

Paris, 9 December 2009

Aéroports de Paris' proposal for the next Economic Regulation Agreement 2011 - 2015

In October 2009, Aéroports de Paris engaged in in-depth consultations with air carriers around the upcoming Economic Regulation Agreement (ERA) for the 2011-2015 period. Consultations are being held in particular in the economic advisory committee of Paris-Charles de Gaulle and Paris-Orly airports.

In light of the expectations and priorities expressed by its customers, Aéroports de Paris was prompted to set out guidelines on 2010 fee rates and the main focuses of the 2011-2015 Economic Regulation Agreement. The proposal presented hereafter sets out these guidelines.

Aéroports de Paris's proposal is set to be debated in the economic advisory committee over the coming weeks. In accordance with the provisions of the French civil aviation code, 2010 tariff will be published in early March 2010. Under the process to draw up the 2011-2015 ERA, Aéroports de Paris will publish a more detailed proposal document during the first quarter of 2010 with stakeholders having the opportunity to express their views.

Guidelines for the 2011-2015 Economic Regulation Agreement

The first ERA covering the 2006-2010 period gave rise to the new economic regulation regime for the major French airports, based on a multi-year approach and the criterion of a fair return on invested capital. The first agreement responded to particular requirements in terms of the need to open significant new facilities in Paris-Charles de Gaulle in the space of just a few years and to improve the performance of the business in the area of service quality. It related in particular to the proportion of flights processed at terminal contact stands, significantly improving the group's productivity and gradually reinstating a level of profitability consistent with Aéroports de Paris' cost of capital.

Having upheld the commitments of the first economic regulation agreement and invested massively in new capacity at the highest international standards, Aéroports de Paris believes that the main strategic guidelines for the 2011-2015 period should be in the following areas:

- the key strategic focus will be at increasing dramatically customer satisfaction, in particular by continuing to improve the quality of existing facilities and developing new services, with the emphasis on renovating the oldest terminals and optimising existing capacity;
- continued productivity gains and constant improvements in operational performance, in particular through synergies to be developed under HubLink – the alliance between Aéroports de Paris and Schiphol Group;
- introducing additional performance improvements in retail in the terminals, through the development of new retail areas and improvements in the offer quality;



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- accelerated and more structured growth in real estate with an allocation strategy adjusted by product and airport;
- persisting with the group's efforts and commitments in sustainable development and social responsibility.

Based on this, Aéroports de Paris is proposing that the 2011-2015 economic regulation agreement should focus on the combined requirement of increased competitiveness and greater attractiveness of the airports, in particular through clear improvements in customer satisfaction, increased responsiveness to their changing needs and a fair share of the value created by the company's efforts between Aéroports de Paris and the airlines:

- the requirement for increased competitiveness and the greater attractiveness of Parisian airports to its customers:
 - through a commitment in favour of a decisive improvement in service quality, with a policy that focuses on customer satisfaction and draws on a number of drivers, including the investment programme, growth in the range of services and the development of managerial practices and the corporate culture;
 - through a moderate fee increase, which, owing to significant productivity improvement work and cost-control efforts, will help boost the fee competitiveness of Aéroports de Paris compared to its major European competitors;
- increased responsiveness of the group to the changing needs of its customers:
 - through a management approach that relies in particular on listening to customers more, i.e. airlines and passengers alike, and taking dedicated satisfaction surveys into account;
 - through the capacity, in the upcoming economic regulation agreement, to allow for the possibility of additional investment in the event of higher traffic growth than initially expected;
- a fair share of the value created by the company's efforts between Aéroports de Paris and the airlines:
 - by adjusting the regulated scope of Aéroports de Paris, based on which return on invested capital is assessed for the purpose of determining fee levels, with the extraction of retail activities in addition to real-estate diversification activities;
 - this adjustment is the necessary counterpart to the proposed fee moderation policy.

