

# DOCUMENT DE REFERENCE

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In due application of article 28 of the European Commission's regulation EC n° 809/2004, this Document de Référence refers to information contained in:

- the consolidated accounts of Aéroports de Paris for the years ended December 31, 2004 and 2005, drawn up to IFRS standards, and reports by the statutory auditors and related bodies, in the Aéroports de Paris Listing Prospectus registered by the Autorité des Marchés Financiers on April 21, 2006 as number I.06-036 (the Document de Base) on pages 191 - 310; and
- examination of the financial position and income of Aéroports de Paris for the years ended December 31, 2004 and 2005 set out in the Document de Base on pages 123 - 131.

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**CHAPTER 1**  
**PERSONS RESPONSIBLE FOR THE *DOCUMENT DE RÉFÉRENCE***

In this document, the terms "Aéroports de Paris" or the "Company" shall mean Aéroports de Paris S.A. The term "Group" shall mean the group of companies made up of the Company and all its subsidiaries.

**1.1. Person responsible for the *Document de Référence***

Mr. Pierre Graff, Chairman and Chief Executive Officer (Président-directeur général) of Aéroports de Paris.

**1.2. Statement of the person responsible**

Having taken all reasonable care for such purpose, we certify that, to the best of our knowledge, the information contained in this *Document de Référence*, including its annexes, accurately reflects reality and contains no omission likely to affect its meaning.

We have obtained a letter (*lettre de fin de travaux*) from the statutory auditors, in which they indicate having verified the information relating to the financial position and the financial statements provided for herein, and that they have read the document in its entirety.

This letter does not contain any observations.

The historical financial data provided herein have been discussed in a report by statutory auditors, attached as annex 2 to this *Document de Référence*. The consolidated financial statements for fiscal years ended December 31, 2004 and 2005 have been discussed in reports by statutory auditors, containing observations, and attached as annexes 5 and 6 to the base document registered by the AMF on April 21, 2006 under number I.06-036. These financial statements and the associated auditors' reports are included by reference to this *Document de Référence*.

The information concerning the result forecasts or estimations presented in this *Document de Référence* has given rise to an auditor's report, which is attached as annex 7 to this *Document de Référence*.

The Chairman and Chief Executive Officer

Pierre Graff

## **CHAPTER 2 AUDITORS**

### **2.1. Statutory auditors in 2006**

- Ernst & Young Audit  
Faubourg de l'Arche, 11 allée de l'Arche, 92037 Paris La Défense Cedex  
Represented by Mr Alain Perroux
  
- Salustro Reydel, member of KPMG International  
1 cours Valmy, 92923 Paris La Défense Cedex  
Represented by Mr Philippe Arnaud

### **2.2. Alternate auditors in 2006**

- Mr Jean-Jacques Dedouit  
19 rue Clément-Marot, 75008 Paris
  
- Mr Bernard Lelarge  
61 rue La Boétie, 75008 Paris

### **2.3. Term of office of the auditors**

Ernst & Young Audit and Salustro Reydel, member of KPMG International, have been statutory auditors of Aéroports de Paris since January 19, 2004 (financial statements relating to the fiscal year ended December 31, 2003). Messrs. Jean-Jacques Dedouit and Bernard Lelarge were appointed alternate auditors on the same date. Mr. Dedouit resigned from his functions as alternate auditor in a letter dated February 22, 2007. On March 30, 2007 the board of directors proposed the appointment of Auditex as alternate auditor to company shareholders at the ordinary general meeting on May 29, 2007. The terms of office of each of the auditors (statutory and alternate) shall expire upon adjournment of the annual shareholders' meeting ruling on the financial statements for the fiscal year ended December 31, 2008.

### CHAPTER 3 SUMMARY FINANCIAL DATA

The tables below show extracts from the Group's balance sheets, income statements and cash flows in consolidated format for the years ended December 31, 2005 and 2006. In due application of EC regulation n° 1606/2002 of July 19, 2002 in relation to the application of international accounting standards, the consolidated accounts of Aéroports de Paris for the year ended December 31, 2005 and December 31, 2006 were drawn up in accordance with the IFRS standards as adopted by the European Union.

#### Consolidated income statement 2005-2006

<i>In millions of euros</i>	2005 <sup>(6)</sup>	2006	2006/2005
Revenue <sup>(1)</sup>	1,920.8	2,076.8	+8.1%
EBITDA <sup>(2)</sup>	598.6	664.7	+11.0%
Operating income from ordinary activities <sup>(3)</sup>	337.5	390.9	+15.8%
Operating income	360.9	333.9	-7.5%
<b>Net income, group share<sup>(4)</sup></b>	<b>179.9</b>	<b>152.1</b>	<b>-15.5%</b>
Net income, group share excluding charges and non-recurring items <sup>(5)</sup>	167.7	200.6	+19.6%

(1) Income from ordinary activities.

(2) EBITDA: earnings before interest, tax, depreciation and amortization.

(3) Operating income from ordinary activities is operating income before the impact of certain non-recurring revenues and expenses, including those relating to the CDG Terminal 2E accident and to the listing of the company's shares in June 2006.

(4) Net income attributable to equity holders of Aéroports de Paris.

(5) Non-recurrent charges and products 2005 and 2006 linked to the accident at terminal CDG 2E, to the Unedic adjustments and to the listing of the company's shares in June 2006. Also, the charges and products linked to the transfer of air navigation assets have also been reprocessed (see 8.1. "Real estate properties and equipment of Aéroports de Paris").

(6) The accounts have undergone a change in presentation of the products of interest observed by the Group as lessor of the finance leasing contracts in relation to the IAS 17 standard (see 3.2 in the annex to the consolidated accounts). These products, which were previously listed as Financial products, are now posted under the specific heading of Product of ordinary activity. The income statement and the cash flows published in 2005 have been restated for the sake of comparison. The incidence of this reclassification was 6.2 million for 2005.

#### Consolidated balance sheet 2005-2006

<i>In millions of euros</i>	2005	2006	2006/2005
Total non-current assets	4,947.9	5,423.6	+9.6%
Total current assets	1,120.9	1,117.8	-0.3%
<b>Total assets</b>	<b>6,068.8</b>	<b>6,541.4</b>	<b>+7.8%</b>
Shareholders equity	2,030.7	2,786.8	+37.2%
Total current liabilities	3,037.8	2,766.3	-8.9%
Total non-current liabilities	1,000.3	988.3	-1.2%
<b>Total liabilities and shareholders equity</b>	<b>6,068.8</b>	<b>6,541.4</b>	<b>+7.8%</b>

### Consolidated cash flow Statement 2005-2006

<i>In millions of euros</i>	2005	2006	2006/2005
Cash flow from operating activities	653.5	551.7	-15.6%
Cash used in investment activities	-532.6	-555.5	+4.3%
Cash from financing activities	96.0	125.6	+30.8%
<b>Change in cash, cash equivalents</b>	<b>217.4</b>	<b>121.8</b>	<b>-44.0%</b>

### Financial debt net December 31, 2005 and 2006

<i>In millions of euros</i>	2005	2006	2006/2005
Financial debt	2,768.1	2,419.5	-12.6%
Derivative financial instruments in a liability position	10.8	9.2	-14.8%
<b>Gross debt</b>	<b>2,778.9</b>	<b>2,428.7</b>	<b>-12.6%</b>
Derivative financial instruments in an asset position	-92.9	-59.8	-35.5%
Cash and cash equivalent	-388.3	-509.2	+31.1%
<b>Net debt</b>	<b>2,297.7</b>	<b>1,859.7</b>	<b>-19.1%</b>

### Consolidated income statement 2004-2005

The income statement items below are taken from the *Document de Base*. The income from the rental/financing contracts under standard IAS 17 were accounted for as Financial income, and not as Income from ordinary activities.

<i>In millions of euros</i>	2004	2005	2005/2004
Revenue <sup>(1)</sup>	1,811.7	1,914.6	+5.7%
EBITDA <sup>(2)</sup>	542.8	592.4	+9.1%
Operating income from ordinary activities <sup>(3)</sup>	291.0	331.2	+13.8%
Operating income	274.8	354.7	+29.1%
<b>Net income, group share <sup>(4)</sup></b>	<b>144.1</b>	<b>179.9</b>	<b>+24.9%</b>
Net income, Group share excluding CDG 2E accident	154.5	158.1	+2.3%

(1) *Income from ordinary activities, exclusive of financial income associated with the activity. See note 3.2. Change in accounting methods in annex 1 to this Document de Référence.*

(2) *EBITDA: earnings before interest, tax, depreciation and amortization*

(3) *Operating income from ordinary activities is operating income before the impact of certain non-recurring revenues and expenses, including those relating to the CDG Terminal 2 accident.*

(4) *Net income attributable to equity holders of Aéroports de Paris.*

### Consolidated balance sheet 2004-2005

<i>In millions of euros</i>	<b>2004</b>	<b>2005</b>	<b>2005/2004</b>
Total non-current assets	4,734.0	4,947.9	+4.5%
Total current assets	784.5	1,120.9	+42.9%
<b>Total assets</b>	<b>5,518.5</b>	<b>6,068.8</b>	<b>+10.0%</b>
Shareholders equity	1,848.8	2,030.7	+9.8%
Total current liabilities	2,760.0	3,037.8	+10.1%
Total non-current liabilities	909.7	1,000.3	+10.0%
<b>Total liabilities and shareholders equity</b>	<b>5,518.5</b>	<b>6,068.8</b>	<b>+10.0%</b>

### Consolidated cash flow statement 2004-2005

The cash flows below are taken from the *Document de Base*. The income from the rental/financing contracts under standard IAS 17 were accounted for as Financial income, and not as income from ordinary activities.

<i>In millions of euros</i>	<b>2004</b>	<b>2005</b>	<b>2005/2004</b>
Cash flow from operating activities <sup>(1)</sup>	389.3	647.3	+66.3%
Cash used in investment activities <sup>(1)</sup>	-474.1	-526.4	+11.0%
Cash from financing activities	9.6	96.0	<i>ns</i>
<b>Change in cash, cash equivalents</b>	<b>-75.3</b>	<b>217.4</b>	<b><i>ns</i></b>

(1) Exclusive of financial income associated with the activity. See note 3.2. Change in accounting methods in annex 1 to this reference

### Financial debt net December 31, 2004 and 2005

<i>In millions of euros</i>	<b>2004</b>	<b>2005</b>	<b>2005/2004</b>
Financial debt	2,507.3	2,768.1	+10.4%
Derivative financial instruments in a liability position	-	10.8	<i>ns</i>
<b>Gross debt</b>	<b>2,507.3</b>	<b>2,778.9</b>	<b>+10.8%</b>
Derivative financial instruments in an asset position	-	-92.9	<i>ns</i>
Cash and cash equivalent	-173.5	-388.3	+123.8%
<b>Net debt</b>	<b>2,333.8</b>	<b>2,297.7</b>	<b>-1.5%</b>

## CHAPTER 4 RISKS FACTORS

The company operates in an environment which generates numerous risks, some of which are without the company's control. The reader should consider carefully the following risk factors. Additional risk factors not currently known or which are currently deemed immaterial may also impair Aéroports de Paris operations. Aéroports de Paris' operations, business or financial results could be materially adversely affected by any of these risks.

### 4.1. Risks related to the business activities of Aéroports de Paris

#### ***Aéroports de Paris' revenues depend mainly on levels of air traffic, which in turn depend on factors that Aéroports de Paris does not control***

Aéroports de Paris' revenues are closely linked to levels of passenger and cargo traffic and the number of plane movements at the airports it operates. These factors directly determine revenues from airport fees and indirectly determine revenues generated from shops and car parks.

The level of air traffic to or from the Paris airports, both in terms of numbers of passengers and cargo volumes, depend on numerous factors, some of which are beyond the control of Aéroports de Paris, including:

- The general level of economic growth, particularly in France and the rest of Europe;
- The political and public health situation in France and elsewhere in the world (see below);
- The strategies and successes of airlines and alliances that have important network hubs at the Aéroports de Paris airports, chief amongst them the Air France - KLM group and the SkyTeam alliances;
- The attractiveness of the airports managed by Aéroports de Paris relative to that of other European airports (particularly London, Amsterdam, Frankfurt and Madrid);
- Competition from high-speed trains (TGV, Thalys and Eurostar);
- Fluctuations in oil prices (which can have a negative impact on traffic through measures such as the fuel surcharge imposed by airlines following the rise in oil prices in 2005 and 2006);
- The size of planes, their passenger level and their destinations (as fees charged for international flights are greater than those for domestic or European flights);
- The number of, allocation of and limitations on permitted take off and landing slots (see below); and
- More generally, regulatory decisions imposing specific costs on air travel (such as the development tax on plane tickets imposed pursuant to French law 2005-1720, article 22, adopted on December 30, 2005), which can have a negative impact on demand for air travel, even though the actual effect on traffic of such charges is difficult to assess.;

Air traffic and its distribution between geographical regions for flights to or from Paris airports might not reach expected levels<sup>1</sup> and could thus have significant negative effects on revenues of Aéroports de Paris, its results and its financial position.

#### ***A significant share of Aéroports de Paris' business is linked to the business of the Air France - KLM group***

Aéroports de Paris' business, results and financial position are in part linked to the activities of the Air France - KLM group. This group, a member of the SkyTeam alliance, is Aéroports de Paris's largest client. In 2006, the Air

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<sup>1</sup> See 6.2.2. "Passenger air traffic in the world and in France"

France - KLM group represented revenues of 531.3 million euros (302.3 million euros of which were airport fees), or 25.6% of the Group's total revenues. In addition, passengers carried by the airlines in the Air France - KLM group and the SkyTeam alliance generate a significant share of the Group's other revenues, such as commercial revenues.

A change in the Air France - KLM group's strategy (particularly whether it continues to use the hub system), the closure or relocation of certain routes, financial difficulties at the Air France - KLM group or a decline in the quality of its services would have, at least in the short term, a significant impact on the Group's business, profits and financial position. Moreover, in making investment decisions, the Group takes into consideration the requirements of its clients, especially airlines, the first of which is the Air France - KLM group.

### ***A major part of Aéroports de Paris activities are regulated***

Aéroports de Paris operates in a regulated business environment (by way of illustration, airport fees and airport security tax accounted for 49.3% of Group turnover in 2006, as against 48.6% in 2005). French laws and regulations, European regulations and rulings by French and international courts with jurisdiction over airports and air transport have a direct influence on Aéroports de Paris' profits. As with all regulated sectors, future changes to regulations, or to their interpretation by government authorities or by the courts, could result in additional expenses for Aéroports de Paris and have a negative impact on its revenues, results of operations and financial position. Thus:

- The conditions for changes in airport fees are determined under multi-year contracts lasting up to five years entered into with the French State or, in the absence of a multi-year contract, on an annual basis under conditions set by government decree. As part of the consultation process, which precedes the setting of changes in fees, airlines, particularly the Air France - KLM group, are invited to submit their comments and views on any changes. The interests of airlines are different from those of Aéroports de Paris;
- Under the multi-year contracts entered into with the French State, changes in the fees paid by airlines are based on estimated future results of operations that go beyond aviation activities to include projected commercial revenues and revenues from certain other activities;
- The allocation of take off and landing slots is carried out by an independent body. This organization could make decisions on the allocation of take off and landing slots that would be disadvantageous to Aéroports de Paris (see below);
- The French Government determines the security policy to be implemented under its supervision and has allocated responsibility for aspects of security to Aéroports de Paris. Increasingly strict rules could be adopted by European or French authorities, particularly in response to serious political events, or as part of a heightened drive to eliminate terrorism, which could lead to more demanding operational requirements, the implementation of programs to upgrade facilities or an increase in the inconvenience to passengers caused by the various security measures;
- Security costs, which were 349.2 million euros for the Group in 2006, are currently financed by an airport security tax, designed to cover all costs borne by Aéroports de Paris in performing this public service. Aéroports de Paris cannot, however, guarantee that there will not be changes in regulations that affect the coverage of costs.
- The Government sets the legal framework for airport and air transport safety. This legal framework could be strengthened, placing additional obligations on Aéroports de Paris

### ***The parameters for changes in the level of airport fees received by Aéroports de Paris could be changed when the Contrat de Régulation Economique expires or if this agreement is revised or terminated early***

Under Article L. 224-2-II of the Civil Aviation Code, conditions for changes in airport fees are determined by a multi-year contract with the French State, lasting for a maximum of five years (in 2006 the fees accounted for 32,1% of Group turnover, as against 32.5% in 2005). In the absence of any such contract, airport fee rates are set for a one-year period after approval by the Ministers responsible for civil aviation and the economy. The first such contract between Aéroports de Paris and the French State is known as the "*Contrat de Régulation Economique*"

(CRE) and was signed on February 6, 2006, covering the period from 2006-2010. Article L. 224-2 of the Civil Aviation Code requires that the conditions governing changes in airport fees take into account forecasts of costs, revenues and investment and of the quality of public service provided by the airport operator, while Article R. 224-3-1 of the Code provides that the airport operator receives, based on these factors, a fair return on capital invested, evaluated by reference to the weighted average cost of its capital. Aéroports de Paris cannot, however, give any assurance regarding the level of fees that the French State will authorize it to charge beyond 2010. In addition, the CRE may be modified or terminated early in the event of a circumstance that fundamentally changes the economics of the contract<sup>2</sup>.

***Litigation has been filed seeking to have the economic regulation contract, the tariff decision of 2006-2007 and certain stipulations of regulations affecting the determination of certain fees declared null and void. If successful, this litigation could have, at least temporarily, an adverse impact on the results of operations of the Group***

In May 2006, the Airline Union, the National Federation for Merchant Aviation and the Association of Airline Representatives in France each submitted a claim to the *Conseil d'Etat* to overrule the tariff decision of April 14, 2006. In August 2006, FedEx submitted a claim against the implicit decision by the Minister of Transportation refusing to withdraw the provisions of the CRE concerning suppression of certain reductions to the benefit of freight haulage companies and the way in which landing fees are set. In November 2006, Ryanair submitted a claim against the *Conseil d'Etat* against the implicit decision whereby the Minister of Transportation rejected its call for abrogation of annex 3 of the CRE, in its provisions of article 2 of the order of February 26, 1981 concerning the passenger fee<sup>3</sup>. The *Conseil d'Etat* rejected by a decision on April 25, 2007 the motions to overrule the CRE. These motions had been filed by the Airline Union, the National Federation for Merchant Aviation and the Association of Airline Representatives in France. No guarantee was forthcoming in relation to the eventual result of the other procedures. Success of one of these procedures, and a fortiori of several of them, would have an adverse impact on the Group's results of operations for the relevant year or years.

***Aéroports de Paris has no control over the number or allocation of take off and landing slots and as a result is not in a position to optimize their use***

As the number of take off and landing slots at airports is limited, air traffic depends on the allocation of slots and the efficient use of the slots allocated. At Paris - Charles de Gaulle and Paris - Orly airports, allocation of slots and monitoring of their correct use by airlines is, under a ministerial order of August 9, 1996, the sole responsibility of COHOR, the Association pour la Coordination des Horaires (Timetable Coordination Association), whose members are airlines (Aigle Azur, Air France, Brit Air, CCM Airlines, Corsair, La Poste, Régional Compagnie Européenne and Star Airlines) and airport operators (Aéroports de Paris, the Chambers of Commerce and Industry of Lyon and Nice). In practice, and in order to meet European regulations, COHOR has appointed a "delegated coordinator" for the effective allocation of slots. The delegated coordinator, who must act in a way that is neutral, non-discriminatory and transparent, may decide to allocate the slots that become available at each airport (i.e. slots that are unused by an airline, slots freed by an airline that ceases operations or slots created by an increase in airport, and particularly runway, capacity) to routes generating low traffic volumes. In addition, as part of its public service mission, the French State each year reserves a certain number of slots at the Paris - Orly airport (for example, 35,724 of the 250,000 slots available under the regulations each year are currently reserved) for allocation to so-called national improvement routes, providing regional links. The reallocation of unused slots, including those that had been held by an airline that ceases operations, may not take place immediately, thus reducing the number of slots in actual use. Lastly, at Paris - Charles de Gaulle airport, the number of available slots depends in part on factors outside the control of Aéroports de Paris, and in particular on the number of hourly movements that can be managed by air traffic control services.

***Regulatory constraints regarding environmental protection could limit the business activities of Aéroports de Paris, hamper its growth or require substantial expenditure***

Aéroports de Paris' business activities are governed by stringent environmental protection regulations, relating in particular to noise pollution, air quality, the protection of water resources and waste management<sup>4</sup>. In particular:

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<sup>2</sup> See 6.3.2.6. "Revenues generated by airport platform operating activities"

<sup>3</sup> See 20.8. "Legal proceedings"

<sup>4</sup> See 6.6.2.5. "Attribution of time slots" and 6.7. "Environmental information"

- Aéroports de Paris' business at the Paris - Orly airport is subject to limits on the number of take off and landing slots available, runway use procedures and night take-off and landing times for planes, with a view to minimizing disturbance, particularly noise pollution. Activities at Paris - Charles de Gaulle airport are also limited in terms of the number of take off and landing slots at night and volume of noise;
- While not directly applicable to Aéroports de Paris, regulations governing airlines, particularly in terms of air quality and fuel use, have an impact on air traffic (in terms of the volume and type of traffic) and thus on the revenues of Aéroports de Paris. In this respect, local residents' airline pollution defense associations have initiated proceedings with the Conseil d'Etat to declare certain decisions by the minister of transportation null and void<sup>5</sup>

A tightening of environmental protection regulations, or of their interpretation by the authorities, could require significant expenditure by Aéroports de Paris (even though in principle this would be offset by an adjustment mechanism in the CRE) and create restrictions on the use of equipment or facilities. This could have a negative impact on Aéroports de Paris' business, growth prospects, financial situation or results of operations.

### ***Aéroports de Paris operates in a competitive environment***

The competition faced by Aéroports de Paris could intensify in all business areas, including both the operation of its airports and related businesses:

- Aéroports de Paris, and more particularly Paris - Charles de Gaulle airport, is in direct competition with other major European airports operating as hubs (primarily London Heathrow, Amsterdam Schiphol, the second hub of the Air France - KLM group, Frankfurt and Madrid - Barajas). In 2006, connecting passengers represented 32.3% of passenger traffic at Paris - Charles de Gaulle and 24.9% of total passenger traffic at the Group's airports. This competition is increased by the strategy of many airlines, in the face of growing competition in air transport to create marketing alliances resulting in networks of routes, thus maximizing their sales offering to clients seeking to fly anywhere in the world while dealing with a single carrier and single ticketing agent;
- Aéroports de Paris, and more particularly Paris - Charles de Gaulle airport, is in direct competition with these same airports to be the European choice for intercontinental routes, which generally seek to use airports offering a broad range of connecting flights to their passengers;
- Aéroports de Paris, and more particularly Paris - Orly airport, competes on journeys of less than three hours with rail services, especially high-speed rail services (TGV, Thalys and Eurostar), the network of which continues to expand;
- Low cost airlines have become significant players in the European air transport market. Aéroports de Paris competes for their flights with airports serving the Ile de France region that are not managed by Aéroports de Paris (notably Beauvais-Tillé airport);
- Ground handling services have been open to competition since 1998; this competition has had a significant negative impact on income from this business;
- The Group's other activities (real estate, airport retail facilities and international expansion in the fields of architecture and engineering for airport infrastructure and systems, airport management and technical support and telecommunications on complex sites) face competition to a greater or lesser degree from numerous other companies, many of which have already acquired considerable experience in their business

Aéroports de Paris' activities are subjected to increasing competition<sup>6</sup>, which could increase more in the short-term, particularly due to constraints in terms of costs and quality imposed on European airports.

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<sup>5</sup> See 6.7.1.1. "Noise regulations"

<sup>6</sup> See 6.2.5.1. "Competition"

### ***Aéroports de Paris plans substantial investment; the return on investment could fall short of Aéroports de Paris' expectations***

Given that growth in air traffic at the airports operated by Aéroports de Paris is directly related to the availability of facilities on the ground, Aéroports de Paris plans to make significant investments, primarily under the investment program for 2006 to 2010 associated with the CRE<sup>7</sup>. Given the time required for the construction and implementation of complex infrastructures, investments must be planned long in advance and the investment decision is made several years before the corresponding facility comes into operation. By way of example, for a new air terminal, the successive phases of engineering and design, site preparation, major construction, secondary construction, installation of electrical and mechanical equipment and testing mean that a lead time of between four and six years is required, depending on the complexity of the terminal. However, growth in air traffic is more gradual and can be interrupted by isolated factors such as geopolitical events or public health problems. If growth in air traffic is lower or slower than assumed at the time an investment is planned, the return on investment could be lower than expected and perhaps insufficient to provide a satisfactory return on capital employed

### ***If the international air transport market changes, Aéroports de Paris could have to adapt some of its facilities***

If the hub model, currently employed by numerous airlines and operated at the Paris - Charles de Gaulle airport by the Air France - KLM group, the Group's main client, were to be abandoned in favor of direct routes, Aéroports de Paris could be forced to adapt certain features and infrastructure of the Paris - Charles de Gaulle airport that are currently geared towards serving connecting passengers, who make up 32.3% of passenger traffic at this airport in 2006. In addition, some of the infrastructure at Aéroports de Paris has been specifically adapted or created to accommodate connecting traffic, and a change to this model early in the life of such infrastructure could have a significant effect on their profitability.

In making its decisions on investment and infrastructure, Aéroports de Paris must take strategies of the airlines into account. However, airlines choose the type of airplanes they will buy or charter and the routes that they will favor as a function of numerous criteria that are difficult to predict. The strategic choices of airlines, possible changes in these choices and the delivery schedules of new aircraft could therefore have an impact on the future investment policies of Aéroports de Paris and on the return on its past investments.

### ***Aéroports de Paris could be obliged to adapt some of its facilities to be compatible with new technological developments***

If the technology used by companies in the air transport market changes, Aéroports de Paris could have to adapt its facilities (as demonstrated by the launch of the A380, which will require some airports to modify their infrastructure), and its revenues could be negatively affected. In addition, although the CRE provides some mechanisms for compensation, technological changes such as online check-in and electronic ticketing could render the Group's facilities obsolete and have a negative impact on revenues (for instance, revenues generated from the provision of check-in counters accounted for 29.3 million euros in 2006).

### ***Aéroports de Paris is exposed to risk related to the business of construction of complex projects***

The complexity of Aéroports de Paris' infrastructure could be a source of significant delay in the construction or implementation of projects or could lead to significant over-runs on planned budgets. These delays or over-runs could have significant negative consequences on the Group's revenues, its results of operations and its financial position. Such delays could also have a negative impact on the planned expansion of capacity at the airports operated by Aéroports de Paris and on the Group's image. Delays of this type could also lead to additional operating expenses if they are accompanied by budget over-runs, or even operating losses if they persist for a significant period of time. In addition, Aéroports de Paris could be obliged to pay contractual penalties if it delivers projects with significant delay.

Aéroports de Paris might also have to bear the financial consequences of problems with construction carried out on its behalf. For example, the collapse at terminal CDG 2E at Paris - Charles de Gaulle airport resulted in the temporary closure of the terminal and could lead to legal action against Aéroports de Paris<sup>8</sup>. Aéroports de Paris

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<sup>7</sup> See 5.2. "Investment"

<sup>8</sup> See 20.8 "Legal Proceedings"

could also suffer financial consequences if construction defects become apparent after the expiration of warranty periods provided by contractors.

### ***Aéroports de Paris is exposed to risk related to the operation of airports***

Aéroports de Paris has obligations to protect the public at its airports and to reduce the risk of accidents at its airports. These obligations can be divided into five types of risks:

- The facilities Aéroports de Paris makes available to airlines must be in good operational order. A malfunction or delay in implementation (for example, in the new baggage handling system at Paris - Charles de Gaulle) could have a negative effect on relations with airlines, on the image of the Group or on its results of operations (which depend in part on revenues arising from the proper operation of its facilities);
- Poor weather conditions, labor disputes, technical problems (for example, a failure of computer networks) or political events (for example, blockades by truck drivers), all could result in temporary interruptions in airport services. In addition to the impact such interruptions may have on air traffic (and thus on Group revenues), such events are often subject to intense media coverage, particularly if there are major inconveniences to passengers. A prolonged closure of one or more of the Group's airports could negatively affect the perception of Aéroports de Paris' quality of service.
- As with any company dealing with members of the public, Aéroports de Paris is required to implement certain measures for the protection of the public, such as fire safety in public spaces, design and maintenance of car parks and access routes to meet the highway code and road safety rules, accessibility of the facilities for the disabled and persons whose mobility is restricted;
- As an airport operator, Aéroports de Paris is required to implement certain measures specific to aviation activities: maintenance, management and supervision of aviation facilities, snow clearance, rescue and fire services for aircraft (RFFS or SSLIA under the French acronym), monitoring of traction and skid levels and measures to control the threat from birds (a requirement that may be extended to controlling the risks created by the presence of any animal, not just birds, on the airport site);
- Aéroports de Paris provides certain services for the French State. Thus it implements, on behalf of the government, security and public health protection measures and it implements specific national programs (such as the Vigipirate national security alert plan and the Piratox and Piratnet anti-terrorism measures). Paris - Orly, Paris - Charles de Gaulle, Paris - Le Bourget airports and Issy-les-Moulineaux heliport, have been classified as sensitive defense points (officially recognized as playing a major role in the defense of the country on a national or regional level), which requires the implementation of specific protective measures to ensure operational continuity

### ***Aéroports de Paris is exposed to the risk of failure of its sub-contractors***

Aéroports de Paris sub-contracts some of its operations, particularly those relating to its security obligations. It is possible that some of these sub-contractors might fail to comply with their obligations.

### ***Aéroports de Paris is exposed to the risk of a terrorist attack***

As are all airport operators, Aéroports de Paris is constantly subject to the threat of terrorist attack. If this were to take place, in France or abroad, business levels at the Aéroports de Paris airports could be significantly affected following the probable considerable reduction in air traffic, for an indeterminate period, as was seen following the September 11, 2001 attacks. If the attack was on one of the airports operated by Aéroports de Paris, the airport in question could be closed, in whole or in part, for the time needed to rescue any victims, investigate the circumstances of the attack and rebuild any damaged buildings and areas. In addition, there would be a risk that victims of a terrorist act could hold Aéroports de Paris responsible for their suffering and seek compensation.

In addition, security measures could be heightened as a result of a terrorist attack, thus increasing the inconvenience caused to passengers by the various security checks, reducing passenger handling capacity at the airports, considerably increasing the Group's expenditures for security (despite the fact the current system allows

Aéroports de Paris to finance all security expenditures through airport taxes) and possibly leading to changes in the investment program.

### ***Aéroports de Paris' insurance coverage could prove to be insufficient***

While Aéroports de Paris seeks to insure all risks reasonably, the Group cannot guarantee that its insurance policies would cover all its liability in the event of an incident. In particular, Aéroports de Paris holds policies covering its civil liability as an airport operator, "civil liability - risk of war and other perils", and damage to property<sup>9</sup>. The markets for airport insurance and for construction insurance are not particularly competitive, and a change in coverage policy by the insurance companies involved could reduce Aéroports de Paris's ability to satisfactorily insure itself, whether in terms of the coverage offered or in terms of cost. In addition, since the collapse of terminal CDG 2E, insurance companies have withdrawn the option of taking out single-construction-site policies. A certain number of Group assets cannot, by their nature, be covered by property insurance (notably runways, aircraft movement areas, and certain civil engineering works and infrastructure).

### ***Air traffic could be affected by global public health crises such as epidemics***

An epidemic, or the threat of one, could have a negative effect on traffic at the Group's airports and, in some cases, on the business, financial position and/or results of operations of the Group, due in particular to the high cost of special health protection measures that need to be put in place to limit the effects of this type of problem. In 2003, the epidemic of Severe Acute Respiratory Syndrome (SARS) produced international concern, one of the main effects of which was a substantial drop in air traffic to and from Asia. This drop (-9% in 2003) resulted in a corresponding decline in revenues received by Aéroports de Paris from routes serving Asian destinations.

Similarly, current fears of a pandemic caused by the spread of the H5N1 strain of avian influenza could potentially cut the levels of passenger traffic at airports operated by Aéroports de Paris.

### ***Labor disputes could have an impact on the Group's business activities***

Labor relations within the Group could become strained or there could be occasions of labor unrest. Strikes, slowdowns, retaliatory measures or other labor problems could disrupt the Aéroports de Paris' business and/or that of its subsidiaries. These strikes or other conflicts could arise not only within Aéroports de Paris and/or its subsidiaries, but also within other companies involved in the operation of its airports (for instance, strikes by sub-contractors, air traffic control, ground handling companies not belonging to the Group, or flight crews). As a result, its business, financial position and results of operations could be affected by labor disputes.

### ***Aéroports de Paris is exposed to certain risks inherent in the real estate development business and in the real estate rental business***

The real estate development business at Aéroports de Paris is exposed to certain risks arising, in particular, from the complexity of projects and the applicable regulations, the large number of parties involved and the official authorizations required. These risks include, in particular, the cancellation of projects for which initial design studies could have generated costs for Aéroports de Paris or the denial of requests for official authorizations (particularly changes in local town planning). Aéroports de Paris is also exposed to risks that can affect the profitability of this business, such as budget over-runs, additional costs relating to delayed delivery, or occupancy rates or rent levels that are below expectations.

More generally, as the owner of real estate assets that are rented, Aéroports de Paris is exposed to the risks of a drop in demand in the rental market or a reduction in the value of real estate assets following a weakening of the real estate market or non-payment of rent by tenants. Moreover, the Group's real estate assets are located on specific areas of the Paris region, limited to particular sites, and serve a single sector of the rental market, thus exposing the company to fluctuations in this specific market.

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<sup>9</sup> See 4.3.3. "Main Insurance Policies"

### ***Aéroports de Paris is exposed to certain risks related to the commercial business***

Part of the Group's revenues is closely linked to the sales generated in the various commercial outlets located in Aéroports de Paris airports. The Group's revenues from renting commercial premises depend on the revenues of the commercial operators and, in some terminals of Paris - Charles de Gaulle airport, the Group's revenues as a retail operator through Société de Distribution Aéroportuaire, (a subsidiary that Aéroports de Paris owns jointly with Aelia, part of Hachette Distribution Services). Aside from the impact of the level and nature of traffic<sup>10</sup>, certain factors inherent to commercial activity may also have an impact on Group results. The business of these commercial spaces could be affected by the enlargement of the European Union, which would further reduce the number of passengers entitled to purchase duty free goods. The retail business is also subject to currency risks (product prices are higher, particularly for US, British and Japanese passengers, when the euro is strong) and to the effects of health policies that seek to reduce consumption of tobacco and alcohol, which could slow the expansion of this area of the Group's business activities. In 2006, the Group's space used for the core airport retail activities - perfume, alcohol, tobacco, fine food and news-stands were managed essentially by Hachette Distribution Services. A change in this group's business strategy or its potential default could affect - temporarily at least - the income that the Group generates from retail activities.

### ***Expansion into new business areas and the resulting investments by Aéroports de Paris might not generate expected returns***

Aéroports de Paris and its subsidiaries are expanding in business areas that build on the Group's expertise: airport operation and international engineering, telecommunications services on complex sites, and retail management at airports. The risk profile of these businesses differs from that of the Group's airport businesses in France and could, in certain circumstances, require specific knowledge and experience, forcing the Group to acquire skills additional to those employed in airport operations. In addition, Aéroports de Paris cannot guarantee the successful expansion of these businesses and could thus find itself in a position of having undertaken substantial expenditures without receiving the expected returns on investments.

### ***Aéroports de Paris is exposed to risks in its international businesses***

Aéroports de Paris generates part of its revenues outside France, particularly through its subsidiaries (in 2006, revenue generated abroad was 41.6 million euros, or 2% of total Group revenue, proportion stable with respect to 2005). These activities abroad expose the Group to the risks inherent to international businesses, primarily:

- Risks relating to differences in the regulatory environment and changes in legislation and regulations, particularly in the areas of tax, construction and safety, environmental protection and employment rights;
- Risks relating to limits imposed on repatriation of profits;
- Risks relating to fluctuations in exchange rates;
- Risks relating to political or economic changes affecting a given country or region (particularly given the concentration of ADP Ingénierie's business in the Persian Gulf); and
- Risks relating to the greater difficulty in recruiting staff and managing operational entities abroad

### ***The financial position of the Group could be negatively affected by interest rate fluctuations***

The Group's business activities could be negatively affected by an increase in interest rates, primarily for the following reasons:

- Group debt was 2,419.5 million euros on December 31, 2006 (as against 2,768,1 million euros in 2005), of which 41.7% bore interest at variable rates and 58.3% bore interest at fixed rates (after taking into account hedging). These proportions were respectively 44.4% and 55.6% in 2005<sup>11</sup>;

<sup>10</sup> See 9.2.3. "Factors with significant influence on Group results"

<sup>11</sup> See 10.7. "Market risks"

- The Group's real estate business and the valuation of its real estate assets depend on the financing terms for real estate projects.

#### **4.2. Risks relating to the ownership structure of Aéroports de Paris**

##### ***Aéroports de Paris is controlled by the French State, which is its majority shareholder***

Article L. 251-1 of the Civil Aviation Code provides that the French State must retain at least a 50% interest in Aéroports de Paris. As a result, the majority shareholder will be able to control the outcome of important decisions at shareholder meetings and, in particular, influence the appointment of directors, dividend policy and modifications of its statutes (by-laws). At the date of registration of this *Document de Référence*, the State held 68.39% of the Company's share capital and voting rights.

#### **4.3. Risk management**

##### **4.3.1. Risk management policy**

Against a background of ever-tighter national and international regulatory demands, and to ensure the excellence of its operations, Aéroports de Paris follows a risk management policy that aims to:

- Identify, analyze, increase awareness of and reduce risks, as well as ensure the safe functioning of the Group's businesses, and
- Deal with emergency or crisis situations under the best possible conditions, particularly those situations that result from accidents or malfunctions in the Group's businesses.

A specific action plan on Group risk management, included in the 2006-2010 strategic plan, was approved by the Board of Directors on July 11, 2006. This action plan covers:

- The introduction of a continuous risk analysis system, based on the general Group risk evaluation prepared in early 2005 with the help of an external consultant on the basis of interviews conducted with directors and heads of operating units at the end of 2004. This evaluation helped improve the identification of major risks and prioritize the actions to be taken to reduce them and improve control over them. The resulting risk cartography was updated and presented to the Company's executive committee on October 16, 2006;
- The preparation of a three-year risk reduction plan, elements of which will be integrated into the operating plans of the various Group entities, granting priority to technical risks in relation to exercise of airport activity and restitution of ageing facilities to their previous status;
- The continuation of the implementation of a management system in at-risk operational areas. Deployment of an integrated management system covering all areas of aeronautical safety, security, the environment, service quality and employment regulations, is ongoing at Paris - Charles de Gaulle airport with a view to certification in 2008. Paris - Orly airport also forms part of a continuous improvement procedure through specific ISO certifications, particularly in relation to airport security and the environment;
- The institution of a professional approach to preparations for crisis management, with organization at each airport of a permanent 24-hour unit with command posts and communications systems specially envisaged for this purpose. Additionally, Company headquarters has a reinforced permanent central unit and a "crisis PC". These arrangements meet the compulsory requirements for air travel emergency plans, and provide a response for managing degraded operations or crisis situations. The Group also practices experience reversal for events qualified as serious, a survey to analyze incidents prior to proposing progress courses or evolutions of procedures in order to prevent relapses or to reduce the consequences;
- The development of continuity plans that would enable management on the ground to ensure continuity of operations in the event of a severe technical failure of facilities;
- The optimization of the performance and efficiency of security devices, particularly through the use of new technologies.

It should also be noted that as far as specific risks relating to investments are concerned, in 2005 the Group overhauled its investment decision-making and management processes. The responsibilities of the strategy and investment committee were redefined<sup>12</sup> and an executive investment approval committee was created to examine all proposed investments of over 2 million euros<sup>13</sup> in a collegiate fashion under the chairmanship of the Chairman and CEO of Aéroports de Paris. This committee meets every two weeks, with its administrative functions carried out by the finance department. Three decentralized local committees at airport management and real estate division management levels have been created for projects that are below this threshold. After assessing the investment opportunity based on predefined criteria, Aéroports de Paris has put investment programming on a 5-year cycle, in keeping with the time frame of the CRE.

#### 4.3.2. Policy for taking out insurance policies

Aéroports de Paris is a service company that owns significant operating and real estate assets. It ensures against risks in two main categories: civil liability and damage to property. Some policies taken out by the Company also cover its subsidiaries, which in some cases are the exclusive beneficiaries.

All Group businesses risks are covered by a total of approximately sixty policies. In most cases, these policies are underwritten by pools of insurers and reinsurers of good reputation and internationally recognized financial solidity. Each pool is managed by an administrator, who is supported by co-insurers that underwrite all risks but are never jointly liable as all risks are reinsured.

Subject to exclusions that are customary in the insurance market, Aéroports de Paris believes that it currently has reasonable insurance coverage, with policy levels in line with both the observed frequency of claims and the risk prevention policy.

#### 4.3.3. Main insurance policies

##### ***Third party civil liability***

Third party civil liability for airport operations is covered by a policy that covers the financial consequences of contractual civil liability or misdemeanor claims against Aéroports de Paris, its subsidiaries, sub-contractors and/or co-contractors, in the exercise of activities relating to aviation branch activities, following physical, material or consequential damages caused to third parties in the conduct of their business. The main coverage amounts to 1.5 billion euros per event per year (with the exception of "civil product liability" for which the limit is per year only).

The company has taken out other third party civil liability policies, including one covering the liability of directors, one covering responsibility for accidental or gradual environmental damage (also covering the costs of decontaminating land) and one covering the third party civil liability of the Company in the exercise of activities relating to the ground branch (notably its car parks, buildings outside airport sites, cogeneration and medical assistance).

Lastly, Aéroports de Paris has taken out a "civil liability" war risk policy with a guarantee of 50 million dollars to cover the consequences of the risk of war and other perils. This 50 million dollar guarantee is reinforced by another policy taken out by Aéroports de Paris for 950 million dollars. The second policy stipulates the conditions in which Aéroports de Paris and its subcontractors benefit from these amounts.

##### ***Damage to property and construction risks***

Aéroports de Paris has a property damage policy that covers all physical and real estate assets owned or held by the company against the risks of fire, explosion, lightning strike, storm, electrical damage, natural disaster and terrorist acts. The contract includes an operating losses section. The main coverage is limited to 600 million euros per claim.

In addition to the general policy mentioned above, the company has taken out specific policies designed to protect against certain specific types of damage to clearly identified assets, notably:

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<sup>12</sup> See 16.3.2. "Strategy and investment committee"

<sup>13</sup> 1 million euros before 31st December 2006

- A policy covering the risks of damage (aircraft impact, terrorist attack, water damage, fire, lightning, explosion, theft, breakage of glass, natural disaster, etc.) that could affect the physical and real estate assets in the "Roissy Pôle - Le Dôme" area; this policy covers Aéroports de Paris and its partners;
- A policy covering damage to the "transfer module" site, affecting the physical and real estate assets at this site which houses the connections between the TGV and RER stations at the Paris - Charles de Gaulle airport (coverage equivalent to the cost of the building itself);
- A "comprehensive office" policy;
- A policy to cover "machine damage" for de-icing equipment and other machinery used to maintain runways, covering Aéroports de Paris and entities within the Alyzia group.

The company has also taken out a number of policies to protect itself against construction risks for its largest projects. These policies fall into two categories:

- "Comprehensive site policies" covering the main projects in progress, including the construction of the S3 satellite, the baggage sorting system, renovation of the CDG 1 terminal and the two automatic transport lines, CDGVal and LISA;
- Policies covering the ten-year guarantees on buildings and civil engineering projects completed within the last ten years, including phases 1 and 2 of CDG 2E terminal, the CDG 2F terminal and improvements to the FedEx hub at Paris - Charles de Gaulle;

A certain number of the Group's assets cannot, by their nature, be covered by property insurance. Runways, taxiways and certain civil engineering works and works of art fall into this category (works of art are covered, but only for up to 20 million euros per year).

#### ***Other insurance taken out by Aéroports de Paris***

In addition to the policies discussed above, the Company holds a "car and machinery fleet" motor insurance policy covering the 2,000 land motor vehicles used in its business activities.

#### ***Main policies that mostly cover company subsidiaries***

As part of its business of providing design, architecture, project management and works supervision internationally, professional civil liability and ten-year warranty exposure at ADP Ingénierie (**ADPi**) are covered by specific insurance policies. Seven such policies, covering ADPi's activities in Dubai, have been taken out locally by Aéroports de Paris, to the account of ADPi.

As for Aéroports de Paris Management (**ADP Management**), the subsidiary that manages airports outside France and provides technical consulting on the operations of foreign airports, there are three insurance policies taken out directly on its behalf by Aéroports de Paris: one "comprehensive office" policy, one "professional civil liability" policy and a local policy in Algeria.

In addition, Aéroports de Paris has taken out several insurance policies for its Hub télécom subsidiary. These policies cover Hub télécom professional civil liability, operating losses and damage to property.

Lastly, for entities in the Alyzia group, which mainly provides support services for Aéroports de Paris's ground handling business and provides security services, the company has taken out several insurance policies to cover professional civil liability and damage to property and materials (in particular the fleet of machinery and de-icing equipment).

## CHAPTER 5 INFORMATION ON THE ISSUER

### 5.1. History and development of the Company

#### 5.1.1. Corporate name

The corporate name of the Company is Aéroports de Paris.

#### 5.1.2. Registry of commerce and companies

The Company is registered with the Registry of Commerce and Companies of Paris under number 552 016 628. The APE code of the Company is 632 E.

#### 5.1.3. Date of incorporation and term

Aéroports de Paris was incorporated under form of *"établissement public national"* (national public entity) on October 24, 1945 and registered with the Registry of Commerce and Companies on February 1, 1955. Aéroports de Paris has been a *Société Anonyme* since July 22, 2005, effective date of the Decree no. 2005-828 of July 20, 2005 on Aéroports de Paris, implementing the Law no. 2005-357 of April 20, 2005 on airports. Pursuant to Article 5 of its by-laws, the Company has a term of 99 years as from July 20, 2005, unless in case of early winding-up or extension thereof.

#### 5.1.4. Registered office, legal form and applicable laws

The Company's registered office is located at 291 boulevard Raspail, 75014 Paris. The registered office's switchboard phone number is 00.33 (0)1 43 35 70 00.

Aéroports de Paris, created by order no. 45-2488 of October 24, 1945 under form of *établissement public (public institution)* with its organization detailed in particular in the Decree on public administration regulation no. 47-11 of January 4, 1947, has been administered in accordance with the provisions of the aforementioned texts, as amended, and other provisions applicable to public institutions.

The Law no. 2005-357 of April 20, 2005 on airports and its Implementation Decree of July 20, 2005, effective as of July 22, 2005, have converted Aéroports de Paris into a *société anonyme*.

Aéroports de Paris is governed by the laws and regulations applicable to *sociétés anonymes*, subject to specific laws, and by its by-laws as initially set by Exhibit II to the Decree no. 2005-828 of July 20, 2005 on the by-laws of the *société anonyme* Aéroports de Paris.

The Company is more particularly governed by the Law no. 2005-357 of April 20, 2005 on airports, the French Code of Civil Aviation (*Code de l'aviation civile*) and the Law no. 83-675 of July 26, 1983 on democratization of the public sector.

#### 5.1.5. History of the Company

- **December 1923:** *creation of the Paris - Le Bourget airport*

Originally created under the name *"Port aérien du Bourget Dugny"*, the Paris - Le Bourget airport was the first purely commercial airport in France. Initially a mere grassy land, this airport became the first European airport between the world wars, in large part thanks to the conversion of pre-existing military installations in the area to civilian purposes having enabled it to handle up to 140,000 passengers in 1938. Between 1940 and 1944, Paris - Le Bourget was used as German air base, and the Germans built concrete runways. Rebuilt after bombardment, Paris - Le Bourget became a civilian airport in 1946. Since 1981, Paris - Le Bourget has stopped handling regular commercial air traffic in order to specialize only in business aviation services.

- **October 1945:** *creation of the public institution "Aéroport de Paris"*

The Order n° 45-2488 of October 24, 1945 has created the public institution Aéroport de Paris with the mission of public service through construction, operation and development of civilian airports in a 50 km radius around Paris.

- **November 1946:** *beginning of operation of Paris - Orly*

After the departure in November 1946 of the US army, Aéroport de Paris was entrusted with the management of the first passenger terminal built near Orly. In March 1948, a second building, called "Terminal Nord", was built with the goal of handling traffic of approximately 215,000 passengers per year.

- **August 1954:** *opening of a temporary south terminal in Paris - Orly*

In August 1954, a building, later integrated in the final South terminal, was put into service to replace the building left by the US army. Its main feature is a very successful large terrace opened to the public and overlooking.

- **February 1961:** *inauguration of the new Orly South terminal*

In 1954, Paris - Orly terminals were saturated, with traffic having exponentially grown and approaching 1.2 million passengers per year. The extension of Paris - Orly was decided pursuant to a Decree of May 5, 1954 and the construction of the south terminal of Paris - Orly began in 1956. The new Orly South terminal was inaugurated on February 24, 1961.

- **February 1971:** *inauguration of Orly West terminal (Halls 2 and 3)*

The new Orly West terminal was presented to the public on February 26, 1971 after 40 months of construction work. Specialized in domestic traffic and point to point traffic to the French overseas departments and territories, Southern Europe and North Africa, it has two levels: one for departures, one for arrivals. Its initial structure anticipated possible extensions that took place with the building of Hall 4 in 1986 and of Hall 1 in 1993.

- **March 1974:** *inauguration of Paris - Charles de Gaulle and opening of CDG1 terminal*

Beginning in 1957, Aéroport de Paris searched for sites for a new airport to reinforce the airport network in the Paris region then formed of Paris - Le Bourget and Paris - Orly. On June 16, 1964, a ministerial decree decided the creation of the "Paris Nord" airport located in an area north of Paris near Roissy-en-France. On December 1, 1966, Aéroport de Paris began the works of this airport, which was inaugurated under the name of Paris - Charles de Gaulle on March 8, 1974.

- **November 1981 - June 2003:** *inauguration and extension of CDG 2 airport*

The conception work of CDG 2 started in 1973. CDG 2 has been designed around the concept of modularity to best favor the growth in the airport activity by progressively putting terminals into service. The CDG 2B and 2A terminals were designed and inaugurated with this spirit, respectively on November 1, 1981 and March 24, 1982. After a partial opening in March 1989, the terminal CDG 2D was fully opened to the public in March 1991. The CDG 2C terminal, reserved for international traffic, was inaugurated on June 3, 1993. The connection station of CDG 2 to the RER regional rail and the TGV high-speed rail was opened in November 1994. The two modules of CDG 2F terminal were respectively been put into service on March 29, 1998 for the 2F1 module and May 6, 1999 for the 2F2 module. Finally, the CDG 2E terminal was partly put into service on June 25, 2003.

Aéroport de Paris changed its name to Aéroports de Paris pursuant to the Decree n° 89-10 of January 4, 1989.

- **1995 - 2005:** *creation and development of the Air France hub at CDG 2*

In 1995, Air France decided with the consent of Aéroports de Paris to reorganize its flight program and its commercial strategy to "bring in" via Paris - Charles de Gaulle (CDG 2 terminal) its medium- and long-haul flights. Thanks to an efficient cooperation between the Company and Air France, this hub has been operated since spring 1996. Making maximum benefit of the modular nature of CDG 2, Aéroports de Paris has continued to keep up with the growing capacity requirements of Air France through progressive addition of terminals to the original hub

structure, in particular since the launching in 2000 of the SkyTeam and SkyTeam Cargo alliances, of which Air France was a founding members, and since the merger of Air France and KLM in the first half-year of 2004. With these developments, the CDG 2 hub has therefore become one of the main airports for in SkyTeam's world network.

- **1997 - 2000:** *construction of two additional parallel runways at Paris - Charles de Gaulle*

Paris - Charles de Gaulle was originally built with two runways: Runway 1 in the north of the airport, which became operational in 1974 and Runway 2 in the south of the airport, opened in 1976 and extended in 1981. The original plans for future extension of the site of the airport from the beginning provided for the creation of two sets of two parallel independent runways, one in the north of the airport (Runways 1 and 3) and one in the south (Runways 2 and 4), both in an east-west orientation. The decision to build two additional parallel runways was made in 1997, with their construction designed to increase movements of aircraft at Paris - Charles de Gaulle, thereby favoring its development (and more particularly the development of the Air France hub). Runway 4 opened in November 1998 and Runway 3 in September 2000.

- **From 1998:** *opening to competition of ground handling services*

Since the opening to competition of ground handling services (January 1, 1998 in France), ground handling service providers other than Aéroports de Paris have been active at the airports of the Paris region. In order to confront this competition, and as part of the restructurings that had to be implemented, Aéroports de Paris sped up the transfer and subcontracting of its ground handling operations to its subsidiary Alyzia.

- **June 2000 - April 2003:** *creation of subsidiaries for other activities of the Group*

Starting in 1990's, the Group has adopted a strategy of capitalizing on its competencies in order to benefit from the know-how developed for many years by creating ADP Management to manage interests in airports outside of France and export management and technical services. Since 2000, this strategy has been strengthened with the creation of ADPi (airport engineering and public infrastructure design), Hub télécom (subsidiary specializing in telecommunications services on complex sites such as airports and ports, conference centers and other exchange poles) and Société de distribution Aéroportuaire (a joint venture for retail operations in Paris - Charles de Gaulle in which Aéroports de Paris holds 49% of the capital with Aelia, a subsidiary of the Hachette Distribution Services group).

- **July 2003:** *creation of the real estate division of Aéroports de Paris*

In January 2003, Aéroports de Paris created a real estate division in order best to manage its real estate assets. After deciding at the beginning of 2003 to have a decentralized organization to prepare and facilitate its conversion into a *société anonyme*, Aéroports de Paris created in July 2003 a real estate division regrouping the construction, development, marketing and real estate and land asset management activities outside terminals.

- **July 2005:** *conversion of Aéroports de Paris into a Société Anonyme*

The Law no. 2005-357 of April 20, 2005 on airports and its implementation Decree no. 2005-828 of July 20, 2005 have converted Aéroports de Paris into a *société anonyme* and confirmed its mission of operation of the Paris - Charles de Gaulle, Paris - Orly and Paris - Le Bourget platforms, as well as ten other airfields in the Ile-de-France region and the heliport at Issy-les-Moulineaux.

- **February 2006:** *signature of the Contrat de régulation économique*

In accordance with articles L. 224-2 and R. 224-4 of the civil aviation Code, the first pluriannual contract between Aéroports de Paris and the State, known as "Contrat de régulation économique", was signed on February 6, 2006. The CRE sets the 2006-2010 ceiling for the average rate of evolution of the main fees for services rendered and the planned investment schedule, and determines Aéroports de Paris's service quality objectives.

• **June 2006: floating of shares and stock market listing**

In accordance with decree n° 2006-575 of May 22, 2006, the Government decided to float Aéroports de Paris shares to allow the company to strengthen its financial position and be in a position to mobilize new resources to finance its development. Company shares were floated on the Euronext S.A. Eurolist through a share capital increase of almost 600 million euros combined with a sale of shares held by the State. Shares in Aéroports de Paris have been traded on the Euronext Eurolist (section A) under the ADP symbol since June 16, 2006. Shares were placed with over 2.6 million private investors and French and overseas institutional investors. Almost 80% of the Company employees bought shares reserved for staff.

## **5.2. Investments**

### **5.2.1. Group's main investments for the last three fiscal years**

The main investments carried out by the Group between 2004 and 2006 have been part of a strategic plan prepared in 2002 and providing for the starting of several major works to be completed between 2006 and 2008.

In 2006, the total volume of investments carried out by the Group amounted to 712.5 million euros, as compared with 578.9 million euros in 2005 (an increase of + 23.1%) and 551.9 million euros in 2004, including costs of study and technical monitoring. Investment was mostly by Aéroports de Paris (a total of 693.0 million euros).

In 2006, investments directly related to the increase in the Group's capacities represented 386.7 million euros, restructuring investments 46.2 million euros, renovation and quality upgrading investments 155.5 million euros and security investments (financed by the airport security tax), as for them, amounted to 41.1 million euros.

The main investment costs during the last three fiscal years correspond to investments still on going, the detail of which appears in paragraph 6.3.2. "Airport Services" (satellite S3, east baggage handling system (système du tri bagages Est), CDGVal, rehabilitation of CDG 1).

### **5.2.2. Group's main on-going investments**

On the date of registration hereof, investments budgeted by the Group represent approximately 685.1 million euros for the year 2007, including 661.5 million euros for Aéroports de Paris. Among the 685.1 million euros, capacity and restructuring investments for Aéroports de Paris represented 394.4 million euros, including 377.1 million euros for the Paris - Charles de Gaulle airport, 14.3 million euros for the Paris - Orly airport and 3.1 million euros for the Paris - Le Bourget airport<sup>14</sup>. The Company also plans to allocate in 2007 31.1 million euros to security investments (financed by the proceeds from the airport security tax) and 28.9 million euros for the development of its real estate assets (excluding passenger terminals).

### **5.2.3. Main investments planned or included in firm commitments from the management bodies relating to the regulated perimeter**

The only investment covered by firm commitments by Aéroports de Paris are those described in the CRE covering the period 2006-2010, as regulated perimeter (as defined in the Order of September 16, 2005 on Fees for Services Rendered on Airfields, implementing Article R. 224-3-1 of the French Code of Civil Aviation). These investments are used as reference for the determination of the airport fee parameters of the CRE<sup>15</sup>.

The regulated perimeter does not include Group investments concerning security, or investment by Group subsidiaries (particularly acquisitions outside the Paris platforms).

On the regulated perimeter, Aéroports de Paris informed the economic consultation commission for Paris - Orly and Paris - Charles de Gaulle on December 12, 2006 of its investment schedule for 2007-2011. Since 2011 is outside the period of application of the CRE, the amounts supplied for that year were not subject to contract with the State, and must therefore be considered as projected estimations.

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<sup>14</sup> See 6.3.2. "Airport Services"

<sup>15</sup> See 6.3.2.6 "Revenues from the Operation of Airports"

In relation to the period 2007-2011, the amount of investment scheduled by Aéroports de Paris on the regulated perimeter is 2,373 million euros in constant euros 2007.

This investment is broken down for information purposes into investment typologies as follows (in constant euros 2007):

- 1,143 million euros for capacity investments (including 1,108.5 million euros dedicated to structuring projects on the Paris - Charles de Gaulle airport and 34.9 million euros for the other capacity developments);
- 184 million euros for restructuring investments;
- 662 million euros for maintenance investments;
- 140 million euros for real estate investments; and
- 244 million euros for costs of study and technical monitoring;

For information, the amounts of investments specific to each airport are as follows (in euros constants 2007):

- 1,608 million euros on the Paris - Charles de Gaulle airport;
- 169 million euros on the Paris - Orly airport;
- 42 million euros on the Paris - Le Bourget airport and on the Ile-de-France airfields mentioned in Article D. 251 of the French Code of Civil Aviation; and
- 554 million euros not allocated at the geographic level.

In addition to the investment projects described in paragraph 6.3.2. "Airport Services", the estimated investment schedule appearing in the CRE includes the investments necessary for the beginning of works for satellite S4 of CDG 2, the opening of which is scheduled for the third quarter 2012.

As at December 31, 2006, the contractual commitments for the acquisition of fixed assets amounted to 434.6 million euros (in particular 268.2 million euros of capacity investments, 66 million euros for restructuring investments, 53.8 million euros for current investments, 5.8 million euros for investments related to real estate developments, 22.3 million euros for investments for costs of study and technical monitoring and 18.6 million euros for security investments).

Aéroports de Paris contemplates financing its investments mainly through the product of the capital increase carried through in 2006 and by self-financing.

The chart below sets out the investment program of Aéroports de Paris in relation to the regulated perimeter, (excluding subsidiaries) per project over the 2007-2011 period (in constant euros 2007). The period 2007 - 2010 matches the commitments taken up by Aéroports de Paris through the CRE. The year 2011 is a projected estimation which has not been contracted to date.

<i>In millions of euros, constant euros 2007</i>	2007	2008	2009	2010	2007-2010 (perimeter of the CRE)	2011	2007-2011
<b>Capacity investments, including:</b>	<b>338.3</b>	<b>192.4</b>	<b>153.8</b>	<b>179.2</b>	<b>863.7</b>	<b>279.6</b>	<b>1,143.3</b>
CDG VAL	17.2	-	-	-	17.2	-	17.2
CDG 2E (building, parking, aircraft parking) 1st phase	2.9	5.0	3.6	-	11.5	-	11.5
Rebuilding of the boarding area of terminal CDG 2E	79.9	23.6	-	-	103.5	-	103.5
TBE Baggage-handling (system)	27.0	9.1	0.1	-	36.2	-	36.2
Satellite S3 (incl. ISA, outside baggage-handling system)	126.4	23.5	0.1	-	150.0	-	150.0
Extension of TBE baggage-handling system to S3 satellite	2.0	10.0	25.0	35.0	72.0	45.0	117.0
S4 satellite	3.7	42.5	69.3	90.7	206.2	146.3	352.5
Terminal CDG 2G (building, aircraft parking)	44.1	27.8	4.5	-	76.3	0.0	76.3
East road access to Paris -Charles de Gaulle	0.6	-	3.0	13.2	16.7	17.9	34.6
Multistorey PX car park	-	3.9	13.4	14.4	31.7	35.7	67.4
Threshold 26 - E4 taxiway	12.8	7.9	0.0	0.0	20.7	-	20.7
AGEN aircraft parking areas (Aires Grand Est Nord)	0.3	1.4	11.0	5.0	17.7	4.0	21.7
B777 and new large aircrafts accommodation (Orly)	-	8.0	7.0	-	15.0	5.0	20.0
<b>Restructuring investments, including:</b>	<b>56.1</b>	<b>39.3</b>	<b>42.5</b>	<b>27.2</b>	<b>165.1</b>	<b>18.7</b>	<b>183.8</b>
Rehabilitation CDG 1 (excl. heavy renovation of satellites)	41.8	33.6	23.8	8.5	107.7	-	107.7
Renovation of CDG1 satellites	-	-	18.7	18.7	37.4	18.7	56.1
International traffic flows (Orly Sud)	14.3	5.7	-	-	20.0	-	20.0
<b>Current investments, including:</b>	<b>141.7</b>	<b>140.5</b>	<b>133.9</b>	<b>115.7</b>	<b>531.8</b>	<b>130.5</b>	<b>662.3</b>
Renovation of the Orly car park P0	5.4	5.3	0.2	-	10.9	-	10.9
<b>Real estate development</b>	<b>28.9</b>	<b>28.6</b>	<b>37.7</b>	<b>39.6</b>	<b>134.7</b>	<b>5.2</b>	<b>139.9</b>
<b>Costs of study and technical monitoring (FEST)</b>	<b>53.5</b>	<b>45.5</b>	<b>42.8</b>	<b>46.8</b>	<b>188.5</b>	<b>54.9</b>	<b>243.5</b>
<b>Total regulated perimeter</b>	<b>618.4</b>	<b>446.2</b>	<b>410.6</b>	<b>408.5</b>	<b>1,883.8</b>	<b>489.0</b>	<b>2,372.8</b>

The amounts of investment budgets and their schedules mentioned in the above chart all those retained by Aéroports de Paris and the State for the preparation of the airport fee evolution parameters. Aéroports de Paris cannot give assurance to investors that the time-periods and budgets mentioned in the above chart will be complied with. In case of *force majeure* or for a reason independent from the will of Aéroports de Paris, time-periods may be extended and investments may exceed the aforementioned budgets. In particular, this could be the case for reasons related to the increase in the costs of materials or workforce, unforeseeable technical difficulties, exceptional bad weather, regulatory modifications imposing on it additional obligations or for other reasons<sup>16</sup>.

A more detailed description of the above-mentioned investments appears in paragraph 6.3.2. "Airport Services".

<sup>16</sup> See 4.1. "Risks related to the business of Aéroports de Paris - Aéroports de Paris incurs risks inherent to its complex work construction business"

## CHAPTER 6 GENERAL INFORMATION CONCERNING THE COMPANY

### 6.1. General information concerning the Company

Aéroports de Paris is the second-largest airport group in Europe based on airport revenue, and its airport system ranks sixth worldwide based on the number of passengers in 2006<sup>17</sup>. The Group's airports are the principal gateway to France, the world's number one tourist destination, as well as a major international connection point. With its unique geographic location, first-class infrastructure and strong competitive position, Aéroports de Paris is ideally placed to take full advantage of the expected growth in global air traffic. As part of its growth strategy, Aéroports de Paris plans to add new terminal capacity, enhance the quality of its services and, in the longer term, develop its real estate potential.

The Group's revenues were 2,076.8 million euros in 2006, including approximately 1,726.4 million euros from airport services, 175.7 million euros from real estate, 177.1 million euros from ground handling and related services and 226.3 million euros from other activities (in each case before inter-segment eliminations). Ordinary operating income was 390,9 million euros in 2006, and Group share net income, corrected for non-recurring products (mostly in connection with the impacts of the stock market listing in June 2006) was 200.6 million euros, an increase of almost 19,6% with respect to 2005<sup>18</sup>.

Almost 1,100 businesses are located at the Group's airports, employing more than 110,000 workers, including the 10,816 employees of the Group (average headcount 2006). Beyond the air transportation sector, the Group is also a major factor in the national and regional economy, as more than 300,000 jobs in the Ile de France region depend on the Group's airports.

#### 6.1.1. The Group's business

Aéroports de Paris owns and operates the three major airports of the Paris region: Paris - Charles de Gaulle, Paris - Orly and Paris - Le Bourget. It provides facilities to accommodate passengers, airlines and cargo and postal services, and offers a range of services adapted to their needs. The Group's airports handled 82.5 million passengers in 2006, including more than 79% from or to foreign countries, and 2.24 million tons of cargo and mail. In 2006, its airports recorded more than 762,000 aircraft movements operated by most of the major international airlines, including those belonging to the three principal alliances of SkyTeam, Star Alliance and OneWorld. The Group's airports link Paris to approximately 534 cities in 131 countries, with 332 cities having at least a weekly service.

The Group's activities are divided into four main business segments: airport services, real estate, ground handling and related services, and other activities.

##### 6.1.1.1. Airport services

Airport services in 2006 were 1,726.4 million euros of revenues before inter-segment eliminations, and a current operating margin<sup>19</sup> of 24.7%.

The heart of the Group's activity and its main source of revenue is the operation of the three main airports of the Paris region, which have complementary features:

- *Paris - Charles de Gaulle* (1,242.4 million euros of revenues in 2006 before inter-segment eliminations). Opened in 1974 and located north of Paris, Paris - Charles de Gaulle is the preferred destination for long-haul routes. It hosts most of the world's major international airlines, including the three principal alliances of SkyTeam, Star Alliance and OneWorld. Two-thirds of its passenger traffic is point-to-point traffic and one-

<sup>17</sup> Unless otherwise specified, the source for the market data and for the data applied to the market, as included in this reference document, corresponds to an estimation by Aéroports de Paris, on the basis of the information (particularly on turnover) published by the other airport operators, by the airlines and the analysts.

<sup>18</sup> Group share net income corrected for non-recurring products was 152.1 million euros, a decrease of 15.5% with respect to 2005, on a comparable perimeter.

<sup>19</sup> The current operating margin of a segment is equal to the ratio of its ordinary operating income (with no allocation of management fees) on revenues before inter-segment elimination.

third is connecting traffic (including 4% connecting by train). It currently is the world hub of Air France and the main European hub of the SkyTeam alliance. With 20,960 connections of under two hours each week, Paris - Charles de Gaulle is Europe's premier connection point. The four parallel runways of Paris - Charles de Gaulle currently have a programming capacity of 110 movements per hour, which could be increased to 120 movements per hour. Its airport facilities include three terminals with a capacity of 47.1 million passengers, with a wide range of passenger services, including 25,000 m<sup>2</sup> of space for shops, bars and restaurants (in 2006) and 28,750 parking spaces. Located on a parcel of 3,257 hectares, it has ample space for future expansion.

