

**Grupo Aeroportuario del Pacífico,  
S.A.B. de C.V. and Subsidiaries**

Consolidated Financial Statements as of  
December 31, 2009 and 2008, and for  
the Years Ended December 31, 2009, 2008  
and 2007, and Report of Independent Auditors  
Dated March 8, 2010

## **Grupo Aeroportuario del Pacífico, S.A.B. de C.V. and Subsidiaries**

# **Report of Independent Auditors and 2009, 2008 and 2007 Consolidated Financial Statements**

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## Report of Independent Auditors to the Board of Directors and Stockholders of Grupo Aeroportuario del Pacífico, S.A.B. de C.V.

We have audited the accompanying consolidated balance sheets of Grupo Aeroportuario del Pacífico, S.A.B. de C.V. and subsidiaries (the "Company") as of December 31, 2009 and 2008, and the related consolidated statements of income and changes in stockholders' equity for the years ended December 31, 2009, 2008 and 2007, of cash flows for the years ended December 31, 2009 and 2008 and of changes in financial position for the year ended December 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Mexico. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and that they are prepared in accordance with Mexican Financial Reporting Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the financial reporting standards used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Grupo Aeroportuario del Pacífico, S.A.B. de C.V. and subsidiaries as of December 31, 2009 and 2008, and the results of their operations and changes in their stockholders' equity for the years ended December 31, 2009, 2008 and 2007, their cash flows for the years ended December 31, 2009 and 2008 and changes in their financial position for the year ended December 31, 2007, in conformity with Mexican Financial Reporting Standards.

The accompanying consolidated financial statements have been translated into English solely for the convenience of readers.

Galaz, Yamazaki, Ruiz Urquiza, S. C.  
Member of Deloitte Touche Tohmatsu



C.P.C. Ramón Alvarez Cisneros

March 8, 2010

# Grupo Aeroportuario del Pacífico, S.A.B. de C.V. and Subsidiaries

## Consolidated Balance Sheets

As of December 31, 2009 and 2008

(In thousands of Mexican Pesos)

### Assets

	2009	2008
Current assets:		
Cash and cash equivalents (Note 4)	Ps. 1,821,150	Ps. 1,506,004
Financial investments held for trading purposes (Note 5)	279,621	275,237
Trade accounts receivable – net (Note 6)	453,856	572,058
Recoverable taxes, mainly recoverable tax on assets (Note 20.b)	260,253	375,571
Embedded derivatives	109	242
Other accounts receivable	<u>2,251</u>	<u>1,187</u>
Total current assets	2,817,240	2,730,299
Cash equivalents designated for expenditure, held in trust (Note 7)	352,436	-
Machinery, equipment and improvements on leased buildings – net (Note 8)	364,101	335,158
Improvements to concession assets – net (Note 9)	3,513,391	3,368,848
Airport concessions – net (Note 10)	16,756,973	17,188,483
Rights to use airport facilities – net (Note 11)	2,188,235	2,283,598
Other acquired rights – net (Note 12)	820,288	841,339
Recoverable income taxes (Note 20.a)	23,022	23,022
Recoverable tax on assets (Note 20.f)	396,240	442,080
Embedded derivatives	16,321	41,609
Hedging derivative financial instrument (Note 13)	13,647	-
Deferred income taxes (Note 20.e)	1,072,384	826,242
Deferred statutory employee profit sharing (Notes 16.c and 19.c)	6,077	4,917
Other assets	<u>41,560</u>	<u>56,099</u>
Total	<u>Ps. 28,381,915</u>	<u>Ps. 28,141,694</u>

(Continued)

# Grupo Aeroportuario del Pacífico, S.A.B. de C.V. and Subsidiaries

## Consolidated Balance Sheets

As of December 31, 2009 and 2008  
(In thousands of Mexican Pesos)

### Liabilities and Stockholders' Equity

	2009	2008
Current liabilities:		
Bank loans (Note 15)	Ps. 193,965	Ps. 134,857
Concession taxes payable	17,140	25,785
Due to Aeropuertos Mexicanos del Pacífico, S.A. de C.V., related party (Note 18)	50,767	62,044
Accounts payable	275,478	374,661
Taxes payable, other than income and concession taxes payable	47,652	47,206
Income tax and business flat tax payable	<u>27,455</u>	<u>29,319</u>
Total current liabilities	612,457	673,872
Deposits received	97,743	39,912
Employee benefits (Note 14)	35,158	25,121
Bank loans (Note 15)	<u>856,003</u>	<u>665,143</u>
Total liabilities	<u>1,601,361</u>	<u>1,404,048</u>
Commitments and contingencies (Notes 21 and 22)		
Stockholders' equity (Note 16):		
Common stock	24,344,476	24,344,476
Legal reserve	372,369	295,223
Fund for repurchase of shares	864,265	55,000
Repurchased shares	-	(43,712)
Retained earnings	<u>1,199,444</u>	<u>2,086,659</u>
Total stockholders' equity	<u>26,780,554</u>	<u>26,737,646</u>
Total	<u>Ps. 28,381,915</u>	<u>Ps. 28,141,694</u>

(Concluded)

See accompanying notes to consolidated financial statements.

# Grupo Aeroportuario del Pacífico, S.A.B. de C.V. and Subsidiaries

## Consolidated Statements of Income

For the years ended December 31, 2009, 2008 and 2007

(In thousands of Mexican Pesos)

	2009	2008	2007
Revenues (Notes 24):			
Aeronautical services	Ps. 2,537,262	Ps. 2,762,198	Ps. 2,812,869
Non-aeronautical services	<u>728,978</u>	<u>728,587</u>	<u>664,455</u>
	<u>3,266,240</u>	<u>3,490,785</u>	<u>3,477,324</u>
Operating costs:			
Cost of services (Note 25)	869,315	952,729	839,119
Technical assistance fees (Note 18)	111,721	118,226	125,857
Concession taxes	162,507	173,533	172,846
Depreciation and amortization (Note 26)	<u>828,835</u>	<u>798,251</u>	<u>754,097</u>
	<u>1,972,378</u>	<u>2,042,739</u>	<u>1,891,919</u>
Income from operations	<u>1,293,862</u>	<u>1,448,046</u>	<u>1,585,405</u>
Other (expense) income – net (Note 19)	(11,710)	7,543	(2,352)
Net comprehensive financing income:			
Interest income	185,343	163,071	172,882
Interest expense	(75,564)	(57,518)	(20,076)
Exchange (loss) gain – net	(26,149)	92,402	(2,078)
Monetary position loss	-	-	(59,117)
(Loss) gain from embedded derivatives	<u>(25,421)</u>	<u>16,923</u>	<u>5,732</u>
	<u>58,209</u>	<u>214,878</u>	<u>97,343</u>
Income before income taxes	1,340,361	1,670,467	1,680,396
Income tax expense (Note 20.c)	<u>140,917</u>	<u>129,625</u>	<u>277,577</u>
Consolidated net income	<u>Ps. 1,199,444</u>	<u>Ps. 1,540,842</u>	<u>Ps. 1,402,819</u>
Weighted average number of common shares outstanding	<u>560,473,972</u>	<u>560,594,812</u>	<u>561,000,000</u>
Basic earnings per share (in Mexican Pesos)	<u>Ps. 2.1400</u>	<u>Ps. 2.7486</u>	<u>Ps. 2.5006</u>

See accompanying notes to consolidated financial statements.

**Grupo Aeroportuario del Pacífico, S.A.B. de C.V. and Subsidiaries**

**Consolidated Statements of Changes in Stockholders' Equity**

For the years ended December 31, 2009, 2008 and 2007

(In thousands of Mexican Pesos)

	Number of Shares	Common Stock	Legal Reserve	Fund for Repurchase of Shares	Repurchased Shares	Retained Earnings	Total Stockholders' Equity
Balances as of January 1, 2007	561,000,000	Ps.24,344,476	Ps. 179,122	Ps. -	Ps. -	Ps. 1,606,764	Ps. 26,130,362
Transfer of earnings to legal reserve	-	-	45,960	-	-	(45,960)	-
Dividends declared and paid, 2.0884 pesos per share (Note 16.b)	-	-	-	-	-	(1,171,616)	(1,171,616)
Comprehensive income	-	-	-	-	-	<u>1,402,819</u>	<u>1,402,819</u>
Balances as of December 31, 2007	561,000,000	24,344,476	225,082	-	-	1,792,007	26,361,565
Transfer of earnings to legal reserve and fund for repurchase of shares (Note 16.d)	-	-	70,141	55,000	-	(125,141)	-
Repurchase of 1,720,000 shares (Note 16.d)	-	-	-	-	(44,227)	-	(44,227)
Dividends declared and paid, 2.0000 pesos per share (Note 16.d)	-	-	-	-	515	(1,122,000)	(1,121,485)
Cumulative initial effect of deferred statutory employee profit sharing (Note 16.c)	-	-	-	-	-	951	951
Comprehensive income	-	-	-	-	-	<u>1,540,842</u>	<u>1,540,842</u>
Balances as of December 31, 2008	561,000,000	24,344,476	295,223	55,000	(43,712)	2,086,659	26,737,646
Transfer of earnings to legal reserve (Note 16.e)	-	-	77,146	809,265	-	(886,411)	-
Repurchase of 360,000 shares (Note 16.e)	-	-	-	-	(10,248)	-	(10,248)
Relocation of repurchased shares (Note 16.e)	-	-	-	-	53,960	(248)	53,712
Dividends declared and paid, 2.1390 pesos per share (Note 16.e)	-	-	-	-	-	(1,200,000)	(1,200,000)
Comprehensive income	-	-	-	-	-	<u>1,199,444</u>	<u>1,199,444</u>
Balances as of December 31, 2009	<u>561,000,000</u>	<u>Ps.24,344,476</u>	<u>Ps. 372,369</u>	<u>Ps. 864,265</u>	<u>Ps. -</u>	<u>Ps. 1,199,444</u>	<u>Ps. 26,780,554</u>

See accompanying notes to consolidated financial statements.

# Grupo Aeroportuario del Pacífico, S.A.B. de C.V. and Subsidiaries

## Consolidated Statements of Cash Flows

For the years ended December 31, 2009 and 2008

(In thousands of Mexican Pesos)

	2009	2008
Operating activities:		
Earnings before income taxes	Ps. 1,340,361	Ps. 1,670,467
Non-cash activities:		
Employee benefits	10,037	11,216
Deferred statutory employee profit sharing	(1,160)	(3,597)
Loss (gain) from embedded derivatives	25,421	(16,923)
Inflationary effects on recoverable tax on assets	(6,285)	(14,642)
Financial investments held for trading purposes	(4,384)	(35,870)
Items related to investing activities:		
Depreciation and amortization	828,835	798,251
Loss on sale of fixed assets	6,859	4,480
Allowance for doubtful accounts – long-term	4,123	-
Items related to financing activities:		
Loss on hedging derivative financial instrument	1,020	-
Interest expense	53,766	47,944
	<u>2,258,593</u>	<u>2,461,326</u>
(Increase) decrease in:		
Trade accounts receivable	118,202	(101,748)
Recoverable income tax and other current assets	62,771	(127,849)
Recoverable tax on assets	42,313	111,847
Recoverable income tax on dividends	44,663	(45,952)
Increase (decrease) in:		
Concession taxes payable	(8,645)	606
Due to Aeropuertos Mexicanos del Pacífico, S.A. de C.V., related party	(11,277)	(8,531)
Accounts payable	19,770	(192,425)
Taxes payable, other than income and concession taxes payable	446	16,484
Reorganization provision	-	(28,000)
Income taxes paid	(372,292)	(476,490)
Deposits received	57,831	5,299
Net cash provided by operating activities	<u>2,212,375</u>	<u>1,614,567</u>
Investing activities:		
Purchases of machinery, equipment and improvements to concession assets	(541,249)	(524,922)
Other deferred assets	(865)	2,948
Net cash used in investing activities	<u>(542,114)</u>	<u>(521,974)</u>
Excess cash to apply to financing activities	1,670,261	1,092,593

(Continued)

# Grupo Aeroportuario del Pacífico, S.A.B. de C.V. and Subsidiaries

## Consolidated Statements of Cash Flows

For the years ended December 31, 2009 and 2008

(In thousands of Mexican Pesos)

	2009	2008
Financing activities:		
Dividends declared and paid	(1,200,000)	(1,121,485)
Repurchase of shares	(10,248)	(44,227)
Sales of repurchased shares	53,712	-
Bank loans	413,754	344,000
Payments on bank loans	(163,786)	(122,571)
Interest paid on bank loans	(81,444)	(68,989)
Hedging derivative financial instrument	(14,667)	-
Net cash used in financing activities	<u>(1,002,679)</u>	<u>(1,013,272)</u>
Net increase in cash and cash equivalents	667,582	79,321
Cash and cash equivalents at beginning of year	<u>1,506,004</u>	<u>1,426,683</u>
Cash and cash equivalents at end of year (includes cash equivalents designated for expenditure held in trust for Ps. 352,436)	<u>Ps. 2,173,586</u>	<u>Ps. 1,506,004</u>

(Concluded)

See accompanying notes to consolidated financial statements.

