CHF 84.5 million with an initial maturity of 17 years was put into effect. Between 2004 and 2014, a further eleven tranches totalling CHF 28.2 million were added. 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.

Depreciation

Depreciation of property, plant and equipment totalling CHF 219.7 million was offset against government grants and subsidies recognised in the income statement in the amount of CHF 0.8 million.

Impairment

Flughafen Zürich AG voluntarily carries out a calculation at company level on a yearly basis to determine whether there is any indication that property, plant and equipment and intangible assets (see note 10, "Intangible assets") may be impaired. The calculation is based on expected future free cash flows of Flughafen Zürich AG and various assumptions regarding future trends (e.g. passenger and traffic volumes, investments, the hub status of Zurich Airport and the discount rate). The calculation as at 31 December 2015 did not identify any indications of impairment.

Property, plant and equipment changed as follows in the past financial year:

(CHF million)	Land	Engineering structures	Buildings	Leased assets	Projects in progress	Movables	Total property, plant and equipment
Cost							
Balance as at 1 January 2014	110.2	1,568.2	4,025.5	105.2	250.9	265.2	6,325.2
Additions				7.4	246.7		254.1
Disposals		-41.7	-84.1			-13.9	-139.7
Transfers		88.5	119.6		-224.5	16.4	0.0
Reclassification					-4.5		-4.5
Balance as at 31 December 2014	110.2	1,615.0	4,061.0	112.6	268.6	267.7	6,435.1
Balance as at 1 January 2015	110.2	1,615.0	4,061.0	112.6	268.6	267.7	6,435.1
Additions					160.2		160.2
Disposals	-0.9	-53.6	-56.3		-31.5	-6.6	-148.9
Transfers		98.5	25.0		-135.7	12.2	-0.0
Reclassification	-1.0	-0.3			-34.4		-35.7
Balance as at 31 December 2015	108.3	1,659.6	4,029.7	112.6	227.2	273.3	6,410.7
Depreciation, amortisation							
Balance as at 1 January 2014	0.0	-785.6	-2,354.6	-69.0	0.0	-179.0	-3,388.2
Additions		-49.8	-139.8	-10.7		-16.0	-216.3
Disposals		41.6	82.6			13.7	137.9
Balance as at 31 December 2014	0.0	-793.8	-2,411.8	-79.7	0.0	-181.3	-3,466.6
Balance as at 1 January 2015	0.0	-793.8	-2,411.8	-79.7	0.0	-181.3	-3,466.6
Additions		-51.5	-140.5	-11.2		-16.5	-219.7
Disposals		53.5	55.0			6.5	115.0
Balance as at 31 December 2015	0.0	-791.8	-2,497.3	-90.9	0.0	-191.3	-3,571.3
Government subsidies and grants							
Balance as at 1 January 2014	0.0	0.0	-1.5	0.0	-3.5	0.0	-5.0
Additions		-1.2			1.2		0.0
Disposals			0.5				0.5
Balance as at 31 December 2014	0.0	-1.2	-1.0	0.0	-2.3	0.0	-4.5
Additions		-2.7	-0.5		-2.3	-0.2	-5.7
Disposals		0.3	0.5				0.8
Balance as at 31 December 2015	0.0	-3.6	-1.0	0.0	-4.6	-0.2	-9.4
Net carrying amount as at 1 January 2014	110.2	782.6	1,669.4	36.2	247.4	86.2	2,932.0
Net carrying amount as at 31 December 2014	110.2	820.0	1,648.2	32.9	266.3	86.4	2,964.0
Net carrying amount as at 31 December 2015	108.3	864.2	1,531.4	21.7	222.6	81.8	2,830.0

9 INVESTMENT PROPERTY

(CHF 1,000)	Land	Project in progress	Total investment property
Cost			
Balance as at 1 January 2015	0	0	0
Additions	0	39,538	39,538
Reclassification	950	33,086	34,036
Balance as at 31 December 2015	950	72,624	73,574
Depreciation, amortisation			
Balance as at 1 January 2015	0	0	0
Additions	0	0	0
Balance as at 31 December 2015	0	0	0
Net carrying amount as at 1 January 2015	0	0	0
Net carrying amount as at 31 December 2015	950	72,624	73,574

“The Circle” project

On 5 February 2015, Flughafen Zürich AG and Swiss Life AG notarised the purchase agreement for the share of land for “The Circle” and registered it for entry in the Land Register, thereby establishing the co-ownership structure between the two parties provided for in the financing agreements, in which Flughafen Zürich AG has a 51 % interest and Swiss Life AG a 49 % interest. Flughafen Zürich AG then transferred the project costs incurred for “The Circle” to date to the co-ownership structure (see note 8, “Property, plant and equipment”).

Based on the nature of the contractual arrangement, the co-ownership structure for “The Circle” is classified as a joint operation in accordance with IFRS 11. The share of the rights to the assets and the share of the obligations for the liabilities of the co-ownership structure are therefore recognised and presented in the relevant line items in the consolidated financial statements of Flughafen Zürich AG.

The share of the “The Circle” property under construction is classified as investment property in accordance with IAS 40. In this context, Flughafen Zürich AG has decided to apply the cost model. The land recognised for “The Circle” in the amount of CHF 1.0 million represents the purchase cost of the share of the plot of land on which the project will be implemented. The item “Project in progress” in the amount of CHF 72.6 million includes the share of the production costs capitalised to date (project and construction costs).

The fair value of “The Circle” was CHF 118.3 million at the reporting date. The value was calculated by an external expert using the discounted cash flow method (Level 3). Under this method, the fair value is determined on the basis of the total expected future net income (before tax, interest payments, depreciation and amortisation) discounted to the present date. A risk-adjusted discount rate is set depending on the opportunities and risks and in line with market rates.

10 INTANGIBLE ASSETS

(CHF 1,000)	Intangible asset from right of formal expropriation	Other intangible assets	Total intangible assets
Cost			
Balance as at 1 January 2014	326,596	77,497	404,093
Additions	0	0	0
Disposals	-116,553	-4,172	-120,725
Reclassification	0	4,454	4,454
Balance as at 31 December 2014	210,043	77,779	287,822
Balance as at 1 January 2015	210,043	77,779	287,822
Additions	0	0	0
Disposals	0	-9,975	-9,975
Reclassification	0	1,582	1,582
Balance as at 31 December 2015	210,043	69,386	279,429
Depreciation, amortisation			
Balance as at 1 January 2014	-36,648	-65,942	-102,590
Additions	-7,483	-5,603	-13,086
Disposals	0	4,042	4,042
Balance as at 31 December 2014	-44,131	-67,503	-111,634
Balance as at 1 January 2015	-44,131	-67,503	-111,634
Additions	-4,556	-4,706	-9,262
Disposals	0	9,688	9,688
Balance as at 31 December 2015	-48,687	-62,521	-111,208
Net carrying amount as at 1 January 2014	289,948	11,555	301,503
Net carrying amount as at 31 December 2014	165,912	10,276	176,188
Net carrying amount as at 31 December 2015	161,356	6,865	168,221

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 of formal expropriation 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.

Based on the initial estimate of noise-related costs as of mid-2008 and the contractual triggering of pre-financing of old noise-related liabilities by the Canton of Zurich, an amount of CHF 125.5 million (present value) was recognised as a provision for formal expropriations in the consolidated financial statements as at 30 June 2008 (nominal amount CHF 150.1 million), and an equal amount was recognised as an intangible asset from the right of formal expropriation. At the same time, a portion of the Airport of Zurich Noise Fund amounting to CHF 115.4 million, which was transferred to the Canton of Zurich as part of the pre-financing solution for bearing the risk and financing the old noise-related liabilities, was also recognised as an intangible asset from the right of formal expropriation. Due to the positive trend in Flughafen Zürich AG's equity, the pre-financing of old noise-related liabilities by the Canton of Zurich was contractually terminated on 30 November 2014. At that time, Flughafen Zürich AG assumed the still unpaid old noise-related liabilities from the Canton of Zurich again, receiving in return the corresponding share of the Airport of Zurich Noise Fund. An amount of CHF 107.7 million was recognised as a provision and, in accordance with the applicable accounting policies, an equal amount was recognised as an intangible asset from the right of formal expropriation. At the same time, the transferred share of the Airport of Zurich Noise Fund (CHF 224.2 million) was charged to the intangible asset and credited to the assets of the Airport of Zurich Noise Fund.

As at 31 December 2015, Flughafen Zürich AG has therefore recognised an intangible asset from the right of formal expropriation in the amount of CHF 161.4 million (2014: CHF 165.9 million). This is amortised using the straight-line method over the remaining term 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 property, plant and equipment (see note 8, "Property, plant and equipment") and intangible assets may be impaired. The calculation is based on expected future free cash flows of Flughafen Zürich AG and various assumptions regarding future trends (e.g. passenger and traffic volumes, investments, the hub status of Zurich Airport and the discount rate). The calculation as at 31 December 2015 did not identify any indications of impairment.

11 FINANCIAL ASSETS OF AIRPORT OF ZURICH NOISE FUND

(CHF 1,000)	31.12.2015	31.12.2014
Current available-for-sale securities (see note 19, "Airport of Zurich Noise Fund")	69,964	49,005
Non-current available-for-sale securities (see note 19, "Airport of Zurich Noise Fund")	257,373	217,252
Total financial assets of Airport of Zurich Noise Fund	327,337	266,257

The available-for-sale securities are debentures in Swiss francs. 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 2015 was between 0.00 % and 3.375 % (2014: between 0.25 % and 3.375 %). See also note 14, "Other receivables and prepaid expenses", and note 19, "Airport of Zurich Noise Fund". The funds are managed by professional financial institutions on the basis of a conservative, money market-oriented investment strategy (see note 6, "Finance result" and note 23.1, "a) Financial risk management", "i) Credit risk").

12 INVESTMENTS IN ASSOCIATES

(CHF 1,000)	31.12.2015	31.12.2014
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 %)	8,617	6,980
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 %)	4,223	6,135
Sociedade de Participação no Aeroporto de Confins S.A., Belo Horizonte (Brazil)		
Share capital: BRL 144 million (previous year BRL 144 million) / Equity share 25.0 % (previous year 25.0 %)	2,538	11,230
Administradora Uniqua IDC C.A., Porlamar (Venezuela)		
Share capital: VEB 25 million (previous year VEB 25 million) / Equity share 49.5 % (previous year 49.5 %)	0	0
Aeropuertos Asociados de Venezuela C.A., Porlamar (Venezuela)		
Share capital: VEB 10 million (previous year VEB 10 million) / Equity share 49.5 % (previous year 49.5 %)	0	0
Total investments in associates	15,378	24,345

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 in May 2008. The operation and management agreement between Flughafen Zürich AG and BIAL expired on 23 May 2015 after a term of ten years. Up until that date, Flughafen Zürich AG received revenue from the agreement. Seven years after the airport in Bengaluru commenced operation, the company withdrew from operational responsibility, but it continues to be represented as a shareholder on BIAL's Board of Directors.