- *Paris - Orly* (456.5 million euros of revenues in 2006 before inter-segment eliminations). Paris - Orly, located close to Paris to the south of the city, is specialized in point-to-point traffic, serving destinations within France (including the Air France shuttle, or La Navette), Southern Europe, French overseas departments and territories and North Africa. Paris - Orly is also home to low-cost airlines that serve mainly Europe, as well as airlines specialized in medium- and long- haul leisure traffic. It offers airlines fluidity, with two passenger terminals (Orly Sud and Orly Ouest) with a total capacity of 30 million passengers, and three operational runways (of which two are used under normal circumstances) with programming capacity of 76 movements per hour. The greatest advantage of Paris - Orly for passengers is that it is near Paris (16 kilometers from the center), and served by high-quality motorways and public transportation. Paris - Orly also offers a full range of passenger services, with approximately 10,000 m<sup>2</sup> of space for shops, bars and restaurants (in 2006) and 20,000 parking spaces. With 1,540 hectares located in a major economic area in Ile de France, Paris - Orly also offers significant real estate development opportunities.
- *Paris - Le Bourget and general aviation airfields* (27.4 million euros of revenues in 2006 before inter-segment eliminations). Paris - Le Bourget is the largest business airport in Europe, offering specialized services for business air customers. It has been chosen as the French and European base for the corporate aircraft fleets of many companies, as well as by specialized aviation companies offering subscription plans and aircraft-sharing. Its know-how and industrial tradition have made Paris - Le Bourget the preferred location for many aircraft maintenance companies. Paris - Le Bourget and its three runways are set on 553 hectares north of Paris.

Ideally located in the center of Europe, Aéroports de Paris has significant cargo activity in addition to its passenger activity, with the most cargo and postal traffic in Europe. Paris - Charles de Gaulle is the location of the cargo hubs of the Air France - KLM group, FedEx (its second-largest world hub after Memphis - USA) and Europe Airpost (for postal services). Its facilities host a full range of cargo activities, including loaders, airlines, cargo agents and handling agents. Its processing capacity of 3.5 million tons of cargo per year provides expansion opportunities for cargo companies.

At all its airports, the Group serves two categories of customers with complete service offerings:

- *For professional customers*, such as airlines, ground handling companies, the French State and transit service companies, Aéroports de Paris manages airport traffic flows: aircraft flows in areas that must be continually available and safe, passenger flows in terminals and through security checkpoints, and flows of luggage, cargo and supplies between public areas and aircraft. Aéroports de Paris operates complex infrastructure for its professional customers, and provides them with equipment, information networks and systems. It also provides services such as telecommunications, power, water and waste treatment, as well as renting space for operations and terminal spaces, such as offices and lounges;
- *For the public*, including air passengers, visitors and people working at the airports, Aéroports de Paris directly or indirectly offers services including shops, bars and restaurants, banks and currency exchange offices (in each case both before and after security checkpoints); car parks; car rental agencies; entertainment; telecommunication services; hotels; employee cafeterias; and customized or personal reception services. It also offers online services accessible via the Group's web site. The large amount of traffic flow also enables Aéroports de Paris to benefit from its advertising spaces, with a wide range of French and foreign advertisers.

In the airport service segment, the Group earns four main types of revenues<sup>20</sup>:

- *Airport fees for services rendered* ("aeronautical fees" and "ancillary fees") paid by airlines and ground handling companies, calculated primarily as a function of the number of aircraft movements (departures and arrivals) in different weight categories, and the number of departing passengers, with ancillary fees for the use of certain types of infrastructure such as aircraft parking areas, baggage handling systems, lighting, check-in counters and terminal premises;
- Revenues from *commercial activities*, either paid directly by the public (car parks which are for "parking and access"), or as rent paid by companies that operate the relevant commercial services (such as shop operators and car rental agencies which are "commercial revenues");
- Revenues from *provision of specialized services for professional customers*, such as the sale of power and water ("industrial services"), or rents in terminal space ("rent revenues"); and
- An *airport security tax* collected by the French State and paid to Aéroports de Paris to cover the cost of security and other public services.

Airport fees are calculated in accordance with a new legal and regulatory framework established by a French law adopted on April 20, 2005. For the years 2006-2010, the maximum rate of increase in airport fees is determined in accordance with a contract between Aéroports de Paris and the French State, known as the *Contrat de Régulation Economique*, or CRE. As per the terms of this contract, the ceiling for annual revaluation of fees has been set at 3.25% above the annual inflation rate. In 2007, in due consideration of the CRE parameters, the rate was 4,25%, as against 5,0% in 2006.

#### 6.1.1.2. Real estate

Real estate in 2006 was 175.7 million euros of revenues before inter-segment eliminations, and a current operating margin of 24.9%.

The Group carries out real estate activity on the land around the areas dedicated to aeronautical activities. Of approximately 6,686 hectares owned by Aéroports de Paris, approximately 1,213 hectares are not dedicated to aeronautical activities, of which 866 hectares have already been developed. Aéroports de Paris has built approximately 1.13 million m<sup>2</sup> of net surface area, corresponding to 0.93 million m<sup>2</sup> of usable surface area, 81.1% of which is rented to parties outside the Group. The real estate activity includes aeronautical support facilities (such as hangars and cargo facilities), business real estate (offices and industrial facilities) and general public premises (hotels, shops, day-care centers, local services). The Group has approximately 347 hectares of real land reserves currently available for development without significant regulatory or zoning constraints.

#### 6.1.1.3. Ground handling and related services

In 2006 this segment accounted for 177.1 million euros of revenues before inter-segment eliminations, and a current operating margin of -9.8%.

Aéroports de Paris and its subsidiaries within the Alyzia group provide ground handling and related services to major airlines, including American Airlines, Continental Airlines, Corsair and Iberia. Ground handling services have been open to competition since 1998 pursuant to European regulations (Directive 96/67/EC of October 15, 1996). They include services such as passenger check-in, baggage handling, aircraft ground assistance (cabin cleaning, arrival/departure guidance, towing and pushback, and aircraft loading and unloading), cargo transfer within the airport and certain security services.

#### 6.1.1.4. Other activities

Other activities in 2006 were 226.3 million euros in revenues before inter-segment eliminations and a current operating margin of 7.8%.

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<sup>20</sup> See 9.3.2. "Group revenues (income from ordinary activities)"

The Group sells and exports the airport development and management know-how that it has developed over many years through two subsidiaries that carry out large projects in France and abroad: ADP Management (management of airports abroad and technical assistance) and ADPi (project management, architecture and engineering for facilities abroad such as airports, stadiums, operas or skyscrapers).

More recently, the Group created a subsidiary, Hub télécom, specialized in telecommunication services on complex sites, such as airports, ports, convention centers and other similar facilities. Aéroports de Paris also sells training services.

Finally, in 2003, Aéroports de Paris and the Hachette Distribution Services group created a joint venture, known as Société de Distribution Aéroportuaire, to manage alcohol, tobacco, perfume, cosmetics and gourmet food shops in the terminals of the Paris - Charles de Gaulle airport. Société de Distribution Aéroportuaire has been the operator of all shops selling alcohol, tobacco, perfume and cosmetics at CDG 2, and certain gastronomic retail outlets, and since January 2006 has carried out the same activities as at CDG 1. As of 2007, Société de Distribution Aéroportuaire has also managed shops selling alcohol, tobacco, perfume, cosmetics and gastronomy at terminal 3 in Paris - Charles de Gaulle and the two terminals (Orly Sud and Orly Ouest) at Paris - Orly. All contracts allowing Société de Distribution Aéroportuaire to carry out its business activity are due to expire on December 31, 2013.

#### 6.1.2. The Group's strengths

The Group has significant advantages that provide it with strong development opportunities in an air traffic market that is currently growing.

- Because of its size and geographic location, the Group benefits from a strategic position in Europe for airlines and passengers, generating significant point-to-point and connecting traffic as a result of:
  - The natural attractiveness of Paris and France, which is the number one tourist destination in the world with more than 78 million foreign tourists in 2006<sup>21</sup>, and the city with the most conventions and international trade shows worldwide in 2005<sup>22</sup>;
  - The dense population of the region, with 9.9 million inhabitants (making Paris the premier European urban capital<sup>23</sup>), and with all large Western European cities less than a two hour flight from its airports; and
  - The absence of large competing airports within 300 kilometers.
- With three complementary airports in Paris that enable it to serve all categories of traffic (long and medium haul, domestic and low cost, leisure/charter and business), Aéroports de Paris is the principal gateway to France.
- Aéroports de Paris has first-class existing airport infrastructure: two independent pairs of runway at Paris - Charles de Gaulle, three operational runways at Paris - Orly (of which two are used under normal circumstances), and infrastructure that is capable of accommodating the new jumbo jets (Airbus A340-600, Boeing B777-300 ER, and, for Paris - Charles de Gaulle, Airbus A380). Furthermore, the modular design of the infrastructure of the Paris - Charles de Gaulle airport and the large amount of available land enable the Group to program its new infrastructure investments to follow the rhythm of air traffic growth, without structural constraints or major restructuring.
- Aéroports de Paris is at the center of a network of road and railway connections that makes it a major crossroads: a TGV (high-speed train) station, links by motorway (A1, A3, A104) and rail (suburban RER train and TGV stations at Paris - Charles de Gaulle, RER and the dedicated metro line Orlyval at Paris - Orly), which facilitate access for passengers and cargo transporters. In addition, the expansion of the A104 motorway (the "*Francilienne*") planned for 2011 should facilitate access to Paris - Charles de Gaulle from the north-east, as well as new development in this area. Finally, the CDG Express project, for which the

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<sup>21</sup> Source: Tourism Ministry

<sup>22</sup> Source: French National Assembly's commission on economic affairs, the environment and the territory, January 2006

<sup>23</sup> Source: INSEE 2005

French State has recently taken responsibility, would by 2012 provide 20-minute train service (with 15-minute frequency) between Paris - Charles de Gaulle and Paris.

- The Group has a favorable market position: the diversity of its customers and the balanced division of its traffic among large geographical areas enable it to benefit from diversified economic risk and growth<sup>24</sup>. Moreover, the strength of the Paris - Charles de Gaulle hub enables it to have powerful strategic partners, as it hosts the largest international airlines and the three principal international alliances, SkyTeam, Star Alliance and OneWorld. Paris - Charles de Gaulle is also the main base for the largest European airline group, the Air France - KLM group.
- The Group's has significant land reserves, giving it the ability for the long-term to accommodate expected growth of air traffic, as well as opportunities to develop real estate.
- The Group's activities are conducted within a stabilized regulatory framework:
  - Aéroports de Paris has full ownership of its land and its airport facilities;
  - Aéroports de Paris is designated by law as the operator of the Paris - Charles de Gaulle, Paris - Orly and Paris - Le Bourget airports, with no duration limit;
  - The legal and regulatory texts governing its activities were modernized in 2005 and meet the needs of a major airport operator: its obligations as an airport authority have been clearly defined in an official document known as the *cahier des charges*, and its airport fees, a significant source of revenue, are determined in accordance with a modernized system of regulation<sup>25</sup>;
  - The CRE, the contract relating to the 2006-2010 period signed on February 6, 2006 between Aéroports de Paris and the French State, sets the maximum rate of increase in airport fees at 3.25% above the annual inflation rate, in exchange for clear commitments of Aéroports de Paris regarding investments and quality of service<sup>26</sup>.

### 6.1.3. Strategy

Aéroports de Paris' ambition is to be the premier European airport group, in terms of efficiency, quality of service, environmental management and economic results. Its strategy to achieve this ambition includes the following:

#### ***Taking advantage of the expected growth in air traffic by developing airport capacities***<sup>27</sup>

Aéroports de Paris will leverage its capacity to accommodate large numbers of aircraft by pursuing an investment program of approximately 2.4 billion euros over the 2007-2011 period (for the regulated perimeter accounted for in the CRE) to allow it to receive more passengers in its terminals, with improved efficiency and comfort. The program's objective is to increase the capacity of the Paris - Charles de Gaulle airport by 19,4 million passengers by 2010 and to improve the performance of this hub.

The 2007-2011 investment program includes the following:

- *At Paris - Charles de Gaulle*: commissioning of an automated transportation system, known as CDGVal, on April 3, 2007, linking the two main terminals of Paris - Charles de Gaulle (CDG 1 and CDG 2) and the two RER and TGV stations; the completion of the first major phase of the hub of CDG 2, with the installation of the first phase of the automated baggage-handling system, known by its French abbreviation as TBE (fall of 2007), and the complete opening of satellite S3 of CDG 2 in the autumn of 2007 (this satellite can deal with 6 jumbo jets, such as the A380, in contact with the terminal); the complete renovation of the CDG 1 terminal in four phases (the first two phases are already completed) by the end of 2008; the reconstruction of the boarding area of the CDG 2E terminal (March 2008); and the construction of a regional terminal, called

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<sup>24</sup> See 6.3.2. "Airport services"

<sup>25</sup> See 6.6. "Legal and regulatory environment"

<sup>26</sup> See 5.2. "Investments", paragraph 6.3.2.6. "Revenues from the Operation of Airports" and 20.8. "Judicial and arbitration procedures"

<sup>27</sup> See 6.2.3. "Future trends in passenger air traffic" and 6.2.5.1. "Competition"

terminal CDG 2G, for commuter aircraft (September 2008). In addition, the construction of a new satellite S4 east of terminal CDG 2 will begin, with a target completion date of 2012;

- *At Paris - Orly:* the development of international areas of the Orly Sud terminal by 2008, including the creation of an open space for international boarding, a large commercial area, and the extension of the baggage claim area

### ***Enriching the content, value and quality of the services offered by Aéroports de Paris***

The thousands of employees who work at the airports of Aéroports de Paris, as well as the millions of people who go to airports, are natural consumers of the services provided by Aéroports de Paris. Aéroports de Paris is positioning itself as a service company for its professional customers, passengers and the public, with the following initiatives:

- *Placing quality at the center of the organization:* by reorganizing itself by airport and in operational units, the Group has set up customer interfaces with clearly identified, strengthened responsibilities, and has added quantitative quality criteria to its senior management performance evaluations;
- *Converting quality of service into a motor of economic performance:* the increase in quality of services provided by Aéroports de Paris is geared towards offering passengers and the public the best conditions of fluidity, information and comfort, to save them time, to ease airport formalities and to place them in a favorable environment that encourages them to use the commercial services offered by Aéroports de Paris, such as the shops. The Group has made strong commitments regarding quality of service, including a commitment to the French State, under the CRE, with financial incentives based on 10 quality indicators; and to its customers, through the "*Destination Clients*" program for the public and through service level agreements for airlines or alliances. The Group has created a new slogan, "The World is our Guest," to entrench its quality initiatives;
- *Developing commercial services offerings to optimize the commercial potential of airports:* The Group believes that commercial activities offer growth and profitability potential. 83% of passengers spend more than an hour and a half in the terminals of Aéroports de Paris, and 65% of passengers spend more than two hours. The Group plans to take advantage of this potential by implementing a series of actions:
  - Expansion of space for shops, bars and restaurants by more than 30% by 2010, including an increase of more than 40% for shops in the international area after security checkpoints;
  - Improvement of the space, visibility, configuration and atmosphere of commercial areas at Paris - Charles de Gaulle and Paris - Orly;
  - Increase in product offerings to respond to the targeted needs of all air passengers and to increase the attractiveness of the commercial offerings;
  - improvement of time management and passenger flows with improved fluidity and improved directional signs, giving passengers better information regarding the commercial offerings and a better idea of the amount of their free time before boarding; and
  - Improvement of the perception of the level of prices of the commercial offerings and development of customer loyalty.
- *Increasing the number of parking spaces, improving their security and increasing revenues:* Aéroports de Paris is the second-largest car park manager in the Paris region (excluding street parking). The Group plans to increase the amount of parking at Paris - Charles de Gaulle significantly by building approximately 5,100 new spaces in its car parks between 2006 and 2010. The Group also has a continuous renovation program, which is focused on the 3,500 parking spaces of Orly Ouest's P0 lot, and the P1 lot located on the roof of terminal CDG 1 at Paris - Charles de Gaulle, to increase occupancy levels, in particular at Paris - Orly, and to improve the perception of value-for-money for this service; and

- *Continually offering more added value services*: in addition to existing services, Aéroports de Paris plans to create a full range of services targeted to specific customer groups, in areas such as telecommunications, particularly mobile services, and travel facilitation services (various fee services and personal assistance).

### ***Strengthening efficiency and economic performance***

The CRE brings visibility to airport fee rates of increase until 2010, as well as to the Company's investment program, and it sets objectives for the improvement of the quality of services offered by Aéroports de Paris to its customers. Under this agreement, Aéroports de Paris will endeavor to improve its operating margins by managing costs and increasing productivity. In the past, Aéroports de Paris has demonstrated its capacity for increasing productivity: between 2001 and 2005, its productivity rose by 12% in terms of number of passengers handled per employee. The Company's goal is to improve productivity further over the next five years. As measured over the perimeter of Aéroports de Paris, this productivity increased by 7.1% in 2006. Aéroports de Paris has also initiated actions to eliminate losses in its ground handling activity in a very demanding competitive environment.

### ***Creating the basis for the Group's real estate potential to become a source of additional medium-term growth***

The Group plans to exploit its non-aviation-related real estate potential at all of its airports, consistent with the needs of surrounding areas, while staying within its financial capacity and retaining control over its assets. It believes that the intrinsic attractiveness of Paris, the quality of its ground transportation connections, the role of airports as drivers of development and the availability of its land reserves provide it with significant real estate development opportunities. In accordance with the property development plan set out in Aéroports de Paris' *Document de Base* filed with the AMF on April 21, 2006 under number I.06-036, Aéroports de Paris anticipates investing approximately 164 million euros of its own resources between 2006 and 2010 (of which 40% will be dedicated to real estate diversification, which generally means non-aviation-related development). It intends to open 60 hectares for real estate development by 2010, permitting the construction by Aéroports de Paris alone or in partnership with third parties of approximately 315,000 m<sup>2</sup> of various types of buildings: cargo warehouses, offices, shops and services, and buildings for other activities. Leading projects under study include the creation of a business zone around the Paris - Orly airport, the acceleration of real estate development (cargo services, shops) at the Paris - Charles de Gaulle airport to go along with the development of air transportation, and the development of available land around the airport. At Paris - Le Bourget, the Group is considering premises for industrial activities and structures to accommodate the development of business aviation. In due application of this development plan, in 2006 Aéroports de Paris leased 24.8 hectares of land for future construction of 107,200 m<sup>2</sup>. Corresponding investment by Aéroports de Paris was 16.4 million euros.

### ***Prudently leveraging know-how outside the Paris airports***

Aéroports de Paris plans to continue utilizing its know-how in highly specialized related technical activities such as telecommunications, project management, engineering, architecture, airport management and training of executives and staff in the airport context or similar contexts involving the management of significant flows of people. These activities enable the Group to maintain its skills at the highest level and to increase its technical reputation abroad, as well as to build up industrial partnerships in areas experiencing strong growth, such as China or Mexico. Carefully managed and typically using relatively little capital, these activities constitute additional value and represent a source of additional development for the Group.

### ***Growing the Group's business with a sustainable development perspective***

Aéroports de Paris has for many years conducted a voluntary policy of sustainable development with respect to its growth. The objective of this strategy is to make the development of airport activities acceptable to surrounding territories, local municipalities and their inhabitants, in a responsible and concerted way. This policy relies upon three initiatives:

- Managing pollution and the environmental impact of the activities of Aéroports de Paris;
- Exercising economic responsibility of Aéroports de Paris through cooperation programs; and
- Paying attention to the corporate and social responsibility of Aéroports de Paris.

In 2005, these activities were rated AA+ by BMJ Ratings, a subsidiary of Fitch, in the environmental area, and A+ in the corporate responsibility area (environment, civil society, purchases, governance, human resources and commercial functions). As of 2006, this rating has been retained as one of the objectives of the staff profit-sharing agreement for 2006-2008. Partial audits will be carried out to this end in even years (2006 and 2008), and an overall audit will be carried out in the odd year (2007). In 2006, the three areas audited were human resources, governance and purchases.

Finally, at its three main sites, Aéroports de Paris is certified ISO 14001.

## **6.2. Presentation of the market**

### **6.2.1. Airport operations**

Several parties are involved in operating an airport. In addition to the airport operator (such as Aéroports de Paris), the main ones are the air traffic control services, airlines, ground handling service providers, cargo companies and government agencies. They operate in different zones through which passengers and merchandise are channeled, including the "ladside" (the public area where vehicles arrive and depart), the "airside" (the restricted area where aircraft takeoff and land), and between the two, a mixed zone serving as a border between the public and restricted areas, where boarding and arrival procedures are carried out. Altogether, several thousand companies play a role in airport operations and in providing passenger services - including shops, restaurants, ground transportation companies (taxi, buses, etc.), hotel chains and fuel providers.

#### *6.2.1.1. The airport operator*

Active in all aspects of the circulation of passengers and merchandise, the airport operator is responsible for optimizing flows and ensuring the interface between parties, to which it provides services and facilities in order to ensure the smooth functioning of the airport. Aéroports de Paris facilitates communications and the exchange of information between the various service providers on the airport.

An airport operator such as Aéroports de Paris is responsible for a wide variety of tasks, which fall into five main categories:

- It designs, develops and oversees the construction of airport and access infrastructure;
- It provides airlines and other professional service providers (ground-handlers, governmental agencies, etc.) with the necessary infrastructure and facilities (check-in counters, boarding areas, baggage carousels, aircraft parking areas, etc.), which are allocated to different users throughout the day depending on their needs. It also leases space and provides related services;
- It decides on the location and leasing of commercial areas, providing the necessary range of services for meeting passenger needs, mostly shops, bars and restaurants;
- It welcomes, informs and facilitates the circulation of passengers and ensures that services are available to enhance their comfort (car parks, hotels, telecom services, personalized reception, services for people needing special assistance, etc.); and
- With Government supervision, it also implements air transport security measures (passenger and baggage inspections and screening, secured access to restricted areas, etc.).

Aéroports de Paris' general operating conditions are specified in an official document known as the *cahier des charges* attached as an appendix to Decree 2005-828 of July 20, 2005<sup>28</sup>.

One of the key missions of the airport operator is to help optimize the performance of other airport service providers by coordinating their activities, since its operating and commercial performance depends, to a greater or lesser extent depending on their particular business, on the performance of other parties. Revenues depend on air traffic, which has a direct impact on airport fees (calculated mainly on the number of aircraft movements in

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<sup>28</sup>See 6.6.2.7. "Technical aspects of airport management (*cahier des charges*)"

different weight categories and the number of passengers) and an indirect effect on other revenues (sales in shops and restaurants, car park revenues, etc.).

While the attribution and allocation of take off and landing slots fall under the authority of an independent organization<sup>29</sup>, Aéroports de Paris is responsible for assigning airlines to the different terminals within one airports and, according to specific procedures, to the different airports<sup>28</sup>.

#### 6.2.1.2. Airlines and ground handling services

The airport operator's responsibility toward passengers ends when the transport agreement between the airline and the passenger takes effect, *i.e.* when the passenger is placed under the airline's control (in practice, when the passenger reaches the boarding area). Airlines are also responsible for all aircraft loading and unloading procedures.

For some or all of these services, the airlines generally rely upon third-party ground handling service companies, which include Aéroports de Paris and certain of its subsidiaries<sup>30</sup>.

In the current market, airlines fall into several categories, and the airport operator must address the specific needs of each category. The table below shows the main airline categories operating out of Aéroports de Paris' commercial airports (Paris - Charles de Gaulle and Paris - Orly) and outlines their main requirements:

Segment	Description	Main requirements
<b>Alliances:</b> SkyTeam, Star Alliance, OneWorld <sup>31</sup>	Groups of regular airline companies operating interconnected networks with joint sales and marketing, to provide worldwide service. They mainly operate via hubs	Members grouped together within the same terminal to maximize economies of scale  Short connecting times (notably for connecting baggage services)  High quality ground services
<b>Low cost</b> <i>Exemples: EasyJet, Vueling, Sky Europe, Thomsonfly</i>	Regular airlines offering mainly point-to-point services within Europe. Average revenues per passenger are lower than for conventional airlines, but they also offer limited onboard service	Minimize aircraft turnaround times  Low airport costs  Simplification of ground services
<b>Regular independent airlines</b> <i>Exemples: Emirates, Corsair (also offers charter flights), Egyptair, China Eastern, El Al</i>	Airlines that choose not to join alliances, operating a differentiation strategy based on the quality of service or a geographic positioning centered on their own hub	Personalized treatment and services
<b>Charters airlines</b> <i>Exemples: Onur Air, Blue line, Air Méditerranée, Karthago Airlines</i>	Non-regular airlines, partially or fully chartered, providing seasonal or on-demand flights, most often to medium- and long-haul vacation destinations	Low airport costs  Rapid passenger processing procedures

#### 6.2.1.3. Cargo and mail business

Cargo and mail services providers are responsible for merchandise and packages during all stages of the process in the transport chain, including delivery to and reception by cargos warehouses, customs procedures and

<sup>29</sup> See 6.6.2.5. "Attribution of Take off and Landing Slots"

<sup>30</sup> See 6.3.4. "Ground Handling"

<sup>31</sup> Members of the SkyTeam Alliance: Aéroflot, AeroMexico, Air France - KLM, Alitalia, Continental Airlines, CSA Czech Airlines, Delta Air Lines, Korean Air and Northwest Airlines. Members of the Star Alliance: Air Canada, Air New Zealand, ANA, Asiana Airlines, Austrian, bmi, LOT Polish Airlines, Lufthansa, Scandinavian Airlines System (SAS), Singapore Airlines, Spanair, TAP Air Portugal, Thai Airways, United, US Airways and Varig. Members of the OneWorld alliance: Aer Lingus, American Airlines, British Airways, Cathay Pacific, Finnair, Iberia, LAN and Qantas.

clearance, conditioning, aircraft loading and unloading, grouping and degrouping, security operations and delivery to the final destination.

There are several types of cargo and mail service providers:

- Cargo forwarding agents (or transit agents), who organize the pick-up, transport and delivery of merchandise and are responsible for organizing the entire transport chain, including the selection of road and air transport services, document management and the completion of customs formalities;
- The airlines, which transport cargo either in the cargo hold of passenger flights (mixed flights) or in all-cargo flights. They handle mainly the transport of packages and occasionally loading of packages in auto-assistance mode, other services, such as ground handling, customs clearance, ground transport and aircraft loading, are provided by terminal and runway assistance services, as is done for passenger operations. The main cargo airline is Air France Cargo, based at Paris - Charles de Gaulle airport;
- Express cargo services, which are also called integrators because they cover the entire logistics chain for air cargo, from point of origin to final destination, in order to guarantee rapid delivery times. The European hub of FedEx, the American integrator, is located at Paris - Charles de Gaulle airport; and
- Traditional mail service providers, historically at the origin of air transportation, who carry not only mail but also newspapers and magazines and high-priority small packages. La Poste has concentrated all of its airmail services at Paris - Charles de Gaulle airport.

#### 6.2.1.4. Government services and agencies

In addition to its role as industry regulator, the French government is also responsible for a number of essential services for the operation of airport systems in France, notably:

- *Air traffic control:* ATC is responsible for the arrival and departure of aircraft to and from the aircraft parking areas. The physical configuration of the airport and the rules for allocating take off and landing slots determine the maximum scheduling capacity. Within this framework, air traffic control determines the actual capacity of each airport in terms of the number of aircraft movements, based on operating conditions and visibility. In France, air traffic control is provided by the air navigation services department within the French Civil Aviation Authority (known by its French acronym as **DGAC**);
- *Security operations:* the government is directly responsible for certain aspects of air transport security, such as background checks on persons authorized to enter restricted areas and the supervision and control of security operations carried out by airport operators and security agents within the framework of article L. 282-8 of the civil aviation Code. Within this framework, it has assigned other aspects of security control to Aéroports de Paris (security screening of passengers, baggage, personnel and merchandise)<sup>32</sup>;
- *Public safety services:* at Paris - Charles de Gaulle, Paris - Orly and Paris - Le Bourget, public safety missions are the responsibility of the French border police (DPAF) and air transport marshals (**GTA**), in accordance with Decree 96-828 of September 19, 1996 on the division of functions and the organization of cooperation between the national police force and the gendarmerie, and the law of January 7, 2000 on the assignment of security and peace-keeping functions between the national police and the gendarmerie with regard to civilian airfields. These public safety missions are carried out under the authority of the relevant *Préfet*, who takes the necessary measures to guarantee public order at the airport (Articles L. 213-2 and R. 213-3 of the civil aviation code). Public safety services should be distinguished from security operations, which are designed to prevent illicit acts that risk endangering the security of the aircraft and passengers; and
- *Border controls:* the French border police (DPAF) are responsible for the control of persons, mainly as part of immigration controls, while the French customs service is responsible for the control of goods. Border health controls, implemented to prevent the spread of transmissible diseases by air and other means, are provided by the social and sanitary affairs division of the local French *Département* in accordance with

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<sup>32</sup> See 6.3.2.7. "Activities of Aéroports de Paris' – Security"

article R. 3115-2 of the public health code. Aéroports de Paris may be asked to assist in these services in application of article 33 of the cahier des charges

## 6.2.2. Air passenger traffic worldwide and in France

### 6.2.2.1. *Growth of world air passenger traffic*

The worldwide airport market benefits from long-term growth in air traffic, despite occasional slowdowns. The number of air passengers has increased from 21.1 million in 1947 to nearly 2.1 billion in 2006, a cumulative average growth rate (CAGR) of 8.1%.

This continuous growth is the result of technological advances in the air transport industry, particularly with the widespread use of jet aircraft in the early 1960s, followed by the emergence of newer generations of aircraft offering improved capabilities (operating range, for example) and greater economy (notably in terms of size, fuel consumption and maintenance costs). The latest example is the Airbus A380, which will enter service in 2007. More recently, the growth in air transport has been greatly stimulated by the deregulation of traffic rights between countries, and by the total opening of the market to competition in certain regions of the world (including Europe for traffic within the European Union). Technological advances and the liberalization of air traffic have triggered a sharp drop in airline ticket prices and have considerably democratized this means of transport. Lastly, since the beginning of commercial aviation, the growth of air transport has been closely linked to the development of world trade, as it is the preferred means for moving people (mass tourism, business trips) as well as goods (particularly value-added products and perishable goods).

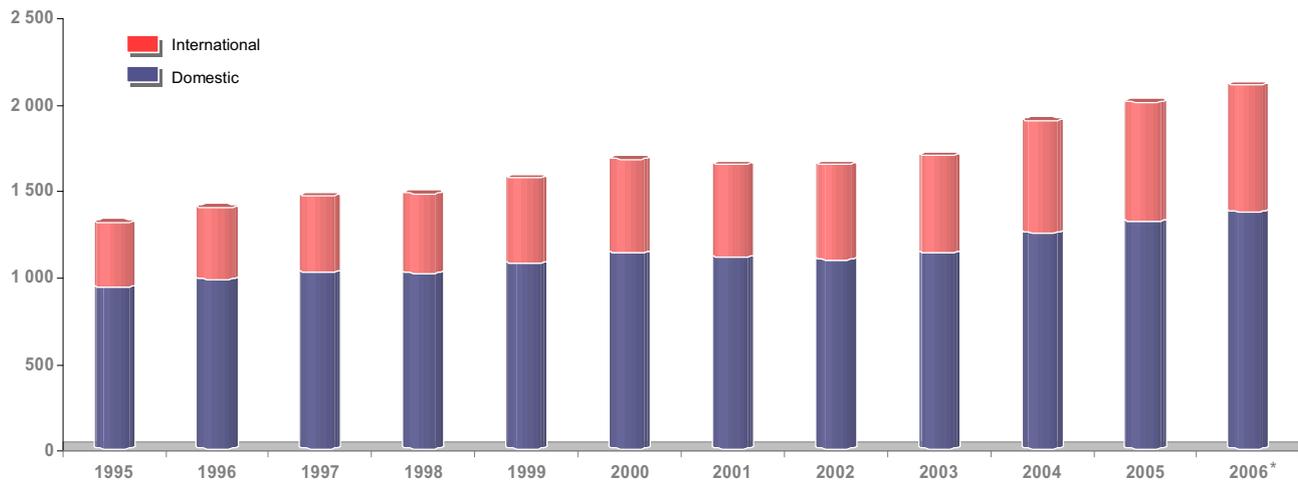
The global air traffic industry faced the most severe crisis in its history between 2001 and 2003, following a series of dramatic international events: the terrorist attacks in the United States on September 11, 2001; the war in Afghanistan; the SARS epidemic in Asia; and the war in Iraq. Coinciding with a slowdown in world economic growth during the same period, the crisis triggered a major decline in air traffic that cost the sector several years of growth.

In 2001 and 2002, air traffic was below the 2000 level of 1.67 billion passengers (1.64 billion in 2001 and 1.63 billion in 2002). In 2003, the situation continued to deteriorate in the first quarter before world passenger traffic began to recover in the second and third quarters, ending the year with a total of 1.69 billion passengers. The recovery continued in 2004 as air traffic began growing rapidly again, returning to the growth rates seen in the second half of the 1990s. Passenger traffic reached 1.89 billion in 2004, up 12.1% from 2003 and about 13% higher than the 2000 level. Growth continued in 2005 at a rate of about 5.5% over the previous year, and eventually stood at 2 billion passengers. Growth continued in 2006 to reach 2.1 billion passengers - in increase of 5% with respect to 2005.

The graph below shows the growth of world air passenger traffic since 1995<sup>33</sup>.

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<sup>33</sup> Source: *International Civil Aviation Organization – ICAO*



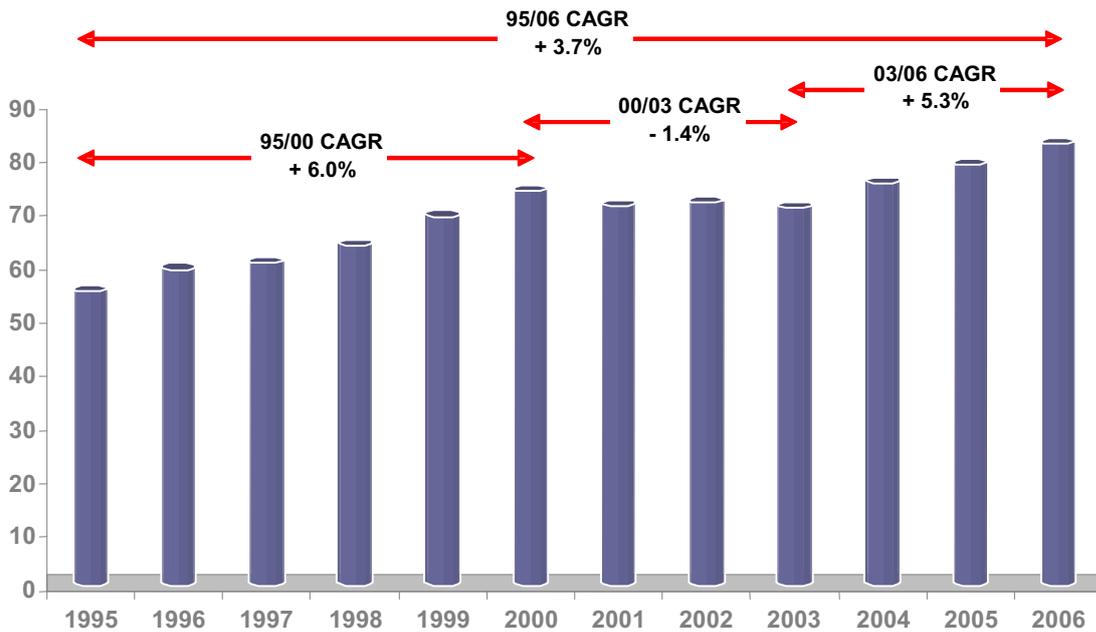
In millions of passengers  
 \* 2006: estimated

#### 6.2.2.2. Growth in air passenger traffic at Aéroports de Paris airports

On the whole, the growth of air passenger traffic at Aéroports de Paris airports between 1995 and 2006 followed the same trends as world air traffic. During this period, Aéroports de Paris's non-cargo air traffic grew at an average annual rate of 3.7% for passengers (including connecting passengers) and 2.8% for aircraft movements (excluding all-cargo aircraft). With a marked increase in the passenger load (meaning the number of passengers per aircraft) - from 104 passengers in 2000 and 105 passengers in 2003, to 114 passengers in 2006 - there was a stronger rise in the number of passengers than in the number of aircraft movements.

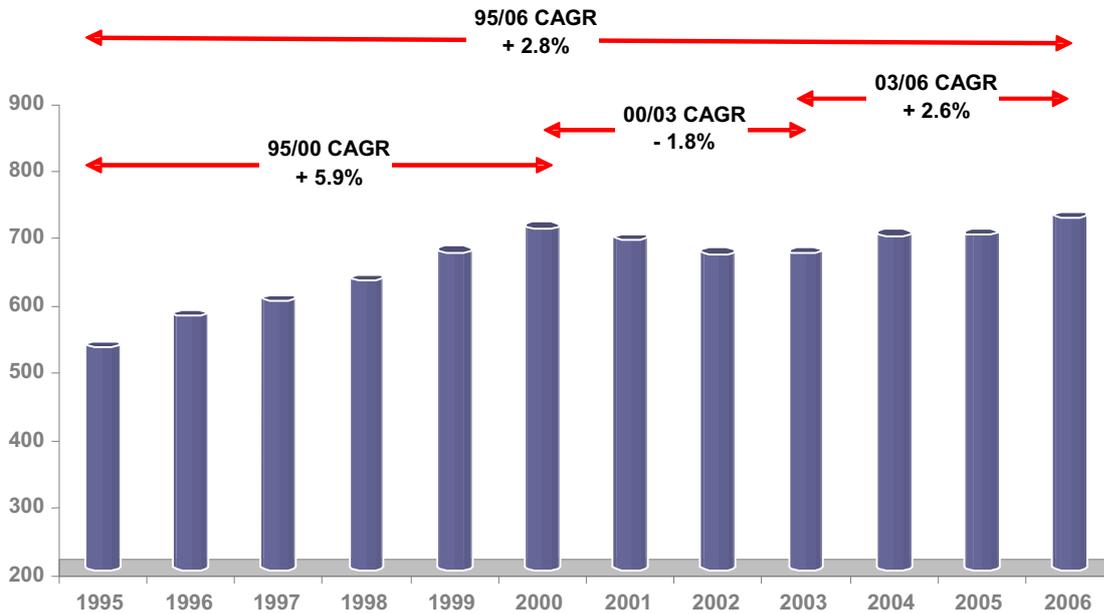
The two graphs below present air traffic trends at the Group's airports between 1995 and 2006, in number of passengers and aircraft movements.

**Growth in number of passengers**



*In millions of commercial passengers (including transit passengers)*

**Growth in commercial aircraft movements (excluding all-cargo planes)**



*In thousands of aircraft movements*

Air traffic growth between 1995 and 2006 was driven mainly by international traffic. In contrast, traffic on domestic flights declined slightly over the same period (average annual decline of 0.2%). As a result, the share of international and European traffic rose from 68% of total traffic in 1995 to almost 79% of total traffic in 2006.

### Traffic at Aéroports de Paris airports in 2006

In 2006, Aéroports de Paris handled 82.5 million passengers at its two main airports as against 78.7 million in 2005. Air traffic at the Paris - Charles de Gaulle and Paris - Orly airports in 2006 is shown in the table below:

	Number of passengers	Number of commercial aircraft movements, excluding cargo and mail	Number of cargo and mail aircraft movements	Total number of commercial aircraft movements
Paris - Charles de Gaulle	56.8 millions	495,445	37,516	533,000
Paris - Orly	25.6 millions	229,353	18	229,000
<b>Total</b>	<b>82.5 millions</b>	<b>724,798</b>	<b>37,534</b>	<b>762,000</b>
<b>% change from 2006/2005</b>	<b>+4.85%</b>	<b>+3.7%</b>	<b>-0.5%</b>	<b>+3.5%</b>

### Air traffic in 2006 by geographical routes

In 2006, international traffic continued to grow with respect to 2005, both in number of passengers and as a percentage of Group traffic. In 2006, this growth was particularly strong in terms of traffic to Europe which, with a growth rate of over 8%, contributed 3.3 points to the 4.85% growth in passenger traffic on the two main Group platforms. This European growth was mainly due to a substantial increase in traffic to Germany, Spain and Italy, mostly caused by considerable expansion of offers by low-cost airlines to these destinations.

Domestic traffic remained steady in 2006, and was 0.8% up on 2005. Traffic to the French overseas territories, accounting for 3.6% of total traffic, was down 4.5% with respect to 2005, and this was mainly due to a decrease in traffic to La Réunion island following the chikungunya epidemic on the island.

In relation to international business, Africa, which accounts for 10,6% of traffic through Paris, decreased by 7.4%. North America, accounting for 9.7% of Paris traffic, rose slightly by 0.6%, penalized by a drop in traffic to the United States, 75% of traffic in this area of business. The relative strength of the euro, structural difficulties within American airlines and delays with implementation of biometric passports were the main causes for the decrease. South American business rose only 3.7% following bankruptcy of the Brazilian company Varig in the course of the year. The Middle East was up 4.2%, despite geopolitical difficulties in the region. Asia-Pacific, representing 6.4% of traffic through Paris, rose by 6.7% with respect to 2005. While the increase in traffic to Japan, the main destination in this area, was only 3.4%, traffic to China increased in 2006 by 7.2% with respect to 2005, exceeding the one-million mark for the first time.

The table below details the geographic breakdown for Group traffic in 2006.

Route	In millions	% of total	% change 2006/2005
Domestic (France)	17.6	21.4%	+0.8%
French overseas territories	3.0	3.6%	-4.5%
Europe	33.8	41%	+8.3%
<i>Including Schengen zone</i>	21.9	26.5%	+10.7%
International (excluding Europe and French overseas territories)	28.0	34.0%	+4.5%
<i>Including Africa</i>	8.8	10.6%	+7.4%
<i>North America</i>	8.1	9.8%	+0.6%
<i>South America</i>	2.6	3.2%	+3.7%
<i>Asia-Pacific</i>	5.4	6.5%	+6.7%
<i>Middle East</i>	3.2	3.8%	+4.2%
<b>Total</b>	<b>82.5</b>	<b>100.0%</b>	<b>+4.85%</b>

2006 figures in millions of passengers (including transit passengers)  
Traffic at Paris - Orly and Paris - Charles de Gaulle

## **Airlines**

At the Group's two main airports, the ten largest airlines accounted for about 71% of total traffic (excluding transit). These companies are listed in the table below, along with their share of traffic at the Paris - Charles de Gaulle and Paris - Orly airports.

<b>Airline</b>	<b>Passengers</b>	<b>% of total</b>
Air France - KLM	45,871.20	55.8%
easyJet airlines	3,136.55	3.8%
Iberia	1,552.49	1.9%
Corsair	1,512.62	1.8%
Lufthansa	1,358.14	1.7%
British airways	1,278.07	1.6%
Alitalia	1,091.17	1.3%
Air Europa / air	985.00	1.2%
Royal Air Maroc	970.29	1.2%
Aigle Azur	944.56	1.1%

*2006 figures in thousands of passengers*

The Air France - KLM group accounts for over half of commercial passenger traffic. The three alliances - Star Alliance, OneWorld and SkyTeam - account for over 59.5 million passengers - around 72.5% of passenger traffic.

Traffic by low-cost or low-fare companies accounts for almost 7.5% of passengers and 7.5% of movements. This increased by 35% in terms of passenger numbers with respect to 2005.

The airlines operating out of Paris - Charles de Gaulle and Paris - Orly have different profiles that correspond to air traffic profile at the two airports. See 6.3.2.1 "Paris - Charles de Gaulle" and 6.3.2.2."Paris - Orly" for descriptions of the main airlines operating at each of these airports.

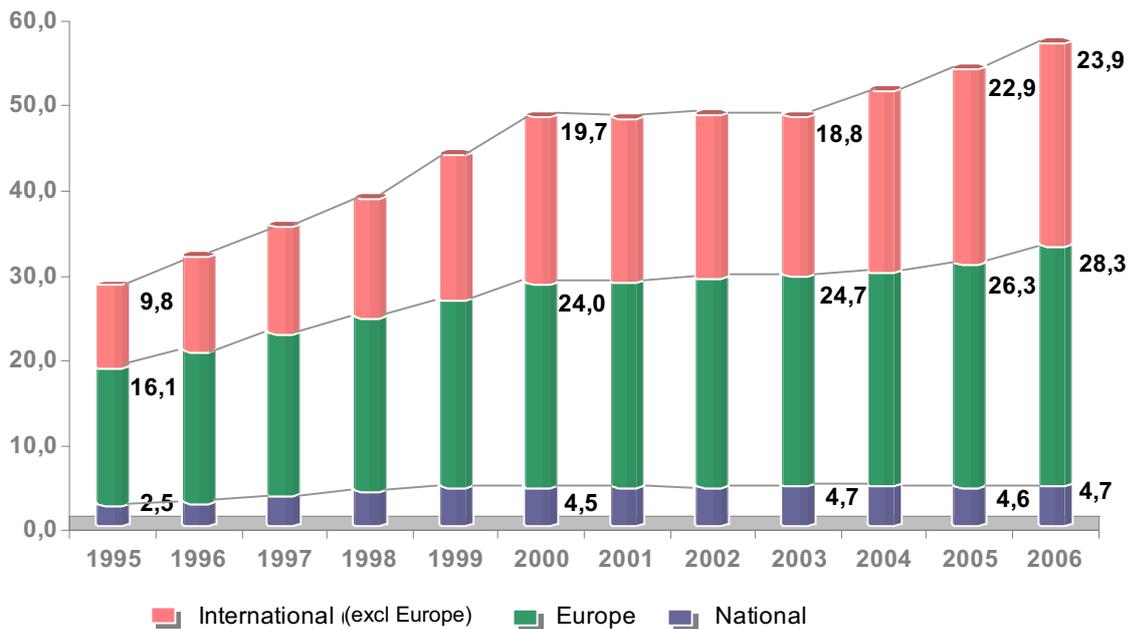
### **Detailed analysis of traffic trends at the Group's two main airports**

Over the past ten years, air traffic at the Group's two main airports has followed different trends, with Paris - Charles de Gaulle recording more favorable traffic growth than Paris - Orly.

#### *Growth in passenger traffic: Paris - Charles de Gaulle*

The growth of traffic at Paris - Charles de Gaulle reflects the dynamic momentum of both the airlines and the three big alliances - notably the growing importance of the Air France hub and, more generally, the SkyTeam alliance. As a result, Paris - Charles de Gaulle has reported a CAGR of 6.6% since 1995, surpassing the average 4.4% annual growth rate of the world market from 1995-2006, as measured by the ICAO.

The graph below traces the growth of passenger traffic at Paris - Charles de Gaulle between 1995 and 2006.



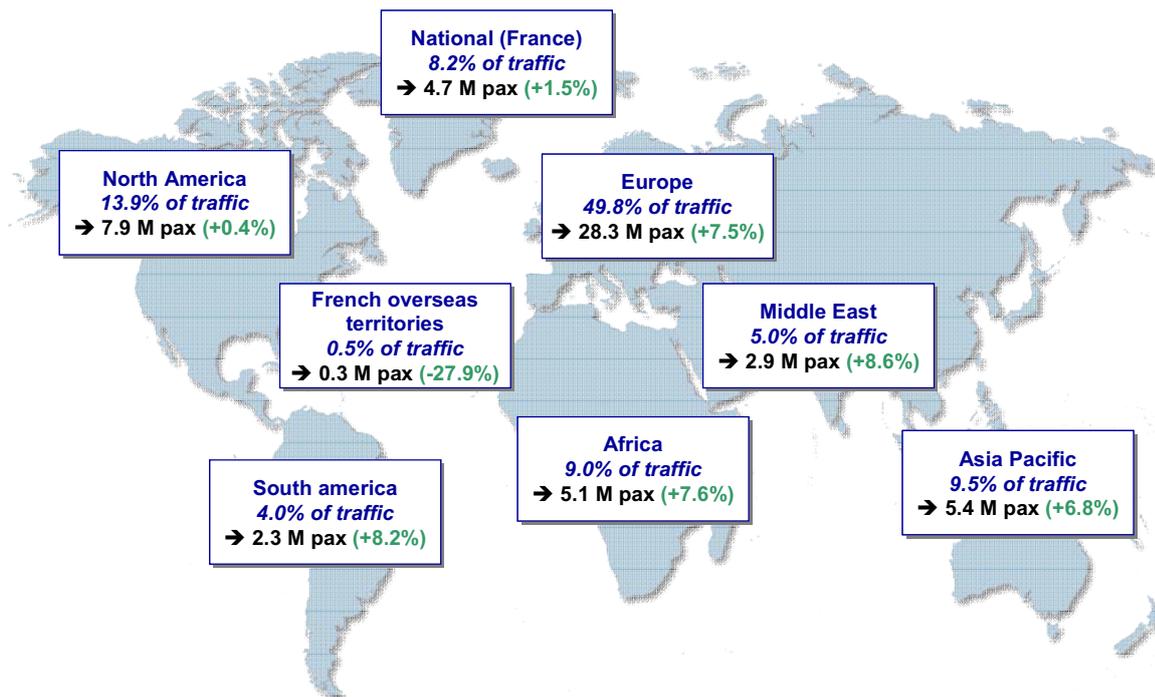
*In millions of passengers (including connecting passengers)  
Traffic growth in the national, European and international segments*

In 2006, traffic continued to grow at Paris - Charles de Gaulle as traffic reached 56.8 million (including transit passengers), up 5.7% from the previous year. As in 2004 and 2005, international traffic continued to grow, with 52.2 million international passengers in 2006, up 6.1% from the 2005 level (with European traffic up 7.5%, and traffic to the rest of the world up 4.4%). Specifically, connecting passenger traffic continued to grow in 2006, and these passengers account for 32.3% of the total.

The main features of 2006 were:

- Continuation of the growth in traffic to the Middle East (+8.6% between 2005 and 2006) and Asia-Pacific (+6.8% between 2005 and 2006);
- Slight recovery of domestic traffic, with a return to a positive trend (+1.6% between 2005 and 2006, as against -1.1% between 2005 and 2004 and -1.4% between 2004 and 2003); and
- Accelerated growth to Africa (+ 7.6% between 2005 and 2006, as against +3.9% between 2004 and 2005) and South America (+8.9% between 2005 and 2006).

The map below shows the structure of air traffic at Paris - Charles de Gaulle by geographic regions in 2005. It highlights the preponderant weight of international traffic, which accounts for over 90% of total traffic. Traffic to European destinations accounted for just over 50% of traffic, while other international destinations accounted for almost 42% of traffic.



Regional route as % of Paris - Charles de Gaulle traffic  
 → In millions of passengers (including connecting passengers) (% change 2006/2005)

*Passenger traffic growth: Paris - Orly*

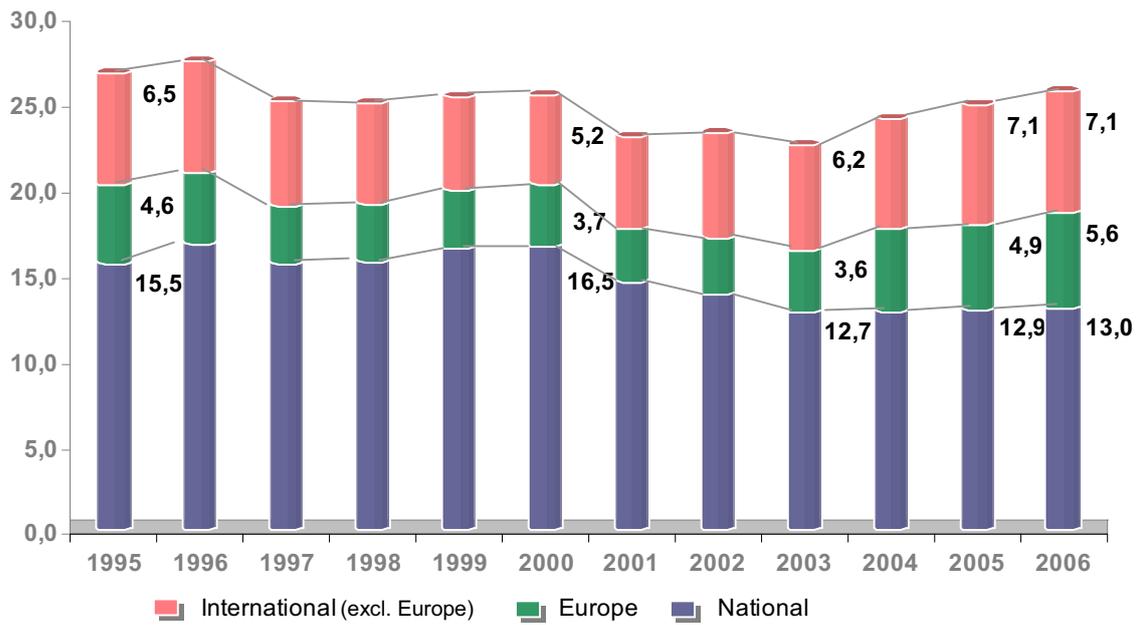
Compared to Paris - Charles de Gaulle, air traffic trends were not as favorable at Paris - Orly, due to the ceiling of 250,000 landing and take-off slots attributable each year and the impact of the following:

- The development of a connecting hub at Paris - Charles de Gaulle led Air France to transfer a number of its flights previously operated out of Paris - Orly to Paris - Charles de Gaulle. Several international airlines that wanted to continue benefiting from the connecting flight options offered by the Air France network also transferred their operations to Paris - Charles de Gaulle, including American Airlines, Continental Airlines and EI Al;
- The French air industry (notably Air Libert ) had difficulties during 2000-2003; and
- The domestic market was exposed to fierce competition from high-speed TGV trains (particularly the Southeast TGV line).

2006 confirms the recovery trend initiated in 2004 with traffic up 3.1% with respect to 2005 to 25.6 million passengers, exceeding the volume of the year 2000 of 25.4 million passengers.

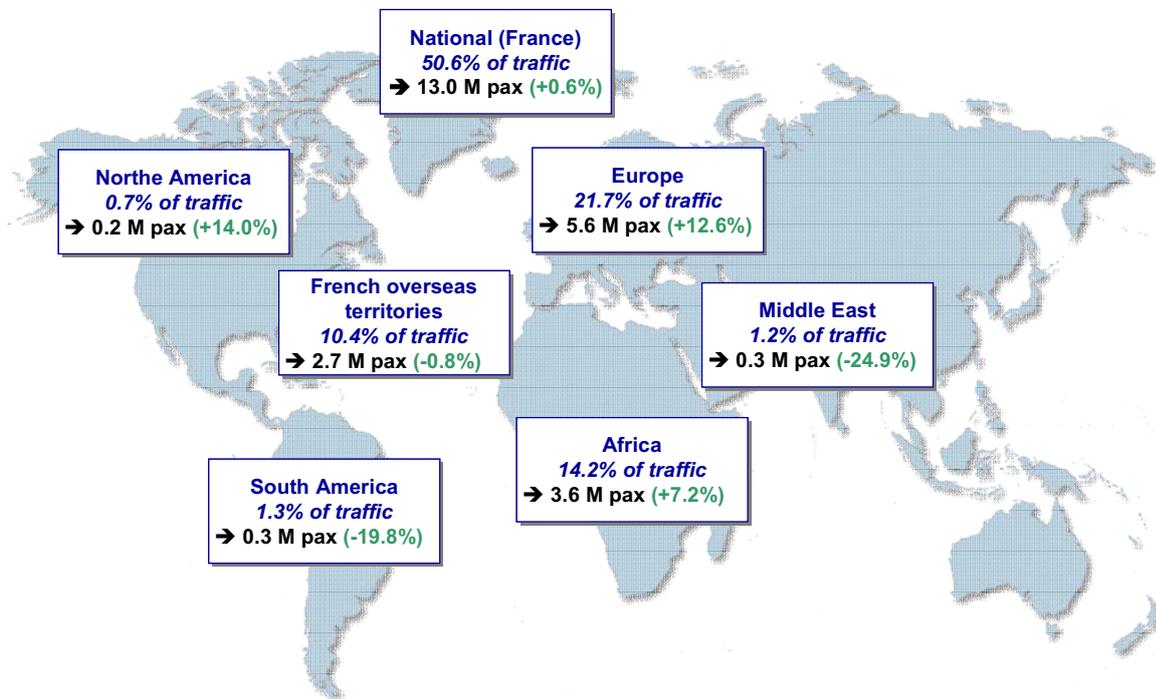
Growth in traffic continues to be influenced by the international segment (slightly more than 49% of airport traffic) and by Europe in particular (+12.6% between 2005 and 2006), thanks to the basing of low-cost carriers at Paris - Orly, principally EasyJet. These companies account for 12% of Paris - Orly airport traffic, and the volume soared in 2006 (+29% with respect to 2005). Due to these improvements in traffic, the average passenger load increased steadily for all traffic at Paris - Orly, rising from an average of 106 passengers per flight in 2000 to 112 passengers in 2006.

The graph below traces the growth of air traffic at the Paris - Orly airport between 1995 and 2006.



In millions of passengers (including connecting passengers)  
 Traffic growth in the national, European and international segments

The map below shows the structure of passenger traffic at Paris - Orly by geographic regions in 2006.



Regional route as % of Paris - Orly traffic  
 → In millions of passengers (including connecting passengers) (% change 2006/2005)

Despite a slight decrease, domestic traffic still makes more than half the total traffic on the airport, with 50.6% in 2006 as against 51.8% in 2005, mostly due to *La Navette*, a high-frequency shuttle service operated by Air France between Paris and Nice, Toulouse, Marseille and Bordeaux.

### 6.2.3. Future trends in air passenger traffic

#### 6.2.3.1. *Future trends in air passenger traffic worldwide*

Although future growth trends are by nature unpredictable, most in the air transport industry believe that world air passenger traffic is likely to continue growing at a regular pace over the next 15 years.

According to Airports Council International, the number of passengers in the world market could grow by more than 4% a year through 2020. Eurocontrol, the European organization for air navigation safety, expects an increase from 1.7 to 2.1 times the number of aircraft movements in European air space by 2025 from the 2005 level.

Most studies publish data in "passenger kilometers transported" (**PKT**), meaning the number of passengers multiplied by the number of kilometers traveled. PKT calculations are different from those used by airport operators, which are based on the number of passengers. Over the long term, the growth in the number of passengers at the Paris airports is typically about 1% to 1.5% less than the PKT figures published by the airlines and civil aviation organization. This can be attributed to stronger growth in the long-haul flight sector.

In its Passenger Forecast 2006-2010, the International Air Transport Association (**IATA**) notes that it expects air traffic growth in PKT to be particularly driven by greater international traffic, which is estimated to grow at an average annual rate of 4.8% per year from 2006-2010. According to IATA, traffic to destinations outside of Europe is expected to grow significantly, with particularly rapid growth in traffic to the Middle East (+5.9% per year), the Asia-Pacific region (+5.6% per year) and Africa (+5.1% per year). North American traffic is also expected to increase, albeit at a slightly slower pace of 4.0% a year, according to IATA. For international traffic within Europe, IATA foresees an annual growth rate of 4.0%. Intra-European traffic will benefit in particular from the strong growth in air traffic in central and Eastern Europe.

In its Global Market Forecast 2006-2025, Airbus estimates that passenger traffic will grow at an average annual rate of 4.8% in PKT during the review period. The aircraft manufacturer expects traffic between Europe and the Middle East to increase 6.2% a year and traffic with Asia to increase 5.3% (buoyed notably by traffic to and from China, up 6.2%). Airbus expects traffic to and from South America to increase by 6.4% a year.

In its *Current Market Outlook 2006*, Boeing forecasts that average annual passenger traffic will increase by 4.9% in PKT between 2005 and 2025. Of the fast-growing markets, Boeing expects traffic between Europe and North Asia (Japan, Korea) to increase by 5.8% a year, at the same pace as traffic growth to and from South America. According to Boeing, traffic to and from Southeast Asia and the Middle East is expected to increase by 5.7% and 4.9%, respectively.

#### 6.2.3.2. *Future trends in air passenger traffic in France*

As with world passenger traffic, participants in the French aviation market expect domestic passenger traffic to grow regularly in France, barring any unpredictable events, such as a geopolitical crisis. In particular, international traffic is expected to remain robust in the medium term, although certain negative factors must be taken into account to forecast overall traffic growth. These factors mainly concern the maturity of the domestic and Northern European markets, which together accounted for nearly 40% of the total traffic for Aéroports de Paris in 2005. Similarly, the ongoing development of high-speed train networks - including the planned acceleration in the development of international high-speed lines between Paris and Amsterdam, Frankfurt, London and Geneva - will continue to weigh on the annual growth potential of air traffic at Aéroports de Paris airports, as train travel.

The French regulator, represented by the Ministry of Economy, Finance and Industry and the Ministry of Transport, based its central scenario for the CRE on an average annual growth rate of 3.75% (in number of

passengers) for 2006-2010. Given the uncertainty of traffic forecasts, the CRE provides for airport fee levels to be adjusted according to the actual growth rates of passenger traffic<sup>34</sup>.

Aéroports de Paris estimates that the central CRE hypothesis remains valid, following the healthy increase of traffic reported in 2006.

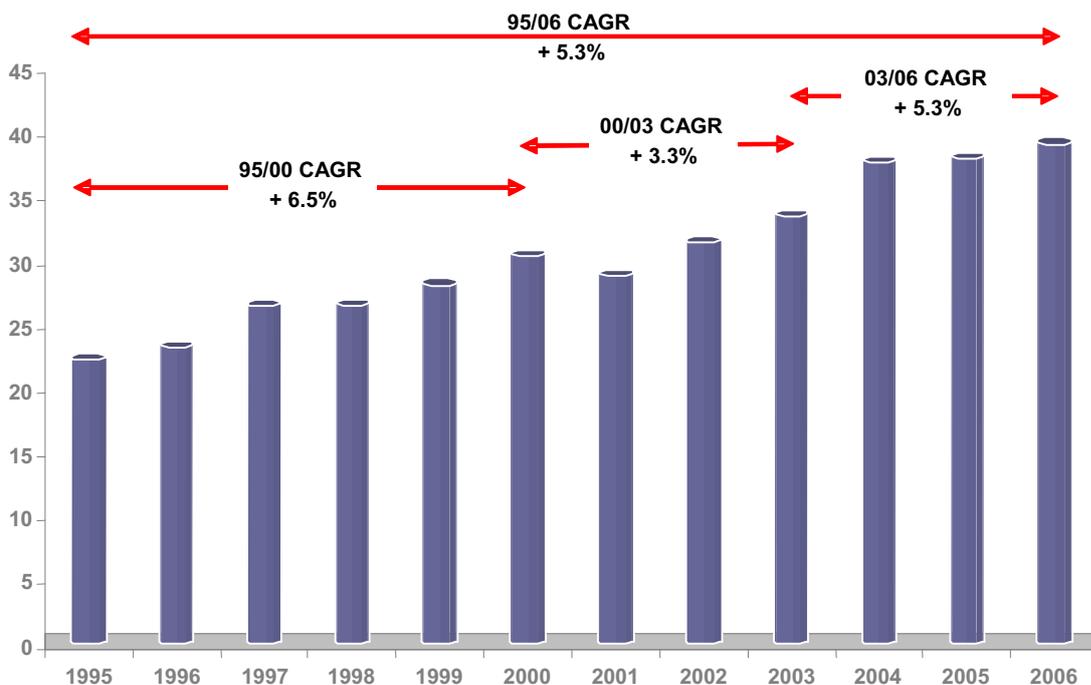
In 2007 the Group is counting on an increase in passenger traffic of between 3.7% and 4.2%. For 2008-2010, the increase in traffic ought to be an average of 3.75% per year over those 3 years.

#### 6.2.4. Growth in cargo traffic

There is no standard international definition for air cargo. The International Civil Aviation Organization (ICAO) defines air cargo as merchandise transported by air for a fee, with the exception of mail, while IATA defines cargo as all goods including mail, with the exception of baggage.

Between 1960 and 2001, the ICAO calculates that air cargo traffic (including both international and domestic shipments) increased 58 fold, rising from 2 billion ton-kilometers transported (TKT) to 117 billion TKT. Using the IATA definition, air cargo traffic rose from 2.5 billion TKT to 140 billion TKT between 1960 and 2001 - a 56-fold increase<sup>35</sup>. In 2006, freight transport on the international scale on regular flights was 39 million tons, as against 38 in 2005.

The following chart illustrates the world growth of air cargo traffic since 1995.



In millions of tons  
Source: International Civil Aviation Organisation - Preliminary figures for 2006

In 2006, Aéroports de Paris ranked number one in Europe and seventh worldwide in air cargo (including mail), handling 2.24 million tons of cargo and mail, or about 5% of total world tonnage. In 2004, Aéroports de Paris airports handled 87% of the cargo transported via French airports<sup>36</sup>.

<sup>34</sup> See 6.3.2.6. "Revenues from the Operation of Airports "

<sup>35</sup> Source: DGAC

<sup>36</sup> Source: DGAC

Most studies expect world air cargo traffic (in TKT) to grow at a CAGR of between 5.3% and 6.0% through 2025. Cargo growth is thus expected to exceed passenger traffic growth. According to ICAO, air cargo traffic could continue growing until 2020 at an estimated growth rate of about 5.4% a year.

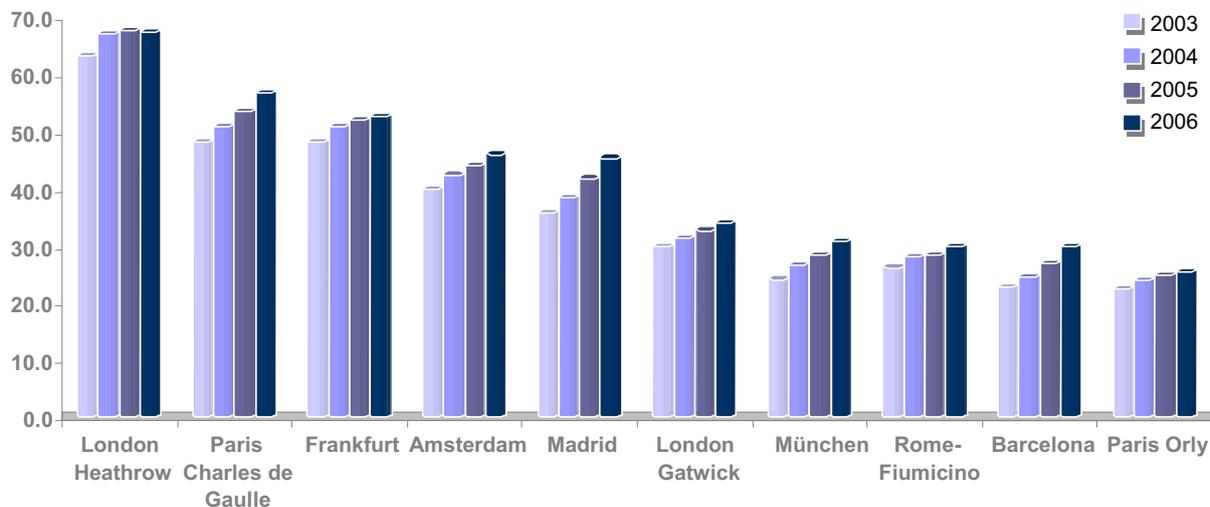
In *Freight Forecast 2006-2010*, IATA estimates that cargo traffic will grow at an average annual rate of 6.0% from 2006-2010, mainly due to increased trade with Asia, particularly India and China. IATA foresees strong growth in international cargo traffic to all destinations from Europe, with annual traffic up 6.0% to the Asia-Pacific region, 5.8% to the Middle East and 5% to Africa. IATA also forecasts a 4.6% increase in international cargo traffic within Europe.

In its *Global Market Forecast 2006-2025*, Airbus notes that it expects cargo traffic to grow at an average annual rate of 6% from 2004-2023. The aircraft manufacturer expects cargo traffic between Europe and Asia to increase 6.6% per year during this period, strongly boosted by traffic to and from China. Airbus estimates that cargo traffic between Europe and the Middle East will grow at the rate of 5.1% per year, between Europe and Africa at the rate of 5.7% per year, and between Europe and South America at the rate of 5.6% per year. In its *Current Market Outlook 2006*, Boeing forecasts an average annual increase in air cargo traffic of 6.1% between 2005 and 2025.

In France, an October 2005 study by DGAC estimates that French air cargo traffic will grow by over 4%, mainly due to the fast development in express transport services, which will soon account for the majority of air cargo traffic.

#### 6.2.5. Aéroports de Paris' position in the airport market

With its two airports of Paris - Charles de Gaulle and Paris - Orly, Aéroports de Paris is among the leaders in the commercial air transport market for passengers in Europe and in the world. The chart below lists the ten European airports that handled the largest number of passengers in 2006 and illustrates the growth in the number of passengers between 2003 and 2006<sup>37</sup>). The Paris - Charles de Gaulle and Paris - Orly airports rank second and tenth, respectively, in Europe.



*In millions of passengers*  
Sources: Airport Council International and airport reports

With two major airports, Aéroports de Paris's airport system still ranks second in Europe, handling a total of 82.5 million passengers in 2006, behind London with 125.1 million passengers in 2006 - Heathrow, Gatwick, Stansted, but ahead of Frankfurt (52.8 million passengers), Amsterdam (46.1 million passengers), Madrid (45.5 million passengers), Munich (30.8 million passengers), run by Flughafen München GmbH, and Rome (30.8 million passengers), run by Aeroporti di Roma.