# Grupo Aeroportuario del Pacífico, S.A.B. de C.V. and Subsidiaries

## Consolidated Statement of Changes in Financial Position

For the year ended December 31, 2007  
(In thousands of Mexican Pesos)

	2007
Operating activities:	
Consolidated net income	Ps. 1,402,819
Items that did not require (generate) resources:	
Depreciation and amortization	754,097
Provision for labor obligations – net	4,268
Gain from embedded derivatives	(5,732)
Deferred income tax	<u>(229,601)</u>
	1,925,851
Changes in operating assets and liabilities:	
(Increase) decrease in:	
Financial investments held for trading purposes	(109,709)
Trade accounts receivable	(63,228)
Recoverable taxes and other accounts receivable	62,972
Recoverable tax on assets	(105,595)
Recoverable income taxes	71,219
Increase (decrease) in:	
Concession taxes payable	1,436
Due to Aeropuertos Mexicanos del Pacífico, S.A. de C.V., related party	16,978
Income tax and tax on assets payable	5,175
Deposits received	825
Reorganization provision	28,000
Taxes payable, other than income and concession taxes payable	(16,732)
Accounts payable	<u>203,044</u>
Net resources generated by operating activities	<u>2,020,236</u>
Financing activities:	
Dividends paid	(1,171,616)
Bank loans	600,000
Bank loans payments	<u>(21,429)</u>
Net resources used in financing activities	<u>(593,045)</u>
Investing activities:	
Buildings, building improvements, machinery and equipment	(932,280)
Other assets	<u>663</u>
Net resources used in investing activities	<u>(931,617)</u>
Cash and cash equivalents:	
Net increase	495,574
Balance at beginning of year	<u>931,109</u>
Balance at end of year	<u>Ps. 1,426,683</u>

See accompanying notes to consolidated financial statements.

# Grupo Aeroportuario del Pacífico, S.A.B. de C.V. and Subsidiaries

## Notes to Consolidated Financial Statements

For the years ended December 31, 2009, 2008 and 2007  
(In thousands of Mexican Pesos)

### 1. Activities and significant events

#### a. Activities

Grupo Aeroportuario del Pacífico, S.A.B. de C.V. and subsidiaries (the “Company” or “GAP”) was incorporated in May 1998 as a state-owned entity to manage, operate and develop 12 airport facilities, mainly in Mexico’s Pacific region. The airports are located in the following cities: Guadalajara, Puerto Vallarta, Tijuana, Los Cabos, Silao (Bajío), Hermosillo, Mexicali, Los Mochis, La Paz, Manzanillo, Morelia and Aguascalientes.

The Company began operations on November 1, 1998. Prior to that date, the Company’s activities were carried out by Aeropuertos y Servicios Auxiliares (“ASA”), a Mexican Government agency, which was responsible for the operation of all public airports in Mexico.

In June 1998, the subsidiaries of Grupo Aeroportuario del Pacífico, S.A.B. de C.V. were granted concessions by the Ministry of Communications and Transportation (“SCT”) to manage, operate and develop each of the Pacific Group’s 12 airports and benefit from the use of the airport facilities, for a 50-year term beginning November 1, 1998. The cost of the concessions, which totaled Ps. 24,210,213 (Ps. 15,938,360 nominal pesos), was determined by the Mexican Government in August 1999, based upon the price paid by Aeropuertos Mexicanos del Pacífico, S.A. de C.V. (“AMP”, the strategic stockholder of the Company) for its interests in GAP. On August 20, 1999, GAP entered into a Liabilities Assumption Agreement with each of its subsidiaries, whereby it assumed the liabilities incurred by each subsidiary derived from obtaining the concession. Such liabilities were capitalized by GAP as equity in favor of the Mexican Government on such date.

The term of the concessions may be extended under certain circumstances by the SCT, for terms not to exceed an additional 50 years. Beginning on November 1, 1998, the Company is required to pay an annual tax to the Mexican Government, through the SCT, for use of the public property, equivalent to 5% of each concessionaire’s annual gross revenues, according to the concession terms and the Mexican Federal Duties Law.

Title to all of the long-term fixed assets within the airports is retained by the Mexican Government. Accordingly, upon expiration of the term of the concessions granted to the Company, the assets, including all of the improvements made to the airport facilities during the term of the concessions, shall automatically revert to the Mexican Government. Additionally, ASA and other agencies of the Mexican Government maintain the rights to provide certain services such as air traffic control, fuel supply and immigration control.

On February 24, 2006, the Company made an initial public offering of its Series “B” shares, under which the Mexican Government, which held 85% of the voting common stock of the Company sold its shares, both in the United States of America, via the New York Stock Exchange and in Mexico, via the Mexican Stock Exchange. Consequently, as of such date, the Company became a public entity in both Mexico and the United States of America and is required to meet the various legal obligations and regulations applicable in each country for public entities.

#### b. Significant events

On August 31, 2007, the Los Cabos, Puerto Vallarta, Hermosillo and Bajío airports signed an unsecured credit agreement with Banco Nacional de Mexico, S.A. (“Banamex”) for Ps. 1,214,000. Funds were disbursed on three different dates, as described in Note 15.a.

On November 8, 2007, Corporativo de Servicios Aeroportuarios, S.A. de C.V. (“Corsa”) was incorporated as a subsidiary, in order to carry out a corporate restructuring, which began operations in January 2008.

On November 28, 2007, Puerta Cero Parking, S.A. de C.V. (“Parking”) was incorporated as a subsidiary. The purpose of this entity is to render operating and administrative services to the public parking lots, and began operations in January 2008.

As mentioned in Note 16.d, at an Ordinary General Stockholders’ Meeting held on April 28, 2008, the stockholders approved the appropriation of resources for the repurchase of Company shares up to a maximum amount of Ps. 55,000.

As mentioned in Note 16.e, at an Ordinary General Stockholders’ Meeting held on April 28, 2009, the stockholders approved an increase to the appropriation of resources for the repurchase of Company shares up to a maximum amount of Ps. 864,265.

On December 9, 2009, the Guadalajara, Puerto Vallarta, Hermosillo and Bajío airports entered into an unsecured credit agreement with Banamex and HSBC Mexico, S.A. (“HSBC”), for a combined amount of Ps. 651,446. Funds will be disbursed on two different dates, as described in Note 15.b.

On December 23, 2009, a Trust was created to guarantee payment under the contract “Turn-Key Design, Supply, Installation and Initialization of the System for Inspection of 100% of Documented Baggage”, and to comply with the requirement of supplying a system for inspection of documented and in-cabin baggage, entered into with Rapiscan Systems, S.A. de C.V. (“Rapiscan”), a subcontractor which will be in charge of construction of the entire project. As of December 31, 2009, investment balances held in the trust totaled Ps. 352,436, comprised of the initial contribution and interest earned.

## 2. Basis of presentation

- a. **Translation into English** – The accompanying consolidated financial statements have been translated from Spanish into English for use outside of Mexico. These consolidated financial statements are prepared on the basis of Mexican Financial Reporting Standards (“MFRS”, individually referred to as “Bulletins” or *Normas de Información Financiera* or “NIFs”).
- b. **Monetary unit of the financial statements** – The consolidated financial statements and notes as of December 31, 2009, 2008 and for the years then ended, include balances and transactions denominated in Mexican pesos of different purchasing power, while those as of and for the year ended December 31, 2007 are presented in Mexican pesos of purchasing power of December 31, 2007.
- c. **Consolidation of financial statements** – The consolidated financial statements include those of Grupo Aeroportuario del Pacífico, S.A.B. de C.V. and its subsidiaries, of which it owns 99.99% of the shares representing their common stock. The consolidated subsidiaries are as follows:
  - Aeropuerto de Aguascalientes, S.A. de C.V.
  - Aeropuerto del Bajío, S.A. de C.V.
  - Aeropuerto de Guadalajara, S.A. de C.V.
  - Aeropuerto de Hermosillo, S.A. de C.V.
  - Aeropuerto de La Paz, S.A. de C.V.
  - Aeropuerto de Los Mochis, S.A. de C.V.
  - Aeropuerto de Mexicali, S.A. de C.V.
  - Aeropuerto de Morelia, S.A. de C.V.
  - Aeropuerto de Puerto Vallarta, S.A. de C.V.
  - Aeropuerto de San José del Cabo, S.A. de C.V.
  - Aeropuerto de Tijuana, S.A. de C.V.
  - Aeropuerto de Manzanillo, S.A. de C.V.
  - Servicios a la Infraestructura Aeroportuaria del Pacífico, S.A. de C.V.
  - Corporativo de Servicios Aeroportuarios, S.A. de C.V.
  - Puerta Cero Parking, S.A. de C.V.

All significant intercompany balances, transactions and investments have been eliminated in the accompanying consolidated financial statements.

- d. ***Income from operations*** – This line item is comprised of total revenues less operating costs. Although this presentation is not required by NIF B-3, *Statement of Income*, it is included because it represents a reliable measure of the economic and financial performance of the Company.
- e. ***Comprehensive income*** – Comprehensive income is comprised of the net income of the period, plus other comprehensive income (loss) items of the same period, which are presented directly in stockholders' equity without affecting the consolidated statements of income. For the years ended December 31, 2009, 2008 and 2007, comprehensive income is represented only by the net income of each year.
- f. ***Classification of costs and expenses*** – Costs and expenses presented in the consolidated statements of income were classified according to their nature.

### 3. Summary of significant accounting policies

The accompanying consolidated financial statements have been prepared in conformity with MFRS, which require that management make certain estimates and use certain assumptions that affect the amounts reported in the financial statements and their related disclosures; however, actual results may differ from such estimates. The Company's management, upon applying professional judgment, considers that estimates made and assumptions used were adequate under the circumstances. The significant accounting policies of the Company are as follows:

- a. ***Recognition of the effects of inflation*** – Beginning January 1, 2008 the Company suspended recognition of the effects of inflation, as cumulative inflation for the three years preceding December 31, 2009 and 2008, equaled 15.01% and 11.56%, respectively; accordingly, the economic environment is considered non-inflationary for both years. Through December 31, 2007, inflationary effects consisted of the recognition of gains and losses on monetary and non-monetary accounts. These effects are presented in the consolidated financial statements under the caption of monetary position result, which represents the erosion of the purchasing power of monetary items caused by inflation. Such amount was determined by applying to net monetary assets or liabilities, at the beginning of each month, inflation rates derived from the Mexican National Consumer Price Index ("NCPI"). Losses resulted from maintaining a net monetary asset position.

The rates of inflation for the years ended December 31, 2009, 2008 and 2007 were 3.57%, 6.53% and 3.76%, respectively.

- b. ***Cash and cash equivalents*** – This line item consists mainly of bank deposits in checking accounts and readily available daily investments of cash surpluses and is stated at nominal value plus accrued yields, which are recognized in results as they accrue.
- c. ***Cash equivalents designated for expenditure, held in trust*** – Corresponds to readily available investments, held in a revocable trust controlled by the Company, which are designated to fulfill a contract for the acquisition of specific machinery, equipment and improvements to concession assets. It is classified as a non-current asset.
- d. ***Financial investments for trading purposes*** – According to its intent, from the date of acquisition, the Company classifies its investments in marketable securities as held for trading purposes, because the Company has the intention to trade the debt and equity instruments in the short-term, before their maturity; these investments are stated at fair value and any fluctuations in the value of these investments are recognized within current earnings. The fair value is the amount at which a financial asset can be exchanged or a financial liability can be paid, among interested and willing parties in a free trade transaction.

