Editorial

Dear Reader,

Almost exactly a year ago, I took over from my esteemed predecessor Thomas E. Kern as CEO of Zurich Airport – and it has been a good 12 months for Flughafen Zürich AG overall. For the first time in the company’s history, more than 26 million passengers travelled from, to or via Zurich Airport. Thanks to the deployment of larger aircraft and an overall increase in capacity utilisation, the number of flight movements remained at the previous year’s level at just over 265,000. We are also on the right track in terms of quality. I am delighted that Zurich Airport was named Europe’s leading airport for the 12th time in succession at last year’s World Travel Awards.

However, we are not resting on our laurels. As an infrastructure of national importance and a licensee of the federal government, Zurich Airport must connect Switzerland with international hubs. Forward planning is necessary if we are to continue to be able to meet the demand for air travel and air freight forecast by the federal government. The needs of individual regions should not be allowed to hinder the airport’s ability to develop. It is of the utmost importance that the federal government uses its report on Swiss aviation policy and its Sectoral Aviation Infrastructure Plan (SAIP) to define the strategic basis for ensuring that Switzerland’s most important airport is able to develop in the long term.

Doing so in no way undermines the powers of the canton of Zurich, which has the final say on flight paths in the context of the operating regulations. Likewise, we acknowledge that the ultimate say on any runway modification rests with the electorate of the canton of Zurich. Both of these decision-making elements ensure that our airport enjoys the continued support of the local population – our most important asset.

As you will gather from reading our feature on Zurich Airport’s route network, which Flughafen Zürich AG actively helps to manage, Switzerland’s accessibility is directly dependent on a strong home carrier and an extensive network of direct flights. But our country’s outstanding accessibility at present is by no means a given. On the contrary, it requires continual safeguarding. This involves reducing capacity bottlenecks and shortening processes for planning and implementation. Thus, political will is needed to provide competitive parameters.

Owing to the close relationship between airport and flight operations on the one hand and the political sphere on the other, Flughafen Zürich AG endorses the Swiss political lay system and supports its employees in exercising their political mandates. It also goes without saying that Flughafen Zürich AG adheres to the mandatory night flight regulations. In another article in this Political Newsletter, we explain why airlines nevertheless depend on a certain degree of flexibility when it comes to authorising flights during fringe hours.

This issue of our Political Newsletter also features an article by guest contributor Robert E. Gubler, chairman of Forum Zürich. I wish you a stimulating read.

Stephan Widrig
Chief Executive Officer
Guide to the night flight ban at Zurich Airport

Compared to other hub airports, Zurich Airport has one of the strictest bans on night-time flights. In addition to general exemptions for ambulance and rescue flights, e.g. for the transportation of organs or injured persons, the option of granting exemptions for scheduled flights was also made available to ensure the requisite level of operational flexibility. However, exemptions are rarely granted, and night-time traffic movements from and to Zurich have remained at a low level for years.

A strict night flight ban is in place at Zurich Airport between 11.30 p.m. and 6.00 a.m. What is more, the last flights of the day are already scheduled for 10.45 p.m., while the time between 11 p.m. and 11.30 p.m. may only be used to reduce the backlog of delayed flights. Compared to other hub airports and Switzerland’s other international airports (Geneva and Basel), Zurich Airport has an extremely restrictive night flight ban of six and a half hours.

Operating regulations mean a more restrictive night flight ban

The Federal Ordinance on Aviation Infrastructure (VIL) and Zurich Airport’s operating regulations underpin this night-time curfew. Firstly, the VIL forbids take-offs between 12.30 a.m. and 6 a.m. and landings between 0.30 a.m. and 5 a.m. at Zurich and Geneva Airports. The operating regulations then go one step further in restricting air traffic in Zurich by extending the night-time curfew to run from 11.30 p.m. to 6 a.m. Flights after 11.30 p.m. require a night flight exemption. The granting of such an exemption is subject to strict criteria including compliance with the VIL and the operating regulations.