<sup>37</sup> Source: Airports Council International (ACI)

The Paris airport system also ranks sixth worldwide, behind London (125.1 million passengers), New York (104.1 million passengers), Tokyo (97.0 million passengers), Chicago (95.1 million passengers), and Atlanta (84.8 million passengers)<sup>38</sup>.

The Group faces different types of competition due to the various types of airport services it offers and changes in its regulatory environment.

### **Competition with other hubs**

To counter stronger international competition in the air industry, numerous airlines have formed alliances, combining their various destinations into networks so as to maximize the services offered to customers. The airport plays an essential role in this network-building process, since it is the link between connecting flights. The more possibilities an airport offers for connecting flights, which determines its hubbing performance, the more strategic it is. For instance, Aéroports de Paris provides Air France - KLM with the key infrastructure it needs for operating a hub, which the airline group has located at the Paris - Charles de Gaulle airport.

With the consolidation of the airline industry around a few major alliances and their main airline members, Aéroports de Paris is primarily in competition with the London airport system, which hosts British Airways and the members of the OneWorld alliance; the Frankfurt airport, hub for Lufthansa and the members of the Star Alliance; and the Amsterdam-Schiphol airport, the second operational hub of the Air France - KLM group.

To a lesser extent, the Paris airport system is also in competition with developing hubs, including Madrid Barajas, headquarters of Iberia, and the Munich-Franz Josef Strauss airport, Lufthansa's second hub. For certain types of traffic, such as traffic to southern Europe, eastern Europe or Scandinavia, Aéroports de Paris competes with airports specializing in these destinations - for example, the Copenhagen, Stockholm-Arlanda and Vienna airports. Lastly, Aéroports de Paris also competes with more distant airports - such as the Dubai airport, home of Emirates airline - that are striving to become major international hubs between Europe, the Americas and Asia.

Given this competition, Aéroports de Paris has numerous competitive advantages, which explain the size of:

- It has an ideal geographic location at the North-South crossroads of Western Europe, making Paris an excellent point of departure for international destinations outside of Europe. Moreover, there are no major competing airports within 300 kilometers, affording Aéroports de Paris a unique situation in continental Europe;
- France is attractive to both tourists and international business. It is the world's number-one tourist destination, with over 78 million visitors in 2006, an increase of 2.7% with respect to 2005<sup>39</sup>. It ranks second as the preferred location for new business investments in Europe, accounting for 23% of the total in 2006<sup>40</sup>;
- The Ile de France region is an economic powerhouse of national importance, France's main center of production (30% of French GDP and 32% of French exports<sup>41</sup>), decision-making, education and research;
- Paris is an extremely attractive city: the world's number-one destination for tourism and business trips; the world's top location for international trade shows, with 229 events held in 2005; and the city with the largest hotel base in Europe, with 80,000 rooms<sup>42</sup>;
- The greater Paris region generates considerable demand for air transportation. It is Europe's largest urban capital region in terms of population, with 9.9 million inhabitants in 2005, ahead of London (9.3 million), Madrid (4.9 million), Brussels (4.5 million) and Berlin (3.8 million)<sup>43</sup>;
- Lastly, there are 25 million people living within 200 kilometers of the two main airports of the Aéroports de Paris system.

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<sup>38</sup> Source: ACI and airport reports

<sup>39</sup> Source: Ministry of tourism

<sup>40</sup> Source: Ernst & Young

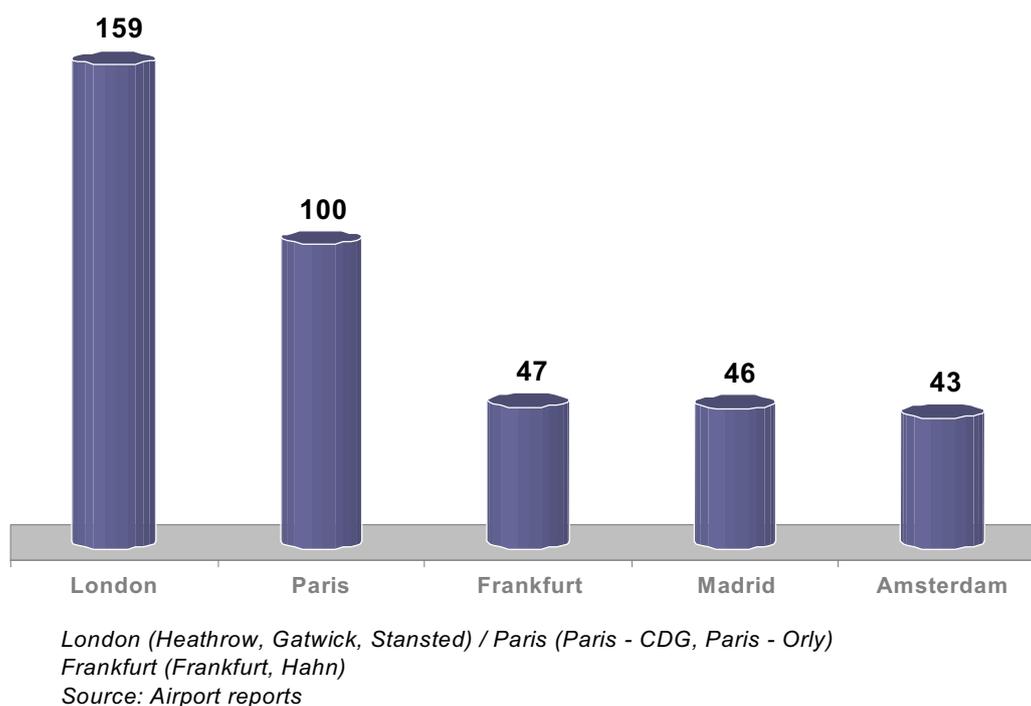
<sup>41</sup> Source: Paris - Ile de France Capitale Economique, <http://www.europinvest-paris.info>

<sup>42</sup> Source: French congressional commission on the economy, environment and development, January 2006

<sup>43</sup> Source: INSEE, 2005, population of urban areas

The natural attraction of Paris generates a high level of origin-destination traffic, which explains the high proportion of point-to-point traffic at Aéroports de Paris. Point-to-point traffic accounted for three quarters of total traffic in 2006 (75.1% of the total traffic at the Paris - Charles de Gaulle and Paris - Orly airports), while connecting traffic accounted for only one quarter of the total. There were 61.8 million point-to-point passengers in 2006 and 20.4 million connecting passengers.

The graph below compares point-to-point traffic at Aéroports de Paris and the other major European airports (index: Paris - Charlesde Gaulle = 100).



Aéroports de Paris also benefits from an especially dense network of destinations served directly from Paris. Though ranked second behind London in terms of the number of cities served, Paris is far ahead of Frankfurt and Amsterdam, especially for destinations that are served by only one major European airport.

One consequence of these two advantages is the high level of connectivity at the CDG 2 hub. With an average of 20,960 possibilities of connections of less than two hours every week being offered, the Paris - Charles de Gaulle hub surpasses its three main European competitors: the Lufthansa hub at the Frankfurt airport, with an average of 12,960 possible connections; the British Airways hub at the London-Heathrow airport, with an average of 7,170 possible connections; and the KLM hub at the Amsterdam-Schiphol airport, with an average of 6,810 possible connections<sup>44</sup>.

Lastly, Paris - Charles de Gaulle has considerable growth potential, because its aviation facilities are unequalled in Europe. With its two pairs of independent parallel runways, the airport is able to offer airlines the capacity and the flight frequencies they will need to carry out their commercial strategies and develop their networks well into the future.

### **Competition with France's regional airports**

Paris - Charles de Gaulle and Paris - Orly are the two largest airports in France, ahead of Nice-Côte d'Azur (9.9 million passengers in 2006), Lyon-Saint Exupéry (6.6 million passengers) and Marseille-Provence (5.8 million passengers).

<sup>44</sup> Source: Air France - KLM

Traffic at French regional airport was 52 million passengers in 2005. In 2004, 51% of this traffic was domestic and 49% international<sup>45</sup>. Competition with France's main regional airports is mainly limited to international traffic, since most of the domestic traffic at these airports is with Paris.

For international traffic, regional airports have benefited from the development of point-to-point traffic in recent years arising from the emergence of low-cost carriers. This direct traffic bypasses Aéroports de Paris since it does not involve connecting flights through the Paris - Charles de Gaulle hub. A DGAC study<sup>46</sup> shows that international point-to-point routes from these regional airports are almost exclusively short and medium-haul flights to destinations in Europe. The only exception is the Nice-Côte d'Azur airport, which offers regularly services to New York, Atlanta and Dubai.

For long-haul destinations, the same study points out that nearly 80% of travel originating in one of France's main regional airports includes at least one connection through a major hub. Altogether, 35% of these flights involve connections through Paris - Charles de Gaulle. Frankfurt is the only airport that attracts more than 10% of connecting traffic originating at France's regional airports (12%). The other airports (Amsterdam, Munich, Lyon, Milan and Madrid) each account for between 5% and 8% of this connecting traffic. Paris - Charles de Gaulle thus appears to be well positioned as the hub for medium and long-haul traffic originating in France - not only for the Ile de France region, its "natural" commercial area, but for the entire country as well.

### ***Competition with specialized airports***

Low-cost carriers account for 12% of the passenger traffic handled at Paris - Orly, and their presence will serve as a major source of growth for this airport in the coming years. The leaders in this segment are EasyJet and the carriers of the TUI group (including Corsair).

In the low-cost segment, the Paris - Orly airport faces competition from the Beauvais-Tillé airport located in the Tillé district north of Beauvais in the Oise Département, about 80 kilometers from Paris. Managed by the Oise Chamber of Commerce and Industry, this airport has three runways and hosts several low-cost carriers (such as Ryanair, Sterling, Wizzair and Blue Air) that are not based at Paris - Orly. In 2006, the Beauvais-Tillé airport handled 1.9 million passengers.

The Paris - Orly airport can be differentiated from its rival by its more upmarket profile, characterized by its proximity to Paris, the quality of its infrastructure (ground handling equipment, passenger jetways), and the diversity and quality of retail areas and services available for passengers in the terminals.

### ***Competition with other means of transportation***

In Europe, air transport faces competition from trains and, to a lesser extent, automobiles. The relative market share of train and air transport is determined to a large extent by the total travel time by train to that by air. High-speed trains are generally preferred for trips of less than three hours, air travel is preferred when a trip takes more than four hours. Consequently, the real competition is for destinations that require between three and four hours of travel time. Both Paris airports - Paris - Orly and, to a lesser degree, Paris - Charles de Gaulle - face competition from trains, which is likely to intensify with the increasing density of the French TGV high-speed train network.

Nonetheless, the Aéroports de Paris Group believes that the TGV network also offers it advantages, since it delivers passengers to long-haul flights departing from Paris - made possible by the TGV train station located in the Paris - Charles de Gaulle airport, which handles 2.4 million passengers annually. Moreover, Aéroports de Paris plans to maintain a high-level of quality of service, which should enable the Paris - Orly airport to limit the loss of market share to train travel in the years ahead.

### ***Competition in the cargo market***

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<sup>45</sup> Source: DGAC, December 2005

<sup>46</sup> Theme notes, DGAC department of strategic and technical affairs, "Aéroports régionaux, le trafic international devient majoritaire" (décembre 2005) – Regional airports, international traffic makes more than half the traffic (December 2005).

The Paris - Charles de Gaulle and Paris - Orly airports handled a combined total of 2.24 million tons of cargo and mail in 2006. This places Paris in the number one position in Europe, ahead of Frankfurt, London and Amsterdam. The Paris - Charles de Gaulle airport also ranked seventh worldwide in 2006, behind the Memphis, Hong Kong, Anchorage, Seoul, Tokyo and Shanghai airports. At national level, Paris ranks first ahead of the Toulouse, Marseille, Basel-Mulhouse and Lyon airports<sup>47</sup>.

The main air cargo competitors in Europe are Frankfurt (2.15 million tons) and Amsterdam (1.56 million tons), which have made this segment a major part of their development strategy. The London airports (Heathrow, Gatwick, Stansted) (1.7 million tons) generate a large amount of cargo traffic, but they mainly serve the greater London region and the UK market; they are not direct competitors in the continental European market since they do not benefit from the same ease of access by road. To a lesser extent, Cargolux operates a large number of all-cargo flights out of Luxembourg. Emirates is also seeking to develop cargo services out of its Dubai hub.

To counter this competition, the Paris airports, and Paris - Charles de Gaulle in particular, offer several major advantages. First, Paris and the Ile de France region are a crossroads for economic trade, due to the presence of numerous multinational companies and a dense concentration of small and medium-sized companies and industries, making it one of the largest employment bases in Europe. Served by France's North-South and East-West road networks, the region also offers exceptional ground transportation and an excellent geographical location within Europe.

Moreover, the Paris - Charles de Gaulle airport houses three cargo operations at the same location: those of Air France - KLM, FedEx and La Poste. This close proximity allows the three networks to interconnect, resulting in a greater number of connecting flight options. Paris - Charles de Gaulle is thus the only European passenger hub airport to have a cargo hub as well (whereas the UPS, TNT and DHL cargo hubs are located at the Liege, Cologne and Brussels airports).

FedEx is the largest air cargo transport company in the world, with 14.4 billion TKT in 2005<sup>48</sup>. With 10.5 billion TKT<sup>49</sup>, the Air France - KLM group is the world's second largest transporter behind FedEx, and the world's leading general cargo company (excluding express services). The power of the Air France - KLM group is reinforced by the SkyTeam alliance's leading position in air cargo, ahead of the Star Alliance, mainly due to major players like Korean Air and Northwest.

Lastly, Aéroports de Paris believes it has sufficient space at its disposal to keep pace with the future growth of companies already located at its airports, so it will be able to provide more aircraft parking areas or land.

### 6.3. Activities of Aéroports de Paris

#### 6.3.1. Presentation of the Group

Aéroports de Paris is responsible for building, operating and developing the Paris - Charles de Gaulle, Paris - Orly and Paris - Le Bourget airports, the Issy-les-Moulineaux heliport, and ten general aviation airfields open to public air traffic in the Ile de France region. By managing airport operations and development, the Group provides a public service. For a description of this public service mission, see 6.6.2.7 "Technical aspects of Airport Management (*le cahier des charges*)".

Aéroports de Paris is also involved either directly or through subsidiaries in real estate activities, ground handling services and other businesses that make use of its expertise, such as the development of international airport management services and airport engineering, specialized telecommunications services and retail activities at Group airports.

The Group's activities are divided into four main segments:

- **Airport services**, which include all of the activities conducted by Aéroports de Paris as an airport operator: design, construction and operation of terminals, runways and other infrastructure; allocation of airport resources; development and leasing of commercial space for services provided within terminal buildings to

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<sup>47</sup> Source: Union des Aéroports Français, 2004 figures

<sup>48</sup> Source: IATA

<sup>49</sup> Source: Air France - KLM

passengers and the public; and related services (car park, baggage handling, security, and aircraft parking);

- The development and operation of **real estate activities** on the land surrounding its aeronautical infrastructure.
- **Ground handling and related services**, including passenger check-in, baggage handling, aircraft ground assistance (cabin cleaning, arrival/departure guidance, towing and pushback, etc.) and cargo transfer. These activities have been open to competition pursuant to European Directive 96/67/EC of October 15, 1996.
- **The other activities**: international airport management services, airport engineering, specialized telecom services and retail operations.

The table below shows the Group's revenues and current operating income (determined under IFRS) by segment for the years ended December 31, 2005 and 2006.

<i>In millions of euros</i>	2005 <sup>(1)</sup>		2006	
	Revenues <sup>(2)</sup>	Current operating income	Revenues <sup>(2)</sup>	Current operating income
Airport services	1,600.6	377.4	1,726.4	426.2
Real estate	168.3	40.6	175.7	43.7
Ground handling and related services	167.9	-10.9	177.1	-17.4
Other activities	199.8	16.2	226.3	17.5
Unallocated items <sup>(3)</sup>	-	-85.4	-	-79.4
Intersegment eliminations	-215.8	-0.5	-228.7	0.3
<b>Total</b>	<b>1,920.8</b>	<b>337.4</b>	<b>2,076.8</b>	<b>390.9</b>

(1) After the change in presentation of financial products relating to application of IAS 17

(2) Products of ordinary activities

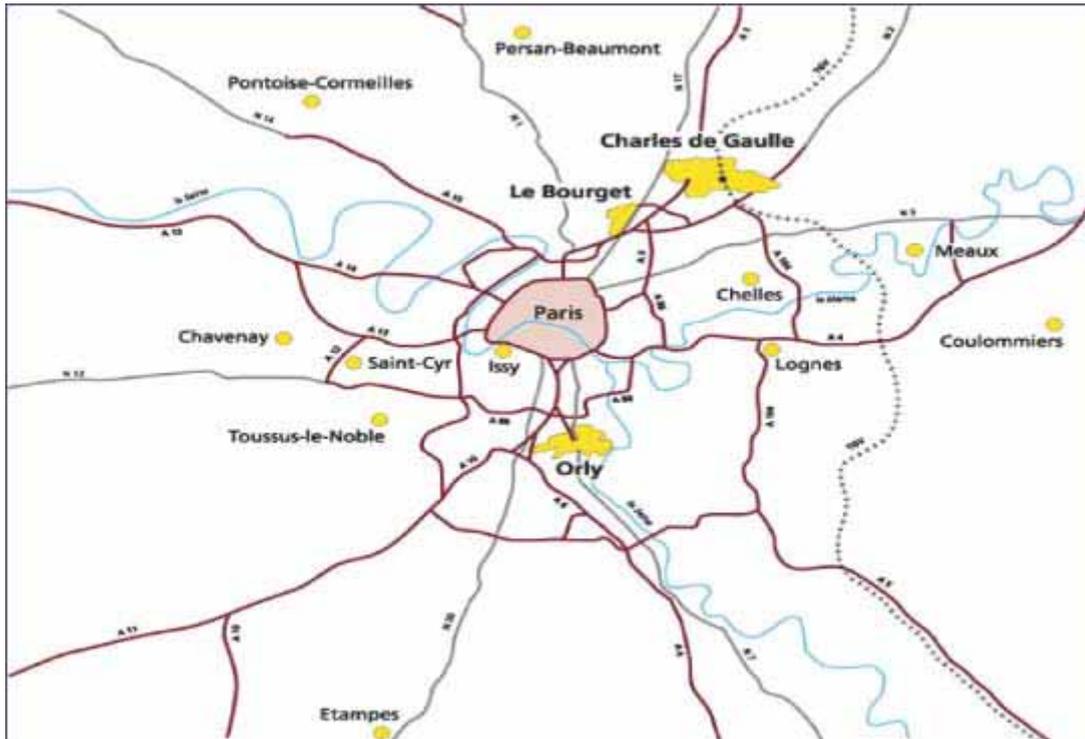
(3) Mainly headquarters costs

### 6.3.2. Airport services

Aéroports de Paris is Europe's second largest airport group in terms of airport revenues. The Group's airport system is also ranked sixth worldwide based on the number of passengers in 2005, and seventh worldwide for air cargo (including mail). Its three main airports are highly complementary, enabling it to benefit from different sources of traffic:

- The Paris - Charles de Gaulle, airport specializes in long-haul routes, including both point-to-point and connecting flights. It is the global hub of the Air France - KLM Group, the European hub of both the SkyTeam alliance and FedEx, and Europe's largest connecting airport based on the number of connections available in less than two hours;
- The Paris - Orly, airport, with its close proximity to Paris, specializes in point-to-point traffic serving destinations within France (notably via La Navette, the Air France shuttle), southern Europe, the French overseas territories and North Africa (mainly Morocco, Algeria and Tunisia). It also hosts several low-cost airlines that mainly serve Europe, as well as charter airlines specializing in medium- and long-haul flights to vacation destinations; and
- Paris - Le Bourget, is the largest business airport in Europe

The map below shows the location of the airports and airfields owned and managed by Aéroports de Paris.



The key figures for 2006 illustrate the Group's dynamism and unique positioning in the airport market:

- 82.5 million passengers, of which 78.6% are international passengers (including Europe) and 24.9% are connecting passengers;
- Nearly 762,000 aircraft movements, serving some 534 cities in 131 countries, where 332 cities have at least a weekly service;
- On peak days, 180,000 passengers use the Paris - Charles de Gaulle terminals and 71,000 passengers use the Paris - Orly terminals.
- 2.24 million tons of cargo (including mail);
- Nearly 35,000 m<sup>2</sup> of commercial space, bars and restaurants, which generated overall revenues of 286.5 million euros in 2006;
- 10,816 Group employees, on average, for 2006, and over 110,000 employees working for 1,100 companies directly involved with the airports. Altogether, over 300,000 jobs in the Ile de France region are directly or indirectly related to Aéroports de Paris activities.

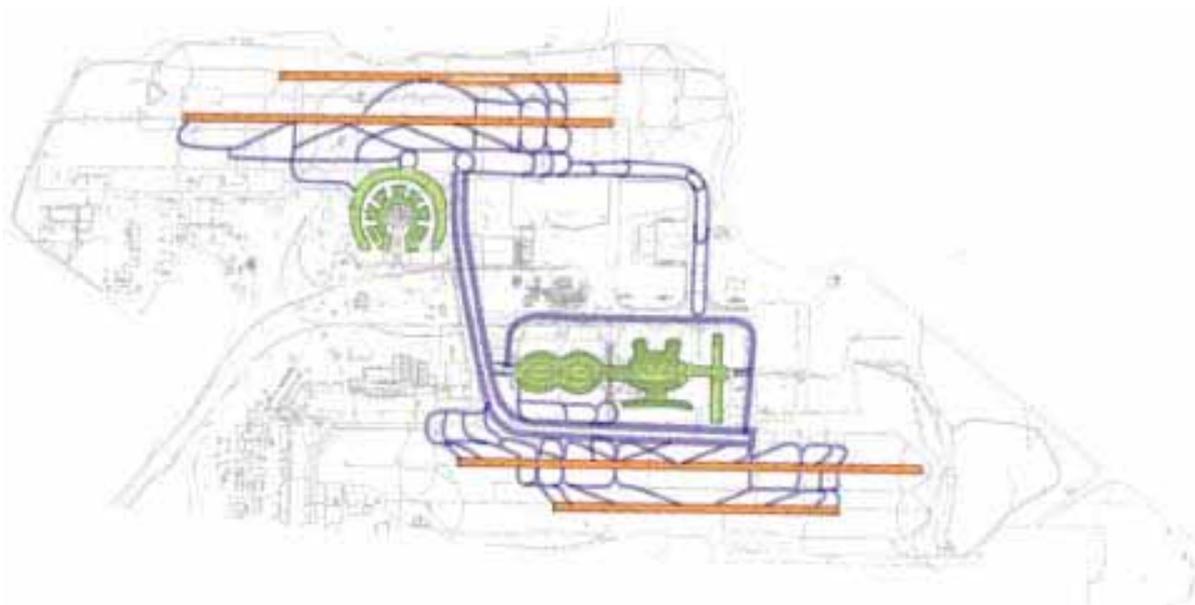
#### 6.3.2.1. Paris - Charles de Gaulle

##### **General description of the Paris - Charles de Gaulle airport**

The Paris - Charles de Gaulle airport, located north of Paris on 3,257 hectares of land, has four runways organized in two parallel, independent pairs. The airport has a maximum scheduling capacity of 120 aircraft movements per hour (currently limited by regulation to 110 movements per hour). It has three passenger terminals: CDG 1 (international and Schengen traffic, including most traffic of airlines in the Star Alliance), CDG 2 (international and Schengen traffic, including most traffic of Air France and its partners in the SkyTeam alliance and of members of the OneWorld alliance) and CDG 3 (mainly charter flights and low-cost airlines), as well as six cargo terminals (for a description of cargo activity at Paris - Charles de Gaulle, see 6.3.2.5 "Air Cargo Business"). The three terminals at Paris - Charles de Gaulle have a capacity of 47.1 million passengers.

The Paris - Charles de Gaulle airport also accommodates train/air connections due to the presence of a TGV high-speed train station that serves Brussels via the Thalys line, as well as French regions linked to the TGV network.

The diagram below shows the layout of the Paris - Charles de Gaulle airport.



The Paris - Charles de Gaulle airport handles the full range of commercial long-haul and intercontinental routes available through the Paris airport system managed by Aéroports de Paris, with the exception of those to the French overseas territories and the Caribbean, which are operated out of Paris - Orly<sup>50</sup>. This has a considerable impact on the business and identity of the Paris - Charles de Gaulle airport, which is the world's gateway to France. The average headcount for Paris - Charles de Gaulle division was 2,568 in 2006.

### **Destinations**

Altogether, the Paris - Charles de Gaulle airport handled flights to nearly 490 cities around the world in 2006. Nearly 57% of these cities were served by scheduled flights at least once a week (278 cities); nearly 44% were served more than five times a week (214 cities); and nearly 24.5%, including 70 European cities and 38 international destinations, were served more than 20 times a week (121 cities).

The table below shows the number of cities served in 2006 from the Paris - Charles de Gaulle airport, by weekly frequency and geographical region:

	At least once a week	Over 5 times a week	Over 10 times a week	Over 20 times a week
Domestic (France)	19	17	15	13
Europe	135	97	84	70
Africa	43	33	20	9
North America	22	19	18	14
French overseas territories	2	2	2	0
South America	13	9	9	2
Middle East	20	17	13	4
Asia Pacific	24	20	18	9
<b>Total</b>	<b>278</b>	<b>214</b>	<b>179</b>	<b>121</b>

<sup>50</sup> See 6.3.2.2. "Paris - Orly airport"

## **Type of traffic**

Point-to-point traffic accounts for over two-thirds of passenger traffic at Paris - Charles de Gaulle. In addition to this large amount of origin-destination traffic, the airport is ideally located to attract connecting traffic. The French capital's position at the heart of Western Europe's North-South axis places Paris within a two-hour flight of all major western European cities. The airport's geographic location is ideal for attracting feeder traffic from Western Europe's other major population and high-traffic areas to connect with long-haul flights departing from Paris.

Recognizing the enormous potential offered by the airport's exceptional location, Air France decided to transform Paris - Charles de Gaulle - where it has based its operations since the mid 1970s - into a hub for connecting flights. This strategic decision was made in 1995 and was immediately implemented in the Summer of 1996, mainly due to Aéroports de Paris's efforts to adapt the airport's infrastructure and provide the necessary facilities for increasing capacity.

In just a few years' time, Paris - Charles de Gaulle became Air France's global hub and the main European hub for the SkyTeam alliance. Flights operated by Air France and its SkyTeam partners are mostly operated from access to the CDG 2 terminal. CDG 2 is now the highest-performing European hub, in terms of the number of connecting flight options available between medium- and long-haul flights<sup>51</sup>. On average, the CDG 2 hub handles over 1,000 flights a day, and each week offers nearly 21,000 possible connections of under two hours. It handles a daily average of 100,000 arriving and departing passengers, including over 23,000 connecting passengers and 31,000 pieces of connecting baggage.

## **Airlines**

The breakdown of traffic by airlines shows the growing weight of the three alliances. In 2006, for example, companies affiliated with one of the three major alliances located at the Paris - Charles de Gaulle airport (SkyTeam, Star Alliance and OneWorld) handled 77% of all passenger traffic, or nearly 43.8 million passengers. SkyTeam members (AeroMexico, Air France - KLM, Alitalia, CSA Czech Airlines, Delta Airlines, Continental Airlines, Northwest Airlines and Korean Air) alone accounted for 62.4% of total airport traffic, as illustrated in the table below.

<i>In millions of passengers</i>	<b>2006 traffic</b>	<b>% of total traffic at Paris - Charles de Gaulle</b>
SkyTeam	35,5	62,4%
Star Alliance	5,1	9,0%
OneWorld	3,1	5,5%
Other airlines	13,1	23,0%

To accommodate these alliances, Aéroports de Paris allocates resources adapted to their respective commercial strategies, giving each group priority access to designated terminals: Star Alliance members (United Airlines, Lufthansa, etc.) are located in the CDG 1 terminal; OneWorld members (British Airways, American Airlines, Cathay Pacific, Qantas, etc.) are in CDG 2A and 2B; and SkyTeam members are grouped mainly in CDG 2C, 2D, 2E and 2F.

The table below shows the ten airlines that handled the greatest number of passengers at the Paris - Charles de Gaulle airport.

<sup>51</sup> Source: Air France - KLM

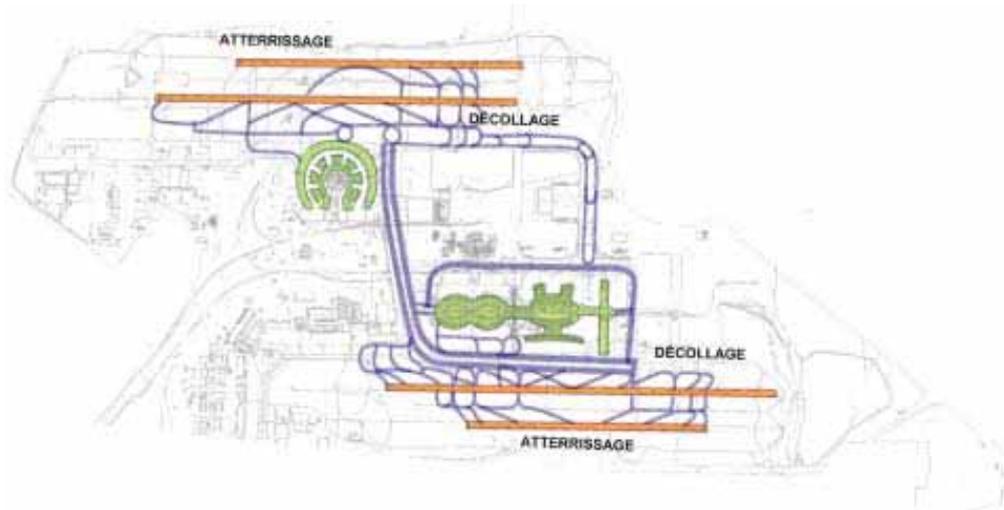
Paris - Charles de Gaulle Airline	Passengers	% of total
Air France - KLM	32,166.0	56.6%
Lufthansa	1,358.1	2.4%
British airways	1,278.0	2.3%
easyJet airlines	1,235.0	2.2%
Alitalia	1,091.2	1.9%
Delta airlines	793.1	1.4%
American airlines	692.0	1.2%
SAS Scandinavian Air	649.4	1.1%
Vueling Airlines SA	501.3	0.9%
Air Méditerranée	497.3	0.9%

2006 data, in thousands of passengers - Source: Aéroports de Paris  
 NB: % over total passengers at Paris - Charles de Gaulle

### Runways

The Paris - Charles de Gaulle airport has an extremely efficient runway system consisting of two pairs of parallel runways, comparable to those at the Atlanta and Dallas-Fort Worth airports in the United States. The two original runways located to the south and north of the airport were each doubled with parallel runways (in 1998 and 2000).

The physical layout of these parallel runway pairs enables them to be used independently (two airplanes can be on final approach simultaneously). Moreover, for each pair, one runway is specially designated for takeoffs and the other for landings, which reduces the noise pollution caused by air traffic. The functioning of the two pairs of dual runways is illustrated in the diagram below.



Thanks to this system, the airport can currently schedule 110 aircraft movements (arrivals/departures) per hour, which could be increased to 120 movements by 2010. To absorb traffic, the airport has about 80 aircraft parking stands in contact with the terminals and just over 100 remote aircraft parking stands (excluding freight zones).

### Access to the Paris - Charles de Gaulle airport

The Paris - Charles de Gaulle airport is served by a road and railway network that provides easy access for passengers, cargo transporters and airport personnel. Among airport systems, it is a leader in terms of transport intermodality. The main access routes are described below:

- The A1 motorway (the North motorway), which links Paris and Brussels. For passengers coming from Paris, the A1 starts from the Paris ring road and is joined by the A3 (eastern Paris), A86 and A104 (the Francilienne). Currently, the A1 and A3 motorways are the main access routes to the airport;
- The A104 motorway, accessible from the east of the airport via highway RN2, provides secondary access to the airport. It will become the main direct access from the east once the eastern section of the Francilienne is completed in 2011.
- The TGV high-speed train station, located inside the CDG 2 terminal. In 2006, 2.8 million passengers used this station, which links the airport to the world's densest high-speed train network, with almost 50 direct trains daily to almost fifty cities in France and other countries, including Brussels). In June 2007, implementation of the Eastern Europe high-speed TGV service will link up the TGV station at Paris - Charles de Gaulle airport to 3 new French destinations, with 3 daily return services: Strasbourg, Lorraine TGV and Champagne-Ardenne TGV. Strasbourg will only be 2h25 by train from Paris - Charles de Gaulle, Metz and Nancy 1h30 and Rheims 45 minutes.
- Two RER commuter line stations, located in CDG 1 and CDG 2, place the airport within 30 minutes of central Paris, with one train every 8 minutes during rush hour periods. Extension to one train every 6 minutes during rush hour periods has been envisaged for 2011, in relation to implementation of the master plan for improvement of the RER B line.
- A major bus station, located at the RER station in CDG 1, provides public transportation to the airport's neighboring areas. Additionally, each terminal has an area that has been specifically designed so that passengers can rapidly board coaches and shuttle buses serving a wide range of destinations.

The entire airport facility is served by 220 kilometers of roads operated by Aéroports de Paris.

The Paris - Charles de Gaulle airport has around 28,750 parking spaces. Of this total, nearly 20,100 parking spaces are available for passengers and the public: around 15,000 spaces are in parking lots connected directly to the terminals, while 5,100 reduced-rate parking spaces are located in remote lots served by shuttle buses. 6,500 parking spaces are reserved for airport employees. The remainder is used by professionals operating airport services (car rental agencies, taxis, charter and shuttle buses).

In 2006, the parking lots at this airport generated 83.9 million euros in revenues, of which 20.9 million were earned by reduced-rate schemes, an increase of 8.9% with respect to 2005. Aéroports de Paris attributes this sound performance of the parking lots to dynamic management of offers to passengers (long-stay payments and an adapted increase of parking fees in 2006).

In 2006, around 30% of passengers departing from the Ile de France region arrived at Paris - Charles de Gaulle by car (including rental cars) or motorbikes, 29.5% by taxi and 40.5% by public transportation (train, bus, group coaches, hotel shuttles). Over 50% of all passengers said they were traveling to or from the center of Paris.

The on-site automatic metro facility CDG VAL was commissioned in April 2007. Using 5 stations over 3.5 km, it transfers air passengers and airport staff between terminals T1 and T2, the remote parking lots PR and PX and the intermodal public transport facility RER1 station / bus station in the Roissy Pôle development area. This service features comfort, speed and regularity, a considerable improvement with respect to the existing bus shuttle services, and will have an extremely favorable impact on airport travel conditions.

Aéroports de Paris, in association with the French national railroad companies SNCF and "Réseau Ferré de France", took part in the CDG Express feasibility surveys, forming a consortium - the CDG Express GIE - to oversee development. The project entails building a 32-km rapid rail line to link the Paris-Est train station with the CDG 2 TGV station in 20 minutes. The year-round service would have extended hours, with a train running every 15 minutes, and offer a high level of operating reliability and passenger comfort. The final route of the future airport link was decided following a public hearing in 2004, under the auspices of the National Commission for Public Debate (CNDP). After this debate an infrastructure solution known as "solution Virgule" was selected. The solution makes maximum use of existing rail lines and minimizes the need to dig tunnels. On October 14, 2005, the Inter-ministerial Committee for Development and Competitiveness in Territories (CIACT) named the CDG Express project a top priority, stipulating that it should be built in accordance with a public service contract

awarded by the French State. Article 22 of the Law 2006-10 of January 5, 2006, relating to transport safety and development, established the necessary legal framework to carry out this project under the supervision of the French State. Consequently, the CDG Express GIE was dissolved and the studies conducted under its aegis are pending transfer to the State, which will be piloting the project. CDG Express is scheduled to begin service in 2012.

In accordance with Decree no. 2007-453 of March 27, 2007 that defines the conditions under which the government can establish an express and direct railway link dedicated to the transport of passengers between the Paris - Charles de Gaulle airport and Paris, as well as the design, financing, construction, operation and servicing of the railway infrastructures on the one hand, and the organization and operation of all the services offered to passengers on the railway link on the other hand, the French State entrust these tasks to a company (or a consortium of companies) within the framework of a "delegation of public service". Where this is required, Aéroports de Paris will provide the State with assistance in relation to preparation of basic features, definition of the conditions for economic feasibility of the CDG Express link, conditions for inserting the project within the airport (crossing under runway 4, connection to the RER station at CDG2, information, signage).

### ***Strategy of the Paris - Charles de Gaulle Airport***

The Group plans to reinforce the Paris - Charles de Gaulle airport's currently strong position in international long-haul traffic and to take advantage of the sustained growth in this segment in the years ahead. Relying on the natural attractiveness of the Ile de France region and the quality of its airport infrastructure, Aéroports de Paris plans to strengthen Paris - Charles de Gaulle's role as an intermodal (air, rail, road) transport node and consolidate its position as a connecting hub. The Group has set the following strategic goals:

- Increase the airport's passenger handling capacity through the construction of new infrastructure (satellites S3 and then S4, and the CDG 2G regional terminal), the renovation of existing terminals, and the optimization of infrastructure use;
- Introduce more efficient operational management through the use of tools such as aviation certification, the development of cooperative operational management between Aéroports de Paris, the air navigation services provider and the airlines, and the strengthening of passenger and cargo flows monitoring;
- Develop transport intermodality by taking better advantage of the complementary nature of the TGV high-speed train network and by improving connections between the CDG 1 and CDG 2 terminals;
- Improve the quality of customer service at the Paris - Charles de Gaulle airport, notably through the introduction of quality commitments, additional new services, technological innovation, greater attention to the needs of connecting passengers, better amenities for passengers requiring assistance, and a significant increase in the number of aircraft stands in contact with terminal through jetways; and
- Implement a competitive commercial policy, notably through more dynamic retail areas within the airport, more efficient car park use, a tariff policy more in keeping with the needs of professional customers, and a cost-savings program (security, energy consumption, etc.).

### ***Investment Program for the Paris - Charles de Gaulle Airport***

Because of the quality of its airside infrastructure, Aéroports de Paris believes it does not need to make major investments in terms of aircraft areas and runways. To keep pace with the future growth of air traffic, however, Aéroports de Paris will launch an ambitious investment program at Paris - Charles de Gaulle to increase the passenger handling capacity of terminals and the quality of its amenities. Currently, the passenger terminals at the Paris - Charles de Gaulle hub are saturated, mainly due to the temporary closure of the boarding area in the CDG 2E terminal and to renovation work in CDG 1, which is scheduled to continue into 2008. As a result, Aéroports de Paris has had to transfer airlines operating out of the closed sections to other terminals, and to introduce a number of temporary adjustments (internationalization of the CDG 2B terminal to handle medium-haul flights originally planned for CDG 2E; creation of additional boarding gates at CDG 2D to accommodate Schengen traffic, part of which was previously handled at CDG 2B; etc.).

Several investment programs will contribute directly to the completion of the CDG 2 hub, including:

- Completion of the S3 satellite located to the east of the CDG 2E and 2F terminals, which will improve the performance of the CDG 2 hub by adding additional capacity (8.5 million passengers) and increasing the number of aircraft positions in contact with terminals (more than 20 aircraft stands). The S3 satellite will be able to simultaneously accommodate up to 6 Airbus A380 super-jumbo jets. With the project's completion scheduled for between June and October 2007, Aéroports de Paris has planned to invest about 126 million euros in 2007. The 2007-2011 investment budget for this project is about 150 million euros, and covers the LISA transport system, an automated rail transport system that will link CDG 2E to the future S3 satellite and excluding the baggage-handling system.
- The completion of the first phase of the TBE baggage handling system, a fully automated system that integrates screening for 100% of checked baggage, has now been planned for September 2007. Aéroports de Paris will invest 27 million euros in TBE in 2007 and a total of 36.2 million euros over the period 2007-2011. This integrated baggage-handling system will automatically handle all baggage at the CDG 2E and 2F terminals and the S3 satellite.
- Studies for the S4 satellite, a complement to the S3 satellite for the Paris - Charles de Gaulle hub that will be linked to CDG 2E by an extension of the LISA automated metro line. Once it opens in 2012, the S4 satellite should accommodate about 7.2 million passengers a year. This international long-haul traffic satellite will accommodate up to 16 wide body aircrafts of which up to 7 A380s. Studies and definition of the structure and initial work will be carried out in 2007

Aéroports de Paris will also make other significant investments in the Paris - Charles de Gaulle airport in 2007, including:

- Commissioning of "CDGVal", an automated metro link that has been linking up the CDG1 and CDG2 terminals since April 2007 and enhances the development and accessibility of business areas within the Paris - Charles de Gaulle airport and reinforces their interconnections with SNCF train stations. This project is budgeted at 17.2 million euros for 2007.
- Reconstruction of the CDG 2E boarding area following the collapse of a roof section on May 23, 2004. Works should be completed by the first quarter of 2008, for a total investment in 2007-2011 of about 103.5 million euros, including 79.9 million euros in 2007. Once this boarding area is reopened, Aéroports de Paris will be able to resume service at 14 gates with aircraft in contact with the terminal and accommodate an additional 7.5 million passengers per year. To address the shortage of parking stands for wide body aircrafts in the meantime, three remote stands will be created at an area situated near the future S4 satellite.
- Construction of the CDG T2G regional terminal, which is designed to serve passengers traveling on 50 to 100 seat aircraft within the Schengen region. Scheduled for completion in September 2008, this terminal will have a nominal capacity of 3 million passengers a year. Total investment in the terminal and related infrastructure is estimated at 76.3 million euros between 2007 and 2011, including 44.1 million euros in 2007.
- Ongoing renovation work at CDG 1, which began in 2004, for a total investment estimated at 107.7 million euros in 2007-2011. Renovation work will be divided into four phases, during which terminal capacity will be reduced by a quarter (2.5 million passengers). The first newly renovated quarter of the terminal reopened in December 2005 and the second quarter in March 2007. Aéroports de Paris plans to invest 41.8 million euros in this renovation project in 2007, which is scheduled to be completely finished by fourth-quarter 2008.
- Investments to accommodate the Airbus A380. With the S3 satellite and special boarding gates at the CDG 1 and 2C terminals, the Paris - Charles de Gaulle airport will have 8 A380-compatible aircraft position in contact with terminals by 2008. In 2009, an additional facility will be opened at terminal CDG 1, making a total of 9 stands, a capacity which is comparable to that of its main competitors.

- Construction of 5,100 new parking spaces for automobiles between 2006 and 2010 (net creation of around 4,300 parking spaces, in addition to reallocation of 800 spaces as public parking facilities). Over 700 public parking spaces were created in 2006, despite the neutralization of 800 spaces in the car park above terminal 1, where renovation work in sections has commenced.

Upon completion of all these projects, the capacity of the Paris - Charles de Gaulle airport will have increased from 47.1 million passengers in 2006 to 66.5 million passengers in 2010.

The table below summarizes the investment projects at the Paris - Charles de Gaulle airport for the period 2007-2011.

<i>In millions of euros, constant euros 2007</i>	2007	2008	2009	2010	2007-2010 (perimeter of the CRE)	2011	2007-2011
<b>Capacity investment, including:</b>	<b>335.3</b>	<b>181.2</b>	<b>144.0</b>	<b>176.5</b>	<b>837.0</b>	<b>271.5</b>	<b>1,108.5</b>
CDG VAL	17.2	-	-	-	17.2	-	17.2
CDG 2E (building, aircraft parking areas) 1st phase	2.9	5.0	3.6	-	11.5	-	11.5
Rebuilding of the boarding area of terminal CDG 2E	79.9	23.6	-	-	103.5	-	103.5
TBE Baggage-handling (system)	27.0	9.1	0.1	-	36.2	-	36.2
Satellite S3 (incl. LISA, outside baggage-handling system)	126.4	23.5	0.1	-	150.0	-	150.0
Extension of TBE baggage-handling system to S3 satellite	2.0	10.0	25.0	35.0	72.0	45.0	117.0
S4 satellite	3.7	42.5	69.3	90.7	206.2	146.3	352.5
CDG 2G terminal (building, aircraft parking areas)	44.1	27.8	4.5	-	76.3	-	76.3
East road access to Paris -Charles de Gaulle	0.6	-	3.0	13.2	16.7	17.9	34.6
Multistory PX car park	-	3.9	13.4	14.4	31.7	35.7	67.4
Threshold 26 - E4 taxiway	12.8	7.9	-	-	20.7	-	20.7
AGEN aircraft parking areas (Aires Grand Est Nord)	0.3	1.4	11.0	5.0	17.7	4.0	21.7
<b>Renovation investment, including:</b>	<b>41.8</b>	<b>33.6</b>	<b>42.5</b>	<b>27.2</b>	<b>145.1</b>	<b>18.7</b>	<b>163.8</b>
Rehabilitation CDG 1 (excl. heavy renovation of satellites)	41.8	33.6	23.8	8.5	107.7	-	107.7
Renovation of CDG 1 satellites	-	-	18.7	18.7	37.4	18.7	56.1
<b>Current investments</b>	<b>68.3</b>	<b>75.5</b>	<b>70.7</b>	<b>55.0</b>	<b>269.5</b>	<b>66.3</b>	<b>335.8</b>
<b>TOTAL</b>	<b>445.4</b>	<b>290.3</b>	<b>257.2</b>	<b>258.6</b>	<b>1,251.6</b>	<b>356.5</b>	<b>1,608.1</b>

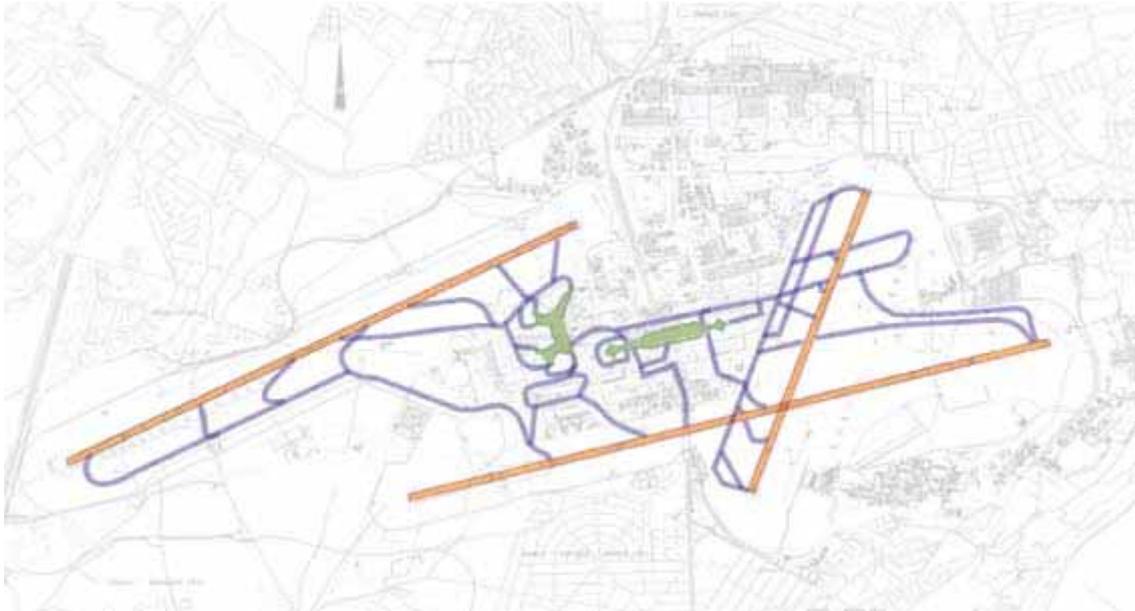
### 6.3.2.2. Paris - Orly

#### **General Description of the Paris - Orly Airport**

Located south of Paris, 16 kilometers from the center of the city, the Paris - Orly airport serves destinations in Europe, North Africa (mainly Morocco, Tunisia and Algeria) and the French overseas territories, and offers connecting flights to domestic destinations. The airport is highly valued by most passengers for its close proximity to Paris, easy access and simplicity. With 25.6 million passengers in 2006 (as against 24.9 million in 2005) and about 229,400 aircraft movements in 2006, it is France's second largest airport and the tenth largest in Europe<sup>52</sup>.

The diagram below shows the layout of the Paris - Orly airport.

<sup>52</sup> Source: Airports Council International



The Paris - Orly airport, which generates 26,000 direct jobs, plays an essential role in one of the Ile de France region's major economic zones, comprising the Rungis wholesale food market, the SOGARIS logistical platform, the Silic business parks (Silic, a listed company that leases office space in the Ile de France region, is a major player in business parks), and the Belle-Epine shopping mall.

The Paris - Orly airport has a maximum nominal capacity of 30 million passengers a year, with the Orly Ouest and Orly Sud terminals able to accommodate up to 18 and 12 million passengers a year, respectively. The airport has 102 aircraft parking stands, including 49 stands in contact with the terminal served by about 60 jetways.

For the airlines and air cargo transporters, the main advantages of the Paris - Orly airport are moderate usage costs (due mainly to the particularly short taxi distances for an airport of this size) and fluid runway traffic, which ensures high operational consistency. Taxi time between the terminal and the runways generally averages six minutes - one of the lowest taxi times in the world for an airport of this size.

In 2006, the average headcount of the Paris - Orly airport division was 1,525.

### ***Destinations***

In total, the Paris - Orly airport handled flights to over 280 cities in 2006, down from 309 in 2005. Over 48% of these destinations, or 136 cities, were served by scheduled flights at least once a week. Nearly 35%, or 98 cities, were served more than five times a week. In the international segment, Africa, mainly North Africa, accounts for the greatest number of destinations served at least once a week.

### ***Type of traffic***

Nearly all of the traffic at the Paris - Orly airport is point-to-point. The Orly Ouest terminal is host to *La Navette*, Air France's domestic air shuttle service, as well as most domestic flights and certain European airlines (Iberia, TAP Air Portugal). At the Orly Sud terminal, low-cost carriers operate flights mainly to Europe, while other airlines serve numerous destinations - notably Africa, the French overseas territories and the Caribbean.

### ***Airlines***

The table below shows the ten airlines that handled the greatest number of passengers at the Paris - Orly airport.

<b>Paris Orly Airline</b>	<b>Passengers</b>	<b>% of total</b>
Air France - KLM	14,048.7	54.8%
easyJet airlines	1,901.6	7.4%
Corsair	1,496.4	5.8%
Iberia	1,399.3	5.5%
Royal Air Maroc	781.1	3.0%
Aigle Azur	765.5	3.0%
TAP Portugal	621.7	2.4%
Air Europa / Air Espana	565.4	2.2%
Tunis Air	553.8	2.2%
Air Algerie	518.9	2.0%

*2006 data, in thousands of passengers - Source Aéroports de Paris  
NB: % of total Paris - Orly passengers*

The top ten airlines were responsible for over 88% of the 25.6 million passengers at the Paris - Orly airport in 2006. Air France and its partners accounted for nearly 55% of airport traffic in 2006, with a total of 14 million passengers. Brit Air and CCM operate their French flights under Air France flight numbers or code sharing.

Over the same period, low-cost carriers accounted for about 3 million passengers or nearly 12% of total airport traffic (with EasyJet alone handling 1.9 million passengers). Corsair - a regular, predominantly tourist-oriented airline owned by the German TUI group - has made the Paris - Orly airport its primary base. It operates regular medium- and long-haul routes to the French overseas territories and to international destinations, mainly employing a fleet of Boeing B747-400 and Airbus A330-200 wide bodies. Corsair also operates charter flights.

### **Runways**

The Paris - Orly airport occupies 1,540 hectares and has three runways. The two main runways are oriented East-West and are equipped for landings in all weather; depending on wind direction, they are dedicated either to take-offs or landings. Their dimensions are, respectively, 3,300 x 45 meters for the southern runway (runway 3), and 3,600 x 45 meters for the northern runway (runway 4). The third runway (runway 2) is 2,400 meters long and is oriented North-South. It is used during strong crosswinds or when one of the main runways is unavailable. The maximum runway capacity at the Paris - Orly airport is 76 movements (take-offs or landings) per hour.

### **Regulatory constraints**

Traffic at the Paris - Orly airport is subject to two regulatory constraints. An October 6, 1994 order of the Ministry of Infrastructure, Transport and Tourism limits the Paris - Orly airport to 250,000 aircraft movements (take-off/landing) per year. Moreover, since 1968 the airport has had to observe a night curfew between 11:30 pm and 6 am.

In 1996, after two years of robust growth, the Paris - Orly airport reached the 1994 ceiling placed on aircraft movements. Thereafter, annual traffic leveled off at about 240,000 aircraft movements a year until 2000. The number of movements in 2006 was 229,000, after a significant slack period (2001 - 2003).

### **Access to the Paris - Orly airport**

The Paris - Orly airport is located at the junction of the A6 and A10 motorways, just 10 minutes from the Paris ring road. The airport is also served by an RER commuter railway line that links with Orlyval, a dedicated automated metro line.

The Paris - Orly airport has just under 20,000 parking spaces. Of these, approximately 15,000 are open to passengers and the public, including 10,000 parking spaces with direct connection to the terminals and 5,000 reduced-rate parking spaces served by the airport shuttle bus. Approximately 3,800 parking spaces are reserved for airport personnel, while almost 1,200 parking spaces are reserved for car rental agencies.

In 2006, airport car parks generated revenues of 50.6 million euros. Aéroports de Paris attributes the strong business of its car parks to the dynamic management of passenger parking offers (weekend and long-term flat-rate fees) and a moderate increase in parking fees, up about 4% in 2006.

Each terminal also has its own bus station, providing regular bus service to Paris (Air France buses or the Orlybus service of the RATP transport authority) and neighboring urban areas. The Orly Ouest bus station is currently undergoing comprehensive renovation work (due to be completed in mid-2007) with financial support from the Transport Authority in Ile de France (known by its French acronym STIF) and the Ile de France authorities<sup>53</sup> (cf. "Urban transit plans" below).

### **Strategy of the Paris - Orly airport**

The strategy of the Paris - Orly airport is to take advantage of its strengths - foremost being its close proximity to Paris, its ease-of-use for passengers, and its operating efficiency and low costs for airlines - in such a way as to maximize revenues within the regulatory restriction of 250,000 aircraft movements authorized annually. In applying this strategy, Aéroports de Paris has the following two goals:

- Maintain growth in the number of passengers to allow the Paris - Orly airport to benefit from strong financial leverage, since operating costs are mostly independent of traffic. Given the limitation on the number of aircraft movements at the airport, this goal can be reached by increasing the average passenger load per flight; and
- Significantly develop commercial revenues generated by the Orly Sud and Orly Ouest terminals, in particular by renovating their retail areas

Several programs have been launched to implement the Group's strategy for the Paris - Orly airport:

- To continuously adapt the facilities at the Paris - Orly airport so as to maintain its appeal as an easy-to-use airport for both passengers and airlines, economical and well adapted for point-to-point flights - and to reinforce this image in the public's eye;
- To enrich its line of passenger services, notably in terms of car parks and retail services, by pursuing major renovation projects and expanding retail areas;
- To lend a relatively upmarket profile to the airport's accommodation of low-cost airlines, in keeping with the quality of its airport facilities (runway equipment, boarding bridges) and its intrinsic strengths (close proximity to Paris, broad range of services); and
- To develop a proactive approach to airlines whose commercial positioning is best adapted to these targets.

### **Investment Program for the Paris - Orly Airport**

The Group plans to reinforce the attractiveness of the Paris - Orly airport by modernizing its facilities. Having invested over 69.7 million euros in this modernization in 2006, Aéroports de Paris plans to invest another 169 million euros between 2007 and 2011 (including 42.4 million euros in 2007) to adapt its current infrastructure to meet the needs of the expected increase in air traffic.

Within this framework, one major modernization program has already been completed: renovation of Hall 2 of the Orly Ouest terminal. This project, which ran from March 2005, the date of closure of the hall, to April 2006 at a total cost of 23.6 million euros, improves the quality of service and operating conditions for *La Navette*, Air France's shuttle service serving four destinations (about 6 million passengers a year). It also boosts rental revenues while reducing security costs. Another project still underway is the modernization of car parks - which has already seen the renovation of 1,500 parking spaces at the Orly Sud P1 lot between 2003 and 2006, for a total investment of 7.1 million euros. This program will continue with the gradual renovation of 3,540 of the 5,400 parking spaces at the Orly Ouest P0 lot between 2006 and 2009.

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<sup>53</sup> See 6.7.1.2. Air quality - Urban transit Plans

A second large-scale modernization operation concerning reinforcement of runway 4 and its taxiways was carried out on the Paris - Orly platform in April and May 2006 to accommodate the new Boeing B777-300 ER aircraft, for a cost of 30.0 million euros. These aircraft, which are used on routes to the French overseas territories since June 2006, tend to have a more aggressive impact on runway surfaces. Nonetheless, the switchover to these modern aircraft to replace the aging Boeing B747 helps reduce air and noise pollution in the airport vicinity.

Another renovation project has been ongoing since late 2005 involving the renovation of international traffic flows (departures and arrivals) at Orly Sud, with the gradual opening of new facilities scheduled between mid 2007 and April 2008. This project, estimated at 25,7 million euros for the period 2006-2008, will completely separate arriving international traffic from departing international traffic, to create a single, undivided international boarding area. A major retail area will be developed in this zone, which should reach 2,000 m<sup>2</sup>, up from 830 m<sup>2</sup> today. The project also includes the extension of the baggage claim area, with the installation of two baggage carousels designed to handle jumbo jet passenger loads. This project aims to improve the quality of service for 6 million passengers while increasing commercial revenues, combining a gain in passenger handling capacity of about 10% with a reduction in security costs.

The table below summarizes the investment projects at the Paris - Orly airport for the period 2007-2011.

<i>In millions of euros, constant euros 2007</i>	2007	2008	2009	2010	2007-2010 (perimeter of the CRE)	2011	2007-2011
<b>Capacity investments, including:</b>	-	8.0	7.0	-	15.0	5.0	20.0
Adjustments for the B777 and new large aircrafts	-	8.0	7.0	-	15.0	5.0	20.0
<b>Renovation investments including:</b>	14.3	5.7	-	-	20.0	-	20.0
International traffic flows	14.3	5.7	-	-	20.0	-	20.0
<b>Current investments including:</b>	28.1	26.2	25.1	24.1	103.5	25.2	128.8
Renovation of the Orly P0 parking lot	5.4	5.3	0.2	-	10.9	-	10.9
<b>TOTAL</b>	<b>42.4</b>	<b>39.9</b>	<b>32.1</b>	<b>24.1</b>	<b>138.5</b>	<b>30.2</b>	<b>168.8</b>

### 6.3.2.3. Paris - Le Bourget

#### **General description**

Located 7 kilometers north of Paris and occupying 553 hectares, the Paris - Le Bourget airport is devoted mainly to business aviation. The airport has three runways - a primary 3,000 meter runway oriented northeast/southwest; a secondary 2,665-meter runway oriented north/south; and a third 1,845-meter runway oriented east/west, parallel to the Paris - Charles de Gaulle runways - and aircraft parking areas that enable it to handle almost any type of aircraft. The Paris - Le Bourget airport is also a major center for the aeronautics industry: over 100 aircraft maintenance, equipment and development companies and other service providers are housed in roughly 30 buildings, including seven hangars. In 2006, the average headcount of the Paris - Le Bourget airport division was 162.

The graph below shows the layout of the Paris - Le Bourget airport.



Business aviation is a professional tool used by companies as well as individuals in three complementary forms:

- Commercial business aviation: independent transport companies provide on-demand "air-taxi" service, supplying aircraft and crew for the duration of the flight. The cost of the flight depends on the type of aircraft and the amount of flight time;
- Time-share aviation: a company buys a share in an executive jet, corresponding to a certain amount of annual flight time; and
- Corporate aviation: the company owns its own fleet of aircraft and employs its own crew, to serve its own exclusive needs

According to a recent survey published by the DGAC<sup>54</sup>, users of business aviation are:

- 45%: companies operating transport of employees or decision-makers, or technical trips (for instance, work at a remote site, or transport of spare parts);
- 30%: emergency sanitary evacuation;
- 20%: transportation of personalities; and
- 5%: other missions.

With nearly 64,700 aircraft and helicopter movements in 2006, the Paris - Le Bourget airport is the leader in business aviation in Europe<sup>55</sup>.

The Paris - Le Bourget airport's reputation is reinforced by its proximity to the Paris - Le Bourget Exhibition Center, the third largest in the Ile de France region. With 37 hectares of outdoor facilities and seven exhibition halls offering a surface area of 210,000 m<sup>2</sup><sup>56</sup>, Le Bourget is designed to host big trade shows, such as the biennial International Air and Space Show (SIAE). In preparation for the 46th SIAE Air Show in June 2005, Aéroports de Paris launched some major projects: runways were modified to accommodate a demonstration of the new Airbus A380, and hangars were renovated. As host to the first public presentation of the A380, the 2005 edition of the

<sup>54</sup> Theme note by the department of strategic and technical affairs, no. 5, December 2006

<sup>55</sup> Source: Roland Berger

<sup>56</sup> Source: Paris Chamber of Commerce and Industry

Paris - Le Bourget Air Show enjoyed record levels of attendance. The 47<sup>th</sup> SIAE will be held in Le Bourget in June 2007.

Moreover, the airport site offers numerous expansion possibilities for aviation companies, thanks to ample land reserves: 41 hectares are immediately available for industrial and air transport activities. The Paris - Le Bourget airport is a major site for the Group's real estate activity: Le Bourget's real-estate revenues in 2006 account for a considerable slice of the revenues on the Paris - Le Bourget platform (16.4 million euros in 2006 out of total revenues of 34.1 million euros). A major share of the real estate revenues of the Paris - Le Bourget airport is closely linked to business aviation.

For business travelers, the Paris - Le Bourget airport offers several advantages:

- Rapidity, thanks to the optimization of transfer procedures between aircraft and ground transportation;
- Proximity to Paris and the decision-making centers of La Défense, Cergy-Pontoise and the Paris - Charles de Gaulle airport;
- Discretion and confidentiality for travel;
- The possibility of landing at the airport at any hour (within certain limits as described below) and of reaching destinations not served by commercial airlines (over 700 destinations logged in 2006, of which 500 were international destinations);
- The quality of ground services and the possibility of holding meetings at the airport itself

The Paris - Le Bourget airport is increasingly subject to environmental restrictions, particularly in terms of noise pollution. Anti-noise measures have already been introduced and especially affect night operations, with the following conditions in force between 10:15 pm and 6 am: jet aircraft may not take-off, reverse thrust is not allowed, and the secondary runway cannot be used by aircraft exceeding 5.7 tons (without special permission).

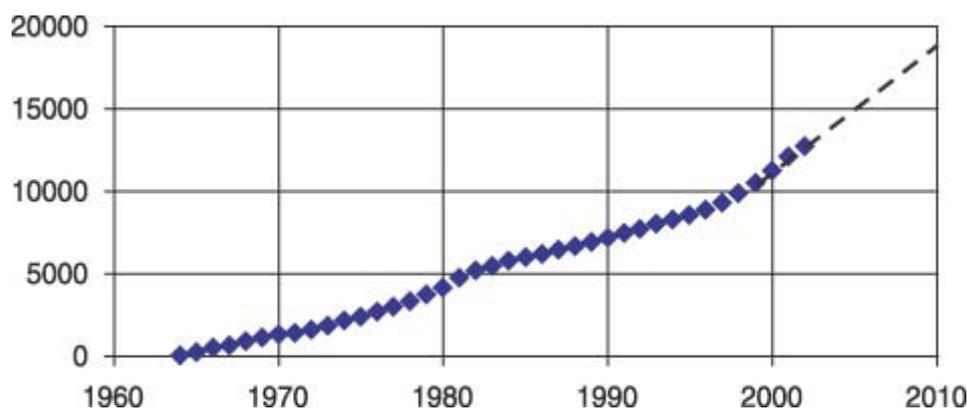
### ***The business aviation market***

Business aviation emerged in the United States before the First World War and has enjoyed a boom since the 1960s, as major corporations have become more sensitive to the advantages offered by this means of transportation.

According to the abovementioned survey by the DGAC, there are nearly 25,000 business planes in the world, including 52% of jets and 48% of turboprop aircraft. According to the engine manufacturer Rolls-Royce, the number of business planes delivered should reach 15,400 units within 20 years. The number of deliveries should grow 32 % between 2005 and 2014 and 9% between 2015 and 2024. Nevertheless, with about 2,550 aircraft, Europe accounts for only about 10% of this market, far behind the United States which represents 70%, with almost 18,000 aircraft. According to the Paris Chamber of Commerce and Industry, Europe's share is expected to grow in the future, mainly due to the expansion of the European Union to 25 members and increased restrictions on regular air transportation, especially in terms of security.

3,580 units were delivered worldwide in 2005, a new record over the last 22 years, to a total value of 15 billion dollars (+28% with respect to 2004). This volume of activity has been produced after the serious crisis of 2002 and 2003 (- 33% sales with respect to 2001, -28% in sales).

The table below shows the growth in business aviation since the 1960s and Gulfstream's forecast of traffic growth until the 2010s



In France, despite the confidentiality surrounding users of this means of transportation, numerous companies are occasional or regular customers of business aviation. With 415 registered executive jets, France now ranks second in Europe behind Germany (440 aircraft), but ahead of the UK (296 aircraft)<sup>57</sup>.

### **Traffic at the Paris - Le Bourget airport**

Since the decision was made to specialize the airport in business aviation in 1981, passenger traffic at Paris - Le Bourget has declined by an average of 6% a year, due to the cessation of regular commercial traffic. Since 1998, the airport has enjoyed slow but steady growth in the number of passengers and in the number of aircraft movements<sup>58</sup>. In 2006, the airport handled 142,580 passengers, as against 121,000 in 2005. The number of aircraft movements (take-off and landings) increased to 64,696 in 2006, up 9.4% from the previous year<sup>59</sup>.

Flights originating from the Paris - Le Bourget airport serve a very large number of cities: flights have departed the Paris - Le Bourget airport for 172 destinations in continental France, 279 European cities and 332 cities outside of Europe in 2006.

### **Competition**

With 64,700 aircraft and helicopter movements in 2006, the Paris - Le Bourget airport is the leader in business aviation in Europe. Its main peers are the Farnborough and Luton airports near London (with approximately 20,000 and 29,000 aircraft movements per year, respectively), the Geneva-Cointrin airport (with approximately 30,000 business aircraft movements per year) and the Cannes-Mandelieu airport (with approximately 15,000 aircraft movements per year)<sup>60</sup>. Paris - Le Bourget's reputation has attracted the leading names in business aviation, including Signature Flight Support, Netjets, Universal Airways, Aéro Service Executive and Dassault Falcon Services, and prompted the big manufacturers - Dassault Falcon, Cessna Aircraft, Embraer and Eurocopter - to establish operations in the airport's business zone. The presence of these leading industry players and the airport's close proximity to Paris are strong competitive advantages that Aéroports de Paris believes will sustain its competitive lead in the future.

### **Strategy and investment program of the Paris - Le Bourget airport**

At the Paris - Le Bourget airport, the Group's strategy is to develop up market services geared toward decision makers and corporate travelers, which should enable it to absorb the strong growth in business traffic and stimulate local economic activity. The business aviation market offers major growth opportunities through the emergence of new products and services (such as time-sharing options, subscriptions, micro-jets), the economic development of eastern European countries (which are poorly served by commercial airlines), and the increasing performance capabilities of executive jets.

The Group has invested nearly 3.8 million euros in building the airport's first business terminal, inaugurated in June 2006, and intends to invest 3.6 million euros in renovation work on the K1 hangar, particularly to make

<sup>57</sup> Source: Dassault Aviation, 2003

<sup>58</sup> Source: Paris Chamber of Commerce and Industry

<sup>59</sup> Source: flight plans filed with the Civil Aviation Department

<sup>60</sup> Source: Eurocontrol survey: "Business aviation in Europe", May 2006

provision for maintenance activities. This strategic development will also be made possible by the creation of mixed-activity units on the site of old buildings to be demolished after the end of current AOT (Temporary authorization of occupation), particularly along the RN2 RN17 facade. A pole made up of a hotel, restaurant and a business centre, which does not currently exist at the platform, could also be envisaged.

The table below summarizes the investment projects at the Paris - Le Bourget airport for the period 2007-2011.