- e. **Allowance for doubtful accounts** – The Company systematically and periodically reviews the aging and collection of its accounts receivable and records an allowance for doubtful accounts when evidence exists that they will not be fully recoverable.
- f. **Machinery, equipment and improvements on leased buildings** – These assets are initially recorded at acquisition cost and through December 31, 2007, were restated using factors derived from the NCPI. Depreciation is calculated using the straight-line method based on the useful lives of the related assets, as described in Note 8.
- g. **Improvements to concession assets** – These assets are initially recorded at acquisition cost and through December 31, 2007, were restated using factors derived from the NCPI. Beginning on January 1, 2008, the Company applies International Financial Reporting Interpretations Committee (IFRIC) 12, *Service Concession Agreements* to its concessions. Amortization is calculated using the straight-line method based on the useful lives of the related assets, as described in Note 9.
- h. **Airport concessions** – Concessions to manage, operate and develop each of the airports are recorded at acquisition cost and through December 31, 2007, were restated using factors derived from the NCPI. Amortization is calculated using the straight-line method over the concession life of 50 years, as described in Note 10.
- i. **Rights to use airport facilities** – Rights to use airport facilities are recorded at the historical cost of the airport facilities as recorded by ASA. Through December 31, 2007, they were restated using factors derived from the NCPI. Amortization is calculated using the straight-line method based on the useful lives of the related assets, as described in Note 10.
- j. **Other acquired rights** – Other acquired rights are recorded at acquisition cost and through December 31, 2007, were restated using factors derived from the NCPI. Amortization is calculated using the straight-line method over the period from the date of acquisition to the end of the 50-year concession term, as described in Note 12.
- k. **Impairment of long-lived assets in use** – The Company reviews the carrying amounts of long-lived assets in use, pursuant to Bulletin C-15, *Accounting for the Impairment and Disposal of Long-Lived Assets*, when an impairment indicator suggests that such amounts might not be recoverable. Impairment is recorded when the carrying amounts exceed the greater of the present value of future net cash flows or the net sales price.

None of the 12 airports can be considered an “independent cash generating unit” since all are part of the Pacific Group package included in the Federal Government’s bidding process. Therefore, each concessionaire must operate its airports regardless of their individual results. Accordingly, the Company reviews its long-lived assets for impairment on a consolidated basis.

- l. **Derivative financial instruments** – The Company obtains financing under different conditions. At the end of 2009, the Company entered into its first variable interest rate bank loan. In order to reduce its exposure to the risk of volatility in interest rates, the Company entered into an interest rate cap that establishes a ceiling for interest paid on the bank loans and effectively converts the variable rate profile of the debt to a fixed rate profile. The Company has designated the interest rate cap as a cash flow hedge. Its term extends from the date of its execution to the maturity date of the related bank loan. The Company only enters into derivative financial instruments with institutions of high repute. The Company does not enter into derivative financial instruments for the purpose of speculation.

The Company recognizes all derivative financial instruments as either assets or liabilities in the consolidated balance sheets and measures those instruments at fair value, regardless of its intent for holding them. Fair value is determined based on quoted market prices in an active market. When an active market does not exist, fair value is determined based on accepted valuation techniques for pricing financial instruments.

When derivative financial instruments are entered into to hedge risks, and such derivatives meet all hedging requirements, their designation is documented at the beginning of the hedging transaction, which includes the Company's risk management objectives and strategy for undertaking the hedge, identification of the hedging instrument, the hedged item, the nature of the risk being hedged, and how the entity will assess the hedging instrument's effectiveness.

The accounting for changes in the fair value of a derivative financial instrument designated as a hedge depends on the type of hedge and is accounted for as follows: (1) for fair value hedges, the gain or loss is recognized in current earnings offsetting the gain or loss on the hedged item; (2) for cash flow hedges, the effective portion of the derivative's gain or loss is initially reported as a component of other comprehensive income and subsequently reclassified into earnings when the forecasted transaction affects earnings; the ineffective portion of the gain or loss is reported in earnings immediately. When the Company determines the effectiveness of a cash flow hedge based on the intrinsic value of the instrument, it recognizes the changes in the time value of the instrument directly through earnings.

The Company discontinues hedge accounting if the hedging instrument expires or is sold, terminated, or exercised, if the hedge no longer meets the hedge accounting criteria – for example it is no longer effective or for cash flow hedges the forecast transaction is no longer expected to occur, or if the entity revokes the hedge designation.

Embedded derivative financial instruments are recognized for rental agreements that establish rental payments in a currency different from the functional currency of the both parties to the rental agreement. The embedded derivative is segregated, whose underlying is the fluctuation between the foreign currency and functional currency, and is measured at fair value through results of the period.

- m. **Other assets** – Costs incurred in the development phase that meet certain requirements and that the Company has determined will have future economic benefits are capitalized and amortized based on the straight-line method. Disbursements that do not meet such requirements, as well as research costs, are recorded in results of the period in which they are incurred.
- n. **Provisions** – Provisions are recognized for obligations that result from a past event, that are probable to result in the use of economic resources and that can be reasonably estimated; however, the final result could differ from the provision recognized.
- o. **Direct employee benefits** – Liabilities for direct employee benefits are recognized based on the services rendered by employees, considering their most recent salaries. These benefits include mainly statutory employee profit sharing (“PTU”) payable, compensated absences, such as vacation and vacation premiums and incentives.
- p. **Employee benefits from termination and retirement** – Liabilities from seniority premiums and severance payments are recognized as they accrue and are calculated by independent actuaries using the projected unit credit method at nominal rates.
- q. **Statutory employee profit sharing** – PTU is recorded in the results of the year in which it is incurred and presented under other income and expenses in the accompanying consolidated statements of income. Deferred PTU is derived from temporary differences that in 2009 and 2008 resulted from comparing the accounting and tax basis of assets and liabilities and in 2007, resulted from comparing the financial income and taxable income for PTU purposes. Deferred PTU is recognized only when it could be reasonably assumed that such difference would generate a liability or benefit, and there is no indication that circumstances would change in such a way that the liabilities would not be paid or benefits would not be realized. The cumulative effect of deferred PTU calculated as of January 1, 2008 for the change in accounting methodology, was recognized in retained earnings.

- r. **Revenue recognition** – The majority of the Company’s revenues are derived from rendering aeronautical services, which are generally related to the use of airport facilities by airlines and passengers. These revenues are regulated by the SCT through a “maximum rate” per “workload unit”. A workload unit is currently equivalent to one terminal passenger or 100 kilograms (220 pounds) of cargo.

Revenues from non-aeronautical services consist mainly of the leasing of commercial space at the airport terminals (other than space deemed essential to airline operations), car parking, access fees charged to third parties providing food catering and other services at the airports, and other miscellaneous revenues.

Commercial space within the terminals is leased through operating lease agreements, based on either a monthly fixed rent or a charge based on the higher of a minimum monthly rent or a percentage of the lessee’s monthly revenues.

All revenues, except for the percentage of lessee monthly revenues on commercial rental contracts, are recognized net of any discounts, within a maximum thirty-day term subsequent to the time passengers depart, planes land or other services are provided, as the case may be, considering that the events that occur and services that are rendered in any given month are invoiced and recognized within that same month. Revenues corresponding to the percentage of lessee monthly revenues on commercial rental contracts are recognized in the following month, with the exception of those revenues related to December, which are recognized within this same month.

- s. **Foreign currency transactions** – According to the Mexican Federal Tax Code, foreign currency transactions are recorded at the exchange rate in effect on the day before the transaction date, published by the Central Bank of Mexico in the Federal Official Gazette (the difference between bank exchange rates in effect at the transaction date and the rates used by the Company is not considered material). Monetary assets and liabilities denominated in foreign currency are translated into Mexican pesos at the applicable exchange rate in effect at the balance sheet date. Exchange fluctuations are recorded as a component of net comprehensive financing income.
- t. **Income taxes** – Income tax (“ISR”) and the Business Flat Tax (“IETU”) are recorded in the results of the year they are incurred. To recognize deferred income taxes, based on its financial projections, the Company determines whether it expects to incur ISR or IETU and accordingly recognizes deferred taxes based on the tax it expects to pay. Deferred taxes are calculated by applying the corresponding tax rate to the applicable temporary differences resulting from comparing the accounting and tax bases of assets and liabilities and including, if any, future benefits from tax loss carryforwards and certain tax credits. Deferred tax assets are recorded only when there is a high probability of recovery.
- u. **Tax on assets** – Tax on assets (“IMPAC”) paid in previous years that is expected to be recovered is recorded as an advance payment of income tax and is presented in the consolidated balance sheets as “Recoverable tax on assets”.
- v. **Earnings per share** – Basic earnings per common share are calculated by dividing consolidated net income by the weighted average number of shares outstanding during the period. The Company does not have any dilutive securities; therefore basic and diluted earnings per share are the same.
- w. **Concentration of credit risk** – Financial instruments that potentially expose the Company to a significant concentration of credit risk are primarily trade accounts receivable; however, such risk is adequately covered by guarantee deposits granted by clients and the allowance for doubtful accounts.

#### 4. Cash and cash equivalents

As of December 31, the balances are composed of the following:

	<b>2009</b>	<b>2008</b>
Cash	Ps. 327,930	Ps. 48,037
Investments of cash surpluses	1,493,220	1,457,967
	<u>Ps. 1,821,150</u>	<u>Ps. 1,506,004</u>

## 5. Financial investments held for trading purposes

Financial investments held for trading purposes are composed of the following at December 31:

	2009		2008	
	Cost of acquisition	Fair Value	Cost of acquisition	Fair Value
PEMEX UMS Bonds	Ps. 281,276	Ps. 279,621	Ps. 277,222	Ps. 275,237

Investments held for trading purposes are composed of investment funds with immediate liquidity. According to the treasury policy of the Company, such investments will be traded within one year of acquisition, and are presented at fair value based on the market value of such securities at each balance sheet date. Changes in fair value are recognized within comprehensive financing income in the consolidated statements of income.

## 6. Trade accounts receivable

Trade accounts receivable are composed of the following at December 31:

	2009	2008
Accounts receivable	Ps. 589,469	Ps. 684,676
Allowance for doubtful accounts	(135,613)	(112,618)
	<u>Ps. 453,856</u>	<u>Ps. 572,058</u>

Accounts receivable include balances invoiced to domestic and international airlines for passenger charges of Ps. 441,174 and Ps. 532,703 as of December 31, 2009 and 2008, respectively. Passenger charges are payable for each passenger (other than diplomats, infants, transfer and transit passengers) departing from the airport terminals operated by the Company and are collected by the airlines and subsequently remitted to the Company.

The Guadalajara Airport represented approximately 34%, 33% and 33% of consolidated revenues generated during the years ended December 31, 2009, 2008, and 2007. Also, approximately 89%, 90% and 88% of consolidated revenues during the years ended December 31, 2009, 2008, and 2007, respectively, were generated by the Company's six largest airports (Guadalajara, Tijuana, Los Cabos, Puerto Vallarta, Bajío and Hermosillo).

During 2009, the Company increased the allowance for doubtful accounts for Ps. 22,995, mainly due to Consorcio Aviaxsa, S.A. de C.V. and Cenca Comercializadora, S.A. de C.V., as well as other commercial clients.

## 7. Cash equivalents designated for expenditure, held in trust

As mentioned in Note 1.b, on December 23, 2009 the Company established a trust for investment and administration entitled "Revocable Investment and Administration Trust", with Banamex. The objective of this trust is to fulfill the financial obligations arising from a contract executed between the airports of the Company and Rapiscan, for the project called "Turn-Key Design, Supply, Installation and Starting up for the System for Inspection of 100% of Documented Baggage", which such project forms part of the Master Development Program 2005-2009.

Banamex acts as trustee, while the airports of the Company are trustors and beneficiaries in the second instance, and Rapiscan is the beneficiary in first instance. The trust is revocable and is controlled by a Technical Committee consisting solely of employees of the Company. At December 31, 2009, investment balances held in the trust totaled Ps. 352,436, comprised of the initial cash contribution and interest earned. The assets are only to be invested in government securities denominated in national currency or bonds with the Mexican Government, as instructed by the Company, and should be immediately available, beginning January 4, 2010. The maximum term for investments is limited to 30 days. The duration of the trust is for the period in which the contracts with airports are in force and over which Rapiscan will fulfill the terms of the contract.

## 8. Machinery, equipment and improvements on leased buildings

Machinery, equipment and improvements on leased buildings are composed of the following at December 31:

			Average Annual Depreciation Rate
	<b>2009</b>	<b>2008</b>	
Machinery and equipment	Ps. 426,161	Ps. 391,086	10%
Office furniture and equipment	118,609	112,052	10%
Computer equipment	136,237	92,213	30%
Transportation equipment	30,698	29,824	25%
Communication equipment	13,150	11,760	10% and 30%
Improvements on leased buildings	<u>7,892</u>	<u>7,305</u>	5%
	732,747	644,240	
Less- accumulated depreciation	<u>(368,646)</u>	<u>(309,082)</u>	
	<u>Ps. 364,101</u>	<u>Ps. 335,158</u>	

## 9. Improvements to concession assets

Improvements to concession assets are composed of the following at December 31:

			Average Annual Amortization Rate
	<b>2009</b>	<b>2008</b>	
Improvements to concession assets	Ps. 3,853,684	Ps. 3,245,426	5% and 8%
Less- accumulated amortization	<u>(732,465)</u>	<u>(533,883)</u>	
	3,121,219	2,711,543	
Construction in-progress	382,402	647,830	
Other	<u>9,770</u>	<u>9,475</u>	
	<u>392,172</u>	<u>657,305</u>	
	<u>Ps. 3,513,391</u>	<u>Ps. 3,368,848</u>	

As of December, 31, 2009 and 2008, the balance of machinery, equipment, improvements on leased assets and improvements to concession assets includes Ps. 101,296 and Ps. 223,530, respectively of unpaid investments. Construction in-progress relates mainly to the construction of new Terminal at the Los Cabos airport, and the construction of a fire extinguishing system at the Guadalajara airport. As of December 31, 2009, significant construction in-progress pending execution and payment amounts to approximately Ps. 15,750.

