(calculated prior to deducting the technical assistance fee, income taxes, depreciation and amortization and in each case determined in accordance with MFRS). In 2009, 2008 and 2007, this fee was Ps. 111.7 million, Ps. 118.2 million and Ps. 125.9 million, respectively.

We are subject to the Mexican Federal Duties Law, which requires each of our airports to pay a concession tax to the Mexican government, which is currently equal to 5% of the gross annual revenues of each concession holder obtained from the use of public domain assets pursuant to the terms of its concession. In 2009, this tax was Ps. 162.5 million. The concession tax rate may vary on an annual basis as determined solely by the Mexican Federal Congress, and there can be no assurance that this rate will not increase in the future. If the Mexican Federal Congress increases the concession tax rate, we are entitled to request an increase in our maximum rates from the Ministry of Communications and Transportation; however, there can be no assurance that the Ministry of Communications and Transportation would honor our request.

Depreciation and Amortization

Our depreciation and amortization expenses reflect primarily the amortization of our investment in our 12 concessions, which we began amortizing for accounting purposes in August 1999, the date on which the value of our concessions was determined based on the value assigned by AMP to our Series BB shares as part of its winning bid to acquire its 15% interest in us. In addition, we amortize the value of certain fixed assets we acquire or build at our airports pursuant to the investment requirements under our master development programs. Moreover, in 2007 and 2008, we wrote off the remaining balance of certain additions to and construction upon facilities carried out since the beginning of our concession, as they were replaced with new investments as required under the master development program. The amounts of these effects were Ps. 10.9 million and Ps. 8.3 million, respectively. For further information regarding to depreciation and amortization expenses, refer to Notes 8, 9, 10, 11 and 12 to our audited consolidated financial statements.

Taxation

We and each of our subsidiaries pay taxes on an individual (rather than consolidated) basis. Through 2007, Mexican companies were generally required to pay the greater of their income tax liability (determined at a rate of 28% for 2007 to 2009, and will be 30% for 2010 to 2012, 29% for 2013 and 28% thereafter) or their asset tax liability (determined at a rate of 1.25% in 2007—of the average tax value of virtually all of their assets including, in our case, our concessions), less the average tax value of certain liabilities (through December 2006; beginning in 2007, no liabilities are deducted). Beginning January 1, 2008, Mexican companies must pay the greater of their income tax liability or a new business flat tax rate (*Impuesto Empresarial a Tasa Única*, or IETU), which replaced the asset tax. Due to changes in tax legislation, effective January 1, 2007, taxpayers who file tax reports and meet certain requirements may obtain a tax credit equivalent to 0.50% or 0.25% of taxable income. Prior to the date of the enactment of the new business flat tax (IETU), the asset tax law established that if in any year the asset tax liability exceeded the income tax liability, the asset tax payment for such excess may be reduced by the amount by which the income tax exceeded the asset tax in the three preceding years. In addition, any required payment of asset tax was creditable against the excess of income tax over asset tax of the following ten years.

In 2007, we and our subsidiaries paid an aggregate of Ps. 81.9 million in asset taxes.

On October 1, 2007, the IETU was enacted and became effective as of January 1, 2008, and the Asset Tax Law was repealed effective January 1, 2008. As a result of these changes in the Mexican tax law, the new IETU tax law established that the asset tax balance may be recovered through rebates over the following ten years of up to 10% of the total asset tax paid out and pending recovery, provided that this sum does not exceed the difference between the income tax paid during the period and the asset tax paid during the three previous years, whichever is lower, when the income tax exceeds asset tax in any of those years.

In addition, the Tax Benefits Decree and the Third Omnibus Tax Bill were published on November 5 and December 31, 2007, respectively, clarifying or expanding the transitory application of the law regarding transactions carried out in 2007 that had an impact in 2008. This law, which eliminated the asset tax and replaced it with the IETU, applies to individuals and companies with permanent establishment in Mexico. Such individuals and companies are required to pay the greater of the IETU or the income tax. IETU is calculated by applying a tax rate of 16.5% in 2008, 17.0% in 2009 and 17.5% thereafter to an income determined based on cash flows. This income is determined by decreasing authorized deductions (excluding wages, social security contributions and certain investment expenditures) from total income earned from taxable activities. IETU tax credits are deducted according to procedures established in the IETU tax law. We regularly review our deferred tax assets for recoverability and, if necessary, establish a valuation allowance based on historical taxable income, projected future taxable income and the expected timing of the reversals of existing temporary differences. Mexican tax law allows Mexican companies utilizing tax amortization rates that are lower than the maximum allowable rates to modify their tax amortization rates every five years, without exceeding the maximum allowable rate. Beginning in 2000, we utilized rates lower than the 15% maximum allowable rate to amortize our airport concessions and rights to use airport facilities for tax purposes.

Our effective tax rates in 2007, 2008 and 2009 were 17%, 8% and 11%, respectively. Our effective tax rate in 2007 was lower than the statutory rate of 28% because of the enactment of the IETU which reduced the valuation allowance for recoverable tax on assets paid in previous years to Ps. 354.9 million, mainly from our Tijuana International Airport. In 2008, our effective tax rate of 8% was significantly lower than the Mexican corporate tax rate of 28% solely due to the changes in NIF B-10, *Effects of Inflation*, which resulted in discontinuing recognizing the effects of inflation in our financial statements beginning 2008, while the corresponding tax values of assets and liabilities continue to be adjusted for inflation. This new accounting treatment resulted in a discrepancy between the tax basis and accounting basis of our assets and liabilities, making the tax basis significantly higher than the accounting basis that generated an increase in the deferred income tax asset. In 2009 our effective tax rate increased to 11% (or more than 300 basis points) mainly due to a decrease in the rate of inflation used in our base of comparison for accounting purposes to tax purposes from 6.5% to 3.6%. The increase was also partially due to a change in the valuation allowance for asset taxes. We paid Ps. 369.5 million in corporate tax in 2009, representing 27.6% of our earnings before taxes.

The IETU Law also established a mechanism to recover existing asset tax credit carryforwards that ultimately benefited the Company. The Company now has ten years beginning in 2008 to recover existing asset tax credit carryforwards. 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 2008 to 2017, in 2007, the Company recognized a significant decrease in the valuation allowance of recoverable tax on assets paid in previous years for Ps. 354.9 million. This reserve was increased slightly in 2008 to Ps. 79.1 million, based on revised financial projections from 2009 to 2017 coupled with actual results in 2008 with respect to certain of our airports. In 2009, we increased the reserve of the valuation allowance related to recoverable tax on assets paid to Ps. 23.9 million based on revised financial projections from 2010 to 2017. The recoverable tax on assets paid decreased to Ps. 21.9 million due to its recovery in 2009.

Employee Profit Sharing

We are subject to the statutory employee profit sharing regime established under the Mexican Federal Labor Law (*Ley Federal del Trabajo*). Under this regime, 10% of each unconsolidated company's annual profits (as calculated for tax purposes) must be distributed among its employees, other than its chief executive officer.

Employee Retirement Plans

Under Mexican legislation, we must make payments equivalent to 2% of our workers' daily integrated salary to a defined contribution plan that is part of the retirement savings system. The expense was Ps. 3.9 million in 2009, Ps. 4.0 million in 2008 and Ps. 3.5 million in 2007.

Effects of Devaluation and Inflation

The following table sets forth, for the periods indicated, the percentage that the Mexican peso depreciated or appreciated against the U.S. dollar, the Mexican inflation rate, the U.S. inflation rate, and the percentage that the Mexican gross domestic product, or GDP, changed as compared to the previous period.