<i>In millions of euros, constant euros 2007</i>	2007	2008	2009	2010	2007-2010 (perimeter of the CRE)	2011	2007-2011
Capacity investment	3.1	3.1	2.8	2.8	11.8	3.1	14.9
Renovation investments	-	-	-	-	-	-	-
Current investment	7.4	4.8	5.0	5.0	22.2	4.9	27.1
<b>TOTAL</b>	<b>10.5</b>	<b>7.9</b>	<b>7.8</b>	<b>7.8</b>	<b>34.0</b>	<b>8.0</b>	<b>42.0</b>

#### 6.3.2.4. General aviation airfields and heliport

Aéroports de Paris manages ten civil airfields for general aviation purposes located in the Ile de France region, for the benefit of neighbouring communities. The airfields are briefly described below:

- Meaux-Esbly, located in Seine-et-Marne (French *département* number 77), has four airstrips and six Aéroports de Paris hangars on 103 hectares of land.
- Pontoise-Cormeilles-en-Vexin, located in Val d'Oise (95), has two airstrips and four Aéroports de Paris hangars on 237 hectares of land.
- Toussus-le-Noble, located in Yvelines (78), has two airstrips and 12 Aéroports de Paris hangars on 167 hectares of land.
- Chavenay-Villepreux, located in Yvelines (78), has two airstrips and two Aéroports de Paris hangars on 48 hectares of land.
- Chelles-le-Pin, located in Seine-et-Marne (77), has two airstrips and two Aéroports de Paris hangars on 31 hectares of land.
- Coulommiers-Voisins, located in Seine-et-Marne (77), has four airstrips and four Aéroports de Paris hangars on 300 hectares of land.
- Etampes-Mondesir, located in Essonne (91), has two airstrips and three Aéroports de Paris hangars on 113 hectares of land.
- Lognes-Emerainville, located in Seine-et-Marne (77), has two airstrips and two Aéroports de Paris hangars on 87 hectares of land.
- Persan-Beaumont, located in Val d'Oise (95), has four airstrips and two Aéroports de Paris hangars on 139 hectares of land.
- Saint-Cyr-l'Ecole, located in Yvelines (78), has two airstrips on 75 hectares

Aéroports de Paris also manages the Issy-les-Moulineaux heliport. Located on 7 hectares with four Aéroports de Paris hangars, this heliport serves 17 companies and handles about 12,000 helicopter movements a year.

In 2006, the eleven light aviation airfields described above reported traffic of 680,000 light aircraft (as against 669,860 in 2005 and 643,370 in 2004). For the most part, this traffic consisted of general aviation, flight schools and training programs for the 10 aerodromes (no regular commercial flights leave from these airfields) and commercial and professional helicopter flights only for the heliport.

The airfields in Meaux-Esbly, Pontoise-Cormeilles en Vexin, Toussus-Le-Noble, and Lognes-Emerainville are also open to business aviation (though solely on demand at the Meaux-Esbly and Lognes-Emerainville airfields).

#### 6.3.2.5. *Air cargo businesses*

The cargo business involves the transport of goods by airplane or by truck. According to IATA, air cargo in 2006 accounted for 5% of international exchanges by volume and 36% by value - a market of around 50 billion USD. According to a DGAC study published in October 2005, air cargo represents only 0.16% by volume of French international trade, putting it far behind road, rail and water-borne cargo. However, air cargo represents a high value business, with goods worth nearly 100 billion euros transported per year, 14% by value of French trade, compared to 3% for rail, 26% for water-borne and 47% for road. By way of illustration, the average value of a kilogram of goods transported by air is around 114 euros for imports and 122 euros for exports, whereas the national average for a kilogram of transported goods, taken across all goods, is 1.15 euros for imports and 1.9 euros for exports.

Air cargo is a significant business line for Aéroports de Paris, which was the European leader in the sector in 2006. Aéroports de Paris estimates that its revenues relating to this business were almost 90 million euros in 2006, with about half from the lease of buildings, land and parking spaces for planes belonging to cargo companies, and the other half from landing fees from cargo-only flights and the estimated share of landing fees relating to cargo carried in the hold of passenger flights (mixed flights). In addition, cargo is a highly complementary business to passenger transport. For Aéroports de Paris, it allows for the better use of aeronautical infrastructure throughout the day, as cargo companies do not have the same scheduling constraints as passenger companies. For airlines, cargo represents an additional source of income, and carrying cargo can be a significant factor in the profitability of their passenger lines. For mixed cargo-passenger airlines, cargo can account for between 10% and 15% of revenues, or more in the case of certain Asian companies.

Cargo is transported both on all-cargo flights and on mixed flights, where cargo is carried in the hold of passenger aircraft. All-cargo flights are limited to a few high-traffic routes, where the capacity available on passenger flights is insufficient (e.g. Paris-New York and Paris-Chicago), or to destinations where passenger traffic rights are limited by quotas (as in Asia). For other routes, where the volumes of cargo are insufficient to justify all-cargo flights, or which for practical reasons need to have cargo transported frequently, cargo is carried in the holds of passenger flights. An estimated half of air cargo is carried on passenger flights.

Because of this use of both all-cargo and mixed flights, airlines use the same airports for both cargo and passenger lines, especially for cargo that needs connections. It is essential that cargo in transit be moved quickly from the hold of a mixed flight to that of an all-cargo flight and vice versa. In addition, critical mass is a very important factor in this business, as implementation of all-cargo flights, which play a very important role in intercontinental cargo delivery, is possible only when consignments can be grouped together.

These features of the market have been contributory factors to Aéroports de Paris' leading position in this market, as Paris offers air cargo companies both the frequency of flights and the number of destinations that are essential to the swift and reliable routing of goods. According to the DGAC report cited above, Aéroports de Paris, mostly through the Paris - Charles de Gaulle airport, handles 87% of air cargo passing through French airports.

The cargo business has seen rapid expansion in recent years, with average annual growth running at 7.6% since 2003 (+6.4% between 2005 and 2006). Air cargo volumes processed at the two principal Aéroports de Paris airports reached 2.24 million tons in 2006, including mail, a 5.8% increase from 2005. Air cargo other than mail accounts for 88% of total volumes handled, or approximately 1.98 million tons in 2006.

In 2006, the two main regions, Asia-Pacific and North America, which together account for almost 60% of the Paris air cargo, experienced growth of over 7% with respect to 2005. 2006 also featured considerable increases in air cargo to the Near East and Europe. Domestic air cargo, meanwhile, was a mere 5% of traffic.

On average, mail has grown annually by 2.8% since 2003, with a total of 0.26 tons carried in 2005 (1.4% growth from 2005 to 2006). Of this, 60% was domestic mail, 6% mail to other European countries and the remainder to destinations outside Europe.

The Group's cargo business (including mail), and thus the growth in this business, is concentrated at the Paris - Charles de Gaulle airport, which handled 2.1 million tons of cargo in 2006, or 95.1% of the total.

The cargo operations at Paris - Charles de Gaulle (including parking stands for aircraft used solely for cargo) occupy a total of about 300 hectares, split into two main zones:

- The southwestern zone houses cargo activities for Air France - KLM, the world's largest international cargo carrier, which has located its main cargo terminal there (G1XL, with a capacity of more than 1 million tons per year). Aéroports de Paris operates three general cargo terminals in this area.

The zone also houses one of Europe's most efficient postal hubs, the Chronopost and La Poste operations center, which occupies a 17-hectare site. With approximately twenty plane-docking points on a defined time range, this facility now handles a volume of 260,000 tons each year. It is also the site of the 6-hectare international mail-sorting facility operated by La Poste.

Lastly, there is a 13.5 hectare site housing some 46 cargo agents, (transport commissioners, customs agents and handling companies), which is managed on their behalf by Sogafro, as well as the Roissy-Sogaris air cargo logistics centre, which houses 35 companies specializing in transfers between road transport and air cargo in 65,000 m<sup>2</sup> of warehouses and offices. Aéroports de Paris owns a 40% stake in Roissy-Sogaris.

- The northeastern zone over 30 hectares is the European hub for FedEx, the world's leading express courier service company, which opened its facility in September 1999. The hub, FedEx's largest sorting center outside the United States, can handle up to fifteen large planes simultaneously and can process 30,000 parcels per hour

In total, at the Paris - Charles de Gaulle airports, buildings involved in air cargo and directly in contact with the apron offer floor space of approximately 500,000 m<sup>2</sup>, with approximately 65 airplane parking stands, 38 of which may be used by wide bodies. The total annual capacity is around 3.5 million tons.

The presence of 3 cargo hubs for major players (Air France - KLM Cargo, FedEx and Europe Airpost) at the same platform allows considerable interconnection of the three systems between each other and other companies. Thus La Poste relies on certain airlines, among which Air France and FedEx, to load mail and export parcels from its subsidiary Chronopost. FedEx uses over 350 Air France flights<sup>61</sup> per week to redirect parcels to destinations which are not covered by its own network.

Aéroports de Paris' strategy for its cargo business is to continue to provide the highest level of service to all parties in the cargo market to support the expansion of their businesses. Thus, the Group plans to make available the land and airplane parking positions required to support the rapid evolution of this business. The intention over the next few years is to increase the aircraft stands available to FedEx. The group also intends to develop and deploy high-performance tools that provide an optimized, simplified goods handling process, particularly in areas such as information transfer and customs clearance.

Moreover, Aéroports de Paris plans to satisfy the strong demand that exists for modern and functional general cargo facilities that offer significant productivity improvements to operators. Thus new investment has already been committed to ongoing construction of a new cargo station at Paris - Charles de Gaulle, and there are plans for another at Paris- Orly.

In accompaniment to the long-term increase in air cargo, Aéroports de Paris and other cargo companies and local groups are members of the "Roissy Carex" association. This draws up feasibility surveys for a high-speed cargo rail connection to Paris - Charles de Gaulle, which would lead to an intermodal system between high-speed pre- and post cargo dispatch and medium- and long-haul air links.

Aéroports de Paris' ultimate objective is to increase the attractiveness of its platforms, particularly by favoring coordinated actions, and the localisation of European logistics and distribution centers in close proximity to Paris - Charles de Gaulle airport.

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<sup>61</sup> Source: FedEx

### 6.3.2.6. Revenues from the operation of airports

Airport services provided by Aéroports de Paris generate revenues primarily in the form of airport fees for services rendered. These fees are based mainly on the number of departing commercial passengers and the tonnage and number of plane movements (both takeoffs and landings).

Fees for services (divided into "principal aeronautical fees" and "ancillary fees") excluding airport security tax, that covers security costs<sup>62</sup> at all airports and airfields operated by Aéroports de Paris were 765.0 million euros in 2006 (as against 711.8 million euros in 2005), representing 33.2% of total Group revenues before intersegment eliminations (as against 33.4% in 2005) and 44.7% of revenues in the Airport Services segment as against 44.5% in 2005).

In accordance with Articles L. 224-2 and R. 224-4 of the Civil Aviation Code, the maximum rate of increase in airport fees is determined through multi-year contracts with the French State lasting up to five years or, in the absence of such a contract, on a yearly basis.

On February 6, 2006, Aéroports de Paris and the French State signed a "*Contrat de Régulation Economique*" covering the period from 2006 to 2010 (the "**CRE**"). The CRE sets a maximum limit on the average increase in airport fees, details the investment program<sup>63</sup>, and determines service quality objectives for Aéroports de Paris<sup>64</sup>.

Under this contract, increases in the level of airport fees from one fiscal year to the next are capped at 3.25% above inflation (the maximum increase for 2007, including inflation, has been set at 4.25%, after a 5% increase in 2006). Beginning in 2007, the amount of fee increases may be adjusted by factors based on actual traffic growth and service quality as compared to the main assumptions in the CRE.

#### **Types of airport fees**

Decree n° 2005-827 of July 20, 2005 relating to fees for services provided at airports, modified the provisions of the Civil Aviation Code governing airport fees. Article R. 224-2 of the Civil Aviation Code draws a distinction between principal fees and ancillary fees.

There are four types of *principal fees*: landing fee for airplanes weighing more than 6 tons, parking fee for airplanes weighing more than 6 tons, fee per passenger and fee for the use of aviation fueling facilities.

*Ancillary fees* are paid for additional services not covered by principal fees. These can include the provision of technical facilities, specialized facilities, and take-off, landing and parking of airplanes weighing less than 6 tons. The CRE caps increases for the following ancillary fee: runway lighting fee, fee for provision of check-in counters and boarding facilities, fee for provision of baggage handling facilities where the price is not covered by a specific contract between Aéroports de Paris and the user, fee for supplying 400 Hz electric current to airplanes, and fee for provision of airplane de-icing facilities, which are classified as centralized infrastructure under Article R. 216-6 of the Civil Aviation Code. Increases in other ancillary fees are not capped, but must be proportional to the cost of the services provided, in accordance with the general principle governing fees.

#### *Principal aeronautical fees*

Principal aeronautical fee levels are set on the basis of the following factors:

- *Landing fees* are charged for the use of the airport infrastructure and equipment required for the landing, take-off and movement on the ground at the three airports (Paris - Charles de Gaulle, Paris - Orly and Paris - Le Bourget) by airplanes weighing more than 6 tons (which includes nearly all commercial aircraft). They are calculated as a function of the certified maximum take-off weight of the aircraft and adjusted as a function of the aircraft's noise-rating classification. A multiplier of the basic fee is calculated for each noise-rating group and as a function of the airport used and the time of day (day or night flight). In addition, all-cargo and postal flights qualify for a reduction (16% in 2006, and subsequently 14% in 2007) in the landing fee. Under the CRE, this reduction will be removed in 2010;

<sup>62</sup> See 6.3.2.7. "Security"

<sup>63</sup> See 5.2.3. "Main planned investment or investment as firm commitments by management bodies "

<sup>64</sup> The CRE may be consulted on the Company Internet site: [www.aeroportsdeparis.fr](http://www.aeroportsdeparis.fr)

- *Parking fees* for aircraft weighing more than 6 tons are calculated as a function of the length of time parked, the characteristics of the airplane and those of the parking stand (stand in contact with the terminal, remote stand or long-term parking areas);
- *Fees per passenger* are based on the number of passengers boarded. They are paid for all departing passengers other than those in direct transit (leaving on the same airplane), crew members working on the flight and children under two years of age. Flights where the airplane has had to land for technical reasons or has made a forced return after take-off and test and training flights are also exempt from additional passenger fees. Fees vary according to the destination of the flight, divided into five categories: domestic (5.29 euros as of April 1, 2007), Schengen area (7.56 euros), other European destinations (10.9 euros), French overseas territories (10.9 euros) and international flights (13.51 euros). A 35% reduction in the passenger fee has been applied since April 1, 2007 to connecting passengers (those for whom, regardless of carrier, a maximum of 12 hours separates their scheduled arrival and departure times at Paris - Charles de Gaulle or Paris - Orly and who do not make a round-trip flight within that period), with the exception of connecting passengers who are bound for Metropolitan France, for whom a minimum amount is set to 4.6 euros. This "connecting passenger" reduction was of 30% in 2006;
- *Fees for the use of aviation fueling facilities* are paid by the fuel distribution companies operating at the airports. They are based on the volume of fuel supplied to airplanes by each company. Since February 1, 2005, these fees have been set at 0.41 euros per hectoliter of fuel distributed

In accordance with the CRE, Aéroports de Paris plans changes in the fee structure over the period from 2006 to 2010 to make them more proportionate to costs and to bring fees in line with comparable fee structures at other major European airports. These changes will be presented to the Economic Consultative Commission, on a consultative basis.

As part of these changes, Aéroports de Paris plans to increase the weight given to passenger fees relative to other fees and to continue to offer a reduction for connecting passengers, and, in order to bring itself into line with competing European airports, to gradually rebalance the landing fees between short-haul and long-haul aircraft, in favor of the latter.

#### *Ancillary fees*

Ancillary fees are determined in the following manner:

- Landing fee for aircraft weighing less than 6 tons is a fixed fee determined by the maximum take-off weight of the airplane (under 2 tons or between 2 and 6 tons);
- The parking fee for airplanes weighing less than 6 tons is a fixed hourly rate, again determined by maximum take-off weight (less than 2 tons, 2 to 4 tons and 4 to 6 tons);
- Lighting fee covers the use of runway lighting systems. It are payable each time an airplane takes off or lands at night, or during the day under conditions necessitating the use of runway lights;
- Fee for providing check-in counters and boarding facilities varies according to the type of facilities provided; the fee charged to companies and ground handling service providers is generally calculated per counter per year;
- Fee for provision of baggage handling facilities that are not set under a specific contract (such as for the baggage handling system at CDG 1) is based on the number of checked bags, except for connecting baggage, where the fee is based on the total number of passengers boarding outbound flights and depends on the flight destination (whether within or outside the European Union).
- Fee for provision of airplane de-icing facilities is paid for services provided by Aéroports de Paris to airlines operating out of Paris - Charles de Gaulle during the winter period from October 1 to May 31 (at Paris - Orly, airlines buy de-icing services from private operators). As of winter 2007/2008, fee will feature a fixed

part depending on the number of landings made over the period, and a variable part for the number of de-icing operations. The size of both parts of the fees will vary according to the size of the aircraft; and

- Fee for the provision of infrastructure to supply electricity to airplanes is determined on the basis of the maximum take-off weight of the airplane and whether or not the flight is to a European Union destination.

Ancillary fees for which the CRE imposes no cap on increases include those relating to the use of the CREWS computers system (airport management software) and those relating to the "shared resources" required for aeronautical operations, such as provision of space in terminals, apron buildings and storage areas.

### ***Principles governing the determination of airport fees***

In accordance with the definition of fees for services rendered established in the applicable law, airport fees are paid in return for services provided by Aéroports de Paris to its users. The amount received for each service, when evaluated individually, may not be manifestly disproportionate to the costs borne by Aéroports de Paris in providing the service.

The fourth paragraph of Article L. 224-2-I of the Civil Aviation Code states that the total revenues from fees charged may not exceed the cost of services provided at the airport. This article also provides that the level of airport fees must take into account the return on capital invested to provide these services. In application of this principle, Article R. 224-3-1 of the Civil Aviation Code states that fees shall be set so that, given (i) the forecasted passenger and cargo traffic through airports, (ii) targeted growth in revenues, and (iii) costs and the investment programs relating to a predefined scope of activities and services, the airport operator receives a fair return on capital invested, taking into account the weighted average cost of capital of the company.

This scope of activities and services to which these fee regulations are applicable, called the "regulated perimeter", includes aeronautical services listed in Article R. 224-1 of the Civil Aviation Code and all or part of the airport operator's profits generated from businesses other than aeronautical services. For Aéroports de Paris, this regulated perimeter, established by Article 1 of the Order of September 16, 2005 on fees for services rendered at airports, includes all the company's businesses relating to the presence of air transport clients, including non-aviation businesses such as the leasing of commercial spaces or the operation of car parks. Thus, under this Order, all businesses operated by Aéroports de Paris at its airports in the Ile-de-France region are included in the regulated perimeter, except:

- Businesses operated by Aéroports de Paris that are not part of the management of the airports in the Ile de France region, which include its main subsidiaries Hub télécom, ADPi, Aéroports de Paris Management, Alyzia and Société de Distribution Aéroportuaire;
- Activities financed by the airport security tax: security, protection against bird threat and plane security and fire services;
- Management by Aéroports de Paris of noise reduction projects;
- Ground handling services; and
- Land and real estate businesses not directly linked to aviation, called "real estate diversification" businesses (such as the construction or rental of office space outside the terminals).

An exception in the Order of September 16, 2005, provides that all real estate business of Aéroports de Paris (including real estate diversification) may be included in the first CRE. This is the case for the CRE signed for 2006-2010. In the second period of regulation (beginning in 2011), real estate diversification will no longer be included in the regulated perimeter.

The Order of September 16, 2005 also created the possibility of excluding some non-aviation activities from the regulated perimeter for any multi-year contracts signed for a period beginning in or after 2011.

The Order of September 16, 2005 defines the criteria that the regulator should use when drawing up the CRE agreement, in assessing a fair return on capital invested by the operator in businesses falling within the regulated

perimeter, with regard to its weighted average cost of capital, and in accordance with Article R. 224-3-1 of the Civil Aviation Code:

- Forecasts, over the period covered by the CRE, of the rate of return on capital invested within the regulated perimeter, calculated as the ratio of (1) the operator's operating income from activities within the regulated perimeter over the year in question (after company tax) to (2) the total amount of fixed assets financed by the operator and of its working capital requirements allocated to the regulated perimeter, determined at the end of the fiscal year in question, where:
  - Operating income is defined as the difference between (1) revenues, income from internal transfers between the regulated perimeter and the rest of the business, capitalized production, reversals of operating provisions, other operating income from ordinary activities, the share of equipment subsidies allocated to the year, capital gains on the disposal of assets and prepaid costs, and (2) all operating expenses of the company from ordinary activities, internal costs between the regulated perimeter and the rest of the company, depreciation of tangible fixed assets and operating provisions, losses on the disposal of assets and employee profit sharing; and
  - The amount of fixed assets financed by the operator is calculated as the sum of the net book values of the assets of Aéroports de Paris allocated to the regulated perimeter, less, where appropriate, provisions for impairment and equipment subsidies to be allocated to future years.
- The estimated weighted average cost of capital of the operator, calculated as a function of the level of return an investor would expect from the company and the average cost of its borrowings, is determined on the basis of methods customarily used in valuing company assets.

### **Changes in fee levels**

The CRE covers five fee periods, the first from May 1, 2006 to March 31, 2007 (the "2006" fee period) with the four others running from April 1 to March 31 of each of the following years.

Under the terms of the contract, changes in the level of fees from one fee period to the next are capped by a "basic increase level." This capped rate for changes in principal fees and ancillary fees governed by the contract is equal to  $i(n) + 3.25\%$ , where  $i(n)$  is the percentage increase in the consumer price index, excluding tobacco, published by INSEE, calculated over a period running from October 1 in year  $n-2$  to September 30 in year  $n-1$ . For 2006, the cap has been set at 5% and at 4.54% for 2007, in due consideration of inflation running at 1.29%.

For principal aeronautical fees, this cap may be adjusted by the following factors:

- A factor related to traffic levels if the annual change in traffic is outside a pre-defined range. This corrective factor would adjust for 70% of the aeronautical fees' revenue surplus or shortfall and would be applied to adjust principal aeronautical fees in the following fee period. To determine this adjustment, actual traffic over a given period is compared with the baseline traffic growth level set out in the CRE for the five year period. The traffic data projection used in the CRE was generated by a composite index of the CRE's estimation of passenger numbers, weighted at 60%, and its estimation of airplane movements, weighted at 40%. The central assumption for growth in passenger traffic is 3.75% per year, with the predefined range within which no adjustment would be made set at 3.5% to 4.0%. For airplane movements the central growth assumption is 2.31% with a range from 2.16% to 2.46%. For the 2007 fee period, the adjustment factor in relation to traffic is -0.54%.
- Beginning in the 2008 fee period, a factor based on Aéroports de Paris' performance in service quality will be applied. This adjustment factor will take the form of a bonus or a penalty, based on various service quality indicators and related financial incentives. There are ten indicators: availability of airplane parking stands, availability of jetways, availability of electromechanical equipment, availability of baggage carousels, availability of public information systems within terminals, passenger satisfaction on terminal cleanliness, passenger satisfaction on directional signs and flight information, passenger satisfaction on availability of luggage trolleys, speed of response to claims, and the provision of the planned number of airplane stands in contact with terminal buildings. This last indicator is weighted ten times more than the

other nine. Each of the other nine indicators may represent an adjustment of up to 0.05% of the four principal fees' revenue.

- The CRE also provides that if cumulative investment spending, other than that relating to capacity, renovation and real estate diversification projects, from January 1, 2006 to December 31, 2008, does not reach 95% of the initially budgeted amount (*i.e.*, 628 million euros), 70% of the difference between the resulting depreciation costs within the regulated perimeter and over the duration of the contract will be subtracted from the cap on principal fee increases in the 2010 fee period (the last period covered by the current CRE). The adjustment factor applied will be 26.6% of the difference between actual investment in 2006-08 and 95% of the investment budgeted in the CRE over this period

#### ***Determination of the maximum fee increase under the terms of the CRE***

To implement capping and adjustment process, Aéroports de Paris determines maximum increase of the price for all its services. A separate ceiling applies for the principal fees and for the ancillary fees, in accordance with the formulae set out in the CRE. In due application of the abovementioned formulae, the authorized 2007 fee period ceiling for principal aeronautical fees was 4.41%, and ancillary fees 4.98%. It should be noted that the ceilings take account of a non-recurring component - the application in 2007 of part of the increase authorized in 2006 which had not been implemented in the effective fees: the 2006 fee increase had, in fact, been limited to 5.0%, as against maximum authorization under the terms of the CRE of 5.44%.

#### ***Annual determination of fee rates by Aéroports de Paris under the CRE***

Under paragraph I of Article R. 224-3 of the Civil Aviation Code and as provided for in the CRE, Aéroports de Paris will set the fees for airport services for each annual fee period at levels that are subject to the ceiling as determined above. The procedure to be followed is set out in Article R. 224-3 and in paragraph III of Article R. 224-4 of the Civil Aviation Code. It includes the following stages:

- Convening by Aéroports de Paris of the Economic Consultative Committee of the airport in question at least three months prior to the beginning of each fee period;
- Notification to the Minister for Civil Aviation and to the Minister for the Economy by Aéroports de Paris of fee rates subject to the CRE and, where appropriate, changes in these rates, at least two months before the beginning of each fee period; and
- Application of the fee rates for the fee period in question one month after their publication, unless the Ministers for civil aviation and for the economy have jointly opposed them, if the fees do not meet the general rules applicable to fee rates or the terms of the contract, within a period of one month following receipt of their notification

If the Ministers responsible for civil aviation and the economy oppose the proposed fee rate levels, Aéroports de Paris can submit a new proposal by following the same procedure. If this occurs, the CRE provides that the fee rates for the preceding fee period would remain in force until the approval of the new fee rates, and the opening of the new fee period would be postponed accordingly, but its end date would not change. The new proposal from Aéroports de Paris could then increase fee rates for the new shortened fee period so that forecast revenues are equivalent to those that would have resulted from the application of fee rates in line with the CRE over the initially expected fee period. Thus the Group can offset the effect of a temporary freeze on an increase in fee rates. If this were to occur, the maximum levels of fee rates in the following fee period would not be affected.

For the 2007 fee period, the average effective increase in principal aeronautical fees is 4.25% (as against a ceiling fixed at 4.41%), with 4.20% for ancillary fees (as against a ceiling fixed at 4.98%).

#### ***Adjustments during the contract period to take account of new fees or additional costs***

The CRE includes certain mechanisms that allow for changes during the contract period, such as the creation of new fees, transfers between fee categories, the creation of new services or the inclusion of new costs that were not foreseen at the time the contract was signed.

### **Revisions to or early termination of the contract**

The CRE provides that the French State and Aéroports de Paris should discuss whether to revise the contract if growth in traffic falls outside a predefined range of 1.25% to 6.25% for passenger numbers and 0.77% to 3.85% for plane movements in two consecutive years.

Similarly, the CRE provides that the French State and Aéroports de Paris should seek an amicable agreement over changes to or early termination of the contract in the event of exceptional and unforeseen circumstances that create a fundamental shift in the economics of the contract.

### **Preparation of the new CRE**

As part of the CRE, Aéroports de Paris and the French State have agreed to prepare a contract regulating fees for a period of several years after 2010. After having convened the Economic Consultative Commission to determine the investment forecasts and service quality improvements planned for the period covered by the second contract, Aéroports de Paris will publish, by May 1, 2010 at the latest, a public consultation document relating to this second regulatory contract.

Under paragraph III of Article 1 of the Order of September 16, 2005, the contribution non-aviation businesses to the regulated perimeter may be capped for multi-year contracts signed in 2011 or after that date.

If no regulatory contract is agreed, Articles L. 224-2 and R. 224-4-1 of the Civil Aviation Code provide that fees shall be determined on an annual basis. In this case, Aéroports de Paris would be required, at least four months before the beginning of each yearly period, to notify fee rate levels, and where appropriate any changes to them, to the Ministers responsible for Civil Aviation and for the Economy for approval (this procedure would be accompanied by consultation with users and the opinion of the Economic Consultative Commission for the airport in question). These fees and any changes will be deemed approved and will be implemented unless the Ministers responsible for Civil Aviation and for the Economy jointly object to them within one month of having been notified. If the ministers jointly object, Aéroports de Paris may renew the procedure without consulting users again. In the event of a second rejection by ministers, the fees from the prior year would remain in place. If fees remained unchanged in this way for two consecutive years, the Ministers could, by joint order and at least 45 days before the start of the annual fee period in question, set the average level of change in fees, and where necessary set details of the individual changes.

#### **6.3.2.7. Security**

### **Description of security activities**

Under the terms of the Chicago Convention on International Civil Aviation of December 7, 1944, particularly Article 37 and Appendix 17 thereof, national governments are responsible for organizing airport security. Against this background, the European Union has implemented rules regarding the creation of common regulations in the area of civil aviation security. The main EU texts in this area are regulation n° 2320/2002 of December 16, 2002 and regulation n° 622/2003 of April 4, 2003 setting the measures for implementing shared rules in the area of civil aviation security. These were enhanced by regulation n° 1546/2006 of 4 October concerning transportation of liquids on board aircraft, as of 6 November 2006.

In France, Articles L. 213-3 and L. 282-8 of the Civil Aviation Code govern the legal regime applicable to airport security operations. Article L. 213-3 provides that airfield operators and other parties implement air transport security measures, following procedures to be set by a decree of the *Conseil d'Etat*, which has not yet been published, unless the law specifically provides that the French State is instead responsible for implementation. Article L. 282-8 of the Civil Aviation Code authorizes judicial police officers, agents of judicial police offices, assistants to agents of judicial police officers, customs agents, as well as private agents, under the supervision of judicial police officers, designated by the airport operator and specifically certified by the *Préfet* and the state prosecutor, to conduct security visits.

Within this framework, under authorization from the relevant *Préfet* and under the supervision of the relevant government agencies, Aéroports de Paris is required to provide:

- A screening system for all passengers and cabin baggage (including a metal detector plus security searches as required). All cabin baggage must be examined by an X-ray machine, and where necessary searched by a member of the security team. Aéroports de Paris has a total of 163 passenger and baggage screening stations
- A screening system for checked baggage that assures inspection of 100% of checked baggage following procedures defined by the French Government, which primarily consists of explosives-detecting equipment integrated into the baggage handling facilities of the airports;
- A screening system for staff and vehicles at each access point to the restricted security areas of the airports that must include biometric techniques (Aéroports de Paris has 22 staff screening points and 11 secure road access points);
- Security procedures for the use of facilities made available to the Group's partners (primarily airlines and ground handling companies), such as check-in counters, boarding areas, passenger access routes to planes, checked baggage processing areas and protection for checked baggage awaiting loading; and
- Structuring of terminals and other airport areas (physical separation of inbound and outbound passengers, video monitoring of inspection procedures and staff access, security fences, secure emergency exits, one-way doors, etc.).

Article 37 of the inter-ministerial Order of November 12, 2003 relating to air transport security measures requires that all of these measures must be described in a security program. Aéroports de Paris has drafted a security program, which has been submitted to government authorities and is updated regularly. The Civil Aviation Authority launched operator security program control operations at the end of 2006.

The security program, which sets out the tasks, locations, resources and procedures to be used, is backed by a quality assurance program in accordance with article 38 of the abovementioned order, which describes the supervisory structures employed by Aéroports de Paris in monitoring companies providing security services. This program includes the following procedures: a reporting and analysis system for security-related events, to which all involved in security contribute via a dedicated computer system; a continuous improvement loop; traceability of all actions carried out under this program; and the supervision of service providers. This security activity quality procedure was prolonged by Aéroports de Paris, which obtained certification to ISO 9001 Version 2000 from BVQI in March 2006 for security activities by the Security Division and Paris - Orly Airport.

Aéroports de Paris employs substantial resources to meet its regulatory obligations in this area. The Company employs almost 300 full-time staff for security fonctions. In addition, nearly 4,000 people are employed by a small number of specialist service providers that Aéroports de Paris hires to provide screening services.

Aéroports de Paris has invested 286 million euros between 2001 and 2006 to meet these requirements. The investment program in the security area has particularly focused on ensuring 100% screening of checked baggage (purchasing and integration of detection machinery in baggage sorting facilities), the opening of road checkpoints for access to the restricted security area, the installation of video-surveillance equipment, the installation of biometric equipment, the increase in the number of screening stations, the physical separation of passenger flows and the purchasing of explosive trace detectors.

Security measures were tightened (with the number of staff involved in implementing them doubled) following the September 11, 2001 attacks in the United States, and this produced a particularly rapid increase in costs, which rose from 173.7 million euros in 2002 to 283.8 million euros in 2004, an increase of 63.4%. The figure for 2005 was 349.2 million euros in 2006 against 313.5 million euros. Staff costs account for the bulk of these costs (including 197.8 million euros in sub-contracting costs against 181.1 million euros in 2005), followed by charges for the depreciation of fixed assets.

2006 also featured restrictions on transportation of liquids onboard aircraft, which came into force on 6 November. Aéroports de Paris was quick to anticipate the implementation of the new compulsory regulations. Coordination of all the agents involved, excellent reactivity, an effective information campaign and mobilization of extra staff made a substantial contribution to reduce the effects on passengers, and so there were no significant changes in waiting times at the screening stations, and a limited number of flights were delayed. To maintain a satisfactory flow at

control points, the new measures necessitated the deployment of extra staff, particularly in relation to organization, prevention and pre-reception (500 extra staff were deployed during the first week).

### ***Financing of security activities***

Security activities at Aéroports de Paris are financed by the airport security tax provided for in Article 1609 *quatervicies* of the General Tax Code. This tax is charged on each departing passenger. A tax is also payable on each ton of cargo or mail loaded.

The Budget Minister and the Civil Aviation Minister set the level of the tax within a ceiling set by the General Tax Code for the Paris airport system (since January 1, 2007, the ceiling has been 9.50 euros per passenger and 1.00 euros per ton of cargo or mail). The level is set as a function of the financing needs of each airport, as calculated based on the cost of services provided to meet regulatory standards and the predicted trends in these costs. Aéroports de Paris is thus closely involved in the preparation of the ministerial decision setting the tax levels for the airports it operates. Aéroports de Paris supplies the Budget Minister and the Civil Aviation Minister with information on the costs for the current year, previous year and subsequent year, and any other items necessary for the setting of the tax rate. The government then informs Aéroports de Paris of the figures used in setting the tax level.

The airport security tax is designed to finance all costs borne by Aéroports de Paris in carrying out the security tasks allotted to it, including the cost of the fixed assets needed for these tasks. Therefore, security and safety activities can make neither a profit or a loss, and any profit or loss recorded on the activities funded by the airport security tax is taken into account when setting the tax level for subsequent years.

In 2006, the tax was set at 8.50 euros per outbound passenger (as against 7.95 euros in 2005) and 0.30 euros per ton of cargo or mail (unchanged with respect to 2005) across the Paris airport system (Paris - Charles de Gaulle, Paris - Orly and Paris - Le Bourget). Since January 1, 2007, the airport security tax has been set at 8.75 euros per outbound passenger and 1.00 euros per ton of cargo or mail.

#### *6.3.2.8. Commercial and service activities at Aéroports de Paris*

Aéroports de Paris' commercial activities include the provision of goods and services to the general public (passengers and the people accompanying them to or from the airport, staff working in the airports). These include shops, bars and restaurants, banks and foreign exchange counters, car rental, advertising and, more generally, all other paid services (Internet access, gas stations, etc.).

### ***General description of commercial activities***

Commercial activities are at the heart of the Group's expansion, and thus contribute to the financial performance and image of its airports. Commercial activities play a leading role in the provision of services to passengers using airports. Aéroports de Paris acts as the creator, developer and manager of commercial zones and businesses.

Some commercial activities within airports take place in the public access zone, while the rest are located in the restricted access zone. The public zone refers to all parts of the airport that are freely accessible to the general public: areas outside of the security screening points in terminals and public areas of transport infrastructure (TGV/RER stations, Orlyval, road network). Anyone, whether or not a passenger, can make a purchase in the stores in this public zone, but the stores may not offer duty free goods. Conversely, the restricted zone (also known as the "customs controlled zone" even if strictly speaking it includes areas (particularly for the Schengen zone)<sup>65</sup> which no longer require customs clearance) corresponds to that part of the airport located beyond the various control points (customs, border police, security screening points), within which passengers on flights to destinations other than the European Union or the French overseas territories can buy duty-free goods.

Stores, bars, restaurants and other paid merchant services are operated by third parties, which are currently holders of authorizations for the temporary occupation of publicly owned spaces. These are due to be replaced by civil leases granted by Aéroports de Paris (see below), following the change in status of assets owned by Aéroports de Paris brought about by the Law of April 20, 2005 regarding airports. The operators of these stores

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<sup>65</sup> The zone handling flights to and from European Union countries that have signed the Schengen agreements of June 14, 1985 and June 14, 1990.

pay Aéroports de Paris rent that is based in part on their sales. For Aéroports de Paris, revenue from commercial activities is therefore closely linked to the gross receipts of the operators of the 288 commercial spaces (shops, bars and restaurants) within its airports.

The commercial goods offered in Aéroports de Paris' airports fall into four categories: *the core goods*, including alcohol, tobacco, perfumes and specialty food (Hachette group, Société de Distribution Aéroportuaire and Dufry), *luxury goods*, with the biggest French brands in the sector (Cartier, Hermès), *services*, including newsagents (Relay) and audiovisual (Virgin) and *other*, such as jewellery, spectacles, accessories, gifts, children's items and museum souvenirs.

Aéroports de Paris also receives revenues from advertising space within its airports. Since September 2001, JCDecaux Airport France has had exclusive rights over the sale of advertising space provided by Aéroports de Paris at the Paris - Orly and Paris - Charles de Gaulle airports. The agreement between JCDecaux and Aéroports de Paris is designed to utilize advertising media, space and equipment that can display advertising, and to create promotional campaigns and events without direct selling. Its scope covers the interior of terminals in both public and restricted access zones and the sides of the main road routes to the airports. This activity has been extended to cover 'shared-time' information screens, through the "AEO" channel. The agreement expires on June 30, 2011.

The table below shows the breakdown of revenues received by Aéroports de Paris from commercial activities in 2006, by product and service type, before inter-segment eliminations and before the consolidation of the Société de Distribution Aéroportuaire subsidiary.

<i>In millions of euros</i>	<b>2005</b>	<b>2006</b>	<b>2006/2005</b>
International and Schengen zones stores	118.9	131.9	+10.9%
Public zone stores	8.4	9.2	+10.0%
Restaurants and bars	21.0	21.0	+0.0%
Car rental	12.2	13.1	+7.4%
Advertising	15.7	17.8	+13.4%
Other	20.7	17.8	-14.0%
<b>Total</b>	<b>196.9</b>	<b>210.8</b>	<b>+7.1%</b>

### **Strategy in commercial activities**

To achieve its targets for commercial revenues, Aéroports de Paris plans to implement a wide range of measures:

- *An ambitious program to increase commercial floorspace:* Analysis of the comparative performances of European airports in the commercial segment shows that revenue per departing passenger is related to the commercial floor space operated in the airport in question. The size of commercial areas is a fundamental determinant of the ability to deploy innovative and attractive concepts and to diversify the goods offered to passengers.

This analysis has led Aéroports de Paris to develop plans to increase commercial floorspace by more than 30% between the reference year 2004 (the last year before major renovation work at CDG1 and the accident at the 2E terminal) and 2010, with retail floorspace in the international restricted zone to be increased by more than 40%.

<i>In m<sup>2</sup></i>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Shops in the public zone	3,976	3,912	4,012	4,442	4,773	4,773	4,800
Shops in the Schengen zone	2,518	2,698	2,828	2,828	3,957	4,500	5,000
Shops in the international zone	10,581	9,177	9,460	13,333	14,995	15,200	15,200

<i>In m<sup>2</sup></i>	2004	2005	2006	2007	2008	2009	2010
Bars and restaurants	20,096	18,518	18,724	20,588	22,624	23,000	23,400
<b>Total</b>	<b>37,172</b>	<b>34,305</b>	<b>35,024</b>	<b>41,191</b>	<b>46,349</b>	<b>47,473</b>	<b>48,400</b>

As the table above shows, the bulk of the increase in retail floorspace will come in 2007 and 2008, as new facilities come into operation and on-going renovations are completed. The expansion program envisages a complete overhaul of commercial zones in the CDG 2A, CDG 2E, CDG 1 and CDG 3 terminals at Paris - Charles de Gaulle as well as the creation of substantial retail floorspace in Satellite S3. At Paris - Orly, there will be a far-reaching redesign of the commercial zone at the Orly Sud terminal (from the current 880 m<sup>2</sup> to more than 2,000 m<sup>2</sup> of retail floorspace), accompanied by a growing number of sales kiosks in all terminals. In 2007, over 6,000 m<sup>2</sup> of additional shops, bars and restaurants ought to be operating, and of these around 4,000 m<sup>2</sup> will be shops in the international area. In addition to the opening of the S3 satellite planned for June, 2007 should witness the reopening of almost the entire commercial area in the main concourse of terminal 1 at Paris - Charles de Gaulle following implementation of the second renovated quarter, and also an initial commercial area at the Orly Sud terminal.

These expansions of retail floorspace will increase the ratio of square meters of shops per million departing passengers (expressed as nominal departing capacity for all international terminals) from 519 m<sup>2</sup> / million pax in 2004 to 624 m<sup>2</sup> million pax in 2010 for the international zones, an increase of 20%.

The expansion of retail floorspace has been made easier by the provisions of Law n° 2006-10 of January 5, 2006 relating to transport security and development (modifying Article L. 720-5 of the Commercial Code), which exempt from prior approval by the *Préfet* (or "authorization of commercial operations") any sales outlet accessible only to passengers holding tickets and located within airports, and thus streamline significantly the procedures for opening retail areas in the international zone.

- *Improvements in the location, visibility, layout and ambience in commercial zones.* The program of increasing floorspace described above will be complemented by systematic measures to improve the operational aspects of these zones. Their physical layout determines the optimal positioning of stores relative to passenger flows, the visibility of store banners and products, ease of access to shelves and, more generally, the atmosphere and ease of use for the public. These factors have a significant impact on the average proportion of departing passengers who spend time in the stores.

By way of illustration, the current renovation of terminal CDG 1 at Paris - Charles de Gaulle includes major changes to passenger flows in order to ensure that passengers move through the center of the commercial zone. Similarly, the renovation of the international boarding area will transform the commercial zone, currently spread along a corridor, into a "village square" layout.

- *Expansion of the goods offered.* The plan to develop and remodel commercial spaces includes a clear product-positioning strategy that would put greater emphasis on high-margin products and satisfy the much more focused demand expressed by certain specific client groups.

Product positioning will concentrate on perfumes and cosmetics, fashion and leather goods, accessories and food. These areas will be operated alongside alcohol and tobacco shops, which remain particularly popular among international passengers. The Group will also develop diversified retail areas to include new brands and categories. The increase in retail floorspace will make it possible to open attractive concept stores such as specialist cigar, whisky or wine shops.

The choice of brands will also be better differentiated between terminals to take account of the particular characteristics of passengers in each terminal: thus up-market and luxury goods will be offered primarily to non-European international passengers (particularly those from Japan, China and the United States), while a more diversified and competitively priced offering will be available in terminals where the clientele is predominantly French or European. Some brands will seek to offer an approach that differentiates by gender, age or socio-professional class to better meet the diverse range of passenger expectations and thus stimulate buying

- *Improvement in the management of passenger time and passenger flows so as to increase the amount of time available for passengers to spend in the stores.* The profitability of commercial zones in air terminals is highly dependent on the makeup and effectiveness of the flow of passengers and those accompanying them who cross and use these zones. Aéroports de Paris' expertise in the management of complex pedestrian traffic flows will be applied to retail outlets in an airport setting: easing the journey of a passenger short of time, allocation of aviation resources, integration of customs requirements and management of scheduling issues.

To improve passenger flow, a coordinated range of measures has been implemented, spanning the passengers' entire journey through the airport from arrival (directing them to car parks, ensuring free flow of traffic in front of the terminals), to boarding (optimized allocation of boarding gates with regard to neighboring commercial outlets and as a function of flight destination). These measures also improve passenger information, reducing travel-related stress, by providing accurate and updated information on the distance they need to walk and the time it will take them, and by raising awareness of the goods offered in the commercial zones (maps of commercial zones, signage).

- *Perception of the commercial offering and building customer loyalty.* Price positioning of the stores and other outlets at Aéroports de Paris benefit from the Paris name, which provides a direct notion of luxury and French quality. This up-market image creates a natural level of expectations amongst international passengers and was clearly a factor in allowing Aéroports de Paris to withstand pressure to cut prices after the abolition of duty free allowances for intra-European flights on July 1, 1999. Prior to this date airports used the benefits of duty free pricing to make airport shopping more attractive. Aéroports de Paris managed to make up the loss of revenues resulting from the ending of duty free sales for intra-European flights due to growth in traffic, expansion of commercial floor space and improved diversification of the goods sold.

Aéroports de Paris plans to continue to boost its image of offering value for money, particularly for the European and medium-haul customers who tend to look for more accessible, mass-market products. For these passengers, Aéroports de Paris has diversified the goods sold by including brands such as Occitane, Swarovsky, and Gérard Darel, Swatch, Cécile et Jeanne, etc. and has conducted a significant promotional and marketing effort within retail outlets.

### **Contractual features of commercial activities**

Until the application of Law n° 2005-357 of April 20, 2005 relating to airports, commercial merchants both in the public and restricted access zones were temporarily authorized to occupy publicly owned spaces that were awarded to operators of retail or service outlets. Until the new law was introduced, these temporary authorizations were granted for periods that varied according to the type of outlet or service: they generally ran for five years for shops, seven years for services such as car rental, ten years for bars and restaurants and up to seventy years for hotels, which must amortize the substantial investment required. The selection process for holders of these authorizations was based on a consultation process with parties considered to be competitive in the relevant market, and the fees received by Aéroports de Paris under the authorizations were based on a percentage of revenues generated by their holders, with a minimum guaranteed payment expressed as an amount per passenger. The agreement also put a certain number of obligations on the authorization holder, particularly regarding marketing, merchandising and human resources.

Law n° 2005-357 of April 20, 2005 relating to airports provided that assets owned by Aéroports de Paris were no longer considered to be public property. Thus, there is no longer any need for the use of these authorizations, although the law did expressly state that the authorizations granted prior to the transformation of Aéroports de Paris into a *société anonyme* would remain in force under their original legal regime until their original expiry date. To plan for these expirations and for any new commercial floorspace that becomes available, Aéroports de Paris has drawn up model lease documents, under the general legal regime, to replace the former temporary authorization system. Two types of model contracts have been produced:

- Civil leases, for which one model has been drawn up specifically for shops and another for all other types of third-party use of space located in the airport zone (defined as the land and buildings used by Aéroports de Paris in the execution of its public service duties), primarily in airport terminals. Under these leases the period of occupation offered by the Company will initially be five years for shops and ten years for services

such as restaurants. For continuity, these model leases require that the rent received by Aéroports de Paris will consist of a fixed element together with a variable element, with a guaranteed minimum payment; and

- Commercial leases, which will be used solely for premises outside the airport zone. These would last for nine years and could be cancelled in accordance with the provisions of the Commercial Code. These leases also provide that rents will consist both of a guaranteed fixed minimum rent indexed on the construction cost index published by INSEE and a variable additional amount calculated as a percentage of sales.

#### 6.3.2.9. Services offered by Aéroports de Paris

To ensure passenger comfort and to increase passenger perceptions of high quality service, Aéroports de Paris offers a range of products and services in addition those available in the commercial zones, in passenger information, passenger care, comfort and mobility. A range of new services has also been proposed on the company's website, either directly by Aéroports de Paris or by third-party companies.

- In *passenger information*, these services include:
  - Flight information provided on accurate screen displays of the new estimated departure time of delayed flights and by SMS text messages to the mobile phones of those clients who have subscribed to this service;
  - A website, [www.aeroportsdeparis.fr](http://www.aeroportsdeparis.fr), which has over 700,000 visits per month. Internet users can use this site for timetable information, access details and services for passengers. Passengers may take up Aéroports de Paris' exclusive commercial offers (mainly price savings at our shops). They may also make use of a service to book flights, hotels, cars, leisure facilities (shows, visits, excursions etc.), provided by a third-party company;
  - An interactive telephone server, 39 50, providing information on and flight times, airlines, parking lots and accesses;
  - Real-time information boards on the road approaches giving estimated remaining journey time to access the terminals, allowing passengers to better manage their time;
  - Information counters at all terminals will be made larger and rearranged to make them more visible
  - Users' guides made available to passengers in the terminal buildings;
  - a "consumer" magazine, Aéroports de Paris Magazine, providing information about Paris in general but also news and behind-the-scenes insight about Aéroports de Paris, together with promotional information and services for passengers relating to terminal retail outlets. The magazine is issued ten times per year and 300,000 copies are distributed to passengers in the boarding lounges of the Group's airports; and
  - A dedicated TV channel, Aéo, shown on 203 screens, which informs and entertains passengers with short, bilingual programs lasting 30 to 90 seconds.
- In terms of *enhancing the customer experience and passenger comfort*, Aéroports de Paris has made many improvements to its facilities in order to make its airports more user-friendly and comfortable. These include the replacement of seats and increase in seat numbers in waiting areas, the creation of rest areas with semi-reclining seats and massage units, the creation of children's play areas, the provision of work spaces with Wifi networks and electrical outlets, etc. Since 2003, the "*gilets oranges*" (orange vests) program has been used to improve the information given to passengers and ease their passage through the terminals, with young people recruited over the summer period to greet, inform, direct and assist passengers.
- In *transport* within the airports, the Group offers services including terminal-to-terminal links, mostly by shuttle buses. Parking Premium also allows passengers to book car parking before their trip at a privileged location less than three minutes from the check-in area, on the Aéroports de Paris Internet site. This means

passengers can be certain of finding a place to park at all times, and can gain up to 15 minutes on their way to the aircraft.

- In *telecommunications*, telephone, data transmission services, at all terminals in Paris - Orly and Paris - Charles de Gaulle, a public phone facility is available, Internet terminals have been provided, and Hub télécom, a subsidiary of Aéroports de Paris, has installed a Wifi network, thereby providing the general public with a wireless Internet connection

#### 6.3.2.10. Energy supply and logistics services

Aéroports de Paris is responsible for providing all of the support services necessary for the proper functioning of its airports, both for its own needs as well as for those of companies located at the airports who choose Aéroports de Paris as their service provider.

Energy supply and logistics services provided by Aéroports de Paris include:

- Production and supply of heating generated in thermal facilities and carried through hot water pipe systems. Aéroports de Paris provides heating services to companies located at its airports, although some companies have their own gas-powered systems. Aéroports de Paris uses gas for 90% of its heating requirements. At Paris - Orly, 10% of heating requirements are provided by the incineration factory of the Rungis national interest market;
- Production and supply of air conditioning services for its facilities, generated by refrigeration stations (powered by electricity) and carried through cold water pipe systems. At Paris - Orly, Aéroports de Paris only has a few external clients for this service. At Paris - Charles de Gaulle, the Group provides this service to external users, although it is difficult to estimate the percentage provided by Aéroports de Paris given that the companies may use their own air conditioning facilities;
- The supply of potable water and the collection of wastewater<sup>66</sup>. Other than the Air France Industries facilities in the north zone of the Paris - Orly airport, Aéroports de Paris provides all potable water at its airports. Water is purchased from Lyonnaise des Eaux and from Véolia Water;
- Waste management at the airports<sup>67</sup>. Aéroports de Paris provides most waste management services at its airports, with the exception of certain specialized waste.
- Aéroports de Paris uses its own network for electricity services to power its airport facilities. Aéroports de Paris also provides electricity for some companies, particularly those located inside the passenger terminals (shops, airline company offices). Most of the electricity used at the airports is brought in from outside (mostly purchased from Endesa France since November 2006), although Aéroports de Paris does have some generating capability to cover its aviation facilities in the event of a blackout

In 2006, the industrial services provided by Aéroports de Paris generated external revenues of 68.8 million euros (as against 60.6 million euros in 2005), with 48.6 million euros at Paris- Charles de Gaulle and 14.5 million euros at Paris - Orly.

The largest customers at Paris - Charles de Gaulle are Air France, Roissy-Print Le Figaro, Sogafro (*Société de la gare des agents de fret de Paris - Charles de Gaulle*), FedEx, Servair, SNCF and the airport-based hotels.

At this airport, the volume of heat and air conditioning produced and supplied totaled 314 GWh (as against 332 GWh in 2005) and 119 GWh (unchanged with respect to 2005), respectively, in 2006, equivalent to the consumption of a city of 100,000 inhabitants. In 2006, Aéroports de Paris supplied about 2.3 million m<sup>3</sup> of drinking water (as against 2.5 million in 2005) and collected and treated nearly 42,000 tons of waste in volume (as against 43,000 tons in 2005), equivalent to the waste produced by a city of 95,000 inhabitants. In 2006, Paris - Charles de Gaulle provided a secondary supply of potable water (including subterranean tanks and suppression units), and directed work on a new heating facility (the "CFEbis"), in a bid to accompany development of the platform eastwards.

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<sup>66</sup> See 6.7.1.3. "Water"

<sup>67</sup> See 6.7.1.4. "Waste"

At Paris - Orly, the largest customers are Servair, Air France Industrie, services of the French State and the airport-based hotels.

At this airport, the volume of heat and air conditioning produced and supplied totaled 136 GWh (as against 170 GWh in 2005) and 24 GWh (unchanged with respect to 2005), respectively, in 2006. In 2006, Aéroports de Paris supplied about 661,000 m<sup>3</sup> of drinking water (as against 720,000 m<sup>3</sup> in 2005) and collected and treated nearly 13,200 tons of waste in volume (as against 13,500 tons in 2005). In 2006, Orly Airport modernized its heating system, and replaced boilers and heat exchangers at 3 out of the 4 systems operating at the platform, changing from a high-pressure hot water system to a low-temperature system.

### 6.3.3. Real estate

In 2003, real estate activities outside the terminals were brought together into a new real estate division covering Paris - Charles de Gaulle and Paris - Orly airports, and into the central management team at Paris - Le Bourget airports. These activities represent a strategically important development area and over the medium term are expected to provide the Group with an additional source of growth. Aéroports de Paris, as the landowner, invests in preparing land for development that it then makes available for rent to investors or other users. Aéroports de Paris also acts as a developer, managing real estate projects to meet its own needs or those of companies seeking to establish or extend a presence in one of the airports. As an owner of real estate, Aéroports de Paris is responsible for the management (leasing, renovation and modernization) of its portfolio. Aéroports de Paris also provides facilities management services (maintenance, security, cleaning, mail).

Aéroports de Paris has approximately 670 external real estate clients, including Air France, FedEx, Vinci group, La Poste, Servair, Acna, HSBC, the Paris - Le Bourget exhibition site, Accor group, Hilton, Société Immobilière Aéroportuaire and various government agencies;

Revenues from the Group's real estate activities were 175.7 million euros in 2006, an increase of 4.4% in comparison to 2005, of which approximately 27.4% arose from rental payments from other segments within the Group (of which rent paid over to Aéroports de Paris SA by Group subsidiaries, a total of 4.3 million euros in 2006), 6.5% from reallocated rental charges and other receipts billed to clients by other segments and 66.1% from external rental payments made by third parties.

#### 6.3.3.1. *The land assets available for real estate businesses*

Aéroports de Paris' total land estate consists of 6,686 hectares, of which 4,611 hectares, or 69%, is reserved for the Group's aviation activities, 863 hectares, or 13%, is unusable due either to zoning reasons or aviation needs, and 1,213 hectares, or 18%, is the usable land available for the real estate business and can be broken down as follows:

- 866 hectares are already used (13% of the total amount available), including:
  - 334 hectares occupied by buildings leased by Aéroports de Paris in whole or in part to third parties;
  - 532 hectares leased to third parties for development of their own real estate projects.

In all cases, Aéroports de Paris remains the owner of the land;

- 347 hectares of land available for development, or 5% of the Group's total estate:
  - 138 hectares for Paris - Charles de Gaulle,
  - 151 hectares for Paris - Orly,
  - 41 hectares for Paris - Le Bourget; and
  - 17 hectares for general aviation aerodromes.

The land available for real estate development must be used in compliance with the local zoning scheme of the relevant municipality.

With respect to 2005, Aéroports de Paris reclassified 403 hectares of agricultural land located at general aviation aerodromes, previously classified as aeronautical land (365 hectares) and leased land (38 hectares), into "land subject to considerable constraints", since no construction work can be carried out on these plots. On the other hand, 3 hectares at the end of a runway at Paris - Orly were reclassified as land for real estate, since this plot actually was rented to a logistics firm.

#### 6.3.3.2. *Land rented to third parties*

Rental income from land rented to third parties was 61.1 million euros in 2006, an increase of 5.2% with respect to 2005 (58.1 million euros), or 35% of revenue from the real estate segment in 2006. The 532 hectares of land rented to third parties break down as follows:

- Approximately 283 hectares (-21 hectares with respect to 2005) are used for buildings involved in aviation (such as plane hangars, cargo terminals, general aviation terminals or business terminals), including 28 hectares at Paris - Orly, 179 hectares at Paris - Charles de Gaulle, 42 hectares at Paris - Le Bourget and 34 hectares for general aviation airfields (used by flying clubs and leisure aviation, rental rates for these areas are much lower than those within the rest of the segment). With respect to 2005, 2006 featured the following changes: as mentioned above, 38 hectares of agricultural land on general aviation aerodromes were reclassified as land subject to constraints. Apart from this technical adjustment, the main feature of 2006 was the leasing of 16 hectares of land at the Paris - Charles de Gaulle platform for the Air France flight-crew city (4 hectares), two Air France maintenance bases (8 hectares) and the extension to the FedEx base (4 hectares);
- Approximately 159 hectares (+14 hectares with respect to 2005) house business and office premises, manufacturing businesses or workshops (85 hectares at Paris - Charles de Gaulle and 74 hectares at Paris - Orly). The increase in rented land with respect to 2005 mostly affects Paris - Orly, and the majority concerns the new implementation of La Poste's regional mail sorting centre.
- Approximately 90 hectares (-2 hectares with respect to 2005) are used for general public premises (hotels, shops and services, public facilities, public service agencies, Le Bourget exhibition area etc.), 19 hectares at Paris - Charles de Gaulle, 24 hectares at Paris - Orly and 47 hectares at Paris - Le Bourget. The variation with respect to 2005 is mainly due to transfer to the State of 2 hectares of land and buildings occupied by public services, following Aéroports de Paris' change of status to *Société Anonyme*.

#### 6.3.3.3. *Buildings rented by Aéroports de Paris*

Rental income from buildings belonging to Aéroports de Paris were 55.0 million euros in 2006, a slight decrease with respect to 2005 (55.9 million euros), or 31% of total revenues of the real estate segment in 2006.

At December 31, 2006, the portfolio of buildings owned by Aéroports de Paris consisted of a total net floor area of 1,129,896 m<sup>2</sup> with usable floor area of 1,037,879 m<sup>2</sup>. After deducting the common areas not invoiced (approximately 7,800 m<sup>2</sup>), and areas within obsolete buildings (slightly more than 107,400 m<sup>2</sup> as against 64,000 m<sup>2</sup> in 2005), the total usable floor area is 930,471 m<sup>2</sup>. Of this amount, Aéroports de Paris occupied 175,962 m<sup>2</sup> for its own requirements. The balance, 754,719 m<sup>2</sup>, represents the portfolio of buildings available for lease to third parties. Of this amount, the occupancy rate at December 31, 2006 was 89.6%, with a total of 676,095 m<sup>2</sup> actually leased.

These 676,095 m<sup>2</sup> of floor space let to third parties broke down as follows:

- Approximately 79% of buildings relating to aviation, mainly aircraft maintenance hangars and cargo terminals or general or business aviation areas;
- Approximately 20% were commercial premises (offices, manufacturing facilities, workshops); and
- 1% was general public premises.

With respect to 2005, building surfaces rented to third parties decreased overall by 38,862 m<sup>2</sup>, 32,000 m<sup>2</sup> of which were determination of leases at the Paris - Le Bourget platform (particularly closure of the K1 hangar for rehabilitation work for 14,000 m<sup>2</sup> and demolition work on old buildings for the remainder), and around 9,000 m<sup>2</sup> on

the Paris - Orly platform. This is purely a technical correction at Orly, following a specific survey of land in the northern industrial area (the Air France maintenance base), with no consequences on the leases paid over or the land actually rented. Surfaces rented to third parties, meanwhile, increased by 2,500 m<sup>2</sup> at Paris - Charles de Gaulle.

Meanwhile, surfaces rented to Aéroports de Paris increased by 15,900 m<sup>2</sup> in 2006, following the implementation of re-invoicing of common sections which had previously not been invoiced. This re-invoicing mainly explains the increase in internal turnover for the real estate segment in 2006 with respect to 2005.

The last significant feature in 2006 with respect to 2005 was the reclassification as obsolete buildings of a number of large areas to better reflect the reality of Aéroports de Paris' real estate holdings. Specifically, this affected 14,000 m<sup>2</sup> of the K1 hangar at Paris - Le Bourget, where extensive renovation is to start in 2007, and 29,000 m<sup>2</sup> of disused hangars and old buildings at Paris - Orly, which are to be demolished.

#### 6.3.3.4. *Real estate strategy*

The existing asset portfolio, the location of the airports, the quality of ground transportation links and the powerful role played by airports in regional development and national economic growth create opportunities to generate value from the real estate business of Aéroports de Paris. An airport location gives a competitive advantage to certain types of companies where responsiveness and the rapid movement of goods are essential, and to international companies needing easy access to clients, suppliers and branches around the world.

Additionally, the amount of available building land, mostly consisting of large single-tenant property units, the majority of which had no previous occupation and benefiting from the platforms' systems and infrastructures, represents an re-location opportunity for companies looking for this kind of land close to Paris - for example, for regrouping of tertiary units in the entire Ile-de-France region, or for logistics and messengering activities.

The Group intends to build on the potential of its land and property assets to ensure that they provide an additional source of revenue growth over the medium term. This strategy includes the following elements:

- Development of each of the airports that is harmonious and specific to the individual site, with increased density of buildings and with an overall development vision, modulated into different sectors, depending on the identity of each airports;
- A marketing and pricing approach that reflects the diversity of the portfolio and the different real estate products and markets targeted: leisure and services, manufacturing and logistics, commercial businesses, aeronautical and support activities;
- Provision of services and products designed to add value and enhance the efficiency and competitiveness of companies choosing to locate at the airports: business parks, hotel complexes, shops, restaurants, services, leisure facilities;
- Optimization of risk and financial exposure.

Over the period 2006-2010, the Group announced its wish to develop and market approximately 60 hectares, which could hold buildings with a usable floor area of more than 315,000 m<sup>2</sup>, including approximately 150,000 m<sup>2</sup> at Paris - Charles de Gaulle, 150,000 m<sup>2</sup> at Paris - Orly and 15,000 m<sup>2</sup> at Paris - Le Bourget. Of these 60 hectares, approximately 30 hectares will be used for aviation activities (a usable floor area of approximately 85,000 m<sup>2</sup>) and the other 30 hectares are expected to be used for diversification activities (a usable floor area of approximately 230,000 m<sup>2</sup>).

The Group estimates that it will require total investment of approximately 543 million euros to complete this program, of which Aéroports de Paris expects to invest approximately one quarter. With respect to 2005, the cost estimate for the development program has increased (460 million euros had been estimated in 2005), to take better account of the nature of the products to be developed there, including extension work of a hotel at Paris - Charles de Gaulle and extension work at the FedEx buildings.

Aéroports de Paris plans to use its resources to act as overall developer of the areas of the airports that are open for development. The group could also invest further down the property development chain, financing all or part of some buildings from its own resources, as it currently does with the cargo terminals at Paris - Charles de Gaulle and Paris - Orly.

However, Aéroports de Paris will leave the financing of all real estate products such as hotels, retail property outside terminals or services to other companies. Other programs, to develop offices, hotels or workshops, could be developed by partnerships involving Aéroports de Paris to a greater or lesser extent.

Of this total of 315,000 m<sup>2</sup>, Aéroports de Paris currently plans to develop 48,000 m<sup>2</sup> itself, with 267,000 m<sup>2</sup> remaining to be developed either by promoters or investors unrelated to Aéroports de Paris, with, possibly, depending on financial optimizations and opportunities, a minority shareholding by Aéroports de Paris.

Aéroports de Paris's projected financing portion of these projects will account for most of the resources the Group plans to invest in real estate business from now until 2010, a total of 164 million euros. The remainder of the 164 million euros will be used to prepare and develop certain zones and areas that Aéroports de Paris will hold, and that will not be delivered or commercialized until after 2010.

In 2006, Aéroports de Paris rented a total of 24.8 hectares of land to third parties (flight-crew city, hub maintenance base and A380 hangar for Air France and extension of aircraft parking areas for FedEx at Paris - Charles de Gaulle and the La Poste regional mail sorting centre at Paris - Orly). The third parties will build a total of 107,200 m<sup>2</sup> net surface area. Aéroports de Paris will not be involved in either construction of the buildings or their financing.

In 2006, Aéroports de Paris invested 16.4 million euros in real estate development, of which just over 8 million euros on servicing the land rented to third parties in 2006 (see above). The remainder has mostly been used to build the new air cargo terminal for Paris - Charles de Gaulle (see below).

### **The Paris - Charles de Gaulle airport**

Paris - Charles de Gaulle airport has a number of strengths that enhance real estate operations on its site. Road and public transport access is of the highest quality and continues to be improved. The site still has reserves of unused land and the number of air passengers using the airport is expected to grow steadily, as is air cargo.

Real estate at the airport is currently dominated by cargo activities and the specific profile of each of the different zones within the airport. This is particularly true of the Cargo, Maintenance and Express Cargo and Roissy Pôle sectors. Over the long term, Aéroports de Paris plans to develop a diversified real estate portfolio in which aviation-related development continues to dominate but where other key activities - such as offices, workshops, shops and hotels - can be created and/or expanded.

By 2010 Paris - Charles de Gaulle airport plans to have developed 36 hectares, representing 150,000 m<sup>2</sup> of usable surface area. Slightly less than 70,000 m<sup>2</sup> of this usable surface area will be dedicated to cargo, aircraft maintenance and other aviation activities, with approximately 72,000 m<sup>2</sup> used as office and industrial space and 8,000 m<sup>2</sup> for public facilities and leisure locations.

Six priority real estate development areas have been identified at Paris - Charles de Gaulle:

- Cargo sector;
- Roissy center;
- Western gateway sector;
- Roissy Pôle;
- Support sector; and
- Cargo, maintenance and express cargo sector.

Development has already begun in several of these areas. The Support Sector houses Servair's new catering unit and Acna's new plane cleaning and supplies unit. It will also house the future maintenance center of the Air France hub. The cargo, maintenance and express cargo sector will house Air France's A380 hangar, currently being built on a plot of 5.7 hectares leased to Air France, and the new FedEx aircraft parking stands, with total

surface area 3 hectares, delivered in the fall of 2006, and also an affordable short stay residence on a 1.5 hectare plot rented in 2006. Air France's new flight-crew city opened in the Roissy Pôle Sector in March 2006.

Overall in 2006, Aéroports de Paris rented a total of 15.3 hectares of land to third parties at Paris - Charles de Gaulle.

In terms of constructions pending by Aéroports de Paris, 2006 witnessed the launch of the new air cargo terminal site, surface area 22,600 m<sup>2</sup>, in a bid to respond to increasing demand for this type of product. The new cargo terminal will be opened at the end of May 2007.

Over the next several years, Aéroports de Paris plans to continue studies for the creation of a shopping mall and service complex situated halfway between the two towns of Tremblay-en-France and Roissy-en-France, aiming to serve the 80,000 people employed at the Paris - Charles de Gaulle airport. Unibail is the developer for this project and will build and operate the complex on a 10 hectare site rented from Aéroports de Paris. The leasing agreement was signed by Aéroports de Paris and Unibail on August 4, 2006. "Aéroville" must first receive zoning permission, including authorization to change the land use plans of Roissy-en-France and Tremblay-en-France as well as approval from departmental commercial planning commission (CDEC) or perhaps even the national commercial planning commission (CNEC). This commercial center will therefore not open until after 2010.

### **The Paris - Orly airport**

Paris - Orly airport's real estate portfolio offers many advantages that could allow it to become, over the next 15 years, an important business center at the core of the largest business area south of Paris, which includes the Silic business park in Rungis, the Rungis national wholesale food market, the Belle-Epine shopping mall and the SENIA business park.

Against this background, the real estate strategy at Paris - Orly is to develop a mid-range to up-market office property portfolio, while also ensuring that the needs of aviation businesses are met. To achieve this, Paris - Orly plans to develop 18 hectares between now and 2010, on which 150,000 m<sup>2</sup> of usable surface area will be built. Of this, more than 115,000 m<sup>2</sup> will be offices and industrial facilities, approximately 20,000 m<sup>2</sup> will be services and hotels and around 15,000 m<sup>2</sup> will be cargo facilities.