Although the company holds less than 20 % of BIAL, the management of Flughafen Zürich AG considers its influence over the investee to be significant, even after the expiry of the above-mentioned agreement. In addition to the position on BIAL's board of directors, this assessment is based on the fact that, as a private promoter, the company still has significant influence over key decisions at BIAL and, together with the other private promoters (GVK and Siemens), Flughafen Zürich AG participates to a significant extent in decisions on strategic issues at BIAL. Based on this assessment, the investment will continue to be accounted for using the equity method.

Latin America

In addition to the consolidated majority interest in A-port Operaciones S.A. based in Santiago de Chile (Chile), which manages and operates airports in Latin America and the Caribbean, Flughafen Zürich AG holds indirect interests in the licence holders for the Chilean airports in Antofagasta and Iquique due to its 49 % stake in A-port Chile S.A. and an interest in Hato International Airport in Curaçao through Companhia de Participações Aeroportuárias, based in São Paulo (Brazil).

Brazil

At the end of November 2013, Flughafen Zürich AG's consortium with the Brazilian company CCR and Flughafen München GmbH was awarded the concession for the operation and expansion of Confins International Airport in Brazil, which serves the city of Belo Horizonte and the state of Minas Gerais. The 30-year concession agreement was signed in April 2014. With around 11.5 million passengers in 2015 (up by 4 % over 2014), Confins is one of the most important airports in Brazil and is positioning itself to become a major domestic hub.

Flughafen Zürich AG holds a 25 % interest in a private consortium which in turn holds a 51 % controlling stake in the local airport operator Concessionária do Aeroporto Internacional de Confins S.A. – the remaining 49 % of the shares are held by the state-owned Infraero. Flughafen Zürich AG appoints the retail and flight operations managers. In December 2014, Flughafen Zürich AG also signed an Operations, Management & Service Agreement (OMSA) with the licence holder. It accordingly receives revenue from this service agreement.

Venezuela

In 2010, Flughafen Zürich AG and its consortium partner Unique IDC 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 investment protection treaty between Venezuela, Switzerland and Chile.

The ICSID reached its decision in November 2014, requiring the Bolivarian Republic of Venezuela to reimburse the consortium the costs incurred for the proceedings and project plus a compensation payment of around USD 19.5 million as well as interest incurred up until receipt of payment (around USD 15.3 million accrued as at 31 December 2015). Flughafen Zürich AG is entitled to 50 % of the total amount of the payments.

Prior to the deadline set for 18 March 2015, Venezuela appealed to the ICSID to set aside the tribunal's decision on the grounds of an infringement of procedural rules. A new three-judge tribunal was appointed to decide on whether the ruling is to be upheld or not. The oral hearings will take place in mid August 2016. The value of this holding was fully impaired in 2006.

Additional disclosures

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 IFRS, adjusted for differences in accounting policies if required.

Bangalore International Airport Ltd.

(CHF 1,000)	31.12.2015	31.12.2014
Revenue	167,863	126,561
Profit	38,799	5,895
Comprehensive income	38,799	5,895
Non-current assets	519,936	445,480
Current assets	68,103	113,086
Non-current liabilities	-337,884	-317,496
Current liabilities	-77,809	-101,465
Net equity	172,346	139,605
Equity share	5 %	5 %
Carrying amount of interest in associate	8,617	6,980

A-port Chile S.A.

(CHF 1,000)	31.12.2015	31.12.2014
Revenue	7,029	8,486
Profit	-2,044	326
Comprehensive income	-2,044	326
Non-current assets	40,310	48,341
Current assets	3,288	6,010
Non-current liabilities	-28,842	-38,028
Current liabilities	-6,138	-3,803
Net equity	8,618	12,520
Equity share	49 %	49 %
Carrying amount of interest in associate	4,223	6,135

Sociedade de Participação no Aeroporto de Confins S.A.

(CHF 1,000)	31.12.2015	31.12.2014
Revenue	93,659	27,817
Profit	-20,819	-8,206
Comprehensive income	-20,819	-8,206
Non-current assets	337,947	400,138
Current assets	29,238	113,801
Non-current liabilities	-318,852	-432,310
Current liabilities	-38,180	-36,708
Net equity	10,153	44,921
Equity share	25.0 %	25.0 %
Carrying amount of interest in associate	2,538	11,230

13 TRADE RECEIVABLES

(CHF 1,000)	31.12.2015	31.12.2014
Trade receivables ¹⁾	100,134	102,814
Impairment allowance	-981	-1,209
Total trade receivables, net	99,153	101,605

1) Trade receivables include an amount of CHF 33.6 million due from Swiss (2014: CHF 31.2 million). In the period between the balance sheet date and the preparation of the 2015 annual report, Swiss had paid the outstanding amount arising from airport charges in full as at 31 December 2015.

Geographical distribution of trade receivables:

(CHF 1,000)	31.12.2015	31.12.2014
Switzerland	58,905	61,097
Europe	5,145	5,603
India	624	0
Latin America	0	0
Other	1,108	1,189
Total aviation	65,782	67,889
Switzerland	31,994	34,028
Europe	79	80
India	384	6
Latin America	1,173	364
Other	722	447
Total non-aviation	34,352	34,925
Total trade receivables	100,134	102,814

Classification of receivables by maturity as at the reporting date:

	Trade receivables gross	Individual allowance	Collective allowance	Trade receivables gross	Individual allowance	Collective allowance
(CHF 1,000)	31.12.2015	31.12.2015	31.12.2015	31.12.2014	31.12.2014	31.12.2014
Not past due	91,963	0	-446	97,057	0	-457
Past due, 0 to 30 days	4,660	0	-21	3,740	0	-16
Past due, 31 to 60 days	889	0	-6	428	0	-2
Past due, more than 61 days	2,622	-491	-17	1,589	-722	-12
Total	100,134	-491	-490	102,814	-722	-487

The impairment allowance changed as follows in the reporting period:

	Individual allowance		Collective allowance		Total allowance	
(CHF 1,000)	2015	2014	2015	2014	2015	2014
Balance as at 1 January	-722	-121	-487	-558	-1,209	-679
Change	231	-601	-3	71	228	-530
Balance as at 31 December	-491	-722	-490	-487	-981	-1,209

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

14 OTHER RECEIVABLES AND PREPAID EXPENSES

(CHF 1,000)	31.12.2015	31.12.2014
Services not yet invoiced	13,302	10,055
Accrued interest on interest-bearing debt instruments Airport of Zurich Noise Fund	1,317	1,703
Prepaid services	20,151	2,328
Prepaid expenses and accruals	34,770	14,086
Tax receivables (VAT / withholding tax)	8,635	8,355
Other receivables	220	1,470
Total other receivables and prepaid expenses	43,625	23,911

Other receivables and prepaid expenses include the following financial instruments:

(CHF 1,000)	31.12.2015	31.12.2014
Services not yet invoiced	13,302	10,055
Accrued interest on interest-bearing debt instruments Airport of Zurich Noise Fund	1,317	1,703
Total financial instruments	14,619	11,758
Tax receivables (VAT / withholding tax)	8,635	8,355
Prepaid services	20,151	2,328
Other receivables	220	1,470
Total other receivables and prepaid expenses	43,625	23,911

The interest from the liquid funds of the Airport of Zurich Noise Fund that were invested separately (see also note 11, "Financial assets of Airport of Zurich Noise Fund" and note 19, "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.

15 CASH AND CASH EQUIVALENTS AND FIXED-TERM DEPOSITS

(CHF 1,000)	31.12.2015		31.12.2014	
	Total	of which AZNF	Total	of which AZNF
Cash on hand	227	0	201	0
Cash at banks and in postal accounts	336,743	49,149	109,337	37,558
Collateral, due within 90 days ¹⁾	0	0	6,580	0
Call money and fixed-term deposits ²⁾	35,000	0	110,008	0
Total cash and cash equivalents	371,970	49,149	226,126	37,558
Current fixed-term deposits ³⁾	50,000	50,000	195,000	195,000
Non-current fixed-term deposits ³⁾	50,000	50,000	0	0
Total fixed-term deposits	100,000	100,000	195,000	195,000

1) For information on collateral, see note 17, "Financial liabilities".

2) Due within 90 days from date of acquisition.

3) Due after 90 days from date of acquisition.

The table below shows the applicable original currency, interest rates and maturities of cash and cash equivalents and fixed-term deposits:

		2015	2014	2015	2014
	Original currency	Interest rates (%)	Interest rates (%)	Latest maturity	Latest maturity
Cash at banks and in postal accounts	CHF	-0.75 to 0.02	0.00 to 0.05	n/a	n/a
Collateral	CHF	-0.91 to -0.01	-0.01 to 0.00	n/a	n/a
Call money and fixed-term deposits ¹⁾	CHF	0.00 to 0.25	0.08 to 0.25	n/a	25.02.2015
Fixed-term deposits ²⁾	CHF	-0.50 to 0.40	0.14 to 0.40	23.01.2017	23.12.2015

1) Due within 90 days from date of acquisition.

2) Due after 90 days from date of acquisition.

16 EQUITY AND RESERVES

(Number of shares)	Issued registered shares (nominal value, CHF 50)	Treasury shares	Total shares in circulation
Balance as at 1 January 2014	6,140,375	3,559	6,136,816
Purchase of treasury shares		855	-855
Distribution of treasury shares to employees and third parties		-1,981	1,981
Balance as at 31 December 2014	6,140,375	2,433	6,137,942
Purchase of treasury shares		308	-308
Distribution of treasury shares to employees and third parties		-1,511	1,511
Balance as at 31 December 2015	6,140,375	1,230	6,139,145

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 3, "Personnel expenses" and note 23.6, "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:

	2015	2014
Profit attributable to shareholders of Flughafen Zürich AG in Swiss francs	179,643,482	205,801,091
Weighted average number of outstanding shares	6,138,805	6,137,885
Effect of dilutive shares	1,743	2,180
Adjusted weighted average number of outstanding shares	6,140,548	6,140,065
Basic earnings per share (CHF)	29.26	33.53
Diluted earnings per share (CHF)	29.26	33.52

Dividend distribution limit

The amount available for payment as a dividend is based on the available retained earnings of Flughafen Zürich AG and is specified in accordance with the provisions of the Swiss Code of Obligations (CO). As at the reporting date, reserves amounting to CHF 154.1 million (2014: CHF 154.6 million) were subject to a restriction on distribution under the provisions of commercial law.

Dividends

The Board of Directors will propose to the General Meeting of Shareholders that an ordinary dividend of CHF 15.00 per share (CHF 92.1 million in total) be distributed from retained earnings for financial year 2015. The Board of Directors will also request that an additional dividend of CHF 16.00 per share (CHF 98.2 million in total) be paid out and charged to the capital contribution reserves.

In accordance with the resolution by the General Meeting of Shareholders on 28 April 2015, Flughafen Zürich AG paid a dividend of CHF 13.50 per share or CHF 82.9 million in total (no dividend on treasury shares) for financial year 2014.