	Year ended December 31,		
	2007	2008	2009
Depreciation (appreciation) of the Mexican peso as compared to the U.S. dollar(1)	1.0%	26.7%	(5.6)%
Mexican inflation rate(2)	3.8%	6.5%	3.6%
U.S. inflation rate(3)	4.1%	0.1%	2.7%
Increase in Mexican gross domestic product(4)	3.3%	1.5%	(6.5)%

(1) Based on changes in the rates for calculating foreign exchange liabilities, as reported by Banco de México, the Mexican Central Bank, at the end of each period, which were as follows: Ps. 10.9157 per U.S. dollar as of December 31, 2007, Ps. 13.8320 per U.S. dollar as of December 31, 2008 and Ps. 13.0587 per U.S. dollar as of December 31, 2009.
(2) Based on changes in the Mexican consumer price index from the previous period, as reported by the Banco de México. The Mexican consumer price index at year end was: 125.564 in 2007, 133.761 in 2008 and 138.541 in 2009.
(3) As reported by the U.S. Department of Labor, Bureau of Labor Statistics.
(4) In real terms, as reported by the Mexican National Institute of Statistics as of February 22, 2010.

The general condition of the Mexican economy, changes in the value of the peso as compared to the dollar, inflation and high interest rates have in the past adversely affected, and may in the future adversely affect, our:

- *Depreciation and amortization expense.* Through 2007, we restated our non-monetary assets to give effect to inflation. The restatement of these assets in periods of high inflation increased the carrying value of these assets in pesos, which in turn increased the related depreciation expense and risk of impairments. Our airport concessions are being amortized on a straight-line basis over the life of the concession and rights acquired. Although depreciation and amortization has not been affected since we discontinued the recognition of the effects of inflation as required by MFRS, should Mexico experience increased levels of inflation, and thus be required by MFRS to include those effects in its financial information, values of our concessions and other non-monetary assets could increase, and thus increase depreciation and amortization charges.
- *Passenger charges*. Passenger charges for international passengers are currently denominated in dollars, but are invoiced and collected in pesos. Meanwhile, passenger charges for domestic passengers are denominated in pesos. Because through 2007 MFRS required Mexican companies to restate their results of operations in prior periods in constant pesos as of the most recent balance sheet date, when the rate of inflation in a period exceeded the depreciation of the peso as compared to

the dollar for that period, the peso value of dollar-denominated or dollar-linked revenues in the prior period was higher than those of the current period. This effect may occur despite the fact that the amount of such revenues in dollar terms may have been greater in the current period.

- *Comprehensive financing result.* As required by MFRS, our comprehensive financing result reflects gains or losses from foreign exchange, gains or losses from monetary position (through 2007) and gains and losses from interest. As a result, it is impacted by currency depreciation.
- *Maximum rates in pesos.* Our tariffs for the services we provide to international flights or international passengers are denominated in U.S. dollars, but are generally invoiced and paid in Mexican pesos based on the average exchange rate for the month prior to each flight. During 2007, 2008 and 2009, we collected passenger charges from airlines within 78 to 88 days, 75 to 86 days and 79 to 136 days, respectively, following the date of each flight. We intend to charge prices that are as close as possible to the maximum rates that we can charge. Since we are usually only entitled to adjust our specific prices once every six months (or earlier upon a cumulative increase of 5% in the Mexican producer price index, excluding petroleum), a depreciation of the peso as compared to the dollar, particularly late in the year, could cause us to exceed the maximum rates at one or more of our airports, possibly leading to the termination of one of our concessions if it is repeated and sanctioned by the Ministry of Communications and Transportation at least three times. In the event that any one of our concessions is terminated, our other concessions may also be terminated. In addition, if the peso appreciates as compared to the dollar we may underestimate the specific prices we can charge for regulated services and be unable to adjust our prices upwards to maximize our regulated revenues.

In accordance with the new NIF B-10, *Effects of Inflation*, we ceased recognizing the effects of inflation in our financial statements for the fiscal year beginning January 1, 2008.

Results of operations by subsidiary

The following table sets forth our results of operations for the years indicated for each of our principal airports and our other subsidiaries.

Results of Operations by Subsidiary

	Subsidiary Operating Results Year ended December 31,		
	2007	2008	2009
	(millions of pesos, except percentages)		
Guadalajara:			
Revenues:			
Aeronautical services	Ps. 930.1	Ps. 930.6	Ps. 884.7
Non-aeronautical services	232.9	233.2	231.0
Total revenues	1,163.0	1,163.8	1,115.7
Operating costs	538.8	588.5	579.4
Costs of operations[4]	298.1	345.0	321.3
Depreciation and amortization	240.7	243.5	258.1
Income from operations	624.2	575.3	536.2
Operating margin[1]	53.7%	49.4%	48.1%
Tijuana:			
Revenues:			
Aeronautical services	Ps. 424.3	Ps. 368.4	Ps. 334.8

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	Subsidiary Operating Results		
	Year ended December 31,		
	2007	2008	2009
	(millions of pesos, except percentages)		
Non-aeronautical services	53.5	96.8	87.9
Total revenues	477.8	465.2	422.7
Operating costs	304.9	322.5	321.6
Costs of operations[4]	168.4	185.5	182.2
Depreciation and amortization	136.5	137.0	139.4
Income from operations	172.9	142.7	101.1
Operating margin[1]	36.2%	30.7%	23.9%
Puerto Vallarta:			
Revenues:			
Aeronautical services	Ps.418.0	Ps.454.1	Ps.387.4
Non-aeronautical services	110.5	131.1	140.3
Total revenues	528.5	585.2	527.7
Operating costs	245.7	285.4	270.0
Costs of operations[4]	144.1	175.3	155.3
Depreciation and amortization	101.6	110.1	114.7
Income from operations	282.8	299.8	257.7
Operating margin[1]	53.5%	51.2%	48.8%
Los Cabos:			
Revenues:			
Aeronautical services	Ps.403.6	Ps.432.5	Ps.398.0
Non-aeronautical services	152.6	153.4	168.6
Total revenues	556.2	585.9	566.6
Operating costs	219.2	231.8	233.4
Costs of operations[4]	151.4	144.5	145.1
Depreciation and amortization	67.8	87.3	88.3
Income from operations	337.0	354.1	333.2
Operating margin[1]	60.6%	60.4%	58.8%
Hermosillo:			
Revenues:			
Aeronautical services	Ps.132.2	Ps.132.3	Ps.126.9
Non-aeronautical services	24.1	24.2	25.0
Total revenues	156.3	156.5	151.9
Operating costs	111.0	119.6	118.6
Costs of operations[4]	70.6	78.5	76.1
Depreciation and amortization	40.4	41.1	42.5
Income from operations	45.3	36.9	33.3
Operating margin[1]	29.0%	23.6%	21.9%
Guanajuato:			
Revenues:			
Aeronautical services	Ps.160.7	Ps.144.8	Ps.122.4
Non-aeronautical services	31.4	32.9	26.3
Total revenues	192.1	177.7	148.7
Operating costs	107.7	116.4	108.4
Costs of operations[4]	69.7	79.4	68.7
Depreciation and amortization	38.0	37.0	39.7
Income from operations	84.4	61.3	40.3
Operating margin[1]	44.0%	34.5%	27.1%
Other Airport Subsidiaries[2]:			
Revenues:			
Aeronautical services	Ps.344.0	Ps.299.5	Ps.283.0
Non-aeronautical services	59.4	57.0	50.0
Total revenues	403.4	356.5	333.0
Operating costs	365.1	391.3	364.5
Costs of operations[4]	241.3	269.3	235.5
Depreciation and amortization	123.8	122.0	129.0
Income (loss) from operations	38.3	(34.8)	(31.6)
Operating margin[1]	9.5%	(9.8)%	(9.5)%

	Subsidiary Operating Results Year ended December 31, 2007	2008	2009
	(millions of pesos, except percentages)		
Other Subsidiaries[3]:			
Operating costs	Ps. (0.5)	Ps. (12.7)	Ps. (23.6)
Costs of operations[4]	(5.8)	(32.9)	(40.7)
Depreciation and amortization	5.3	20.2	17.1
Income from operations	0.5	12.7	23.6
Total:			
Revenues:			
Aeronautical services	Ps.2,812.9	Ps.2,762.2	Ps.2,537.2
Non-aeronautical services	664.4	728.6	729.0
Total revenues	3,477.3	3,490.8	3,266.2
Operating costs	1,891.9	2,042.8	1,972.3
Costs of operations[4]	1,137.8	1,244.6	1,143.5
Depreciation and amortization	754.1	798.2	828.8
Income from operations	1,585.4	1,448.0	1,293.9
Operating margin[1]	45.6%	41.5%	39.6%

(1) We determine operating margin per airport by dividing income from operations at each airport or group of airports by total revenues for that airport or group of airports.
(2) Reflects the results of operations of our airports located in Morelia, La Paz, Aguascalientes, Mexicali, Los Mochis and Manzanillo.
(3) Other subsidiaries data reflects the results of operations of our administrative, operating and car parking services providers.
(4) Cost of operations includes cost of services, technical assistance fees and concession taxes.

