

## **Aéroports de Paris and Schiphol Group to create a leading global alliance in the airport industry**

**Through entering into a long-term industrial cooperation and 8% cross-shareholding agreement**

Paris, Amsterdam, 21 October 2008

**To anticipate future challenges in their sector, Aéroports de Paris S.A. (“Aéroports de Paris”) and NV Luchthaven Schiphol (“Schiphol Group”) announce their intention to enter into a long-term industrial cooperation and 8% cross-shareholding agreement that would create a leading global alliance in the airport industry.**

**The industrial cooperation agreement would be signed for an initial period of twelve years, and would be supported by an efficient and balanced governance structure to ensure its success. Schiphol Group and Aéroports de Paris would acquire an 8% stake in each other’s share capital to reinforce each airport group’s commitment to the industrial cooperation.**

**The industrial cooperation between two of Europe’s leading airports represents a bold strategic move that is expected to generate significant joint mutual benefits in all key business areas:**

- **Aviation:** the cooperation will improve the competitiveness of both airports through the consolidation of a dual-hub which will offer through airlines one of the highest number of destinations (143<sup>1</sup>) and frequencies (over 30,000<sup>2</sup>) among all European hub airports. Aéroports de Paris and Schiphol Group will cooperate to provide a greatly enhanced value proposition to end-users through best-in-class service levels, broader product offerings and continued competitive visit costs for both airlines and passengers;
- **Non-aviation:** Schiphol Group and Aéroports de Paris intend to further accelerate the growth and profitability of their retail, real estate and telecoms activities through the exchange of best practices, technology and processes that will increase revenues and reduce costs;
- **International development:** Aéroports de Paris and Schiphol Group will jointly approach future international airport developments with a key focus on strengthening the dual hub within SkyTeam network internationally and have an opportunistic approach in non SkyTeam zones.
- **Schiphol Group and Aéroports de Paris have identified combined revenue and cost synergies of around €71 million per annum on a fully phased basis by 2013 and expect to reduce capital expenditure by €18 million on average per annum from 2013 onwards.**
- **Aéroports de Paris and Schiphol Group have the ambition of becoming front-runners in sustainable development.**

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<sup>1</sup> Intercontinental destinations (excluding North Africa and Turkey), source: OAG July 2007 (only non stop flights), Schiphol, Roland Berger

<sup>2</sup> Weekly long/medium-haul connections in under two hours on a combined basis

- **Schiphol Group and Aéroports de Paris would implement an efficient and balanced governance structure to ensure the success of the industrial cooperation:**
  - **An Industrial Cooperation Committee would supervise the cooperation. This Committee would have four representatives of each company and be chaired by the Aéroports de Paris and Schiphol Group CEOs on a rotating basis;**
  - **Eight Steering Committees, composed of an equal number of representatives of each company and co-chaired, would be responsible for the implementation of the cooperation for each particular business area;**
  - **Aéroports de Paris' CEO would be appointed to the Schiphol Group Supervisory Board and be proposed to become a member of the audit committee of the Supervisory Board;**
  - **Schiphol Group's CEO and its CFO would be appointed to the Aéroports de Paris Board of Directors and Schiphol Group's CEO would be proposed to become a member of the strategy committee of the Board.**
- **Aéroports de Paris would acquire 8% of Schiphol Group share capital through a reserved capital increase, representing a total investment of €370 million.**
- **Schiphol Group would acquire 8% of Aéroports de Paris share capital from the French State at a price of €67 per share, representing a total investment of €530 million.**
- **Aéroports de Paris and Schiphol Group expect the transaction to be EPS accretive for both companies, respectively from 2009 and 2010 onwards.**

Mr. Pierre Graff, Chairman and CEO of Aéroports de Paris, stated: "This cooperation represents a breakthrough transaction in our industry and a unique opportunity to improve our operations and our competitiveness in the new worldwide airport landscape. The acquisition of 8% of Schiphol Group's share capital is an attractive investment in a best-in-class airport. This acquisition and our future cooperation with Schiphol Group will bring great value to our shareholders, customers and employees."