Major shareholders and shareholder structure

The shareholder structure as at 31 December was as follows:

	2015	2014
Public sector	38.60 %	38.60 %
Private individuals	3.69 %	3.34 %
Companies	3.35 %	2.48 %
Pension funds	1.68 %	1.52 %
Financial institutions (including nominees)	27.01 %	25.37 %
Balance available and non-registered shareholders	25.67 %	28.69 %
Total	100.00 %	100.00 %
	2015	2014
Number of shareholders	6,041	5,397

As at the reporting date, the following shareholders or groups of shareholders held more than 5 % of the voting rights:

	2015	2014
Canton of Zurich	33.33 %	33.33 %
City of Zurich (including pension fund of the City of Zurich)	5.05 %	5.05 %

17 FINANCIAL LIABILITIES

(CHF 1,000)	31.12.2015	31.12.2014
Debentures	948,341	947,623
Non-current lease liabilities	6,454	25,647
Non-current financial liabilities	954,795	973,270
US private placement	0	54,436
Current lease liabilities	19,195	13,247
Current financial liabilities	19,195	67,683
Total financial liabilities	973,990	1,040,953

On 13 April 2015, the last tranche of the US private placement was repaid in full at maturity from the company's own funds.

In financial year 2015, a total of CHF 13.2 million (2014: CHF 12.0 million) of the outstanding lease liabilities was repaid in accordance with the existing lease agreements. Furthermore, compared with the prior-year reporting date, the maturities of the outstanding lease payments resulted in reclassification from non-current to current lease liabilities.

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

Financial liabilities	31.12.2015	31.12.2015	Duration	Interest rate	Early amortisation	Interest payment date
	Nominal Value	Carrying amount				
	(CHF 1,000)	(CHF 1,000)				
Debenture	250,000	249,230	2011 – 2017	2.250 %	no	5.5.
Debenture	300,000	299,458	2012 – 2020	1.250 %	no	3.7.
Debenture	400,000	399,653	2013 – 2023	1.500 %	no	17.4.
Lease liabilities (aircraft energy supply systems)	6,454	6,454	2003 – 2020	3.476 %	no	1 st of each month
Total non-current financial liabilities		954,795				

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

In addition, unused credit facilities at the reporting date amounted to a total of CHF 239.9 million (see note 23.1, “a) Financial risk management”, “ii) Liquidity risk”).

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

(CHF 1,000)	31.12.2015	31.12.2014
Due within 1 year	19,195	67,683
Due between 1 and 5 years	555,142	273,125
Due in more than 5 years	399,653	700,145
Total financial liabilities	973,990	1,040,953

Hedge transactions (with hedge accounting)

Description	US private placement	Total fair value (gross)	Deferred tax	Total fair value (net)
Duration	2003 – 2015			
Contract amount	USD 275 million			
Fair values (CHF 1,000)				
Balance as at 31 December 2013	49,615	49,615	-10,023	39,592
Adjustment to fair value	-30,983	-30,983	6,258	-24,725
Balance as at 31 December 2014	18,632	18,632	-3,765	14,867
Adjustment to fair value	-18,632	-18,632	3,765	-14,867
Balance as at 31 December 2015	0	0	0	0

When the US private placement was repaid on 13 April 2015, the related cross-currency interest rate swap was also terminated. As at 31 December 2015, Flughafen Zürich AG did not therefore have any hedge transactions designated for hedge accounting. In the previous year, the fair value of the derivative financial instrument used to hedge the US private placement was recognised under “Other current liabilities, accruals and deferrals” (see also note 22, “Other current liabilities, accruals and deferrals”).

For hedge accounting purposes, the cross-currency interest rate swap used to hedge currency risk associated with future interest payments and repayments on the US private placement was divided into two components in the previous year: one component for hedging currency risks, and the other for hedging interest rate risks. The hedging of the nominal amounts of foreign currencies was 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 were recognised in the income statement. The interest component of the swap was classified as a cash flow hedge. Changes in the fair value of the interest component of the hedging instruments were accordingly recognised in equity (see also “Consolidated statement of changes in equity”). As soon as hedged interest payments were effected, the changes in fair value were transferred to the income statement.

Due to the termination of the cross-currency interest rate swap, the accumulated foreign exchange differences in the hedged financial liabilities were also released in the reporting period:

(CHF 1,000)	US private placement	Total foreign exchange differences (gross)	Deferred tax	Total foreign exchange differences (net)
Balance as at 31 December 2013	-48,477	-48,477	9,792	-38,685
Foreign exchange differences	29,977	29,977	-6,055	23,922
Balance as at 31 December 2014	-18,500	-18,500	3,737	-14,763
Foreign exchange differences	18,500	18,500	-3,737	14,763
Balance as at 31 December 2015	0	0	0	0

Following the termination of the cross-currency interest rate swap, there were no longer any unrealised gains/ losses recognised in the hedging reserve as an item within equity at the reporting date:

(CHF 1,000)	Gross	Deferred tax	Net
Balance as at 31 December 2013	-1,138	231	-907
Adjustment to fair value	-1,233	249	-984
Transfer to income statement	2,239	-452	1,787
Balance as at 31 December 2014	-132	28	-104
Adjustment to fair value	-494	101	-393
Transfer to income statement	626	-129	497
Balance as at 31 December 2015	0	0	0

Collateral for the above hedge transactions

There were no hedge transactions at the reporting date. In the previous year, Flughafen Zürich AG was required to provide collateral because the cross-currency interest rate swap relating to the US private placement had a negative fair value.

(CHF 1,000)	Original currency	2015 Interest rate in %	2014 Interest rate in %	31.12.2015	31.12.2014
Cash and cash equivalents, due within 90 days	CHF	n/ a	-0.01 to 0.00	-	6,580

Overview of lease liabilities

The lease liabilities shown below primarily include the lease agreements for the baggage sorting and handling system and the aircraft energy supply system outlined in note 8, "Property, plant and equipment". As at the reporting date, interest rates on the material lease liabilities were 3.908 % (baggage sorting and handling system) and 3.476 % (aircraft energy supply system).

In October 2015, a CHF 0.5 million framework lease agreement was signed for the purpose of purchasing vehicles for the VIP service. This framework agreement is available until 31 October 2016 to finance lease vehicles over a maximum term of 60 months. The framework agreement was still unused at the reporting date.

(CHF 1,000)	31.12.2015	31.12.2014
Future minimum lease payments		
Due within 1 year	19,817	14,528
Due between 1 and 5 years	6,867	25,476
Due in more than 5 years	0	1,207
Total future minimum lease payments	26,684	41,211
Future interest payments	-1,035	-2,317
Present value of lease liabilities	25,649	38,894
Due within 1 year	19,195	13,247
Due between 1 and 5 years	6,454	24,452
Due in more than 5 years	0	1,195

18 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 2014	65,660	239,702	305,362
Provision used ¹⁾	-21,405	-990	-22,395
Increase of provision	0	107,691	107,691
Unwinding of discount ²⁾	1,808	5,897	7,705
Balance as at 31 December 2014	46,063	352,300	398,363
of which current (planned payment within 1 year)	12,000	20,000	32,000
of which non-current (planned payment from 1 year on)	34,063	332,300	366,363
Balance as at 1 January 2015	46,063	352,300	398,363
Provision used ¹⁾	-14,272	-12,529	-26,801
Increase of provision	97,135	0	97,135
Unwinding of discount ³⁾	2,487	14,536	17,023
Balance as at 31 December 2015	131,413	354,307	485,720
of which current (planned payment within 1 year)	14,970	19,970	34,940
of which non-current (planned payment from 1 year on)	116,443	334,337	450,780

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 19, "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.

Provision for sound insulation and resident protection

In connection with the application regarding the 2014 operating regulations, the Federal Office of Civil Aviation (FOCA) required Flughafen Zürich AG to submit an extended sound insulation programme by the end of June 2015. At its meeting on 22 June 2015, the Board of Directors approved a further CHF 100.0 million of measures in this context in addition to the CHF 240.0 million previously estimated for sound insulation and resident protection. The present value of these additional costs was immediately recognised as a provision, resulting in an amount of CHF 97.1 million (before taxes) being charged to profit or loss in the consolidated financial statements (see note 5, "Capitalised expenditure and other income/expenses, net").

Flughafen Zürich AG has therefore effectively undertaken to bear costs totalling a nominal amount of approximately CHF 340.0 million (previously: CHF 240.0 million) for sound insulation and resident protection measures, some of which have already been carried out and others which have been announced. As of the reporting date, a total of CHF 206.6 million had been paid out. The estimated outstanding costs are stated at present value in the breakdown of provisions shown above. Due in particular to the decline in general interest rates, the discount rate used to calculate the interest cost on the nominal payment flows went down to 0.4 % (2014: 1.1 %). It is currently expected that the total payments, including the extended sound insulation programme, can be completed by the end of 2025 (previously: 2020).

Provision for formal expropriations

Due to the positive trend in Flughafen Zürich AG's equity, the pre-financing of old noise-related liabilities by the Canton of Zurich was contractually terminated on 30 November 2014. At that time, Flughafen Zürich AG assumed the still unpaid old noise-related liabilities from the Canton of Zurich again, receiving in return the corresponding share of the Airport of Zurich Noise Fund. An amount of CHF 107.7 million was recognised as a provision and, in accordance with the applicable accounting policies, an equal amount was recognised as an intangible asset from the right of formal expropriation (see note 10, "Intangible assets").

Based on the fundamental issues on which the Swiss Federal Supreme Court has ruled to date (see the detailed notes under "Judgements and significant estimates and assumptions in the application of accounting policies", point 1.5, on pages 74 to 75), an amount of CHF 354.3 million was recognised as a provision for all noise-related liabilities (nominal amount CHF 357.8 million). The discount rate used to calculate the interest cost on the nominal payment flows is now 0.3 % (2014: 1.1 %). It is currently expected that the payments can be completed by the end of 2020.

19 AIRPORT OF ZÜRICH 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 statement. 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 financial institutions on the basis of a conservative, money market-oriented investment strategy. The income from these investments is credited to the fund statement.

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.

If the accumulated costs were higher than the accumulated income (i.e. a financing gap arose), Flughafen Zürich AG previously had access to a committed credit line in the amount of CHF 200.0 million until the end of 2015. In light of the current balance on the Airport of Zurich Noise Fund, this credit line was terminated early on 31 December 2014.

After the pre-financing solution with the Canton of Zurich ceased to apply as of 30 November 2014 due to the positive trend in Flughafen Zürich AG's equity and the Canton of Zurich's share of the Airport of Zurich Noise Fund was therefore returned to Flughafen Zürich AG (see “Notes to the consolidated financial statements”, 1.5 “Reporting of noise-related costs in the financial statements”, pages 74 to 75), the situation of the Airport of Zurich Noise Fund as at the reporting date is as follows:

(CHF 1,000)	2015	2014
Airport of Zurich Noise Fund as at 1 January	491,396	300,197
Revenue from noise charges	10,865	15,651
Costs for sound insulation and resident protection	-17,779	-46,406
Costs for formal expropriations ¹⁾	-12,954	-1,942
Balance before operating costs and finance result	471,528	267,500
Operating costs	-3,137	-3,892
Interest income from financial assets of Airport of Zurich Noise Fund	3,897	3,820
Adjustments to fair value of financial assets (available-for-sale-securities)	652	1,423
Realised gains / losses on financial assets (available-for-sale-securities)	-1,196	-1,699
Return of the Canton of Zurich's share in the Airport of Zurich Noise Fund on 30 November 2014	0	224,244
Airport of Zurich Noise Fund as at 31 December	471,744	491,396

1) 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 18, “Provision for sound insulation and resident protection plus formal expropriations”).