Historically, our most profitable airports have been our Los Cabos, Guadalajara and Puerto Vallarta international airports, which handle the majority of our international passengers. We determine profitability per airport by dividing income from operations at each airport by total revenues for that airport. Operating margins at our Tijuana International Airport historically have been lower than at our other airports because the maximum rates applicable to aeronautical services provided at our Tijuana International Airport are lower than those applicable to our other principal airports. This is because the amortization of our concession relative to the level of revenues is much higher at our Tijuana International Airport than at our other principal airports because the original concession value assigned to the Tijuana International Airport was proportionately higher.

Summary Historical Results of Operations

The following table sets forth a summary of our consolidated results of operations for the years indicated.

	Summary Consolidated Operating Results Year ended December 31, 2007 Amount	2008 Amount	2008 % change	2009 Amount	2009 % change
	(thousands of pesos, except percentages)				
Revenues:					
Aeronautical services	Ps.2,812,869	Ps.2,762,198	(1.8)%	Ps.2,537,262	(8.1)%
Non-aeronautical services	664,455	728,587	9.7	728,978	0.1
Total revenues	3,477,324	3,490,785	0.4	3,266,240	(6.4)
Operating costs:					
Cost of services	839,119	952,729	13.5	869,315	(8.8)
Technical assistance fees	125,857	118,226	(6.1)	111,721	(5.5)
Concession taxes	172,846	173,533	0.4	162,507	(6.4)
Depreciation and amortization	754,097	798,251	5.9	828,835	3.8
Total operating costs	1,891,919	2,042,739	8.0	1,972,378	(3.4)
Income from operations	1,585,405	1,448,046	(8.7)	1,293,862	(10.6)
Net comprehensive financing income:					
Interest income, net	152,806	105,553	(30.9)	109,779	4.0
Exchange (loss) gain, net	(2,078)	92,402	(4,546.7)	(26,149)	(128.3)
Monetary position loss	(59,117)	0	(100.0)	0	0.0
Gain (loss) from embedded derivatives	5,732	16,923	195.2	(25,421)	(250.2)
Net comprehensive financing income	97,343	214,878	120.7	58,209	(72.9)
Other (expense) income	(2,352)	7,543	(420.7)	(11,710)	(255.2)
Income before income taxes	1,680,396	1,670,467	(0.6)	1,340,361	(19.8)
Income tax expense	277,577	129,625	(53.3)	140,917	8.7
Consolidated net income	1,402,819	1,540,842	9.8	1,199,444	(22.2)
Other operating data (unaudited):					
Operating margin[1]	45.6%	41.5%		39.6%	
Net margin[2]	40.3%	44.1%		36.7%	

(1) Income from operations divided by total revenues, expressed as a percentage.
(2) Net income divided by total revenues, expressed as a percentage.

Results of operations for the year ended December 31, 2009 compared to the year ended December 31, 2008

Revenues

Total revenues for 2009 decreased 6.4%, from Ps. 3,490.8 million in 2008 to Ps. 3,266.2 million in 2009. This decrease was mainly due to a decrease in aeronautical services revenues while non-aeronautical services revenues remained stable.

Aeronautical services revenues decreased 8.1%, from Ps. 2,762.2 million in 2008 to Ps. 2,537.3 million in 2009. This decrease was partially due to the suspension of operations by Aerocalifornia, Avolar, Aladia and Alma in July, August, October and November 2008, respectively, and the suspension of operations of Aviacsa in July 2009. From the beginning of 2008 until the date in which Aerocalifornia, Avolar, Alma ceased operations, these airlines represented 6.1%, 5.1% and 3.8%, respectively, of our total traffic and represented 4.0%, 3.3%, 2.4%, respectively, of the total revenues. From the beginning of 2009 until the date in which Aviacsa ceased operations, it represented 3.6% of our total traffic and 1.4% of the total revenues. In addition, there was a temporary suspension of routes and a reduction in the frequency of certain flights caused by the global economic crisis and the health alert issued in April 2009 for the A/H1N1 virus, which resulted in a 7.4% (Ps. 167.1 million) decrease in passenger charges (as a consequence of a 13.3% reduction in terminal passenger traffic). Revenues from aircraft landing and parking fees declined 4.6%, or Ps. 12.5 million, while the leasing of ticket counter spaces and complementary services to airlines declined 14.6%, or Ps. 22.6 million. The reduction in passenger charges was proportionally lower than the reduction in passenger traffic due to the fact that fees for airport usage increased in 2009 compared to 2008. In addition, Los Cabos International Airport (which has the second-highest of our maximum tariffs) and the Guadalajara International Airport reported lower declines in passenger traffic than those reported at the other two airports with the highest traffic in the Company (Tijuana and Puerto Vallarta).

Non-aeronautical services revenues for 2009 increased Ps. 0.4 million or 0.1%, from Ps. 728.6 million in 2008 to Ps. 729.0 million in 2009. Although the increase in total non-aeronautical revenues was minor, there were significant changes in the composition of non-aeronautical revenues. Revenues from the leasing of time-share sales spaces, rental car services, financial services and the leasing of space to local retailers increased Ps. 33.1 million mostly due to the fact that rental amounts are updated for inflation on an annual basis, while revenues from car parking, advertising and the royalties from commercial spaces decreased Ps. 30.9 million. This decrease is due to the fact that revenues from car parking and royalties from commercial spaces are directly correlated to passenger traffic, and passenger traffic decreased in 2009. Additionally advertising revenues decreased due to reduced rental rates which had been renegotiated when renewing contracts.

Revenues by Airport

At the Guadalajara airport, revenues decreased by 4.1% from Ps. 1,163.8 million in 2008 to Ps. 1,115.7 million in 2009. Aeronautical revenues decreased by 4.9% from Ps. 930.6 million in 2008 to Ps. 884.7 million in 2009 at the Guadalajara airport, due to a 10.3% decrease in passenger traffic during the same period. Non-aeronautical revenues decreased at the Guadalajara airport by 0.9% from Ps. 233.2 million in 2008 to Ps. 231.0 million in 2009, due principally to a decrease in car parking revenues and the decrease in passenger traffic. The decrease was partially offset by an increase in the revenues of commercial leasing and rental car services.

At the Tijuana airport, revenues decreased by 9.1% from Ps. 465.2 million in 2008 to Ps. 422.7 million in 2009. Aeronautical revenues decreased by 9.1% from Ps. 368.4 million in 2008 to Ps. 334.8 million in 2009 at the Tijuana airport, due to a 14.1% decrease in passenger traffic during the same period. Non-aeronautical revenues decreased at the Tijuana airport by 9.2% from Ps. 96.8 million in 2008 to Ps. 87.9 million in 2009, due principally to a decrease in car parking revenues due to lower passenger traffic.

At the Puerto Vallarta airport, revenues decreased by 9.8% from Ps. 585.2 million in 2008 to Ps. 527.7 million in 2009, largely due to a decrease in passenger traffic, partly offset by an increase in non-aeronautical revenues. Aeronautical revenues decreased by 14.7% from Ps. 454.1 million in 2008 to Ps. 387.4 million in 2009 at the Puerto Vallarta airport, due to a 19.4% decrease in passenger traffic during the same period. Non-aeronautical revenues increased at the Puerto Vallarta airport by 7.0% from Ps. 131.1 million in 2008 to Ps. 140.3 million in 2009, due principally to an increase in revenues from rental car services, time-share developers and other commercial revenues.