Adjusting the regulated scope, in accordance with the first two targets, on one hand would be an equitable measure and a decisive factor in motivating the group to improve its performance and growth, and, on the other hand, would create a virtuous circle through which the group would be highly motivated to establish the conditions to ensure its increased competitiveness and attractiveness to air carriers and to promote traffic growth.



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Traffic forecasts

Despite the recent traffic declines, Aéroports de Paris is confident of the medium- and long-term growth of its business. However, the group believes that for structural reasons linked in particular to changing transport habits, oil prices and the maturity of the air transport market in Europe, the upcoming economic regulation agreement should be based on traffic growth rates that are slightly lower than expected in the past.

In light of what its customers have said about their prospects, Aéroports de Paris has, in its proposal, estimated slight growth (0.5%) in passenger traffic in 2010, followed by average annual growth of 3.2% for the 2011-2015 period, with the gradual recovery of the business.

The table below sets out the estimated growth rates across Paris-Charles de Gaulle and Paris-Orly airports for each calendar year:

2010	2011	2012	2013	2014	2015	CAGR¹ 2011-2015
0.5 %	2.0 %	2.4 %	3.9 %	3.9 %	3.9 %	3.2 %

In addition to this growth, the traffic mix should develop nicely with a proportion of international traffic (excluding traffic within France and to overseas territories, the European Union, the European Economic Area and Switzerland) increasing from 39% in 2010 to 45% in 2015. The proportion of connecting passengers, supported by the growth of the SkyTeam alliance hub in Paris-Charles de Gaulle, should increase from 24.9% to 26.0% across the two airports for the same period.

Customer satisfaction

The quality of service is a major strategic challenge in terms of competitiveness, attractiveness and image, both with regard to the efficiency of airport operations aimed at air carriers and the attractiveness of the airports to passengers. This is also a decisive factor in developing the range of services offered to them.

That is why Aéroports de Paris, in accordance with the recommendations of its customers, is proposing that service quality and customer satisfaction be made the major areas for progress under the 2011-2015 ERA. As part of this, it intends to commit to ambitious targets and throughout renovating the oldest terminals, so as to boost the quality of the facilities significantly and reduce disparities in public perceptions between terminals. Indeed, the very high level of perceived quality in the most recent terminals demonstrates that quality, modern infrastructure is a major factor for customer satisfaction.

Thus, between 2009 and 2015, over €700 million will be invested in this policy of service quality. In particular, Aéroports de Paris proposes sticking to the satellite 4 delivery schedule for the third quarter of 2012. This will not only help increase satisfaction amongst passengers passing through and ensure that the hub grows in density, but the additional capacity will also mean that the oldest terminals in Paris-Charles de Gaulle may be considered for renovation, in particular terminal 2B, while maintaining adequate operating conditions. At the same time, the link between terminals 2A and 2C, by the second quarter of 2012, should help noticeably improve passenger flows and boost the services offering. Gradually implementing a single passenger security checkpoint, with in particular a link between terminal 2E and 2F boarding lounges (to be commissioned, if possible, in the third quarter 2012) should be a significant factor in increasing satisfaction among connecting passengers.

¹ Compound Annual Growth Rate



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In addition, this service quality ambition will rely on the managerial aspect, with the customer culture being rolled out at all levels of the group, and the operational aspect, through work on specific projects, for example routing for connecting passengers.

Lastly, one of the keys to the success of this approach involves understanding perceived customer needs as a whole. Consequently, both quality of services provided by the group itself and of those provided by its partners, including airlines, retailers, government departments and subcontractors, etc have to be improved. Aéroports de Paris should assume such a role with its partners.

In making this ambition a reality, Aéroports de Paris is prepared, in the upcoming economic regulation agreement, to set out indicators that are more challenging than those in the first agreement with, in particular, a higher proportion that directly measure passenger satisfaction.

Investment policy

Following a 2006-2010 period focusing on capacity development at Paris-Charles de Gaulle airport, in light of the concerns expressed by air carriers, Aéroports de Paris is suggesting that the 2011-2015 ERA investment programme should focus on campaigns to improve the quality of facilities and services on offer and optimise existing facilities.