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

(CHF 1,000)	31.12.2015	31.12.2014
Cash equivalents (see note 15, “Cash and cash equivalents”)	49,149	37,558
Fixed-term deposits (see note 15, “Cash and cash equivalents”)	100,000	195,000
Current available-for-sale securities (see note 11, “Financial assets of Airport of Zurich Noise Fund”)	69,964	49,005
Non-current available-for-sale securities (see note 11, “Financial assets of Airport of Zurich Noise Fund”)	257,373	217,252
Accrued asset / (liability) towards Flughafen Zürich AG ¹⁾	-4,742	-7,419
Total assets invested for Airport of Zurich Noise Fund	471,744	491,396

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

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

(CHF 1,000)	2016	2017	2018	2019	2020ff.	Total
Cash and cash equivalents	49,149	0	0	0		49,149
Fixed-term deposits	100,000	0	0	0		100,000
AAA	46,665	25,423	29,530	8,131	52,971	162,720
AA+ / AA / AA-	15,200	4,013	33,003	12,252	15,990	80,458
A+ / A / A-	0	11,330	0	1,995	10,055	23,380
Without rating	8,099	6,779	14,987	0	30,914	60,779
Other ¹⁾	-4,742	0	0	0		-4,742
Total assets invested for Airport of Zurich Noise Fund	214,371	47,545	77,520	22,378	109,930	471,744
in %	45.44	10.08	16.43	4.74	23.31	100.00

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

20 DEFERRED TAX LIABILITIES

In accordance with IAS 12.47, deferred tax assets and liabilities are calculated at the rate that is expected to apply when the asset is realised or the liability settled. Flughafen Zürich AG anticipates an applicable tax rate of 20.5% (2014: 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)	2015	2014
Deferred tax liability, net as at 1 January	83,773	104,662
Change in tax rate, recognised in hedging reserve	0	0
Change in tax rate, recognised in OCI	-86	0
Change in tax rate, recognised in income statement	1,331	0
Deferred taxes on adjustments to fair value of cross-currency interest rate swap recognised in hedging reserve	-101	-249
Cross-currency interest rate swap – transfer to income statement	129	452
Deferred taxes on remeasurement of defined benefit obligations, recognised in OCI	-5,095	-14,584
Change according to income statement	-21,713	-6,508
Deferred tax liability, net as at 31 December	58,238	83,773

Deferred tax is allocated to the following items:

	31.12.2015		31.12.2014	
(CHF 1,000)	Assets	Liabilities	Assets	Liabilities
Property, plant and equipment & other intangible assets		20,926		24,504
Investments in associates and other financial assets		2,274		1,577
Renovation fund		32,206		30,625
Aircraft noise		35,291		56,855
Financial liabilities transaction costs		0		43
Financial liabilities issuing costs		340		480
Employee benefit obligations	33,058		30,504	
Cross-currency interest rate swap	0		3,765	
Private placements		0		3,737
Miscellaneous items		259		221
Deferred tax, gross	33,058	91,296	34,269	118,042
Offsetting of assets and liabilities	-33,058	-33,058	-34,269	-34,269
Deferred tax liability, net	0	58,238	0	83,773

As at 31 December 2015, it was possible to claim all existing prior-year tax loss carryforwards of Flughafen Zürich AG subsidiaries.

21 EMPLOYEE BENEFITS

(CHF 1,000)	31.12.2015	31.12.2014
Post-employment benefit obligations	-158,147	-147,040
Other long-term employee benefits	-10,813	-9,610
Employee benefit obligations	-168,960	-156,650

21.1 Post-employment benefits

Flughafen Zürich AG maintains the following employee benefit plans:

a) Defined benefit plans

Affiliation contract with the BVK Employee Pension Fund of the Canton of Zurich

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. In accordance with the revised Federal Act on Occupational Old Age, Survivors' and Invalidity Pension Provision (BVG), the BVK was separated from the administrative structure of the Canton of Zurich in legal, organisational and financial terms on 1 January 2014 and transformed into a foundation under private law. The BVK is registered with the Pensions and Trusts Supervisory Authority of the Canton of Zurich and is monitored by the latter.

The BVK 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 and its committees.

The BVK is subject to the provisions of the Federal Act on Occupational Old Age, Survivors' and Invalidity Pension Provision (BVG) and its implementing provisions. The BVG defines the minimum insured salary, the minimum retirement credits and the interest paid on them, and the conversion rate. As a result of these statutory provisions and the features of the plan, Flughafen Zürich AG, as an employer affiliated to the BVK, is exposed to actuarial risks such as investment risk, interest rate risk, disability risk and the risk of longevity.

Moreover, in accordance with the statutory provisions, 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.

Owing to the current shortfall – according to the applicable Swiss accounting regulations (Art. 44 BVV2), the liabilities of the BVK were funded at an (unaudited) level of 96.1% as at 31 December 2015 (2014: 99.3%) – Flughafen Zürich AG has been obliged since 1 January 2013 to pay restructuring contributions for all insured persons amounting to 2.5% of the insured salary until this shortfall has been eliminated.

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 60. 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 the age of 23, the risk contribution is just 1.2%).

The assets originate from the BVK benefit plans. Since 1 January 2014, the investment strategy has been defined by the BVK Foundation Board, based on the proposals and recommendations of the Board's own investment committee, which in particular is responsible for managing the BVK's assets. It prepares all the investment-related decisions taken by the Foundation Board and manages and supervises their implementation by the management. In addition, it is supported in the monitoring of the investment strategy and the investment process by an external investment controller.

The investment strategy (asset allocation) ranges within tactical bandwidths so as to enable a flexible response to current market situations. The aim is to manage the capital investments effectively and efficiently. 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.

BVK plan amendment effective 1 January 2017

On 7 July 2015, the BVK Foundation Board decided to adjust the actuarial bases with effect from 1 January 2017 and reduce the discount rate from the current 3.25 % to 2.0 % in order to safeguard pensions over the long term. The adjustment also results in a change to the pension conversion rates and in generally higher savings contributions for employees and the employer. As of 1 January 2017, the age-related savings contributions required to be paid by Flughafen Zürich AG for all insured persons will be between 6.0 % and 17.4 % of the insured salary (previously: between 7.2 % and 14.4 %). By contrast, the risk contributions required to be assumed by the employee will fall from 1.8 % to 1.2 %. Up to the age of 20 (previously: 23), only the risk contribution is incurred.

The plan amendment, which in accordance with IAS 19.103 must be recognised when it is announced, resulted in past service cost of CHF 17.9 million being recognised in profit or loss in the reporting period.

Explanation of the amounts in the consolidated financial statements

The actuarial calculation of the defined benefit obligations as at 31 December 2015 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 2015 based on the information available at the date of preparation of the annual financial statements.

As no separate information was available for the 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)	31.12.2015	31.12.2014
Present value of funded defined benefit obligations	-612,545	-579,673
Fair value of plan assets	454,398	432,633
Net defined benefit obligations recognised in the balance sheet	-158,147	-147,040

The defined benefit obligations changed as follows:

(CHF 1,000)	2015	2014
Present value of defined benefit obligations as at 1 January	-579,673	-475,518
Current service costs	-18,921	-13,830
Past service costs	17,899	27
Interest expenses on defined benefit obligations	-6,244	-10,249
Employee contributions	-9,429	-9,222
Benefits paid	11,245	14,168
Gain / (loss) due to experience	-6,388	-257
Gain / (loss) due to demographic assumption changes	3,631	0
Gain / (loss) due to financial assumption changes	-24,665	-84,792
Present value of defined benefit obligations as at 31 December	-612,545	-579,673

The weighted average duration of the defined benefit obligations at 31 December 2015 was 17.4 years (2014: 16.6 years).

The plan assets changed as follows:

(CHF 1,000)	2015	2014
Fair value of plan assets as at 1 January	432,633	399,680
Employer contributions	16,804	16,508
Employee contributions	9,429	9,222
Benefits paid	-11,245	-14,168
Administration expenses	-258	-206
Interest income on plan assets	4,768	8,747
Return on plan assets excluding amounts included in interest income	2,267	12,850
Fair value of plan assets as at 31 December	454,398	432,633

The net defined benefit obligations changed as follows:

(CHF 1,000)	2015	2014
Net defined benefit obligations as at 1 January	-147,040	-75,838
Total charge recognised in the income statement	-2,756	-15,511
Total remeasurements recognised in other comprehensive income	-25,155	-72,199
Employer contributions	16,804	16,508
Net defined benefit obligations as at 31 December	-158,147	-147,040

The company expects employer contributions of CHF 18.5 million for financial year 2016.

Analysis of the amounts recognised in the income statement:

(CHF 1,000)	2015	2014
Current service cost	-18,921	-13,830
Past service cost	17,899	27
Net interest expenses on defined benefit obligations	-1,476	-1,502
Administration expenses	-258	-206
Total charge recognised in the income statement	-2,756	-15,511

Analysis of the amounts recognised in other comprehensive income:

(CHF 1,000)	2015	2014
Actuarial gains / (losses) due to experience	-6,388	-257
Actuarial gains / (losses) due to changes in financial assumptions	-24,665	-84,792
Gain / (loss) due to demographic assumption changes	3,631	0
Return on plan assets excluding amounts included in net interest	2,267	12,850
Total remeasurements recognised in other comprehensive income	-25,155	-72,199

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

	2015	2014
Discount rate	0.80 %	1.10 %
Underlying consumer price inflation	1.00 %	1.00 %
Future salary increases	1.00 %	1.00 %
Rate of pension increases	0.00 %	0.05 %

Breakdown of plan assets by asset class:

(in %)	31.12.2015	31.12.2014
Asset category:		
Cash and cash equivalents	6.0	7.0
Shares	31.0	32.0
Bonds	34.0	31.0
Property	19.0	19.0
Other	10.0	11.0
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 (DBO):

	2015 Effect on DBO		2014 Effect on DBO	
	+0.25 %	–0.25 %	+0.25 %	–0.25 %
Discount rate	Decrease by 3.8 %	Increase by 4.1 %	Decrease by 3.7 %	Increase by 3.9 %
Future salary increases	Increase by 0.0 %	Decrease by 0.0 %	Increase by 0.4 %	Decrease by 0.1 %
Interest rate on retirement savings accounts	Decrease by 0.1 %	Increase by 0.1 %	Increase by 0.2 %	Decrease by 0.2 %

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.

21.2 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 10.8 million (2014: CHF 9.6 million) was calculated based on the number of accumulated years of service which, at the reporting date, was 8.9 years (2014: 8.8 years).

22 OTHER CURRENT LIABILITIES, ACCRUALS AND DEFERRALS

(CHF 1,000)	31.12.2015	31.12.2014
Expenses not invoiced	35,125	33,810
Accrued interest on financial liabilities	9,732	10,466
Investments not invoiced	5,802	16,787
Deferred income	1,213	4,519
Deferred income and accruals	51,872	65,582
Fair value of cross-currency interest rate swap ¹⁾	0	18,632
Amounts due to personnel (holidays and overtime)	3,436	3,782
Deposits and advance payments by customers	6,895	5,060
Social security contributions	6,134	3,390
Other liabilities	514	3,348
Total other current liabilities, accruals and deferrals	68,851	99,794

1) See also note 17, "Financial liabilities".