At the Los Cabos airport, revenues decreased by 3.3% from Ps. 585.9 million in 2008 to Ps. 566.6 million in 2009, largely due to the decrease in aeronautical revenues, partly offset by an increase in non-aeronautical revenues. Aeronautical revenues decreased by 8.0% from Ps. 432.5 million in 2008 to Ps. 398.0 million in 2009 at the Los Cabos airport, due to a 12.3% decrease in passenger traffic during the same period. Non-aeronautical revenues increased at the Los Cabos airport by 9.9% from Ps. 153.4 million in 2008 to Ps. 168.6 million in 2009, due principally to an increase in the revenues from rental car services and time-share services.

At the Hermosillo airport, revenues decreased by 3.0% from Ps. 156.5 million in 2008 to Ps. 151.9 million in 2009, largely due to the decrease in passenger traffic, partly offset by the increase in non-aeronautical revenues. Aeronautical revenues decreased by 4.1% from Ps. 132.3 million in 2008 to Ps. 126.9 million in 2009 at the Hermosillo airport, due to an 8.6% decrease in passenger traffic during the same period. Non-aeronautical revenues increased at the Hermosillo airport by 3.1% from Ps. 24.2 million in 2008 to Ps. 25.0 million in 2009, due principally to an increase in the revenues from food and beverage services.

At the Guanajuato airport, revenues decreased by 16.3% from Ps. 177.7 million in 2008 to Ps. 148.7 million in 2009. Aeronautical revenues decreased by 15.5% from Ps. 144.8 million in 2008 to Ps. 122.4 million in 2009 at the Guanajuato airport, due to a 19.6% decrease in passenger traffic during the same period. Non-aeronautical revenues decreased at the Guanajuato airport by 20.1% from Ps. 32.9 million in 2008 to Ps. 26.3 million in 2009, due principally to a decrease in car parking revenues in part due to lower passenger traffic.

Revenues at our other 6 airports decreased by 6.6% on an aggregate basis from Ps. 356.5 million in 2008 to Ps. 333.0 million in 2009, largely due to a decrease in passenger traffic. Aeronautical revenues at these airports decreased by 5.5% from Ps. 299.5 million in 2008 to Ps. 283.0 million in 2009, due to a 13.7% decrease in passenger traffic during the same period. Non-aeronautical revenues decreased by 12.3% from Ps. 57.0 million in 2008 to Ps. 50.0 million in 2009, due principally to a decrease in passenger traffic.

Operating Costs

Cost of Services

Cost of services, which is comprised of employee costs, maintenance, safety, security, insurance, utilities and other expenses, decreased by Ps. 83.4 million, or 8.8%, from Ps. 952.8 million in 2008 to Ps. 869.3 million in 2009. Of the total decrease, 35.7% was mainly due to a Ps. 29.8 million smaller provision for doubtful accounts recognized in 2009 compared to the Ps. 45.3 million provision made in 2008, which related to doubtful payments from certain airlines that suspended operations at our airports during 2008. Service costs, such as utilities cost, declined 19.9%, or Ps. 22.5 million, mainly as a result of energy saving efforts implemented in the second half of 2008, and all of 2009, as well as a reduction in electricity fees during 2009. Employee costs declined 7.6%, or Ps. 27.8 million, mainly due to a Ps. 18.3 million reduction in wages and salaries as a result of the corporate restructuring that took place during the last quarter of 2008, as well as certain cost-cutting measures taken by us in 2009, in addition to Ps. 10.4 million in compensation associated with the corporate restructuring that affected costs in 2008, but not in 2009. Maintenance costs increased 8.3%, or Ps. 13.8 million, principally due to an increase in the cost of maintaining the baggage claim areas, the Common Use Terminal Equipment (CUTE) system, security equipment and walkways.

The main airports that contributed to the decrease in the cost of services for the year ended December 31, 2009 were Guadalajara (cost of services decreased 6.9%, from Ps. 345.0 million to Ps. 321.3 million), Puerto Vallarta (cost of services decreased 11.4%, from Ps. 175.3 million to Ps. 155.3 million), Guanajuato (cost of services decreased 13.5%, from Ps. 79.4 million to Ps. 68.7 million) and Tijuana (cost of services decreased 1.8%, from Ps. 185.5 million to Ps. 182.2 million).

Technical Assistance Fee and Concession Tax

The technical assistance fee decreased 5.6%, from Ps. 118.2 million in 2008 to Ps. 111.7 million in 2009. This decrease was mainly due to a decrease in operating income, principally resulting from a decrease in our revenues and cost of services.

As a result of decreased revenues, government concession taxes decreased by 6.4%, from Ps. 173.5 million in 2008 to Ps. 162.5 million in 2009.

Depreciation and Amortization

Depreciation and amortization increased 3.8%, from Ps. 798.2 million in 2008 to Ps. 828.8 million in 2009, mainly due to the increase in our infrastructure to fulfill the master development programs and our commitment to provide better services to our clients. The amortization of concessions did not fluctuate materially.

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Operating Costs by Airport

Operating costs for the Guadalajara airport were Ps. 579.4 million in 2009, a 1.5% decrease from the Ps. 588.5 million recorded in 2008, primarily as a result of a smaller provision for doubtful accounts recognized during 2009.

Operating costs for the Tijuana airport decreased only slightly to Ps. 321.6 million in 2009 from the Ps. 322.5 million recorded in 2008.

Operating costs for the Puerto Vallarta airport were Ps. 270.0 million in 2009, a 5.4% decrease from the Ps. 285.4 million recorded in 2008, primarily as a result of several factors including a reduction in the cost of employees as a result of the corporate restructuring that took place during the last quarter of 2008, a reduction in the cost of electricity as a result of energy saving efforts as well as a smaller provision for doubtful accounts recognized during 2009.

Operating costs for the Los Cabos airport increased only slightly to Ps. 233.4 million in 2009 from the Ps. 231.8 million recorded in 2008.

Operating costs for the Hermosillo airport decreased only slightly to Ps. 118.6 million in 2009 from the Ps. 119.6 million recorded in 2008.

Operating costs for the Guanajuato airport were Ps. 108.4 million in 2009, a 6.9% decrease from the Ps. 116.4 million recorded in 2008, primarily as a result of several factors including a reduction in the cost of employees as a result of the corporate restructuring that took place during the last quarter of 2008 and a smaller provision for doubtful accounts recognized during 2009.

Operating costs for our 6 other airports were Ps. 364.5 million in 2009, a 6.8% decrease from the Ps. 391.3 million recorded in 2008, primarily as a result of several factors including a reduction in the cost of employees as a result of the corporate restructuring that took place during the last quarter of 2008, a reduction in the cost of electricity as a result of energy saving efforts, a reduction in rental fees related to the CUTE system and a smaller provision for doubtful accounts recognized during 2009.

Income from Operations

Operating income decreased 10.6%, from Ps. 1,448.0 million in 2008 to Ps. 1,293.9 million in 2009. This decrease was primarily due to a decrease in passenger traffic which was partially offset by a reduction in several cost items. Our operating margin decreased 190 basis points, from 41.5% in 2008 to 39.6% in 2009, mainly due to a proportionately larger decrease in our revenues when compared to the decrease in operating expenses.

Income from Operations by Airport

Operating income for the Guadalajara airport decreased by 6.8% to Ps. 536.2 million in 2009 from Ps. 575.3 million in 2008, primarily due to a decrease in passenger traffic partially offset by a reduction in several cost items. The operating margin decreased 130 basis points, from 49.4% to 48.1%.