Mr. Gerlach Cerfontaine, President and CEO of Schiphol Group, stated: "This collaborative venture signifies an important strategic choice for the dual-hub system in the consolidation process that is taking place in the global aviation industry. It gives Aéroports de Paris and Schiphol Group the edge over other airports and creates a leading network of connections for European and worldwide transfer travelers. This move is certain to improve our competitiveness, as well as that of SkyTeam, relative to our competitors in Europe and the Middle East. In addition, the strengthening of quality of the services and our principal airport processes will offer advantages to all users of our airports - airlines and passengers alike."

## **Compelling Strategic rationale**

Aéroports de Paris and Schiphol Group intend to engage in a long-term industrial cooperation to achieve mutual benefits in all of their business areas.

### ***Aviation Activities: Improve competitiveness of Aéroports de Paris and Schiphol Group***

The cooperation will improve the competitiveness of both airport groups through the consolidation of a dual-hub concept, the idea of which is to have both airports cooperate in the way they manage their operations and interact with airlines to increase and diversify destinations and frequencies.

Combining great and perfectly fitting locations, Schiphol Group and Aéroports de Paris, with a combined catchment area of 59 million inhabitants, will represent a unique dual-hub cooperation offering through airlines one of the highest number of destinations (143) (intercontinental flights excluding North Africa and Turkey) and frequencies (over 30,000 weekly long/medium-haul connections in under two hours on a combined basis) among all European hub airports.

Aéroports de Paris and Schiphol Group intend to work together more closely to improve the value proposition for their customers by developing a consistent customer experience built upon harmonized terminal layout and signage and improved passengers processes (check-in, information, security), enhancing the levels and quality of service, and enlarging the product offering by replicating innovative winning concepts (including Privium/“coupe-file”).

Additionally, Schiphol Group and Aéroports de Paris expect the cooperation to strengthen their relationship and integration with their largest clients, among which Air France-KLM, through optimized connectivity between the two airports, aligned processes and best-in-class airside operations (Collaborative Decision Making) and infrastructures (e.g. luggage sorting systems, baggage tracking device). The alliance will also improve the competitiveness of both airports vis-à-vis specialized or regional hubs and enhance their market attractiveness for all carriers by offering more frequencies to markets such as Eastern Europe and South America.

Through the cooperation, Aéroports de Paris and Schiphol Group will also aim to optimize airport operations efficiency and reduce purchasing spending through common specification and volume pooling for expenses such as electromechanical equipment, luggage handling systems, RFID (radio-frequency identification), IT and telecoms.

### ***Non-Aviation Activities: Accelerate growth in retail, real estate and telecom***

Schiphol Group and Aéroports de Paris intend to leverage their respective know-how to accelerate growth and profitability in their Retail, Real Estate and Telecoms activities.

In Retail, Aéroports de Paris will benefit from Schiphol Group’s best-in-class practices, in particular its sales monitoring tools and expertise in layout design, to improve sales productivity. Schiphol Group will in turn leverage Aéroports de Paris’ winning concepts in fashion/core and concession contracting know-how. Both partners will also cooperate to develop more attractive retail areas and customer experience and explore the possibility to generate synergies by combining their purchasing volumes in direct retail.

In Real Estate, Schiphol Group and Aéroports de Paris will consider adopting a joint approach towards large and common clients and share best practices in organization, contracting and financing.

In Telecoms, Aéroports de Paris and Schiphol Group will align their service offering towards Air France-KLM, enlarge their product portfolio by better coordinating a dedicated Amsterdam – Schiphol/ Paris – Charles de Gaulle/ Orly link and co-develop new technologies (RFID, IP Centrex or Wimax).

***International Activities: Reinforce international development***

Schiphol Group and Aéroports de Paris share a common ambition to expand their global presence to become leading international airports operators. They will jointly pursue development opportunities by setting-up joint ventures for all future international airports developments, unless there is explicit disinterest by one party.