As of December 31, in 2009 and 2008, comprehensive financing result ("CFR") was capitalized under improvements to concession assets for Ps. 30,959 and Ps. 24,887, respectively, derived from capital expenditures at the Bajío, Hermosillo, Puerto Vallarta and Los Cabos airports of approximately Ps. 363,721 and Ps. 308,557. These expenditures were realized from January to December of 2009 and 2008 and the average annual interest rate was 8.5% for both years. As of December 31, 2009 and 2008, the accumulated amount of capitalized CPR was Ps. 58,020 and Ps. 27,061, respectively.

Reconciliation of the comprehensive financial result is as follows:

	<b>2009</b>	<b>2008</b>
Net CFR income	Ps. 27,250	Ps. 189,991
Add back: CFR cost capitalized	<u>30,959</u>	<u>24,887</u>
CFR income in the statements of income	<u>Ps. 58,209</u>	<u>Ps. 214,878</u>

## 10. Airport concessions

As described in Note 1.a, the Mexican Government granted concessions to manage, operate and develop 12 airports, and benefit from the use of the airport facilities over a 50-year term beginning November 1, 1998. The value of airport concessions and rights to use airport facilities was determined as explained in Note 1.a, and paid by GAP through the issuance of shares to the Mexican Government.

The table below shows the values of airport concessions and rights to use airport facilities as of December 31, 2009:

		<b>Remaining amortization term (years)</b>	<b>Original amortization term (years)</b>
Acquisition cost	<u>Ps. 24,210,213</u>		
assigned to:			
Rights to use airport facilities (Note 11):			
Runways, aprons, platforms	Ps. 788,443	25	35
Buildings	876,867	15	25
Other facilities	138,596	-	10
Land	<u>1,412,873</u>	39	49
	3,216,779		
Airport concessions	<u>20,993,434</u>	39	49
	<u>Ps. 24,210,213</u>		

The original amortization term for the concessions is 49 years. As mentioned in Note 1.a, the concession value was assigned in August 1999, therefore the amortization term will begin from that date on and until November 2048.

The value of the concessions at December 31 is as follows:

	<b>2009</b>	<b>2008</b>
Airport concessions	Ps. 20,993,434	Ps. 20,993,434
Less- accumulated amortization	<u>(4,236,461)</u>	<u>(3,804,951)</u>
	<u>Ps. 16,756,973</u>	<u>Ps. 17,188,483</u>

Each airport concession agreement contains the following terms and basic conditions:

- The concessionaire has the right to manage, operate, maintain and use the airport facilities and carry out any construction, improvements, or maintenance of facilities in accordance with its Master Development Program (“MDP”), and to provide airport, complementary and commercial services. Each concessionaire is required to make minimum investments at each airport under the terms of its MDP. The Company’s investment plans under the MDP must be updated every five years starting from 2000 and approved by the SCT. During December 2009, the SCT authorized the Company’s MDP update for the five-year period from 2010 to 2014.
- The concessionaire will use the airport facilities only for the purposes specified in the concession, will provide services in conformity with the law and applicable regulations, and will be subject to inspections by the SCT.
- The concessionaire must pay a tax for the use of the assets under concession (currently 5% of the concessionaire’s annual gross revenues derived from the use of public property), in conformity with the Mexican Federal Duties Law.
- The concessionaire assumed ASA’s rights and obligations derived from airport-related agreements with third parties.
- ASA has the exclusive right to supply fuel for consumption at the airport.
- The concessionaire must grant free access to specific airport areas to certain Mexican Government agencies (such as customs and immigration) so that they may carry out their activities within the airport.
- According to Article 27 of the General Law on Airports, the concession may be revoked if the concessionaire breaches any of its obligations established therein or falls under any of the causes for revocation referred to in Article 26 of law and in the concession agreement. The breach of certain concession terms may be cause for revocation if the SCT has applied sanctions in three different instances with respect to the same concession term.

- The SCT may modify concession terms and conditions that regulate the Company's operations.
- The concession may be renewed in one or more instances, for terms not to exceed an additional 50 years.

### 11. Rights to use airport facilities

The value of the rights to use airport facilities at December 31 was as follows:

	2009	2008
Rights to use airport facilities	Ps. 3,216,779	Ps. 3,216,779
Less- accumulated amortization	<u>(1,028,544)</u>	<u>(933,181)</u>
	<u>Ps. 2,188,235</u>	<u>Ps. 2,283,598</u>

### 12. Other acquired rights

At December 31, the value of other acquired rights was as follows:

	2009	2008	Remaining amortization term (years)	Original amortization term (years)
Right to operate the charter and general aviation terminal and FBO at Los Cabos airport terminal	Ps. 483,469	Ps. 483,469	39	48
Right to operate commercial space at Tijuana airport	19,443	19,443	39	46
Right to operate various space at Puerto Vallarta airport	358,095	358,095	39	44
Right to operate commercial space at Guadalajara airport	108,235	108,235	39	44
Right to operate various parking lots	<u>7,118</u>	<u>7,118</u>	39	44
	976,360	976,360		
Less – accumulated amortization	<u>(156,072)</u>	<u>(135,021)</u>		
	<u>Ps. 820,288</u>	<u>Ps. 841,339</u>		

On June 1, 2000, the Company paid to Servicios Aéreos del Centro, S.A. de C.V. U.S.\$ 34.9 million (Ps. 332,108 nominal pesos) to recover the right to operate the charter terminal (terminal 3) and the general aviation terminal at the Los Cabos airport.

On December 12, 2002, GAP paid to Ruber, S.A. de C.V. and Recaro, S.A. de C.V. U.S.\$ 1.5 million (Ps. 15,682 nominal pesos) to recover the right to operate commercial space at the Tijuana airport and commercial advertising inside the terminal.

On June 1, 2004, GAP paid U.S.\$ 26.6 million to Grupo Aeroplazas, S.A. de C.V. ("AEROPLAZAS") for the early termination of the operating lease agreement in connection with certain commercial areas within the Puerto Vallarta airport, originally signed between AEROPLAZAS and ASA, which lease agreement was transferred, in its entirety, from ASA to the Puerto Vallarta airport.

On the same date, GAP paid U.S.\$ 7.8 million to Aerolocales, S.A. de C.V. ("AEROLOCALES") for the early termination of an operating lease agreement (which agreement was transferred from ASA, in its entirety, to the Guadalajara airport), in connection with certain commercial areas within the Guadalajara airport.

### 13. Hedging derivative financial instrument

As mentioned in Note 1.b, on December 9, 2009, the Company entered into unsecured credit agreements with Banamex and HSBC receiving funds for Ps. 325,723 from each institution, for a total of Ps. 651,446. The loans bear interest at the variable Mexican Interbank Equilibrium Interest Rate ("TIIE") plus 350 basis points, requiring quarterly payments of principal and interest for a period of seven years. Funds from the loan are intended to fulfill investment commitments.

With respect to the loans, each contracting airport entered into a derivative financial instrument with Banamex, which the Company has designated as cash flow hedges. This instrument establishes a ceiling of 7% on the variable 91-day TIIE interest rates stipulated in the loan agreements (representing the strike price of the hedging instrument), which when added to the 350 basis points established in the loan agreements and the related hedge contract, results in a maximum interest rate of 10.50%. The effective date of the hedge begins in the fourth year of the related debt agreement and extends to the end of the term of the debt. This hedge applies to both credits issued by Banamex and by HSBC. The Company paid a premium of Ps. 14,667 in December 2009. The Company determined the effectiveness of the cash flow hedge based on its intrinsic value, which at December 31, 2009, was zero, for which reason the fair value of the hedge represents the time value of the instrument and is recognized directly through consolidated results for Ps. 1,020; no amounts have been recognized through other comprehensive income.

At December 31, 2009, details of the hedging instrument are as follows:

Year	Notional amount	Start date of the hedging instrument	Maturity date	Interest rate	Maximum interest rate	Fair Value
2009	Ps. 82,145	December 2012	December 2016	TIIE+350 bp	10.50%	Ps. 2,988
2010	<u>290,109</u>	January 2013	January 2017	TIIE+350 bp	10.50%	<u>10,659</u>
Total	<u>Ps. 372,254</u>					<u>Ps. 13,647</u>

#### 14. Employee benefits

The liability for employee benefits at December 31 was as follows:

	2009	2008
Termination benefits:		
Seniority premiums	Ps. 2,087	Ps. 1,695
Severance payments at the end of the work relationship	6,435	5,580
Retirement benefits:		
Seniority premiums	2,809	2,431
Severance payments at the end of the work relationship	<u>23,827</u>	<u>15,415</u>
	<u>Ps. 35,158</u>	<u>Ps. 25,121</u>

The Company provides seniority premium benefits to its employees, which consist of a lump sum payment of 12 days' wages for each year worked, calculated using the most recent salary, not to exceed twice the legal minimum wage established by law. Additionally, the Company pays severance at the end of the work relationship, in some circumstances. The related liability and annual cost of such benefits are calculated by an independent actuary on the basis of formulas defined in the plans using the projected unit credit method.

- a. **Termination benefits** – The net cost of the period for the obligations derived from termination benefits in 2009 and 2008, both from seniority premiums and severance payments at the end of the work relationship, was Ps. 4,187 and Ps. 7,643, respectively, which includes Ps. 2,940 and Ps. 4,211, respectively, of paid benefits during the period.

Unrecognized items related to termination benefits will be amortized in three years.

- b. **Retirement benefits - Seniority premiums** – The net cost (income) of the period for the obligations derived from seniority premiums was Ps. 378, (Ps. 14) and Ps. 526 in 2009, 2008, and 2007, respectively. Other disclosures required by financial reporting standards are considered to be immaterial.

- c. **Retirement benefits - Severance payments at the end of the work relationship** – The present values of these obligations and the rates used for their calculations at December 31 were as follows:

	2009	2008
Vested benefit obligation	Ps. 1,151	Ps. 930
Nonvested benefit obligation	<u>33,998</u>	<u>31,002</u>
Defined benefit obligation	35,149	31,932
Unamortized items:		
Past service costs and changes to the plan	(15,179)	(18,062)
Unrecognized actuarial gains and losses	<u>3,857</u>	<u>1,545</u>
	<u>(11,322)</u>	<u>(16,517)</u>
Net projected liability	<u>Ps. 23,827</u>	<u>Ps. 15,415</u>

Nominal rates used in actuarial calculations were as follows:

	2009	2008
Discount of the projected benefit obligation at present value	8%	8%
Increase in salaries	5%	5%

Amortization period for past services is five years.

The net cost of the period is composed of the following:

	2009	2008	2007
Service cost of the year	Ps. 2,963	Ps. 2,907	Ps. 3,431
Financial cost of the year	2,568	2,384	1,228
Past service costs and changes to the plan	<u>2,881</u>	<u>2,883</u>	<u>1,738</u>
	<u>Ps. 8,412</u>	<u>Ps. 8,174</u>	<u>Ps. 6,397</u>

Changes to the present values of the defined benefit obligation are as follows:

	2009	2008
Present value of defined benefit obligation as of January 1	Ps. 31,932	Ps. 29,548
Service cost	2,963	2,907
Interest cost	2,568	2,384
Actuarial gain on the obligation	<u>(2,314)</u>	<u>(2,907)</u>
Present value of defined benefit obligation as of December 31	<u>Ps. 35,149</u>	<u>Ps. 31,932</u>

- d. Under Mexican legislation, the Company must make payments equivalent to 2% of its workers' daily integrated salary to a defined contribution plan that is part of the retirement savings system. The expense was Ps. 3,873 in 2009 and Ps. 4,024 in 2008.