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

(CHF 1,000)	31.12.2015	31.12.2014
Expenses not invoiced	35,125	33,810
Accrued interest on financial liabilities	9,732	10,466
Investments not invoiced	5,802	16,787
Total liabilities carried at amortised cost	50,659	61,063
Fair value of cross-currency interest rate swap ¹⁾	0	18,632
Total financial instruments held for hedging purposes	0	18,632
Amounts due to personnel (holidays and overtime)	3,436	3,782
Deposits and advance payments by customers	6,895	5,060
Deferred income	1,213	4,519
Social security contributions	6,134	3,390
Other liabilities	514	3,348
Total other current liabilities, accruals and deferrals excluding financial instruments	18,192	20,099
Total other current liabilities, accruals and deferrals	68,851	99,794

1) See also note 17, "Financial liabilities".

23 FURTHER DETAILS

23.1 Information concerning the performance of a risk assessment

Flughafen Zürich AG has set itself the strategic goal of maintaining 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
- Auditing and review of the risk management system

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

Risk Management & Insurance department

The central Risk Management & Insurance department is run by the Head of Financial Services, who reports to the Chief Risk Officer. This department supports the line units in all matters relating to risk management and is responsible for risk reporting as well as the operation and continued development of the risk management system.

Line units (divisions and departments)

As part of their function, the line units bear 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 & Insurance department, 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.).

In reporting on risks, Flughafen Zürich AG describes in detail the most important business risks identified and assesses them both for their probability of occurrence as well as for their 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 the 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 banks with a rating indicating their solvency. 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 33.6 million (2014: CHF 31.2 million) due from Swiss (see note 13, "Trade receivables"). In the period between the reporting date and the preparation of the 2015 annual report, Swiss paid the outstanding amount arising from airport charges as at 31 December 2015 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, past experience and other factors. The maturity structure of trade receivables is normally examined on a weekly basis. Where necessary, terms of payment aimed at minimising risk (normally proforma invoicing) are applied, or 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 direct use of derivative financial instruments is not permitted. 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 19, 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)	31.12.2015	31.12.2014
Cash equivalents (excluding cash on hand)	371,743	225,925
Current and non-current fixed-term deposits	100,000	195,000
Non-current financial assets of Airport of Zurich Noise Fund	257,373	217,252
Trade receivables, net	99,153	101,605
Current financial assets of Airport of Zurich Noise Fund	69,964	49,005
Other receivables and prepaid expenses	14,619	11,758
Other financial assets	23	20
Total maximum exposure to credit risk	912,875	800,565

ii) Liquidity risk

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

Flughafen Zürich AG monitors liquidity risk via a carefully conceived liquidity management process. Here it observes the principle that it must have sufficient flexibility and room for manoeuvre with respect to the availability of liquid funds at short notice. This means maintaining an adequate reserve of liquid funds, ensuring the availability of sufficient funds for financing purposes by securing adequate credit facilities, 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 facilities at its disposal:

(CHF 1,000)	Duration	31.12.2015	31.12.2014
Operating credit lines (committed credit lines) ¹⁾	31.12.2019	240,000	240,000
Airport of Zurich Noise Fund (committed credit lines) ²⁾	31.12.2014	0	200,000
Total credit lines		240,000	440,000
Utilisation ³⁾		-60	-8,637
Total unused credit lines		239,940	431,363

1) The operating credit lines were extended on 8 December 2014 in the amount of CHF 240 million and with duration from 1 January 2015 until 31 December 2019.

2) The credit lines of the Airport of Zurich Noise Fund were terminated early on 25 November 2014, effective as of 31 December 2014.

3) Letter of credit and bank guarantees.

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

(CHF 1,000)	Carrying amount	Contractual cash flows	Due within 1 year	Due within 2 to 5 years	Due in more than 5 years
31.12.2015					
Debentures	948,341	1,028,000	15,375	594,625	418,000
Lease liabilities	25,649	26,684	19,817	6,867	0
Trade payables	41,081	41,081	41,081	0	0
Other current liabilities and accruals	50,659	50,659	50,659	0	0
Total non-derivative financial liabilities	1,065,730	1,146,424	126,932	601,492	418,000
Cross-currency interest rate swap	0	0	0	0	0
Total derivative financial liabilities	0	0	0	0	0
Total	1,065,730	1,146,424	126,932	601,492	418,000

(CHF 1,000)	Carrying amount	Contractual cash flows	Due within 1 year	Due within 2 to 5 years	Due in more than 5 years
31.12.2014					
Debentures	947,623	1,043,375	15,375	300,250	727,750
US private placement	54,436	56,380	56,380	0	0
Lease liabilities	38,894	41,211	14,528	25,476	1,207
Trade payables	43,823	43,823	43,823	0	0
Other current liabilities and accruals	61,063	61,063	61,063	0	0
Total non-derivative financial liabilities	1,145,839	1,245,852	191,169	325,726	728,957
Cross-currency interest rate swap	18,632	18,498	18,498	0	0
Total derivative financial liabilities	18,632	18,498	18,498	0	0
Total	1,164,471	1,264,350	209,667	325,726	728,957

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.

In the area of operations, virtually all of the group's transactions are in Swiss francs, which means that no currency risks need to be hedged. As at the reporting date, Flughafen Zürich AG had foreign currency accounts in euros and US dollars. In the previous year, the company was still exposed to foreign currency risk arising from the US private placement, although the currency risk was fully hedged.

The following table shows the currency risks:

(CHF 1,000)	31.12.2015		31.12.2014	
	Euro	US dollars	Euro	US dollars
Cash at banks and in postal accounts	1,601	533	0	522
Trade receivables	711	0	0	0
Total currency risk assets	2,312	533	0	522
Current financial liabilities	0	0	0	54,436
Debentures and non-current loans	0	0	0	0
Cross-currency interest rate swap	0	0	0	26,840
Total currency risk liabilities	0	0	0	81,276

An appreciation or depreciation in the exchange rate of the Swiss franc by 10 % against the currencies below as at 31 December 2015 would have increased or decreased profit or equity 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
US dollars	434	-41	769	41
Euro	0	0	0	0
31.12.2014	434	-41	769	41
US dollars	0	-42	0	42
Euro	0	-184	0	184
31.12.2015	0	-226	0	226

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 on more attractive terms, both the currency and the interest rate risk are hedged. In the case of such foreign currency transactions, the aim is to make fixed interest payments and repayments in Swiss francs. At the present time, Flughafen Zürich AG only has external financing denominated 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 direct use of derivative financial instruments is not permitted here.

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

(CHF 1,000)	31.12.2015	31.12.2014
Fixed-interest financial assets of Airport of Zurich Noise Fund	327,337	266,257
Current and non-current fixed-term deposits	100,000	195,000
Fixed-interest financial instruments (assets)	427,337	461,257
Cash and cash equivalents	322,821	188,568
Cash and cash equivalents of Airport of Zurich Noise Fund	49,149	37,558
Variable-interest financial instruments (assets)	371,970	226,126
Total interest-bearing assets	799,307	687,383
Debentures	-948,341	-947,623
US private placement	0	-54,436
Cross-currency interest rate swap	0	-18,632
Lease liabilities	-25,649	-38,894
Fixed interest financial instruments (liabilities)	-973,990	-1,059,585
Total interest-bearing liabilities	-973,990	-1,059,585

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	902	0	-902
Fixed-interest financial instruments	-2,213	0	2,216	0
31.12.2014	-2,213	902	2,216	-902
Variable-interest financial instruments	0	1,677	0	-1,677
Fixed-interest financial instruments	-4,606	0	4,606	0
31.12.2015	-4,606	1,677	4,606	-1,677

b) Fair values

Due to their short-term nature, the carrying amounts of cash and cash equivalents, fixed-term deposits, trade receivables, other current receivables and current liabilities are a reasonable approximation of their fair values.

Financial assets in the Airport of Zurich Noise Fund: The fair value corresponds to the market price of the securities at the reporting date (level 1). Derivatives: The fair value of the cross-currency interest rate swap reported as at 31 December 2014 was determined using a fair value model (level 2). The key inputs were foreign exchange rates and interest rates observable in the market. Unobservable inputs were not significant to the measurement.

Financial liabilities: The fair value of the debentures corresponds to the market price (level 1). As at 31 December 2014, the fair value of the other fixed-interest financial liabilities corresponded to the present value of the future cash flows (level 2). The discount rate corresponded to the market interest rate at the reporting date.

	Carrying amount	Fair value	Carrying amount	Fair value
(CHF 1,000)	31.12.2015	31.12.2015	31.12.2014	31.12.2014
Debentures	948,341	1,006,075	947,623	1,003,725
US private placement	0	0	54,436	55,767
Total	948,341	1,006,075	1,002,059	1,059,492

c) Categories of financial instruments

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

(CHF 1,000)	31.12.2015	31.12.2014
Cash (excl. cash on hand) and cash equivalents, collateral and short-term monetary investments	371,743	225,925
Current and non-current fixed-term deposits	100,000	195,000
Trade receivables, net	99,153	101,605
Other receivables and prepaid expenses	14,619	11,758
Other financial assets	11	11
Total loans and receivables	585,526	534,299
Current and non-current financial assets of Airport of Zurich Noise Fund	327,337	266,257
Other financial assets ¹⁾	3,268	3,782
Total available-for-sale financial assets	330,605	270,039
Financial liabilities	-973,990	-1,040,953
Trade payables, net	-41,081	-43,823
Other current liabilities and prepaid expenses, excluding derivatives and non-financial instruments	-50,659	-61,063
Total liabilities carried at amortised cost	-1,065,730	-1,145,839
Other current liabilities (cross-currency interest rate swap)	0	-18,632
Total derivative financial instruments held for hedging purposes	0	-18,632

1) Carried at cost.

d) Fair value hierarchy of financial instruments

Financial instruments recognised or disclosed at fair value are 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	Available-for-sale securities Debt instruments Airport of Zurich Noise Fund		Other financial liabilities Derivative financial instruments	
(CHF 1,000)	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Level 1 (quoted market price)	327,337	266,257	0	0
Level 2 (valuation based on observable input)	0	0	0	-18,632
Level 3 (valuation based on unobservable input)	0	0	0	0
Total at fair value	327,337	266,257	0	-18,632

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.

Flughafen Zürich AG constantly monitors the following key financial data: equity ratio, debt ratio and interest coverage. Here it is especially important to ensure that the ratio between debt and equity is in line with the budgetable cash flows and investments, and tends towards the conservative side. In this way a high degree of entrepreneurial flexibility can be assured at all times, including when unforeseeable events occur.

The necessary quantity of 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.

23.2 Tenancy agreements

The tenancy agreements entered into by the group in its capacity as landlord may be either fixed tenancy or turnover-based agreements.

a) Fixed tenancy agreements

These are divided into limited-term and indefinite agreements. The latter may be terminated within the normal legal period of notice.

b) 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.