Exemptions permitted under VIL

Article 39d of the VIL specifies a number of exemptions. Ambulance, police, military and rescue flights, state flights with diplomatic clearance, and deportation flights are exempted from the night flight ban or receive special dispensation from the federal government – in addition to emergency landings. Besides regular flights by the Swiss Air Rescue Association (REGA) to transport patients and organs, such cases primarily relate to flights that coincide with the World Economic Forum or with state visits. Based on the above-mentioned article, the Federal Office of Civil Aviation (FOCA) may also exempt instrument landing system (ILS) measurement flights from the night-time curfew at the request of the airport operator and empower the airport owner – in Zurich’s case, Flughafen Zürich AG (FZAG) – to grant exemptions to scheduled flights in the event of unexpected, extraordinary events, particularly owing to severe weather conditions.

Strict criteria but with the appropriate degree of flexibility

Apart from night flight exemptions as result of the weather, any other exceptions apply solely to unexpected technical faults or any other unforeseen issues. Unlike a rigid curfew, this approach allows for a judicious and appropriate measure of flexibility in day-to-day operations. For example, in the event of an unexpected yet quickly repairable defect on a long-haul flight, steps can be taken to avoid forcing more than 200 passengers to remain in Zurich just because the aircraft’s take-off time is due to overrun the 11.30 p.m. deadline by a few minutes. The consequences would otherwise be unpleasant for passengers and probably no longer disproportionate. All passengers would have to leave the aircraft and be booked into hotels throughout the Zurich area, just to return to the airport a few hours later in time for their rescheduled take-off shortly after 6 a.m. It
would also result in the aircraft being late for the return flight and losing its time slot – causing additional delays over the following days.

**Less than one night flight exemption per night**

Nevertheless, it should be stressed that such exemptions are granted very responsibly and sparingly. In 2015, a total of 235 flights fell within the night-time curfew starting at 11.30 p.m. – easily less than one flight movement per night. Almost half of these were ILS measurement flights or ambulance, police, rescue or state flights authorised by the FOCA. Only 140 scheduled flights received an FZAG exemption based on the aforementioned criteria. Such exemptions are granted very economically and, indeed, only in the event of sudden, unexpected defects or other issues, or in the case of severe weather restrictions. The overwhelming majority of flights (117) still took off or landed before midnight. A different picture emerges with regard to non-scheduled flights with a night flight exemption. Most of these – 83 out of a total of 93 – took off or landed during the core night hours of 12 a.m. to 6 a.m. This shows that the existing system works and that exemptions provided for by law in the interest of all parties are only granted for their intended purpose.

**Number of flights from 11.30 p.m. to midnight (category and reason of exemption)**

**Number of flights from midnight to 6 a.m. (category and reason of exemption)**

- **scheduled traffic**
- **non-scheduled traffic**
Flughafen Zürich AG supports Switzerland’s political lay system

To date, Switzerland’s political system has always been based primarily on the principle that in most political bodies, politicians earn their livings in spheres outside politics. However, the increasingly complex and time-consuming nature of political office, even at municipal level, has put the idea of this lay system at risk. Flughafen Zürich AG is committed to strengthening the lay system and supports employees who are actively involved in official bodies or political office by affording them the necessary environment in which to reconcile their professional and public duties.

The lay system is a Swiss characteristic, but it is the foundation on which Switzerland’s success is built. The intertwining of professional activities with political office allows professional expertise to be brought to bear on the political stage and is the cornerstone of moderate, business-friendly legislation. However, the limitations of this lay system, which has proven its worth ever since the founding of modern Switzerland, are becoming more and more evident. Increasingly complex work and lengthy meetings mean that the demands and sacrifices of holding office in parliament or in public bodies are growing. This applies in particular to the municipal and cantonal levels, where neither the remuneration nor prestige connected to public office can compete with what is offered at national level.

Businesses must create the right conditions

Today, two-thirds of all municipalities have difficulty in attracting people to public office, while the Swiss parliament now has hardly any employed professionals in its ranks – and even fewer in managerial positions. To counteract the tide and reinforce the nationally important principle of the lay system, businesses must nurture parameters that are conducive to working part time and encourage those who wish to commit themselves to politics on this basis. As a diversified company that operates an economically key piece of Switzerland’s traffic infrastructure, Flughafen Zürich AG has close ties with policymakers and, as such, a keen stake in a healthy political culture.