Operating income for the Tijuana airport decreased by 29.2% to Ps.101.1 million in 2009 from Ps. 142.7 million in 2008, primarily due to a decrease in passenger traffic partially offset by a reduction in several cost items. The operating margin decreased 680 basis points, from 30.7% to 23.9%.

Operating income for the Puerto Vallarta airport decreased by 14.0% to Ps. 257.7 million in 2009 from Ps. 299.8 million in 2008, primarily due to a decrease in passenger traffic partially offset by a reduction in several cost items. The operating margin decreased 240 basis points, from 51.2% to 48.8%.

Operating income for the Los Cabos airport decreased by 5.9% to Ps. 333.2 million in 2009 from Ps. 354.1 million in 2008, primarily due to a decrease in passenger traffic. The operating margin decreased 160 basis points, from 60.4% to 58.8%.

Operating income for the Hermosillo airport decreased by 9.8% to Ps. 33.3 million in 2009 from Ps.36.9 million in 2008, primarily due to a decrease in passenger traffic partially offset by a reduction in several cost items. The operating margin decreased 170 basis points from 23.6% to 21.9%.

Operating income for the Guanajuato airport decreased by 34.3% to Ps. 40.3 million in 2009 from Ps. 61.3 million in 2008, primarily due to a decrease in passenger traffic partially offset by a reduction in several cost items. The operating margin decreased 740 basis points from 34.5% to 27.1%.

Loss from operations for our 6 other airports decreased by 9.2% to a loss of Ps. 31.6 million in 2009 from a loss of Ps. 34.8 million in 2008. The decrease in the loss was primarily due to a proportionally higher decrease in the cost of services than in revenues.

Comprehensive Financing Result

Net comprehensive financing income in 2009 decreased by Ps. 156.7 million, or 72.9%, to Ps. 58.2 million compared to Ps. 214.9 million in 2008. This decrease resulted mainly from an exchange loss of Ps. 26.1 million in 2009, compared to an exchange gain of Ps. 92.4 million during 2008. During the fourth quarter of 2009, the peso appreciated against the U.S. dollar by 4.1% compared to fourth quarter of 2008. Given our net monetary asset position in U.S. dollars and this appreciation of the peso, the peso value of our net monetary assets denominated in U.S. dollars decreased in 2009, thereby causing an exchange loss in 2009. In addition, we had a loss in embedded derivates of Ps 25.4 million in 2009 compared with a gain of Ps. 16.9 million in 2008, given the appreciation of the Mexican peso. These decreases were offset by the increase of Ps. 4.2 million in net interest income.

Income Taxes and Asset Tax

Income taxes for 2009 resulted in a expense of Ps. 140.9 million, which principally consisted of the following: (a) current income tax expense for the year of Ps. 370.4 million and (b) an increase in the valuation allowance for the asset tax recovery of Ps. 16.6 million, stemming from revised financial projections at certain of our airports, both offset by a deferred income tax benefit of Ps. 246.1 million. The effective tax rate for the Company increased from 8% for 2008 to 11% in 2009 mainly due to the inflationary effects recognized only for the tax basis of our assets and liabilities and no longer for the accounting values of our assets and liabilities. Although overall income tax expense increased from 2008 driven by the foregoing factors, current income tax decreased Ps. 71.8 million from 2008 to 2009 mainly due to the 19.8% decrease in income before taxes.

Net Income

Net income decreased Ps. 341.4 million, mainly due to the decrease in operating income of Ps. 154.2 million, coupled with a decrease in comprehensive financing income of Ps. 156.7 million and increase in income tax expense of Ps. 11.3 million. The Company’s net income decreased 22.2%, from Ps. 1,540.8 million in 2008 to Ps. 1,199.4 million in 2009. Net margin decreased from 44.1% in 2008 to 36.7% in 2009, due to the aforementioned factors.

Results of operations for the year ended December 31, 2008 compared to the year ended December 31, 2007

Revenues

Total revenues for 2008 increased 0.4%, from Ps. 3,477.3 million in 2007 to Ps. 3,490.8 million in 2008. This increase was mainly due to a 9.7% increase in non-aeronautical services revenues offset by a 1.8% decrease in aeronautical services revenues.

Aeronautical services revenues decreased 1.8%, from Ps. 2,812.9 million in 2007 to Ps. 2,762.2 million in 2008. This decrease was due primarily to decreased revenues from passenger charges, which decreased Ps. 60.8 million, driven by a 5.6% decrease in total passenger traffic (representing 119.9% of the decrease in aeronautical services revenues, contributing a 450.4% decrease in total revenues). However, this decrease was partially offset by the increase of Ps. 22.3 million in revenues from airplane landing and parking fees, an increase of 8.9% compared to 2007. This was the result of the different mix of incentives offered in 2008 when compared to 2007 to all airlines to attract new routes and frequencies to and from our airports. As a result of the aforementioned and according to the concession agreements for the recognition of the effect of inflation and the application of the efficiency factor, both under the maximum tariff, aeronautical revenues per workload unit increased from Ps. 111.7 in 2007 to Ps. 116.5 in 2008.

Non-aeronautical services revenues for 2008 increased Ps. 64.1 million, or 9.7% compared to 2007. This increase is mainly attributable to revenues derived from car parking services, which rose by Ps. 26.6 million, mainly due to the recovery of the parking facility in our Tijuana International airport that occurred in January 2008, revenues from advertising, which increased Ps. 9.2 million, revenues from the leasing of commercial spaces, which increased Ps. 7.2 million, revenues from the leasing of spaces to food and beverage vendors, which increased by Ps. 6.6 million, revenues from the leasing of spaces to duty-free stores, which increased by Ps. 5.6 million and revenues from the leasing of spaces to car rentals, which increased Ps. 4.6 million. Overall revenue from non-aeronautical services per passenger during 2008 was Ps. 32.7, compared to Ps. 28.2 in 2007, an increase of 16.0%.

Revenues by Airport

At the Guadalajara airport, revenues increased from Ps. 1,163.0 million in 2007 to Ps. 1,163.8 million in 2008. Aeronautical revenues increased modestly from Ps. 930.1 million in 2007 to Ps. 930.6 million in 2008 at the Guadalajara airport. Non-aeronautical revenues increased at the Guadalajara airport from Ps. 232.9 million in 2007 to Ps. 233.2 million in 2008.

At the Tijuana airport, revenues decreased by 2.6% from Ps. 477.8 million in 2007 to Ps. 465.2 million in 2008. Aeronautical revenues decreased by 13.2% from Ps. 424.3 million in 2007 to Ps. 368.4 million in 2008 at the Tijuana airport, largely due to a 16.3% decrease in passenger traffic during the same period. Non-aeronautical revenues increased at Tijuana airport by 80.9% from Ps. 53.5 million in 2007 to Ps.96.8 million in 2008, largely due to the operation of car parking facilities beginning in 2008.

At the Puerto Vallarta airport, revenues increased by 10.7% from Ps. 528.5 million in 2007 to Ps. 585.2 million in 2008. Aeronautical revenues increased by 8.6% from Ps. 418.0 million in 2007 to Ps. 454.1 million in 2008 at the Puerto Vallarta airport, largely due to a 4.5% increase in passenger traffic during the same period. Non-aeronautical revenues increased at Puerto Vallarta airport by 18.6% from Ps. 110.5 million in 2007 to Ps.131.1 million in 2008, largely due to the increase in revenues of duty free, food and beverage services and retail operations.

At the Los Cabos airport, revenues increased by 5.3% from Ps. 556.2 million in 2007 to Ps. 585.9 million in 2008. Aeronautical revenues increased by 7.2% from Ps. 403.6 million in 2007 to Ps. 432.5 million in 2008 at the Los Cabos airport, largely due to a 3.0% increase in passenger traffic during the same period. Non-aeronautical revenues increased slightly at Los Cabos airport from Ps. 152.6 million in 2007 to Ps. 153.4 million in 2008.