Continuing with construction work on the satellite 4 of terminal 2E located at Paris-Charles de Gaulle airport, in line with the planned schedule of an expected launch in the third quarter 2012, fits in with this approach. While the additional capacity provided by this terminal is not strictly required by that time, commissioning it - following the recent example of the terminal 2E boarding lounge satellite 3 - is an important driver in helping to improve customer satisfaction, especially since terminal 2D should simultaneously be closed for renovations, which is one of the terminals that currently ranks lowest among passengers. The capacity provided by the satellite 4 will also mean that there should be no further need to start construction on new terminal facilities over the coming decade.

According to this approach of improving service quality and optimising existing facilities, there are plans in the investment programme to continue work on renovating the oldest terminals. Thus, following the renovation of the main terminal 1 building in Paris-Charles de Gaulle, completed in 2009, the 2011-2015 ERA should see renovation work on satellites in terminal 1 of Paris-Charles de Gaulle continue alongside the complete renovation of terminal 2B. At the same time, the city-side façades of terminals 2A and 2B are to be renovated prior to those of terminals 2C and 2D over the subsequent five-year period, and the concourses serving terminals CDG1 and CDG2 will be upgraded. Over the longer term, there are plans to reopen a completely renovated terminal 2D over the 2016-2020 five-year period.

In accordance with the objective to optimise existing capacity and develop the range and quality of services, under the 2011-2015 ERA the link between terminals 2A and 2C in Paris-Charles de Gaulle will be open, terminal 2F will switch to a fully Schengen regime and, in Paris-Orly, halls 3 and 4 of the west terminal will be reorganised and Schengen flows in the south terminal will be optimised.

In addition, Aéroports de Paris, in accordance with the wishes of the SkyTeam alliance members, intends to pursue a proactive policy to implement a single passenger screening system, which should improve connecting passenger flows. This policy will involve, in particular, the construction of a walkway in the international zone linking terminal 2E and 2F boarding lounges, set to open, if possible, in the third quarter of 2012.

Lastly, Aéroports de Paris has set aside a dedicated service-quality budget, which is to be managed by the group's Customer Satisfaction Department for targeted, high-impact initiatives.



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With regard to baggage sorting facilities, the capacity of these facilities in CDG2 East is to be increased under the 2011-2015 ERA through several modules in order to support traffic growth and the expansion of hub facilities.

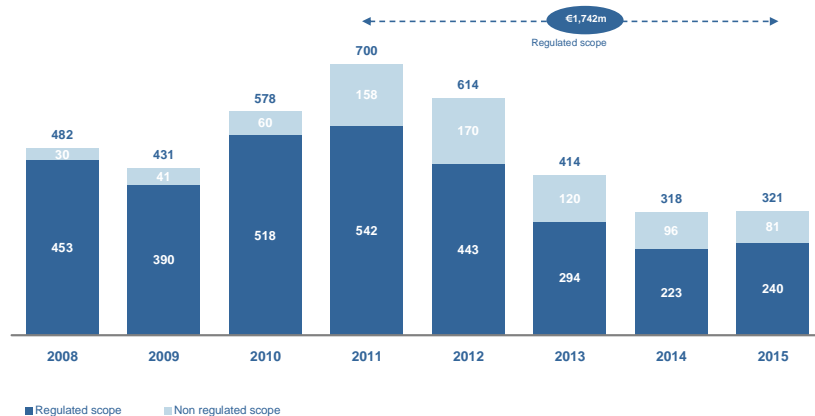
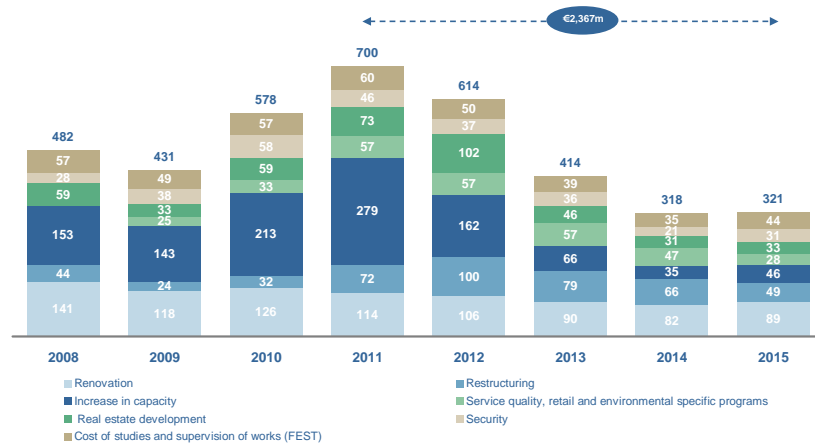
Improving the services offered to air carriers and their subcontractors will also involve developing aircraft services: the investment programme proposed by Aéroports de Paris, in particular, plans to provide 400 Hz electrical systems to contact stands not yet equipped with this service, which is of great value to air carriers (Paris-Charles de Gaulle terminal 1 satellites), and modify another terminal 1 satellite to accommodate Airbus A380 aircraft. With a view to improving operational performance, Aéroports de Paris also intends to deploy new services in the CDG2 satellite 4, such as automatic guidance targets and air pre-conditioning units for aircraft.