## 15. Bank loans

- a. As mentioned in Note 1.b, on August 31, 2007 the Company entered into an unsecured credit agreement with Banamex for a total of Ps. 1,214,000, which such funds were disbursed as follows.
- On September 7, 2007, the Company borrowed the first available tranche of Ps. 600,000 under its loan from Banamex as follows: the Los Cabos airport borrowed Ps. 330,000, the Puerto Vallarta airport borrowed Ps. 193,000, the Hermosillo airport borrowed Ps. 44,000 and the Bajío airport borrowed Ps. 33,000.

- On January 30, 2008, the Company borrowed the second available tranche of Ps. 344,000 as follows: the Los Cabos airport borrowed Ps. 273,000, the Bajío airport borrowed Ps. 28,000, the Puerto Vallarta airport borrowed Ps. 26,000 and the Hermosillo airport borrowed Ps. 17,000.
- On January 30, 2009, the Company borrowed the third available tranche of Ps. 270,000 as follows: the Los Cabos airport borrowed Ps. 202,000, the Hermosillo airport borrowed Ps. 41,000, the Bajío airport borrowed Ps. 19,000 and the Puerto Vallarta airport borrowed Ps. 8,000.

The borrowings from under the agreement mature in seven years from the date of the borrowing and bear fixed interest at a rate of 8.52% on unpaid balances. Interest payments and amortization of principal are required to be made in 28 equal and consecutive quarterly payments.

- b. As mentioned in Note 1.b, on December 9, 2009, the Company entered into contracts for unsecured credit agreements with Banamex and HSBC receiving funds for Ps. 325,723 from each institution, totaling Ps. 651,446. The loans bear interest at a variable THIE rate plus 350 basis points and require quarterly principal and interest payments for a period of seven years. The loans will be disbursed in two tranches and funds will be used to fulfill investment commitments. The total amount of the loans will be distributed in the following amounts to the following airports: Guadalajara for Ps. 343,090, Puerto Vallarta for Ps. 168,478, Bajío for Ps. 76,030 and Hermosillo for Ps. 63,848.

During December 2009, the first tranche was disbursed for Ps. 96,994 for Guadalajara, Ps. 26,982 for Bajío and Ps. 19,778 for Hermosillo. The second tranche will be disbursed no later than February 28, 2010.

In connection with this loan, the Company entered into a hedge with Banamex, as explained in Note 13.

- c. Outstanding borrowings as of December 31, 2009 mature as follows:

Year	Amount
2010	Ps. 193,965
2011	193,965
2012	193,965
2013	193,965
2014	172,536
Thereafter	<u>101,572</u>
	<u>Ps. 1,049,968</u>

- d. At December 31, 2009, bank loans are payable by the following subsidiaries:

Airport	Current	Long-Term	Total
Bajío	Ps. 15,283	Ps. 72,056	Ps. 87,339
Guadalajara	13,856	83,138	96,994
Hermosillo	17,397	81,594	98,991
Puerto Vallarta	32,429	125,179	157,608
Los Cabos	<u>115,000</u>	<u>494,036</u>	<u>609,036</u>
Total	<u>Ps. 193,965</u>	<u>Ps. 856,003</u>	<u>Ps. 1,049,968</u>

- e. The loan agreement limits the use of the resources to the financing of capital expenditures and working capital of the Company, prohibits the merger of the Company (or any of its subsidiaries) with any other company, prohibits the sale or transfer of assets in an amount greater than Ps. 1,000, without previous authorization from the creditors and requires the Company to maintain certain financial ratios; in addition, in the case the airports are unable to fulfill their commitment under the credit agreement, dividends cannot be declared. As of December 31, 2009, the Company is in compliance with the covenants stipulated by the credit agreement.

## 16. Stockholders' equity

- a. At December 31, 2009, 2008 and 2007, common stock consists of the following:

	Number of Shares	Nominal Value	Restatement Effect	Total
Fixed Capital				
Series B	476,850,000	Ps. 13,616,849	Ps. 7,075,955	Ps. 20,692,804
Series BB	<u>84,150,000</u>	<u>2,402,974</u>	<u>1,248,698</u>	<u>3,651,672</u>
Total	<u>561,000,000</u>	<u>Ps. 16,019,823</u>	<u>Ps. 8,324,653</u>	<u>Ps. 24,344,476</u>

Series "BB" shares, which may represent up to 15% of capital stock, may only be transferred upon prior conversion into Series "B" shares, based on certain time restrictions.

- b. In an Ordinary General Stockholders' Meeting held on April 19, 2007, the stockholders declared cash dividends in the amount of Ps. 1,171,616 (Ps. 1,140,000 nominal pesos), which were paid on two different dates, Ps. 837,655 (Ps. 815,000 nominal pesos) on May 18, 2007 and Ps. 333,961 (Ps. 325,000 nominal pesos) on October 31, 2007.
- c. On January 1, 2008, and as a consequence of the adoption of NIF D-3, *Employee Benefits*, the Company recognized the cumulative initial effect of deferred statutory employee profit sharing of Ps. 1,320 (Ps. 951, net of income tax effects).
- d. In an Ordinary General Stockholders' Meeting held on April 28, 2008, the stockholders declared cash dividends in the amount of Ps. 1,122,000, which were paid on two different dates, Ps. 864,000 on May 12, 2008 and Ps. 257,485 on October 31, 2008. The remaining amount of Ps. 515 was not paid as it originated from the repurchased stock the Company had on the date the dividend was paid.

In an Ordinary General Stockholders' Meeting held on April 28, 2008, the stockholders approved the appropriation of resources for the repurchase of the Company's own shares up to a maximum amount of Ps. 55,000 in accordance with the Securities Market Law, to be repurchased as the Company's management determines it is convenient or necessary. As of December 31, 2008, the Company has repurchased 1,720,000 shares for a cumulative amount of Ps. 44,227, which represents 0.30% of the outstanding shares. At December 31, 2008, the market value of the shares was Ps. 31.46 per share. The calculation of weighted average shares outstanding includes the effect of the repurchased shares during 2008.

- e. In an Ordinary General Stockholders' Meeting held on April 28, 2009, the stockholders approved and increase to the appropriation of resources for the repurchase of the Company's own shares up to a maximum amount of Ps. 864,265 in accordance with the Securities Market Law, to be repurchased as the Company's management determines it is convenient or necessary. During 2009, the Company repurchased 360,000 shares, which when added to shares repurchased during 2008, totaled 2,080,000 shares for a cumulative amount of Ps. 54,475, which represented 0.37% of the outstanding shares. These shares were relocated in the market in 2009 for Ps. 53,712, at a loss of Ps. 248, recorded in retained earnings, net of the dividend received of Ps. 515. The calculation of weighted average shares outstanding includes the effect of the repurchased and relocated shares during 2009 and 2008.

In the General Stockholders' Meeting held on April 28, 2009, the stockholders declared cash dividends in the amount of Ps. 1,200,000, of which Ps. 870,000 were paid on May 25, 2009 and Ps. 330,000 were paid on November 3, 2009.

- f. The General Corporate Law requires that at least 5% of net income of the year be transferred to the legal reserve until the reserve equals 20% of capital stock at par value (nominal pesos). The legal reserve may be capitalized but may not be distributed, except in the form of stock dividends, until the entity is dissolved. The legal reserve must be replenished if it is reduced for any reason. At December 31, 2009, 2008 and 2007, the legal reserve, in nominal pesos, was Ps. 344,275, Ps. 267,129 and Ps. 196,988, respectively, amounts that represent 2.1%, 1.7% and 1.2% of the nominal value of capital stock, respectively.

- g. Dividends paid to non-resident holders with respect to Series “B” shares and American Depositary Shares (“ADS’s”, unit ownership of U.S. stockholders) are currently not subject to Mexican withholding tax. Dividends that are paid from a company’s distributable earnings that have not been subject to ISR will be subject to a corporate level dividend tax calculated at the tax rate applicable to the distribution year. This corporate level dividend income tax on the distribution of earnings may be applied as a credit against ISR corresponding to the fiscal year in which the dividend was paid or against the ISR of the two fiscal years following the date in which the dividend was paid.
- h. The balances of stockholders’ equity tax accounts as of December 31 were as follows:

	2009	2008	2007
Contributed capital account	Ps. 26,847,527	Ps. 25,934,170	Ps. 24,344,476
Net tax income account	<u>1,006,911</u>	<u>1,212,459</u>	<u>982,009</u>
Total	Ps. <u>27,854,438</u>	Ps. <u>27,146,629</u>	Ps. <u>25,326,485</u>

## 17. Foreign currency balances and transactions

- a. At December 31, the foreign currency monetary position was as follows:

	2009	2008
Thousands of U.S. dollars:		
Monetary assets:		
Cash and cash equivalents	886	4,207
Financial investments held for trading purposes	21,413	20,330
Trade accounts receivable	<u>3,080</u>	<u>4,667</u>
	25,379	29,204
Monetary liabilities:		
Suppliers	1,021	1,019
AMP, related party	<u>532</u>	<u>-</u>
	1,553	1,019
Net monetary asset position	<u>23,826</u>	<u>28,185</u>
Equivalent in Mexican pesos	Ps. <u>311,137</u>	Ps. <u>381,581</u>

- b. Transactions denominated in foreign currency were as follows:

	2009	2008	2007
	(In thousands of U.S. dollars)		
Revenues from aeronautical and non-aeronautical services	<u>22,389</u>	<u>27,849</u>	<u>24,627</u>
Revenues for recovery expenses	<u>500</u>	<u>100</u>	<u>87</u>
Technical assistance fee	<u>4,996</u>	<u>4,992</u>	<u>4,796</u>
Import purchases, technical assistance and other expenses	<u>3,234</u>	<u>2,468</u>	<u>3,119</u>

- c. The exchange rates in effect at the dates of the consolidated balance sheets and the date of the related report of the independent auditors were as follows:

	2009	December 31, 2008	2007	March 8, 2010
Mexican pesos per one U.S. dollar (see Note 3.s)	Ps. <u>13.0587</u>	Ps. <u>13.5383</u>	Ps. <u>10.8662</u>	Ps. <u>12.7182</u>

## 18. Transactions with related parties

Transactions with related parties, carried out in the ordinary course of business, were realized at prices comparable to those for transactions with independent parties and were as follows:

	2009	2008	2007
AMP, related party			
Expenses:			
Technical assistance fees	<u>Ps. 111,721</u>	<u>Ps. 118,226</u>	<u>Ps. 125,857</u>
Services received	<u>Ps. 6,007</u>	<u>Ps. 362</u>	<u>Ps. 287</u>
AENA Desarrollo Internacional S.A., related party			
Expenses:			
Services received	<u>Ps. 2,008</u>	<u>Ps. 9,928</u>	<u>Ps. 325</u>

In 1999, GAP and AMP entered into a technical assistance and transfer-of-technology agreement whereby AMP and its stockholders agreed to render administrative and advisory services and transfer industry technology and know-how to GAP in exchange for consideration. The agreement's original 15-year term may be automatically renewed for successive five-year terms, with the approval of the stockholders' meeting, unless one party gives a termination notice to the other at least 60 days prior to the effective termination date. If GAP decides to cancel or renew the agreement, GAP needs the approval of at least 51% of the holders of Series "B" shares other than AMP or any party related to AMP.

According to the agreement, as of January 1, 2000, the Company committed to pay AMP annual consideration of U.S.\$ 7,000,000 for the years 2000 and 2001 and, beginning in 2002, the greater of U.S.\$ 4,000,000 (these amounts are subject to restatement based on the U.S. National Consumer Price Index ("CPI")) or 5% of GAP's consolidated operating income, defined as earnings before interest income or expense, calculated prior to deducting the technical assistance fee, income taxes, depreciation and amortization.

AMP is also entitled to the refund of expenses incurred in the rendering of the services provided for in the agreement.

The total amounts paid to executive officers were as follows:

	2009	2008	2007
Benefits paid	Ps. 19,883	Ps. 17,924	Ps. 15,950
Indemnification payments	-	-	329
Total	<u>Ps. 19,883</u>	<u>Ps. 17,924</u>	<u>Ps. 16,279</u>

## 19. Other (expense) income

a. The total amounts are comprised as follows:

	2009	2008	2007
PTU	Ps. (599)	Ps. (67)	Ps. (1,569)
(Loss) gain on sale of fixed assets	(6,859)	(4,480)	2,055
Gain from a judicial resolution	-	8,000	-
Donations	-	-	(5,000)
Repairs due to natural disasters	(3,829)	-	-
Other	(423)	4,090	2,162
	<u>Ps. (11,710)</u>	<u>Ps. 7,543</u>	<u>Ps. (2,352)</u>

- b. PTU is comprised as follows:

	2009	2008	2007
PTU:			
Current	Ps. (1,759)	Ps. (3,664)	Ps. (1,569)
Deferred	<u>1,160</u>	<u>3,597</u>	<u>-</u>
	<u>Ps. (599)</u>	<u>Ps. (67)</u>	<u>Ps. (1,569)</u>

- c. Deferred PTU as of December 31, 2009 and 2008, was originated by provisions for employee benefits and other accounts payable, which amounts to Ps. 6,077 and Ps. 4,917, respectively.