Six priority sectors have been identified within the Paris - Orly site:

- Cœur d'Orly;
- Orlytech La Fraternelle;
- South-west Sector
- Cargo Sector;
- Pont de Rungis Sector (aviation maintenance area); and
- Est Villeneuve Le Roi Sector.

Aéroports de Paris is examining the possibility of creating a new business district at the centre of the Paris - Orly platform. *Cœur d'Orly*, the long-term intention of which would be to build a hotel complex, an international conference center, and support services providing for the needs of a significant tertiary real estate program.

In this context, a consultation with town planners led to selection in November 2006 of the team of town planners and architects charged with drawing up the overall project. The final project brings together in a single area the airports' most attractive areas, which are currently separated by the N7 national road, thanks to the creation of a service area and the development of a transverse axis running at right angles to the N7.

Aéroports de Paris also plans to continue to support improvements to the airports' links to public transportation, particularly the future Villejuif-Juvisy tramway, already declared a public utility, crossing the *Cœur d'Orly* site from north to south, and the high-speed train station long-term project on the airport platform

In March 2007, consultation of interested investors and promoters was launched by Aéroports de Paris in the first phase of the *Cœur d'Orly* project. The program for this first phase, on a 15-hectare piece of land adjacent to the main access road (A106) and to the Southern terminal, would eventually develop around 230,000 m<sup>2</sup> of net surface area. Consultation will initially focus on a program distributed as follows:

- Top-of-the-range offices with net surface area between 130,000 m<sup>2</sup> and 195,000 m<sup>2</sup>;
- Hotel complex with a 4-star hotel and net surface area between 24,000 m<sup>2</sup> and 35,000 m<sup>2</sup>;
- Shops, services and leisure facilities on a net surface area between 3,000 m<sup>2</sup> and 20,000 m<sup>2</sup>; and
- Conference center, net surface area between 13,000 m<sup>2</sup> and 25,000 m<sup>2</sup>.

In due consideration of the time that will be necessary before the conclusion of the construction leases, the issue of building and construction permits, the first programs could be commercialized by 2010, for approximately 70,000 m<sup>2</sup>.

The launch of this project has required changes to the zoning plans of the towns of Orly and Paray-Vieille Poste. This modification has been effective for Paray-Vieille Poste since December 2006, and since March 2007 for the Orly commune.

Aéroports de Paris has already begun to modernize and increase the density of buildings at the airport. Following the localisation of a unit of around 42,000 m<sup>2</sup> for Air France Industries (production buildings and restaurants) in the Est Villeneuve-le-Roi Sector, the modernisation of Air France's engine building was started in 2006 in the Pont de Rungis sector, with completion expected at the end of 2006. In addition, from 2007 the southern Paris mail processing centre for La Poste will be located at Orlytech La Fraternelle Sector, currently undergoing construction, for a net surface area of 35,000 m<sup>2</sup>, on a 9.5 hectare plot rented to La Poste. The South-west Sector will be open to landscaping to favor logistics activities. Lastly, a new 15,000 m<sup>2</sup> general cargo terminal will open in the Cargo sector in 2008.

### **The Paris - Le Bourget airport and the general aviation airfields**

At Paris - Le Bourget, a program to develop the north-west and north-east edges of the airport is being defined for the first operations to be launched during the first half of 2007. The north-west area will house companies involved in aviation (it already houses a training center for aviation jobs and an engine test bed). This land is in the public zone and will be accessible from the Paris ringroad that is currently being built. The north-eastern segment, which is already home to Eurocopter's rotor development center, will house business jet companies. This will give access to the restricted zone (and thus to airplanes) but will also be accessible from the public zone.

In addition, some old buildings along the RN2/RN17 road will be demolished as the current occupancy arrangements come to an end, beginning in late 2006, thus freeing up land in an ideal location with access to the airport from the RN2/RN17.

Finally, there is a project at the Lognes-Emerainville aerodrome to develop industrial and logistics buildings. In total, the Group plans to develop 5 hectares of real estate zones at Paris - Le Bourget and the general aviation airfields, representing a surface area of 15,000 m<sup>2</sup> of tertiary development.

#### **6.3.4. Ground handling**

Ground handling services include all the services required by an airline while its plane is on the ground at an airport. An airline can either provide these services itself, using its own staff, or make use of an external service provider. A distinction can be drawn between passenger services (check-in, boarding, ground transport and shuttle buses, incoming passenger welcome, baggage claims, etc.) and aircraft services (loading, unloading, catering, cleaning, towing and push-back, production of technical documentation, baggage handling).

#### ***Legal context***

In 1998, a French law was adopted requiring ground handling services to be open to competition. European Directive 96/67/EC of October 15, 1996 on access to the ground handling market at European Community airports, incorporated into Articles R. 216-1 and subsequent of the French Civil Aviation Code, redefined the legal framework for this business, which until then had been shared between Air France, the Group and airlines' in-house services, which covered mainly passenger services. The directive established the principle of a fully competitive market for passenger services (administrative support and supervision on the ground, passenger check-in and ground transport) and some plane services (cleaning, refueling, in-line maintenance, aircraft operations and crew management, catering). However, the directive made it possible to limit the total number of

service providers for ramp assistance, baggage handling, cargo and mail transfer and transport between terminals and planes, while at the same time specifying that at least one service provider, independent of the airport operator and the dominant airline, must be authorized to offer such services at each terminal.

As these activities require licensing from the *Préfet*, Aéroports de Paris has obtained approval to offer such services at Paris - Orly and Paris - Charles de Gaulle airports. European regulations stipulate that separate financial accounts must be kept for ground handling businesses.

Where the number of service providers is limited, authorized service providers are chosen by the French government following a tender process and after consultation of a users' committee made of representatives of the airlines using the terminal in question and of representatives of government agencies. The number of votes allotted to each airline is proportional to its share of traffic through the terminal.

Each terminal at Paris - Orly and Paris - Charles de Gaulle has at least one and sometimes two independent service providers, with the exception of terminals CDG 2C, 2E and 2F, which are used exclusively by Air France and its partners in the SkyTeam alliance and where Air France provides its own ground handling services.

### ***The ground handling services market in Paris***

At Paris - Orly and Paris - Charles de Gaulle, 65% of the ground handling service market (both fully competitive and restricted segments) is held by Air France, which provides these services for its own needs and to its SkyTeam alliance partners. The remaining 35% of the market represents approximately 400 million euros of annual revenues, and is split between four groups: Europe Handling, which has 40% of the accessible market, Aéroports de Paris, which has a long-established ground handling activity, with slightly higher than 30%, and Servisair/GlobeGround and Swissport which share the remaining 30%.

The Group offers its services to airlines that do not provide their own ground handling. Ground handling services generated income after intersegment eliminations of 126.2 million euros in 2006, as against 128 million euros in 2005 for the Group. The services provided include the processing of 4.6 million departing passengers (as against 4.5 million in 2005) and around 40,000 assisted flights (stable with respect to 2005) every year. The Group's clients for its ground handling services come from all continents (its main clients are Air Algérie, Iberia, Corsair, Tunis Air, Continental Airlines, American Airlines, El Al, Fly DBA, TAP Air Portugal, Etihad, Air Méditerranée, XL Airways, Saudi Arabian, Norwegian and Air Berlin). Airlines sign ground handling contracts directly with the Company.

The main services offered by Aéroports de Paris are passenger assistance, ramp assistance, baggage handling, cargo and mail transfer, aircraft services and ground transport. The Group does not offer catering, in-line maintenance or refueling services. Aéroports de Paris sub-contracts the bulk of its ramp assistance services, together with a significant share of its passenger services, to its subsidiaries that are part of the Alyzia group.

The Alyzia group, under the Alyzia Airport Services holding company, consists of: Aviance France (passenger handling and aircraft services at Paris - Orly and Paris - Charles de Gaulle), Sapsler Handling (aircraft services at CDG 1 and T3), Alyzia Ramp Assistance (aircraft services at CDG 2), Alyzia Handling (ramp assistance at Paris - Orly) and Locmafer (cargo and mail transfer at Paris - Charles de Gaulle). Alyzia also owns three other subsidiaries: Alyzia Sûreté, Alyzia Training and Sapsler, which provide passenger and baggage screening and searches, sniffer dogs, training and luggage trolley management. Since 2002, Aéroports de Paris has been a member of Aviance, a global alliance of ground handling service providers with 10 members active in 12 countries and more than 100 airports worldwide.

The opening of the ground handling market to competition triggered a steady decline in prices, which began to stabilize only in 2005. Competitive pressure in the "accessible" market has also been increased by the gradual expansion of the SkyTeam alliance, which reduced the accessible share of the market as Air France increased its services. This highly competitive market has put pressure on margins in this labor-intensive area. In order to remain competitive, the Group has implemented three restructuring plans in its ground handling businesses, in 1998, 2000 and 2003. These plans sought to adjust the structures of this business to ensure its sustainability and to return it to financial viability by cutting production costs, focusing on profitable services and contracts and moving into line with industry standards. The restructuring plans have resulted in a gradual reduction in ground

handling staff at Aéroports de Paris, from 1,176 permanent employees in 1997 to 667 at December 31, 2006 (as against 710 at December 31, 2005).

In addition to these 667 employees at Aéroports de Paris, 1,117 permanent staff at the Alyzia group (as against 947 in 2005) are also involved in the ground handling business at the airports operated by Aéroports de Paris, bringing the total for the Group to 1,784 (as against 1,657 in 2005). Shifts run from 4:30 am to midnight at Paris - Orly and round the clock at Paris - Charles de Gaulle.

### **Strategy**

Following the opening to competition in 1998, Paris ground handling assistance was subject to intense competitive pressure, exerted by various operators seeking to take a market share in the Paris platforms that represent a first-rate position on the European airport market. The operators are generally international groups operating all the core businesses of ground handling assistance, with a large-scale network in other European airports and worldwide. This gives them a real competitive advantage, particularly in terms of serving the major airline alliances, searching for service providers which can go with them on all their destinations.

If the European Commission has, for the time being, declined to implement a new obligation to liberalize further the ground handling assistance market, Aéroports de Paris is still subject to the consequences of the initial market opening. Thus in 2006 renewal of licenses led to the emergence on 1 December of another operator from the WFS group, Orly Flight Service, at the Orly Sud terminal. This operator is now active at three terminals at which the Group is present. Moreover, the renewal of a license for the CDG 1 terminal, now poses a certain amount of uncertainty as to the arrival of a fourth operator at the terminal.

This tough competition is found in a ground handling assistance market which is not excessively dynamic overall. If Paris air traffic is really increasing, the main objective of the airlines is to use new technology (particularly dematerialization of tickets and automatic passenger check-ins through the self-service kiosks and over the Internet) to reduce their volumes of ground assistance. The International Air Transport Association IATA, which coordinates the "simplifying the business" program, thus estimates that by 2008 almost 80% of check-ins will be carried out directly by passengers using self-service kiosks and the Internet, as against only 20% using the classic methods.

In relation to the price of ground handling assistance, the trend is decreasing, since airlines are exerting considerable pressure on ground handling assistants, within a context of tough competition between them, particularly with the emergence of low-cost companies flying to European destinations. Regrouping of the airlines into alliances is also a way to improve their negotiating position with those providing ground handling assistance services.

Within this context, Group strategy is as follows:

- Creation of an integrated airport services company, a full subsidiary of Aéroports de Paris. This company is to regroup all the activities concerned. This would entail the end of ground handling assistance exercised directly by Aéroports de Paris. Aéroports de Paris, signatory to a number of commercial contracts with the airlines, will fully subcontract production to the new integrated airport services company. The company will be progressively implemented during the latter half of 2007. By applying employment terms in line with market standards, this would considerably improve production costs;
- A course of commercial action to fight continuous erosion of income, reconquer targeted market share, securizing when possible the portfolio of activities by sufficiently long contracts, and seeking contracts with airlines whose flights attenuate peaks of activity, in order to improve overall productivity; and
- Providing a range of high added value services, by taking advantage of new technological developments such as the creation of interfaces with airline check-in systems, the use of on-board IT systems for plane services and the GPS tracking of apron equipment.

For the Group, the expected benefits of this strategy are to remain a major player in ground handling assistance on the Paris platforms, with multi-terminal presence and good value for money. In particular, the cutback in production costs which should be produced by the integrated company could offer some competitive prices for

premium service quality, in order to generate additional income. Improvement of competitiveness within this activity ought, in particular, to target the new dynamic segments of the market, such as European medium-haul or low-cost carriers. In these conditions, the Group maintains its objective of bringing back this activity to break even by the end of 2008.

The project to create an airport services company was submitted to the Aéroports de Paris staff council on February 8, 2007 and March 8, 2007, and to the various staff councils of the companies forming the Alyzia group between March 15, 2007 and April 15, 2007. On this occasion, Aéroports de Paris stated that the reorganization project as envisaged would not lead to any constrained departure of staff from the Company. The management's commitment is to propose the best solution for the respective situations of each member of staff at Aéroports de Paris through negotiating an employment management agreement with trades union organizations. This agreement would, specifically, define the social measures towards organization of redeployments within the Company, voluntary mobility towards the airport services company and, for any employees who so desire, accompaniment of their personal projects, such as early retirement, job application outside the Group, creation or reactivation of businesses etc.

### 6.3.5. Other activities

Aéroports de Paris, either directly or through its subsidiaries, carries out various business activities that leverage the expertise it has established, such as international airport management and airport engineering, specialized telecommunications services, and the operation of retail outlets in the Group's airports.

#### 6.3.5.1. International airport management

The Group is active internationally, providing skills and expertise in airport management. The Group has entered into a number of airport management contracts, which in some cases have been accompanied by the acquisition of a stake in the airport operator. The Group's presence in the airport operations market is handled by its subsidiary Aéroports de Paris Management ("**ADP Management**").

In 2006, ADP Management's turnover was 8.1 million euros, in addition to which the Group received 4.2 million euros of dividends. The net book value of the holdings was 164 million euros in the consolidated accounts at December 31, 2006.

The group's worldwide presence is shown in the map below:



Aéroports de Paris created ADP Management in 1990. In January 1999 the Vinci group (then the GTM group) took a 34% stake in ADP Management. Since December 2004 and the ending of the partnership between Aéroports de Paris and Vinci in ADP Management, the company has been 100% owned by Aéroports de Paris. The average ADP Management headcount in 2006 was 27.

### **Group holdings outside France**

Since the contribution to ADP Management of Aéroports de Paris' SETA shareholding in September 2006, all Group holdings in airport operating companies are held by ADP Management. These stakes are accompanied by management, consultancy or operating contracts held by ADP Management or the company in which the stake is held.

The Group's international holdings are listed below:

- *Mexico.* On September 4, 2006, Aéroports de Paris brought its ADP Management subsidiary a 25.5% stake in the Mexican company Servicios de Tecnología Aeroportuaria, S.A. de C.V. ("SETA"), for a total of 22.6 million euros. Aeroinvest, a subsidiary of the Mexican group ICA, owned by the Empresa ICA S.A. de C.V holding company, owns the remaining 74.5% of the capital.

SETA is the strategic partner to Grupo Aeroportuario del Centro Norte, S.A. de C.V. ("GACN"), the holding company for 13 airports in the north and center of Mexico, including Monterrey International Airport. In 2000, SETA bought up 15% of this company's share capital, and drew up a 15-year technology transfer and technical assistance contract with it. Following the exercise of an option authorizing it to fully benefit from a 2% share capital increase at GACN, SETA has held 16.7% of GACN's share capital since September 2006. At the end of 2006, the Mexican government listed the balance of the share (48.0%) on the Mexican stock market and on NASDAQ. This distributed GACN's capital between 47.25% of floating stock, Aeroinvest with 36.05% and SETA 16.7%. Aeroinvest undertook to vote as SETA at general meetings of GACN shareholders.

In 2006, traffic through the Mexican airports managed by GACN rose 11.2% to 11.7 million passengers, with respect to 2005.

- *Belgium.* Since 1999, ADP Management has owned a 25.6% stake in the Société de Développement et de Promotion de l'Aéroport de Liège-Bierset SA ("SAB"), which manages the Liège-Bierset airport in Belgium. The other shareholders are Société de Leasing et de Financement (SLF) and Société Wallonne des Aéroports (SOWAER). This stake has a book value on ADP Management's balance sheet of 3.9 million euros, of which 0.87 million euros is not yet paid up. A partnership agreement between ADP Management and SAB was signed in March 1999 for a 15-year period. With almost 406,000 tons of traffic in 2006, Liège-Bierset airport is Europe's 8<sup>th</sup> largest European platform in terms of cargo and is currently undergoing a major expansion program of infrastructures to increase its handling capacity. In parallel fashion, SAB opened a new passenger terminal in April 2005, with a capacity of over 1 million passengers per year, essentially for charter traffic.
- *Guinea.* ADP Management signed a technical assistance contract, with effect from January 1, 2007, for a renewable one-year period with SOGEAC (Société de Gestion et d'Exploitation de l'Aéroport de Conakry), which operates the international airport at Conakry - Gbessia. ADP Management has owned a 29% stake in SOGEAC since 1994.
- *Sales in February 2007 of the Group holding in China.* In February 2000, ADP Management had bought up a 9.99% stake for 119.9 million euros in Beijing Capital International Airport (BCIA'), when 35% of the company's share capital was listed on the Hong Kong stock market. ADP Management was also originally BCIA's strategic partner. Following the end of the partnership with Vinci Airports in 2004, the ADP Management stake in BCIA was successively cut back from 9.9% to 6.6%, and then to 6.27% in 2006 following a share capital increase at BCIA on 4 October 2006. This holding was sold on February 26, 2007 for the sum of 1,970.4 million Hong Kong dollars - around 189 million euros net of expenses and tax. Capital gains on the transfer amount to about 108 million euros for 2007.

### **Management and technical support contracts**

The Group has also signed management and technical support contracts abroad without taking up any capital stakes. The principal contracts are:

- *Egypt*. On December 27, 2004, Aéroports de Paris signed a six-year agreement covering the management of five major regional tourist airports receiving international traffic, at Sharm el-Sheikh, Hurghada, Luxor, Assouan and Abu Simbel. These airports account for traffic of over 13 million passengers. This contract, implemented by ADP Management, forms part of a complete overhaul of the Egyptian airport system under the auspices of the World Bank. ADP Management also manages the private airport at Marsa Alam.
- *Algeria*. In continuation of the two-year technical support contract drawn up with the airport authority EGSA - Algiers for the commissioning in the first half of 2006 of the new terminal at Algiers International Airport, which has been remodeled by ADPi ADP Management signed on July 1, 2006 a four-year renewable management contract for Algiers airport whereby ADP Management ran the new Airport Management Company. Algiers Airport handled over 3.5 million passengers in 2006.
- *Cambodia*. In Cambodia, ADP Management signed a three-year operational support contract on January 1, 2005, with CAMS, the company operating the international airports at Phnom Penh and Siem Reap, on behalf of concession holder SCA, whose majority shareholder is the Vinci Group.
- *Saudi Arabia*. In December, in partnership with the Saudi SBG Group, ADP Management won the international tender to operate the Hajj terminal at Jeddah Airport in Saudi Arabia. Jeddah Airport handles over 16 million passengers every year, of which 4.8 use the Hajj terminal, frequented by pilgrims traveling to holy Islamic shrines.

### **Strategy**

Within a context of heavy investment and sustained growth at its Paris airports, the Group intends to limit the level of new financial commitments it earmarks its international development. The current holding portfolio and the cash generated through the sale of the BCIA stake could also be reinvested in new international projects, as a complementary feature to this limited new commitment, depending on future opportunities.

The Group's strategy for airport privatizations and concessions internationally is to maintain a prudent presence so as to preserve sources of future growth with the priority of creating value in so doing. With this in mind, the group strategy for international business is as follows:

- The Group will continue its activity through consortiums or minority stakes. It could contemplate a majority position on very limited number of projects. In addition to taking up the shareholdings, there will be management or technical assistance contracts justifying Aéroports de Paris' ability as an airport operator;
- The Group will select projects where it can take up a position on the basis of a satisfactory level of profitability, in due consideration of the anticipated level of risk;
- The Group will follow clear rules of selection in order to limit risk. It will also prioritize holdings in airports in Europe (including France), in OECD countries and in countries with fast-growing economies, notably Brazil, Russia, India and China;
- The Group will seek out opportunities to become involved in large, but under-used airports, which have significant requirements for airport management skills, and thus offer strong growth potential.

#### *6.3.5.2. Development of engineering businesses in France and abroad*

Created in June 2000, ADPi is a wholly-owned subsidiary of Aéroports de Paris which provides design, architecture, project management and works supervision services in the area of airports and venues where there are issues of complex pedestrian flows (like air terminals and sports and cultural venues). ADPi, which works

either alone or alongside other consultants, is active on all continents and in 2006 generated revenues of 33.6 million euros against 27.5 million euros in 2005.

Prior to the creation of a separate subsidiary, the architecture and engineering office of Aéroports de Paris directly engaged in the activities now carried out by ADPi. ADPi has been ISO 9001 certified since February 2003 and in March 2005 successfully passed its second ISO 9001 monitoring audit.

ADPi provide services, on demand, throughout the life cycle of its clients' projects:

- In the planning and scheduling phase, ADPi provides a variety of technical and economic studies (feasibility studies, traffic forecasts, sizing of facilities) which form the basis of master plans, covering site selection and evaluation and the overall site development plan;
- During the initial design phase, ADPi performs preliminary design work (initial definition of technical features, assessment of cost of project, and definition of architectural style of the buildings and their geometric details);
- During the phase of detailed design and preparation of contractors' tender document (representing the core of the engineering input in the true sense of the term), ADPi's role has traditionally been to produce detailed designs and technical specifications for the project, technical specifications for equipment, budget costs for the works and estimates of the time required;
- During the construction phase, ADPi manages the project (including selection and management of contractors and supervision of works) and/or provides post-project support (notably checking that installed equipment works correctly)

In the area of complex non-airport facilities, ADPi has been involved in a wide variety of projects including the TGV station at the Paris - Charles de Gaulle airport, overall planning for the Eurotunnel terminal area at Calais, project management for the Cité Europe shopping complex in Calais, the covered multi-sport stadium in Canton, the Oriental Arts Center in Shanghai and The Grand National Theatre in Beijing, China. ADPi is currently involved in architectural and project management services for two skyscrapers in Dubai.

In the airport field, ADPi has a portfolio of 168 references in 70 countries.

ADPi is active both in France (final assembly plant for the Airbus A380 in Toulouse, involvement in the construction of Bordeaux-Mérignac airport or Nice airport etc.) and elsewhere in the world (assembly hall for Airbus A400M military plane in Seville, new terminal at Houari Boumediene airport in Algiers, involvement in terminal projects in Dubai, Moscow, Shanghai Pudong, Ho Chi Minh City, Bogotá, etc).

In 2006 the average headcount at ADPi was 200, 112 of them outside France, most of whom were working under local contracts.

On the commercial front, ADPi had an extremely good 2006, with a portfolio of signed orders as of December 31, 2006 of 68.5 million euros, representing two years of turnover in 2006.

A substantial share of ADPi's revenues are currently generated from its activities in the Persian Gulf (70% of 2006 revenues) due to the favorable economic conditions in this region and to ADPi's strong local presence in the region. The main contracts include, in Dubai, the design and supervision of the construction of terminal 3 concourses 2 and 3, the maintenance base for Emirates airline (7 A380 hangars already built), the new Jebel Ali international airport and the Tiara Towers, in Qatar, the new Doha international airport and in Oman, the new Seeb and Salala airports.

Outside the Middle East, ADPi has taken on the design for the extension work of Terminal 1 at Dublin airport, the Mohammed 5 terminal at Casablanca airport, the master planning and extension work to Monterrey airport in Mexico, design for extension work on Bogotá airport, the master planning and development at El Salvador airport etc.

ADPi's strategy is based around three central features: controlled growth so as to spread general overhead and project development costs; a strategy of geographical targeting of the best opportunities (notably in the Persian

Gulf) without overlooking stable, low-risk regions such as France, Western Europe and Japan and fast-growing areas such as Asia and Eastern Europe; lastly the expansion of the project portfolio so as to be able to grow in new and profitable activities (luggage systems, runways, control towers) while continuing to cover the segments where it has built its reputation (major air terminals, industrial airport buildings and complex infrastructure).

#### 6.3.5.3. *Hub télécom*

Created in 2001 under the ADP télécom name, Hub télécom is a telecoms operator specializing in telecommunications network services in airports and other sites with high levels of professional users. Hub télécom is a wholly-owned subsidiary of Aéroports de Paris. Hub télécom had revenues of 75.1 million euros in 2006 (as against 71.3 million in 2005), of which 30.0 million euros (as against 31.5 million euros in 2005) was generated from Group entities. It had on average 247 employees in 2006.

Hub télécom mainly supplies telephony, data transmission, specialized networks for airport environments and engineering services. Telephony services include subscriptions, calls and lease of equipment and maintenance contracts.

As a telecoms network and service operator, Hub telecom offers a full range of telecommunications solutions including telephony, data transmission, mobility, multimedia and engineering services. Hub télécom has also developed consumer offerings including Wifi services and SMS flight information. Hub télécom is also supplying radio communications services over secure networks based on the digital TETRA radio standard.

The mobility solutions developed by Hub télécom meet all the needs of companies working at airports, from mobile telephony (DECT, TETRA and GSM) to data transmission (Wifi, GPRS and Wimax) to activity-specific solutions (baggage management, plane preparation, real-time flight information and GPS services).

Hub télécom's clients in airports include airlines, ground handling service providers, transit agents, cargo companies, logistics providers, hotels, car rental groups and the government agencies. Specialist services and the solutions offered by Hub télécom contribute to increase the productivity of these customers and enhance the attractiveness and competitiveness of the Paris airports. Hub télécom's expertise thus provides a very good fit with that of Aéroports de Paris and emphasizes the Group's positioning as a provider of value added services.

Hub télécom has been awarded contracts to install and operate broadband wireless (Wifi) networks to meet the requirements of airlines, service providers and the general public in France (at Lyon, Montpellier, Toulon, Clermont-Ferrand, Lille and Perpignan airports), in Switzerland (Geneva airport) and in Morocco (Casablanca airport). Hub télécom has also developed and marketed the "aérosms" service to provide real-time flight information by SMS, supplying it to Brest, Montpellier and Toulon airports.

The services developed by Hub télécom are well adapted to other venues used by the business community, where Hub télécom can offer innovative shared solutions. In particular this applies to complex business sites, where tens or hundreds of companies co-exist, with strong demand for mobility of people and goods. Hub télécom includes amongst its clients business parks, conference centers (including the Palais des Congrès in Paris), exhibition centers (including that at Porte de Versailles in Paris) and hotels (e.g. Hôtel Concorde Lafayette in Paris) and the Rungis National Interest Market.

Hub télécom also operates in Morocco at the new port in Tangiers and surrounding areas of activity, and to this end drew up an agreement on December 20, 2006 with TMSA (Tanger Mediterranean Special Agency) to create CIREs Télécom, controlled 49% by Hub télécom and 51% by TMSA. The main aim of the new company is the design and operation of telecommunications systems and marketing of telecommunications services, particularly added-value telecommunications services. CIREs Télécom will entrust Hub télécom with the assistance in specific project management for its network, and the assistance with the launch of its first offers (video surveillance, local networks, Internet, radio communication, IPPBX, hosting and access control services).

Moreover, on July 7, 2006 Bolloré Télécom, a company in which Hub télécom holds 10.5% of the shares, obtained the licenses for the utilization of WIMAX frequencies in twelve French regions following a competitive tender by ARCEP (Aquitaine, Auvergne, Bretagne, Corsica, Franche-Comté, Ile-de-France, Languedoc-Roussillon, Limousin, Midi-Pyrénées, Provence-Alpes-Côte d'Azur, Picardie, Rhône-Alpes), to allow it to operate

WIMAX services and networks. Following this decision, a number of reflections were started by Bolloré Télécom during the latter half of 2006 to define the company's launch formula.

Bolloré Télécom was officially launched at the beginning of 2007 with the appointment of its two top managers. The first areas of business will commence with pilot projects. When these have been completed, the management team will define the strategy of the company and choose the Wimax equipment manufacturers for the initial deployments.

Hub telecom, which will be in charge of deployment and maintenance of Wimax infrastructures at certain complex activity sites, will thus be in a position to offer its customers specific high-flow "nomad" services to its customers, particularly in terms of WIFI continuation. Thus Hub telecom, in addition to its fixed telecommunications network, will handle a radio network which can take in future technological IP progress and guarantee the company a position as a telecommunications services leader on complex sites. For Hub telecom the stake in Bolloré Télécom represents investment of 10 million euros.

As well as being a service operator, Hub télécom owns its own network at the Aéroports de Paris airports and can thus offer telecommunications integration services to its clients. Hub télécom provides consultancy and engineering services to support the expansion of its clients, with its offering covering service marketing, cost optimization and network engineering. Hub télécom also offers site managers a range of telecommunications infrastructure outsourcing solutions.

Hub télécom has more than 1,350 corporate customers and more than 150,000 daily users across all its businesses.

### **Strategy**

The major strategic goal for Hub télécom is to establish itself as the European leader in communications solutions for airports and complex sites. With this in mind, the company will focus on developing its offering around the themes of mobility and convergence, and to set itself apart by offering sector-specific and innovative solutions (such as GPS management solutions).

Drawing on a portfolio of references from the Paris airports and the major French regional airports, Hub télécom plans to pursue targeted geographical growth to strengthen its international presence, for instance through consultancy and engineering services targeted to airports' specific needs (growing complexity, constant changes in airport management processes, lead-time, cost and resource constraints for airport operators).

#### *6.3.5.4. Retailing: Société de Distribution Aéroportuaire*

To complement its activity of developing and renting commercial space in its terminals, Aéroports de Paris has decided to develop a more integrated model. Since 2003 it has been involved in the direct management of retail operations through Société de Distribution Aéroportuaire, a company created in partnership with the airport retail specialist Aelia (a subsidiary of Hachette Distribution Services). Greater integration between the airport operator and the retailer provides greater flexibility in adapting the offering to meet client expectations and in the development of new retail concepts. It has thus given Aéroports de Paris better control over the operation of its retail space<sup>68</sup>.

Following creation of the Société Distribution Aéroportuaire in 2003, Aéroports de Paris held 49% of share capital, while Aelia held the remaining 51%. Under the terms of an agreement signed on July 28, 2006, Aéroports de Paris decided to increase its stake in Société Distribution Aéroportuaire from 49% to 50% as of January 1, 2007. Aelia holds the remaining 50%.

Aéroports de Paris and Aelia have introduced balanced and bi-partisan management through a management committee consisting of three representatives from each partner. The partnership in Société de Distribution Aéroportuaire is in a position to benefit from synergies between the two partners in many ways: organization of passenger flows, marketing and merchandising.

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<sup>68</sup> See 6.3.2.8. "Airport Services - Commercial and service activities at Aéroports de Paris"

Société de Distribution Aéroportuaire procures its supplies exclusively from the Aelia purchase unit, and this means it can benefit from conditions negotiated on the basis of volume of purchases from the Aelia Group.

Following its creation in 2003, Société Distribution Aéroportuaire handled the management of retail outlets at Paris - Charles de Gaulle's terminal 2 - perfumes and cosmetics, alcohol and tobacco, and certain aspects of gastronomy and confectionery exercised as a complementary activity at retail outlets for alcohol and tobacco at terminals A and D. As of January 1, 2007, the company has also managed the same activities at retail outlets in Paris - Charles de Gaulle's terminal 1 (gastronomy is managed here only as a secondary activity to alcohol and tobacco retail outlets).

Under the terms of the agreement of July 28, 2006, Société Distribution Aéroportuaire has also managed retail outlets at Charles de Gaulle's terminal 3 since November 1, 2006 - alcohol - tobacco - perfumes - cosmetics and gastronomy, and has managed the same items at retail outlets in the Orly Sud and Orly Ouest terminals since January 1, 2007.

Areas for exclusive use as gastronomy have been operated by Société de Distribution Aéroportuaire since January 1, 2007 at retail outlets in terminal F, and will be operated on expiry of the current AOT (Temporary authorization of occupation) for retail outlets at the number 1 terminal and terminal 2's B and C areas.

The company will also operate retail outlets for alcohol - tobacco - perfume - cosmetics at satellite 3 in Paris - Charles de Gaulle's terminal 2, which is due to be opened to the public in June 2007.

All contracts allowing Société Distribution Aéroportuaire to carry out its activities will terminate on December 31, 2013, a date which may be extended for a maximum period of 15 months, if sales objectives per passenger for each year of the 6 years of the agreement are met or surpassed.

Shares in Société de Distribution Aéroportuaire can not be sold for 10 years from registration - in other words, until April 29, 2013. However, the by-laws of Société de Distribution Aéroportuaire allow each of the partners to forcibly assign the other party's shares in the event of violation of a clause in the by-laws, bankruptcy or capital reduction at the partner in question below the legal minimum. In addition, Aéroports de Paris will have the option to exclude Aelia and buy out Aélia's share should the Hachette Distribution Services group transfer control of this subsidiary or in the event of termination or expiry of all leases drawn up with Aéroports de Paris for Paris - Charles de Gaulle and Paris - Orly.

A specific profit sharing mechanism was introduced for this company when it was incorporated, whereby shares held by Aéroports de Paris gave it the right to a 35% share of net income between 0% and 3% of net revenues at Société de Distribution Aéroportuaire, and 49% of any net income above this level. As of the financial year beginning January 1, 2007, each of the two partners in Société de Distribution Aéroportuaire will be entitled to 50% in company reserves and profits.

Total revenues at Société de Distribution Aéroportuaire were 203.7 million euros in 2006 as against 163.8 million in 2005, an increase of 39.9 million euros, of which 28.0 million euros generated by retail outlets at terminal 1 in Paris - Charles de Gaulle. Total fees of 73.1 million euros (as against 60.2 million in 2005) were paid by Société de Distribution Aéroportuaire to Aéroports de Paris, 34% of the total commercial fees paid to Aéroports de Paris. The dividend paid to Aéroports de Paris was 3 million euros in 2006 (2 million euros in 2005). The average company headcount was 546 in 2006.

The Group is expecting a significant increase in income by Société de Distribution Aéroportuaire in 2007, in due consideration of the extension of its activity perimeter to terminal 3 in Paris - Charles de Gaulle and to Paris - Orly. The previous concessionaries operating the shops to be managed by Société de Distribution Aéroportuaire earned income of 13.6 million euros in 2006 at terminal 3, and 53.2 million euros at Orly.

#### 6.3.5.5. *Training and human resources*

As part of its strategy of international expansion and the export of its expertise, Aéroports de Paris offers customers, through training and advice on human resources development, a range of support and training services that complement the services provided by its ADPi, ADP Management and Hub télécom subsidiaries.

Sold under the banner "Aéroports de Paris Training", these services can be purchased as a standard or a tailored package, thus ensuring quality and flexibility for clients, and can address any of the themes specific to the operation of an airport (operation, management, human resources, security, etc). Drawing on training materials already developed internally, Aéroports de Paris Training can also call on a network of speakers and trainers drawn from within the Group, all of whom are experts in very specific areas of airport management spanning all Group business lines.

Aéroports de Paris Training is thus able to provide a broad range of services (consultancy on human resources management and development, bespoke training and personalized programs on a wide range of themes relating to the airport industry, audit and design of training systems, training of training managers or trainers within client companies).

In this business area, Aéroports de Paris has provided services in more than 55 countries worldwide. By way of illustration, the Company was recently appointed to provide, between 2005 and 2007, more than a dozen training sessions for managers and staff at the five regional airports in Egypt operated by ADP Management. In France, the main training provided has covered maintenance, operation of air terminals, crisis management, safety and security.

In 2006 services provided under the "Aéroports de Paris Training" name generated revenues of 1 million euros.

#### **6.4. Factors of dependency**

##### 6.4.1. Clients

Revenues generated by the contractual relations between Aéroports de Paris and the companies of the Air France - KLM group represented 25.6% of the total revenues of Aéroports de Paris for the year 2006, as against 23% in 2005<sup>69</sup>.

##### 6.4.2. Intellectual property

In accordance with the provisions of the French Code of Intellectual Property, Aéroports de Paris is bound to comply with the moral rights attached to existing airport constructions, in particular on the Paris - Charles de Gaulle platform. Such rights imply for the Company to obtain a prior authorization from architects for any significant adaptation or modification of the constructions. Any opposition from such architects might result in a delay or freeze of the proposed works on said constructions.

##### 6.4.3. Events with substantial impact upon the business or profitability of Aéroports de Paris in 2006

Not applicable.

#### **6.5. Group's competitive position**

The Group's competitive position is set out in paragraph 6.2.5.1. "Competition".

#### **6.6. Legal and regulatory environment**

##### 6.6.1. Sources of the regulatory regimes applicable to the Group

Aéroports de Paris is subject to a number of international, European and international regulatory regimes relating to the operation of airports.

##### ***The international civil aviation treaty***

Aéroports de Paris is subject to the French regulations implementing the International Civil Aviation Treaty signed in Chicago on December 7, 1944, ratified on December 7, 1944 and published in its approved French translation in Decree n° 69-1158 of December 18, 1969. Under Article 37 of this treaty, the International Civil Aviation

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<sup>69</sup> See 4.1. "Risks Related to the Business of Aéroports de Paris"

Organization (ICAO), which has more than 180 member states, is responsible for establishing "recommended standards and practices" to ensure that each flight is handled in an identical and uniform way in all of the states that are signatories to the Treaty. These standards and practices cover technical specifications, the uniform application of which is considered necessary or desirable in the interests of security, conformity and efficiency of air travel and to which the signatory states must conform (in the case of standards) or seek to conform (in the case of recommended practices). They cover all technical and operational aspects of international aviation and in particular set out the characteristics of airports and landing areas and other items relating to security, efficiency and conformity of air travel.

### **European Union regulations**

Aéroports de Paris is subject to European regulations relating to the air transport sector, most notably Council Regulation (CEE) n° 2408/92 of July 23, 1992 regarding access of community air carriers to intra-community air routes (which paved the way for liberalization of air transport in Europe) and Council Regulation (CEE) n° 95/93 of January 18, 1993 on common rules on the allocation of slots at European Community airports, modified most recently by Regulation (CE) n° 793/2004 of the European Parliament and the Council of April 21, 2004.

The Group is also subject to French laws implementing Council Directive n° 96/67 of October 15, 1996 which opened the market for ground handling services in airports in the European Union<sup>70</sup>, Regulation (CE) n° 2320/2002 of the European Parliament and the Council of December 16, 2002 on the creation of common rules in the area of security, as modified by Regulation (CE) n° 849/2004 of April 29, 2004<sup>71</sup> and Directive 2002/30 of the European Parliament and Council of March 26, 2002 on the creation of noise control rules at European Community airports<sup>72</sup>.

### **French legislation**

Under Articles L. 251-2 and D. 251 of the Civil Aviation Code, Aéroports de Paris is responsible for managing, operating and developing the Paris - Charles de Gaulle, Paris - Orly and Paris - le Bourget airports, as well as 11 civilian airfields in the Ile de France region<sup>73</sup>. Under these articles Aéroports de Paris has exclusive rights to manage, operate and develop these airports for an indefinite period.

As part of its legally mandated functions, Aéroports de Paris must comply with:

- The provisions of law applicable to all airfield operators, which are set out primarily in the Civil Aviation Code. These rules have been modified on several occasions, in particular in order to strengthen requirements regarding flight security and airfield security;
- The specific terms contained in the Law of April 20, 2005 and its enacting Decrees, as codified in Articles L. 251-1 and subsequent and R. 251-1 and subsequent of the Civil Aviation Code; and
- The obligations in a technical document known as the *cahier des charges*, as provided in Decree n° 2005-828 of July 20, 2005.

#### 6.6.2. Regulation of Group airport activities

##### 6.6.2.1. Regulations regarding revenues generated from the operation of airports

The public airport services provided by Aéroports de Paris are primarily paid for through airport fees for services provided. Airport fees are determined mainly as a function of the number of departing commercial passengers and the number of aircraft movements, including both takeoffs and landings.

The maximum level of annual increase in airport fees are determined by multi-year contracts with a duration of up to of five years between the Group and the French State or, in the absence of a contract, on an annual basis in

<sup>70</sup> See 6.3.4. "Ground handling services"

<sup>71</sup> See 6.3.2.7. "Security"

<sup>72</sup> See 6.7.1. "Implemented measures and environment Balance – Environmental regulations"

<sup>73</sup> See 6.3.2.4. "General aviation heliports and aerodromes"

accordance with articles L. 224-2 and R. 224-4 of the Civil Aviation Code. Aéroports de Paris and the French State signed a contract on February 6, 2006 (the CRE) to cover the period from 2006 to 2010<sup>74</sup>.

#### 6.6.2.2. *Opening of airfields to public air traffic and classification of airfields*

##### **Opening to public air traffic**

The airfields operated by Aéroports de Paris are open to public air traffic in the sense of Article R. 221-1 of the Civil Aviation Code, which provides the authorization for the operation of the airfield. As a result, all aircraft with the appropriate technical characteristics for these airfields are authorized to use them.

The opening or closing of an airfield to public air traffic is a decision made, after a technical review, by the Minister with responsibility for civil aviation. An authorization to open an airfield to public air traffic can not, except in an emergency, be suspended, restricted or withdrawn other than by a reasoned ministerial order issued, in certain cases, after approval from the Superior Council for Aviation Infrastructure and Navigation.

##### **Classification of airfields**

Airfields must be managed and equipped in a way that meets the obligations that are appropriate for the activity undertaken on them. The Civil Aviation Code classifies airfields that are used by public air traffic into five categories, according to the nature of the traffic that the airfield is intended to receive (Article R. 222-1 and subsequent of the Civil Aviation Code). The classification of airfields is made by decree issued after approval from the Superior Council for Aviation Infrastructure and Navigation. The adoption of the decree is made on the basis of a report from the Minister with responsibility for civil aviation, after approval from the Minister of the Economy and Finance, the Minister for Equipment, the Secretary of State for Housing, the Minister of the Interior and any other ministers affected. The list giving the classification of airfields is appended to the Civil Aviation Code (by virtue of Article D. 222-1 and subsequent of the Code).

Paris - Charles de Gaulle, Paris - Orly and Paris - Le Bourget airports are in category A (that is to say airfields suitable to receive normal long-distance flights under all conditions). The other airfields operated by Aéroports de Paris are classified in categories C, D and E.

#### 6.6.2.3. *Construction, extension or modification of airfields*

##### **Projects subject to specific procedures**

The development of airfields requires considerable investments, which can have a significant impact on the environment and security of neighboring populations. As a result, some projects are subject to specific procedures designed to assess their impact on the environment and security and to inform and consult with local residents (Articles L. 211-1 and R. 211-3 and subsequent of the Civil Aviation Code). Therefore:

- The creation or extension of infrastructure for which the cost is greater than 1.9 million euros requires the prior publication of an impact study;
- Major transport infrastructure projects with a cost of approximately 83 million euros or more are subject to review, including analyses of the conditions and costs of construction, maintenance, operation and renewal of the infrastructure; financing conditions and an estimate of the financial return; the effect of the project on existing transport infrastructure or other infrastructure in the process of being built; and a provisional analysis of the advantages and disadvantages resulting directly from the approval or rejection of the proposed infrastructure;
- The creation or extension of runways for category A airfields with a cost of over 35 million euros may involve a public debate (this becomes compulsory where the expected cost is greater than 100 million euros);

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<sup>74</sup> See 6.3.2.6. "Revenues from the operation of airports"

- The creation of a new airfield, a new runway or work carried out with a view to a change in category under Article R. 222-5 of the Civil Aviation Code must be preceded by a public enquiry; and
- Works to build, extend or carry out extensive modification of airport infrastructure, the operation of which poses security threats to users and neighboring residents, are subject, prior to commencement, to the production of a descriptive report accompanied by a security report drawn up by a suitably qualified and approved expert or organization. This report must detail the operating conditions of the infrastructure and examine its compatibility with existing structures, or in the case of projects on the fringes of airports its impact on the security of neighboring residents (to date, however, this procedure, set out in Law n° 2002-3 of January 3, 2002, has not been the subject of an enabling Decree).

### **Building permits**

In accordance with Articles L.421-2-1 and R.490-5 of the French Urban Land Use Code, the French State is the competent body for the delivery of building permits relating to operations in the national interest. Article 5 of the Decree of July 20, 2005 included works to enhance and develop the airfields operated by Aéroports de Paris in the scope of such operations.

On September 23, 2005, the local authority of Tremblay-en-France submitted a motion to the *Conseil d'Etat* calling for the annulment of the Decree of July 20, 2005. In support of its motion the local authority challenged the legality of Article 5 of the Decree of July 20, 2005 on the basis that it failed to define in a sufficiently precise fashion the scope of the airport sites to which it was applicable. The authority claims that with the exception of the major airports operated by Aéroport de Paris, the airfields operated by the Company did not fulfill the criteria of being in the national interest. The authority therefore claims that the competence given to the French State to grant building permits is inconsistent the principle of freedom of action of local authorities.

If the arguments put forward by the local authority of Tremblay-en-France were upheld, the provisions of Article 5 of the Decree of July 20, 2005 could be overturned. The legality of the other provisions of the Decree would not be called into question provided that the provisions in question are considered to be separable from Article 5. This case is currently pending.

#### 6.6.2.4. *Ownership of assets, obligation to pay a share of capital gains on the sale of closed airport sites to the French State*

### **Ownership of Aéroports de Paris assets**

Article 2 of Law n° 2005-357 of April 20, 2005 provided for the reclassification of all public assets held by Aéroports de Paris as a public body and all assets that the French State had transferred to it or had authorized it to occupy. As from July 22, 2005, the date on which Aéroports de Paris was transformed into a *Société Anonyme*, full ownership of these assets was vested in the Company. Aéroports de Paris thus owns all its assets outright, including the land on which its airfields are located as well as all infrastructure and other installations that the Company has constructed there. At the same time, the Law of April 20, 2005 contained provision for the French State, or its public bodies, to retain the assets necessary for public service functions relating to the operation of the airports. The list of these assets is given in Appendices 1 and 2 of Decree n° 2005-1538 of December 8, 2005<sup>75</sup>.

However, the exercise by the Company of its property rights is restricted by the law in certain circumstances. Article L. 251-3 of the Civil Aviation Code stipulates that where a structure or land owned by Aéroports de Paris and situated within an airport is necessary for the proper execution by the Company of its public service functions or for the development of these functions, the French State may oppose the sale or transfer of the structure or land, in whatever form, or the creation of a lien over the structure or land, or may make such sale, transfer or creation of a lien subject to the condition that it does not disturb the performance of these functions. Article 53 of the *cahier des charges* of Aéroports de Paris sets out the categories of assets affected. The areas affected by the restrictions above represent approximately 67% of the total surface area of the three Paris airports, Paris - Charles de Gaulle, Paris - Orly and Paris - Le Bourget. Only 14% of the 369 hectares of real estate reserves currently available for development are affected by these restrictions.

<sup>75</sup> See 8.1. "Real Estate Properties and Equipment of Aéroports de Paris"

### ***Obligation to pay to the French State a share of capital gains realized on the sale of closed airfield sites***

The agreement between the State and Aéroports de Paris under Article 3 of the Law of April 20, 2005 stipulates that, for a period of 70 years, in the event of the closure to public aviation of all or part of an airfield operated by Aéroports de Paris, the Company must pay to the state 70% of the difference between the market value of the buildings that are no longer used for public airport services and their value on the balance sheet at December 31, 2004, as approved by the General Meeting of Shareholders of Aéroports de Paris on December 23, 2005, taking into account costs relating to their renovation and the closure of airport facilities.

The agreement provides that:

- The market value of real estate assets is to be determined by a panel of experts (consisting of four members nominated equally by the French State and Aéroports de Paris and one member chosen by these four to be the chairman of the panel), who will apply methods customarily used in the valuation of real estate assets (assessment of the location, recent transactions for similar assets, general market level, etc.);
- The reference value of the assets is also set by the panel of experts, which will examine the costs of renovation and of the closure of airport facilities, particularly the cost of ground decontamination and of demolition of buildings and structures, which will be added to the balance sheet value at December 31, 2004.

The payment by Aéroports de Paris to the French State must be made within 90 days of notification of its amount.

This agreement affects only those buildings which belonged to the public domain of Aéroports de Paris before the change in its status from public body to *Société Anonyme*, or to the French State. It does not cover any assets that had been held by the private domain of the former public enterprise or any assets acquired subsequent to the conversion of Aéroports de Paris to *Société Anonyme* status.

It should be noted that under current regulations, the decision to close an airfield or part of an airfield operated by Aéroports de Paris to air traffic would be taken by the minister responsible for civil aviation and would not be the responsibility of Aéroports de Paris (Article R. 221-2 of the Civil Aviation Code).

### ***Characteristics of the airspace surrounding airfields: aviation servitudes***

Airfields require control over large expanses of land. Most importantly, airfields must have a substantial volume of unimpeded airspace so that planes may approach and take off in complete safety. Article R. 241-1 of the Civil Aviation Code creates two types of aviation servitudes designed to protect an airfield from obstructions, so that planes may land and take off safely and regularly.

- Clear space aviation servitudes, which forbid the creation or require the removal of any obstacles that could hinder air movements or interfere with the operation of safety systems created in the interest of aviation. These could include height limits for buildings, trees or other structures and they give the authorities the right to require the removal of existing obstacles. A plan of such servitudes is drawn up for each airfield, and is subject to a public enquiry. Depending on whether the conclusions of the enquiry's report and the opinions of the public services and authorities affected are favorable to the plan, it will be approved by order or by decree. This plan is appended to local zoning plans. It will indicate the areas in which the height of buildings or any other potential obstacle is limited.
- Warning beacon aviation servitudes, which impose the requirement to inform pilots of certain obstacles and of the placing of visual or electronic warning systems designed to indicate their presence or to allow the identification of such obstacles or permit the installation of such systems

In addition, expansion of airport capacity is made possible by the creation of a protected space around the airports, within which restrictions are imposed on the issuance of building permits. These restrictions are set out in particular in the noise exposure zoning, the purpose of which is to limit the number of people affected by noise pollution, and through the careful planning of urbanisation in the areas surrounding airfields<sup>76</sup>.

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<sup>76</sup> See 6.7.1.1. "Noise control regulations"

#### 6.6.2.5. Allocation of takeoff and landing slots

Allocation of takeoff and landing slots refers to the authorization to use airport infrastructure that may be required to fly into or from an airport at a specified date and time for the purpose of take-off and landing. The allocation of slots is distinct from the allocation of air carriers between terminals or airfields.

Rules for the allocation of slots have evolved gradually since the 1960s, particularly in the forum provided by IATA scheduling conferences. As far as the European Union is concerned, the rules for allocation of slots were harmonized across the community by Council Regulation CE n°95/93 of January 18, 1993 setting common rules for the allocation of slots in European Community airports, since modified by Regulation CE n°793/2004 of the European Parliament and the Council of April 21, 2004. These regulations aim to establish clear rules for the allocation of slots to different carriers, based on principles of neutrality, transparency and non-discrimination.

The rules for allocation are as follows: all slots allocated to a carrier for an aviation season are automatically reallocated to that carrier provided they have been correctly used (that is used for at least 80% of the period of allocation, under the so-called "use-it-or-lose-it" rule) and if the carrier makes a fresh application for those slots in the following equivalent season. Slots that remain unallocated after this re-allocation (returned by carriers, not re-allocated or newly created), are pooled. Half of the pooled slots are allocated to new entrants (carriers with little or no presence at the airport in question) and the other half allocated to carriers already using the airport. EU regulations also allow member states to take special measures to insure adequate domestic air services by allocating a certain number of slots to routes serving particular regions and/or carrying a public service requirement.

Slots are allocated free of payment. They may be swapped between carriers at the same airport, but may not be given, bought or sold by carriers. Slots are not attached to specific routes but to carriers, other than for the special case of routes designed to improve internal links or with a public service requirement (for example, at Paris - Orly).

Under these regulations, member states may designate certain airports as "coordinated airports". This implies that any take-off or landing at these airports is subject to the prior allocation of the corresponding slot, with the exception of government flights, emergency landings and humanitarian flights. The allocation of these slots is carried out by an impartial and independent organization known as the "coordinator".

Paris - Orly and Paris - Charles de Gaulle airports were designated "coordinated airports" by order of the minister with responsibility for civil aviation (Order of October 19, 1999 and subsequent modifying orders, the latest of which is that of October 11, 2006).

The designated coordinator for the allocation and distribution of slots is COHOR, the *Association pour la Coordination des Horaires* (under the Order of August 9, 1996 designating the coordinator for the allocation of slots at Paris - Orly and Paris - Charles de Gaulle airports). COHOR is a non-profit organization governed by the Law of July 1, 1901. Its members are airlines (Aigle Azur, Air France, Brit Air, CCM Airlines, Corse Air International, Europe Airpost, Regional Compagnie Européenne and XL Airways France) and airport managers (Aéroports de Paris and the Chambers of Commerce and Industry of Lyon and Nice). Any company holding an operating license in accordance with European regulations and any airport coordinated by COHOR, may become a member. In addition, two observers attend Annual General Meetings and meetings of the Board of Directors: BAR (Board of Airline Representatives) and UAF (Union des Aéroports Français). Lastly, a representative of the minister responsible for civil aviation sits on the Board of Directors and attends annual general meetings for consultative purposes.

In practice and in accordance with its by-laws, COHOR appoints a "delegated coordinator" for timetable coordination and/or allocation of slots between air carriers serving coordinated airports.

The delegated coordinator is currently Mr. Eric Herbane. He was appointed for an automatically renewable 4-year term.

The delegated coordinator carries out all functions that are the responsibility of COHOR, namely:

- Allocation and distribution of slots between the various users of coordinated airports;

- Coordination of timetables of the various users of coordinated airports where COHOR has been appointed as coordinator;
- Supervision of use of slots and respect of timetables;
- Issuance of information to be provided to air carriers under European regulations;
- Attendance at international scheduling conferences for the planning of aircraft movements;
- Representation of COHOR on European and international coordinating bodies

In addition, the Coordinating Committee for French Airports (created by the Order of September 28, 2004) to which airlines, their representatives, operators of coordinated French airports (including Aéroports de Paris) and the air traffic control authority may all belong, can issue proposals or advice to COHOR regarding (i) the possibility of increasing capacity at coordinated airports or improving use of existing capacity, (ii) parameters of coordination, (iii) methods of monitoring use of allocated slots, (iv) local guidelines for the allocation of slots and the monitoring of their use, in particular to take account of any environmental considerations, (v) improvements to traffic conditions in coordinated airports, (vi) serious problems experienced by new entrants and (vii) any question relating to the capacity of coordinated airports. The coordinating committee is also responsible for mediation between parties in dispute over the allocation of slots.

### ***Paris - Charles de Gaulle***

At Paris - Charles de Gaulle the number of available slots for each aviation season is set by the Minister of Transport, as a function of runway and terminal capacity. Thus the number of slots increases as a function of the increase in physical capacity created by investment, particularly in terminal facilities, and as a function of the operational capacity of the runways determined by the air traffic service. The total capacity at Paris - Charles de Gaulle (given as the number of departures and arrivals per 10 minute period and per hour between midnight and 23.59 pm local time), as well as the terminal capacity (given as the maximum hourly flow of outbound passengers at each terminal for the summer season 2007), were set by order of the Minister for Transport on October 11, 2006.

Total plane activity at Paris - Charles de Gaulle is, however, limited by a measured weighted overall indicator (the *Indicateur Global Mesuré Pondéré* or IGMP) set by the French State under the Order of January 28, 2003. Under this indicator, weighted annual noise energy emissions at the airports must not exceed the average level of energy emissions over the three years 1999, 2000 and 2001.

Activity at Paris - Charles de Gaulle is also subject to limitations on night flights. With a view to reducing noise nuisance for neighboring residents, several orders of November 6, 2003, which became effective on March 28, 2004, are limiting, amongst other things, night flights between 0.30 am and 5.29 am for arrivals and between midnight and 4.59 am for departures.

These orders placed restrictions on flights by the noisiest aircraft. The night-time slots which have been abandoned or are not used by airlines are not reallocated. These abandoned or unused slots are deducted from the number of night-time slots available for subsequent aviation seasons.

### ***Paris - Orly***

There is a cap on the total number of slots at Paris - Orly. The order of October 6, 1994 on slots at Paris - Orly airport limited to 250,000 the maximum number of slots to be allocated over two successive aviation seasons (that is the "summer" season - from the last Sunday in March to the last Saturday in October and the "winter" season, from the last Sunday in October to the last Saturday in March). In addition, and in accordance with European Union regulations, the French State reserves a certain number of slots at Paris - Orly (35,724 in 2006-2007) for routes providing domestic air links or serving the public interest. Information concerning the distribution of slots is available on the coordinator's Internet site.

The annual volume of slots freely available to Air France - KLM, the "historic" carrier at Paris - Orly represents around 46% of total slots at this airport. This total does not include the slots allocated by the French State to Air

France to allow the provision of domestic air links or public interest services (in August 2006, Air France held 59% of these reserved slots with its franchise partner Brit Air).

The pool of unallocated slots has increased considerably over recent years due to the financial difficulties experienced by some airlines and the disappearance of others, such as Air Lib, AERIS and Air Littoral. Thus whilst a total of 12,848 slots were allocated, in eight pools, between 1997 and 2002, between February 2002 and February 2005, COHOR allocated 94,726 slots in fourteen separate pools. This increase in the number of slots available, has allowed so-called low-cost airlines to establish a presence at Paris - Orly.

COHOR has distributed 2,812 slots for the winter season 2005-2006, and 2,924 slots for the 2006 summer season, which were then topped up with 1,460 extra slots for the summer season. 3,328 slots were distributed for the 2006-2007 winter season. In September 2006, 2,460 extra slots were distributed corresponding to slots returned by transporters and slots previously reserved for mandatory public services and released by the minister of transportation. 1,460 slots have been distributed to date for the 2007 summer season.

The Paris - Orly airport is subject to a night-time curfew between 11.30 pm and 6.00 am.

#### 6.6.2.6. Airport safety

##### **Certification and technical safety standards**

The standards produced by the ICAO regarding the certification regime for airfields were incorporated in Order n° 2005-863 of July 28, 2005 regarding the safety and security of airfield operations, and in turn this has been incorporated in the Civil Aviation Code.

Under Articles L. 211-3 and R. 211-8 of the Civil Aviation Code and by official order of 8 September 2006, each operator of a civilian airfield handling over 750,000 passengers on commercial flights must obtain an airport safety certificate from the minister responsible for civil aviation. The issue of this certificate, for a maximum duration of 5 years, is subject to a technical enquiry into the operating procedures and conditions at the airfield and the safety management structures in place as described in the airfield manual. In the event of default by the airfield operator, the minister responsible for civil aviation may annul or suspend the certificate or take steps to restrict operations of the airfield concerned.

Two orders by the minister responsible for civil aviation, respectively on July 10, 2006 and August 4, 2006, define the security rules for the design, management and operation of airfields, and rules to be observed by the airfield operator to obtain an airport safety certificate.

Paris - Charles de Gaulle and Paris - Orly airports are covered by the application of this regulation, and Aéroports de Paris holds the airport certificates required for their operation. The certificates were issued on December 27, 2006 for five years.

##### **Prevention of bird or animal risks**

Since the adoption of Law n° 98-1171 of December 18, 1998 on the organization of certain air transport services, which created Article L. 213-3 of the Civil Aviation Code, Aéroports de Paris has been responsible for providing, under authorization of the *Préfet* (police chief) holding police powers over the sites of its airfields, a service to prevent threats to aviation from birds, in order to avoid collisions between aircraft and birds.

The statutory measures for the application of the law of December 18, 1998 were not in force on the date of registration of the *Document de Référence*. While Decree no. 2007-432 of March 25, 2007 (which extends the mission for the prevention of collision with aircraft to all animals), sets the conditions of execution of this mission and entrusts the organization of the mission to the airfield operator (art. D. 213-1-14 et seq. of the Civil Aviation Code), its provisions are still not applicable, because:

- They will become effective on July 1, 2007 for the Paris - Orly, Paris - Charles de Gaulle and Paris - Le Bourget airports, or on September 1, 2009 for the other airfields operated by Aéroports de Paris; and,

- They must be further specified in an order from the minister in charge of civil aviation and by prefectural orders, which have not been established yet.

As a result, and temporarily, the control of bird threat is still regulated by the Order of July 24, 1989 relating to the prevention of bird threat, under which responsibility lies primarily with the minister responsible for civil aviation. Under this order the scale of the preventative measures to be taken is related to the probability of a plane accident resulting from a collision with a bird during take off or landing. As a function of the local ornithological situation, the volume of traffic and the types of plane using the airport, a number of elements are determined: a package of protective measures; measures relating to the management of the airport site so as to make it less hospitable to birds; and the type of information to be provided to flight crews regarding the local ornithological situation.

Preventative services are provided during the working hours of the air traffic control service of the airfield other than at night, under the rules set out in the instruction from the minister responsible for civil aviation on July 24, 1989. This instruction detailed technical measures to be taken, notably permanent environmental measures with a view to making the environment less hospitable to birds, including outside the airport, and actions to be taken in response to large flocks of birds.

Recommendations regarding the airport site are put into practice by Aéroports de Paris. For purposes of transition, the absence of any regulatory texts for application of the law of December 18, 1998 creates certain difficulties in the organization of measures to prevent bird threat. By application of the Order of July 24, 1989, personnel other than government agents taking part in measures to prevent bird threat must receive authorization from the Government, as they are acting as executive agents for the government and are under the functional responsibility of a government representative. Thus, the distribution of responsibilities between the Government and Aéroports de Paris is not clearly settled.

#### **Other requirements**

In accordance with Article L. 213-3 of the Civil Aviation Code, Aéroports de Paris, under the authority of the relevant *Préfet*, is required to provide rescue and firefighting services for aircraft. The main purpose of this service, as defined by Article D. 213-1 of the Civil Aviation Code, is to save human life in the event of an accident or incident involving an aircraft, by making available staff, equipment and organizational structures adequate for the needs of the specific levels of protection required at each airfield. For the airfields operated by Aéroports de Paris, levels of protection are set out in an order from the minister responsible for civil aviation dated December 20, 2004.

##### 6.6.2.7. *Technical aspects of airport management ("cahier des charges")*

The technical document applicable to Aéroports de Paris (known as a *cahier des charges*), approved by Decree n° 2005-828 of July 20, 2005 regarding Aéroports de Paris, sets out the duties of Aéroports de Paris in its public service role. In particular, it defines the relationships between Aéroports de Paris and the various other parties involved in the use of the Group's airports: passengers, the general public, air carriers, plane operators and the French State and its institutions and services. In particular the *cahier des charges* structures the cooperation between Aéroports de Paris and government agencies (production of zoning documents, production of noise exposure maps, maps of noise nuisance and aviation and electrical servitudes, publication of noise level curves, management of air terminals, etc.).

#### **Allocation of airlines to passenger terminals or airports**

Aéroports de Paris allocates airlines to the terminals of a given airport in accordance with principles prepared by the Company, approved by the minister responsible for civil aviation, and made publicly available to users. The affectation principles currently in force were approved on March 7, 2006 by the Aéroports de Paris board.

Aéroports de Paris has, in due application of this technical document or *cahier des charges*, the power to allocate airlines between the airports it operates according to the rules on the division of traffic within the Paris airport system set out by the minister responsible for Civil Aviation in application of Article R. 221-3 of the Civil Aviation Code (Order of November 15, 1994 modified for the division of inter-community traffic within the Paris airport system which indicates that, barring exceptions, each airline may only operate four outbound and four inbound services between Paris - Orly and another airport or airport system within the European Union). As far as routes

beyond the European Union are concerned, the allocation of carriers by Aéroports de Paris is subject to approval by the minister responsible for civil aviation.

Aéroports de Paris may not on its own initiative change the allocation of a carrier between airports or air terminals without the prior consultations of the carrier involved and, for changes of airport, the approval of the minister responsible for civil aviation.

### ***Services to passengers and the public***

Aéroports de Paris must provide the following services to passengers: access to and movement within airports, which requires Aéroports de Paris to provide certain facilities (access routes, drop-off areas, car parks) and the operation of transport services linking access points to the public transport system, terminals and car parks; accessibility for certain categories of passengers; provision of emergency services including a permanent medical team; distribution of useful information to passengers and the public; passenger surveys (particularly concerning flight destinations, place of departure, residence of passenger, reason for journey, etc) and associated services (Aéroports de Paris must ensure through regular surveys that the services available at Paris - Charles de Gaulle and Paris - Orly, particularly hotels, restaurants, shops, banks, foreign exchange dealers, car rental and public transport within the airport are acceptable). In the event of significant delays or disruption to traffic, Aéroports de Paris must deploy the resources required to provide help and assistance to passengers.

Under its *cahier des charges*:

### ***Availability of airport facilities***

- Aéroports de Paris must draw up, as a complement to any measures taken by the government, rules for the operation of facilities and opening hours for airports and may set rules for the allocation of airport resources.
- Aéroports de Paris must manage airports so that the requirements of airlines in terms of premises and facilities "directly necessary" for their activities can be satisfied within a reasonable time.
- Aéroports de Paris must make available to government services (customs, border police, Ministry of Foreign Affairs for official welcomes) and public bodies such as Météo-France such land, premises and facilities as are necessary for the exercise of their duties. It must supply on demand to these occupants all services associated with such premises. This availability may be either free of charge (as with land on which buildings are situated that are used by the French State) or subject to the payment of rent.
- At Paris - Charles de Gaulle and Paris - Orly, Aéroports de Paris must create and where relevant operate or make available the shared ground handling equipment mentioned in Articles R. 216-6 and D. 216-4 of the Civil Aviation Code, adequate for the needs of air carriers and their ground handling service providers.
- Aéroports de Paris must make available to ground handling service providers, cargo and postal services and public transport operators the facilities directly necessary for the conduct of their businesses.
- Aéroports de Paris must provide access to airport facilities to these companies and to any others whose presence is necessary for the conduct of air transport activities.
- Aéroports de Paris issues airport authorizations to ground handling service providers, airlines that handle their own ground handling functions and other companies that conduct industrial, commercial or trade activities at its airports.

### ***Operation of aviation areas***

Under its *cahier des charges*, Aéroports de Paris is responsible for inspection of runways and taxiways, measurement and control of traction and skid ratings and, in certain conditions, regulation of plane movements in traffic areas.

Aéroports de Paris has also retained the responsibilities previously exercised in its role as:

- General manager: management of runways and taxiways, particularly for guidance systems, technical inspections and security measures in the event of works;
- Airport operator: implementation of measures to prevent bird threat, allocation of parking slots, etc

The legal framework for inspections of maneuvering areas and all plane movement areas is set out in the Order of March 15, 2002. Inspections consist of collecting information on the overall condition of the surfaces, identification of factors likely to affect the ground movements of aircraft (debris, ice, surface wear, ongoing works, etc) and, as required, to take immediate remedial action. Two inspections must be carried out every day, with one inspection carried out prior to the opening for use of "all parts of the plane movement areas likely to be used". Although the responsibility to carry out these inspections now falls on Aéroports de Paris, this function is nevertheless carried out in collaboration with the Paris region air traffic control service.

### ***Parking and movement within the airports***

Aéroports de Paris is responsible for appointing staff empowered to enforce the rules regarding policing of airports issued by the relevant *Préfet* and the Director of Civil Aviation North, under the provisions of the Civil Aviation Code and the rules governing parking in airports under the provisions of the Highway Code. It must also take measures to enhance security, including lighting and CCTV surveillance.

Aéroports de Paris deploys a service responsible for management of applications for authorization for access to the restricted zone issued by the *Préfet*.

### ***Monitoring of compliance with applicable environmental and health regulations***

At the request of the minister responsible for health, Aéroports de Paris ensures the application of certain health protection measures (implementation of risk reduction measures in the event of a severe health threat or pandemic, information to passengers going to or coming from geographical regions temporarily affected by an epidemic).

Aéroports de Paris ensures the application and monitoring of environmental regulations and is responsible for measurement of noise and atmospheric pollution and analysis of rainwater run-off and wastewater.

Aéroports de Paris must supply information to government services allowing identification of flights made in contravention of the allocated slots, information allowing identification of flights made in contravention of restrictions on the operation of airports, and information on any contravention of the regulations on aviation and radio-electric servitudes.

### ***Other services***

In addition to the services supplied to government agencies, Aéroports de Paris is required to supply the regional air traffic control center, SNA Région Parisienne, with specific services for a maximum period of 30 years. This situation is the result of the fact that air traffic control services were previously integrated within Aéroports de Paris when it was a public body. These services include the supply of electricity and telecommunications services, IT support and project management for certain air traffic control investments.

