

NEWS FLASH**November 12, 2019****The Federal Office of Civil Aviation sees Violation of Cost Covering Principle in current Regulatory Period**

Primarily due to the strong volume growth in the recent years, Flughafen Zürich AG has shown a return on its regulated business that is higher than the weighted average cost of capital that served as basis for setting the charges in the current regulatory period. This led the Federal Office of Civil Aviation (FOCA) to act in this regard, despite the prospect of a significant reduction in charges for the next regulatory period on the part of Flughafen Zürich AG.

The regulator FOCA has issued a decree pursuant to Article 11 clause 2 of the Ordinance on Airport Charges (OAC) to reduce the airport charges during the current period due to alleged violation of the cost covering principle. The decree plans to reduce flight operations charges (except for emission and noise charges) by 15% as of April 1, 2020 and would thus lower the charges in advance of completion of the already initiated proceedings for adjusting flight operations charges. As a result of the decree, Flughafen Zürich AG's revenue from flight operations charges would be reduced by around CHF 60 million in fiscal year 2020 in comparison to 2019.

Flughafen Zürich AG considers the cost covering principle as not being violated in the current regulatory period and will appeal the decree.