The joint ventures will build upon a unique expertise and geographic network that results from the accumulated experience of the two airport groups in evaluating and investing in international opportunities, complementary skills (real estate and retail for Schiphol Group, engineering and development for Aéroports de Paris), and combined human and financial resources.

Aéroports de Paris and Schiphol Group intend to focus on opportunities that will support the dual-hub concept within the international SkyTeam network in particular, and adopt an opportunistic approach in non-SkyTeam zones.

**Efficient and balanced governance to ensure the success of the industrial cooperation**

In order to ensure the success of the industrial cooperation, Schiphol Group and Aéroports de Paris will implement an efficient and balanced governance structure with cross-representation in their respective Board of Directors and Supervisory Board:

- The CEO of Aéroports de Paris will be appointed to the Schiphol Group Supervisory Board and will be proposed to become a member of the audit committee of the Supervisory Board;
- The CEO and CFO of Schiphol Group will be appointed to the Aéroports de Paris Board of Directors and the Schiphol Group CEO will be proposed to become a member of the strategy committee of the Board of Directors;
- An Industrial Cooperation Committee (“ICC”) will be created. The ICC will have four representatives of each company (Aéroports de Paris’ representatives will come from its Executive Committee and Schiphol Group’s from its Board of Management) and will be chaired by the Aéroports de Paris and Schiphol Group CEOs on a rotating basis. The ICC will meet at least every other month to supervise the industrial cooperation and will define and coordinate the strategic initiatives of the Cooperation and review their implementation;
- Eight Steering Committees (“SC”) will be created in the following areas: (i) dual-hub & network attractiveness, (ii) airport operations, (iii) retail, (iv) international development, (v) real estate, (vi) telecom & IT, (vii) sustainable development and (viii) purchasing. The SC’s will be responsible for the implementation and operational management of the cooperation in their respective areas. Each SC will be composed of an equal number of Aéroports de Paris and Schiphol Group representatives and co-chaired by one representative of each company. The SCs will meet on a monthly basis.

Sixty initiatives have already been identified and will be addressed in three waves of implementation based on attractiveness and accessibility. The first set of initiatives is due to start in Q1 2009.

**Significant synergies expected**

The management teams of Aéroports de Paris and Schiphol Group have identified combined revenue and cost synergies of around €71 million per annum on a fully phased basis by 2013 and expect to reduce capital expenditure by €18 million on average per annum from 2013 onwards. Approximately fifteen

percent and eighty percent of the revenue and cost synergies are expected to be achieved by 2010 and 2012 respectively. Of the total identified synergies, €55/14 million are expected at Aéroports de Paris and €16/4 million are expected at Schiphol Group.

Aéroports de Paris expects cost and revenue synergies to be divided between Aviation (45-50%), Retail (30-35%) and other activities (20-25%) and targets to keep a significant share of these synergies. Synergies will result in particular from common equipment purchases (electromechanics, baggage handling, security, airside, etc.) with Schiphol Group, introduction of new services such as Privium and increased yield per passenger in retail.

Schiphol Group expects costs and revenues synergies to be divided between Aviation (40-45%), Retail (25-30%), Real Estate (10-15%) and other activities (15-20%). Synergies will result in particular from common equipment (electromechanics, baggage handling, security, airside, etc.) and retail purchases with Aéroports de Paris.

### **Sustainable development**

Schiphol Group and Aéroports de Paris have the ambition of becoming front-runners in sustainable development, with a clear focus on improving energy efficiency, use of renewable energy and reduction of greenhouse gas emissions.

### **Transaction consideration**

Aéroports de Paris and Schiphol Group will each acquire 8% of the other airport's share capital to reinforce each airport group's commitment to the industrial cooperation.