#### ***6.6.2.8. Oversight and penalties***

In addition to the provisions relating to the oversight exercised by the French State over public companies generally, Aéroports de Paris' *cahier des charges* gives the French State the right to be informed of the economic and financial situation of the company, in particular to ensure the correct operation of the CRE. The French State also monitors the use made by the Company of the land and buildings it owns, with a view, in particular, to ensuring the correct execution of the public service functions for which it is responsible.

In addition, contracts under which Aéroports de Paris subcontracts certain functions to others may be freely entered into by Aéroports de Paris, with the exception of those where Article 5 of the *cahier des charges* states that they must be authorized by Decree (mainly contracts concerning the management, operation or development of runways, taxiways and aircraft parking positions).

Article L. 251-2 of the Civil Aviation Code sets the method of calculation of the amount of any fine or financial penalty that the minister responsible for civil aviation may impose, after approval by a committee of experts chaired by a judicial or administrative magistrate, in the event of a failure by Aéroports de Paris to meet its specific obligations under the *cahier des charges*. The amount of the fine must be proportionate to the seriousness of the failure and the scale of any damage and/or advantage gained up to a maximum of 0.1% of revenues excluding taxes of the preceding financial year, with this ceiling raised to 0.2% in the event of a further failure to meet the same obligation. In the event of a penalty procedure being initiated by the minister, Aéroports de Paris has the right to defend its case and may be represented or supported. The *cahier des charges* details the legal structures applying in this case.

Moreover, the minister responsible for civil aviation and the *Préfets* with police power over the airports may take, after issuing due warning, remedial measures the cost of which are to be borne by Aéroports de Paris in the event of a "serious and persistent" failure by the company to meet the requirements of its *cahier des charges*.

#### 6.6.2.9. *Other regulations*

##### ***Tender processes for public sector contracts***

Since the implementation of Decree n° 2002-1171 of September 17, 2002 which modified certain aspects of the Civil Aviation Code, Aéroports de Paris is no longer covered by the Code for Public Sector Contracts.

Aéroports de Paris is nevertheless a "deciding entity" as defined in Directive n° 2004/17 of March 31, 2004 coordinating procedures for the awarding of contracts in the water, energy, transport and postal service sectors. As a result, all contracts with an estimated value before VAT of over 422,000 euros for contracts for goods and services and 5,270,000 for works contracts must be advertised and open to competition. The rules for the subsequent management of the process are primarily set out in Order n° 2005-649 of June 6, 2005 relating to contracts awarded by certain public or private entities not governed by the Code for Public Sector Contracts and Order n° 2005-1308 of October 20, 2005.

Aéroports de Paris has adopted specific rules for awarding contracts with values that are below this level. It has also created a Contract Consultation Committee. This committee is responsible in particular for examining and giving its opinion on draft contracts with a value of over 5,000,000 euros for works and 400,000 euros per year for goods and services, as well as on draft contract revisions resulting in a significant modification to the financial terms of the original contract. It also gives its opinion on any issue relating to the preparation, process or performance of these contracts or modifications to contracts and checks to ensure that the procedures adopted for the awarding of contracts and of modifications are in accordance with the laws and regulations governing Aéroports de Paris.

##### ***Regulations applicable to establishments open to the public***

Aéroports de Paris is subject to the regulations applicable to establishments open to the public as set out in Article R. 123-2 and subsequent articles of the Building and Housing Code. The Company must manage and operate those parts of the airports it operates that are open to the public (primarily the terminal buildings) so as to reduce the risk of fire and panic (building design, security features, specialist equipment, etc.). The opening to the public of the parts of the airports in question is subject to authorization by the *Préfet*, which is issued after review by a security commission of the measures taken by the operator.

##### ***Reception of disabled people and people with reduced mobility***

In due application of the European Parliament's EC regulation n° 1107 of July 5, 2006 concerning the rights of people with reduced mobility using aircraft, Aéroports de Paris must by July 26, 2008 substitute airlines to ensure that disabled people or people with reduced mobility have access to assistance to help them use airport services and move around within the facilities, including getting on and getting off aircraft. The assistance is free for the persons concerned, but may be financed by a specific tax charged to airport users. It may be provided by a third-party designated by the airport operator.

## 6.7. Environmental information

### 6.7.1. Environmental regulation, implemented measures and environmental reporting

Given the diversity of businesses it exercises, Aéroports de Paris is submitted to many evolving and increasingly stricter environmental regulations in areas such as noise, air quality, water protection or waste management.

#### 6.7.1.1. Environmental noise regulation

Public authorities have intervened to limit the noise generated by aircraft movements through the restriction of aircraft movements, in particular on the Paris - Orly and Paris - Charles de Gaulle airports<sup>77</sup>. The order of October 6, 1994 on time slots on the Paris - Orly airport sets at 250,000 the maximum number of time slots that may be granted by the coordinator of the Paris - Orly airport and a curfew is set between 11:30 pm and 6:00 am. On the Paris - Charles de Gaulle airport, the management of noise pollution has been implemented by introducing a limited index for noise pollution and a limitation of night traffic.

Public authorities further have administrative tools to take into account the noise pollution caused by air traffic and manage the urbanization of exposed areas. This is carried out through the noise exposure plan (*plan d'exposition au bruit (PEB)*), a planning document attached to the urbanism local plan (*plan local d'urbanisme (PLU)*) of the town concerned and delimiting areas near airports within which the construction of residential housing is prohibited or must include strengthened insulation for the cases authorized by the French Code of Urbanism. Any housing built under a PEB is submitted to acoustic insulation obligations.

The Law no. 99-588 of July 12, 1999 has created the *Autorité de contrôle des nuisances sonores aéroportuaires (ACNUSA)*, an independent administrative authority in the area of environment, whose main missions are to organize the measurement of aircraft noise and noise annoyance by operators of airports, to organize the circulation of the results of such measurements, to guarantee conditions under which the public has access to noise exposure plans or to the *plan de gêne sonore ("PGS")* and to be consulted on such draft documents, finally to ensure a role of supervision and mediation between the interested parties (Article L. 227-1 et seq. of the French Code of Civil Aviation). The DGAC ensures the operational monitoring of the upper-limit of noise pollution for Paris - Charles de Gaulle through the global indicator measurement for weighted measured noise (*indicateur global de bruit mesuré pondéré (IGMP)*) under the supervision of the ACNUSA. On the Paris - Orly airport and on the Paris - Charles de Gaulle airport, a network of stations permanently measures the level of noise generated by air traffic. Such measures enable to constitute indicators on the evolution of levels of noticed noise. Two measurement stations have also been set near the Paris - Le Bourget airport (Stains and Villepinte).

Modulations of the landing fee and of the air noise pollution tax also enable to limit noise insofar as they favor the use of less noisy aircraft and penalize night flights. The air noise pollution tax (*taxe sur les nuisances sonores aériennes (TNSA)*) was set by the rectification finances law for 2003 no. 2003-1312 of December 30, 2003. Implemented as from January 1, 2005 and collected by the DGAC, its proceeds are then entrusted to airfield operators, who allocate them to the acoustic insulation mechanisms, up to the collected amounts. This tax is paid for each takeoff of aircraft having a maximum takeoff weight greater than, or equal to 2 tons. Article 41 of the rectification finances law for 2006 n° 2006-1771 of December 30, 2006 sets out the significant limits. Following this law, the order of December 30, 2006 set the 2007 air noise pollution tax respectively at 22 euros per take-off for Paris - Charles de Gaulle (unchanged with respect to 2005) and 34 euros per take-off for Paris - Orly (as against 22 euros in 2005, an increase of 50%).

Since January 1, 2004, Aéroports de Paris has been entrusted, on behalf of the State, with the management of request for financial assistance to carry out acoustic insulation of residents near the Paris - Charles de Gaulle and Paris - Orly airports submitted to the PGS (the PGS defines the three areas of noise annoyance, inside which residents may claim for financial assistance for the acoustic insulation of their house; it takes short-term traffic assumptions into account). The Company must now receive the new requests for assistance, investigate them, present them to relevant local commissions, who decide to grant assistance, and to pay resident the financial assistances granted to them for diagnostics and for acoustic insulation works. Aéroports de Paris has set up a department dedicated to the resident assistance program. Its mission is to assist residents at each step of their request.

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<sup>77</sup> See 6.6.2.5 "Allocation of Takeoff and Landing Slots"

Since November 2005, Aéroports de Paris makes available for the public the visualization of air trajectories through the Vitrail tool (visualization of aircraft trajectories and on-line information), available in the environmental houses (*maisons de l'environnement*) of Paris - Orly and Paris - Charles de Gaulle (also including Paris - Le Bourget).

Local authorities may ask the DGAC to use the Vitrail tool. Aéroports de Paris provides the technical service for the DGAC in due observance of the security requirements drawn up by the General National Defense Secretariat. A specific protocol approved by the DGAC is drawn up between Aéroports de Paris and the local community where the consultation system is installed. Six communes had the terminal installed by the end of February 2007.

Two local residents' associations acting to guard against air noise nuisances, the inter-associational group of rejection of air noise nuisances (Cirena) and Advocnar, both filed petitions with the *Conseil d'Etat* in an attempt to annul the implicit rejection by the minister of transportation of their request for an order to be adopted, with the objective (i) concerning Cirena, of imposing a minimum flyover altitude for built-up areas in north-west Île-de-France, and restricting the number of annual movements over Paris - Charles de Gaulle and, (ii) concerning Advocnar, of implementing a night curfew over Paris - Charles de Gaulle.

#### 6.7.1.2. Air quality

Like all private entities referred to in Article L. 220-1 of the French Environmental Code, Aéroports de Paris must work (as far as its specific business is concerned) for the objective of implementation of the right recognized to each individual to breathe air complying with applicable health standards by actions of prevention, monitoring, reduction or suppression of atmospheric pollutions, preservation of air quality, and savings and rational use of the energy. The law of December 30, 1996 on air and rational use of the energy also introduced two territorial air quality management tools: the regional air quality plan (**PRQA**) and the atmosphere protection plans (**PPA**). The law also confirmed the objectives of the urban transit plans (**PDU**).

#### **Urban transit plans (Plans de déplacements urbains "PDU")**

Derived from the Law no. 96-1236 of December 30, 1996 on air and rational use of the energy (as amended in September 2000 and codified in the French Environmental Code), the objective of PDUs is to reduce car traffic and promote public alternative and clean energy transportations in all community with more than 100,000 inhabitants. Prepared at the State's initiative, the PDU of the Ile de France region was approved by Decree after public investigation in December 2000. In such context, Aéroports de Paris is in charge of implementing principles defined therein, on the Paris - Orly and Paris - Charles de Gaulle airports, through a "pole project", a middle-term action plan (June 2006 for Paris - Charles de Gaulle, March 2007 for Paris - Orly), prepared with the participation of all the parties concerned (in particular the State, the Ile de France region, the *Syndicat des transports d'Ile de France*, local collectivities, bus companies and associations) by the problem of land access to airports, gathered in an airport pole committee specific to each platform. The "pole project CDG" was finally approved in June 2003, that of Paris - Orly in March 2004. Among the main completions, mention can be made of the lighting renovation at the RER station of Paris - Charles de Gaulle, the upgrading of accessibility and comfort at bus stops in the Paris - Orly airport, the completion of a bus station at the level of the Orly Ouest terminal and the completion of a Company Transit Plan (PDE) for Aéroports de Paris (open access office space, videoconferencing, participation in the European mobility week, creation of a specific "transport and transit" Intranet for use by employees).

Within the context of the PDE, at the end of 2006 Aéroports de Paris implemented an inter-company car-pooling service in conjunction with the Association for Economic Development of the Orly Rungis Pole (ADOR) grouping the main managers of business areas around the Orly pole. The service is accessible to almost 140,000 employees within the perimeter of the airport poles at Paris - Orly and Paris - Charles de Gaulle.

#### **Regional air quality plans (Plans régionaux de la qualité de l'air "PRQA")**

By an order of April 6, 2006, the president of the Regional Council of Ile-de-France created the Regional Air Quality Plan's consultation commission on May 11, 2006 in response to the obligations set out in article L.222-1 of the French Environmental Code, as modified by the law of February 27, 2002 concerning proximity democracy, and this started the process for updating of the plan. Aéroports de Paris is a participant in terms of "activities contributing to the emission of substances likely to affect air quality".

### **Atmosphere protection plans (Plans de protection de l'atmosphère "PPA")**

Article L. 222-4 of the French Environmental Code provides for the preparation, at the State's initiative, of PPA in communities with more than 250,000 inhabitants, and in areas where concentrations in pollutants exceed the regulatory limit values.

As distinct from the PRQA, which sets guidelines to meet the air quality objectives set out in annex I of decree n° 98-360 of May 6, 1998, a PPA sets objectives to reduce atmospheric pollutants which could lead to the implementation of mandatory measures within the perimeter of the plan. It must be compatible with the guidelines of the regional air quality plan.

The PPA for the Ile de France region was approved by an inter-préfet order of July 7, 2006, following submission to public enquiry in September-October 2005. The plan includes nine regulatory measures that complete the existing regulations. Moreover, three big transportation companies (SNCF, RATP and Aéroports de Paris) have expressed concrete objectives for the improvement of the quality of air in Ile de France. Therefore, acting in liaison with other air traffic players (airlines, air traffic control), Aéroports de Paris will prepare and offer a PPA action plan. The objectives of this plan, whose implementation depends on cooperation of all the agents concerned, and particularly the airlines, are as follows:

- Limiting the use of aircraft power auxiliary engines in normal situation and in case of pollution peak;
- Reducing by 10% the average taxiing time of aircraft in Paris - Charles de Gaulle between 2005 and 2010;
- Reducing by 25% the NOx emissions of the boilers rooms of Paris - Charles de Gaulle and Paris - Orly between 2000 and 2010;
- Managing emissions relating to land transportation, with completion of travel plans in Paris - Charles de Gaulle and Paris - Orly;
- Improving knowledge on air quality on and around airport platforms.

Aéroports de Paris submits an annual report to the Ile-de-France Directorate of Industry, Research and the Environment (DRIRE) setting out the action taken in the five areas mentioned above. Handling of energy consumptions was the main feature of the report in 2006.

### **Greenhouse gas ("GHG") emission quotas**

The Directive of October 13, 2003 setting forth a system of exchange of quotas for greenhouse gas emission in the European Community has been transposed in France by Articles L. 229-5 to L. 229-19 of the French Environmental Code and the Decree of February 25, 2005 approving the GHG emission quota allocation national plan (*plan national d'allocation des quotas d'émission de GES (PNAQ)*) prepared for the 2005-2007 period.

Aéroports de Paris is a significant energy producer, therefore is naturally concerned by the quota allocation national plan, with three combustion sites exceeding 20 MW. Aéroports de Paris has for these three facilities a total of 189,935 tons of carbon dioxide (tCO<sub>2</sub>), *i.e.* 0.1% of allocated quotas. For the first allocation period (2005-2007), quotas allocated to Aéroports de Paris are 134,351 tCO<sub>2</sub> for Paris - Charles de Gaulle, 49,121 tCO<sub>2</sub> for Paris - Orly and 6,463 tCO<sub>2</sub> for Paris - Le Bourget. In 2006, Aéroports de Paris effectively emitted 162,606 tCO<sub>2</sub> (as against 166,507 tCO<sub>2</sub> in 2005), volume verified by BVQI according to rules defined by the order of July 28, 2005 on verification and quantification of greenhouse gas.

In such a context, Aéroports de Paris has engaged in a sustainable management of its atmospheric emissions and, in particular, Aéroports de Paris has engaged in a significant reduction of emissions related to energy production units by adopting less polluting technologies: giving-up of coal, low-NOx boiler and majority use of gas as combustible. For example, the Group still has cogeneration gas turbines at Paris - Charles de Gaulle, used for emergency supply of runaway lighting devices. The starting of such turbines being rather long, they continuously run to guarantee immediate emergency if needed. These turbines should be replaced in 2007 in favor of zero time groups that will only run if needed.

The national quota allocation plan for 2008-2012 (PNAQ II) will come into effect in 2008. With regard to this prospect, Aéroports de Paris has cooperated with the Ministry for the Environment and Sustainable Development (MEDD) to draw up the proposal by the French State to the European Commission.

### ***The regional environmental health plan (Plan regional santé environnement "PRSE")***

On June 21, 2004 the government adopted the first national plan for prevention of environmental health risks (PNSE). This course of action provides a response to French international commitments at the inter-ministerial conferences organized by the World Health Organization. This has been instituted by article L1311-6 of the public health code (law of August 9, 2004 concerning public health policy).

The PNSE determines forty-five actions to be implemented between 2004 and 2008 to improve knowledge, prevention and handling of health risks in relation to environmental factors. Three priority objectives have been set: to ensure good quality air and water, prevent environmental pathologies, particularly cancer, provide better protection for the general public, and protect sensitive groups among the population.

A circular of November 3, 2004 defines the action to be implemented at local level - in the form of a regional environmental health plan (PRSE) as part of the regional public health plan - to detect, prevent and fight environmental pollution affecting health. In Ile-de-France the PRSE was approved by the region's *Préfet* in an order of September 18, 2006. Aéroports de Paris integrated the steering committee in relation to implementation of fiche 6bis in the PRSE for Ile-de-France concerning the impact in terms of health of air traffic around Ile-de-France. Work to be carried out, assigned under the aegis of the Val d'Oise *Préfet*, commenced on May 22, 2006.

#### *6.7.1.3. Water*

### ***Rainwater management***

Since 1996, Aéroports de Paris have been equipped with rainwater treatment stations for the Paris - Orly and Paris - Charles de Gaulle platforms. These stations allow for continuous treatment of surface waters and compliance with regulatory requirements on water quality. Rejection authorizations are delivered by "*arrêtés préfectoraux*". At both airports, the operation of the rainwater treatment systems has been entrusted to ISO 14001 certified operators.

At Paris - Orly, rainwater is treated through a physicochemical process followed by filtration before release in the Orge river. A portion of treated water is used to feed the airport's air-conditioning installations, allowing savings of 70,000 m<sup>3</sup> of drinking water per year.

At Paris - Charles de Gaulle, rainwater is treated at two treatment stations, through a biological process at the Marne-side basin, by a process associating lagooning and physicochemical process at the Seine-side basin. 6.29 million m<sup>3</sup> were thus collected and released in 2006 with approximately 25.3 tons of thick purification sludge produced; such sludge is then recycled in compost and valorized in agriculture. 2,092 tons of liquid sludge were collected upward stations in hydrocarbon separators; such polluting wastes are evacuated and treated in approved sites. Recycling of a part of treated waters is being studied on the platform to supply cooling towers of heating power stations and therefore take part in the reduction of released volumes.

Moreover, a request for modification of the order authorizing current rainwater waste in order to introduce a control flow to replace the fixed flow currently authorized for the airport was filed at the Seine et Marne Préfecture in September 2006 by Aéroports de Paris; a public inquiry is due in 2007.

For Paris - Le Bourget and for general aviation airfields, compliance work in relation to the water law has been carried out since 2003. The records for Le Bourget airport were subject to public inquiry in 2006, and Aéroports de Paris intends to obtain an authorization order in 2007. The project for the Toussus-le-Noble aerodrome is to be subject to public inquiry in 2007.

### ***Wastewater***

Wastewater produced at the Aéroports de Paris platforms is collected and disposed of through the local sanitation system for processing by SIAPP. At the Paris - Charles de Gaulle platform, a self-monitoring and follow-up

procedure for the compliance of its wastewater releases derived from the various airport businesses and industries is in place. Such a procedure is currently being implemented for Paris - Le Bourget. In consideration of sanitation services, Aéroports de Paris is submitted to payment of sanitation fees for the collection, transportation and treatment the rate of which is set by applicable regulation.

#### 6.7.1.4. Wastes

Aéroports de Paris has an approved intermediary status for the collection of ordinary industrial wastes (*déchets industriels banals* DIB) on airports. Thus, at the Paris - Orly and Paris - Charles de Gaulle airports, Aéroports de Paris is associated with specialized service providers to guarantee the collection not only of its own rubbish but also of those of companies installed on the airports. A selective sorting is organized at the platform level to optimize their recycling and Aéroports de Paris is acting to reduce production at source. In 2006, 55,986 tons of DIB were collected by Aéroports de Paris (as against 57,437 tons in 2005).

Moreover, as of 2006 collection and hazardous waste treatment (DD) may also be entrusted to Aéroports de Paris, as decided by customer firms at the Paris - Orly and Paris - Charles de Gaulle airports, thanks to the granting by the *Préfet* of the necessary authorization for waste brokerage. Aéroports de Paris has the service carried out by subcontractors on behalf of customer production companies, who remain responsible for their waste up to complete elimination.

Rare radioactive wastes are collected either by the own services of Aéroports de Paris (for medical wastes or fire detectors), or through maintenance companies whose contracts oblige them to collect (for baggage control equipment). In both cases, such wastes are then treated by approved companies with full traceability. Similarly, rare radioactive wastes collected as part of customs seizures are treated by a specialized service provider.

At Paris - Orly, a plant waste composting platform was opened in 2004. It has been dimensioned to receive 800 tons per year and could therefore be interesting for some neighboring territorial collectivities. This structure enables storing for composting purposes all wastes derived from the treatment of the airport's green areas.

Moreover, as part of applicable waste treatment agreements, fermentable wastes of the Paris - Orly platforms are sent to the incineration plant of SIEVD - *Syndicat Intercommunal d'Exploitation et Valorisation des Déchets de Rungis* - on the Rungis national interest market. In exchange, Paris - Orly purchases at the Rungis national interest market a portion of the heat produced by such plant. This system is currently running from May to October when the Paris - Orly production unit is stopped due to the too weak demand (from 2 to 3 MW for sanitary hot water). Aéroports de Paris is contemplated extending the purchase period of heat from April to November, providing a technical adjustment is made. The completion of this project would allow making savings of approximately 1,000 tons of oil equivalent (Toe) of gas.

#### 6.7.1.5. Fuel oil storage

Storing and distributing aircraft kerosene are not ensured by Aéroports de Paris but by *Société de manutention des carburants d'aviation* ("**SMCA**") for the storage and distribution at refueling points in parking areas, and by fueling companies between the hydrant mouth and aircraft reservoirs. SMCA is the owner of tanks and of the hydrant system (underground pipeline system dedicated to the fueling of aircraft on traffic areas) of the Paris - Orly and Paris - Charles de Gaulle platforms, and ensures the maintenance and operation thereof. This system is checked for leakage on a daily basis. If tanks are traditionally located directly on the airport in the Paris - Orly case (9,380 m<sup>3</sup> and 59,300 m<sup>3</sup>), they are outside the Paris - Charles de Gaulle perimeter (in the north-west vicinity - 202,539 m<sup>3</sup>). Due to stored volumes of combustibles, these facilities are submitted to the legislation on Classified Facilities for the protection of the environment (*Installations Classées pour la protection de l'environnement ICPE*), which is the French transcription of the SEVESO II European Directive (directive 96/82/EC of December 9, 1996). Thus the facilities are regularly subjected to quality and conformity audits by regional directorates of industry, research and the environment ("**DRIRE**").

Article L. 125-2 of the French Environmental Code makes public information and its participation mandatory in the prevention of technological risks through the creation of local information and consultation committees (CLIC) around the sites. Aéroports de Paris was involved in the creation of CLIC for fuel deposits at the Paris - Orly platform in 2006, on the initiative of the Essonne *Préfet*. The CLIC for the deposit at Paris - Charles de Gaulle was created in December 2005, on the initiative of the Val d'Oise *Préfet*. Thus works to draw up prevention plans to

guard against technology hazards as set out in articles L. 515-15 and following of the French Environmental Code are due to commence in 2007 for the two platforms.

Regarding the underground pipeline system, the absence of leaks is controlled on a daily basis and the results are sent to Aéroports de Paris in case a certain value of leakage is exceeded. Finally, the directorates of industry, research and the environment regularly carry out quality or compliance audits on the installations.

#### 6.7.1.6. *Earth pollution*

The environmental follow-up of the soil quality and risks of pollution of underlying ground waters is carried out by the laboratory of Aéroports de Paris. To-date,

- For Paris - Orly, 15 soil quality diagnostics have been made (investigated zones include the Air France zone, the firemen test zone, the north zone of runway 4 and car rental areas). Additional diagnostics have been envisaged for future development programs, particularly in relation to the construction of Cœur d'Orly;
- For Paris - Charles de Gaulle, approximately ten soil quality diagnostics have been made, including the firemen test zone, the former EcoPur site (south-west zone of the platform) and some lands for the future installations of Air France (hangar A380);
- For Paris - Le Bourget, fifteen diagnostics have been carried out;

In 2006, diagnostics were also taken on in relation to general aviation aerodromes - Saint Cyr l'Ecole, for example. These are due to be extended in 2007.

In accordance with *arrêtés préfectoraux* on effluent release and operation of the heating power stations of Paris - Orly and Paris - Charles de Gaulle, approximately 20 piezometers per platform have been followed-up for 15 years on a quarterly, half-year or annual basis according to zones. Surveillance also concerns Paris - Le Bourget.

Risky zones identified on each of the airports in 1999 by meetings and compilation of historical documents have therefore been additionally checked as required by the compliance audit conducted in 2005 at Paris - Orly and at the beginning of 2006 at Paris - Charles de Gaulle. They have enabled to test the absence of proven pollution on some sites and the absence of degradation on the sites where pollution was already known. To-date, to prevent such risks, preventive actions have been implemented (specific quality controls of the ground water and systematic completion of soil diagnostic).

#### 6.7.1.7. *Asbestos*

Aéroports de Paris has taken the following measures, in order to fulfill its obligations in relation to the prevention of asbestos hazards:

- Survey of the presence of asbestos at the company: all buildings normally used by employees of Aéroports de Paris have been investigated for asbestos presence;
- Building technical documentation: all areas where asbestos has been found have been listed (Technical Asbestos Documents);
- Verification of the condition of asbestos in areas where the material has been detected: no "volatile or friable" asbestos. The asbestos detected is of the "prisoner" type, and does not constitute a hazard to employees;
- Systematic de-asbestos operations of areas where work is carried out, calling on approved external companies to carry out such operations.

Aéroports de Paris is also currently implementing procedures to monitor any employee exposure to hazardous products, including asbestos:

- By establishing the professional trajectory of new employees before they join the company: questions on possible exposure to hazardous products during the medical check for new staff;
- By creating an individual traceability tool for the professional trajectory of employees at Aéroports de Paris;

#### 6.7.2. Environmental policy

Aéroports de Paris has adopted an environmental management system (*système de management environnemental* SME) relying upon the ISO 14001 version 2004 environmental standard. This certification is granted for each platform (Paris - Orly, Paris - Charles de Gaulle and Paris - Le Bourget) provided that each airport complies with the applicable environmental regulation and that it undertakes to find, each year, ways to improve fields as varied as waste management, water networks or air emissions.

The Paris - Charles de Gaulle airport was the first one to engage in this way in 2001, followed a year later by the Paris - Orly airport. They were both renewed three years later in this voluntary step, in 2004 and 2005, respectively. The renewal was obtained following the revised version of the 14001 standard, which pays specific attention to the awareness and the environmental training of the employees of Aéroports de Paris but also of employees intervening on its behalf. The Paris - Le Bourget airport obtained this certification in 2005. Monitoring audits in 2006 for Paris - Orly and Paris - Le Bourget did not reveal any non-conformities. The monitoring audit for Paris - Charles de Gaulle in January 2007 produced the same result.

Beyond the legal requirements with which it must comply, Aéroports de Paris formalizes its action through the preparation and follow-up of multi-year programs enabling to guarantee the compliance of its activities. Aéroports de Paris has been actively taking part for many years in discussion and dialogue bodies and regularly communicates indicators of environmental follow-up and news on the Parisian platforms.

The internal "environmental" division of Aéroports de Paris ensures environmental monitoring missions and expertise and engineering studies in the fields of air, water and soil, as well as acoustic quality, on all airports and airfields managed by Aéroports de Paris.

Expenses to prevent the consequences of the Group's activity on environment represented, in 2006, 3.6 million euros for environmental monitoring (noise, water, air) and 4.0 million euros for the circulation of environmental information and reception of residents. Environmental actions have mainly consisted in landscaping works (3.5 million euros), treatment of rainwater (7.5 million euros) and collection and elimination of ordinary and hazardous wastes (7.6 million euros).

#### 6.7.3. Sustainable development

The sustainable development policy of Aéroports de Paris relies upon three main axes:

- Strengthening the awareness of its common interests with neighboring local communities and developing an economic and social integration in partnership with them;
- Developing a positive perception of environmental policy and valuing the image of a responsible company at the environmental, economic and social levels;
- Being highly performing in environmental management of its own pollutions;

The concrete translation of such commitments is assessed every two years by a independent extra-financing rating agency. A first exercise was carried out in 2003 by the BMJ Ratings agency granting Aéroports de Paris the rate B+ for both its practices in the fields of environment and relations with the civil society. In 2005, in keeping with the commitment taken in 2003, Aéroports de Paris caused once again its activities to be rated from the angle of sustainable development by the BMJ Ratings firm and obtained the rate A+, on an extended perimeter beyond environment and relations with the civil society, to include areas of human resources, relations between customers and suppliers, and governance. This global rating exercise will be carried out again in 2007 for the same perimeter.

In addition, Aéroports de Paris wished in 2003 to give an additional frame to its policy by adhering to an international charter promoted by the United Nations Organization (UN): the Global Compact. This tool establishes 10 fundamental principles in the fields of human rights, labor standards, environment and struggle against corruption that its signatories have committed to comply with. Evidences of the compliance with such commitments are the annual presentation of a Good Practice with the UN and a "communication on progress" translating the sustainability of actions launched. Therefore Aéroports de Paris has:

- In 2004, presented the Papa-Charlie action as mechanism to fight discrimination upon hiring since it consists in making available a low-price temporary car rental service for unemployed people. The future employees have thus the guarantee that a car may be proposed to a candidate if needed. Papa Charlie is considered as an efficient tool of professional insertion;
- In 2005, presented a strong and collective commitment in favor of fair trade through awareness of its employees; an increase in the use of such products in the restaurants managed by the staff council and without additional cost; and finally the promotion of this initiative with commercial partners operating in terminals;
- In 2006, implementation of the car-pooling scheme, a means of reconciling employees' need for mobility with safety, environmental and health concerns. The service is available to the 63,000 employees at the Orly - Rungis pole and the 80,000 staff at Paris - Charles de Gaulle. The objective of the plan is to reduce atmospheric emissions by 4,000 tons of CO<sub>2</sub> annually;
- Has been pointed out for the quality of its "communication on progress" - an awareness leaflet for employees - since it may now be directly downloaded from the UN NY site in the column "notable COPs"

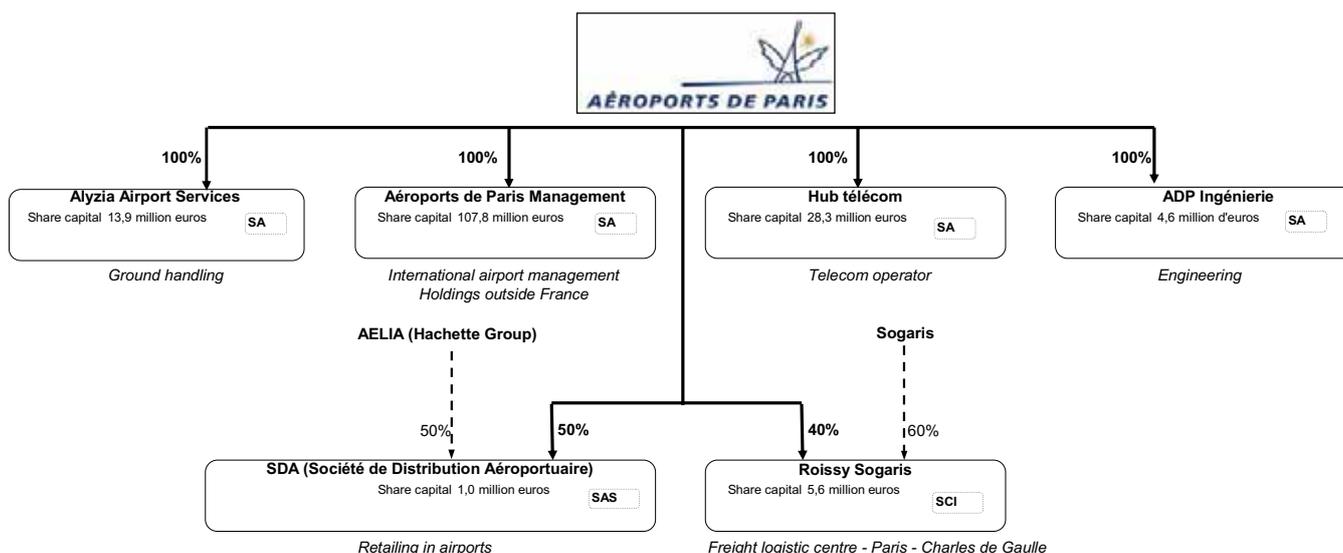
The Company has also been assisting for several years many associations in their charitable action and their support to the underprivileged. Placed under the aegis of the Fondation de France and chaired by the Chairman & CEO of the Company, the Fondation Aéroports de Paris was created in March 2003 with the mission of contributing financial support to associations in areas around the Parisian airports carrying out innovative or original actions in the field of local solidarity. Thanks to its executive committee consisting of 11 members in charge of selecting beneficiaries, the supports that the Fondation Aéroports de Paris has granted have enabled to implement concrete and efficient actions in after-class teaching, services to the elderly, access to leisure for underprivileged families, or social reintegration and upgrading of housing. As part of the three-year convention with the Fondation de France for the 2003-2005 period, the Fondation Aéroports de Paris had an annual budget of 530,000 euros. As of 2006, this annual budget has been increased to 590,000 euros. In 2006, the Fondation Aéroports de Paris spent 516,000 euros and supported 57 association projects.

## CHAPITRE 7 ORGANIZATION CHART

The organization chart below is the simplified organization chart of the main companies held by Aéroports de Paris (in rounded percentage of capital and voting right) on the date of registration hereof.

The main part of the Group's activities is directly exercised by Aéroports de Paris, which also holds the main assets for the Group's activities. The activities of Aéroports de Paris and its more significant subsidiaries are described in Chapter 6 hereof. The financial components regarding such companies are set out in Chapter 9<sup>78</sup>. No corporate officer of Aéroports de Paris exercises any corporate office within the management bodies of the Group's subsidiaries.

### **Simplified organization chart of subsidiaries and significant holdings of Aéroports de Paris**



SA: Société Anonyme (joint stock company)

SAS: Société par actions simplifiée (simplified joint stock company)

SCI: Société civile immobilière (real estate company)

All the companies that are included in the consolidation perimeter of the Group are mentioned in Note 36 in the annex to the consolidated accounts of December 31, 2006 attached in annex 1 to this *Document de Référence*.

### **Information concerning the subsidiaries**

The activities of the major subsidiaries of the Group are presented in paragraph 6.3.4. "Ground handling" for Alyzia Airport Services, and in paragraph 6.3.5. "Other activities" for Aéroports de Paris Management, Hub télécom ADPi and SDA. The main financial results for the major subsidiaries are presented in paragraph 9.3. "Year ended December 31, 2005 compared with year ended December 31, 2006".

Also, the associated company GIE Roissypôle is held by Aéroports de Paris (49%), BNP Paribas (25.5%) and Société Générale (25.5%).

### **Organization of the Group**

The Group is organized through the Group Committee, whose permanent members are the Chairman and CEO, the Deputy Chief Executive Officer, the General Director for Development, the Chief Financial officer, the Director

<sup>78</sup> See in particular 9.3.2 "Revenues (income from ordinary activities of the Group)" and 9.3.4 "EBITDA, Operating Income from Ordinary Activities and Operations Income"

of Subsidiaries and Shareholdings, and the Director of Strategy and Quality. Other Directors of Aéroports de Paris and the Chairmen and Directors of subsidiaries may be invited to committee meetings in accordance with the agenda.

Within the context of major strategic orientations defined by the Board of Directors, the objective of the Group Committee is to discuss matters of strategy in relation to subsidiaries, the Group perimeter (purchases, mergers, transfers, partnerships) and financing. It also examines the financial and operational performances of the main subsidiaries and shareholdings.

The committee met on 9 occasions in 2006.

In 2006, the Department of Subsidiaries and Shareholdings was responsible for links between the strategy of the Aéroports de Paris Group and the strategy of its subsidiaries, particularly through evaluation of the relevance of the strategies proposed by the subsidiaries, verification of the coherence of the strategies among them and with the approved strategy of the Aéroports de Paris Group, contribution to preparation of the pluri-annual strategic plan for each subsidiary, and pertinent indicators for monitoring purposes.

In 2006, Hub Telecom, ADP Ingénierie, Aéroports de Paris Management and Alyzia Airport Services signed objectives contracts with Aéroports de Paris to set out their strategic orientations and their relations with the parent company. These contracts, drawn up for the period 2006/2008, are set out as business plans with monitoring indicators, and the business plans must be updated on an annual basis in accordance with the results of the companies.

## CHAPITRE 8 REAL ESTATE PROPERTIES AND EQUIPMENT

### 8.1. Real estate properties and equipment of Aéroports de Paris

#### ***Real estate and movable assets owned or used by Aéroports de Paris***

On the date of registration hereof, the real estate assets of Aéroports de Paris are formed of lands for a total surface of 6,686 hectares, including 4,977 hectares corresponding to the control of lands and works necessary to the proper performance of public service missions or the development thereof. A little bit less than the two-thirds of lands, *i.e.* approximately 4,193 hectares have been acquired by Aéroports de Paris directly as part of expropriation procedures or amicable agreement; the remainder is formed of properties that the State had allocated to Aéroports de Paris or had authorized it to occupy. Article 2 of the Law no. 2005-357 of April 20, 2005 has declassified all such properties and transferred the ownership to Aéroports de Paris since July 22, 2005. Nevertheless, in accordance with Article 53 of the specifications of Aéroports de Paris, the Minister in charge of civil aviation has a right of refusal on a possible contribution, sale or creation of surety that would relate to certain lands - and properties they hold - belonging to Aéroports de Paris. The lands concerned by these provisions for Paris - Charles de Gaulle, Paris - Orly and Paris - Le Bourget are defined on plans attached to the same specifications.

The Group's real estate assets are also formed of airport infrastructures (roads, networks, etc.) and passenger terminals.

The real estate of Aéroports de Paris besides includes works and buildings built on such lands or, sometimes, on lands that Aéroports de Paris is authorized to occupy under authorizations for the temporary occupation of the public domain or private leases. In particular, Aéroports de Paris occupies 7 hectares belonging to the *Ville de Paris* for the operation of the Issy-les-Moulineaux heliport and 2 hectares necessary to the setting-up of runway lights or noise measurement devices rented from private owners. Some buildings or works built by third parties on lands that Aéroports de Paris owns must be given back to it at the end of the agreement authorizing the occupation of the land. Agreements and contracts entered into before the change of status of Aéroports de Paris have been transferred to Aéroports de Paris pursuant to Article 4 of the Law of April 20, 2005.

As at December 31, 2006, the net value of lands and laying-out (investment buildings included) amounted to 71.4 million euros, constructions to 3,688.6 million euros and technical facilities and others to 189.2 million euros<sup>79</sup>.

For a description of the most important real estate programs, of the main use of fixed assets and rate of use of lands in terms of available land reserves, see paragraph 6.3.3. "Real Estate".

As at December 31, 2006 the real estate assets held by Aéroports de Paris were mainly formed of airport infrastructures, office and IT equipment, transportation equipment and furniture.

#### ***Repayment to Aéroports de Paris of investments incurred on properties transferred to the State***

In accordance with Article 2 of the Law of April 20, 2005, a financial agreement between the State and Aéroports de Paris was entered into on February 10, 2006 in order to set the amounts and terms of payment of sums owed by the State in consideration of the taking back in its favor of properties necessary to exercise its public service missions. This agreement, relating to properties allocated to the air navigation service department, provides for a financial compensation of 156.6 million euros in favor of Aéroports de Paris, including 6.7 million euros under the 2005 tranche implementing the agreement of October 20, 1994 between the *direction générale de l'aviation civile* and Aéroports de Paris on air navigation fees. The transfer of most of the assets concerned has been effective since July 22, 2005.

As a result of this transfer, the repayments of the *Budget Annexe de l'Aviation Civile* as paid to Aéroports de Paris for the services rendered in the sphere of air navigation, and that were counted in the Airport services segment have decreased by 7.6 million euros, compared to 2005<sup>80</sup>.

<sup>79</sup> See 19 and 20 of the notes to the consolidated accounts 2006 attached as annex 1 hereto

<sup>80</sup> See 9.3.2. "Group Revenues"

Other agreements with the same purpose were signed with:

- Customs and Excise on December 12, 2006, for the sum of 1,365,000 euros,
- The Department of Civil Aviation (dealing with the air transport Gendarmerie), on November 14, 2006, for the sum of 873,260.62 euros; and
- The Ministry of the Interior, on December 13, 2006, for the sum of 2,710,954.87 euros.

As a result of this transfer, the rents as paid by the public agencies to Aéroports de Paris and counted in the real estate segment have decreased by 2 million euros, compared to 2005<sup>76</sup>.

The capital gain associated with all the abovementioned agreements is not significant, for the assets were sold at their net book value.

As a whole, these agreements yielded 147.3 million euros of cash over the year 2006<sup>81</sup>.

### ***Retrocession of part of the capital gain in case of shutting-down to public air traffic of all or part of an airfield operated by Aéroports de Paris***

The agreement entered into on March 30, 2006 between the State and Aéroports de Paris pursuant to Article 3 of the Law of April 20, 2005 provides, for a 70-year period, in case of shutting-down to public air traffic of all or part of an airfield it operates, that Aéroports de Paris will pay the State 70% of the difference between, firstly, the market value on such date of building that are not allocated to the airport public service anymore and, secondly, the reference value of such buildings corresponding to the value included in the assets of the balance sheet as at December 31, 2004 as approved by the shareholders' meeting of Aéroports de Paris on December 23, 2005, increased by costs related to their upgrading and to the shutting-down of airport facilities<sup>82</sup>.

### **8.2. Environmental restrictions likely to impact the use by Aéroports de Paris of its fixed assets**

The environmental restrictions are included in legislations and regulations at the world (OACI), European or national levels. On the date of registration hereof, this set makes the current and future use of the facilities of Aéroports de Paris possible. Only more restrictive regulations could limit the capacities of use of the platforms of Aéroports de Paris beyond what is already the case<sup>83</sup>.

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<sup>81</sup> See 10.2.4. "Cash flows used for investment activities "

<sup>82</sup> See 6.6.2.4. "Ownership of Assets, Obligation to Pay a Share of Capital Gains on the Sale of Closed Airport Sites to the French State "

<sup>83</sup> See 4.1. "Risks Related to the Business Activities of Aéroport de Paris"

## CHAPITRE 9 GENERAL INFORMATION CONCERNING RESULTS AND FINANCIAL SITUATION

*In due application of EC regulation n° 1606/2002 of July 19, 2002 in relation to the application of international accounting standards, the consolidated financial statements of the Group for the years ended December 31, 2006 and December 31, 2005 were prepared in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union and in effect on December 31, 2005. They include for comparison data relating to the year ended December 31, 2004 restated in accordance with the same principles.*

### 9.1. Key figures: income statement

The summary consolidated income statement set forth below has been derived from the Group's consolidated income statements for the years ended December 31, 2005 and 2006.

<i>In millions of euros</i>	2005 <sup>(6)</sup>	2006	2006/2005
Revenue <sup>(1)</sup>	1,920.8	2,076.8	+8.1%
EBITDA <sup>(2)</sup>	598.6	664.7	+11.0%
Current operating income <sup>(3)</sup>	337.5	390.9	+15.8%
Operating income	360.9	333.9	-7.5%
<b>Net income, group share <sup>(4)</sup></b>	<b>179.9</b>	<b>152.1</b>	<b>-15.5%</b>
Net income, group share excluding charges and non-recurring items <sup>(5)</sup>	167.7	200.6	+19.6%

(1) *Income from ordinary activities.*

(2) *EBITDA: earnings before interest, tax, depreciation and amortization.*

(3) *Current operating income from ordinary activities is operating income before the impact of certain non-recurring revenues and expenses, including those relating to the CDG Terminal 2E accident and to the listing of the company's shares in June 2006.*

(4) *Net income attributable to equity holders of Aéroports de Paris.*

(5) *Non-recurrent charges and products 2005 and 2006 linked to the CDG Terminal 2E accident, to the Unedic adjustments and to the floating of shares. Also, the charges and products linked to the transfer of air navigation assets have also been reprocessed (see 8.1. "Real estate properties and equipment of Aéroports de Paris").*

(6) *The accounts have undergone a change in presentation of the products of interest observed by the Group as lessor of the finance leasing contracts in relation to the IAS 17 standard (see 3.2 in the annex to the consolidated accounts). These products, which were previously listed as Financial products, are now posted under the specific heading of Product of ordinary activity. The income statement and the cash flows published in 2005 have been listed for the sake of comparison. The incidence of reclassification was 6.2 million for 2005.*

### 9.2. Overview

#### 9.2.1. Introduction

##### **Trends during the period from 2003 to 2006**

During the period from 2003 to 2006, a number of factors had a significant impact on the Group's activity and its results of operations, the most important of which was the recovery of air traffic levels.

- From 2003 to 2006, the annual average rate of growth of air traffic was 5.5% in terms of the number of passengers and 2.6% in terms of the number of aircraft movements, excluding cargo. In 2004, traffic increased by 6.4%, exceeding the record level set in 2000, and reflecting a market recovery of air traffic for the first time after the crisis that followed September 11, 2001. This recovery continued in 2005, as traffic grew by 4.4% compared to 2004, and again in 2006, with increased passenger traffic of +4.85%. For more details on air traffic, see 6.2.2.2. "Business - Growth in Air Passenger Traffic at Airports of Aéroports de Paris".
- Airport fee rates increased by 5.5% as of April 1, 2003, an additional 5.5% as of April 1, 2004, an additional 4.0% as of February 1, 2005, and an additional 5.0% as of May 15, 2006.

- Aéroports de Paris and Aelia (Hachette Distribution Services Group) created Société de Distribution Aéroportuaire, which started its activity in June 2003 and is consolidated proportionally by Aéroports de Paris at the 49% level. The Group's share of the revenues of Société de Distribution Aéroportuaire was 42.9 million euros in 2003 (over seven months), 74.0 million euros in 2004 (the first full year of activity), 80.3 million euros in 2005 and 99.8 million euros in 2006, the year in which the company's perimeter of activity was extended to terminal CDG 1.
- The rate of the airport security tax (which finances security costs) was increased to cover the increase in costs related to airport security following the terrorist attacks of September 11, 2001. The rate of the airport security tax increased from 3.58 euros per departing passenger in 2002 to 8.05 euros as of January 1, 2003, then to 8.20 euros per passenger as of January 1, 2005, before being increased again to 8.50 euros per passenger as of January 1, 2006.

In the aggregate, the Group's consolidated revenues increased by approximately 6% in each year from 2003 to 2005, although the change of accounting principles to IFRS limits the comparability of the rate of growth between 2003 and 2004 and between 2004 and 2005. In 2006, revenues increased by 8.1%. As its revenues have grown from 2003 to 2006, the Group has implemented a cost control policy that has resulted in its costs growing less quickly than revenues, improving the Group's margins. Revenues increased by 6.4% between 2003 and 2004 and operating expenses by 6.0%. Between 2004 and 2005, revenues increased by 5.7% and operating expenses by 4.4%. For the period 2005-2006, revenues increased by 8.1%, and ordinary costs by 4.8%.

Over the past several years, the Group has implemented a major capital investment program to provide the facilities necessary to accommodate traffic and to improve the quality of its services. Its annual capital investments have exceeded 540 million euros (in current euros) in 2003, 2004 and 2005. In 2006, Group investment reached a record 712.5 million euros. These capital investments have resulted in a significant increase in depreciation charges over the period.

### **Financial structure**

Beginning in 2000, Aéroports de Paris incurred significant amounts of debt, increasing its net debt to equity ratio under French GAAP from 1.07 at the end of 2000 to 1.50 at the end of 2003. Since then, the Group has stabilized its debt levels and begun to improve its financial structure. In 2004, the net debt to equity ratio under French GAAP was unchanged compared to 2003. The transition to IFRS improved the ratio, as shareholders equity increased by 304 million euros due primarily to the effect of IAS 16 (property, plant and equipment) and IAS 17 (leases). The net debt to equity ratio under IFRS was 1.26 as of December 31, 2004. In 2005, improved results of operations have further reduced the ratio to 1.13 as of December 31, 2005.

The increase in share capital in June 2006, for a net product of 583.5 million euros, brought the ratio down to 0.67, within a context of particularly heavy investment. The share capital increase also allowed the Group to shed debt.

As of December 31, 2006, the Group's net debt amounted to slightly less than 1.9 billion euros, as against 2.3 billion euros in 2005. The Group's gross debt of 2.4 billion euros consisted mainly of bonds (more than 69% of total debt) and bank loans (more than 25% of total debt). 39% of the bonds and 78% of the bank loans mature in more than five years, and approximately 6.2% of the total debt mature in less than one year.

#### 9.2.2. Segments

In its consolidated financial statements prepared according to the IFRS, the Group has defined its primary segment information by activity. The identified segments are as follows:

- **Airport services.** This segment includes all the goods and services supplied by the Group that are necessary or related to handling aircraft or flows of passengers (and people accompanying them) in the Group's facilities. It represents the greatest part of the Group's revenues (slightly more than 1.7 billion euros in 2006, or approximately 75% of the Group's total revenues before inter-segment eliminations, a stable proportion with respect to 2005). Revenues in this segment include the following:

- *Principal aeronautical fees* constitute the Group's most important source of revenues, representing almost one-third of total revenues in 2006. This category includes the four principal aeronautical fees as defined in Article R. 224-2-1° of the Civil Aviation Code (landing fee, aircraft parking fee, passenger fee and fuel fee) as well as the lighting fee. These fees are invoiced to users of airport infrastructure, principally airlines. They are calculated primarily on the basis of the number of departing commercial passengers and the number of movements of aircraft of different weight categories<sup>84</sup>.
- *Ancillary fees* include the fees that are defined in Article R. 224-2-2° of the Civil Aviation Code. They are invoiced principally to airlines in respect of airport equipment storage areas or facilities such as check-in counters, baggage handling facilities, de-icing and other aircraft services. They also include fees for services such as VIP services or the lease of IT networks<sup>85</sup>.
- *Commercial revenues*, in this segment, include rent paid by operators of facilities such as shops, bars, restaurants, car rental agencies and advertising space. These facilities are operated under agreements for the temporary occupation of the public domain (which was the legal system used before the conversion of Aéroports de Paris into a *Société Anonyme*), which have been progressively replaced by civil and commercial leases. In both cases, rents are charged as a percentage of the revenues of the relevant activity, subject to a guaranteed minimum amount. The Group also realizes commercial revenues from the activities of Société de Distribution Aéroportuaire, but they are included in the "Other Activities" segment.
- *Car parks and access revenues* consist primarily of revenues generated from car parks managed by Aéroports de Paris. A small portion of these revenues comes from payments made to Aéroports de Paris by the "Syndicat des Transports d'Île de France" (STIF) and "OrlyVal Service", for services rendered in connection with public transportation at the Group's airports.
- *Rental revenues* in this segment include rent for areas made available by Aéroports de Paris to various types of users (primarily airlines and ground handling companies) in terminals and aeronautical areas (storage facilities near aircraft parking positions). Rental revenues received for the lease of land, buildings and surfaces outside terminals and aeronautical areas are recorded in the "Real Estate" segment.
- *Industrial services revenues* include primarily revenues from the supply of heating and cooling, water distribution, waste and wastewater collection, and electricity supply to professional occupants of terminals.
- *Airport security tax* is collected by the State and paid over to Aéroports de Paris to cover the costs incurred by the Company to implement security measures and other public services. The airport security tax is described under 9.2.3. "Factors Having a Significant Influence on the Group's Results."
- Finally, other revenues in this segment consist primarily of two components. Two-thirds of the other revenues consist of revenues from services invoiced to third parties or to other segments of the Group, such as the supply of energy to the "Real Estate" segment, the rental of facilities in terminals or aeronautical areas for use by the "Ground handling and Related Services" segment, the provision of storage facilities and vehicles and the internal billing of management and administrative services. The remainder of other revenues includes payments made by the civil aviation authority (DGAC) to reimburse the costs of services that Aéroports de Paris provides to its air traffic control directorate, such as the maintenance of equipment and networks for air traffic control, telephone and power services, and the availability of about one hundred members of personnel of Aéroports de Paris. These services are referred to as being part of the BAAC, which is the French acronym for the auxiliary civil aviation budget.
- **Ground handling and related services.** Revenues of this segment were 177.1 million euros in 2006, or approximately 7.7% of the Group's total revenues before inter-segment eliminations (as against 7.9% in

<sup>84</sup> See 9.2.3. "Factors having a Significant Influence on the Group's Results" and 6.3.2.6. "Business - Revenues from the Operation of Airports."

<sup>85</sup> See 6.3.2.6. "Business - Revenues from the Operation of Airports."

2005). The segment includes goods and services provided by the Group to airlines in respect of ground handling and other services. These services are billed on the basis of the type of service rendered (for example, passenger check-in or aircraft ramp assistance) based on IATA standard agreements for each activity.

- **Real estate.** Revenues of this segment were approximately 175.7 million euros in 2006, or approximately 7.6% of the Group's total revenues before inter-segment eliminations (as against 7.4% using the same accounting method in 2005). The segment includes revenues from real estate rental and related services provided by the Group, excluding real estate inside terminals and in aeronautical areas, which are included in the "Airport Services" segment. The revenues of this segment are earned in part from customers external to the Group and in part in respect of premises made available to other segments, as well as the internal billing of management and administrative services<sup>86</sup>.
- **Other activities.** Revenues of this segment were approximately 226.3 million euros in 2006, or approximately 9.8% of the Group's total revenues before inter-segment eliminations (as against 9.4% in 2005). It includes primarily goods and services provided by subsidiaries of the Group that do not fall within the other segments. For the year ended December 31, 2006, the four main companies that were part of this segment were Hub télécom, Société de Distribution Aéroportuaire (proportionately consolidated at the 49% level), ADPI and ADP Management

This segmentation was established for the first time in connection with the preparation of the consolidated financial statements for the year ended December 31, 2005, which was the first year of application of IFRS. Aéroports de Paris does not have information that permits it to break down its results of operations determined under French GAAP on the basis of this segmentation.

### 9.2.3. Factors having a significant influence on the Group's results

#### 9.2.3.1. Revenue

A significant portion of the Group's revenue depends directly or indirectly on the level of traffic at the Group's airports:

- Airport fees and the airport security tax directly depend on air traffic, as well as on the rates for such fees and tax.
- Commercial revenues, car park revenues and revenues of the Ground handling and Related Services segment are also closely correlated with air traffic, but they also depend on other factors that are discussed below.

#### **Airport fees**

The amount of principal airport fees depends on two components: traffic and fee rates.

- In addition to the overall level of air traffic, the structure of traffic has a significant influence on principal airport fees. Principal airport fee rates for international traffic are higher than those for European traffic, which in turn are higher than those for domestic traffic. For example, since May 15, 2006 the passenger fee paid for a domestic flight was 4.74 euros per departing passenger, while it amounted to 7.11 euros for a flight to the Schengen area and 12.70 euros for an international flight outside the European Union. Fees for aircraft movements are higher for heavier aircraft (based on maximum take-off weight).
- Rates are set primarily on the basis of the number of aircraft movements for different weight classes of aircraft (departure and arrival) and on the number of passengers (departure only). Fees for connecting passengers are reduced by 30% in 2006 (the reduction was 10% in 2003, 20% in 2004 and 25% in 2005). No fee is charged for transit passengers, meaning connecting passengers who remain on the same plane.

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<sup>86</sup> See 6.3.3. "Business - Real Estate Activities"

From 2003 to 2006, there were three rate increases. The weighted average increase was 5.5% as of April 1, 2003, 5.5% as of April 1, 2004, 4.0% as of February 1, 2005 and 5.0% as of May 15, 2006. The rate increases for each of the principal airport fees on each of these dates are shown in the following table.

Changes	2003	2004	2005	2006
Landing fee	3.5%	3.4%	4.0%	1.6%
Passenger fee	3.8%	6.5%	4.0%	7.2%
Parking fee	7.0%	9.0%	4.0%	6.7%
Fuel fee	5.5%	5.5%	4.0%	0.0%
<b>Weighted average increase</b>	<b>5.5%</b>	<b>5.5%</b>	<b>4.0%</b>	<b>5.0%</b>

Ancillary airport fees are based on a variety of rate mechanisms, and they generally increase in accordance with indexation formulas based on a combination of the French cost of construction index, labor cost index and industrial price index.

For the period from 2006 to 2010, increases in principal airport fee rates and the rates for ancillary fees that are not determined by specific contractual provisions will be determined in accordance with the economic regulation agreement (*Contrat de Régulation Économique* or CRE) between Aéroports de Paris and the French State, signed on February 6, 2006. For 2006, this increase was set to 5% on April 14, 2006, for application from May 15, 2006.<sup>87</sup>

### **Commercial revenues**

Commercial revenues depend significantly on the number of passengers in terminals, as well as on the nature of the traffic. For example, international traffic generates more commercial revenues than domestic traffic. Commercial revenues also depend on the product and service offering, including the amount of space made available for these activities, the attractiveness of the commercial spaces in terms of product positioning and price and the location of shops, bars and restaurants (their proximity to passenger flows and their accessibility).

Other factors also influence the commercial potential of terminals, including reducing the time that passengers are required to spend at security or customs checkpoints (which increases the time available before boarding and makes the overall experience more pleasant), and decreasing terminal saturation.

Commercial revenues are also affected by a number of factors that are beyond the control of the airport operator, including foreign exchange rates (in particular the exchange rate between the euro and the US dollar), the effect of public health policies (which can result in a rise in tobacco and alcohol prices) or changes that affect the number of passengers who can make duty free purchases (for example, the extension of the European Union).

### **Car park revenues**

Car park revenues depend on the amount of time during which cars are parked, the occupancy rate of parking spaces and parking rates. They depend in particular on both the actual and perceived cost of parking to potential customers compared to other modes of transportation, as well as quality factors such as cleanliness, availability of spaces, and access to car parks and terminals.

### **Rental revenues**

Rental revenues depend on the surfaces of land and buildings leased to third parties or made available within the Group. Revenue growth depends principally on the Group's ability to develop new land and building areas for rental. For existing leases, revenues depend on occupancy rates and rent levels. The Group's leases typically include escalation clauses based on the French construction cost index.

<sup>87</sup> See 6.3.2.6. "Business - Revenues from the Operation of Airports"

## **Industrial services**

Revenues from industrial services depend on the requirements of companies located in the facilities of Aéroports de Paris for power, fluids and services, as well as the Group's internal needs. The development of new real estate projects can also significantly affect the demand for industrial services. Demand can also be affected by the existence of alternative sources of supply - for example, some companies located in Aéroports de Paris facilities may choose to use their own gas heating systems rather than heat supplied by Aéroports de Paris.

Rates for industrial services are generally specified in annual or multi-annual agreements entered into with users. For drinking water supply and waste collection agreements, there are annual price revision clauses. For power, heating and cooling, agreements provide for the quarterly pass-through to customers of supply costs based on market prices for electricity, gas or fuel. In a period of increasing energy prices, the increase in revenues resulting from such indexation mechanisms does not necessarily result in an increase in the margins of Aéroports de Paris, as the cost of energy purchases increases at a similar rate.

## **Airport security tax**

The airport security tax covers the costs incurred by Aéroports de Paris to implement security measures and other public services. For this purpose, costs include depreciation as well as a return on invested capital. Costs relating to security are accrued as they are incurred. When the total airport security tax for an accounting period is greater than the total cost for that period, the excess is recorded as deferred revenue. When the total tax for an accounting period is lower than the total cost for that period, receivables are booked. Deferred revenues of 7.0 million euros and 8.7 million euros, respectively, were recorded in 2004 and 2005. In 2003, a deficit of 19.5 million euros was recorded. In 2006, all this income recorded in advance was booked as 8.7 million euros.

### *9.2.3.2. Operating expenses*

The Group presents its operating expenses by type of expense, in accordance with one of the presentation options available under IFRS. The most significant operating expense categories are personnel expenses and, to a lesser extent, subcontracting expenses. From 2003 to 2006, personnel expenses represented slightly less than 45% of the Group's operating expenses, and subcontracting expenses represented slightly less than 20%. Taxes, raw materials and consumables used, and repair and maintenance expenses each represented approximately 8% of total operating expenses. The remainder includes costs of studies and external services, external personnel, insurance premiums, travel and corporate events, advertising, publications and public relations.

The level of personnel expenses depends on the Group's hiring policies and compensation practices, which are described below under 9.3.3. "Operating Expenses."

Subcontracting expenses include primarily security costs, cleaning of terminals and public transportation services in terminals (buses). Security costs depend primarily on regulatory requirements regarding screening and access, while the level of the other costs depends on the extent to which new facilities are opened, and the number of flights. All subcontracting expenses are labor intensive, and thus depend on salary levels in the services sector.

Taxes consist mainly of the French professional tax and real estate taxes paid to the municipalities in which the Group's facilities are located. Their level depends on the growth in the tax base (principally the Group's fixed assets), as well as tax rates applied by the relevant municipalities, departments and regions where they are located.

Raw materials and consumables used include primarily the cost of energy and fluids, as well as the Group's share of purchases by Société de Distribution Aéroportuaire, as part of its commercial activity. The recent increase in this item is the result of increased gas prices and the growth in the activity of Société de Distribution Aéroportuaire.

Finally, repair and maintenance costs include preventive and corrective maintenance for facilities and equipment, such as baggage-handling equipment, passenger transportation systems (elevators, walkways, escalators, automatic metro) and jetways, as well as large maintenance projects that are planned several years in advance. These expenses increase with the start-up of new facilities, such as CDGVal or TBE. Prices for maintenance

contracts are typically indexed on the "*tous corps d'état*" index published by the French statistical organization INSEE.

#### 9.2.3.3. *Capital investments*

The Group's activity requires it to make significant capital investments in airport infrastructure. The Group has initiated a major capital investment program to increase its terminal capacity and to improve the quality of its services in order to take advantage of the anticipated growth in future air traffic. On the regulated perimeter, Aéroports de Paris informed the economic consultation commission for Paris - Orly and Paris - Charles de Gaulle on 12 December 2006 as to its investment program for 2007-2011. Since 2011 is outside the CRE's period of application, the amounts posted for this year were not subject to contractualization with the State, and must therefore be considered as estimated forecasts.

For 2007-2011, the sum of Aéroports de Paris' investment on the regulated perimeter is 2,373 billion euros, in constant euros. The Group's main capital investments are described under 10.2.4. "Cash Flow - Capital Investment" and 5.2.3. "Main Investments Planned or Included in Firm Commitments from the Management Policies." Outside the context of the CRE, the actual amount of capital investment could be greater or smaller depending on future decisions of Aéroports de Paris or new obligations with which it might be required to comply.

The rhythm and level of capital investment in new terminal capacity mainly depend upon the anticipated level of growth in traffic. The level of investment in a given year also depends on where in the overall capital investment cycle that year falls. Airport infrastructure investments require advance planning and long lead times for construction. As a result, they are heavily concentrated in the period closely preceding the opening of a new facility, such as a new terminal or a runway. Even in low-cycle periods, however, capital investment must be made to ensure the renewal and renovation of obsolete facilities and to continually adjust existing equipment in order to improve operational and commercial performance.

The implementation of the Group's capital investment program and the related growth in net fixed assets have resulted in increased depreciation and amortization. The depreciation periods for the various categories of the Group's fixed assets are described in note 4.5 to the consolidated financial statements in annex 1 thereof.

#### 9.2.3.4. *Other operating revenues and expenses*

The Group presents under the heading "other operating revenues and expenses" items of revenues and expenses that by their nature are unusual or non-recurring. To present the Group's results of operations before the impact of these items, the Group presents its "current operating income", meaning operating income before other operating revenues and expenses. In 2004 and 2005, the majority of the Group's other operating revenues and expenses were related to the accident at terminal CDG 2E. In 2006, almost all income and expenses were related to the Aéroports de Paris stock market listing.

#### 9.2.4. Employee benefit obligations

The companies of the Group contribute to the general pension system in France and in the other countries where they operate. There is no special pension system applicable to Aéroports de Paris. The Group's employee benefit obligations include the one-off payment served for each employee that goes into retirement, obligations under an early retirement plan (which terminated on February 28, 2005), a plan to allow fire fighters to retire at age 55, supplementary health benefits and length of service benefits. Employee obligations (net of assets held to cover those obligations and actuarial gains and losses) are fully provisioned under both French GAAP and IFRS. The aggregate provision for employee benefits as of December 31, 2006 was 418.3 million euros. The principal assumptions used to determine the amount of provisions are described in note 10 to the consolidated financial statements in annex 1 thereof.

### 9.3. **Year ended December 31, 2005 compared with the year ended December 31, 2006**

#### 9.3.1. Traffic

In 2006, traffic at the airports of Aéroports de Paris was 82.5 million passengers (including transit passengers), an increase of 4.8% compared with 78.7 million passengers in 2005. The number of aircraft movements (including

cargo) increased by 3.5%, i.e, 762,332 movements in 2006, as against 736,552 movements in 2005. The following table sets forth traffic in 2005 and 2006 at Paris - Charles de Gaulle and Paris - Orly:

	<b>Passengers In 2005</b>	<b>Passengers in 2006</b>	<b>Change (%)</b>	<b>Commercial movements in 2005</b>	<b>Commercial movements in 2006</b>	<b>Change (%)</b>
Paris - Charles de Gaulle	53.8 million	56.9 million	5.7%	513,674	532,961	3.8%
Paris - Orly	24.9 million	25.6 million	2.8%	222,878	229,371	2.9%
<b>Total</b>	<b>78.7 million</b>	<b>82.5 million</b>	<b>4.8%</b>	<b>736,552</b>	<b>762,332</b>	<b>3.5%</b>

The number of tons of cargo at the two main airports was 2.24 million tons in 2006 (including mail), an increase of 6.7% compared with 2.1 million tons in 2005. Most of the cargo activity and growth was at Paris - Charles de Gaulle, which alone accounted for 2.1 million tons of cargo in 2006, or 95.1% of the total.

For a more detailed description of trends in traffic at the Group's airports, see 6.2.2. "Business - Air passenger traffic worldwide and in France" and 6.2.4. "Growth in cargo traffic"

### 9.3.2. Group revenues (ordinary activities)

Income from ordinary activities was 2,075.8 million euros in 2006, an increase of 8.1% as compared with 1,920.8 million euros recorded in 2005. Approximately 2% of the Group's income was generated abroad in 2006, mainly by ADPi and ADP Management.

This is broken down as follows:

<i>In millions of euros</i>	<b>2005</b>	<b>2006</b>
Principal aeronautical fees	621.5	667.1
Ancillary airport fees	90.3	97.9
Commercial revenues	256.3	286.4
Parks and access	135.5	144.2
Industrial services	61.0	68.7
Airport security tax	308.8	356.3
Rental revenues	168.9	176.3
Ground handling assistance	128.1	126.2
Other revenues	144.4	147.0
Financial income linked to activities	6.2	6.6
<b>Total</b>	<b>1,920.8</b>	<b>2,076.8</b>

The growth in the Group's revenues in 2006 resulted primarily from the following factors:

- A significant increase in principal airport fees, which represented 32.1% of the Group's revenues and amounted to 667.1 million euros, a 7.3% increase as compared with 2005, resulting from the growth in traffic and the rate increase that took effect on May 15, 2006.
- A considerable increase in the airport security tax, accounting for 17.2% of the Group's revenues, 356.6 million euros, an increase of 15.4% on 2005, the result of the combined effect of increased traffic and increases in tariffs (from 7.95 euros on January 1, 2005 to 8.5 euros on January 1, 2006),
- An 11.8% increase in total revenues from commercial activities, which were 286.4 million euros in 2005. This figure includes both rent paid by operators of commercial facilities to Aéroports de Paris (recorded in the "Airport Services" segment), and the Group's share of the sales of Société de Distribution Aéroportuaire (recorded in the "Other Activities segment").

- A 4.4% increase in rental revenues, from 168.9 million euros in 2005 to 176.3 million euros in 2006. These amounts include revenues from the rental of spaces in terminals and aeronautical areas (recorded in the "Airport Services" segment) and the rental of land and buildings outside terminals and aeronautical areas (recorded in the "Real Estate" segment);
- Significant increases in ancillary airport fees (an 8.5% increase in 2005 compared to 2004) and revenues from car parks and access (a 6.5% increase).