## 20. Income taxes

Mexican companies are subject to a dual tax system comprised of ISR and IETU.

ISR - Rate was 28% for 2009, 2008, 2007 and will be 30% for years 2010 to 2012, 29% for 2013 and 28% for 2014 and thereafter.

IETU applies to the sale of goods, the provision of independent services and the granting of temporary use or enjoyment of goods, according to the terms of the IETU Law, less certain authorized deductions. IETU payable is calculated by subtracting certain tax credits from the tax determined. Revenues, as well as deductions and certain tax credits, are determined based on cash flows generated in each year. The IETU rate was 16.5% in 2008 and 17% in 2009, and will be 17.5% as of 2010 and thereafter. The Asset Tax Law was repealed upon enactment of the IETU Law; however, under certain circumstances, IMPAC paid in the ten years prior to the year in which ISR is paid, may be refunded, according to the terms of the law.

The income tax expense in the year is paid based on the higher of ISR and IETU.

According to its financial projections and in accordance with Interpretation of Financial Reporting Standards ("INIF") 8, *Effects of the Business Flat Tax*, the Company determined that it will pay ISR. Therefore, the Company recognizes deferred ISR, except for Corsa and Servicios a la Infraestructura Aeroportuaria del Pacifico, S.A. de C.V. ("SIAP"), which essentially will pay IETU.

- a. Recoverable income taxes paid on dividends

In 2007, the Guadalajara airport deducted Ps. 23,022 of ISR paid on dividends paid in 2006 against its 2006 annual tax return. Subsequently, the tax authorities refused the deduction, arguing it was incorrect. At December 31, 2009 and after several legal proceedings, the authority continues to reject the position taken by the Company, for which reason the Company will appeal the resolution in 2010. Although no assurance can be provided, according to its legal counsel, the Company considers that it has sufficient elements to obtain a favorable outcome.

In 2008, the Aguascalientes, La Paz, Mexicali and Morelia airports paid dividends which generated income tax on dividends and a recoverable income tax asset of Ps. 8,470. The Company's management estimates that this amount will not be recoverable within the time limit, and thus reserved the asset.

In 2009, the Aguascalientes and Morelia airports paid dividends which generated income tax on dividends of Ps. 933. The Company's management estimates that this amount will not be recoverable within the time limit, and thus reserved the asset.

During 2009 the Company requested from the Secretaría de Hacienda y Crédito Público (the "Mexican Treasury Department"), for the Guadalajara, Puerto Vallarta, Los Cabos and Tijuana airports, confirmation of the criteria with respect to the application of Article 11 of the Income Tax Law (the "ISR Law") to ISR paid on dividends paid. The Company obtained positive confirmation, except with respect to the Guadalajara airport as mentioned above, that the mechanism in Article 10 of the ISR Law, which is being applied by the Company, establishes that ISR paid on dividends paid is creditable against current ISR of the year in which the dividends are paid and the subsequent two years, prior to the crediting of monthly provisional ISR payments from the same year, thereby establishing technical merits for the recovery of the amount at the Guadalajara airport.

b. Recoverable taxes

In 2003, the Company filed a request with the tax authorities regarding the confirmation of the criteria with respect to the basis that the Company could use to calculate asset tax. The Company requested that such calculation, based on the interpretations of tax law as published by the Mexican Treasury Department, should only take into account the amount effectively paid by AMP for the shares of the Company that was reflected in the assets in each concession acquired through the bidding process.

After several legal procedures, on August 29, 2006, the Mexican Treasury Department confirmed the criteria for the Aguascalientes, Hermosillo, La Paz, Los Mochis, Morelia and Manzanillo airports, reducing the asset tax basis for these airports. Thus, for these airports, the base used to calculate tax on assets considers only the amount effectively paid by AMP for its 15% of the shares of the Company. This generated a recoverable tax as of December 31, 2006 for Ps. 190,537 (nominal pesos), plus Ps. 18,026 (nominal pesos) related to inflation, for a total recoverable asset of Ps. 208,563 (nominal pesos) recognized within the current recoverable income tax asset.

During 2007, the Company received a refund of Ps. 146,407 (nominal pesos). The remaining amount of Ps. 62,156 which corresponds to amounts from years 2002, 2003, 2005 and 2006 (2005 and 2006 corresponding only to the Hermosillo airport) has been denied by the tax authorities. Accordingly, the Company filed a judicial annulment in order to obtain a favorable resolution. As a result of these annulment proceedings, the Company received favorable resolutions for the Los Mochis, Aguascalientes and La Paz airports. Unfavorable resolutions were received for the Morelia and Manzanillo airports. With respect to the Manzanillo airport, the legal proceeding is still open to determine if any refund of interest applies. Proceedings are still pending resolution for the Hermosillo airport. Given the resolutions received as mentioned above, amounts were either further reserved or were received, such that as of December 31, 2009, the remaining amount is Ps.42,789. In the opinion of the Company and its legal counsel, an unfavorable outcome is considered remote.

As of December 31, 2009 the judicial annulment for the remaining six airports was still pending resolution. In opinion of the Company and its legal counsel, the Company considers it has sufficient technical merits to obtain a favorable resolution.

c. Income tax expense consists of the following:

	2009	2008	2007
ISR:			
Current	Ps. 359,553	Ps. 431,295	Ps. 464,342
Deferred	(211,778)	(324,915)	(229,601)
Deferred ISR due to tax rate increases	(8,967)	-	-
Cancellation of recoverable income tax	933	8,470	42,836
IETU:			
Current	9,943	8,136	-
Deferred	(8,510)	6,253	-
Deferred IETU due to tax rate increases	(257)	386	-
	<u>Ps. 140,917</u>	<u>Ps. 129,625</u>	<u>Ps. 277,577</u>

- d. The reconciliation of the statutory income tax rate and the effective income tax rate as a percentage of income before income taxes for the years ended December 31 is shown below:

	2009	2008	2007
Statutory rate	28%	28%	28%
Effect of tax rate increase	(1%)	-	-
Effects of inflation	(20%)	(29%)	-
Effects of cancellation of recoverable income tax	-	1%	3%
Effect of recovery of tax on assets originated from enactment of IETU	-	-	(17%)
Change in valuation allowance	<u>4%</u>	<u>8%</u>	<u>3%</u>
Effective rate	<u>11%</u>	<u>8%</u>	<u>17%</u>

- e. At December 31, the main items comprising the deferred income tax asset are:

	2009	2008
<b>Deferred ISR asset (liability):</b>		
Allowance for doubtful accounts	Ps. 37,297	Ps. 27,806
Airport concessions and rights to use airport facilities	917,969	481,828
Machinery, equipment and improvements on leased buildings	29,790	19,011
Improvements to concession assets	75,512	42,930
Capitalized comprehensive financing result	(11,688)	(5,736)
Embedded derivatives	(4,929)	(11,719)
Hedging derivative financial instrument	295	-
Employee benefits	5,639	10,809
Other provisions	<u>-</u>	<u>355</u>
Deferred ISR	1,049,885	565,284
Effect of tax loss carryforwards	232,132	431,394
Valuation allowance for tax loss carryforwards	<u>(211,760)</u>	<u>(163,796)</u>
Net long-term deferred ISR asset	<u>1,070,257</u>	<u>832,882</u>
<b>Deferred IETU asset (liability):</b>		
Employee benefits	7,883	2,740
Accounts receivable and payable – net	(2,234)	-
Machinery and equipment	<u>(3,522)</u>	<u>(9,380)</u>
Net long-term deferred IETU liability	<u>2,127</u>	<u>(6,640)</u>
Net long-term deferred income tax asset	<u>Ps. 1,072,384</u>	<u>Ps. 826,242</u>

For the computation of the deferred income tax asset as of December 31, 2009 and 2008, the Company applied to temporary differences the applicable rates according to their estimated date of reversal. The result derived from the application of different rates is presented in the captions of Deferred ISR due to tax rate increase and Deferred IETU due to tax rate increases in the table of tax provisions above.

- f. As a result of the enactment of IETU, the Company has ten years, beginning in 2008, to recover, under specific circumstances, existing asset tax credit carryforwards paid in the last ten years, limited to 10% per year. As well, the IETU Law established a mechanism to recover existing asset tax credit carryforwards that ultimately benefited the Company. Based on these changes which resulted in the Company's ability to recover tax on assets that was previously determined to be unrecoverable, coupled with the Company's financial projections from 2010 – 2017, as of December 31, 2009, the Company recognized recoverable tax on assets paid in previous years of Ps. 396,240, comprised of Ps. 309,578 (nominal pesos) and Ps. 86,662 inflationary effects through December 31, 2009, through the cancellation of the valuation allowance.

In 2009, based on the Company's financial projections for the following eight years, mainly as a result of the deterioration in projected results for the Tijuana airport, the Company increased the valuation allowance by Ps. 15,875. The actual amount of recoverable tax on assets paid in previous years amounts to Ps. 646,316. However, according to tax on asset (through 2007) and IETU laws, the recovery against income tax of the amount of tax on assets paid in the last ten years is limited to 10% per year. Therefore, the Company recognized a valuation allowance of Ps. 250,076, which results in net recoverable tax on assets of the following:

	Recoverable tax on assets for year 2009	Recoverable tax on assets from 2010 to 2017	Total
Bajío	Ps. 520	Ps. 3,202	Ps. 3,722
Guadalajara	15,315	107,441	122,756
Puerto Vallarta	2,254	11,583	13,837
Tijuana	<u>10,702</u>	<u>245,223</u>	<u>255,925</u>
Total	<u>Ps. 28,791</u>	<u>Ps. 367,449</u>	<u>Ps. 396,240</u>

At December 31, the recoverable tax on assets is comprised as follows:

	2009	2008
Recoverable tax on assets paid	Ps. 646,316	Ps. 668,200
Valuation allowance for recoverable tax on assets paid	<u>(250,076)</u>	<u>(226,120)</u>
Recoverable tax on assets	<u>Ps. 396,240</u>	<u>Ps. 442,080</u>

- g. Additionally, the Company has generated Ps. 829,041, of net operating loss carryforwards. However, based on its financial projections, the Company expects that only those net operating loss carryforwards at the Aguascalientes and Morelia airports will be recoverable, which results in net operating loss carryforwards of Ps. 72,757 as of December 31, 2009 based on future ISR projections. As permitted by the Mexican tax authorities for concession operations, all tax loss carryforwards expire in 2048.

## 21. Commitments

- a. The Company has leased office space under one five-year operating lease agreement, which was renewed in February 2008. The respective monthly rental payments is U.S.\$ 36,200. Base rent is subject to increases according to the NCPI and the CPI.

Lease expense was Ps. 5,068, Ps. 4,717 and Ps. 4,746 for the years ended December 31, 2009, 2008, and 2007, respectively.

- b. On December 28, 2009, the SCT authorized the Company's MDP update for the five-year period from 2010-2014. The table below shows the investments to be made during this period, as approved by the SCT:

Year	Amount
2010	Ps. 553,904
2011	989,456
2012	562,217
2013	411,349
2014	<u>253,731</u>
	<u>Ps. 2,770,657</u>

Amounts set forth above are expressed in thousands of Mexican pesos of purchasing power as of December 31, 2007, and have to be expressed using factors derived from the National Construction Price Index at the time of their execution.

## 22. Contingencies

- a. Several municipalities have filed real estate tax claims against some subsidiary airports related to the land where the airports operate. Based on the opinion of its external legal counsel, the Company believes that there are no legal grounds for such claims. Therefore, the Company has initiated legal proceedings to invalidate the claims, and, where applicable, related foreclosures or other actions. Although no assurance can be given, the Company does not expect the resolutions to have any adverse effects on its consolidated financial position or results of operations.

In the case of the Mexicali airport, claims have been filed for Ps. 89,000 (nominal pesos), which is guaranteed with an encumbrance on 25% of the daily revenues from the operation of the parking lot at the airport generated from November 2004 until September 24, 2008. The cumulative amount of such encumbrances is Ps. 6,300 (nominal pesos). During 2008, the Company received a favorable resolution in the ultimate instance. Accordingly, the Company has claimed a refund for this amount which is still pending payment.