23.3 Capital commitments

As at the reporting date, capital commitments for various buildings and engineering structures amount to approximately CHF 213 million in total. The most significant capital commitments concern the expansion of car parking (CHF 55 million), the work to complete the Terminal 2 upgrade project (CHF 22 million), the construction of the arrestor system at the end of runway 28 (CHF 14 million) and the refurbishment of the curbside lanes (CHF 13 million). In addition, the company's share of capital commitments for "The Circle" amounts to approximately CHF 300 million.

In signing the concession agreement for the expansion and operation of Confins International Airport in Belo Horizonte (Brazil), Flughafen Zürich AG has undertaken to contribute equity of an equivalent of up to CHF 25 million via the private consortium in which the company holds a 25 % stake as well as providing management services. An initial tranche of around CHF 13 million was invested in financial year 2014.

23.4 Contingent liabilities

A number of legal proceedings and claims against Flughafen Zürich AG in the context of its normal business activities are still pending. The company does not expect the amount required to settle these lawsuits and claims to have a significantly negative impact on the consolidated financial statements and cash flow of Flughafen Zürich AG.

Depending on future and final-instance legal judgments, especially with respect to the southern approaches, in particular the new noise-related liabilities, but also the old ones, may in future also be subject to substantial adjustments, which would also require adjustments to the noise-related costs recognised as assets and liabilities in the balance sheet. 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.

As part of its involvement in the expansion and operation of Confins International Airport in Belo Horizonte, Flughafen Zürich AG has entered into a counterbond for a performance bond which the operator, Concessionária do Aeroporto Internacional de Confins S.A., had to submit to Brazil's National Civil Aviation Authority (ANAC). As at the reporting date, the amount arising from the counterbond was CHF 18.2 million.

Flughafen Zürich AG is jointly and severally liable to third parties for the liabilities of the co-ownership structure for “The Circle” and the ordinary partnership “The Circle”.

23.5 Related parties

Related parties are:

- Canton of Zurich
- Members of the Board of Directors
- Members of the Management Board
- Associates
- BVK Employee Pension Fund of the Canton of Zurich

a) Transactions with related parties

In the reporting period, the Canton of Zurich police force was paid CHF 97.2 million (2014: CHF 96.7 million) in accordance with the applicable service level agreement. In this context, accrued expenses amounting to CHF 9.2 million at the reporting date (2014: CHF 8.3 million) were included in “Other current liabilities, accruals and deferrals”.

In the reporting period, Flughafen Zürich AG generated revenue of CHF 1.4 million (2014: CHF 1.9 million) from the Operations, Management & Service Agreement with Bangalore International Airport Ltd. (BIAL), which expired on 23 May 2015. As at the reporting date, “Trade receivables” included an amount of CHF 0.4 million (2014: CHF 0 million) still receivable from BIAL.

The consulting revenue generated by the subsidiary Zurich Airport International AG from the management agreement for the airport in Belo Horizonte amounted to CHF 6.4 million in financial year 2015 (2014: CHF 2.2 million). In this context, accrued income amounting to CHF 3.5 million at the reporting date (2014: CHF 2.2 million) is included in “Other receivables and prepaid expenses”. In addition, “Trade receivables” included an amount of CHF 0.8 million (2014: CHF 0 million) still receivable from the operator in Belo Horizonte for services rendered.

In the reporting period, Flughafen Zürich AG paid employer contributions amounting to CHF 16.8 million (2014: CHF 16.5 million) to the BVK Employee Pension Fund of the Canton of Zurich for employee benefits (see note 21, “Employee Benefits”). As at the reporting date, CHF 4.5 million of this (2014: CHF 2.2 million) was still included in “Other current liabilities, accruals and deferrals” (see note 22).

b) 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
		31.12.2015	31.12.2014
Andreas Schmid	Chairman	4	4
Vincent Albers ²⁾	Member	0	n/a
Guglielmo L. Brentel	Member	0	0
Lukas Briner ¹⁾	Vice Chairman	n/a	21
Corine Mauch	Member	0	0
Eveline Saupper ²⁾	Vice Chairwoman	135	n/a
Kaspar Schiller	Member; Chairman of the Nomination & Compensation Com.	13	13
Ernst Stocker ³⁾	Member; Chairman of the Public Affairs Committee	n/a	0
Ulrik Svensson	Member; Chairman of the Audit & Finance Committee	0	0
Carmen Walker Späh ⁴⁾	Member; Chairwoman of the Public Affairs Committee	1	n/a
Martin Wetter ¹⁾	Member	n/a	0
Total		153	38

1) Until 28.4.2015

2) Since 28.4.2015

3) Until 30.6.2015

4) Since 1.7.2015

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

Name	Number of shares as at 31.12.2015	Number of shares as at 31.12.2014
Stephan Widrig ¹⁾	933	857
Thomas E. Kern ²⁾	n / a	2,431
Stefan Conrad	524	448
Michael Schallhart	n / a	524
Daniel Schmucki	1,129	1,053
Total	2,586	5,313

1) Chief Executive Officer since 1.1.2015

2) Chief Executive Officer until 31.12.2014

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

c) Remuneration for key management personnel

Remuneration for the members of the Board of Directors and Management Board comprises the following:

(CHF 1,000)	2015	2014
Short-term employee benefits	3,480	3,473
Post-employment benefits	742	423
Other long-term benefits	0	50
Share-based payments	304	416
Total	4,526	4,362

23.6 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 307,018,750	Parent company
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.	Bogotá	COP 100 million	62.0
Unique IDC S.A. de C.V.	Tegucigalpa	HNL 200 million	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 3,846 million	5.0
A-port Chile S.A.	Santiago de Chile	CLP 5,264 million	49.0
Sociedad Concesionaria Aeropuerto Antofagasta S.A.	Santiago de Chile	CLP 3,600 million	49.0
Sociedad Concesionaria Aeropuerto Iquique S.A.	Santiago de Chile	CLP 600 million	49.0
Sociedad Concesionaria Puerto Montt S.A.	Santiago de Chile	CLP 1,120 million	16.3
Sociedade de Participação no Aeroporto de Confins S.A.	Belo Horizonte	BRL 144 million	25.0
Concessionária do Aeroporto Internacional de Confins S.A.	Belo Horizonte	BRL 263 million	12.8
Administradora Unique IDC C.A.	Porlamar	VEB 25 million	49.5
Aeropuertos Asociados de Venezuela C.A.	Porlamar	VEB 10 million	49.5

23.7 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.

a) 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).

b) Obligations

The concessionaire 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 concessionaire is obligated to implement all measures relating to regulations governing the use of German airspace 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 concessionaire is empowered and obliged to enforce sound insulation measures and to implement them where they are not contested.

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.

c) 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 directive (Council Directive 96/67/EC of 15 October 1996 on access to the groundhandling market at Community airports) also became applicable to Switzerland. The principles governing the granting of rights to carry out ground handling activities are defined in the operating regulations for Flughafen Zürich AG dated 30 June 2011. Accordingly, at the end of an initial seven-year period, licences for ground handling operations in areas in which the number of admissible service providers may be limited were re-awarded on the basis of tender procedures on 1 December 2011 for the period to the end of November 2018.

23.8 Events after the reporting date

The Board of Directors authorised the 2015 consolidated financial statements for issue on 10 March 2016. These also have to be approved by the General Meeting of Shareholders.

No events occurred between 31 December 2015 and the date on which these consolidated financial statements were authorised for issue by the Board of Directors which would require an adjustment to the carrying amounts of the group's assets and liabilities or which would have to be disclosed here.

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 64 to 111), for the year ended 31 December 2015.

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 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 2015 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 "1.5 Reporting of noise-related costs in the financial statements" on pages 74 and 75 in the notes to the consolidated financial statements. The uncertainties and risks referred to therein with regard to noise-related costs 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.

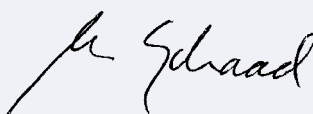
Report on Other Legal Requirements

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



Martin Schaad
Licensed Audit Expert
Auditor in Charge



Samuel Seiler
Licensed Audit Expert

Zurich, 10 March 2016

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS ACCORDING TO THE SWISS CODE OF OBLIGATIONS (CO)

Income statement	114
Balance sheet	115
Notes to the financial statements	116
Proposal for the distribution of available earnings	123

AUDIT REPORT	124
--------------	-----

INCOME STATEMENT
(FINANCIAL STATEMENTS ACCORDING TO THE SWISS CODE OF OBLIGATIONS)

(CHF 1,000)	Notes	2015	2014
Aviation revenue		597,389	574,959
Non-aviation revenue		382,583	383,423
Total revenue		979,972	958,382
Personnel expenses		-181,114	-169,482
Police and security		-118,614	-117,828
Energy and waste		-21,871	-20,732
Maintenance and material		-40,790	-41,277
Other operating expenses		-50,495	-52,059
Sales, marketing and administration		-30,209	-29,555
Expenses for sound insulation and resident protection plus formal expropriations		-6,217	-3,096
Deposits into renovation fund		-5,500	-5,500
Other income and expenses		12,286	12,182
Ordinary profit before depreciation and amortisation, interest and tax		537,448	531,035
Depreciation and amortisation		-208,817	-206,307
Ordinary profit before interest and tax		328,631	324,728
Finance income		5,205	5,108
Finance expenses		-24,707	-30,800
Extraordinary result	(1)	34,023	-1,573
Profit before tax		343,152	297,463
Direct tax		-75,458	-62,503
Profit for the year		267,694	234,960

BALANCE SHEET
(FINANCIAL STATEMENTS ACCORDING TO THE SWISS CODE OF OBLIGATIONS)

(CHF 1,000)	Notes	31.12.2015	31.12.2014
Assets			
Cash and cash equivalents		366,920	222,689
Current fixed-term deposits		50,000	195,000
Current financial assets of Airport of Zurich Noise Fund		69,964	49,005
Trade receivables	(2)	99,151	101,745
Other current receivables		5,541	7,292
Inventories		10,041	9,207
Prepaid expenses	(3)	13,556	12,903
Current assets		615,173	597,841
Non-current fixed-term deposits		50,000	0
Non-current financial assets of Airport of Zurich Noise Fund		257,373	217,252
Investments	(4)	11,512	11,512
Non-current loans to associates		13,279	13,279
Equity interest in co-ownership structure for "The Circle"	(5)	88,630	0
Property, plant and equipment	(6)	2,702,520	2,803,025
Intangible asset from right of formal expropriation		7,973	0
Other intangible assets		5,991	9,203
Non-current assets		3,137,278	3,054,271
Total assets		3,752,451	3,652,112
Liabilities and equity			
Trade payables		39,619	43,913
Current interest-bearing financial liabilities		0	73,150
Other current liabilities	(7)	44,586	35,475
Current provision for aircraft noise	(9)	34,940	32,000
Other current provisions		4,020	3,756
Accruals and deferrals		54,113	69,314
Current liabilities		177,278	257,608
Non-current interest-bearing financial liabilities	(8)	950,000	950,000
Non-current provision for aircraft noise	(9)	469,553	481,914
Other non-current provisions		5,184	3,384
Renovation fund		157,102	151,602
Non-current liabilities		1,581,839	1,586,900
Total liabilities		1,759,117	1,844,508
Share capital	(10)	307,019	307,019
Legal capital reserves			
Capital contribution reserves	(10)	509,980	509,980
Legal retained earnings			
General legal retained earnings		42,370	42,370
Voluntary retained earnings		109,168	108,707
Available earnings			
Profit brought forward		757,745	605,666
Profit for the year		267,694	234,960
Treasury shares	(11)	-642	-1,098
Equity		1,993,334	1,807,604
Total liabilities and equity		3,752,451	3,652,112

I ACCOUNTING PRINCIPLES

GENERAL REMARKS

The 2015 financial statements of Flughafen Zürich AG, based in Kloten, have for the first time been prepared in accordance with the provisions of the new Swiss accounting legislation.