Taking our responsibility seriously

Flughafen Zürich AG is therefore committed to the lay system and supports employees who contribute to Switzerland’s success through their political work, irrespective of which level of government they have been elected into. We tailor our assistance depending on the political office in question. For example, this can mean we allow employees to take time off work to carry out their official duties or undertake political training. In October 2015, we held our first-ever conference involving politically active members of staff, our management board, and policymakers outside the company. It is envisaged that this event will take place again at regular intervals in future, helping to enhance the ethos of the lay system in the process.
The people of Zurich come first

Zurich Airport is an easy target when it comes to airing a whole myriad of interests and political views. And yet, the many voices fail to recognize that the purpose of the federal government’s aviation policy and the canton of Zurich’s airport policy is to secure prosperity and jobs in the economic centre of Switzerland. The Zurich population’s healthy scepticism towards “their” airport keeps the policymakers’ feet on the ground, and for decades has helped reconcile the Zurich area’s twin interests as a business location and an attractive place to live.

It is no wonder that Zurich’s politicians and business leaders recently expressed their vehement opposition to the federal government’s plan, discreetly approved by SWISS and Skyguide, to exert more influence over the airport – a hub that offers direct flights all over the world and thereby gives the business and tourism sectors a crucial advantage in the global competition for jobs, tax revenue and innovation leadership.

Airport region attracts people

To promote a relationship of trust and dialogue between the airport and the local population, the Zurich Aircraft Noise Index (ZFI) was incorporated into law in 2007. Its annual publication always generates the same headlines, likewise engendering familiar responses from stakeholder groups – as well as customary expressions of regret that more and more people in the canton of Zurich have been affected by noise emissions compared to the previous year. In concrete terms, this is because, firstly, the airport region continues to boom and, secondly, increasing numbers of people wish to live close to this transport hub, and are evidently willing to put up with the resultant noise too. However, the ZFI also shows that the airport lacks the necessary infrastructure to avoid delays at night. This factor has a particularly negative impact on the figures. Making the required modifications to the runway system could provide relief. But, as always, this is up to the electorate to decide.

Facilitating improvements – stop Berne

In this context, the upcoming referendum on the popular initiative “Give people the vote on runway modifications” is a godsend. Voters will have the opportunity to affirm and legally underpin their ability and desire to determine the canton of Zurich’s airport policy – and send a clear and timely signal to Berne that the people of Zurich do not need any interference from the federal government or neighbouring cantons. The canton of Zurich can decide for itself. Hopefully, the various stakeholders within the canton understand that this initiative is the only way their voices will be heard in future. Once control shifts to the federal level, the time for dialogue and exerting influence will soon be over. Berne is a long way away. On the other hand, more democracy and participation in canton Zurich helps everyone, ensuring greater operational robustness, improving implementation of the night-time curfew, maintaining international competitiveness and underscoring the canton of Zurich’s democratic right to determine its own future.

Robert E. Gubler
Chairman of Forum Zürich
Active management of the route network

The Zurich Airport hub currently serves 186 destinations in 62 countries via direct flights, significantly helping to make Switzerland a place to do business and affording fast, efficient access to international sales and supply markets for passengers and freight. An actively managed route network is crucial in this regard.

Switzerland is one of the most successful business locations in the world. Excellent international transport connections are vital if it is to continue competing with other economies – particularly in terms of foreign trade and tourism, as well as research and culture. This is where Zurich Airport plays a vital role, providing airlines with the high-quality infrastructure they need to operate attractive routes to the world’s most important locations. At present, 61 airlines fly from Zurich to 186 destinations in 62 countries.

Direct flights mean short journey times
Transfer connections mean that you can basically fly to any airport in the world. Nevertheless, it is preferable for an airport to offer as many direct flights as possible. For business travellers, quick and efficient access to the most important sales and supply markets is of huge significance. Direct flights enable short journey times for passengers and freight.

A route network based on demand
Flughafen Zürich AG is actively involved in managing the airport’s route network. With the aim of gearing the route network to air travel and air freight shipment needs, Flughafen Zürich AG works with airlines, numerous business and tourism organisations as well as official bodies to keep track of developments in the travel industry and import and export trends. For example, this involves evaluating statistics and interviewing chambers of commerce about the prevailing economic climate. Switzerland Global Enterprise acts as an important intermediary when it comes to anticipating the regions in which Swiss companies are setting up business and carrying out investments abroad. Flughafen Zürich AG also provides airlines with comprehensive information on factors such as the catchment area, traffic volumes, changes in trade relations, new free trade agreements, major events, and developments in the tourism sector.