Another significant component of the proposed investment programme is improving runway facilities and infrastructure at Paris-Charles de Gaulle, in the interests of continually increasing safety and with a view to supporting planned growth in the capacity provided by air navigation services. In accordance with the recommendations of the French civil aviation authority (the DGAC) and those of pilots, threshold 08 of the southern set of double runways at Paris-Charles de Gaulle should be fully redeveloped and new safety facilities should be installed over time, including, in particular, a runway status lights system (RWSL).

Finally, under the 2011-2015 investment programme, significant resources are to be allocated to developing the three basic pillars of Aéroports de Paris' strategy, in particular:

- developing new retail areas and improving existing spaces in order to continue to strive for performance improvements in this area. These targets would be achieved, first, as an integrated part of major new construction projects and projects to renovate terminals and, second, through setting aside a dedicated budget for specific, targeted initiatives in this area;
- accelerating real-estate development primarily in the interests of the real-estate diversification business. This growth would be based on a different strategy for each airport and product and, according to the particular case, could involve establishing partnerships. In addition, there are plans for a number of targeted real-estate purchases, in particular in view of the Euro-Carex project;
- sustainable development, where, apart from ambitious targets to reduce energy consumption under terminal renovation projects and structural programmes involving rain-water management systems in particular, there will be a specific budgetary allocation for more limited but high-impact initiatives.

With €2,367 million to be invested by ADP (2010 euro excluding financial investments), the 2011-2015 period, in 2010 equivalent euro, should be marked by a fall of over 20% of investment compared to those in 2006-2010. The same investment cycle is set to continue over the subsequent five-year period (2016-2020). Given the adjusted regulated scope proposed by Aéroports de Paris, €1,752 million (2010 euro) would be allocated to investment over the 2011-2015 period.



ADP SA investment programme (in 2010 millions of Euros from 2010, excluding financial investment)

This investment programme seems consistent with the selected scenario of business growth. However, as air carriers have observed, it will require great responsiveness from the company in the event of more dynamic traffic trends. In this case, Aéroports de Paris would prepare itself for the possibility that it might have to introduce a number of programmes to support the needs of airlines and passengers.

Adjustment of the regulated scope

Pursuant to current regulations, the regulated scope, on the basis of which the group's profitability is assessed in order to determine the level of airport fees, will be reduced in 2011 by excluding property diversification activity i.e. real estate outside the terminal buildings not used for aircraft maintenance, premises and space for ground-handling and fuelling operations and agents, and air freight, business aviation and general aviation premises.