To ensure comparability, the prior-year amounts were restated to conform to the new classification standard.

The significant valuation principles that have been applied but are not prescribed by law are described below. These single-entity financial statements also serve for tax purposes and form the basis for the statutory business of the General Meeting of Shareholders.

As Flughafen Zürich AG prepares consolidated financial statements in accordance with accepted financial reporting standards (IFRS), it has omitted to present disclosures on interest-bearing liabilities, disclosures on auditors' fees, a cash flow statement and a management report in these financial statements in accordance with the statutory provisions.

As in the previous year, the average number of full-time equivalents was over 250 in the reporting period.

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. Amortisation of capitalised costs for formal expropriations is based at a minimum on the consolidated financial statements. Adequate provisions are recognised for liabilities arising from sound insulation and resident protection measures. Any balance of revenue after deduction of noise-related costs (compensation for formal expropriations, sound insulation and resident protection measures, operating costs, financing costs and amortisation) is transferred to the provision for aircraft noise.

The reporting of noise-related costs in the financial statements is a complex matter that involves significant assumptions and estimates concerning 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 13,800 were still pending at the end of 2015. Approximately 1,500 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.

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 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).

Based on these estimates of noise-related costs and the contractual triggering of pre-financing of old noise-related liabilities, a portion of the Airport of Zurich Noise Fund amounting to CHF 115.4 million, which was transferred to the Canton of Zurich as part of the pre-financing solution for bearing the risk and financing the old noise-related liabilities, was recognised as an intangible asset from the right of formal expropriation.

With further rulings on 8 June 2010 and 9 December 2011 the Swiss Federal Supreme Court definitively set the cut-off date for the foreseeability of an eastern approach as 1 January 1961 and ruled definitively on the method used to calculate a decline in the market value of investment property. These decisions laid the legal basis for settling other outstanding claims for compensation.

Based on these Swiss Federal Supreme Court rulings and other fundamental issues that have since been decided in a court of last instance, the company, in cooperation with the Canton of Zurich, undertook a reappraisal of noise-related costs at the end of 2010 and 2011. The most recently updated calculation as at 31 December 2011 showed estimated noise-related costs to be CHF 740.6 million. 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.

Due to the positive trend in Flughafen Zürich AG's equity, the pre-financing of old noise-related liabilities by the Canton of Zurich was contractually terminated on 30 November 2014. At that time, Flughafen Zürich AG assumed the still unpaid old noise-related liabilities from the Canton of Zurich again, receiving in return the corresponding share of the Airport of Zurich Noise Fund in the amount of CHF 224.2 million. In a reversal of the pre-financing initiated in 2008, this amount was netted against the intangible asset from the right of formal expropriation. The excess was allocated to the provision for aircraft noise in accordance with the applicable accounting requirements (see note 9, "Provision for aircraft noise").

With respect to sound insulation and resident protection measures, the Federal Office of Civil Aviation (FOCA) required Flughafen Zürich AG, in connection with its 2014 operating regulations application, to submit an extended sound insulation programme by the end of June 2015. Based on the permitted noise

exposure levels specified by FOCA, and taking into account the still pending changes to the 2014 operating regulations, the company duly submitted its 2015 sound insulation programme by this deadline. At its meeting on 22 June 2015, the Board of Directors approved a further CHF 100 million of measures in this context in addition to the CHF 240 million previously estimated for sound insulation and resident protection.

Since no further factors that would have changed the estimates made in 2011 have emerged with respect to formal expropriations from new court rulings in the final instance since the Swiss Federal Supreme Court decision of 9 December 2011, the estimated noise-related costs at the end of financial year 2015 now total CHF 840.6 million (previously CHF 740.6 million). As at 31 December 2015, Flughafen Zürich AG has therefore recognised an intangible asset from the right of formal expropriation of CHF 8.0 million (2014: CHF 0.0 million) and a provision for aircraft noise of CHF 504.5 million in total (2014: CHF 513.9 million) in the financial statements according to the provisions of the Swiss Code of Obligations.

Depending on future and final-instance legal judgments, especially with respect to the southern approaches, noise-related liabilities may in future be subject to substantial adjustments, which would also require adjustments to the noise-related costs recognised in the balance sheet. 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.

As based on current knowledge, the Airport of Zurich Noise Fund has sufficient assets to be able to finance the costs for formal expropriations and noise insulation and resident protection measures that can be estimated under the base case at the present time, the passenger-related noise supplement was suspended as of 1 February 2014.

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 from fixed-rent tenancy agreements is recognised on a straight-line basis over the term of the agreement. Conditional rental payments (e.g. 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.

SHARE-BASED PAYMENTS

Where treasury shares are used for share-based payments for management and employees, the difference between the cost and the selling price on allocation of the shares represents personnel expense.

LEASES

Lease and rental transactions are accounted for according to legal ownership. Accordingly, in the financial statements of the lessee or tenant, the expenses are recognised on an accrual basis; the leased or rented items themselves are not recognised, however.

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.

FINANCIAL ASSETS OF AIRPORT OF ZÜRICH NOISE FUND

The financial assets of the Airport of Zurich Noise Fund comprise quoted securities held for the short or long term. They are initially recognised at cost (fair value plus directly attributable transaction costs). The securities are subsequently measured at the market price at the reporting date, with gains and losses recognised in profit or loss. A fluctuation reserve is not recognised.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at acquisition or production cost less accumulated depreciation and impairment. With the exception of land, items are depreciated over their estimated useful life using the straight-line method. If there are indications that they are impaired, the carrying amounts are reviewed and, if necessary, adjusted.

INTANGIBLE ASSETS

Intangible assets are stated at cost less amortisation and impairment. They are amortised over their estimated useful life using the straight-line method. If there are indications that they are impaired, the carrying amounts are reviewed and, if necessary, adjusted.

TREASURY SHARES

At the date of acquisition, treasury shares are recognised at cost as a deduction from equity. In the event of a subsequent disposal, the gain or loss is credited or charged directly to voluntary retained earnings.

II NOTES TO THE FINANCIAL STATEMENTS

1 EXTRAORDINARY RESULT

(CHF 1,000)	2015	2014
Extraordinary income	35,012	410
Extraordinary expenses	-989	-1,983
Extraordinary result	34,023	-1,573

The increase in "Extraordinary income" is attributable to the gain from the partial sale of land for "The Circle" and the related establishment of the co-ownership structure amounting to CHF 34.6 million (see note 6, "Property, plant and equipment").

Extraordinary expenses mainly include losses on asset disposals.

2 TRADE RECEIVABLES

(CHF 1,000)	31.12.2015	31.12.2014
Trade receivables from third parties	98,571	102,084
Impairment allowance	-981	-1,209
Trade receivables from investments	1,561	870
Total trade receivables	99,151	101,745

Trade receivables from investments comprise amounts still due from Zurich Airport International AG and Bangalore International Airport Ltd. for services rendered.

3 PREPAYMENTS AND ACCRUED INCOME

(CHF 1,000)	31.12.2015	31.12.2014
Prepaid expenses in respect of third parties	13,044	12,903
Prepaid expenses in respect of investments	512	0
Total prepaid expenses	13,556	12,903

Prepayments and accrued income relating to investments comprise accruals for receivables not yet billed to Zurich Airport International AG for services rendered.

4 INVESTMENTS

Company	Domicile	Share Capital	Stake held in %
Zurich Airport International AG ¹⁾	Kloten	CHF 100,000	100.0
Zurich Airport Latin America S.A. ²⁾	Santiago de Chile	CLP 4,403 million	100.0
Sociedad Concesionaria Aeropuerto Antofagasta S.A. ²⁾	Santiago de Chile	CLP 1,352 million	62.0
Sociedad Concesionaria Aeropuerto Iquique S.A. ²⁾	Santiago de Chile	CLP 5,264 million	49.0
Sociedade de Participação no Aeroporto de Confins S.A. ²⁾	Belo Horizonte	BRL 144 million	25.0
Concessionária do Aeroporto Internacional de Confins S.A. ²⁾	Belo Horizonte	BRL 263 million	12.8
Bangalore Airport International Ltd. ¹⁾	Bengaluru	INR 3,864 million	5.0
Administradora Unique IDC C.A. ¹⁾	Porlamar	VEB 25 million	49.5

1) Direct investment

2) Indirect investment

The equity interests stated are also the share of the voting power in the investees listed. There are no changes compared with the previous year.

Zurich Airport International AG, the wholly-owned subsidiary responsible for advising, operating and / or owning airports and airport-related companies throughout the world, holds all the investments in Latin America (with the exception of Venezuela).

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 in May 2008. The operation and management agreement between Flughafen Zürich AG and BIAL ceased at the end of May 2015. Up until that date, Flughafen Zürich AG received revenue from the agreement. Seven years after the airport in Bengaluru commenced operation, the company withdrew from operational responsibility, but it continues to be represented as a shareholder on BIAL's Board of Directors.

In 2010, Flughafen Zürich AG and its consortium partner Unique IDC 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 investment protection treaty between Venezuela, Switzerland and Chile. The ICSID reached its decision in November 2014, requiring the Bolivarian Republic of Venezuela to reimburse the consortium the costs incurred for the proceedings and project plus a compensation payment of around USD 19.5 million as well as interest incurred up until receipt of payment (around USD 15.3 million accrued as at 31 December 2015). Flughafen Zürich AG is entitled to 50 % of the total amount of the payments. Prior to the deadline set for 18 March 2015, Venezuela appealed to the ICSID to set aside the tribunal's decision on the grounds of an infringement of procedural rules. A new three-judge tribunal was appointed to decide on whether the arbitration ruling is to be upheld or not. The oral hearings will take place in mid August 2016. This investment was fully impaired in 2006.

5 EQUITY INTEREST IN THE CO-OWNERSHIP STRUCTURE FOR "THE CIRCLE"

(CHF 1,000)	31.12.2015	31.12.2014
Share of assets of co-ownership structure for "The Circle"	94,318	0
Share of liabilities of co-ownership structure for "The Circle"	-5,688	0
Total equity interest in co-ownership structure for "The Circle"	88,630	0

On 5 February 2015, Flughafen Zürich AG and Swiss Life AG notarised the purchase agreement for the share of land for "The Circle" and registered it for entry in the Land Register, thereby establishing the co-ownership structure between the two parties provided for in the financing agreements, in which Flughafen Zürich AG has a 51 % interest and Swiss Life AG a 49 % interest. Flughafen Zürich AG then transferred the project costs incurred for "The Circle" to date to the co-ownership structure (see note 6, "Property, plant and equipment").