The growth in these revenues was partially offset by a decrease in revenues from aeronautical ground handling services provided to customers outside the Group (the external portion of revenues from the "Ground handling and related services" segment), which decreased from 128.2 million euros in 2005 to 126.2 million euros in 2006, a decline of 1.4%.

The following table breaks down the Group's consolidated revenues by segment for the periods indicated:

<i>In millions of euros</i>	<b>2005</b>	<b>2006</b>	<b>2006/2005</b>
<b>Airport Services</b>			
Principal aeronautical fees	621.5	667.1	+7.3%
Ancillary airport fees	95.4	103.7	+8.7%
Commercial revenues	196.9	210.8	+7.1%
Car parks and access	134.8	143.8	+6.7%
Industrial services	60.6	68.8	+13.5%
Airport security tax	308.8	356.3	+15.4%
Rental Revenues	61.7	70.4	+14.1%
Other revenues	121.0	105.5	-12.8%
<b>Total Airport Services <sup>(1)</sup></b>	<b>1,600.6</b>	<b>1,726.3</b>	<b>+7.9%</b>
<b>Ground handling and related services <sup>(2)</sup></b>	<b>167.9</b>	<b>177.1</b>	<b>+5.5%</b>
<b>Real Estate <sup>(3)</sup></b>	<b>168.3</b>	<b>175.7</b>	<b>+4.4%</b>
<b>Other activities <sup>(4)</sup></b>	<b>199.8</b>	<b>226.3</b>	<b>+13.3%</b>
Inter-segment eliminations	-215.8	-228.6	+5.9%
<b>Consolidated Revenues</b>	<b>1,920.8</b>	<b>2,076.8</b>	<b>+8.1%</b>

(1) Including revenues from customers outside the Group of 1,502.7 million euros in 2005 and 1,627.3 million euros in 2006

(2) Including revenues from customers outside the Group of 128.2 millions in euros 2005 and 126.2 million euros in 2006

(3) Including revenues from customers outside the Group of 124.6 millions in euros 2005 and 127.5 million euros in 2006

(4) Including revenues from customers outside the Group of 165.3 million in euros 2005 and 195.8 million euros in 2006

### **Airport services**

Income from ordinary activities in the Airport services segment was 1,726.5 million euros, an increase of 7.9% on 2005. This income was accounted for by Paris - Charles de Gaulle, 1,242.4 million euros (+7.8%), Paris - Orly, 456.5 million euros (+8.5%), and the other platforms, 27.4 million euros (-1.8%).

Ancillary airport fees, a segment including ancillary fees (baggage-handling, check-in counters, de-icing) and other services (official welcomes, hire of networks), increased by 8.7% to 103.7 million euros. This was mainly due to an increase in baggage-handling following the implementation of new modules (TBR and STB at CDG2) and income from check-in counters. De-icing, which had attained an extremely high level in 2005, was down by 40.4%.

Commercial income for the segment rose by 7.1% to 210.8 million euros<sup>88</sup>, mainly due to dynamic advertising revenues and development of offers at terminals, particularly at the CDG2 and Orly Sud terminals, which also benefited from increased international traffic. The security measures implemented for the United States, Great

<sup>88</sup> See 6.3.2.8. "Commercial and service activities at Aéroports de Paris"

Britain and Israel as of August 2006 generated an accumulated shortfall of 1.9 million euros over the last two quarters of 2006. It should, however, be noted that the 2005 comparison basis was affected by renegotiation of a contract with an operator of commercial spaces, and a credit note was issued.

Car park revenues rose by 6.7% to 143.8 million euros, due to an increase in hourly rates (+7% at Paris - Charles de Gaulle, +4% at Paris - Orly) and the increase in parking subscription that compensates for the decrease in the rate of frequentation, particularly at Orly.

Income from the airport security tax to finance security activities increased by 15.4% to 356.3 million euros, due to the combined effect of increased traffic and tariff increases (from 7.95 euros at January 1, 2005 to 8.5 euros at January 1, 2006). This increase also reflects additional revenues following the reversal in 2006 of deferred revenues accrued over the previous years for a total amount of 8.7 million euros.

Industrial services revenues (supply of energy, fluids etc.) increased by 13.4% to 68.8 million euros. This was mainly due to a large increase in the purchase price of energy, which was passed on to the selling price. The volumes sold also grew in terms of electricity and cooling power, with a decrease in thermal power due to a particularly mild winter in 2006.

Revenues from leases of spaces inside terminals increased by 8.7 million euros (+14.1%) to 70.4 million euros due to the inauguration of new areas, in particular the full year effect of implementation of the CDG E "aire Hôtel" embarkment satellite in June 2005, and leasing of additional lounges for Air France. Moreover, transfer of leasing fees for car rental companies from the Real Estate segment played a part in this increase, 1.6 million euros, accounting for 18.4% of the increase.

Other revenue mostly came from payment on the *Budget Annexe de l'Aviation Civile* (BAAC) for services rendered to air navigation (33.1 million euros) and inter-segment revenues (50.7 million euros). This dropped 12.8% to 105.5 million euros due to the decrease in the BAAC payment in relation to the transfer to the State of air navigation assets in 2005 (impact of -7.6 million euros)<sup>89</sup>.

The following table below shows revenues of the Airport Services segment broken down by airport.

<i>In millions of euros</i>	<b>2005</b>	<b>2006</b>	<b>2006/2005</b>
Paris - Charles de Gaulle	1,151.9	1,242.5	7.8%
Paris - Orly	420.9	456.5	8.5%
Others <sup>(1)</sup>	27.9	27.4	-1.8%
<b>Total</b>	<b>1,600.6</b>	<b>1,726.4</b>	<b>7.9%</b>

(1) Paris - Le Bourget, general aviation airfields and miscellaneous.

These figures include airport fees received, a total of 667.1 million euros. Those received at Paris - Charles de Gaulle increased by 7.0% in 2006, and those received at Paris - Orly increased by 7.9%. In both cases the rate of growth is close to principal airport fees in the segment overall (7.3%). Slightly higher growth in revenues of the Paris - Orly platform are due in particular to the fact that the 2005 comparison basis had been reduced by the minimum guarantee credit resulting from the renegotiation of a contract with a commercial operator, as described above.

### **Ground handling and related services**

For 2006, income for this segment was 177.1 million euros, in increase of 5.5% on 2005. The increase reflects two inverse trends:

- A decrease of 2.6 million euros in ground handling assistance income (-2%), due to the loss of major contracts in 2005, which could not be totally offset by new customers in 2006,

<sup>89</sup> See 8.1. "Real Estate Properties and Equipment of Aéroports de Paris"

- An increase of 11.9 million euros in revenues from security activities and other activities (+30%), due to an increase in the perimeter of this activity, since the group handed its subsidiary Alyzia Sûreté the contract for passenger inspection at Orly Sud, previously subcontracted outside the group, and the positive effect of tariff adjustments at the end of the year.

### **Real estate**

In 2006, income from ordinary activity in the segment rose by 4.3% to 175.7 million euros.

External revenues, excluding re-billing, amounted to 116.1 million euros in 2006 against 114.0 million euros in 2005. They were increased by the lease of new plots of land for third parties to develop new buildings (new Air France - KLM flight-crew city in Paris Charles-de-Gaulle, La Poste in Paris - Orly, West Maintenance Base project). External revenues were however affected by changes in the functional perimeter. Lease revenues were reduced by the reclassification of 1.6 million euros of revenues from car rental companies to the Airport services segment and by the loss of revenue in relation to the retrocession to the State of buildings occupied by public agencies - 2 million euros<sup>90</sup>.

Internal revenues, including the rents paid by the Group's subsidiaries, were 48.1 million euros, an increase of 9.8%, particularly due to regularization of rents following domain occupation inventories. On the other hand, internal billing for maintenance services in relation to real estate assets fell.

Income in the Real Estate segment now includes income from interest on financial leasing contracts in relation to IAS 17, previously booked as financial income. Revenues for 2005 were retreated in consequence to ensure comparability. For the full year, the incidence of this reclassification was respectively 6.6 and 6.2 million euros in 2006 and 2005.

### **Other activities**

In 2006, income in the segment was 226.3 million euros overall, an increase of 13.3% on 2005.

Aéroports de Paris's contribution to income from ordinary activities was 11.0 million euros, a decrease of 17.3% with respect to 2005. This was mainly due to exceptionally high earnings in 2005 which were not replicated in 2006, particularly export contracts operated by Aéroports de Paris.

The ADPi contribution to income from ordinary activities was 33.6 million euros, an increase of 23% on 2005, due to new contracts such as the Tiara Towers in Dubai, plans for the new Jebel Ali airport, and two airports in Oman.

The contribution by Aéroports de Paris Management to income from ordinary activities was stable with respect to 2005 at 7.9 million euros.

The Hub Télécom contribution to income from ordinary activities was 74.0 million euros, an increase of 4.0% on 2005 thanks to increased growth in data transmission activities (company networks and Wifi), thus offsetting lower prices and volumes of fixed telephony.

The contribution (Group share) of Société de Distribution Aéroportuaire to income from ordinary activities was 99.8 million euros, an increase of 24.3%, due to increased shop sales and extension of the perimeter of activity at Terminal 1 in Paris - Charles de Gaulle, and despite tighter security measures affecting sales over the last 2 quarters. The shortfall from these measures is estimated at 1.9 million euros (Group share).

#### **9.3.3. Operating expenses**

In 2006, the Group's operating expenses (excluding depreciation and amortization) increased by 4.8% to reach a total of 1,470.7 million euros (70.8% of revenues), as compared with 1,403.3 million euros in 2005 (or 73.3% of revenues).

The expenses are broken down as follows:

<sup>90</sup> See 8.1. "Real Estate Properties and Equipment of Aéroports de Paris"

<i>In millions of euros</i>	<b>2005</b>	<b>% Revenues</b>	<b>2006</b>	<b>% Revenues</b>	<b>2006/2005</b>
Personnel Expenses	611.5	31.9%	648.1	31.2%	+6.0%
Purchases	106.2	5.5%	121.5	5.9%	+14.4%
Other Operating Expenses	685.6	35.8%	701.1	33.8%	+2.3%
<i>Of which subcontracting</i>	299.0	15.6%	307.6	14.8%	+2.9%
<b>Total operating expenses</b>	<b>1,403.3</b>	<b>73.3%</b>	<b>1,470.7</b>	<b>70.8%</b>	<b>+4.8%</b>

### **Personnel expenses**

Personnel expenses increased by 6.0% to 648.1 million euros, mainly due to increased staff numbers at subsidiaries (+25.5%), while the headcount at the parent company showed a slight decrease of 1.8%.

	<b>2005</b>	<b>2006</b>	<b>2006/2005</b>
<b>Personnel expenses</b> ( <i>in millions of euros</i> )	<b>611.5</b>	<b>648.1</b>	<b>+6.0%</b>
<b>Average headcount</b>	<b>10,294</b>	<b>10,816</b>	<b>+5.1%</b>
Of which:			
Aéroports de Paris	7,709	7,571	-1.8%
Alyzia Group	1,972	2,502	+26.9%
Rest of the Group	613	743	+21.4%

The staff increase at the Alyzia group (+530 staff) was due to the taking over by Alyzia Sûreté of the inspection contract at Orly Sud, previously subcontracted outside the Group where 307 extra staff were taken on, and the rest was due to development of activities - 223 extra staff. The increase mainly affected Aviance (+176 staff) and Alyzia Handling (+27 staff).

The staff increase at other subsidiaries (+130 staff) was mainly due to increases in Société de Distribution Aéroportuaire staff (+75), in turn mainly caused by the extension of the perimeter of activity at CDG1, and by staff increases at ADPi (+27) caused by an increase in activity in the course of the year - half of these were staff on local contracts for projects outside France.

The increase in personnel charges at Aéroports de Paris SA was mainly due to:

- Changes in the average headcount (-1.8%);
- Salaries, bonuses, gratifications and early retirement plans (+2.0%);
- Increases resulting from seniority or technical advancement of employees (+2.1%).

### **Purchases**

The Group's purchases increased to 15.3 million euros (+14.4%). The entire increase was due to higher energy prices and increased Société de Distribution Aéroportuaire activity. Fuel and electricity purchases were 42.1 million euros, an increase of 10.0 million euros (+31.2%), and Société de Distribution Aéroportuaire purchases were 38.2 million euros, an increase of 7.5 million euros (+24.5%).

### **Other operating expenses**

Other operating expenses were 701.1 million euros as against 685.6 million euros in 2005. They were broken down as follows.

External services were stable with respect to 2005, at 524.6 million euros. These were as follows:

- Subcontracting expenses increased by 8.5 million euros (+2.8%) to 307.6 million euros.

- Maintenance and repair expenses experienced a slight decrease of 1.0 million euros (-1.3%) to 79.2 million euros, thanks to rationalization in operational sectors,
- Other external service expenses decreased by 5.7 million euros (-4.0%) to 137.8 million euros.

Taxes increased 11.9%, 13.6 million euros, to 128.4 million euros. Local business tax (known as *taxe professionnelle*) was 49.6 million euros, increased by 4.5 million euros (+10.2%) due to the new facilities and infrastructures commissioned in 2004. Real estate taxes were 38.2 million euros, a 5 million euro increase (+15.2%) due to increases in the taxes rates. In a slightly lesser proportion, the impact of the new certification and oversight fees payable to the DGAC since September 2006 accentuated the phenomenon, with a 1.1 million euro increase.

Other operating charges remained stable at 48.1 million euros, including losses on irrecoverable credits, of which a loss on an Air Lib credit fully covered by the reversal of provisions already recorded, and capital gains or losses on asset sales.

#### 9.3.4. EBITDA, current operating income and operating income

Depreciation on credit net of reversals increased by 8.4 million euros to 25.2 million euros, affected by the reversal of the provision on the Air Lib credit, with the corresponding impairment under "other operating charges".

Allowances for provisions net of reversals were 38.5 million euros, as against 4.7 million euros in 2005. This includes mainly provision for customer and supplier litigation, with an amount net of reversals of 12.5 million euros, the major of which is a provision in light of the delay in the commissioning of the Baggage Sorting System - East (scheduled to open in the Fall 2007). The other provisions for litigation are not significant individually. The other provisions, in the amount net of reversals of 26 million euros, concern various customer and supplier risks, which are not significant individually, as well as a provision for tax in relation to ongoing tax audit<sup>91</sup>.

If we add other income of 28.7 million euros, the net balance of other income and ordinary charges is 15.4 million euros, as against 33.7 million euros in 2005.

This makes EBITDA 664.7 million euros, as against 598.6 million euros in 2005, an increase of 11.0%.

The Group's margins increased in 2005, as revenues grew more than expenses. The table below sets forth the Group's EBITDA, operating income from ordinary activities and operating income in 2005 and 2006.

<i>In millions of euros</i>	<b>2005</b>	<i>% Revenues</i>	<b>2006</b>	<i>% Revenues</i>	<b>2006/2005</b>
<b>EBITDA</b>	<b>598.6</b>	31.2%	<b>664.7</b>	32.0%	+11.0%
Depreciation and amortization	-262.2		-273.9		
Asset impairment and net allowances to provisions	1.0		0.1		
<b>Current operating income</b>	<b>337.5</b>	17.6%	<b>390.9</b>	18.8%	+15.8%
Other operating revenues and expenses	23.5		-57.0		
<b>Operating Income</b>	<b>360.9</b>	18.8%	<b>333.9</b>	16.1%	-7.5%

#### **EBITDA**

The increase in EBITDA reflected the combined effect of the significant increase in revenues compared to the more moderate increase in operating expenses. This increase puts up the gross margin by +0.8 point. It was 31.2% in 2005, and 32.0% in 2006.

<sup>91</sup> See Note 3.1.5 in the annex to the consolidated accounts

### **Current operating income**

Current operating income from ordinary activities increased considerably to 390.9 million euros, a rise of 15.8% on 2005. This was due to growth of EBITDA as explained above, and also to the relatively modest increase in depreciation expenses (+4.5%), despite exceptional provision for depreciation of 15.2 million euros in relation to write-offs linked to rehabilitation work and demolition of old buildings.

The ration of current operating income / products thus increased by 1.2 point from 17.6% in 2005 to 18.8% in 2006.

### **Current operating income by segments**

The increase in the Group's total current operating income in 2006 was led by the Airport services segment, which recorded a 12.9% increase. The table below sets forth the Group's operating income from ordinary activities by segment.

<i>In millions of euros</i>	<b>2005</b>	<b>2006</b>	<b>2006/2005</b>
Airport services	377.4	426.2	+12.9%
Ground handling and related services	-10.9	-17.4	-59.6%
Real estate	40.6	43.7	+7.5%
Other activities	16.2	17.5	+8.0%
Unallocated items <sup>(1)</sup>	-85.9	-79.1	-7.6%
<b>Current operating income</b>	<b>337.4</b>	<b>390.9</b>	<b>+15.8%</b>

(1) Principally head office expenses

In the Airport services segment, the increase in current operating income reflects sound performance by the two main Group platforms: the contribution by Paris - Charles de Gaulle, where current operating income increased by 8.8% to reach 340.5 million euros in 2006 as compared with 312.9 million euros in 2005. At Paris - Orly, current operating income increased by 26.0% to 88.6 million euros in 2006 as compared with 70.3 million euros in 2005.

The current operating income of the Ground handling and related services segment was -17.4 million euros in 2006 as compared with 10.9 million euros in 2005. Ground handling activity, particularly through the Alyzia Sûreté subsidiary, was stable. However, for the ground handling activity, the Group was unable to adjust charges as swiftly and in proportion to a reduction in activity.

The current operating income of the Real estate segment increased by 7.6% to 43.7 million euros in 2006 as compared with 40.6 million euros in 2005. This change resulted primarily from the following two factors:

- On the one hand, a 4.3% increase in revenues caused by new leases of land;
- On the other hand, a 1.8% reduction in charges with respect to 2005.

In the Other activities segment, the contribution of Société de Distribution Aéroportuaire was 4.1 million euros, as compared with 3.8 million euros in 2005, a 7.9% increase, due to the extension of the perimeter of activities at CDG1. The contribution of Hub télécom was 7.5 million euros as compared with 11.4 million euros in 2005, a 33.6% decrease due to increases in personnel charges and provision for depreciation. The contribution of ADP Management was 0.8 million euros as compared with 0.6 million euros in 2005. Revenues from stakeholdings, particularly BCIA, were posted as financial income. The contribution by ADPi was 1.3 million euros, as against -0.2 million euros in 2005.

### **Operating income**

The negative balance of other operating products and charges was -57.0 million euros, as against a positive balance in 2005 of 23.5 million euros. This 80.5 million euro difference is the result of three main non-recurring components:

- Posting in 2006 of charges relating to the listing on the Paris Stock Exchange, a total of 52.8 million euros: cost of fringe benefits awarded by the State to staff within the context of the offer reserved for staff (ORS) (33.3 million euros for the 20% discount and payment periods), employer's contribution (9.6 million euros), expenses relating to share floating (fees, communication expenses, technical expenses etc.) net of the part of expenses attributed to the issue premium (9.9 million euros),
- A negative difference of -37.8 million euros as the consequence of the accident at the 2E terminal, a net product in 2005 of 33.6 million euros, mainly due to extra insurance product. The impact was negative in 2006 due to a booking of expertise charges, 4.2 million euros,
- Inversely, non-renewal in 2006 of the UNEDIC charge of 10.1 million euros posted in 2005.

In due consideration of the impact of these non-recurring components, operating income dropped by 7.5% to 333.9 million euros as against 360.9 million euros in 2005.

#### 9.3.5. Other income statement results

##### **Net finance costs**

Financial results were - 84.5 million euros, an improvement of 4.8% on 2005. The increase (-9.0 million euros) of the cost of net financial debt was more than offset by an increase in financial income (+12.5 million euros) following an improvement in cash after the capital increase of 583.5 million euros in June 2006. Other products and financial charges were stable (+0.5 million euros), although this was the result of a contrasting situation: whereas 2005 produced an exchange gain of 2.6 million euros, 2006 posted an exchange loss of 1.6 million euros, a negative difference of 4.2 million euros caused by unfavorable evolution of the US dollar on certain receivables drawn up in foreign exchange (mainly a shareholder loan to the Mexican company SETA). This loss was partially offset by an increase in dividends received from foreign holdings (+0.6 million euros to 3.1 million euros).

##### **Income tax expense**

Group income tax increased 6.1% to 100.8 million euros, and the apparent rate of tax was 40.43%. This high tax rate is mainly due to non-deductible charges.

##### **Net income**

The Group's share of net income declined 15.5% to 152.1 million euros, as against 179.9 million euros in 2005. Excluding the non-recurring impact of the accident of terminal CDG 2E, transfer to the State of air navigation assets, Unedic adjustments and charges relating to the listing on Paris Stock Exchange, net income would have been 200.6 million euros in 2006 as compared with 167.7 million euros in 2005, an increase of 19.6%.

## CHAPTER 10 LIQUIDITY AND CAPITAL RESOURCES

*The financial data appearing in this section are derived primarily from the consolidated financial statements of Aéroports de Paris as of and for the year ended December 31, 2006 prepared in accordance with IFRS. Financial data for the year ended December 31, 2005 have been drawn up in accordance with those standards.*

### 10.1. Overview

The Group's cash needs are covered by significant cash flow from operating activities, supplemented over normal periods of time by bonds and bank loans, and in 2006 by a share capital increase. The Group's liquid resources are mainly used to finance its capital investment program, which is intended to increase the capacity of the Group's airports to accommodate the anticipated growth of traffic, to improve the quality of services offered by the Group and to develop the Group's commercial and real estate business.

In 2006, the decrease in cash flow from operating activities, (551.7 million euros as against 647.3 million euros in 2005), was due to three factors: positively, the increase in the Group's EBITDA, as described in Chapter 9, and negatively, the cost of the listing on Paris Stock Exchange, for a total of 52.8 million euros, and also the fact that 2005 showed a favorable difference in payments of income tax (28.9 million euros paid out in 2005 as against 110.6 million euros in 2006).

The share float in June 2006 led to an increase in equity of 583.5 million euros, and this improved cash flow from financing activities (125.6 million euros, as against 96.0 million euros in 2005), despite loan repayment of 316.2 million euros.

The Group's liquid resources enabled it to finance capital investment in property, plant and equipment and intangible assets of 712.5 million euros in 2006. The net debt dropped to 1,859.7 million euros as against 2,297.7 million euros in 2005. The Net Debt / Equity ratio dropped to 0.67 as against 1.13 in 2005, in consideration of reduction in net debt and increased shareholders' equity.

### 10.2. Cash flow

The table below shows the simplified cash flow statement:

<i>In millions of euros</i>	<b>2005</b>	<b>2006</b>	<b>2006/2005</b>
Cash flow from operational activities	653.5	551.7	-15.6%
Cash flow used for investment activities	-532.6	-555.5	+4.3%
Cash flow from financing activities	96.0	125.6	+30.8%
<b>Variation in cash and cash equivalents</b>	<b>217.4</b>	<b>121.8</b>	<b>-44.0%</b>

#### 10.2.1. Operating cash flow before changes in working capital and before tax

The Group's operating cash flow before changes in working capital and tax was 735.9 million euros as against 663.9 million euros in 2005, an increase of 72.0 million euros. This increase was primarily the result of two opposing factors:

- Operating income fell by 27.0 million euros between 2005 and 2006
- Charges with no impact on cash rose by 96.2 million euros (of which 33.3 million euros in relation to the costs of benefits for staff within the framework of the offer reserved for staff (ORS), and 67.7 million euros in relation to amortization, depreciation and allowances for provisions).

#### 10.2.2. Working capital

The increase in working capital requirements (-73.6 million euros) was mainly caused by a reduction in supplier debt, 36 million euros, and the unfavorable difference between the outstanding amount to the State for shares bought up by employees within the framework of the offer reserved for staff (ORS), and the amount outstanding to be paid by employees for these shares. In fact, the company has paid the State the amount of the shares bought up by employees and is being reimbursed by the employees within a maximum period of 36 months. The ORS payment schedule is shown in note 3 in the annex to the consolidated accounts, which is presented in annex 1 to this *Document de Référence*.

The remainder of the variation in working capital (i.e. 8.6 million euros) is due to an increase in customer debt and stocks.

#### 10.2.3. Cash flows from operational activities

Total cash flows from operational activities were down 101.9 million euros to 551.6 million euros (-15.6%), mainly due to the negative difference in working capital and the increase of 81.7 million euros of income paid out on activity, in relation to a tax disbursement which was exceptionnaly low in 2005.

#### 10.2.4. Cash flows used for investment activities

Cash flows used for investment activities increased by 22.9 million euros to 555.5 million euros. This was due to a number of factors:

- The increase in property, plant and equipment (+133.6 million euros) and purchase of a stake in Bolloré Télécom by the subsidiary Hub télécom (+10.0 million euros)
- Non-recurring income booked in 2005 following assignment of shareholdings in France Handling at 11.1 million euros,
- The product of assets transfer (+147.3 million euros), particularly in relation to retrocession to the State of air navigation assets and buildings used by public services<sup>92</sup>.

The remainder, 15.6 million euros, was mainly due to the variation in relation to suppliers of intangible assets.

In 2006, total capital expenditures (including capital investment in both property, plant and equipment and intangible assets) amounted to 712.5 million euros, a 23.1% increase as compared 2005 capital expenditures of 578.9 million euros. Substantially all such capital expenditures were made in respect of property, plant and equipment.

In 2006, Aéroports de Paris (the parent company) invested a total of 693.0 million euros. The Group's subsidiaries invested 19.5 million euros, and in particular Hub télécom invested 13.6 million euros. This allocation between parent company and the subsidiaries is similar to the split in 2005: Aéroports de Paris invested 559.6 million euros and the subsidiaries invested 19.3 million euros (including 14.7 million euros for Hub télécom).

The 23.1% increase in capital expenditures as compared with 2005 reflects either the pursuit or commencement of capacity development and rehabilitation projects implemented by Aéroports de Paris<sup>93</sup>.

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<sup>92</sup> See 8.1. " Real Estate Properties and Equipment of Aéroports de Paris"

<sup>93</sup> See 6.3.2. "Airport Services"

The table below shows the breakdown of Group investments in 2006 and 2005, by main projects:

<i>In millions of euros</i>	<b>2005</b>	<b>2006</b>
<b>Capacity capital investment, including</b>	<b>254.0</b>	<b>386.7</b>
Satellite S3	112.1	213.1
Reconstruction of 2E facilities	-	29.6
Runway 4 Orly	-	29.1
CDGVal	48.6	27.6
East handling baggage system (TBE)	16.7	6.5
<b>Restructuring capital investment, including</b>	<b>54.3</b>	<b>46.2</b>
Rehabilitation of CDG1	41.8	32.5
Reconfiguration of international circuits Orly Sud	-	7.4
Hall 2 Orly Ouest	12.5	6.2
<b>Renovation and quality capital investment</b>	<b>167.7</b>	<b>155.5</b>
<b>Real estate development</b>	<b>7.6</b>	<b>16.3</b>
<b>Security</b>	<b>30.9</b>	<b>41.1</b>
<b>FEST</b>	<b>62.6</b>	<b>66.7</b>
<b>Other</b>	<b>1.8</b>	<b>-</b>
<b>Total Group</b>	<b>578.9</b>	<b>712.5</b>

The only investment subject to firm commitments by Aéroports de Paris is the investment described in the CRE for 2006-2010, in relation to the regulated perimeter (as defined by the ministerial order of 16 September 2005 in relation to fees for services provided on aerodromes, taken as per application of article R. 224-3-1 of the French Civil Aviation Code). These investments served as a reference for determination of the CRE's tariff parameters<sup>94</sup>.

#### 10.2.5. Cash flow from financing activities

Cash flows from financing activities increased by 29.6 million euros (+30.8%). This was mainly due to the net income from the share issue after the capital increase of 583.5 million euros. The company also proceeded with loan reimbursements for a total of 316.2 million euros in September 2006, of which 306.7 million euros were bondt and payment of financial charges, net of financial income of 86.6 million euros (as against 95.2 million euros in 2005). 63.2 million euros were paid out in 2006 on the 2005 dividend.

### 10.3. Financing

The Group's outstanding debt as of December 31, 2006, including financial derivatives, amounted to 2,428.7 million euros, a 12.6% decrease compared to 2,778.9 million euros as of December 31, 2005. Net debt (including financial derivatives) decreased to 1,859.7 million euros as of December 31, 2006 as compared with 2,297.7 million euros as of December 31, 2005.

The net debt to equity ratio improved to 0.67 as of December 31, 2006 as compared with 1.13 as of December 31, 2005.

<sup>94</sup> See paragraph 6.3.2.6. "Revenues from the operation of airports"

The following table sets forth the Group's net debt as of December 31, 2005 and 2006.

<i>In millions of euros</i>	<b>At 31.12.05</b>	<b>At 31.12.06</b>
Bonds	2,016.2	1,683.8
Bank loans	623.3	618.5
Debt on finance leases	28.0	21.9
Security deposit received	13.3	18.7
Other borrowings and similar debt	5.1	3.8
Accrued interest	74.8	66.5
Current accounts with non consolidated companies	0.4	0.3
Bank overdrafts	7.0	6.1
<b>Sub-total Debt</b>	<b>2,768.1</b>	<b>2,419.4</b>
Derivate financial instruments in a liability position	10.8	9.2
<b>Gross Debt</b>	<b>2,778.9</b>	<b>2,428.7</b>
Derivate financial instruments in a asset position	-92.9	-59.8
Cash and cash equivalents	-388.3	-509.2
<b>Net Debt</b>	<b>2,297.8</b>	<b>1,859.7</b>

Out of the total gross debt (excluding financial derivatives) of 2,419.4 million euros, 149 million euros is due and payable in 2007, 230 million euros in 2008, 4 million euros in 2009, 468 million euros in 2010 and 468 million euros in 2011. 1,158 million euros of the Group's gross debt, or 48% of the total, was due in 5 years or more as of December 31, 2006. Substantially all of the Group's debt is denominated in euros.

In 2006, Aéroports de Paris:

- Repaid the 106.7 million euros 6.00% bond issued in 1996;
- Effected early repayment with no penalties of the 200 million euros floating rate bond issued in 2005.

The subsidiaries of Aéroports de Paris did not make any borrowings.

The weighted average interest rate on the Group's debt was 4.46% per annum before hedging and 3.81% after hedging. As of December 31, 2006, approximately 74% of the Group's debt bore interest at fixed rates and approximately 26% at variable rates, before hedging (58% at fixed rates and 42% at variable rates after hedging).

#### **10.4. Equity**

The Group's equity increased by 37.2% from 2,030.7 million euros as of December 31, 2005 to 2,786.8 million euros as of December 31, 2006.

The main differences for 2006, as set out in note 26 of the consolidated accounts, were as follows:

- The share capital increase in June 2006, to a net total of 40.8 million euros;
- A share issue premium of 559.2 million euros, brought down to 542.7 million euros following the attribution of share issue expenses (net of income tax benefit) of 16.5 million euros following the capital increase;
- The fair value reserve, mostly in relation to BCIA stock (China) as assets available for sale, was increased by 52.4 million euros, less deferred tax of 1 million euros - a net increase of 51.4 million euros;
- Foreign exchange losses of 1.2 million euros following conversion to euros of the SETA accounts (Mexico) expressed in Mexican pesos. The rate fell from 0.079262 at December 31, 2005 to 0.069964 euros at December 31, 2006;

- In due application of IFRS 2, equity was credited with 33.3 million euros corresponding to the benefits to staff within the framework of the offer reserved for staff (ORS), as counterparty to the equivalent charge posted in Other operational products and charges<sup>95</sup>; and
- In accordance with the decision at the ordinary general meeting of April 18, 2006, a dividend of 63.2 million euros was paid to the State in May 2006, the sole Company shareholder at the time.

## 10.5. Group commitments

The only investments covered by firm commitments by Aéroports de Paris are those described in the CRE. These investments are detailed in paragraph 5.2.3. "Main Investments planned or included in firm commitments from the Management Bodies relating to the regulated perimeter".

### **Off-balance sheet commitments**

The Group's off-balance sheet commitments amounted to 31.9 million euros as of December 31, 2006 as against 43.5 million euros as of December 31, 2005. The table below sets forth the off balance sheet commitments given by the Group as of December 31, 2005 and 2006.

<i>In millions of euros</i>	<b>At 31.12.05</b>	<b>At 31.12.06</b>
Guarantees	18.5	13.7
First demand guarantees	11.4	11.2
Asset and liability warranties	2.8	2.9
Others	10.8	4.1
<b>Total</b>	<b>43.5</b>	<b>31.9</b>

The Group's off balance sheet commitments reflect primarily guarantees of loans to employees and sureties and other guarantees relating to engineering or international exploitation projects. The asset and liabilities relate to the sale in 2005 of the securities of France Handling, a company specialized in cargo handling services.

### **Employee benefit obligations**

The Group's employee benefit obligations, before deducting the value of coverage assets, amounted to 416.7 million euros as of December 31, 2006 as against 437.0 million euros as of January 1, 2006. These obligations include severance, obligations under an early retirement plan, a plan to allow fire fighters to retire at age 55, supplementary health benefits and length of service benefits. Employee benefit obligations (net of deferred actuarial gains and losses) are covered by provisions or, to a lesser extent, by coverage assets. As of December 31, 2003, provisions for employee benefit obligations were 418.3 million euros.

A detailed description of the Group's employee benefit obligations and the main assumptions used to determine their amount appears in note 10.2 to the consolidated financial statements for the year ended December 31, 2006, in annex 1 to this *Document de Référence*.

## 10.6. Investment properties

An assessment of the Group's investment properties as of December 31, 2006 established a fair value of 1,076.6 million euros as compared with 982.6 million euros as of December 31, 2005. The difference was primarily the result of a decrease in the discount rate (5.02% as of December 31, 2006 as against 5.38% as of December 31, 2005), which is based on the average of the last three years of the 10-year OAT (French government bond) rate and of the risk premium - these parameters being the ones used to establish the discount rate. The net book value of investment properties amounted to 284.2 million euros as of December 31, 2006 and 305.6 million euros as of December 31, 2005.

<sup>95</sup> See note 3.1.1 in the annex to the consolidated accounts, in annex 1 to this Reference document

Investment properties are real estate properties (land, buildings, real estate complexes or a portion of any of them) held for the purpose of rental to third parties and/or with a view to a capital gain. In contrast, buildings occupied by Aéroports de Paris for its own needs (head office, administrative buildings or operating buildings) are not investment properties, but are instead operating assets recorded in the balance sheet as tangible fixed assets. Vacant buildings that are not planned for use by Aéroports de Paris for its own needs are included in investment properties. Buildings that are used both for investment property purposes and for Aéroports de Paris activities are classified as investment properties when more than half of the surface area is used for purposes falling within the definition of investment properties.

The methodology used by Aéroports de Paris to estimate the fair value of its investment properties is described in note 4.6 to the consolidated financial statements. Rented buildings and land that constitute investment properties are valued according to the discounted cash flow method. Land reserves are assessed on the basis of an estimated potential sales price according to current market conditions. Their value is adjusted to take into account the time expected for development and the capacity of the rental real estate market to absorb additional supply. The adjustment reflects the cost of carry of the land reserves for Aéroports de Paris. A discount is applied to reflect the relative absence of liquidity of the real estate assets of Aéroports de Paris, due to the particular circumstances of these assets in terms of market factors such as geographic concentration, scope of the portfolio, specific features of existing assets and the types of products that can be developed given the airport environment, as well as legal factors such as easements and other encumbrances related to airport activities and the administrative authorizations required for development. The valuation does not take into account the 70-year legal requirement that Aéroports de Paris pay to the French State 70% of any capital gains realized from the sale of properties underlying closed airport facilities (after taking into account land remediation costs)<sup>96</sup>.

## 10.7. Market risks

The most significant market risk to which the Group is exposed is interest rate risk related to the Group's debt.

### *Interest rate risk*

In addition to its operating cash flow, Aéroports de Paris may use debt to finance its investment program. Debt at December 31, 2006, excluding interest accrued and passive financial derivatives, was 2,353.0 million euros, and was mainly composed of bonds and bank debt.

The interest rate risk relating to the debt is managed by adjusting the portions of fixed and floating rate debt as a function of changes in market conditions, and by entering into or canceling swap transactions.

Aéroports de Paris' exposure to interest rate risk stems mainly from financial debt and, to a slightly lesser extent, to its rate derivatives portfolio.

The respective shares of the fixed rate debt and floating rate debt is the following.

<i>In millions of euros</i>	At 31.12.06		AT 31.12.05	
	Before hedging	After hedging	Before hedging	After hedging
Fixed rate	1,801.2	1,411.0	1,930.7	1,540.4
Floating Rate	618.3	1,008.5	837.4	1,227.7
<b>Total loans and financial debt, excluding derivatives</b>	<b>2,419.5</b>	<b>2,419.5</b>	<b>2,768.1</b>	<b>2,768.1</b>

<sup>96</sup> See 6.6.2.4. "Business - ownership of assets, retrocession of a portion of the capital gain in case of shutting-down to public air circulation of all or part of an airfield operated by Aéroports de Paris and encumbrances."

The table below sets out the Group's financial assets and liabilities as at December 31, 2006.

<i>In millions of euros</i>	Lower than 1 year	Maturity between 1 and 5 years	Greater than 5 years	Total
Financial assets	509.2	-	-	<b>509.2</b>
Financial liabilities	149.0	1,112.8	1,157.7	<b>2,419.5</b>
<b>Difference</b>	<b>360.2</b>	<b>-1,112.8</b>	<b>-1,157.7</b>	<b>-1,910.3</b>

### **Interest rate swaps**

The table below sets out the notional amounts of derivatives that qualify for fair value hedging treatment as at December 31, 2006.

<i>In millions of euros</i>	Lower than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Greater than 5 years	Total	Fair value
Floating rate paying & fixed rate receiving swaps	15.2	-	-	-	200.0	175.0	390.2	32.5
<b>Total</b>	<b>15.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>200.0</b>	<b>175.0</b>	<b>390.2</b>	<b>32.5</b>

There was no change in hedging transactions between December 31, 2005 and December 31, 2006.

The table below sets out the schedule of notional amounts of derivatives that do not qualify for fair value hedging treatment as at December 31, 2006. These transactions result from swap reversal transactions and from a foreign exchange transaction relating to a debt denominated in US dollars.

<i>In millions of euros</i>	Lower than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Greater than 5 years	Total	Fair value
Floating rate paying & fixed rate receiving swaps	-	53.4	-	150.0	-	-	203.4	15.6
Floating rate paying & floating rate receiving swaps	53.4	32.2	-	-	-	-	85.6	(8.5)
Fixed rate paying & fixed rate receiving swaps	-	-	-	150.0	-	-	150.0	10.1
Fixed rate paying & floating rate receiving swaps	-	53.4	-	150.0	-	-	203.4	0.9
<b>Total</b>	<b>53.4</b>	<b>139.0</b>	<b>-</b>	<b>450.0</b>	<b>-</b>	<b>-</b>	<b>642.3</b>	<b>18.1</b>

The portfolio of derivatives that do not qualify for hedging consists mainly of returned swaps setting a fixed margin and a cross currency swap covering the exchange risk for the loan posted in US dollars. This derivatives portfolio is therefore very little sensitive to variations in interest rates. A sudden drop in interest rates of 1% at December 31, 2006 would generate an increase in the fair value of the derivatives of 828 thousands euros.

Derivatives that do not qualify for hedging generated a gain of 0.7 million euros in 2006.

### **Foreign exchange risk**

The distribution of financial debt by foreign currencies was as follows:

<i>In millions of euros</i>	At 31.12.06		At 31.12.05	
	Before hedging	After hedging	Before hedging	After hedging
Euros	2,388.3	2,419.5	2,733.3	2,768.1
US Dollars	31.2	-	34.8	-
<b>Total loans and financial debt excluding derivatives</b>	<b>2,419.5</b>	<b>2,419.5</b>	<b>2,768.1</b>	<b>2,768.1</b>

Loans in US dollars were fully covered from origin and to due date by a cross currency swap.

The whole of the currency debt is covered. The other foreign exchange risks arising from the international activity are not covered, but are not significant.

### **Liquidity risk**

Aéroports de Paris is rated AA by Standard & Poor's since June 2006. The prospects are stable. The rating was actually lowered from AA to AA- when the company was floated in June 2006.

Bonds posted in euros are listed on the Paris Stock Exchange, with the exception of the 200 million euro bond issued in 2005 and repaid in 2006.

Aéroports de Paris has a financing and cash unit, as part to the Finance Directorate, to assess financial and market risk.

Aéroports de Paris' cash movements are monitored on a daily basis. Every month a report sets out financing operations, investment and analysis of differences with respect to the annual cash budget. This also includes a detailed breakdown of investments and possibly also the level of risk involved.

Aéroports de Paris has outstanding bank loans with EIB (549.2 million euros as of December 31, 2006) and with Caisses d'Épargne (68.9 million euros as of December 31, 2006). Bonded debt is covered in paragraph 21.1.7. "Securities not representing capital".

The Group's bank loans do not include clauses or obligations to maintain financial ratios. The EIB loans are for the financing of specific infrastructure (runway 4, satellite S3, CDGVal) and require prepayment in case of significant reduction in the cost of projects to be funded by these loans.

The loan agreements contain customary events of default that may trigger an early repayment, such as non-repayment of amounts owed, inaccuracy of representations and warranties given or made by Aéroports de Paris, a substantial decrease in the assets of Aéroports de Paris and any event that might affect the payment of the loan and related security.

In addition, the loan agreements with EIB provide that in case of decrease in the rating of Aéroports de Paris to or below A+ by Standard & Poor's (or any equivalent rating given by another rating agency), EIB may call for the early repayment of the loan if at the end of a discussion with Aéroports de Paris a legally acceptable solution enabling the parties to protect their mutual interests has not been found. In this respect, the consultation resulting from the change in status of Aéroports de Paris gave rise to an agreement with BEI in March 2007, with no modification of the financial conditions for these loans.

The purpose of the three borrowings with Caisses d'Épargne is to fund the Company's ongoing liquidity requirements. Each loan agreement includes an early repayment obligation in case of non-repayment of other loans taken by Aéroports de Paris with Caisses d'Épargne.

All of the outstanding loans are unsecured. In the case of bonded debt or loans arranged with the abovementioned finance houses, the Group is not subject to any particular clauses that could lead to early repayment of debt.

As at December 31, 2006, considering the liquidity position of the Group, Aéroports de Paris did not have any confirmed line of credit, Euro Medium Term Notes program or commercial papers.

Details concerning the liquidity risk are provided in note 28.2.3 of the annex to the 2005 consolidated accounts (attached as annex 1 to this *Document de Référence*).

### **Credit risk**

Group policy is to run a check on the financial state of health of all customers wishing to obtain credit payment conditions. With the exception of agreements signed with the State and 100% subsidiaries, contracts between

Aéroports de Paris and its customers contain guarantee clauses (cheque deposit, bank endorsement, first-request bank guarantee etc.). Moreover, customer balances are constantly monitored, and so the Group's exposure to irrecoverable credit risk is not significant.

Concerning credit risk in relation to other financial assets in the Group (cash and cash equivalents, financial assets available for sale and certain derivatives), Aéroports de Paris channels its cash surpluses through euro monetary mutual funds. The counterparty risk in relation to these investments is considered marginal. Concerning the derivatives, Group exposure is related to possible default by one of the third parties concerned, which are mostly first tier finance houses. Maximum exposure equals the accounting value of these instruments.

## **CHAPTER 11**

### **RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES, INTELLECTUAL PROPERTY**

#### **11.1. Research and development**

In view of the activity it exercises, Aéroports de Paris is conducting a specific research and development policy limited to its activities. For example, have therefore been developed, with various simulation software, algorithms modeling the airport processes such as passenger boarding or luggage-delivery. Such airport capacity simulation tools enable, among other things, from in particular flight programs, to assess instantaneous flows of passengers, luggage or vehicles in all locations of an airport.

#### **11.2. Trademarks, patents and licenses**

Regarding trademark policy, Aéroports de Paris initiated since 2005, a policy of construction and valuation of its trademark. The trademark summarizes the personality, values, ambition and strategic orientations of the company. It symbolizes its dynamism and the commitment of the teams, both with its clients, its partners, and future shareholders.

The creation of the Aéroports de Paris trademark is built upon on a global communication strategy focusing in 2005 and 2006 on development of institutional discourse via the implementation of many mechanisms and tools (implementation of a new slogan, "the world is our guest", creation of a new visual identity with a corporate jingle, launch of advertising campaigns, review of the Internet site, launch of a general magazine for passengers etc.): In 2006, the campaign to divulge the floating of shares opened up a trademark discourse based on the company's development scope and potential.

Aéroports de Paris holds about fifty trademarks, which differentiate the various business activities of the Group. The main trademark of the Company, "Aéroports de Paris," including the logo composed of a winged Eiffel Tower and a sun, was filed in March 2005. Many other trademarks, such as "Boutiques Aéroports de Paris," "Aéroports de Paris Magazine," and "Aéroports de Paris.fr" have also been filed to promote the commercial services of the Group. Many subsidiaries of Aéroports de Paris use their own trademarks, including Hub télécom.

The main trademarks of the Group are protected in France and, where necessary, in other countries where the Group does business. In France, the trademark "Aéroports de Paris" is protected until March 2015, and the trademark "Boutiques Aéroports de Paris" until December 2009.

As of the date of this document, Aéroports de Paris held a portfolio of about 120 internet domain names, in particular "adp.fr" and "aeroportsdeparis.fr." Aéroports de Paris also commenced the process of registering ".eu" domain names at the European level.

Aéroports de Paris occasionally files for patents, particularly for innovative new products, although it does not have a targeted research and development policy. None of these patents is essential to the Group's business. Two patents are currently in force. The first concerns an assessment device for runway beacons and is protected until February 2013. The second patent concerns a ground slipping measuring device and is protected until December 2009.

## CHAPTER 12 RECENT DEVELOPMENTS AND OUTLOOK

### 12.1. Recent developments since the end of fiscal year 2006

#### *Airport fee pricing as from April 1, 2007*

In accordance with the provisions of IV of Article R. 224-3 of the French Code of Civil Aviation, a notice was published on February 26, 2007 informing users of the availability of fee pricing for services set by Aéroports de Paris for the Paris - Charles de Gaulle and Paris - Orly airports. Such pricing are applicable as from April 1, 2007.

It results therefrom that, over the 2006-2007 period, the average weighted level of tariffs increased by 4.25% (as against 5.0% for 2005-2006), in accordance with the provisions of the CRE and were broken down as follows per fee.

<i>Evolution (%)</i>	<b>2006</b>	<b>2007</b>
Landing fee	+1.6%	+1.7%
Passenger fee	+7.2%	+5.8%
Parking fee	+6.7%	+5.6%
Fuel fee	+0.0%	+0.0%
<b>Average evolution</b>	<b>+5.0%</b>	<b>+4.25%</b>

#### *Trends in traffic over the first quarter of 2007*

The table below shows traffic trends (in numbers of passengers) for Aéroports de Paris' two main platforms over the first quarter of 2007 with respect to traffic over the first quarter of 2006.

	<b>January 2006 - January 2007</b>	<b>February 2006 - February 2007</b>	<b>March 2006 - March 2007</b>
<b>Aéroports de Paris</b>	<b>+4.6%</b>	<b>+4.6%</b>	<b>+10.5%</b>
Paris - Charles de Gaulle	+5.5%	+4.2%	+10.3%
Paris - Orly	+2.6%	+5.5%	+10.8%

Traffic through Group platforms over the first quarter was greater than at the other main European airports, as shown in the table below<sup>97</sup>.

	<b>January 2006 - January 2007</b>	<b>February 2006 - February 2007</b>	<b>March 2006 - March 2007</b>	<b>Q1 2006 - Q1 2007</b>
<b>Francfort - Main</b>	<b>+3.0%</b>	<b>+3.8%</b>	<b>+8.9%</b>	<b>+5.4%</b>
<b>Amsterdam Schiphol Airport</b>	<b>+4.3%</b>	<b>+6.6%</b>	<b>+8.6%</b>	<b>+6.6%</b>
<b>BAA (three aéroports)</b>	<b>+0.8%</b>	<b>+0.2%</b>	<b>+3.4%</b>	<b>+1.6%</b>
Heathrow	-1.9%	-2.0%	+2.8%	-0.2%
Gatwick	+5.0%	+2.8%	+5.1%	+4.4%
Stansted	+4.3%	+3.0%	+2.8%	+3.3%
<b>Madrid Barajas</b>	<b>+12.0%</b>	<b>+14.3%</b>	<b>na</b>	<b>na</b>

na = not available on the date of registration of this *Document de Référence*.

<sup>97</sup> Source: press releases by the companies concerned

### ***Sales of BCIA stakes by Aéroports de Paris Management***

As mentioned in paragraph 6.3.5.1. "Development of airport management activities abroad", on February 26, 2007 the Group sold 100% of its stake in Beijing Capital International Airport Company Limited (BCIA) for a net amount after expenses and before tax of 188.9 million euros. Capital gains on the sale will be around 108 million euros for 2007.

### ***Modification of the health insurance system for future retirees at Aéroports de Paris***

As mentioned in paragraph 17.2.16. "Social chapter" below, the health insurance system for future retirees at Aéroports de Paris is to be modified following the agreements signed on February 2, 2007 to implement a collective retirement scheme through capitalization insurance, and implementation of an additional defined-contribution retirement scheme.

The accounting impact of this mechanism will be determined on the basis of the specific conditions in the collective contract drawn up with the insurance company. Variation of engagement between the former insurance scheme and the new mechanism is classified as a past services cost to be spread until the date of acquisition of employee rights (the date of departure for retirement), and will be translate into future reversal of provision spread over the residual duration of employee activity.

### ***Creation of an integrated airport services pole***

As set out in paragraph 6.3.4. "Ground handling" above, Aéroports de Paris envisages regrouping before the end of 2008, all its ground handling assistance activities using an integrated airport services company, a full subsidiary of Aéroports de Paris. This solution will allow offering airlines with the full range of ground handling assistance services.

Aéroports de Paris has announced that the envisaged reorganization project will not involve any forced departures from the Company. Management is committed to proposing an employment agreement as the best solution to the situation of all ground handling staff at Aéroports de Paris SA, through negotiations with trade unions. The restructuring cost of social support and the amount to be provisioned for 2007 will only be known when negotiations have been completed.

### ***Tax audit for the fiscal years 2003 and 2004***

In 2006 audit commenced of the accounts of Aéroports de Paris over fiscal years 2003 and 2004. This audit concerns the tax on salaries, the value added tax and the corporate tax. A rectification proposal was made to the company at December 31, 2006, in reference to fiscal year 2003 only. This notification led to provision being made in the accounts for 2006. Tax audit continues in 2007.

## **12.2. Outlook 2007**

The financial situation and the future performance of the Group depend on numerous factors, described in Chapters 4, 5, 6, 9 and 10. In 2007, trends in Group revenues and thus of its EBITDA will be affected by the following:

### ***Effective increase in airport fees on April 1, 2007***

The average rate of fees increased by 4.25% on April 1, 2007, which corresponds to the beginning of the second fee period set by the CRE that is scheduled to end on March 31, 2008<sup>98</sup>.

### ***Increase in airport security tax at January 1, 2007***

Since January 1, 2007, the airport security tax has been 8.75 euros per departing passenger and 1.0 euro per ton of cargo or mail (as against 8.5 euros per departing passenger and 0.3 euro per ton of cargo or mail in 2006). The

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<sup>98</sup> See 6.3.2.6. "Revenues from the operation of airports"

tax ceiling as authorized by law for the airports run by Aéroports de Paris was raised to 9.5 euros per departing passenger by the rectificatory law on finance 2006, and 1.0 euro per ton of cargo or mail<sup>99</sup>.

### **Extension of the perimeter of Société de Distribution Aéroportuaire to new terminals**

As mentioned in paragraph 6.3.5.4. "Commercial distribution: Société de Distribution Aéroportuaire", the Société de Distribution Aéroportuaire partnership will extend its activities to terminal 3 at Paris - Charles de Gaulle and the two terminals at Paris - Orly. This extension should lead to a significant increase in revenues, and therefore Group revenues within the "Other activities" segment. The impact on the segment margins will, however, be much smaller, in due consideration of the distribution activity concerned.

### **Distribution policy**

The objective of Aéroports de Paris is to apply a dividend distribution policy representing 50% of its consolidated net income, Group's share, as from the fiscal year 2006; it being specified that future dividends will be assessed for each fiscal year, according to the Company's results, its financial position and any other factor deemed relevant.

For 2006, on March 14, 2007 the board of directors decided to propose a vote at the annual shareholders' meeting, arranged for May 29, 2007, to pay a dividend of 93.0 million euros, i.e. 50% of its consolidated net income, Group's share, for 2006, plus 33.3 million euros for the cost of the 20% discount granted by the State to Group employees and former Group employees following the listing of Aéroports de Paris shares on the Paris Stock Exchange. This dividend represents 0.94 euro per share, an increase of 27% with respect to the 2005 dividend paid out in 2006 (the 2005 dividend showed a distribution rate of 35% of the consolidated net income, Group's share).

### **12.3. Objectives of the Group**

Within the context of its stock market listing in June 2006, Aéroports de Paris has set certain objectives concerning its financial results. These objectives were set out in the *Document de Base* registered with the AMF market authorities on April 21, 2006 under number I.06-036. These objectives, described below, were based on data, assumptions and estimates that Aéroports de Paris believes to be reasonable. These were not forecasts and Aéroports de Paris cannot guarantee that these objectives will be reached.

In addition, the objectives were based upon assumptions about air traffic growth set by the CRE, specifically a 3.75% average annual rate of growth in traffic. The fees did not take account of any adjustments relating to traffic levels, nor did they take into account any increases or decreases associated with quality of service indicators stipulated by the CRE. Based on these expectations:

- The Group believed that growth in its business derives mainly from growth in traffic, the average increase in airport fees, growth in commercial areas at airports and investment projects by Aéroports de Paris in the airport and real estate business;
- The Group also intended to improve operating performance through the control of its operating expenses, and in particular through a targeted 15% increase in its productivity, measured by the number of passengers served per employee, between 2005 and 2010. On this basis, the Group had set a goal to increase its EBITDA by 45-50% by 2010, compared with the EBITDA recorded in 2005, with an objective to be in the higher end of this range in 2010.

The Group maintains its 2010 objective in terms of EBITDA growth on the basis of financial results posted in 2006.

Moreover, in the same document the Group announced its objective of re-establishing operating profitability of its ground handling activity. The creation of an integrated airport services company, as described in paragraph 6.3.4. "Ground handling" of this *Document de Référence*, focuses on achieving this objective, which is maintained.

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<sup>99</sup> See 6.3.2.7. "Security"

The objectives summarized above are based on data, assumptions and estimates considered to be reasonable by Aéroports de Paris. These data, assumptions and estimates may change or be modified due to uncertainties relating to the economic, financial, competitive and regulatory environment and weather conditions. Moreover, the occurrence of certain risks described under "Risk Factors" may have an impact on the Group's activities and its ability to realize its objectives. In addition, the realization of its objectives is based upon the assumption that Aéroports de Paris successfully implements its commercial strategy described under "section 6.1.3. "Strategy". Aéroports de Paris provides no assurance that the objectives as set out in paragraph 12.3. "Group objectives" in the *Document de Base* registered with the AMF market authorities on April 21, 2006 under number I.06-036, and as set out in this *Document de Référence* will be realized, and it expressly disclaims any obligation or undertaking to publish any updates or revisions to these objectives.

## CHAPTER 13 PLANNED OR ESTIMATED PROFIT

### 13.1. Planned or estimated profit of the Group

#### ***Hypothesis of an increase in passenger traffic in 2007***

Aéroports de Paris estimates that passenger traffic through the two main Paris platforms should grow by 3.7% - 4.2% in 2007.

#### ***Trend in revenues and EBITDA***

On this basis, Aéroports de Paris believes that growth of revenues and EBITDA in 2007 will be greater than the rate of growth of traffic for the year. This estimation is in line with the objectives set out by the Group in paragraph 12.3. "Group objectives" in the *Document de Base* registered with the AMF market authorities on April 21, 2006 under number I.06-036.

This estimation may evolve or be modified, due to a number of uncertainties, particularly in terms of economics, finance, competition, regulations and climate. Moreover, the emergence of certain risks described in paragraph 4.1. "Risks relating to activities by Aéroports de Paris" in this *Document de Référence* could have an impact on the activities of the Group and its ability to achieve its objectives.

See the report by the statutory auditors in relation to these prospects, in annex 6 to this document.

### 13.2. Report of statutory auditors on forecast information

See annex 7 of this *Document de Référence*.

**CHAPTER 14**  
**ADMINISTRATIVE, MANAGEMENT, SURVEILLANCE AND GENERAL MANAGEMENT STRUCTURES**

Aéroports de Paris is a *Société Anonyme* with a Board of Directors since July 22, 2005, when Decree No. 2005-828 of July 20, 2005 relating to Aéroports de Paris came into force (such decree implements Law No. 2005-537 of April 20, 2005 related to airports).

**14.1. Board of Directors and Deputy Chief Executive Officer**

14.1.1. Board of Directors

The Company is administered by a Board of Directors of 21 members, created as per the provisions of Law No. 83-675 of July 26, 1983 relating to the democratization of the public sector and Law No. 2005-537 of April 20, 2005.

Until the ordinary general meeting of shareholders on 20 September 2006, the Company's Board of Directors consisted of seven State representatives elected by decree, seven employee representatives elected by staff as per the provision of law n° 83-675 of July 26, 1983, and seven personalities chosen directly by decree in view of their skills or knowledge.

As per the provisions of article 6 of the law of July 26, 1983, article 5 of the law of April 20, 2005 and article 13 of the by-laws of Aéroports de Paris, the Company Board until July 14, 2009 consists of 21 members, of which one third are employees' representatives. Since the stake held by the State is now less than 90% of Company share capital, the other two thirds are appointed by the general meeting of shareholders, following a proposal by the board of directors, subject to the State representatives appointed by decree. Since the State had appointed seven board members by decree, the general meeting of shareholders on 20 September 2006 also appointed seven members following a proposal by the board.

The term of the board members is five years. Nevertheless, article 13.III of the by-laws states, in due application of section III of article 5 of the law of April 20, 2005, that all initial board members' terms will end on July 14, 2009. The following table sets out the composition of the Company board of directors at the date of registration of this *Document de Référence*.

Name	Age	First appointed/ elected	Start of current term	Other directorships and business experience (current positions are marked with an asterisk)
<b><u>Chief Executive Officer</u></b>				
Pierre Graff	59	Sep 19, 2003 <sup>100</sup>	Sep 20, 2006	Non Executive Director of the RATP Paris transport network* Non Executive Director of SOGEP SA* Member of the Economic and Social Counsel* Associate president of the European affairs section on the National Tourism Council* Member of the national committee for sectors of activity of vital importance* Director General of the French Civil Aviation Authority Chief of Staff of the Minister Of Equipment, Transportation, Housing, Tourism And Maritime Affairs. Non Executive Director of the Snecma
<b><u>Representatives of the French State</u></b>				
Michel Adrien	51	Sep 07, 2005	Sep 07, 2005	General in the French Aviation* Second-in-command for "performance-synthese" for French air force headquarters (Ministry of Defense)* Auditor at the <i>Centre Des Hautes Études Militaires</i> and at the <i>Institut Des Hautes Études De La Défense Nationale</i> Commander of an air force base

<sup>100</sup> As President of a public company.

Name	Age	First appointed/ elected	Start of current term	Other directorships and business experience (current positions are marked with an asterisk)
Dominique Bureau	51	July 22, 2005	July 22, 2005	Director of International and Economic Affairs (Minister Of Equipment, Transportation, Housing, Tourism And Maritime Affairs)* Director of Economic Research and Environmental Evaluation (Ministry of the Environment)
Jérôme Fournel	39	April 05, 2007	April 05, 2007	Director of the Department of Customs and Indirect Taxes at the Ministry of the Economy, Finance and Industry* President of the <i>Masse des douanes</i> *
Bertrand Galtier	48	Dec 22, 2006	Dec 22, 2006	Assistant director for integration of the environment in public policy (Ministry of the Environment and Sustainable Development)* Head of section for prospecting and research in humanities (Ministry of the Environment)
Eric Le Douaron	57	Nov 16, 2005	Nov 16, 2005	Central Director of the Border Police (Ministry of the Interior)* Director of the Urban Police in the Paris Region
Rémy Rioux		March 08, 2007	March 08, 2007	Assistant Director, Transport and Audiovisual, Participations Agency of the French Government* Director of the RATP Paris transport network*
Francis Rol-Tanguy	57	Nov 08, 2006	Nov 08, 2006	<i>Préfet</i> , Regional Director for Amenities, Ile-de-France* Non Executive Director of the regional public land agency* Non Executive Director of the Land and Technical Agency for the Region of Paris* Non Executive Director of the La Defense Development Agency* Non Executive Director of the Development Agency for Mantois Seine Aval* Non Executive Director of the Autonomous Port of Paris* Non Executive Director of the Water Agency, Seine Normandie* Committee member, Seine Normandie Basin* Non Executive Director of the Institute for Development and Town Planning, Ile-de- France* Non Executive Director of the Paris Town Planning Section* Managing Director for freight with SNCF railways

#### **Board members appointed by shareholders at the general meeting**<sup>101</sup>

Olivier Andriès	45	June 10, 2002	Sep 20, 2006	Executive Director for Strategy and Cooperation of Aibus and member of the Executive Committee*
Vincent Capo-Canellas	40	July 09, 2004	Sep 20, 2006	Mayor of Le Bourget* Chairman and Chief Executive Officer of SEMBO*
Bernard Irion	69	July 09, 1999	Sep 20, 2006	Vice President of the Chamber of Commerce and Industry of Paris* Board member of SIPAC SA* Director and President of the <i>Société d'exploitation du parc Expo Nord Villepinte</i> * Director and President of the <i>Société d'exploitation du parc Paris Nord Le Bourget</i> * Director of CITER* Permanent Representative of the CCIP to the board of directors of SAEMES* Non Executive Director of Peugeot Motocycles*

<sup>101</sup> Category which also includes Mr. Pierre Graff. These board members were appointed at the general meeting of shareholders on September 20, 2006. They had previously been appointed by a decree of 22 July 2005 in accordance with their skills or knowledge.

Name	Age	First appointed/ elected	Start of current term	Other directorships and business experience (current positions are marked with an asterisk)
Françoise Malrieu	61	July 22, 2005	Sep 20, 2006	Associate, Aforge Finance* Chief Operating Officer, société financière de Grenelle* Non Executive Director of La Poste* Managing Director of Deutsche Bank Managing Partner of Lazard Frères
Marc Véron	58	July 09, 2004	Sep 20, 2006	Chargé d'affaires, SNCF Administration* Non Executive Director of SNCF Participations* Non Executive Director of Géodis* Non Executive Director of Ermewa* Chief Operating Officer, freight, SNCF Head of Mission to the Administration of the Alcatel Group Non Executive Director of Alcatel Space
Gaston Viens	83	June 15, 1976	Sep 20, 2006	Mayor of the city of Orly (94)* Non Executive Director of the <i>Office public d'aménagement et de construction du Val de Marne</i> * President of the <i>Société d'économie mixte d'aménagement et d'équipement de la ville d'Orly</i> *

#### **Employee Representatives**

Nicolas Golias	42	June 03, 2004	Jan 01, 2006	Representative for the union Sitcam-CGT (engineers, executives, technicians and lower management)*
Jean-Luc Dauje	64	May 18, 1999	July 22, 2005	Representative for the <i>Confédération française de l'encadrement CGC (CFE-CGC)</i> *
Jean-Louis Guy	58	May 18, 1999	July 22, 2005	Representative for the federation CGT-FO*
Antonio Pinto	36	June 03, 2004	July 22, 2005	Representative for the union SPE-CGT (personnel d'exécution)*
Carole Leroy	46	June 03, 2004	July 22, 2005	Representative for the federation CGT-FO*
Paul Vatin	64	May 24, 1984	Jan 01, 2006	Representative for the union UNSA-SAPAP*
Brigitte Recrosio	56	June 03, 2004	July 22, 2005	Representative for the union SPASAP-CFDT*

Pursuant to Article R. 251-1 of the French civil aviation Code, the civil aviation minister appoints two representatives to participate with consultative voice, to the board of directors of Aéroports de Paris. Mr. Didier Lallement, Director General of the French Civil Aviation Authority (DGAC) and Ms. Florence Rousse, director of the economic regulation, have been appointed respectively *commissaire du gouvernement* and *commissaire du gouvernement adjoint* by an Order of the minister of transportation of March 1, 2007. A state comptroller also attends the board of directors<sup>102</sup>.

The experience of the abovementioned persons and of the members of the executive committee in terms of the management of people are described in para. 16.1.3. The Executive Committee.

#### 14.1.2. Deputy Chief Executive Officer (*Directeur général délégué*)

In accordance with the requirements of Article 14 of the by-laws of the Company, the Board of Directors, on the nomination of the Chairman and Chief Executive Officer, named Mr. François Rubichon to the post of Deputy

<sup>102</sup> See 18.5. "Relations with the State and the administrative authorities"

Chief Executive Officer (directeur général délégué) at its September 20, 2006 meeting. Mr. Rubichon had already performed this function following his appointment by the board of directors on October 27, 2005.

Name	Age	First appointed/ elected	Other directorships and business experience (current positions are marked with an asterisk)
François Rubichon	43	Oct 27, 2005	Chairman and Chief Executive Officer of Geoposts Logistics Non Executive Director of Chronopost, TAT Express, STP and member of the executive committee of Geopost Deputy Chief of Staff of the Minister for Transport, Infrastructure, Tourism and the Sea Adviser to the Prime Minister in charge of social issues Special adviser in charge of social matters at the office of the Minister for Transport, Infrastructure, Tourism and the Sea

The management experience of Mr. François Rubichon is described in 16.1.3. The Executive Committee.

#### **14.2. Personal information concerning the Board Members and the Deputy Chief Executive Officer**

To the best of the Company's knowledge, there is no family link between the members of the Board of Directors or between the members of the Board of Directors and the Deputy Chief Executive Officer (*directeur général délégué*).

To the best of the Company's knowledge, for the last five years: (i) no sentence for fraud has been held against a member of the Board of Directors or the Deputy Chief Executive Officer, (ii) none of the members of the Board of Directors or the Deputy Chief Executive Officer has been associated to a bankruptcy, escrow or liquidation, (iii) no charge and/or official public sanction has been held against a member of the Board of Directors or the Deputy Chief Executive Officer by statutory or regulatory authorities (including designated professional bodies) and (iv) none of the members of the Board of Directors or the Deputy Chief Executive Officer has been prevented by a court from acting as member of an administration, management or supervisory body of an issuer or from intervening in the management or conduct of the business of an issuer.

#### **14.3. Conflicts of interest at the level of the Board and executive management**

##### ***Conflict of interest***

To the best of the Company's knowledge, there is no potential conflict of interest between the duties, vis-à-vis the Company, of the members of the Board of Directors and their private interests. In addition to the provisions of the French Commercial Code applicable to regulatory agreements, the Charter for board members attached to the internal regulations of the board of directors stipulates that all members are bound to inform the board of any situation or risk of conflict with Aéroports de Paris or any company within the group, and must refrain from taking part in the vote on such deliberations.

##### ***Arrangements or agreements concerning appointment of members of the board of directors or the Deputy Chief Executive Officer***

Except for the fact that, in accordance with the law, one-third of the members of the Board of Directors are representatives of the French State, to the best of the Company's knowledge, there is no arrangement or agreement entered into with the French State or with clients or suppliers pursuant to which a member of the Board of Directors would have been chosen as director or member of the management board of the Company.

##### ***Restrictions concerning the sale of shares***

To the best of the Company's knowledge there are no restrictions accepted by a member of the Board of Directors concerning the sale of their possible interests in the share capital of Aéroports de Paris, with the exception of abstention obligations as prescribed by stock market regulations and the code of ethics attached to the internal regulations of the board of directors, concerning share operations and observance of French law concerning insider trading, insider infringements and market manipulation.

Moreover, board members representing employees who have bought shares in the Company following the float on June 16, 2006, within the context of the offer reserved for employees as described in the operation note approved by the AMF market authorities on May 30, 2006 as number 06-159, or who hold shares via the common company investment funds invested in Aéroports de Paris shares, are subject to the rules governing blockage or non-transferability arising from the provisions applicable to such operations.

## CHAPTER 15 COMPENSATION AND DIRECTORS' ADVANTAGES

### 15.1. Compensation and benefits paid to the executive management of Aéroports de Paris

The State's representatives and the directors elected by employees exercise their duties for no compensation (Articles 11 and 22 of the Law no. 83-675 of July 26, 1983 relating to the democratization of the public sector). However, they may receive from the Company repayment for the costs they have incurred in this context.