Aéroports de Paris's proposal involves extracting retail activities from the regulated scope in addition to real-estate diversification activities i.e. shops, bars and restaurants, hotel services in the terminals, banking, foreign exchange and other retail services, advertising and car rental, etc.



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This pragmatic proposal, which is consistent with the company's goal to moderate fees, would maintain long-term investment capacity across the regulated scope. It would lead to a fair share of value between Aéroports de Paris and its clients and would provide a further incentive to grow business.

Adjusting the regulated scope would affect the following, based on 2008 accounting items:

- Real-estate diversification: €131 million in Aéroports de Paris SA external and internal rental income and €309 million in assets²;
- Retail activities: €250 million in Aéroports de Paris SA external income and €169 million in assets³.

Cost control and improving profitability trends

The current economic circumstances affecting air transport, the desire of Aéroports de Paris to be more competitive in terms of the fees it charges, and the significant adjustment of the regulated scope mean that, in order to work towards a consistent return on invested capital for the new scope, the group must strictly adhere to its policy of controlling costs and making the most of identified cost savings and synergies.

For the same reasons, Aéroports de Paris is proposing that the 2011-2015 ERA should be considered as a transition economic regulation agreement, from the view point of ROCE³ of the adjusted scope. Owing to the group's efforts and the fact that it is entering an investment down-cycle, it should help gradually improve return on capital employed for the regulated scope.

The group also believes that continuing with efforts relating to productivity and cost control should gradually help improve ROCE for the new regulated scope and thereby enable it be brought into line with the group's weighted average cost of capital on average over the third economic regulation agreement (2016-2020).

Moderating fee increases

In light of requests from customers for the marked moderation of fee levels during the current difficult period for air transport and given the change in the regulated scope as proposed above alongside the importance of increasing fee competitiveness over the long term, Aéroports de Paris is proposing to adopt for both 2010 fees⁴ (with effect from 1 April 2010) and fees covered by the upcoming Economic Regulation Agreement (with effect from 1 April 2011), a moderated fee policy in favour of the competitiveness of the Paris platforms.

Based on a constant scope of services, this fee moderation policy would translate into a fee freeze in 2010 and an average annual increase of 1.38% above inflation over the period 2011-2015:

2010	2011	2012	2013	2014	2015	CAGR 2011-2015
0.0%	CPI + 0.0%	CPI + 1.0%	CPI + 1.5%	CPI + 2.2%	CPI + 2.2%	CPI + 1.38%

CPI: consumer price index (4018E)

² Net book value of fixed assets and working capital requirements as of 31 December 2008

³ Return On Capital Employed = ratio between operating income after company tax and the regulated asset base in the financial year in question (defined as the sum of the net book value of fixed assets and the working capital requirement)

⁴ Landing, parking and passenger fees and ancillary fees covered by the Economic Regulation Agreement



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Proposal of ADP SA INVESTMENT PROGRAMME