At the Hermosillo airport, revenues increased from Ps. 156.3 million in 2007 to Ps. 156.5 million in 2008. Aeronautical revenues increased slightly from Ps. 132.2 million in 2007 to Ps. 132.3 million in 2008 at the Hermosillo airport. Non-aeronautical revenues increased slightly at the Hermosillo airport from Ps. 24.1 million in 2007 to Ps. 24.2 million in 2008.

At the Guanajuato airport, revenues decreased by 7.5% from Ps. 192.1 million in 2007 to Ps. 177.7 million in 2008. Aeronautical revenues decreased by 9.9% from Ps. 160.7 million in 2007 to Ps. 144.8 million in 2008 at the Guanajuato airport, largely due to a 13.4% decrease in passenger traffic during the same period. Non-aeronautical revenues increased at Guanajuato airport by 4.8% from Ps. 31.4 million in 2007 to Ps. 32.9 million in 2008.

Revenues at our other 6 airports decreased by 11.6% from Ps. 403.4 million in 2007 to Ps. 356.5 million in 2008 at these airports. Aeronautical revenues at these airports decreased by 12.9% from Ps. 344.0 million in 2007 to Ps. 299.5 million in 2008, due to 14.4% decrease in passenger traffic during the same period. Non-aeronautical revenues decreased by 4% from Ps. 59.4 million in 2007 to Ps. 57.0 million in 2008.

Operating Costs

Cost of Services

Cost of services for 2008 increased by Ps. 113.6 million, or 13.5%, from Ps. 839.1 million in 2007 to Ps. 952.7 million in 2008. Of the total increase, 39.9% was due to a Ps. 45.3 million reserve for doubtful accounts relating to several airlines that discontinued operations in 2008 due to insolvency or suspension by the regulatory authorities. Prior to 2008, the last airline to suspend or discontinue operations in Mexico was Allegro in 2003. See “Item 4, *Business Overview—Our Airports—Changes in Principal Airlines Operating at our Airports*.” The increase in cost of services was also due to a Ps. 23.2 million increase in the cost of airport maintenance (mainly in terminal, runway and parking facilities), increased utilities costs of Ps. 22.8 million, an increase in wages and salaries by approximately Ps. 15.8 million resulting primarily from a personnel restructuring and an increase in provisions for labor obligations and personnel benefits of Ps. 5.2 million.

Technical Assistance Fee and Concession Tax

The technical assistance fee decreased 6.1%, from Ps. 125.9 million in 2007 to Ps. 118.2 million in 2008. This decrease was mainly due to a decrease in operating income, principally resulting from a Ps. 45.3 million increase in the reserve for doubtful accounts discussed in costs of services above. The decrease in the technical assistance fee was also due to the fact that operating costs and expenses grew in a greater proportion than total revenues in 2008.

As a result of increased revenues, government concession taxes increased by 0.4%, from Ps. 172.8 million in 2007 to Ps. 173.5 million in 2008.

Depreciation and Amortization

Depreciation and amortization increased 5.9%, from Ps. 754.1 million in 2007 to Ps. 798.2 million in 2008, mainly due to the increase in our infrastructure to fulfill the master development programs and our commitment to provide better services to our clients. The amortization of the concessions did not fluctuate materially.

Operating Costs by Airport

Operating costs for the Guadalajara airport were Ps. 588.5 million in 2008, a 9.2% increase from the Ps. 538.8 million recorded in 2007, primarily as a result of an increase in the provisions in the reserve of doubtful accounts during 2008 due to the discontinuation of operations by several airlines and a personnel restructuring cost in 2008.

Operating costs for the Tijuana airport were Ps. 322.5 million in 2008, a 5.8% increase from the Ps. 304.9 million recorded in 2007, primarily as a result of an increase in the provisions in the reserve of doubtful accounts during 2008 due to the discontinuation of operations by several airlines.

Operating costs for the Puerto Vallarta airport were Ps. 285.4 million in 2008, a 16.2% increase from the Ps. 245.7 million recorded in 2007, primarily as a result of an increase in the provisions in the reserve of doubtful accounts during 2008 due to the discontinuation of operations by several airlines, an increase in maintenance costs and an increase in the cost of electricity.

Operating costs for the Los Cabos airport were Ps. 231.8 million in 2008, a 5.7% increase from the Ps. 219.2 million recorded in 2007, primarily as a result of an increase in the provisions in the reserve of doubtful accounts during 2008 due to the discontinuation of operations by several airlines, an increase in maintenance costs and an increase in depreciation and amortization given significant improvements undertaken at this airport.

Operating costs for the Hermosillo airport were Ps. 119.6 million in 2008, a 7.7% increase from the Ps. 111.0 million recorded in 2007, primarily as a result of an increase in the provisions in the reserve of doubtful accounts during 2008 due to the discontinuation of operations by several airlines and an increase in maintenance costs.

Operating costs for the Guanajuato airport were Ps. 116.4 million in 2008, an 8.1% increase from the Ps. 107.7 million recorded in 2007, primarily as a result of an increase in the provisions in the reserve of doubtful accounts during 2008 due to the discontinuation of operations by several airlines and an increase in maintenance costs.

Operating costs for our 6 other airports were Ps. 391.3 million in 2008, a 7.2% increase from the Ps. 365.1 million recorded in 2007, primarily as a result of an increase in the provisions in the reserve of doubtful accounts during 2008 due to the discontinuation of operations by several airlines.

Income from Operations

Operating income decreased 8.7%, from Ps. 1,585.4 million in 2007 to Ps. 1,448.0 million in 2008. This decrease was primarily due to increases in our operating cost. Our operating margin decreased 410 basis points, from 45.6% in 2007 to 41.5% in 2008, mainly due to the proportionately larger increase in operating expenses when compared to the increase in revenues.

Income from Operations by Airport

Operating income for the Guadalajara airport decreased by 7.8% to Ps. 575.3 million in 2008 from Ps. 624.2 million in 2007, primarily due to increases in our cost of services compared to relatively stable revenues. The operating margin decreased 430 basis points, from 53.7% to 49.4%.

Operating income for the Tijuana airport decreased by 17.5% to Ps. 142.7 million in 2008 from Ps. 172.9 million in 2007, due to a decrease in our revenues and an increase in the costs of operation. The operating margin decreased 550 basis points, from 36.2% to 30.7%.

Operating income for the Puerto Vallarta airport increased by 6.0% to Ps. 299.8 million in 2008 from Ps. 282.8 million in 2007, primarily due to an increase in our revenues. The operating margin decreased 230 basis points, from 53.5% to 51.2% due to a proportionately larger increase in operating costs.

Operating income for the Los Cabos airport increased by 5.1% to Ps. 354.1 million in 2008 from Ps. 337.0 million in 2007, primarily due to an increase in our revenues. The operating margin decreased 20 basis points, from 60.6% to 60.4%, given the proportionately higher operating costs as compared to the increase in revenue, as a result of significant improvements made at this airport.

Operating income for the Hermosillo airport decreased by 18.5% to Ps. 36.9 million in 2008 from Ps. 45.3 million in 2007, primarily due to an increase in our costs of operation compared to relatively stable revenues. The operating margin decreased 540 basis points, from 29.0% to 23.6%.

Operating income for the Guanajuato airport decreased by 27.4% to Ps. 61.3 million in 2008 from Ps. 84.4 million in 2007, primarily due to a decrease in our revenues and an increase in the costs of operation. The operating margin decreased 950 basis points, from 44.0% to 34.5%.

Operating results for our 6 other airports decreased by 190.9% to a loss from operations of Ps. 34.8 million in 2008 from operating income of Ps. 38.3 million in 2007, primarily due to a decrease in our revenues and an increase in the costs of operation.

Comprehensive Financing Result

Comprehensive financing income in 2008 increased by Ps. 117.6 million, or 120.7%, reaching an income of Ps. 214.9 million compared to the Ps. 97.3 million reported in 2007. This increase resulted mainly from an exchange gain of Ps. 92.4 million in 2008, compared to an exchange loss of Ps. 2.1 million during the same period in 2007, due to a net monetary asset position in dollars of U.S.$28.2 million at the end of 2008, combined with a depreciation of 26.7% of the peso against the dollar in the last quarter of 2008. In addition, NIF B-10, which no longer permits the recognition of inflation, resulted in the Company not recognizing the effect on its monetary position for 2008, while in 2007 the Company had a monetary loss of Ps. 59.1 million. These benefits were offset by the decrease of Ps. 47.2 million in net interest income.