On June 8, 2005, the Tijuana airport received a second municipal real estate tax claim of Ps. 146,442 (nominal value). On February 9, 2006, a bailment contract was issued on behalf of the airport for Ps. 141,770 (nominal pesos) in order to release the encumbrance. In March 2008, the Tribunal declared the annulment of the tax claim, but upheld, however, the right for the municipal authorities to claim real estate taxes over commercial areas. The Company filed a legal proceeding against the resolution, but only for the decision of the court to maintain the right of the municipal authorities to claim real estate taxes over commercial areas. As the Tribunal declared the original tax claim null and void, the bailment was cancelled during 2008.

- b. In 1970, the Mexican Government expropriated a portion of land occupied by the Tijuana Airport, which was a rural property owned by a group of farmers (“*Ejido*”). The farmers have raised claims against the indemnity payments received from the Mexican Government. One such claim demands reversal of the land expropriation. While such claims are not actually against the Company, a favorable ruling on the return of the land might disrupt the current airport operation. According to the concession terms, access by the Company to land assigned to concessionaires is guaranteed. Therefore, the Company believes, although no assurance can be given, that the Mexican Government would be liable for any operational disruption caused by the farmers and would have to restore the concessionaire rights of use of public property. During 2008, the *Ejido* received an unfavorable resolution, which it appealed. As of the date of these financial statements, the *Ejido* received a favorable resolution. This resolution may affect the perimeter of the airport, due to the lack of information about the shape of the surface reverted in favor of the *Ejido*, although the Company believes such situation to be remote. Notwithstanding, the Company believes it has legal elements to appeal an adverse resolution. Additionally, the Mexican Government is required to reimburse any economic damage to the airport. In opinion of the Company and its legal counsel, the Company considers an unfavorable outcome to be remote.
- c. Federal, state and environmental protection laws regulate the Company’s operations. According to these laws, the passing of regulations relating to air and water pollution, environmental impact studies, noise control and disposal of dangerous and non-dangerous material has been considered. The Federal Environmental Protection Agency has the power to impose administrative, civil and criminal penalties against companies violating environmental laws. It is also entitled to close any facilities that do not meet legal requirements. As of the date of these consolidated financial statements, the Company does not have any environmental sanctions against it.
- d. In 2002, the Company settled a dispute with ASA related to administrative services provided to the Company during 1999. As a result of the settlement, the Company recorded a liability of Ps. 70,924 during 2002, which was paid to ASA during 2003. The Company considered these fees deductible for fiscal year 2003 and accordingly, on February 18, 2003, filed a request with the Mexican Treasury Department to confirm that such tax treatment was appropriate, regardless of the fact that the settlement took place in 1999.

As a result of a denial of the Company's request by the Mexican Treasury Department, the Company filed for appeals at each airport. As of December 2009, the Company has received favorable sentences at the Bajío, Guadalajara, La Paz, Puerto Vallarta, Los Cabos, Tijuana and Manzanillo airports. However, at the Aguascalientes and Morelia airports, the Company has received unfavorable sentences received in the ultimate instance. The remaining airports are pending resolution.

- e. The users of airports, principally airlines, have been subject to increased costs following the events of September 11, 2001 in addition to the events on December 26, 2009 in Detroit, Michigan. Airlines have been required to adopt additional security measures and may be required to comply with more rigorous security guidelines in the future. Because a substantial majority of the Company's international flights involve travel to the U.S., the Company may be required to comply with security directives of the U.S. Federal Aviation Authority, in addition to the directives of Mexican aviation authorities. The Mexican Government, being part of the International Civil Aviation Organization ("OACI"), indirectly accepted a resolution proposed by OACI related to requiring all checked baggage on all commercial flights beginning in January 2006 to undergo a comprehensive screening process. The new process is expected to require the installation of new screening equipment, which the Company will be required to purchase and operate. Despite the fact that the Company has executed a contract with Rapiscan for the acquisition and construction of security equipment, the Company could be required to undertake significant additional capital expenditures and ongoing operating expenses. This could restrict the Company's liquidity and adversely affect its operating results. In addition, the Company may be exposed to a higher risk of liability as a result of the requirement to directly operate this equipment.
- f. During 2006, Grupo de Ingeniería Universal, S.A. de C.V. ("GIUSA"), a contractor that carried out specific work at the Guadalajara airport, filed a lawsuit against such airport, claiming non-compliance with the contract and other related agreements, as well as the payment of approximately Ps. 43,000 and other unquantified benefits. The Company obtained a favorable sentence in first instance, which was appealed by GIUSA, and again, resulted in a favorable sentence for the Company. Therefore, GIUSA filed a second appeal against the sentence, which is still pending resolution. Although no assurance can be provided, according to its legal counsel, the Company considers that it has sufficient elements to obtain a favorable outcome and believes an unfavorable outcome to be remote.
- g. Currently, the Mexican Treasury Department carried out tax audits at certain of the Company's airports. As a result of such audits, the Mexican Treasury Department claimed that the Aguascalientes, La Paz, Mexicali and Morelia airports incorrectly applied the fiscal amortization rates with respect to the value of their respective concessions. The Company has filed administrative proceedings rejecting the claims made by the tax authority and defending its original position. With respect to the Aguascalientes airport, the authority determined a fine of Ps. 1,733, which will be paid by the airport, in addition to it presenting its appeal with respect to the claim and subsequently requesting a refund of this fine. In opinion of the Company and its legal counsel, the Company considers that it has sufficient elements to obtain a favorable outcome and believes an unfavorable outcome to be remote.

## 23. Information by industry segment

The Company determines and evaluates its airports individual performances before allocating personnel-related costs and other costs incurred by SIAP, the subsidiary relating to the Company's senior management. All airports provide similar services to their customers. The following table shows a summary of the Company's financial information by segment as it relates to the Guadalajara, Tijuana, Puerto Vallarta, Los Cabos, Hermosillo and Bajío airports. The financial information relating to the remaining six airports, as well as that of SIAP, Corsa and Parking and the Company's corporate operations (including investment in its subsidiaries) was combined and included under "Other". The elimination of the investment of the Company in its subsidiaries is included under "Eliminations".

December 31, 2009	Guadalajara	Tijuana	Puerto Vallarta	Los Cabos	Hermosillo	Bajío	Other	Eliminations	Total
Total external revenues	Ps. 1,115,670	Ps. 422,710	Ps. 527,723	Ps. 566,593	Ps. 151,857	Ps. 148,654	Ps. 333,033	Ps. -	Ps. 3,266,240
Total intersegment revenues	-	-	-	-	-	-	1,448,981	(1,448,981)	-
Income from operations	536,249	101,092	257,722	333,171	33,280	40,284	1,179,590	(1,187,526)	1,293,862
Interest income (expense)	42,813	32,481	(213)	7,230	521	3,337	23,610	-	109,779
Income tax	58,347	(14,883)	30,572	64,557	(6,413)	(1,684)	10,421	-	140,917
Total assets	9,256,323	5,467,182	3,723,717	3,345,732	1,487,365	1,289,479	30,459,947	(26,647,830)	28,381,915
Total liabilities	263,194	81,077	218,763	696,105	128,148	112,910	432,716	(331,552)	1,601,361
Capital expenditures in productive assets	112,905	70,814	35,718	72,782	57,904	44,940	147,051	-	542,114
Investment in productive assets	7,660,694	4,440,295	3,292,758	2,674,215	1,263,848	1,085,670	3,267,068	-	23,684,548
Depreciation and amortization for the year	258,058	139,434	114,682	88,328	42,483	39,700	146,150	-	828,835
<b>December 31, 2008</b>	<b>Guadalajara</b>	<b>Tijuana</b>	<b>Puerto Vallarta</b>	<b>Los Cabos</b>	<b>Hermosillo</b>	<b>Bajío</b>	<b>Other</b>	<b>Eliminations</b>	<b>Total</b>
Total external revenues	Ps. 1,163,847	Ps. 465,185	Ps. 585,226	Ps. 585,935	Ps. 156,487	Ps. 177,688	Ps. 356,417	Ps. -	Ps. 3,490,785
Total intersegment revenues	-	-	-	-	-	-	1,822,620	(1,822,620)	-
Income from operations	575,297	142,702	299,812	354,056	36,921	61,299	1,535,457	(1,557,498)	1,448,046
Interest income (expense)	37,189	30,544	3,323	18,185	4,152	8,566	3,594	-	105,553
Income tax	18,050	29,031	25,492	70,588	(15,362)	(2,282)	4,108	-	129,625
Total assets	9,238,844	5,443,557	3,796,211	3,459,527	1,452,054	1,373,326	30,385,890	(27,007,715)	28,141,694
Total liabilities	151,217	61,526	250,760	649,708	80,039	91,963	342,924	(224,089)	1,404,048
Capital expenditures in productive assets	160,491	38,512	26,723	181,211	22,271	20,942	71,824	-	521,974
Investment in productive assets	7,837,861	4,522,001	3,374,334	2,715,120	1,248,481	1,099,570	3,276,158	-	24,073,525
Depreciation and amortization for the year	243,528	137,012	110,079	87,252	41,114	37,003	142,263	-	798,251
<b>December 31, 2007</b>	<b>Guadalajara</b>	<b>Tijuana</b>	<b>Puerto Vallarta</b>	<b>Los Cabos</b>	<b>Hermosillo</b>	<b>Bajío</b>	<b>Other</b>	<b>Eliminations</b>	<b>Total</b>
Total external revenues	Ps. 1,163,027	Ps. 477,779	Ps. 528,527	Ps. 556,151	Ps. 156,333	Ps. 192,119	Ps. 403,388	Ps. -	Ps. 3,477,324
Total intersegment revenues	-	-	-	-	-	-	1,641,300	(1,641,300)	-
Income from operations	624,150	172,894	282,790	336,934	45,378	84,413	1,450,041	(1,411,195)	1,585,405
Interest income (expense)	41,891	74,500	10,555	20,071	3,488	7,866	(5,565)	-	152,806
Income tax	194,180	(201,166)	85,904	97,920	12,712	25,364	62,663	-	277,577
Total assets	8,826,742	5,552,341	3,809,317	3,188,003	1,424,398	1,318,432	30,041,700	(26,634,656)	27,526,277
Total liabilities	135,693	51,628	287,839	473,698	63,489	57,312	323,085	(228,032)	1,164,712
Capital expenditures in productive assets	238,682	25,401	178,223	318,842	17,330	11,637	141,502	-	931,617
Investment in productive assets	7,866,395	4,592,237	3,444,813	2,542,834	1,255,484	1,092,634	3,311,538	-	24,105,864
Depreciation and amortization for the year	240,698	136,463	101,647	67,767	40,408	37,980	129,134	-	754,097

Productive assets are comprised of: Machinery, equipment and improvements to leased buildings, Improvements to Concession assets, Airport concessions, Rights of use of airport facilities, Other acquired rights and Other assets.

## 24. Revenues

According to the General Law on Airports and its regulations, Company revenues are classified as airport, complementary and commercial services. Airport services generally include the use of airport runways, taxiways and parking areas for arriving and departing planes, use of passenger walkways, security services, hangars, and, in general, use of the space inside the terminal and other infrastructure by aircraft, passengers and cargo services. These services include rental of space that is vital for the operation of airlines and complementary service suppliers. Complementary services are ramps and handling services, catering, fuel supply, maintenance and repairs, and traffic and dispatch services.

Commercial services include services that are not essential for the operation of an airport, such as car parking areas, lease of space to retailers, restaurants and banks.

A price regulation system establishes a maximum rate for airport services and complementary services for each airport for each year in a five-year period. The maximum rate is the maximum amount of revenues per “workload unit” that may be earned at an airport each year from regulated sources. Under this regulation, a workload unit is equivalent to one passenger (excluding transit passengers) or 100 kilograms (220 pounds) of cargo. As of December 2009, SCT authorized the Company’s maximum rates applicable for the period 2010-2014.

During the periods ended December 31, 2009, 2008 and 2007, the Company charged up to 99.8%, 99.2% and 99.7%, respectively, of the maximum rate.

Below is a detail of the Company’s revenues for the years ended December 31, 2009, 2008 and 2007 according to the General Law on Airports and its regulations. For presentation purposes, revenues from access fees charged to third party providers of complementary services are classified as airport services.