In 2010 €m from 2010
excluding financial investments

	Actual 2006	Actual 2007	Actual 2008	2009	2010	2011	2012	2013	2014	2015	Total 2011-2015
Capacity investments											
Structuring projects CDG	292	365	120	119	188	252	136	36	18	18	459
CDG Val	28	12	4	-	-	-	-	-	-	-	-
T2E	1	3	6	1	1	-	-	-	5	-	5
TBE	7	18	3	-	8	11	5	5	-	-	21
S3 (including LISA)	213	197	9	3	2	-	-	-	-	-	-
Lugage - hub	-	-	-	-	8	36	51	24	18	18	145
East access	5	1	-	-	-	-	-	-	-	-	-
Terminal 2E rebuilding	30	76	34	-	-	-	-	-	-	-	-
S4 (including LISA - excluding lugage)	2	6	34	109	155	185	68	-	-	-	253
T2G	8	53	29	1	-	-	-	-	-	-	-
A-C junction	-	-	-	5	14	21	13	2	-	-	36
Other projects CDG	44	32	30	17	25	26	26	30	18	17	117
Terminal T1/T3	-	-	-	5	-	1	2	6	4	-	13
Terminal T2 - ABCD	-	-	-	2	5	-	1	1	-	-	2
Terminal T2 - EF	10	9	11	2	3	1	-	-	-	-	1
Other aeronautical infrastructures	12	16	7	-	3	10	15	18	13	4	60
New aircraft facilities	14	4	7	5	3	-	-	-	-	-	-
Car parks and access	3	2	5	4	8	3	2	1	-	3	8
Industrial services	5	2	-	-	4	11	6	4	1	11	32
Capacity investments Orly	29	-	-	7	-	-	-	-	-	11	11
Terminal Orly Ouest	-	-	-	-	-	-	-	-	-	-	-
Terminal Orly Sud	-	-	-	-	-	-	-	-	-	-	-
Aeronautical infrastructures	29	-	-	7	-	-	-	-	-	11	11
Capacity investments Le Bourget	2	2	3	-	-	-	-	-	-	-	-
Total	367	400	153	143	213	279	162	66	35	46	587
Restructuring investments											
CDG	33	45	40	23	27	53	85	83	55	38	315
CDG1 refurbishment	33	45	39	21	22	16	7	6	2	-	31
of which central building	-	-	37	17	15	9	-	-	-	-	9
of which satellites	-	-	2	4	7	7	7	6	2	-	22
ABCD refurbishment	-	-	-	2	3	17	31	39	40	31	157
of which 2B refurbishment - phase 0	-	-	-	2	3	-	-	-	-	-	-
of which 2B refurbishment	-	-	-	-	-	10	20	27	26	18	101
of which 2A refurbishment	-	-	-	-	-	3	4	4	5	5	20
of which 2C refurbishment	-	-	-	-	-	3	3	3	4	4	15
of which ABCD front-sides	-	-	-	-	-	-	5	5	5	5	20
of which CDG2 A-C junction	-	-	-	-	-	-	-	-	-	-	-
of which IFU 2D	-	-	-	-	-	1	-	-	-	-	1
CDGE refurbishment	-	-	-	-	1	3	8	2	-	-	13
CDGP refurbishment	-	-	-	-	2	7	5	5	-	-	17
CDGL refurbishment	-	-	-	-	-	7	15	13	9	3	46
EF gallery	-	-	-	-	-	15	15	-	-	-	30
Other refurbishments	-	-	-	-	-	5	5	5	5	5	23
Orly	14	13	5	1	5	4	14	11	11	11	52
Orly Ouest (ERA2 = Concourses 3&4)	6	-	-	-	-	-	14	11	11	11	48
Orly Sud	7	13	5	1	5	4	-	-	-	-	4
Total	46	59	45	24	32	72	100	79	66	49	367
Current investments											
Platforms	109	102	106	86	95	83	79	64	57	63	346
Real estate	13	12	11	14	14	13	11	10	10	10	53
Other	26	24	24	18	17	17	16	17	16	16	82
Total	148	137	141	118	126	114	106	90	82	89	481
Real estate development											
Aeronautical	14	14	40	27	17	28	25	10	2	15	80
Diversification	2	4	19	6	42	45	76	36	29	17	204
Total	16	17	59	33	59	73	102	46	31	33	284
Dedicated investments											
Quality of service	-	-	-	20	20	32	32	32	22	13	132
Retail	-	-	-	5	13	19	19	19	19	9	85
Sustainable development	-	-	-	-	-	6	6	6	6	6	30
Total				25	33	57	57	57	47	28	247
Other	7	1	-	-	-	-	-	-	-	-	-
Security / Safety	41	29	28	38	58	46	37	36	21	31	172
Cost of studies and supervision of works	67	69	57	49	57	60	50	39	35	44	227
TOTAL INVESTMENTS	693	712	483	431	578	700	614	414	318	321	2,367