The co-ownership structure is responsible for the implementation (construction work beginning April 2015) and subsequent operation of "The Circle". It is expected to become operational sometime in 2019.

6 PROPERTY, PLANT AND EQUIPMENT

(CHF 1,000)	31.12.2015	31.12.2014
Land	109,282	110,195
Buildings, engineering structures	2,289,024	2,340,211
Projects in progress	222,485	266,350
Movables	81,729	86,269
Total property, plant and equipment	2,702,520	2,803,025

In connection with the project "The Circle", 49 % of the land was sold on a co-ownership basis to Swiss Life AG. In addition, Flughafen Zürich AG transferred the project costs incurred for "The Circle" up until that date to the co-ownership structure between the company and Swiss Life AG (see note 5, "Equity interest in the co-ownership structure for "The Circle").

7 OTHER CURRENT LIABILITIES

(CHF 1,000)	31.12.2015	31.12.2014
Other current liabilities to third parties	40,226	33,324
Other current liabilities to employee pension funds	4,360	2,151
Total other current liabilities	44,586	35,475

At the reporting date, other current liabilities to employee pension funds comprise outstanding liabilities to the BVK Employee Pension Fund of the Canton of Zurich.

8 NON-CURRENT INTEREST-BEARING FINANCIAL LIABILITIES

	31.12.2015			Early	Interest payment
Financial liabilities	Nominal Value	Duration	Interest rate	amortisation	date
	(CHF 1,000)				
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.
Total non-current financial liabilities	950,000				

External financing is subject to standard guarantees and covenants, which were complied with as at the reporting date. In addition, unused credit facilities at the reporting date amounted to a total of CHF 239.9 million.

9 PROVISION FOR AIRCRAFT NOISE

(CHF 1,000)	2015	2014
Balance as at 1 January	513,914	387,047
Increase in provision for aircraft noise	-9,421	126,867
Balance as at 31 December	504,493	513,914
of which current (planned payment within 1 year)	34,940	32,000
of which non current (planned payment from 1 year on)	469,553	481,914

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

(CHF 1,000)	2015	2014
Revenue from noise charges	10,773	10,199
Costs for sound insulation and resident protection	-14,272	-21,405
Costs for formal expropriations	-425	-990
Noise-related operating costs	-3,137	-3,892
Amortisation of intangible asset from right of formal expropriation	-4,556	-7,103
Interest income and realised / unrealised gains / losses on financial assets of Airport of Zurich Noise Fund	2,196	3,546
Increase of provision due to the reversal of the pre-financing of the old noise-related liabilities	0	146,512
Total increase of provision for aircraft noise	-9,421	126,867

For information on the reporting of noise-related data in the financial statements according to the Swiss Code of Obligations, see also "Reporting of noise-related costs" in the financial statements on pages 116 and 117.

10 EQUITY AND CAPITAL CONTRIBUTION RESERVES

As at 31 December 2015, the share capital comprised 6,140,375 registered shares with a nominal value of CHF 50.00 each. The capital contribution reserves were unchanged at CHF 510.0 million at the reporting date.

11 TREASURY SHARES

(Number of shares)	2015	2014
Balance as at 1 January	2,433	3,559
Acquisitions (at applicable market price)	308	855
Allocation to management, employees and third parties ¹⁾	-1,511	-1,981
Balance as at 31 December	1,230	2,433

1) See also note 17, Equity interests of members of the management board, other members of management and employees.

In the reporting period, 308 registered shares were purchased at the market price. Treasury shares are distributed to members of the Management Board and other members of management under the bonus programme. They are used primarily for this participation programme. In addition, Flughafen Zürich AG gives those employees who have completed their first year of service a one-off gift in the form of one share free of charge.

12 OFF-BALANCE SHEET LEASE OBLIGATIONS

The maturity structure of lease liabilities that will not mature or cannot be cancelled within twelve months is as follows:

(CHF 1,000)	31.12.2015	31.12.2014
Due within 1 year	19,817	14,528
Due between 1 and 5 years	6,867	25,476
Due in more than 5 years	0	1,207
Total unrecognised finance lease liabilities	26,684	41,211

13 CONTINGENT LIABILITIES

A number of legal proceedings and claims against Flughafen Zürich AG in the context of its normal business activities are pending. The company does not expect the amount required to settle these lawsuits and claims to have a significantly negative impact on the consolidated financial statements and cash flow of Flughafen Zürich AG.

Depending on future and last-instance legal judgments, especially with respect to the southern approaches, in particular the new noise-related liabilities, but also the old ones, may in future also be subject to substantial adjustments, which would also require adjustments to the noise-related costs recognised as assets and liabilities in the balance sheet. 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.

Flughafen Zürich AG is jointly and severally liable in respect of third parties for debts of the co-ownership structure of "The Circle" and the ordinary partnership "The Circle".

14 NET RELEASE OF HIDDEN RESERVES

Owing to the different methods of reporting noise-related data in the consolidated financial statements in accordance with IFRS and in these financial statements under the Code of Obligations (see also "Reporting of noise-related costs in the financial statements" on pages 116 and 117), hidden reserves of CHF 100.0 million were reversed in the reporting period. This corresponds to the nominal amount of the increase in provisions for sound insulation and resident protection recognised in profit or loss in the consolidated financial statements due to the expansion of the sound insulation programme. In the single-entity statements this amount was already included in the existing provision for aircraft noise (note 9).

15 MAJOR SHAREHOLDERS

As at the reporting date, the following shareholders or groups of shareholders held more than 5% of the voting rights:

	2015	2014
Canton of Zurich	33.33 %	33.33 %
City of Zurich (including pension fund of the City of Zurich)	5.05 %	5.05 %

16 SHARES HELD BY THE BOARD OF DIRECTORS

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 31.12.2015	Number of shares as at 31.12.2014
Andreas Schmid	Chairman	4	4
Vincent Albers ²⁾	Member	0	n / a
Guglielmo L. Brentel	Member	0	0
Lukas Briner ¹⁾	Vice Chairman	n / a	21
Corine Mauch	Member	0	0
Eveline Saupper ²⁾	Vice Chairwoman	135	n / a
Kaspar Schiller	Member; Chairman of the Nomination & Compensation Com.	13	13
Ernst Stocker ³⁾	Member; Chairman of the Public Affairs Committee	n / a	0
Ulrik Svensson	Member; Chairman of the Audit & Finance Committee	0	0
Carmen Walker Späh ⁴⁾	Member; Chairwoman of the Public Affairs Committee	1	n / a
Martin Wetter ¹⁾	Member	n / a	0
Total		153	38

1) Until 28.4.2015

2) Since 28.4.2015

3) Until 30.6.2015

4) Since 1.7.2015

17 EQUITY INTERESTS OF MEMBERS OF THE MANAGEMENT BOARD, OTHER MEMBERS OF MANAGEMENT AND EMPLOYEES

As part of the performance-related remuneration awarded to members of the Management Board and other members of management in the reporting period, 509 shares (2014: 695 shares) worth CHF 389,894 (2014: CHF 374,953) were distributed to members of the Management Board and 873 shares (2014: 1,144 shares) worth CHF 668,718 (2014: CHF 617,188) to other members of management.

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

Name	Number of shares as at 31.12.2015	Number of shares as at 31.12.2014
Stephan Widrig ¹⁾	933	857
Thomas E. Kern ²⁾	n / a	2,431
Stefan Conrad	524	448
Michael Schallhart	n / a	524
Daniel Schmucki	1,129	1,053
Total	2,586	5,313

1) Chief Executive Officer since 1.1.2015

2) Chief Executive Officer until 31.12.2014

In addition, Flughafen Zürich AG gives those employees who have completed their first year of service a one-off gift in the form of one share free of charge. In the reporting period, 118 shares (2014: 134 shares) worth CHF 85,918 (2014: CHF 77,575) were handed out in this context.

18 SIGNIFICANT EVENTS AFTER THE REPORTING DATE

The Board of Directors authorised the 2015 financial statements according to the provisions of the Swiss Code of Obligations (CO) for issue on 10 March 2016. These also have to be approved by the General Meeting of Shareholders.

No events occurred between 31 December 2015 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 an adjustment to 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.

PROPOSAL FOR THE DISTRIBUTION OF AVAILABLE EARNINGS

The Board of Directors will propose to the General Meeting of Shareholders that the available earnings be used as follows:

(CHF 1,000)

Profit for the year	267,694
Profit brought forward	757,745
Available earnings	1,025,439
Allocation to the legal retained earnings ¹⁾	0
Payment of an ordinary dividend of CHF 15.00 (gross) ²⁾	92,106
To be carried forward	933,333

In addition to the ordinary dividend as proposed above, the Board of Directors will request that an additional dividend be distributed as follows from the capital contribution reserves:

(CHF 1,000)

Capital contribution reserves before distribution	509,980
Transfer from capital contribution reserves to voluntary retained earnings and payment of an additional dividend of CHF 16.00 ²⁾	98,246
Capital contribution reserves after distribution	411,734

1) No allocation is being made to the legal retained earnings because these exceed 50 % of the nominal share capital.

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

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 114 to 123), for the year ended 31 December 2015.

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 2015 comply with Swiss law and the company's Articles of Incorporation.

Emphasis of Matter

We draw attention to the disclosure regarding "Reporting of noise-related costs in the financial statements" on pages 116 and 117 in the notes to the financial statements. The uncertainties and risks referred to therein with regard to noise-related costs 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.

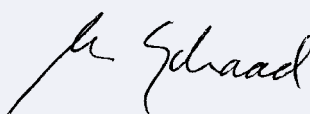
Report on Other Legal Requirements

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



Martin Schaad
Licensed Audit Expert
Auditor in Charge



Samuel Seiler
Licensed Audit Expert

Zurich, 10 March 2016

2016 FINANCIAL CALENDAR

FINANCIAL REPORTING DATES

11.03.2016	Publication of 2015 annual results
28.04.2016	2016 General Meeting of Shareholders
24.08.2016	Publication of 2016 interim results
20.04.2017	2017 General Meeting of Shareholders

TRAFFIC AND COMMERCIAL FIGURES

13.04.2016	Key Figures March 2016
12.05.2016	Key Figures April 2016
14.06.2016	Key Figures May 2016
13.07.2016	Key Figures June 2016
15.08.2016	Key Figures July 2016
13.09.2016	Key Figures August 2016
12.10.2016	Key Figures September 2016
14.11.2016	Key Figures October 2016
13.12.2016	Key Figures November 2016
12.01.2017	Key Figures December 2016

CONTACTS

Investor Relations

Lukas Brosi
investor.relations@zurich-airport.com

Corporate Communication

Sonja Zöchling
medien@zurich-airport.com

FURTHER INFORMATION

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

2015 ANNUAL REPORT

The 2015 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

Publishing details

Copyright	Flughafen Zürich AG
Photos	Markus Bertschi, Zurich
Design	Eclat AG, Zurich
Preproduction	Neidhart + Schön AG, Zurich
Printing	bm druck AG, Winkel
Translations	BMP Translations AG, Basel