Aéroports de Paris will acquire 8% of Schiphol Group's share capital through a reserved capital increase for a total investment of €370 million. This price represents an EBITDA and P/E multiple of 11.3x and 22.3x respectively, on a last twelve months basis (as of 30 June 2008), adjusted for fair value gains ("FVG") and losses on investment property and for the special dividend of €500 million paid by Schiphol Group to its shareholders in September 2008<sup>3</sup>. Aéroports de Paris expects the transaction to be accretive to its EPS from 2009 onwards.

Schiphol Group will acquire 8% of Aéroports de Paris' share capital from the French State at a price of €67 per share, representing a total investment of €30 million. This price represents an EBITDA and P/E multiple of 10.5x and 26.4x respectively, on a last twelve months basis<sup>4</sup> (as of 30 June 2008).

Schiphol Group and Aéroports de Paris expect their respective participations to be accounted for under the equity method.

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<sup>3</sup> Last 12 months as of 30 June 2008. EBITDA and net income (excluding sale of property, fair value gains / losses on investment property and other non recurring items) of respectively €484 million and €191 million for Schiphol Group. Equity value and firm value of €4.25 billion and €5.5 billion respectively based on transaction consideration

<sup>4</sup> Last 12 months as of 30 June 2008. EBITDA and net income (excluding non recurring items) of respectively €805 million and €251 million for Aéroports de Paris. Equity value and firm value of €6.6 billion and €8.5 billion respectively based on transaction consideration

## **Main terms and conditions**

Aéroports de Paris, Schiphol Group and their respective shareholders will enter into a series of agreements to support the 12-year industrial cooperation and 8% cross-shareholding, containing the following main terms and conditions:

- **Duration:** the industrial cooperation will be entered into for an initial period of twelve years. Every two years, Aéroports de Paris and Schiphol Group will meet to consider extending the industrial cooperation. Every four years, they will meet to review the progress of the cooperation and may decide to terminate it on a discretionary basis;
- **Linkage:** the termination of the industrial cooperation will trigger the termination (i.e. the disposal) of the cross-shareholdings (and vice versa);
- **Exit:** to compensate for the absence of market liquidity for its shares, Schiphol Group will grant a put option to Aéroports de Paris, whereby, in case of exit, Aéroports de Paris will have the right to put its Schiphol Group shares to Schiphol Group. The price of the put will be based on the exit price achieved by Schiphol Group on its Aéroports de Paris shares, in combination with a fair market value assessment by independent external advisors. The French State and Aéroports de Paris will have preemption rights on Schiphol Group's stake in Aéroports de Paris in case of exit. Schiphol Group has granted the French State a drag-along right under certain conditions;
- **Tag along:** Aéroports de Paris and Schiphol Group will have tag-along rights under certain conditions;
- **Similar cross-shareholding:** Schiphol Group and Aéroports de Paris intend to maintain a similar cross-shareholding and will be bound by standstill and anti-dilution clauses;
- **Dividend:** Schiphol Group will consider aligning its dividend payout policy with that of Aéroports de Paris.

## **Expected calendar**

The transaction is expected to close before the end of November 2008 and is subject to the parties obtaining the relevant opinions, approvals and authorizations, including workers councils opinion and boards and shareholders approvals.

## **Outlook**

### ***Aéroports de Paris***

Aéroports de Paris maintains its 2008 turnover and EBITDA growth objective, substantially higher than traffic target, with an EBITDA growth between 9% and 12% in 2008. Aéroports de Paris also confirms its EBITDA growth target of a 60% increase in absolute value between 2005 and 2010.

***Schiphol Group***

Schiphol Group expects flat passenger traffic growth in 2008 and flat to slightly negative growth in 2009 for Amsterdam Airport Schiphol. From 2010 onwards, passenger growth is expected to be in line with economic growth.

Schiphol Group expects average annual EBITDA growth (excl. FVG) of between 5% and 9% for the period 2007-2013, assuming passenger growth will be in line with economic growth from 2010 onwards. The EBITDA for 2008 (excl. FVG) is expected to decline compared to 2007.

**Other**

Morgan Stanley acted as financial advisor to Aéroports de Paris.

J.P. Morgan acted as financial advisor to Schiphol Group.