Direct flights need to be profitable
Ultimately, it is the airlines that decide whether to introduce new routes. In particular, airlines need to have an idea of future passenger and freight volumes as well as expected costs and revenue. An airline will only add a new destination to its network if they believe the potential route will be profitable.
**Switzerland’s tourist regions benefit from direct flights from abroad**
The availability of direct flights into Switzerland improves access to the country’s tourist regions and increases their value, and is a major factor in helping to market Switzerland as an international tourist destination. Tourist numbers from traditionally high-volume source markets such as Germany, France and the United Kingdom are on the decline, meaning that proactive route management is necessary to exploit the potential of new markets such as China, South Korea, India, Brazil and the Gulf States – and the only approach that helps safeguard jobs at Swiss tourist destinations in sectors such as the hotel, restaurant and retail trade.

**Airlines from around the world complement the SWISS route network**
Home carrier SWISS plays a key role by operating a hub at Zurich Airport. Some 60 other airlines complement the SWISS network at Zurich, thus enhancing choice for passengers and air freight importers and exporters. These other airlines can also fly to additional destinations and source markets via their respective hubs.

**Safeguarding a wide variety of direct flights into the future**
New destinations can only be added if there is enough capacity to do so. However, Zurich Airport already operates at the limit of its capacity at peak periods – particularly in the early morning and around midday. Nevertheless, Zurich Airport needs competitive parameters to continue developing its route network in line with demand.
Traffic statistics

More than 26 million passengers for the first time

Zurich Airport had another record year in 2015 with 26,281,228 passengers, an increase of 3.2% compared with the previous year.

The number of local passengers rose at an above-average rate, by 6.0% to 18.7 million. On the other hand, the number of transit passengers fell by 3.3% to 7.5 million, thus accounting for 28.5% of all passengers - down from 30.3%. This shows that regional demand for flights is still high and growing rapidly.

Passenger growth was evident in all markets. The important European market had the edge over intercontinental traffic, increasing by 3.2% compared to 3.0%. In terms of intercontinental traffic, the Far East performed particularly well (+8.3%) thanks to additional routes that enjoyed strong market acceptance.

Accounting for a 54.8% share of air traffic, hub carrier Swiss International Airlines remains the airline with the most flight movements in Zurich, followed by Air Berlin (4.8%), Edelweiss Air (3.5%), Lufthansa and Germanwings (3.0% each).

More passengers but the same number of flight movements

Totaling 265,095 in 2015, the number of flight movements was unchanged compared to the previous year (+0.0%). Nevertheless, seating capacity rose by 1.9%. The deployment of larger aircraft and improved capacity utilisation again helped to cater for higher passenger volumes. The average number of passengers per flight increased from 110 to 114 (+3.6%) and the seat load factor climbed by 1.2 percentage points to 76.8%.

New SWISS aircraft and new destinations

Changes are imminent at Zurich Airport, with hub carrier SWISS set to add six Boeing 777s to its fleet. This will give a major boost to seating capacity on flights to various overseas destinations. The new aircraft will have around 100 more seats than the Airbus A340. After years of decline, the share of transit passengers is likely to increase again slightly as a result. By the end of 2016, SWISS will have also replaced its existing Avro RJ 100s with modern, somewhat larger Bombardier C-Series aircraft.

Air Europa will be flying a new twice-daily route between Zurich and Madrid from April onwards, while the summer flight timetable will see Edelweiss Air offering a new twice-weekly service to Calgary in Canada and Rio de Janeiro in Brazil respectively, thanks to the addition of a third long-haul aircraft.

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<th>2015</th>
<th>2014</th>
<th>Change in % 2015 compared with 2014</th>
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<td>Local passengers</td>
<td>18,744,738</td>
<td>17,681,825</td>
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<tr>
<td>Transfer passengers</td>
<td>7,463,498</td>
<td>7,716,732</td>
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<td>Share of transfers</td>
<td>28.5%</td>
<td>30.3%</td>
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<tr>
<td>Total passengers ¹</td>
<td>26,281,228</td>
<td>25,477,622</td>
<td>3.2</td>
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¹ incl. transit, general aviation and other

Source: Flughafen Zürich AG

The most recent traffic statistics are updated every month and can be found in the Internet under www.zurich-airport.com/investorrelations.