	2009	2008	2007
<b>Regulated revenues</b>			
Airport operating services to airlines:			
Landing	Ps. 138,293	Ps. 146,728	Ps. 136,272
Charges for not canceling extended stay reservations	209	808	408
Parking on embarking/disembarking platform	97,971	100,263	94,193
Parking on extended stay or overnight platform	24,898	26,707	20,981
Passenger walkways and shuttle buses	19,676	18,222	23,318
Airport security charges	35,247	37,921	39,379
Airport real estate services to airlines:			
Leasing of hangars to airlines	9,814	15,362	14,794
Leasing of shops, warehouses and stockrooms to airlines (operating)	3,565	4,204	4,085
Leasing of space and other terminal facilities to airlines within the terminal (operating)	28,924	32,659	34,716
Leasing of land and other surfaces to airlines outside the terminal (operating)	3,927	6,709	7,517
Leasing of check-in desks and other terminal space	13,184	18,653	21,223
Leasing of desks and other terminal space for ticket sale	7,286	7,736	7,590
Airport passenger services:			
Domestic passenger charges	1,123,159	1,312,724	1,370,623
International passenger charges	966,540	965,591	968,456
Airport real estate services and rights of access to other operators			
	24,011	21,429	17,757
Complementary services:			
Catering services	5,260	6,473	9,241
Other third-party ramp services rendered to airlines	10,600	14,548	18,724
Traffic and/or dispatch	19,305	19,340	18,882
Fuel supply or removal	2,765	2,443	2,352
Third-party airplane maintenance and repair	2,628	3,678	2,358
Total regulated revenues included in the maximum rate	<u>2,537,262</u>	<u>2,762,198</u>	<u>2,812,869</u>
<b>Regulated revenues not included in the maximum rate:</b>			
Car parking charges	142,816	161,513	134,880
Recovery of cost over aeronautical services	10,394	11,577	11,938
Recovery of cost over non-aeronautical services	<u>11,165</u>	<u>14,124</u>	<u>11,300</u>
Total regulated revenues not included in the maximum rate	<u>164,375</u>	<u>187,214</u>	<u>158,118</u>
Total regulated revenues	<u>2,701,637</u>	<u>2,949,412</u>	<u>2,970,987</u>

	2009	2008	2007
<b>Unregulated revenues</b>			
Commercial concessions (1):			
Retail operations	60,646	64,450	58,301
Food and beverages	61,961	55,230	45,899
Duty free	43,406	44,694	36,700
VIP lounges	7,834	6,209	6,409
Financial services	10,805	8,514	6,348
Communications and networks	9,675	10,037	10,293
Car rentals	69,130	58,497	52,033
Advertising	5,268	12	-
Commercial leasing	32,794	40,119	34,483
Time sharing	87,952	73,282	71,594
Leasing of space to airlines and other complementary service providers (non-operating)	82,555	67,348	63,153
Revenues from sharing of commercial activities (1):			
Retail operations	9,406	8,793	10,695
Food and beverages	11,001	18,121	20,912
Duty free	18,727	16,123	18,495
Financial services	1,279	469	333
Communications and networks	-	5	-
Car rentals	2,510	6,302	8,182
Advertising	4,518	6,280	2,686
Time sharing	349	327	296
Access fee for ground transportation	11,801	12,148	12,221
Non-airport access fees	24,884	36,844	38,049
Services rendered to ASA	184	159	67
Various commercial-related revenues	6,817	7,256	7,772
Others	<u>1,101</u>	<u>154</u>	<u>1,416</u>
Total unregulated revenues	<u>564,603</u>	<u>541,373</u>	<u>506,337</u>
Total revenues	<u>Ps.3,266,240</u>	<u>Ps.3,490,785</u>	<u>Ps. 3,477,324</u>

- (1) Unregulated revenues are earned based on the terms of the Company's operating lease agreements. Lease agreements are based on either a monthly rent (which generally increases each year based on the NCPI) or the greater of a monthly minimum guaranteed rent or a percentage of the lessee's monthly revenues. Monthly rent and minimum guaranteed rent earned on the Company's operating lease agreements are included under the caption "Commercial concessions" above. Revenues earned in excess of the minimum guaranteed rent are included in the "Revenues from sharing of commercial activities" caption above.

Future minimum rentals as of December 31, 2009, are as follows:

Year	Amount
2010	Ps. 454,920
2011	326,462
2012	191,958
2013	119,471
2014	85,131
Thereafter	<u>144,920</u>
Total	<u>Ps. 1,322,862</u>

Amounts include contracts denominated in both Mexican pesos and U.S. dollars. The U.S. dollar denominated future minimum rentals were translated to Mexican pesos using the exchange rate applicable on December 31, 2009, which was a rate of Ps. 13.0576 Mexican pesos per U.S.\$1.00.

Future minimum rentals do not include the contingent rentals that may be paid under certain commercial leases on the basis of a percentage of the lessee's monthly revenues in excess of the monthly minimum guaranteed rent. Contingent rentals for the years ended December 31, 2009, 2008, and 2007 are disclosed under the caption "Revenues from sharing of commercial activities".

## 25. Cost of services

Cost of services for the years ended December 31, was composed of the following:

	2009	2008	2007
Employee costs	Ps. 335,628	Ps. 363,417	Ps. 351,699
Maintenance	179,406	165,604	142,361
Safety, security and insurance	110,666	110,950	106,251
Utilities	91,267	113,078	90,307
Other	<u>152,348</u>	<u>199,680</u>	<u>148,501</u>
	<u>Ps. 869,315</u>	<u>Ps. 952,729</u>	<u>Ps. 839,119</u>

## 26. Depreciation and amortization

Depreciation and amortization for the years ended December 31, were composed of the following:

	2009	2008	2007
Depreciation	Ps. 82,455	Ps. 87,180	Ps. 81,299
Amortization	<u>746,380</u>	<u>711,071</u>	<u>672,798</u>
	<u>Ps. 828,835</u>	<u>Ps. 798,251</u>	<u>Ps. 754,097</u>

## 27. New accounting principles not yet in effect

As part of its efforts to converge Mexican standards converge with international standards, in 2009, the Mexican Board for Research and Development of Financial Information Standards (“CINIF”) issued the following NIFs and INIFs, which may be applicable to the Company and become effective as follows:

- a. For fiscal years beginning on January 1, 2010:
  - NIF C-1, *Cash and Cash Equivalents*
  - Improvements to NIFs for 2010:
    - NIF B-1, *Accounting Changes and Correction of Errors*
    - NIF B-2, *Statement of Cash Flows*
    - NIF B-7, *Business Acquisitions*
    - NIF C-7, *Investments in Associated Companies and Other Permanent Investments*
    - NIF C-13, *Related Parties*
  - INIF 14, *Construction Contracts, Sale of Real Property and Rendering of Related Services*
  - INIF 17, *Service Concession Contracts*

Some of the most important changes established by these standards are:

NIF C-1, *Cash and Cash Equivalents*, changes the “cash” concept to be consistent with the definition in NIF B-2, *Statement of Cash Flows*, and introduces definitions for restricted cash, cash equivalents and readily available investments.

Improvements to NIFs for 2010 – The main improvements generating accounting changes that must be recognized retroactively are:

NIF B-1, *Accounting Changes and Correction of Errors* – Requires further disclosures when an entity applies a particular Standard for the first time.

NIF B-2, *Statement of Cash Flows* – Requires recognition of the effects of fluctuations in exchange rates used for translating cash in foreign currencies, and changes in fair value of cash in the form of precious metal coins, and other cash items, at fair value, in a specific line item.

NIF B-7, *Business Acquisitions* – Permits recognition of intangible assets or provisions in a business acquisition for a contract whose terms and conditions are favorable or unfavorable with respect to market, only when the acquired business is the lessee in an operating lease. This accounting change should be recognized retroactively for acquisitions made on or after January 1, 2009.

NIF C-7, *Investments in Associated Companies and Other Permanent Investments* – Modifies how the effects derived from increases in equity percentages in an associated company are determined. It also establishes that the effects due to an increase or decrease in equity percentages in associated companies should be recognized under equity in income (loss) of associated companies, rather than in the non-ordinary line item within the statement of income.

NIF C-13, *Related Parties* – Requires that, if the direct or ultimate controlling entity of the reporting entity does not issue financial statements available for public use, the reporting entity should disclose the name of the closest, direct / indirect, controlling entity that issues financial statements available for public use.

INIF 14, *Construction Contracts, Sale of Real Property and Rendering of Related Services* - is a supplement to Bulletin D-7, *Construction and Manufacturing Contracts for Certain Capital Assets*, and requires segregation of the different components of the contracts in order to define whether the contract refers to construction of real property, sale of real property, or rendering related services, and establishes the rules for recognizing revenue and related costs and expenses, based on the different elements identified in the contract. INIF 14 provides guidance for the appropriate use of the percentage-of-completion method for revenue recognition.

INIF 17, *Service Concession Contracts* - is a supplement to Bulletin D-7, *Construction and Manufacturing Contracts for Certain Capital Assets*, and establishes that, when the infrastructure of the service concession contracts falls within the scope of this INIF, it should not be recognized under property, plant and equipment. It also establishes that when the operator renders construction or improvement services, as well as operating services under the same contract, revenues should be recognized for each type of service, based on the fair value of the consideration received at the time the service is rendered. When amounts are clearly identified and, after they are quantified, the applicable revenue recognition criterion should be followed, taking the nature of the service rendered into consideration. INIF 17 also establishes that, when the operator renders construction or improvement services, both revenues and the associated costs and expenses should be recognized under the percentage-of-completion method and consideration received, or receivable, should be recognized, initially, at fair value. Revenues from operating services should be recognized as the services are rendered, considering supplemental application of International Accounting Standard 18, *Revenue*.

- b. For fiscal years that begin on January 1, 2011:
- NIF B-5, *Financial Segment Information*, and
  - NIF B-9, *Interim Financial Information*

Some of the most important changes established by these standards are:

NIF B-5, *Financial Segment Information* – Uses a managerial approach to disclose financial information by segments, as opposed to Bulletin B-5, which also used a managerial approach but required that the financial information be classified by economic segments, geographical areas, or client groups. NIF B-5 does not require different risks among business areas in order to separate them. It allows areas in the preoperating stage to be classified as a segment, and requires separate disclosure of interest income, interest expense and liabilities, as well as disclosure of the entity's information as a whole with respect to products, services, geographical areas and major customers. Like the previous Bulletin, this Standard is mandatory only for public companies or companies in the process of becoming public.

NIF B-9, *Interim Financial Information* – As opposed to Bulletin B-9, this Standard requires presentation of the statement of changes in stockholders' equity and statement of cash flows, as part of the interim financial information. For comparison purposes, it requires that the information presented at the closing of an interim period contain the information of the equivalent interim period of the previous year, and in the case of the balance sheet, presentation of the previous years' annual balance sheet.

At the date of issuance of these consolidated financial statements, the Company has not fully assessed the effects of adopting these new standards on its financial information.

### **International Financial Reporting Standards**

On January 2009, the Mexican Securities and Banking National Commission (the “CNBV”) issued an amendment to the Omnibus Issuers’ circular to incorporate a mandatory ruling that establishes that all financial statements of entities issued with the CNBV must comply with International Financial Reporting Standards beginning 2012. Earlier application is allowed.

### **28. Subsequent events**

- a. On January 22, 2010, the Hermosillo airport filed a judicial annulment against the resolution described in Note 20.b. In the opinion of the Company and its tax advisors, it has sufficient elements to obtain a favorable outcome and believes an unfavorable outcome is considered remote.
- b. In January 2010, the Los Mochis airport received the refund of the recoverable tax described in Note 20.b, for an amount of Ps. 25,648 (including penalties and interest).
- c. On February 3, 2010, the Bajío, Guadalajara, Hermosillo and Puerto Vallarta airports received disbursements under the second tranche of the credit contracted with Banamex and HSBC for Ps. 507,692. The characteristics of the debt, including amortization of interest and other terms, are the same as those described in Note 15.b.
- d. In relation to Note 20.a, on February 9, 2010, the Guadalajara airport received positive confirmation of the criteria with respect to the application of Article 11 of the Income Tax Law for ISR of dividends paid in 2007.
- e. In connection with Note 22.g, on February 12, 2010, the Company filed the administrative proceeding against the resolution issued by the tax authorities that establishes that the Morelia airport inappropriately applied the fiscal amortization rate over the value its concession, disregarding the tax benefit given by the tax authorities in 1998. On February 24, 2010, the Aguascalientes airport filed an annulment against the resolution issued by the tax authorities that establishes the airport inappropriately applied the fiscal amortization tax rate over the value of its concession. In the opinion of the Company and its legal counsel, an unfavorable outcome is remote.
- f. In relation to Note 7, on February 25, 2010, the Company signed a modification agreement to “Revocable Investment and Administration Trust” with Banamex. This agreement modified the terms and changed the name of the trust to “Irrevocable Means of Payment Trust”.

### **29. Financial statements issuance authorization**

On March 8, 2010 the issuance of the consolidated financial statements was authorized by Jorge Manuel Sales Martínez, Chief Executive Officer and by Rodrigo Guzmán Perera, Chief Financial Officer. These consolidated financial statements are subject to approval at the ordinary stockholders’ meeting, where they may be modified based on provision set forth by the Mexican General Corporate Law.

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