Income Taxes and Asset Tax

Income taxes for 2008 resulted in a expense of Ps. 129.6 million, which consists of the following: (a) current income tax expense for the year of Ps. 439.4 million, (b) an increase in the valuation allowance for the asset tax recovery of Ps. 79.1 million, stemming from revised financial projections at certain of our airports and (c) cancellation of recoverable income tax of Ps. 8.5 million, all offset by a deferred income tax benefit of Ps. 397.4 million. The effective tax rate for the Company decreased from 17% for 2007 to 8% in 2008 mainly due to inflationary effects recognized only for the tax basis of our assets and liabilities and no longer for the accounting values of our assets and liabilities. The income tax decrease of Ps. 147.9 million was mainly driven by the aforementioned factors, as well as the 0.6% decrease in income before taxes.

Net Income

Net income increased Ps. 138.0 million, mainly due to the increase in comprehensive financing income of Ps. 117.6 million and a significant decrease in income tax expense of Ps. 148.0 million, offset by a decrease of Ps. 137.4 million in operating income. The Company’s net income increased 9.8%, from Ps. 1,402.8 million in 2007 to Ps. 1,540.8 million in 2008. Net margin increased from 40.3% in 2007 to 44.1% in 2008, due to the aforementioned factors.

Liquidity and Capital Resources

Historically, our operations had been funded through cash flow from operations, and we did not incur any significant indebtedness until 2007. The cash flow generated from our operations has generally been used to fund operating costs and capital expenditures, including expenditures under our master development programs, and the excess of our cash flow has been added to our accumulated cash balances. In addition, in 2007, 2008 and 2009, we used Ps. 1,171.6 million, Ps. 1,122.0 million and Ps. 1,200.0 million, respectively, of our cash balances for the payment of dividends.

At December 31, 2007, 2008 and 2009, we had Ps. 1,426.7 million, Ps. 1,506.0 million and Ps. 1,821.2 million of cash and cash equivalents, and Ps. 239.4 million, Ps. 275.2 million and Ps. 279.6 million of financial investments held for trading purposes, respectively; additionally we had cash equivalents designated for expenditure held in trust for Ps. 352.4 million as of December 31, 2009. These increases in 2009 were due in part to new funds from a bank loan of Ps. 413.8 million, which is expected to be used for capital expenditures in 2010. We believe our working capital and resources expected to be generated from operations, in conjunction with the proceeds from the credit agreement described below, will continue to meet our present requirements.

Cash Flows

In 2009, we generated Ps. 2,212.4 million from operating activities, principally reflecting income from operations after taking into consideration non-cash charges such as depreciation and amortization. Income generated from operations was mainly used to make dividend payments of Ps. 870.0 million on May 25, 2009 and Ps. 330.0 million on November 3, 2009 and to invest approximately Ps. 542.1 million in machinery, equipment and improvements to our airport facilities.

In 2008, we generated Ps. 1,614.6 million from operating activities, principally reflecting income from operations discussed above after taking into consideration non-cash charges such as depreciation, amortization and deferred income tax. Income generated from operations was mainly used to make a dividend payment of Ps. 864.0 million on May 12, 2008 and Ps. 258.0 on October 31, 2008, as well as to invest approximately Ps. 522.0 million in machinery, equipment and improvements to our airport facilities.

In 2007, we generated Ps. 2,020.2 million from operating activities, principally reflecting income from operations discussed above after taking into consideration non-cash charges such as depreciation, amortization and deferred income tax. Income generated from operations was mainly used to make a dividend payment of Ps. 837.7 million on May 18, 2007 and Ps. 333.9 on October 31, 2007, as well as to invest approximately Ps. 931.6 million in machinery, equipment and improvements to our airport facilities.

Indebtedness

We entered into an unsecured peso-denominated credit agreement with Banamex on August 31, 2007, which provides financing in an amount of Ps. 1,214.0 million, which we have been using to fund capital expenditures at our Los Cabos, Puerto Vallarta, Hermosillo and Guanajuato international airports. This amount was disbursed in three separate tranches as follows: (i) Ps. 600.0 million which was disbursed on September 7, 2007, (ii) Ps. 344.0 million which was disbursed on January 30, 2008, and (iii) Ps. 270.0 million which was disbursed on January 30, 2009.

On September 7, 2007, January 30, 2008 and January 30, 2009, loans were disbursed in three tranches as follows: Los Cabos International Airport borrowed Ps. 330.0 million, Ps. 273.0 million and Ps. 202.0 million, Puerto Vallarta International Airport borrowed Ps. 193.0 million, Ps. 26.0 million and Ps. 8.0 million, Hermosillo International Airport borrowed Ps. 44.0 million, Ps. 17.0 million and Ps 41.0 million, and Guanajuato International Airport borrowed Ps. 33.0 million, Ps. 28.0 million and Ps. 19.0 million. The loans mature in seven years from the date of the borrowing and bear a fixed interest rate of 8.52% on unpaid balances. Interest payments and amortization of principal are required to be made in 28 consecutive quarterly payments. We have been paying the amortization of principal and interest on each maturity date on each tranche. We have to comply with the following covenants, among others: (i) limitation on the use of proceeds for the financing of capital expenditures and working capital, (ii) restriction on the incurrence of other debt by any subsidiary, (iii) prohibition on the merger of our Company (or any of its subsidiaries) with any other company, (iv) prohibition on the sale or transfer of assets in an amount greater than Ps. 1.0 million, without previous authorization from Banamex, (v) maintenance of certain financial ratios and (vi) prohibition of dividends if the airports are unable to fulfill their obligations under the credit agreement.

On December 9, 2009, our Guanajuato, Guadalajara, Hermosillo, Puerto Vallarta and San José del Cabo airports entered into unsecured credit agreements with Banamex and HSBC for Ps. 325.7 million from each institution, for a total of Ps. 651.4 million. The loans accrue interest at a variable 91-day TIIE rate plus 350 basis points, with principal and interest to be paid quarterly for a period of seven years. The loans will be disbursed in two tranches and the proceeds will be used to pay for committed investments. We expect to allocate the total amount of the loans among our airports as follows: Ps. 343.1 million to Guadalajara International Airport, Ps. 168.5 million to Puerto Vallarta International Airport, Ps. 76.0 million to Guanajuato International Airport and Ps. 63.8 million to Hermosillo International Airport. Under these contracts with both banks, the airports have to comply with the following covenants, among others: (i) limitation on the use of proceeds for the financing of capital expenditures and working capital, (ii) do not constitute, assume or permit that any obligation exist on any of its goods (iii) restrictions on the incurrence of other debt by any subsidiary, (iv) prohibition on the merger of our Company (or any of its subsidiaries) with any other company, (v) prohibition on the sale or transfer of assets in an amount greater than Ps. 1.0 million, unless the sale occurs in the regular course of business, (vi) maintenance of certain financial ratios and (vii) prohibition of dividends or reimbursement of capital if the airports are unable to fulfill their obligations under the credit agreement.

In December 2009, the first tranche was disbursed to Guadalajara International Airport (Ps. 97.0 million), Guanajuato International Airport (Ps. 27.0 million) and Hermosillo International Airport (Ps. 19.8 million). The second tranche was disbursed on February 3, 2010 to Guadalajara International Airport (Ps. 246.1 million), Guanajuato International Airport (Ps. 49.0 million), Hermosillo International Airport (Ps. 44.1 million) and Puerto Vallarta International Airport (Ps. 168.5 million).