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**Useful information*****Live webcast of the press conference***

A live webcast of the press conference will be broadcast at 10:30 a.m. today (Paris time) on Aéroports de Paris website at the following address: <http://www.aeroportsdeparis.fr/Adp/en-GB/Groupe/>

***Live webcast and rebroadcasts of the analysts meeting***

A live webcast of the analyst presentation will be broadcast at 1:30 p.m. today and rebroadcast from 5 p.m. (Paris time) on Aéroports de Paris website at the following address:  
<http://www.aeroportsdeparis.fr/Adp/en-GB/Groupe/Finance/>

***All of the information published today, October 21, 2008, can be viewed on Aéroports de Paris website:***  
[www.aeroportsdeparis.fr](http://www.aeroportsdeparis.fr)

- Press release:

[http://www.aeroportsdeparis.fr/Adp/en-GB/Groupe/Finance/CommunicationPresse/JulyDecember2008/trafic\\_juillet\\_2006.htm](http://www.aeroportsdeparis.fr/Adp/en-GB/Groupe/Finance/CommunicationPresse/JulyDecember2008/trafic_juillet_2006.htm)

- Analysts and Press Presentations:

<http://www.aeroportsdeparis.fr/Adp/en-GB/Groupe/Finance/Publications/OtherPublications/>

***Schiphol Group website***

A live webcast of the press conference (10.30 a.m. today, Amsterdam time) and analyst presentation (1.30 p.m. today, Amsterdam time), as well as all of the information published today, October 21, 2008, can be viewed on Schiphol Group website:

<http://www.schipholgroup.com>

**About Aéroports de Paris**

Aéroports de Paris builds, develops and manages airports including Paris-Charles de Gaulle, Paris-Orly and Paris-Le Bourget. Aéroports de Paris is Europe's second-largest airport group in terms of airport revenue and the European leader for cargo and mail. Aéroports de Paris accommodates nearly 460 airlines, including the main companies in the air transport industry. With an exceptional geographic location and a major trading area, the Group is pursuing its strategy of modernizing its terminal facilities and upgrading quality of services, and also intends to develop its retail and real estate business. In 2007, Aéroports de Paris had revenues of €2,292.4 million and handled 86.4 million passengers.

<http://www.aeroportsdeparis.fr>

**About Schiphol Group**

Schiphol Group is an airport operator. The company's aim is to create sustainable value for its stakeholders by developing AirportCities and by positioning Amsterdam Airport Schiphol as the leading AirportCity. The company's ambition is to rank among the world's leading airport companies.

Schiphol Group owns and operates Amsterdam Airport Schiphol, Rotterdam Airport and Lelystad Airport and has a 51% share in Eindhoven Airport. Outside the Netherlands, Schiphol USA Inc. has a share in JFK IAT, which operates Terminal 4 at John F. Kennedy Airport, New York and Schiphol Australia has a share in Brisbane Airport Corporation, the operator of Brisbane Airport.

In 2007, Schiphol Group had revenues of €1,146.2 million and handled 50.4 million passengers (Amsterdam Airport Schiphol, Rotterdam Airport and Eindhoven Airport combined).

<http://www.schipholgroup.com>

**Disclaimers**

This document contains forward-looking statements based on managements' current expectations, beliefs and estimates. These expectations, beliefs and estimates may change due to some uncertainty relating to, in particular, the economic, financial and regulatory conditions. The forward-looking statements are also subject to a number of factors that could cause actual results to differ materially from those described in the forward-looking statements. Aéroports de Paris and Schiphol Group do not undertake to provide updates or to revise any forward-looking statements.

This press release does not constitute an offer to sell or the solicitation of an offer to purchase shares of Aéroports de Paris, and it is not to be used for any offer to sale or any such solicitation anywhere in the world. Shall you request further information regarding the company, you are invited to revert to the public documentation filed in France with the Autorité des marchés financiers, and also on our website <http://www.aeroportsdeparis.fr>.