In connection with these loans, each of those airports entered into a cash flow hedge with Banamex to hedge interest rate risk, which sets a ceiling of 7% on the TIIE, stipulated in the loan agreements (representing the strike price of the hedge), which when added to the 350 basis points established in the loan agreements and the related hedge agreement, results in an effective 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 loans issued by Banamex and HSBC.

The fair value of our hedging derivative financial instrument was an asset of Ps. 13.6 million as of December 31, 2009.

On February 7, 2009, our line of credit for the issuance of letters of credit in connection with a Tijuana tax claim was cancelled.

Capital Expenditures

Under the terms of our concessions, each of our subsidiary concession holders is required to present a master development program for approval by the Ministry of Communications and Transportation every five years. Each master development program includes investment commitments (including capital expenditures and improvements) applicable to us as concession holder for the succeeding five-year period. Once approved by the Ministry of Communications and Transportation, these commitments become binding obligations under the terms of our concessions.

In December 2009, the Ministry of Communications and Transportation approved our master development programs for each of our airports for the 2010 to 2014 period. This 5-year program will be in effect from January 1, 2010 until December 31, 2014.

The following table sets forth our historical capital expenditures for the years indicated.

Capital Expenditures

Year ended December 31,		(thousands of pesos)
2007	Ps.	931,617(1)
2008		521,974(2)
2009		542,114(2)

(1) Expressed in constant pesos as of December 31, 2007.
(2) Expressed in nominal pesos.

In 2009, we spent Ps. 542.1 million on capital expenditures, principally for runways and aprons. In 2008, we spent Ps. 521.9 million on capital expenditures, principally for runways and aprons. In 2007, we spent Ps. 931.6 million on capital expenditures, principally for the expansion of terminals. See "Item 4. *History and Development of the Company—Master Development Programs"* for more detail on our historical capital expenditures. We expect that our capital expenditures in 2010 will be approximately Ps. 553.9 million.

During 2007, 72.8% of our capital expenditures were funded by cash flows from operations, while the balance was funded with bank loans. Meanwhile, during 2008 and 2009, 27.3% and 26.6% respectively, of our capital expenditures were funded by cash flows from operations, while the balance was funded with bank loans. We currently intend to fund the investments and working capital required by our business strategy through cash flow from operations and from the indebtedness described above.

Share Repurchase Program

At the General Ordinary Shareholders' Meeting held on April 28, 2008, a stock buy-back program for Series B shares was approved under the Mexican Law rules, for a maximum amount of Ps. 55 million for the period from April 28, 2008 to April 27, 2009. The share repurchases began in July 2008 and ended in April 2009. At the General Ordinary Shareholders' Meeting held on

April 28, 2009, a stock buy-back program for Series B shares was approved under the Mexican Law rules, for a maximum amount of Ps. 864.6 million for the period from April 28, 2009 to April 27, 2010. During this period the Company did not repurchase any shares. At the General Ordinary Shareholders' Meeting held on April 27, 2010, the maximum amount approved for repurchase of shares or credit instruments that represent these shares was cancelled.

Critical Accounting Policies

We prepare our audited consolidated financial statements in conformity with MFRS. As such, we are required to make estimates, judgments and assumptions that affect (i) certain reported amounts of our assets and liabilities, (ii) the disclosure of our contingent assets and liabilities at the date of the financial statements, (iii) recoverability of deferred tax assets as well as tax contingencies and (iv) certain reported amounts of revenues and expenses during the reporting period. We base our estimates and judgments on our historical experience, on technical merits for tax positions, on financial projections and on various other reasonable factors that together form the basis for making judgments about the carrying values of our assets and liabilities. Our actual results may differ from these estimates under different assumptions or conditions. We evaluate our estimates and judgments on an ongoing basis. Our significant accounting policies are described in Note 3 to our audited consolidated financial statements.

We believe our most critical accounting policies that result in the application of estimates and/or judgments are the following:

Contingencies and Provisions

We are a party to a number of legal proceedings. Under generally accepted accounting principles, liabilities are recognized in the financial statements when a loss is both estimable and probable. If the loss is neither probable nor estimable or if the likelihood of a loss is remote, no amounts are recognized in the financial statements.

Allowance for doubtful accounts

We systematically and periodically review the aging and collection of our accounts receivable and record an allowance for doubtful accounts when evidence exists that they will not be fully recoverable. We believe such risk is adequately covered by guarantee deposits in cash or other kind of guarantees by clients.

Income Taxes

In conformity with NIF D-4, *Income Taxes*, of MFRS, we recognize deferred tax assets and liabilities based on the differences between the financial statement carrying amounts and the tax basis of assets and liabilities. At December 31, 2009, we recorded, within the long-term deferred income tax asset, an estimated amount of recoverable asset tax paid, based on financial projections that show that we will recover the excess of asset tax over income tax relating to our Guanajuato, Guadalajara, Puerto Vallarta and Tijuana airports. As a result of changes in Mexican tax law, (See "Item 5—*Operating and Financial Review and Prospects—Taxation*"), the asset tax balance may be recovered through rebates of up to 10% of the total asset tax paid out and pending recovery over the next ten years (starting in 2008), provided that this sum does not exceed the difference between the income tax paid during the period and the asset tax paid during the years 2007, 2006 and 2005, whichever is lower, whenever the income tax exceeds asset tax in any of those years. Additionally, we have recorded a tax loss carryforward, expiring on 2048 as permitted by the Mexican tax authorities for concession operation relating to our Aguascalientes and Morelia airports. We regularly review our deferred tax assets for recoverability and, if necessary, establish a valuation allowance based on historical taxable income, projected future taxable income and related income tax expense compared to future estimated asset tax and the expected timing of the reversals of existing temporary differences. If these estimates and related assumptions change in the future, we may be required to make additional adjustments to our deferred tax assets, which may result in a reduction of, or an increase in, income tax expense. Beginning October 2007, and according to Interpretation of Financial Reporting Standard 8, *Effects of the Business Flat Tax*, based on our financial projections from 2009-2012, we must determine whether we will incur regular income tax or the new Business Flat Tax, or IETU, and, accordingly, recognize deferred taxes based on that expectation.

In accordance with the Income Tax Law of 2010, the income tax rate applicable will be 30% for the years 2010 through 2012, 29% for 2013 and 28% from 2014 onwards. We have recalculated our deferred tax assets and liabilities using the appropriate tax rates depending on when the tax differences triggering the deferred tax asset or liability will be reversed.

Impairment in the Value of Long-Lived Assets

We must test for impairment when indicators of potential impairment in the carrying amount of tangible and intangible long-lived assets in use exist, unless there is conclusive evidence that the indicators of impairment are temporary. An impairment is recorded when the carrying amount of long-lived assets exceeds the greater of the present value of future net cash flows provided by the assets or the net sales price upon disposal. Present value of future net cash flows is based on management’s projections of future operations, discounted using current interest rates. Our evaluations throughout the year and up to the date of this filing did not reveal any impairment of tangible and intangible long-lived assets. We can give no assurance that our evaluations will not change as a result of new information or developments which may change our future projections of net cash flows or the related discount rates and result in future impairment charges.

Principal Differences Between MFRS and U.S. GAAP

Our audited consolidated financial statements are prepared in accordance with MFRS, which differs in certain respects from U.S. GAAP. See Note 28 to our audited consolidated financial statements for a discussion of these differences and the effect on our result of operations. Consolidated net income under U.S. GAAP was Ps. 1,756.8 million, Ps. 1,961.2 million and Ps. 1,476.4 million for the years ended December 31, 2007, 2008 and 2009, respectively.

The principal differences between MFRS and U.S. GAAP as they relate to us are i) the treatment of our investments in our concessions and the rights to use our airport facilities, ii) the recognition of the fair value of embedded derivatives, iii) the treatment of AMP’s portion of shares held in trust, which are forfeitable, iv) the treatment of employee postretirement benefits and v) the effects of these adjustments on deferred income taxes. Each of these differences affects both consolidated net income and shareholders’ equity.

Off-balance Sheet Arrangements

We are not party to any off-balance sheet arrangements.