Only directors appointed by shareholders at general meetings may receive directors' fees. The shareholders' meeting is competent to set the annual global amount of directors' fees, upon proposal of the Board of Directors. In 2006, this had been set at 80,000 euros by the ordinary general meeting of May 22, 2006. The meeting of the board of directors on September 19, 2006 defined distribution of attendance fees as follows:

- A lump sum of annual remuneration for their position as directors, and as members of any of the Board's special committees and,
- Remuneration for meetings depending on actual attendance of board meetings by directors, and as members of any of the Board's special committees.

The level of remuneration, whether in the form of a lump sum or by meetings, varies according to whether the director is a member or the chairman of the board, or of the special committee.

The tables below show the global compensation paid over 2005 and 2006 to corporate officers both by the Company and by controlled companies as defined in Article L. 233-3 of the French Commercial Code:

- **Mr. Pierre Graff** was appointed Chairman and Chief Executive Officer by the decree of September 21, 2006. He was appointed Chairman and Chief Executive Officer of the *société anonyme* Aéroports de Paris for the first time by the decree of July 28, 2005. Mr. Pierre Graff had previously been chairman of the Board of Directors of the public institution Aéroports de Paris pursuant to Decree of September 19, 2003:

<i>In euros</i>	Fixed	Variable <sup>(1)</sup>	BoD attendance fees <sup>(1)</sup>	Remuneration paid by the companies controlled	Advantages in kind	Total overall gross remuneration
Remuneration paid in relation to 2005 <sup>(2)</sup>	88,677	none	none	none	2,058	90,735
Remuneration paid in relation to 2006	241,866	89,007	15,900	none	4,760	351,533

(1) Paid in 2007 for 2006

(2) August to December 2005

Since March 7, 2006, pursuant to the deliberation of the Board of Directors of the same day, Mr. Pierre Graff receives an annual fixed gross compensation of 245,000 euros (calculated *pro rata temporis* for 2006) and a variable compensation determined as indicated below. Mr. Pierre Graff does not benefit from any specific pension scheme. He has received no signing bonus and does not benefit from any severance pay.

- **Mr. François Rubichon** was appointed Deputy Chief Executive Officer for the first time by deliberation on the Board of Directors of October 27, 2005.

<i>In euros</i>	Fixed	Variable <sup>(1)</sup>	Remuneration paid by the companies controlled	Advantages in kind	Total overall gross remuneration
Remuneration paid in relation to 2005 <sup>(2)</sup>	31.872	none	none	none	31.872
Remuneration paid in relation to 2006	200.213	73.678	none	3.963	277.854

(1) Paid in 2007 for 2006

(2) October 27 to December 31, 2005

Since March 7, 2006, pursuant to the deliberation of the Board of Directors of the same day, Mr. François Rubichon receives an annual fixed gross compensation of 205,000 euros (calculated prorata temporis for 2006) and a variable compensation determined as indicated below.

Mr. François Rubichon does not benefit from any specific pension scheme and has received no arrival premium. He benefits from severance pay up to 12 months of his compensation as corporate officer.

***Terms and conditions of calculation of the variable compensation to be paid to Messrs. Pierre Graff and François Rubichon as from March 7, 2006***

The variable compensation for 2006 was based on three criteria derived from targets set by the Company for the fiscal year 2006:

- Gross margin rate, with a weigh of 50%;
- CRE quality indicators (as at December 31, 2006), with a weigh of 30%; and
- Commercial proceeds, with a weigh of 20%.

Achievement of these objectives will result in a proportional increase of 20% of the gross annual salary earned by each of these directors. If the objectives are exceeded, the rate of increase can be increased by up to 40% of the gross annual salary earned.

The President and Chief Executive Officer and the deputy Chief Executive Officer each have use of a company car and are covered by a contingency contract as well as by the individual accident insurance policies of Aéroports de Paris employees.

***Remuneration of non executive directors***

The non executive Directors were appointed at the ordinary general meeting of September 20, 2006.

The non executive Directors representing the State did not receive any remuneration (attendance fees or other) from the Company or from the companies controlled by the Company, for the financial year 2005 and 2006.

The non executive Directors representing the employees did not receive any remuneration (attendance fees or other) from the Company or from the companies controlled by the Company in consideration for the exercise of their term as Director for the financial years 2005 and 2006.

The non executive Directors appointed by the general meeting of shareholders, and the President and CEO received attendance fees for financial year 2006. No attendance fees were paid for financial year 2005. For the year 2006, the total amount of attendance fees to be paid in 2007 is of 78,375 euros.

Their total remuneration for 2006 is as follows:

<i>In euros</i>	<b>Fixed</b>	<b>Variable</b>	<b>ADP attendance fees</b>	<b>Remuneration paid by the companies controlled</b>	<b>Income in kind</b>	<b>Total overall gross remuneration</b>
<b><u>Chairman and CEO</u></b>						
Pierre Graff	241,866	89,007	15,900	none	4,760	351,533
<b><u>Non executive Directors appointed by the shareholders during general meeting of shareholders</u></b>						
Olivier Andriès	none	none	7,050	none	none	7,050
Vincent Capo-Canellas	none	none	8,300	none	none	8,300
Bernard Irion	none	none	13,825	none	none	13,825
Françoise Malrieu	none	none	13,150	none	none	13,150
Marc Véron	none	none	12,400	none	none	12,400
Gaston Viens	none	none	7,750	none	none	7,750

## **15.2. Pensions and other benefits**

Reserves for retirement and "employee health mutual fund" contribution are constituted for the members of the Board of Directors representing employees and for the Deputy Chief Executive Officer, as in the case for all the employees<sup>103</sup>. The reserved amount as at December 31, 2006 for such persons amounts to 305,149 euros. No stock option plan has been implemented by the Company in favor of its corporate officers.

<sup>103</sup> See 17.2.2. "Status of the Group's Staff" and 9.2.4. "Social Commitments"

## CHAPTER 16 FUNCTIONING OF THE ADMINISTRATION AND MANAGEMENT BODIES

### 16.1. Functioning of the Administration and management bodies

#### 16.1.1. The Board of Directors

The functioning of the Board of Directors of Aéroports de Paris is set by legal and regulatory provisions, by the by-laws and by the internal rules adopted by the Board of Directors in its meeting of September 9, 2005 and modified at the meeting of September 19, 2006 (the "**Internal Rules**"). The Internal Rules mention in particular the perimeters of responsibility of the Board of Directors and its members, and the mode of functioning of the Board of Directors and its specialized committees and establish a director's charter setting forth the rules that each director must comply with, and a code of ethics concerning share operations and observance of French law concerning insider trading, insider infringements and market manipulation.

The Chairman and Chief Executive Officer of Aéroports de Paris in exercising his position as Chairman of the Board of Directors organizes and runs the works thereof and represents it in its relations with shareholders and third parties. He sees to the proper running of the company's bodies and makes sure, in particular, that the directors are able to meet their mission.

The Internal Rules provide that once a year, the Board discusses its own functioning, and proposes, if necessary, amendments to its Internal Rules. Every three years, the Board may implement an external assessment of its own operations. This assessment will be carried out by an external consultant, under the control of an independent director.

The directors are appointed for a period of five years. However, Article 13.III of the bylaws provides that - by application of para. III of article 5 of the law of April 20, 2005 - the term of office of all the initial directors of the company will end on July 14, 2009.

#### ***Meetings of the Board of Directors***

The Chairman and Chief Executive Officer is responsible for holding the Board either at periodic intervals, or at times he deems appropriate. In order to enable the Board to review and discuss in details issues falling within its attributions, the Internal Rules provides that the Board shall meet at least six times a year, and more if circumstances so require. In particular, the Chairman and Chief Executive Officer shall see to meeting the Board of Directors to review the half-year accounts and to close the annual accounts and call the shareholders' meeting in charge of approving the latter.

The Board of Directors is held upon notice given by its Chairman. The notice, sent to the directors at least five days before the date of the meeting unless in case of justified urgency, sets the place of the meeting, in principle the registered office of the Company. The meetings of the Board of Directors may also take place through videoconference, under the conditions set by the Internal Rules.

#### ***Attributions of the Board of Directors***

It results from the Internal Rules that the Board of Directors determines the orientations of the Company's activity and ensures their implementation. It shall control the management of the Company and shall ensure the quality of the information given to shareholders and to the market through accounts or in the context of significant transactions, in particular on the Company's securities. Subject to powers expressly granted to shareholders' meetings and within the limit of the corporate purpose, it deals with any issue interesting the operations of the Company and settles by deliberations the affairs concerning it, and matters for which it has reserved itself the competence. It makes any such controls and audits as it may deem appropriate.

Pursuant to the Internal Rules, the Board of Directors of Aéroports de Paris:

- Regularly discusses the major strategic, economic, financial and technologic orientations of the Company and sees to their implementation by the executive management. At least once a year, it reviews all the

strategic orientations of the Group, in particular in view of the evolutions of the air transport sector, and the competitive context in which the Group operates;

- Reviews the multi-annual strategic plan of the Group;
- Is informed, once a year, of the relations of Aéroports de Paris with the State in connection with the public service missions of the Company;
- Approves the multi-annual economic regulation agreement;
- Sets the rates of fees referred to in 1° of Article R. 224-2 of the French Code of Civil Aviation;
- Adopts the 5-year investment and financing plan of the Group and reviews each year of performance;
- Reviews at the end of each year, for the coming year, the Group's budget and the aggregate amount that the Company and its subsidiaries are authorized to borrow;
- Approves the definition of the objectives and profitability of major investment projects directly carried out by Aéroports de Paris for an amount greater than 60 million euros;
- Approves transfer of assets or external development investments greater than 30 million euros, for airport infrastructure or operation activities exercised in France;
- Approves transfer of assets or external development investments greater than 10 million euros for all other activities;
- Approves the transactions and waiver of receivables when the amount is greater than, or equal to, 15 million euros excluding taxes;
- Sets the principles of allocation of air carriers among airports;
- Sets the principles of allocation of air carriers among terminals;
- Is informed at each of its meetings of the development of its activity and its results, and review in particular the possible differences noticed compared with the budget. At least twice a year, the Chairman and Chief Executive Officer includes in the agenda a review of the financial condition, cash and off-balance sheet commitments of the Group;
- Reviews once a year, and insofar as necessary, the position of the main subsidiaries and interests of the Company;
- Sets each year the total amount of securities, endorsements or guarantees that the Chairman and Chief Executive Officer is authorized to grant in the name of Aéroports de Paris. Furthermore, the Chairman and Chief Executive Officer reports to the Board of all securities, endorsements or guarantees exceeding 30 million euros;
- Sets each year the amount of debenture loans that the Chairman and Chief Executive Officer is authorized to issue;
- Decides the by-laws concerning employees and the salary scales and compensation.

Generally and excluding normal management, all decisions that might affect the strategy of Aéroports de Paris, modify its financial structure or its business perimeter are submitted to prior authorization of the Board of Directors. The Board also reviews the issues submitted to its information at the initiative of the Chairman and Chief Executive Officer. It also discusses the issues that a director wishes to be discussed by the Board as part of various subjects. In such a case, the director informs the Chairman and Chief Executive Officer of the nature thereof at the beginning of the meeting; if the Chairman and Chief Executive Officer so requires, the discussion of all or part of such issues is postponed to the following meeting.

### **Information of non executive Directors**

The Internal Rules remind that the prior and permanent information of directors is a primary condition of the exercise of their mission. Based on information provided, the directors ask for all the details and information they deem useful. The directors undertake to keep confidential the information disclosed.

With a view to a meeting of the Board of Directors, the Chairman of the Board of Directors communicates to the non executive directors concerned, for the full exercise of their mission, all information useful to such meeting, within at least five days before the meeting, unless in case of necessity or material impossibility. Moreover, the Chairman and Chief Executive Officer communicate to them, insofar as possible, the minutes of the previous meeting.

During each Board of Directors, the Chairman and Chief Executive Officer shall inform the members of the main facts and significant events relating to the Company's life having occurred since the last meeting.

The non executive directors may regularly receive, and if necessary between two meetings, all relevant information concerning the Company, including press articles and financial analysis reports.

The Chairman and Chief Executive Officer sends to the non executive directors, every three months, a Company's chart including all significant elements, in particular on its activity and results, as well as a summary statement of contracts for an amount greater than 15 million euros entered into by Aéroports de Paris.

When a new non executive director takes up his office, the Chairman and Chief Executive Officer gives him all necessary documents for the proper exercise of his duties (in particular the Company's by-laws, the legal and regulatory texts, the Internal Rules, the last annual report of the Company, the last non-consolidated and consolidated, annual and half-year accounts available).

Finally, each non executive director may benefit from the Company, upon their appointment or throughout their term of office, of a training on the specificities of the Company, its subsidiaries, businesses and activity sector.

The Board of Directors met 13 times in 2006 (with an average attendance rate of 78.8%) to discuss the following subjects in particular:

- Strategic affairs (approval of the CRE, increase of share capital following floating on the Paris Bourse, approval of the Group's strategic plan for 2006-2010, examination of the Group's international activity etc.);
- Financial affairs (closure of the annual accounts for 2005 and the half-year accounts for 2006, examination of associated external communication, establishment of air tariffs for 2006-2007, adoption of the 2007-2011 investment program and associated financing, examination of the Group budget for 2007, etc.);
- Matters relating to functioning of the Board (updating of the internal rules, proposed appointment of Pierre Graff as Chief Executive Officer, appointment proposed by Pierre Graff of François Rubichon as Deputy Chief Executive Officer, distribution of attendance fees etc.).

#### **16.1.2. Executive Management**

The Company's by-laws provide that the Chairman of the Board of Directors assumes under his responsibility the general management of the Company; therefore there is no separation between the position of Chairman of the Board of Directors and the position of Chief Executive Officer (Article 14 of the by-laws).

Pursuant to Article 14 of the Company's by-laws, the Board of Directors may, upon proposal of the Chairman and Chief Executive Officer, appoint up to five Deputy Chief Executive Officers in charge of assisting the Chairman and Chief Executive Officer. In its meeting of October 27, 2005, the Board of Directors appointed, for the first time, Mr. François Rubichon as Deputy Chief Executive Officer.

On the date of registration hereof, the Group's executive management is exercised by Messrs. Pierre Graff and François Rubichon.

### 16.1.3. The Executive Committee

#### **Goals**

The executive committee is in charge of discussing and approving issues and decisions relating to the Group's strategy and general management, including its investment plans. The executive committee meets weekly.

#### **Composition**

The executive committee is chaired by the Chief Executive Officer and comprises the following permanent members as of the date of this document:

- The Deputy Chief Executive Officer;
- Executive Director of Development and Facilities;
- Executive Director of Finance and General Administration;
- The Managing Director of Paris - Charles de Gaulle airport;
- The Managing Director of Paris - Orly airport.

At the date of registration of this *Document de Référence*, the executive committee is composed of Messrs. Pierre Graff, François Rubichon, Marc Noyelle (executive director, development and facilities), Laurent Galzy (executive director, finance and administration), René Brun (managing director of Paris - Charles de Gaulle airport) and Patrice Hardel (managing director of Paris - Orly airport).

The executive committee also includes the following associated members:

- The marketing, retail and communications director (currently Pascal Bourgue); and
- The human resources director (currently Gonzalve de Cordoue).

Any other director may be invited each time necessary. The executive committee meets weekly.

#### **Biographical information for members of the Company's executive committee**

*Mr. Pierre Graff*, 59, is a graduate of the *Ecole Polytechnique* and General Engineer of the *Ecole des Ponts et Chaussées*. After occupying a number of posts in French Departmental Infrastructure Divisions, Mr. Graff was, in 1986, a Technical Advisor for highway policy, road safety and transport to the Office of the Ministry of Infrastructure, Housing, Territorial Development and Transport (1986-1987), head of safety and roads, Interministerial Delegate for road safety (1987-1990), and subsequently Departmental Infrastructure Director in Essonne (1990-1993) before becoming Deputy Chief of Staff to the Minister of Infrastructure, Transport and Tourism (1993-1995), director general of the French Civil Aviation Authority (1995-2002), subsequently Chief of Staff to the Minister of Infrastructure, Transport, Housing, Tourism and Maritime Affairs (June 2002-September 2003). He was appointed President of the public entity Aéroports de Paris in September 2003, and subsequently Chief Executive Officer of the *Société Anonyme Aéroports de Paris* in July 2005. Mr. Graff is also a member of the Economic and Social Council, associate president of the European affairs section on the National Tourism Council, member of the national committee for sectors of activity of vital importance, a non executive Director of the RATP, a non executive director SOGEP (the company running State aeronautical stakes in the aircraft construction company EADS), an Officer of the Legion of Honor and an Officer of the National Order of Merit.

*Mr. François Rubichon*, 43, is a graduate of the *Institut d'Etudes Politiques de Paris* and of the *Ecole Nationale Supérieure des Postes et Télécommunications*. In June 1993, he was appointed as a Technical Advisor to the Office of the Ministry of Infrastructure, Transport and Tourism after having served as Head of the Management Control Section in the Financial Management Department of La Poste. In May 1995, he was appointed Managing Director of Sofipost (a holding company for La Poste subsidiaries), and then was entrusted with the Chairmanship of the Board of Publi-Trans (La Poste group) in September 1998. After having served as Chief Executive Officer

of GeoPost Logistics starting in September 2000, Mr. Rubichon was appointed Deputy Chief of Staff to the Minister of Infrastructure, Transport, Housing and the Maritime Affairs in July 2002. In April 2005, he was granted the position of social advisor to the French Prime Minister, Jean-Pierre Raffarin, before being named, in June 2005, as special advisor for social affairs to the Office of Dominique Perben, Minister of Infrastructure, Transport, Housing, Tourism and Maritime Affairs. Since October 2005, Mr. Rubichon has acted as Deputy Chief Executive Officer (*directeur général délégué*) of Aéroports de Paris.

*Mr. Marc Noyelle*, 62, is a graduate of the *Ecole Polytechnique* and Chief Engineer of the *Ecole des Ponts et Chaussées*. At the Ministry of Infrastructure and Transport, he participated in the launch of the *Centre d'études techniques de l'équipement de Lyon*, and then directed the Brest commercial port starting in 1974. An employee of EDF/GDF from 1981 to 2001, he directed the construction and the initial operations of the nuclear power plant of Saint-Alban Saint-Maurice in the Isère region and acted as Development Director for Gaz de France (general public, professionals, local municipalities and small and medium enterprises) starting in 1989. In 1993, he was named Chief Executive Officer of *Electricité de Strasbourg*, a publicly traded subsidiary of EDF. Originally hired by Aéroports de Paris as General Manager of infrastructure in 2002, Mr. Noyelle currently serves as the Executive Director in charge of Development and Facilities and president of ADPi. Mr. Noyelle is an Officer of the National Order of Merit

*Mr. Laurent Galzy*, 49, is a graduate of HEC School of Management and of the IEP (Institute of Political Studies) of Paris, and holds a Masters' Degree in Economics. He also attended the *Ecole Nationale d'Administration*. Since 1984, he has held several positions within budget management (Ministry of the Economy and Finance) relating to infrastructure, transport, and territorial or local authority development. In 1999, Mr. Galzy was named head of the "Industry, transport, research" subdivision of the budget management department (Ministry of Economy and Finance). Hired by Aéroports de Paris in January 2002 as Director of Management Control and Financial and Legal Affairs, Mr. Galzy currently serves as Executive Director of Finance and Administration.

*Mr. René Brun*, 60, is a graduate of the *Ecole Polytechnique* and of the *Ecole Nationale de l'Aviation Civile*. He held various positions at the DGAC, the French Civil Aviation Authority, from 1971 to 1979 before joining Aéroports de Paris where he was in charge of the Development Department (coordination of strategic policy), then the General Means Department (services and supplies to the Parisian airports) while piloting several projects overseas. From 1991 to 1996, he served as Chief Executive Officer of Saresco, then Chairman and Chief Executive Officer of Alyzia Airport Services, two subsidiaries of Aéroports de Paris, one of which specialized in duty-free sales, and the other specializing in ground handling services. Mr. René Brun served as Director of Operations for Aéroports de Paris starting on January 1, 1997, before being appointed managing director of Paris - Charles de Gaulle airport in July 2003. Mr. René Brun is a Chevalier of the Legion of Honor, Officer of the National Order of Merit and has been awarded the Aeronautics medal.

*Mr. Patrice Hardel*, 60, is a graduate of the *Ecole Polytechnique* and the *Ecole Nationale de l'Aviation Civile*. After four years working at the French Civil Aviation Authority from 1969 to 1973, Mr. Hardel joined Aéroports de Paris where he acted as the Head of the Planning Department, Head of the Production-Maintenance Department and the Head of the General Operations Department. In 1989, he was Chief Engineer at the Engineering and Architecture Division before taking charge, in 1997, of the Airlines Relations Department, where his main functions included development of the hub and the CDG 2 facilities. Mr. Hardel became head of the Beijing project in March 2000, before being appointed managing director of Paris - Orly airport in July 2003. Mr. Hardel is an Officer of the National Order of Merit and has been awarded the Aeronautics medal.

## **16.2. No services agreements**

To the Company's knowledge, there is no services agreement binding the members of the Board of Directors or the Deputy Chief Executive Officer to the Company or any of its subsidiaries providing for the granting of benefits under such an agreement.

## **16.3. Functioning of the corporate governance bodies**

The by-laws of Aéroports de Paris give the possibility to the Board of Directors to form specialized consultative committees within itself, the composition and attributions of which are set by the Board, and which must report to it of the exercise of their missions. The committees' mission is to contribute to the preparation of the Board of Directors' decisions by issuing opinions that are then submitted to the Board. The aim of such committees is, by

improving the quality of the information made available to the Board, to favor the quality of discussions held therein. There can in no way substitute for the Board of Directors. The term of the mission of members of each committee is identical to their term of office as director.

Therefore, on September 9, 2005, the Company created, as part of the adoption of the Internal Rules, an audit committee, a strategy and investment committee and a pay and remuneration committee, the composition, attributions and terms of functioning of which are described below.

The chairmen of the committees report the discussions and recommendations of the committees to the Board of Directors. The members of the committees and all persons invited to meeting of a committee are submitted to a confidentiality obligation vis-à-vis all information they might be aware in the context of their mission and/or meetings.

To carry out their works, the committees may hear the members of departments of the Company and its subsidiaries or also resort to external experts if necessary. No committee may deal, on its own initiative, of issues that would exceed the specific context of its mission. The committees have no decision power.

#### 16.3.1. The audit committee

##### **Composition and functioning**

Pursuant to the Internal Rules, the audit committee has five members with right to vote. On the date of registration hereof, the members of the audit committee are Mrs. Françoise Malrieu and Mrs. Brigitte Recrosio and Messrs. Bernard Irion, Rémy Rioux and Marc Véron. Mr. Bernard Irion is chairman of the audit committee. The audit committee holds at least three meetings a year. The audit committee has met three times in 2006 (last meeting to-date: March 6, 2007) with an attendance rate of members of 86.7% in 2006. During its meetings, the Committee addressed the following subjects in particular:

- Accounts: examination of the company and consolidated accounts for the year 2005 and the first half of 2006, financial risks and off-balance sheet commitments for 2005, the Group's budget for 2007, the remuneration paid to the statutory auditors for 2005, and that envisaged for 2006 - 2008;
- Internal audit and controls: examination of the report by the Chairman of the Board in relation to the conditions for the preparation and organization of the Board's work, and the internal control procedures implemented at Aéroports de Paris; update of the Charter for the internal audit, examination of the conclusions of the audit concerning the payroll, and presentation of the 2006 balance sheet, and approval of the audit program for 2007;
- Finances: examination of management of Group debt and cash and of the implementation of a liquidity agreement within the context of a share repurchase.

##### **Missions**

- *Accounts*: The mission of the audit committee is to:
  - Review the relevance and permanence of the accounting methods adopted for the preparation of the accounts; for such purpose, it draws specific attention to the perimeter and consolidation methods;
  - Ensure the proper accounting transcription of exceptional transactions or events having a significant impact at the Group's level;
  - Review, at the time of close of the annual and half-year accounts, the unconsolidated and consolidated accounts, and their notes, as well as the management reports before presentation to the Board of Directors;
  - Review, once a year, the financial position of the main subsidiaries and interests of the Group.

- *Risks:* The mission of the audit committee is to:
  - Regularly review, with the executive management, the main risks incurred by the Group, in particular through a risk mapping;
  - Review significant off-balance sheet commitments;
  - Review the risk management policy in all fields (insurance policy, financial management, intervention on forward markets).
- Control, Internal Audit, Statutory Auditors. The mission of the audit committee is to:
  - Check that the internal procedures for collection and control of information having been set up in order to ensure the reliability thereof;
  - Assess the internal control systems, review the program and results from the audit department's works and the recommendations and further actions given thereto;
  - Issue a recommendation to the Board of Directors on the choice of the statutory auditors, giving rise to competition and to give an opinion on their remuneration;
  - Be provided with details of fees paid by the Company and the Group to the firm and network of statutory auditors and make sure that such amount or the portion such fees represent in the turnover of the firm or network of statutory auditors are not such as undermining their independence;
  - Review the work program of statutory auditors, their findings and recommendations.
- *Financial Policy:* the mission of the audit committee is:
  - To review the corporate budget;
  - To review the financial, accounting and general tax policy of the company and its implementation; this includes in particular the review of the Company's policy relating to the management of its debt (objectives, risk coverage, financial instruments used...);
  - Review the information, including forecast, to be provided as part of the financial communication of the Company.

#### 16.3.2. Strategy and investment committee (*Comité de la stratégie et des investissements*)

##### **Composition and functioning**

Pursuant to the Internal Rules, the strategy and investment committee has six members with right to vote. On the date of registration hereof, the members of this committee are Messrs. Pierre Graff, Dominique Bureau, Bernard Irion, Nicolas Golias, Rémy Rioux and Jean-Luc Dauje. Mr. Pierre Graff is chairman of this committee.

The strategy and investment committee meets at least three times a year. The strategy and investment committee has met three times in 2006 (last meeting to-date: March 29, 2007) with an attendance rate of members of 83.3% in 2006. During its meetings, the committee has addressed the following subjects in particular: presentation of the Group's 2006-2010 strategic plan, presentation of the 2005 balance sheet of international operations, financing and investment program for 2007-2011 and initial appraisal of the strategic plan.

##### **Missions**

The mission of the strategy and investment committee is to:

- Provide the Board of Directors with opinions regarding the definition and implementation of the strategic orientations of the Group (in particular in view of the air traffic and air transport industry development

prospects, the development of airport services and related activities, the development of the competitive context of the Group);

- Provide the Board of Directors with opinions regarding the orientations of the Group regarding diversification (in particular: airport international management, real estate, etc.), and regulatory audit the results obtained in this respect;
- Study and express opinions to the Board of Directors on issues relating to the transactions falling within the competences of the Board of Directors regarding internal or external growth transactions, carried out by the Company or its subsidiaries, either in France or internationally (significant investment and development projects, acquisition, extension or sale of interests or activities of the Group, proposed joint venture or completion of contributions), to issue an opinion on the economic and financial conditions of such projects (by studying, in particular, the conditions of profitability of projects and the financial exposure of the Group during the project), to develop an exhaustive analysis of risks inherent to projects and their influence on the conditions of their profitability, and to assess the way such risks are covered and to propose measures enabling to manage them, if necessary;
- Review the economic doctrine of the company (analysis of the economic performances of the company, analysis of the purchase and subcontracting policy, thoughts relating to the economic regulation, proposals regarding pricing policy...);
- Review all issues relating to the definition and implementation of the Group's strategy that the Board of Directors is willing to submit it or which it will deem necessary to deal with; it being specified that the Board of Directors and the Chairman and Chief Executive Officer remain sole competent to decide to commit the companies of the Group in development projects.

#### 16.3.3. The pay and remuneration committee

##### ***Composition and functioning***

Pursuant to the Internal Rules, the pay and remuneration committee has four members with right to vote. On the date of registration hereof, members of this Committee are Messrs. Olivier Andriès, Rémy Rioux, Marc Véron and Mrs. Françoise Malrieu, who acts as chairwoman of such committee.

The pay and remuneration committee meets at least once a year. The pay and remuneration committee has met twice in 2006 with an attendance rate of members of 75% in 2006. During its meetings, the committee has addressed the following subjects in particular: discussions of factors for comparison of the remuneration of the Chairman and Chief Executive Officer, calculation parameters for variable remuneration, proposal of structure and level of remunerations in 2006, initial estimation of the remuneration of directors in 2006 and guidelines for 2007, evaluation of the distribution of attendance fees, proposal for amount of attendance fees in 2006 and 2007, and policy for reimbursement of directors' expenses..

The information communicated to the pay and remuneration committee or to which it will have access in the context of its mission having a confidential nature, the members of such Committee are bound, vis-à-vis any third party to the Board of Directors or audit committee, to strict confidentiality, submitted to the same regime as that applicable to the Company's directors.

##### ***Missions***

The mission of the pay and remuneration committee is to:

- Express proposals on the amount and evolution of the total remuneration of corporate officers, and on benefits in kind or any other remuneration method, if any, in particular by suggesting the amount of the fixed portion and variable portion of their remuneration, and the rules of determination of such variable portion, by ensuring that such rules are consistent with the assessment made each year of the Company's performances, and by controlling the annual application of such rules;
- Give an opinion on the policy of remuneration of the main executive managers of the Company;

- Where applicable, propose to the Board of Directors a global amount for the directors' fees to be proposed to the Company's shareholders' meeting, as well as rules of allocation of directors' fees (taking into account, in particular, the attendance of directors at the Board of Directors and its committees and the missions entrusted to them);
- Propose to the Board of Directors a policy for the repayment of costs related to the exercise of the office of directors;
- Approve the information given to shareholders in the annual report on the remuneration of corporate officers.

#### **16.4. Regime of corporate governance**

With a view to transparency and information of the public, and within the limit of the legislative and regulatory provisions applicable to it, in particular due to its belonging to the public sector, the Company is inspired by proposals from the Viénot reports of July 1995 and July 1999, recommendations of the report of the working group chaired by Mr. Daniel Bouton for the improvement of corporate governance (the findings of which were submitted to the public on September 23, 2002) and the Charter of relations with public corporations that sets forth the governance rules governing the relations between the *Agence de participations de l'Etat* and companies in which the French State holds interests.

Considering the legislative and regulatory specific provisions applicable to Aéroports de Paris, particularly the composition of the Board of Directors, the Internal Rules of the Company's Board of Directors do not contain any definition of the notion of independent director. The Company feels, however, that each of the directors appointed by the shareholders at the general meeting possesses skills and professional experience which will be useful to the Company, and also complete freedom and independence of judgment.

#### ***Internal control***

In due application of the provisions of article L. 225-37 of the French Commercial Code, the Chairman of the Board of Directors must set out in a report attached to the board of directors' management report, the conditions for preparation and organization of the work of the Board of Directors, and the internal control procedures implemented by the Company. The report by the Chief Executive Officer, which will be submitted at the annual general meeting to take decisions on the accounts for the financial year ended on December 31, 2006, called to this meeting on May 29, 2007, is set out in annex 4 to this *Document de Référence*. The report by the statutory auditors on this report is in annex 5.

## CHAPTER 17 EMPLOYEES - HUMAN RESOURCES

### 17.1. Social policy

Aéroports de Paris has a wide range of skills, and offers its employees some extremely rich career prospects in the field of human resources. Its conversion into a *Société Anonyme*, with shares quoted on an official stock market, in combination with the evolution of its environment, sets the company a number of major challenges. The Company is undergoing a change of culture, and is adapting its resources to the new strategy. It focuses on performance, while preserving social cohesion of the company.

Thus the Company is organized to fulfill its ambitions and to meet the strategic options of the Group. With the same concern for optimization, the company has undertaken a forecast management approach to employment and skills, in order to adapt its human resources to needs and to ensure development of the Group activities.

Moreover, in a bid for capitalize on staff commitment and executive involvement, the Company is pursuing the reform of the remuneration policy initiated in 2005 by introducing a variable portion in the remuneration of executive managers based on the achievement of negotiated targets. These objectives focusing on the company's ambition and its strategic priorities concentrate on three areas: economic performance, service quality, and efficient management. They are sanctioned by the variable portion of remuneration, the level of which was increased in 2006. The success of all such processes requiring the acceptance of all players of the Company's corporate life, this is why, aware of the stakes related to the success of initiated actions, it endeavors to maintain active and constructive social dialogue with the staff representative bodies materialized each year by the signature of several company agreements and the maintenance of a low conflict rate.

Aéroports de Paris puts its general policy with regard to human resources at the core of company responsibility and sustainable development. In 2005, Aéroports de Paris thus extended the perimeter of the rating by BMJ Ratings to human resources, customer and supplier relations and governance in relation to sustainable development. In terms of human resources, the rating rose between 2005 and 2006.

### 17.2. Social information

#### 17.2.1. Employees

In 2006, the average Group headcount (excluding the two company corporate officers) was 10,816, the vast majority of which were in France, as against 10,688 at December 31, 2005. Among these employees, 7,571, or 70% of the Group's total workforce, work at Aéroports de Paris.

	2004		2005		2006	
	Administered at 31/12	Average	Administered at 31/12	Average	Administered at 31/12	Average
Aéroports de Paris <sup>(1)</sup>	8,172	7,738	7,955	7,709	7,799	7,571
Subsidiaries	2,049	1,914	2,733	2,585	3,292	3,245
<b>Total Group</b>	<b>10,221</b>	<b>9,652</b>	<b>10,688</b>	<b>10,294</b>	<b>11,091</b>	<b>10,816</b>

(1) Excluding subsidiary temps

The following table shows the evolution of the average number of employees at the Group over the past three years by segment:

	2004	2005	2006
Airport segment	3,833	4,046	4,241
Real estate	318	328	332
Ground handling	2,303	2,820	3,199
Other activities	533	634	770
Headquarters and other control functions, including	2,665	2,466	2,274
<i>Development And Engineering</i>	750	721	731
<i>Other</i>	1,915	1,745	1,543
<b>Total <sup>(1)</sup></b>	<b>9,652</b>	<b>10,294</b>	<b>10,816</b>

(1) Employees of all companies included in the consolidated Group (including 49% of the total number of employees of Société de Distribution Aéroportuaire, included in the "other activities" segment).

The average number of employees at the Group grew by 5.1% between 2005 and 2006. The rise in employee numbers is mostly attributable to Alyzia, which headcount grew 26.9%; the number of employees of ADPi grew by 15.6% and those of Hub télécom by 9.3%. Meanwhile, the number of employees of Aéroports de Paris itself fell by 1.8% (7,709 to 7,571).

The main reasons for the trend in staff numbers at Alyzia were perimetral effects following the implementation of a new security contract at the Orly - Sud airport and staff working on this, and an increase in activity by the subsidiary Aviance. ADPi takes on a considerable increase in its activity, as reflected by the 22% rise in its revenues in 2006 with respect to 2005.

At December 31, 2006, 3,881 employees of Aéroports de Paris worked at the Paris - Charles de Gaulle airport, 3,388 at the Paris - Orly airport, 130 at the Paris - Le Bourget airport and 273 at other locations, including the Company headquarters. 98.9% of employees had open-ended contracts as at December 31, 2005. Of the 7,672 employees present (excluding suspensions of contracts), 15% are management, 25.6% highly-skilled workers, 37.9% skilled workers, and 21.5% other workers.

#### 17.2.2. Employees' terms of employment

Employment contracts of the personnel of Aéroports de Paris are governed by private law and the French Labor Code. Subject to limited exception, the Company's employees benefit from a special regime implemented on January 1, 1955 by an order issued on July 10, 1955 by the Minister in charge of public works, transports and tourism and the secretary of state in charge of economic affairs, whereas employees of the Group's subsidiaries are exclusively subject to the Labor Code. Provisions set forth by the status of the personnel substitute those of the Labor code, which however apply in the absence of a particular provision set forth by such status.

Aéroports de Paris's human resources policy is governed by Article R. 251-3 of the French Civil Aviation Code. This article provides that while Aéroports de Paris's board of directors is responsible for defining the human resources policy, including the range of benefits, salaries, and indemnities for employees, the policy and any amendments to it must be approved by the Ministry of Civil Aviation and the Ministry of Economy and Finance. Such approval is deemed granted if no explicit decision has been rendered within the two-month period following the reception of the board's decision. The current human resources policy also provides that before any amendments to it are made, the union representatives of Aéroports de Paris's employees must be consulted.

In accordance with article L.134-1 of the French Labor Code, the provisions of the status may be completed and the rules governing their implementation may be defined by company-wide agreements, within boundaries set forth by the status.

In addition, article 1 of the law no. 2005-357 of April 20, 2005 provides that the transformation of Aéroports de Paris into a *Société Anonyme* would not affect the employees' legal rights.

The status differs from the French Labor Code on the following matters:

- A formal procedure of announcing available positions to all employees to encourage candidates;
- In addition to their base salaries, the employees have the right to: (i) increase in salary of 1% for each year of seniority, capped at 21%; (ii) a 13th-month bonus (monthly base salary increased by 10% plus a percentage for seniority); (iii) an additional June bonus equal to 95% of monthly base salary increased by a percentage for seniority; (iv) attendance bonus for non-management employees or a year-end bonus for management employees; (v) hardship bonuses, if applicable; (vi) employees with at least two dependant children receive a family supplemental stipend; (vii) retirement or departure bonuses calculated as follows: a stipend of the monthly base salary for each year of seniority up to ten years, a stipend of half the monthly base salary for each year of seniority between ten and 20, and a stipend of a quarter of the monthly base salary for each year of seniority over 20; and (viii) additional benefits for illness, workplace accidents or death;
- Employees have the option to work part-time for personal reasons: half-time is paid at 60% and three-quarters' time is paid at 80%; and
- Additional time is given for family events (such as marriage, death, moving).

Employees of other companies within the Group are subject to collective bargaining agreements specific to their activities. ADPi and ADP Management adhere to the SYNTEC national bargaining agreement, Hub telecom is subject to the national collective bargaining agreement for telecommunications and Société de Distribution Aéroportuaire is subject to the collective bargaining agreement for predominantly food-related retail and wholesale business. At the Alyzia group, the following collective bargaining agreements are applicable, depending on the areas of activity: Handling and cleaning in the Paris region, Air transport, Ground staff, Road transport, Prevention and safety, Training body, Finance company.

### 17.2.3. Hiring

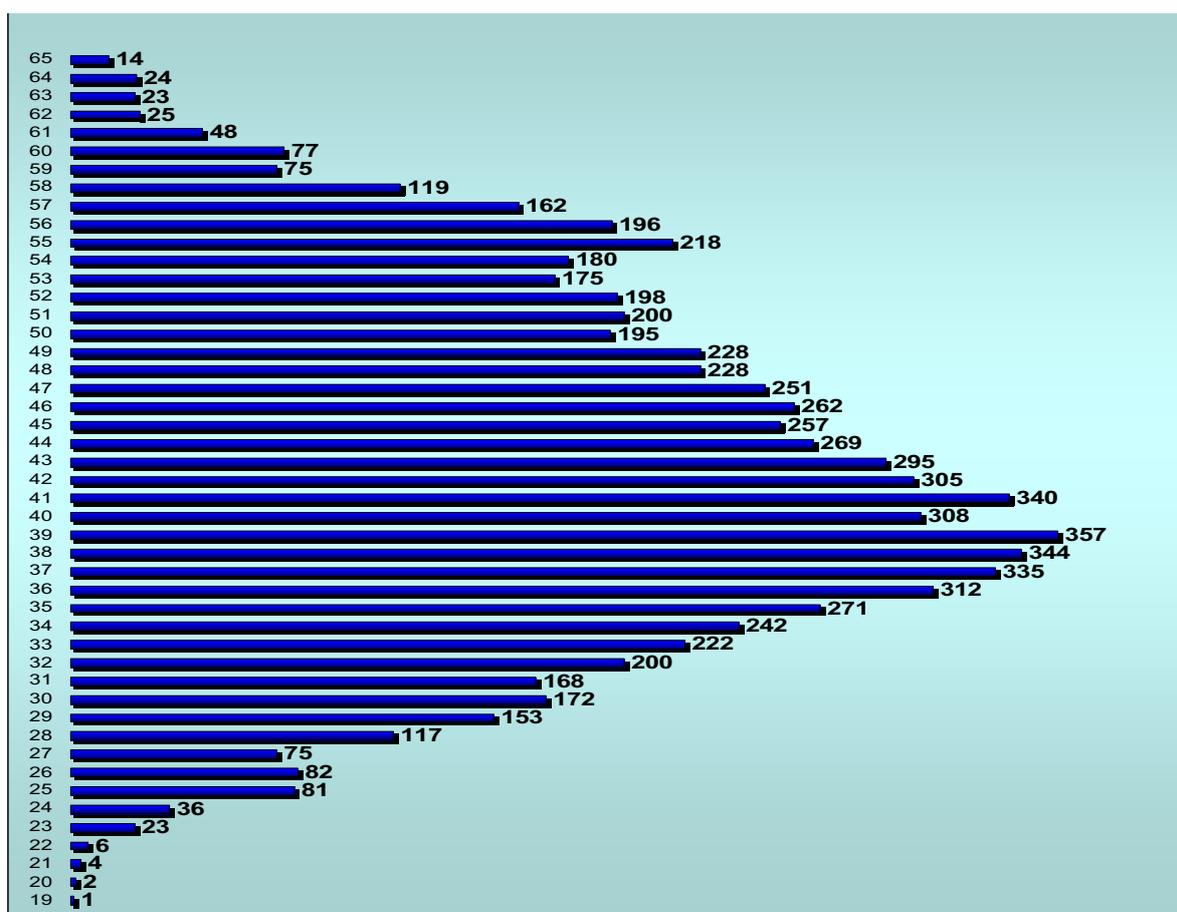
Aéroports de Paris hired 465 employees in 2006 (including 160 in indefinite-term contracts, 34.4% of total hiring as compared with 35.7% in 2005 and 34.5% in 2004). Such hiring represents a turnover rate of staff under indefinite-term contracts of 4.1% in 2004, 3.9% in 2005 and 2.5% in 2006. Between 2005 and 2006, new employees with indefinite-term contracts fell by 35.7% (160 against 249), new employees with fixed-term contracts rose by 19.6% (305 against 255). Over this period, the fall in new employees was 33% (697 to 465).

Over three years, between 2003 and 2005, hiring under indefinite-term contracts had fallen by 18.1% (304 to 249) and hiring under fixed-term contracts had fallen by 34.3% (682 to 448). Over this period, the decrease in hiring was 29.3% (986 to 697).

New employees were as follows at the 4 subsidiaries and Société de Distribution Aéroportuaire:

	Indefinite-term	Fixed-term	Total
Hub télécom	40	7	47
ADPi (employees in France)	15	16	31
ADP Management	5	3	8
SDA (total)	246	144	390
Alyzia Group	945	606	1,551

The staff pyramid of age as at December 31, 2006 was as follows:



#### 17.2.4. Departures, dismissals and early retirement

In 2006, 564 employees left the Company, with 331 fixed-term contract terminations, 50 retirements and 42 dismissals. This figure had been 871 in 2005, including, in particular, 453 expirations of contracts, 270 voluntary retirements, 44 retirements and 25 dismissals, in 2004 it was 858, including, in particular, 509 expirations of contracts, 172 voluntary retirements, 31 retirements and 32 dismissals. In 2003, 879 employees had left the Company.

The specific early retirement scheme for employees of the rescue and fire-fighting service department (RFFS, *service du sauvetage et de lutte contre l'incendie des aéronefs sur les aéroports* (SSLIA)) referred to as "PARDA Pompiers", signed on October 18, 1991 enables this category of employees to benefit from early retirement when reaching 55 under certain conditions. It applies with no limitation as to duration; 6 employees benefited from this system in 2006.

A collective agreement on voluntary early departure was signed on July 17, 2006, concerning exclusively and specifically 63 employees, whose jobs were suppressed. This early departure concerned employees at least 55 years old, at the Company for at least 10 years, with at most 20 quarters to be validated to entitle them a full pension under French pension system.

Departures were as follows at the 4 subsidiaries and Société de Distribution Aéroportuaire:

	Total departures	Of which due to contract termination
Hub télécom	28	4
ADPi (employees in France)	14	-
ADP Management	3	-
Société de Distribution Aéroportuaire (total)	205	115
Alyzia Group	814	554

#### 17.2.5. Overtime

During the modulation year, from April 1, 2005 to March 31, 2006, 23,686 overtime hours were worked within Aéroports de Paris, for an amount of 77,579 euros paid as compensation, excluding employers' contributions. This accounted respectively for 24,989 hours and 81,537 euros during the previous modulating year.

#### 17.2.6. Staff external to the Company

In 2006, the average monthly number of interim workers was 222, *i.e.* 2.9% of the average monthly number of statutory employees (251 - 3.28% in 2005). The average term of interim employment contracts was 11.5 days (9.6 days in 2005). Resorting to external staff concerns, within Aéroports de Paris, the administrative, studies, ground handling and car and engine driving staff.

#### 17.2.7. Information on staff cutback and employment preservation plans, reclassification efforts, re-hiring and accompanying measures

The Staff Status provides for terms of decrease in the number of employees when such number exceeds the employment charts and that the bringing down of such excess is not possible through mutations or promotions.

The business of ground handling assistance experienced a restructuring plan in July 2003, with fewer staff, in order to meet the requirement of a competitive market. However, despite all the effort already made by staff, a return to economic equilibrium was not possible between 2004 and 2006. The required procedures for adaptation by the group will be led amid dialog and agreement with employees' representatives.

#### 17.2.8. Organization, working time and absenteeism

Thanks to a constructive social dialogue, an agreement on adjustment and reduction of working time (ARTT) was signed with the trade union representatives on January 31, 2000. Two amendments to the ARTT agreement (September 21, 2001 and January 30, 2002) have created a time savings account (*compte épargne temps* (CET)). This account may be supplied with paid vacation days or *RTT*, and with remunerations (13th month, additional indemnity in June, executive bonus, profit-sharing) converted into days. Amendments govern the specific situations of certain employees, in particular agents of the rescue and fire fighting department (SSLIA, agreement of April 6, 2001) and those of the Emergency Medical Services (*Services Médicaux d'Urgence* (SMUR, agreement of January 30, 2002). Reduction to 35 hours of weekly working time was made with a salary reduction, over the 2000-2002 period, for all the employees of Aéroports de Paris.

The number of hours of absence was accounted for days prior to 2006. For the years 2004/2005, the number significantly decreased compared with the years 2002/2003: 5.46% in 2002, 5.41% in 2003, 5.16% in 2004 and 5.21% in 2005. As of 2006, a new method for hourly calculations was implemented, and the value was 6.75%. The result of the calculation in days would have been 5.1%. Most frequent causes of absence still are disease and maternity leave.

### 17.2.9. Compensation and social charges

Compensation paid by Aéroports de Paris is determined by the human resources policy, which also defines the criteria for employees' promotions<sup>104</sup>.

The average net taxable monthly compensation<sup>105</sup> was 2,842 euros in 2006, 2,758 euros in 2005 and 2,716 euros in 2004. The distribution by type of employee in 2006 was 4,479 euros for management, 3,075 euros for highly-skilled workers, 2,428 euros for skilled workers, and 2,021 euros for other workers. The following table shows the breakdown of employees by compensation level:

<i>Net annual compensation level</i>	<b>Employee breakdown</b>		
	<b>2004</b>	<b>2005</b>	<b>2006</b>
Over 40.000 euros	18.2%	19.1%	22.4%
20.000 to 40.000 euros	76.7%	76.3%	75.0%
Less than 20.000 euros	5.1%	4.6%	2.6%

Salary agreements are negotiated annually between management and the unions. The most recent agreement was entered into on April 12, 2006; it increased base salaries by 1.4% on June 1, 2006 and allotted a conditional amount of 0.3% on November 1, 2006. Since the conditions drawn up were met, this measure was agreed.

The Company's costs for mandatory retirement plans (payment for old age: for ARRCO: ANEP, for AGIRC: Distribution Pension Fund for Engineers, Management and Similar - CRICA and AGFF) were 26.1 million euros in 2006 and 27.4 million euros in 2005, an increase of 4.7%.

The Company paid in contributions for supplemental insurance (AXA life and invalidity) - respectively 4.44 million euros in 2006 and 4.38 million euros in 2005.

### 17.2.10. Men-Woman equality

The feminization rate within Aéroports de Paris staff has slightly decreased for the last three years. It was 40.0% in 2004, 39.0% in 2005 and in 2006. On the contrary, the difference between the average monthly taxable salary of men and women has progressively decreased: in 2006, it was 13.2% in favor of men (2,954 euros in average for a man, 2,609 euros in average for a woman). But this difference was 14.2% in 2005 and 15.6% in 2004.

On termination of the agreement of June 30, 2003 concerning professional equality, a new majority agreement was signed on 7 November 2006 between management and unions. The agreement again focuses on and improves the provisions facilitating work life and family balance. It also promotes awareness on the part of all agents of the importance of professional equality, and on female access to the various hierarchical levels of the company.

### 17.2.11. Professional relations and collective agreements

Social dialog at the company was particularly rich, since fifteen collective bargaining agreements were negotiated and signed during 2006. among those agreements, a participation agreement drawn up on March 3, 2006, a Group Savings plan on March 29, 2006, three amendments to the Company Savings plan, a wage agreement on April 12, 2006, a general agreement on the CHSCT hygiene, safety and employment conditions committee, and coordination measures on May 31, 2006 between the chairman of the CHSCT hygiene, safety and employment conditions committee and staff council secretary, followed by an amendment to union rights defining the conditions of exercise of the CHSCT hygiene, safety and employment conditions committee on May 31, 2006, a protocol concerning the implementation of electronic voting procedures for professional elections in application of the law of confidence in the numeric economy on 12 October 2006, an agreement on professional equality between men and women on November 7, 2006, and an agreement on the employment of disabled employees on 6 December 2006.

<sup>104</sup> See 17.2.2. "Human Resources Policy"

<sup>105</sup> Net taxable monthly compensation was calculated from the amount of net compensation actually paid during the year for full-time employees employed for the entire year.

Industrial strike incidence (number of strike hours/number of hours worked) was 0.04% in 2006, the lowest since 1994. The incidence was 0.08% in 2005, and 0.14% in 2004.

#### 17.2.12. Employee representation and unions

Aéroports de Paris's employees are represented by:

- Seven unions within Aéroports de Paris: SICTAM-CGT, SPE-CGT, UNSA-SAPAP, CFE-CGC, FO, SPASAP-CFDT et CFTC;
- A staff council (*comité d'entreprise*); and
- Eight health, safety, and working conditions committees (*comités d'hygiène, de sécurité et des conditions de travail* - CHSCT) and an additional committee to coordinate the seven CHSCTs.

The most recent professional elections were held between 5 and 14 December 2006, the first round of elections. Since quorum had not been established in the first college (execution college), a second round was arranged between January 9 and 18, 2007. In order to invert the previously observed negative trend of employees turnout (quorum was not obtained at any of the colleges at the last elections in 2004), the Company organized the professional elections electronically for the first time. This innovative measure was welcomed by voters, and quorum was obtained in the second and third colleges (degree-holders and management) with, respectively, a vote participation in the elections for members of the staff council of 54.06% and 62.07%. There was also a slight increase in participation among electors of the first college (execution) during the second round, where participation was 38.93%.

After the first and second rounds, the union organizations obtained the following percentages of the vote:

Unions	Percentage of votes	
	Employee Delegates	Staff Council
SICTAM/CGT	25.91%	26.41%
CFE-CGC	20.69%	19.86%
UNSA/SAPAP	18.87%	18.92%
FO	14.46%	14.50%
CFDT	10.13%	10.12%
SPE-CGT	7.12%	7.18%
CFTC	2.82%	3.01%

The results of the first round for members of the staff council, that will be considered for future signings of collective agreements, were as follows:

Unions	Percentage of votes
SICTAM/CGT	26.91%
CFE/CGC	19.48%
UNSA/SAPAP	19.12%
FO	13.71%
SPASAP/CFDT	10.28%
SPE/CGT	7.27%
CFTC	3.22%

#### 17.2.13. Hygiene, safety and working conditions

Aéroports de Paris has given for many years specific importance to working, safety and health conditions.

The number of industrial accidents with leave in 2006, 212, was a decrease with respect to the two previous years (215 in 2005, and 229 in 2004). Lost days (including those for industrial accidents having occurred the previous years) were 10,653, a slight increase with respect to 2005 (9,672 days), but less than 2004 (11,591 days). The frequency rates (number of accidents with sick leave by millions of worked hours) were up 18.9 with respect to 2005 and 2004 (respectively, 17.7 in 2005 and 17.6 in 2004), but still much considerably less than the national average (26.1 in 2004<sup>106</sup>). The seriousness rate (number of lost days by thousands of worked hours) was 0.95. This was a slight increase on the previous two years (0.80 in 2005, 0.93 in 2004).

Engaged in a process of modernization and rationalization of the hygiene and safety mechanism, the human resource department has wished to multiply the hygiene and work safety bodies to bring them closer to agents allocated between the various sites of the company.

Thus, following a unanimous positive vote by members of the management committee at an extraordinary meeting on May 31, 2006, a general agreement on the operation of the hygiene and safety committees and their coordination measures was drawn up on May 31, 2006 between the Chief Executive Officer and the chairman of the staff council. This agreement organized Hygiene, Safety and Employment Conditions across 8 councils composed of a total of 51 elected members, and implemented a coordination unit.

This new organization gives Aéroports de Paris the means to carry through a better, more efficient hygiene, safety and employment conditions policy, in order to provide a response to the major challenges arising from increasingly precise and demanding regulations.

#### 17.2.14. Training

Professional training is particularly important in accompanying the evolutions of Aéroports de Paris and in developing its employees' skills. In October 2005, a agreement on training integrating all the provisions of the Law of May 4, 2004 was signed between the management and trade unions.

In 2006, Aéroports de Paris invested 19.1 million euros for professional training (21.1 million euros in 2005 and 20 million euros in 2004). Training overall thus accounted for 6.4% of the gross payroll attributable in 2006 (6.9% in 2005 and 6.8% in 2004).

The average number of training hours per agent was 28 in 2006 (33 in 2005 and 30 in 2004).

#### 17.2.15. Hiring and insertion of disabled workers

Aéroports de Paris' particular interest in the professional insertion of disabled workers was demonstrated by the signature of an agreement on this matter. It was in this spirit that management and trade unions entered into, on December 6, 2006, a sixth agreement aimed at facilitating the integration of such disabled workers. In this ambitious agreement, Aéroports de Paris undertook, within a context of reduction of the number of new external staff, to double the number of disabled employees to be hired for the duration of the three-year agreement with respect to the previous year, with a target of hiring 33 disabled workers.

In 2006, Aéroports de Paris had 251 disabled employees, as compared to 223 in 2005 and 240 in 2004.

#### 17.2.16. Social welfare

Aéroports de Paris is bound to pay the staff council a subsidy for financing of social, cultural and sport works, representing 1.65% of total payroll - 5.56 million euros in 2006 (5.57 million euros in 2005, and 5.43 million euros in 2004).

The subsidy for staff restaurants amounted to 5.48 million euros in 2006, 5.59 million euros in 2005 and 5.25 million euros in 2004.

Besides, Aéroports de Paris contributed an amount of 5.77 million euros in 2006, 5.69 million euros in 2005 and 5.19 million euros in 2004 to employees' complementary health insurance.

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<sup>106</sup> Source: CNAMTS

This contribution pays for part of the subscription fee of employees and retirees to one of the four health mutual funds that are accessible to them.

Following consultation with employees' representatives, in view of the legal and fiscal context, on February 2, 2007 Aéroports de Paris drew up two agreements for reform of the company mechanism to cover complementary health plans. The first agreement creates a compulsory collective mechanism to reimburse active employees' medical costs, and organizes the end of the obligation to maintain financing by the company of the system to the benefit of future retirees. The second agreement makes provision for arranging a collective additional capitalization retirement contract with an insurance company, and also a defined-contribution scheme. The two agreements are set to be implemented on July 1, 2007.

Contributions by Aéroports de Paris will include financing as follows:

- For active employees: a contribution to cover their health costs, a guarantee of retirement with a defined contribution (article 83 of the General Tax Code), with, for those leaving in the short term, an additional defined-contribution retirement scheme (article 39 of the General Tax Code)
- For current retirees, early retirees, layoffs due to inaptitude - a closed group as of July 1, 2007, responsibility for basic health cover.

Aéroports de Paris also bears a part of the costs related to employees' meals taken in inter-company restaurants in the two airport platforms.

#### 17.2.17. Subcontracting

In order to comply with its traditional quality and performance commitments, Aéroports de Paris carries out a reactive arbitrage between subcontracting and using its own means. The Company has been conciliating for several years a continuously more competitive economic environment and social dialogue requirements.

The portion of subcontracted activities in the field of security has increased significantly in 2002 and 2003 and then again as of August 2006 following terrorist threats and tightening of security measures in due application of European regulation 1546 of 4/10/06. This share is now stabilized. The shares of other missions such as ground handling or airport authority services carried out by subcontractors are also increasing due to the development of demand for services and to the reinforcement of corresponding means (for example for aircraft de-icing).

Establishing a true dialogue with its subcontractors, Aéroports de Paris deeply focuses on the satisfaction of its international clientele's needs.

### 17.3. Stock options

The Company has never granted any stock option plans nor any employee stock incentive ownership plan.

### 17.4. Employee participation

#### 17.4.1. Profit sharing and participation

##### ***Profit sharing (Intéressement)***

Since 1988, all employees of Aéroports de Paris have received a profit-sharing bonus based on gains in productivity, financial results and the achievement of targets by type of activities.

In 2006, the bonus was 12.4 million euros. By way of comparison, the total amount paid was 13.1 million euros in 2005 and 12.2 million euros in 2004.

##### ***Participation***

Since the Decree of December 27, 2005, Aéroports de Paris must set up a mandatory participation mechanism for its employees. An initial agreement for 2005 was signed by three trade unions on March 3, 2006. The amount

for 2005, prepared in accordance with the legal formula, was 12.2 million euros. A new agreement for the years 2006 to 2008 was signed on February 5, 2007.

The agreement uses a legal formula for the purposes of calculation: the 2006 Special Participation Reserve was 5.0 million euros.

#### 17.4.2. Employee savings plan and employee share-ownership policy

The employee savings plan (*Plan d'Epargne Entreprise* - PEE) implemented in 1986 allows employees to own a portfolio of securities. In addition to the profit-sharing plan, employees may make supplemental payments to their PEE, which may be completed by the Company. The maximum additional amount per employee was 800 euros in both 2004 and 2005. The total additional complement paid by the Company amounted to 2.32 million euros in 2005, compared to 2.3 million euros in 2004.

For the requirements of implementation of two formulae proposed within the context of the offer reserved for staff (ORS), (employees and a number of former employees at Aéroports de Paris and its subsidiaries), following the share float, in accordance with the provisions of articles L.443-1 and following of the French Employment Code, Aéroports de Paris implemented a Group Savings Plan (PEG), which was opened to Alyzia, ADPi, ADP Management and Hub Télécom. The Plan was implemented by collective agreement. Of the 2.4% of capital held by employees and former employees, 1.5% is held as shares in Common Company Funds (FCPE) within the PEG Plan.

A payment was made in 2006 to the benefit of purchase of company shares within the scope of the offer reserved for staff (ORS). This was 9.2 million euros for company employees alone, a greater amount than that used in previous years for the PEE company savings plan.

In 2006, the year in which company shares were floated, there was no additional contribution to the PEE.

Employees at Hub télécom, ADPi and Société de Distribution Aéroportuaire also benefit from participation. The profit-sharing is used by Société de Distribution Aéroportuaire, and by 4 of the 8 companies in the Alyzia group.

#### **17.5. Interests of Corporate officers and transactions by members of the Board of Directors on securities of the Company**

At February 28, 2007, the members of the Board of Directors held a total of 2,285 Aéroports de Paris shares, representing some 0.0023% of company share capital at that date.

The table below shows the number of company shares held by directors and management at February 28, 2007:

Directors and Deputy Chief Executive Officer	Company posts	Number of shares at February 28, 2007
Pierre Graff	Chief Executive Officer and director appointed by the general assembly	129
Olivier Andriès	Director appointed by the general assembly	20
Vincent Capo-Canellas	Director appointed by the general assembly	10
Bernard Irion	Director appointed by the general assembly	100
Françoise Malrieu	Director appointed by the general assembly	80
Marc Véron	Director appointed by the general assembly	10
Gaston Viens	Director appointed by the general assembly	10
Michel Adrien	Director representing the State	0
Dominique Bureau	Director representing the State	0
Bertrand Galtier	Director representing the State	0
Eric Le Douaron	Director representing the State	0
Jérôme Fournel	Director representing the State	0
Francis Rol-Tanguy	Director representing the State	0
Jean-Luc Dauje	Director representing employees	436 shares held through Common Company Funds (FCPE)
Nicolas Golias	Director representing employees	0
Jean-Louis Guy	Director representing employees	0
Carole Leroy	Director representing employees	0
Antonio Pinto	Director representing employees	0
Brigitte Recrosio	Director representing employees	0
Paul Vatin	Director representing employees	1,490 shares held through Common Company Funds (FCPE)
François Rubichon	Deputy Chief Executive Officer	20

No directors or managers benefit from stock options or purchase options at the date of registration of this *Document de Référence*.

In due application of the Monetary and Financial Code and general regulations of the AMF stock market authorities, the obligation to notify the AMF, which makes such information public, of certain operations carried out by management or related parties in relation to company stock is the responsibility of the person carrying out such operations. These persons are obliged to provide Aéroports de Paris with a copy of this notification to the AMF.

Corporate officers are subject to French regulations concerning insider trading, which in particular sanction the use and communication of privileged information. They are likewise bound to observe the stipulations of a Code of Ethics concerning stock operations and French regulations concerning insider trading, insider infringements and market manipulation. Thus corporate officers are considered as permanent insiders, and may only purchase or assign company stock, either directly or via intermediaries, under certain conditions and during certain periods, particularly after the publication of annual and half-year results. In accordance with the Monetary and Financial Code, a list of permanent insiders has been drawn up, and this specifically includes company executives. This list is made available for consultation by the AMF authorities.

## CHAPTER 18 MAIN SHAREHOLDERS

### 18.1. Shareholding of the Company

On the date of registration hereof, the State holds 67,674,934 shares, representing 68.4% of capital and voting rights of the Company. No other individual or legal entity exercises or may exercise, directly or indirectly, jointly or alone, any control over the Company.

Aéroports de Paris identified its shareholders using TPIs or identifiable shares at December 31, 2006. Analysis of the TPIs at December 31, 2006 was carried out in accordance with the following ceilings:

- Intermediaries holding a minimum of 20,000 shares,
- Shareholders with a minimum of 50 shares.

98.15% of share capital was identified by the addition of named shareholders.

Aéroports de Paris has no knowledge of any pact between shareholders.

On the basis of this TPI, the table below shows the number of shares, percentages of share capital, and voting rights of shareholders in Aéroports de Paris at December 31, 2006:

Shareholders	Number of shares and voting rights	Percentage of share capital and voting rights
French State	67,674,934	68.4%
Employees	2,375,054	2.4%
Individual French shareholders	11,944,603	12.1%
French institutions	9,767,100	9.9%
Non-resident shareholders	5,367,100	5.4%
Aéroports de Paris, as part of the share repurchase program <sup>(1)</sup>	0	0.0%
Unidentified shareholders	1,831,811	1.8%
<b>Total</b>	<b>98,960,602</b>	<b>100.0%</b>

(1) *Le liquidity contract drawn up in accordance with the share repurchase program only came into force on January 1, 2007*

On the date of registration of this *Document de Référence*, and to the best knowledge of Aéroports de Paris, the shareholding structure of the company has not changed significantly since the creation of the TPI as described above.

To the best of Aéroports de Paris' knowledge, the Government is the sole shareholder that holds more than 5% of the registered capital, whether directly or indirectly.

### 18.2. Evolution of the Company's shareholding

Aéroports de Paris, incorporated under form of public institution, was converted into a *Société Anonyme* on July 22, 2005 by Decree no. 2005-828 of July 20, 2005 on Aéroports de Paris.

Decree n° 2006-575 of May 22, 2006 authorized the transfer to the private sector of a minority holding (less than 50%) in the share capital of Aéroports de Paris, and orders issued by the ministry of the treasury, finance and industry on May 30, and June 15, 2006 set the methodology and conditions for floating Company shares on the stock market. Prior to the listing, the Commission for State shareholdings and transfers issued notice n° 2006-A-4 on June 13, 2006 in relation to the listing of Aéroports de Paris' share capital.

The listing operation was carried out by selling to the market, following full exercise of the option of over-allotment (greenshoe), the following shares:

- 15,310,584 existing shares sold by the State,
- 13,599,102 new shares issued by Aéroports de Paris as a capital share increase and by an offer to employees and certain former employees of Aéroports de Paris and a number of its subsidiaries of 2,376,009 shares sold by the State<sup>107</sup>.

The format used as an Open-Price Offer (OPO) reserved for retail investors in France, an International Offering for institutional investors in France and outside France, and an offer reserved for employees (ORS). The company share capital increase of 40.8 million euros was accompanied by a share issue premium of 559.2 million euros. The issue costs following the share capital increase were attributed (net of tax benefit) to the share issue premium for an amount of 16.5 million euros. Thus the share capital increase increased shareholders' equity by 583.5 million euros.

Aéroports de Paris shares have been traded on the Euronext Paris S.A. Eurolist (section A) as ADPs since June 16, 2006.

### **18.3. Control over the Company**

On the date of registration hereof, the State holds 68,4% of share capital and voting right of the Company and consequently controls the Company.

The application of corporate governance rules as described in Chapter 16 is in particular aimed at avoiding an abusive exercise of control by the majority shareholder.

### **18.4. Change of control of the Company**

To the Company's knowledge, there is not agreement the implementation of which could, on a subsequent date, result in a change of control of the Company. Article L. 251-1, paragraph 2, of the French Code of Civil Aviation provides that the majority of the Company's share capital is held by the State and, pursuant to Article 7 of the Company's by-laws, "the changes in the capital ownership cannot result in having the State lose the majority of the share capital".

### **18.5. Relations with the State and the administrative authorities**

The public authorities supervise the activities of Aéroports de Paris by virtue of its partially state-owned status, in particular its public service activities. This last feature of the relations existing between Aéroports de Paris and the administrative authorities is described in paragraph 6.6. "Legal and Regulatory Environment".

#### ***Economic and financial supervision***

The Decree no. 53-707 of August 9, 1953 on the State's control over government corporations and certain corporate bodies having an economic and social purpose, which provides in particular for an approval procedure by the State of divestitures, acquisitions or extensions of financial holdings by certain bodies, does not apply to Aéroports de Paris. On the contrary, the Decree no. 55-733 of May 26, 1955 as amended, relating to economic and financial control of the State applies to the Company.

#### ***Control by the Government Accounting Office (Cour des comptes)***

In addition to the control exercised by the two statutory auditors, the Company's accounts and management and those of its direct majority subsidiaries, as the case may be, fall within the control of the *Cour des comptes* in accordance with Articles L. 133-1 and L. 133-2 of the French Code of Financial Courts. Therefore, after verification of the accounts, the *Cour des comptes* may also ask for communication of all documents necessary to carry out its mission of control, and hear any person of its choice.

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<sup>107</sup> After settlement-delivery of shares reserved for employees on August 2, 2006.

**General Financial inspection (*Inspection générale des finances*)**

The Law-Decree of October 30, 1935 organizing the State's control on companies, trade unions and associations or corporations of any nature having resorted to the financial support of the State, enables the Minister in charge of the Economy to submit Aéroports de Paris to verifications of the *inspection générale des finances*.

**General structural engineering authority (*Conseil général des ponts et chaussées*)**

In accordance with the Decree no. 2005-470 of May 16, 2005 relating to the *Conseil général des ponts et chaussées*, the *Conseil général des ponts et chaussées* may carry out the studies and investigations required by the Minister in charge of the infrastructure.

## CHAPTER 19 TRANSACTIONS WITH RELATED PARTIES

The statutory auditors' report on agreements with related parties for the fiscal year ended December 31, 2006 is attached as annex 3 hereto. The report by the statutory auditors on official agreements drawn up during the year ended December 31, 2005 is set out in annex 7 of the *Document de Base* registered by the AMF market authorities on April 21, 2006 under number I.06-036. Aéroports de Paris being a *Société Anonyme* only since July 22, 2005, it was not submitted to the provisions of the French Commercial Code on agreements with related parties for the previous fiscal years.

In addition to the contracts described in the special report by the statutory auditors on the year ended December 31, 2006, over the last three fiscal years Aéroports de Paris drew up contracts with related companies as defined in the EC Regulation No. 1606/2002, for the major contracts described below.

- An economic regulation agreement (*Contrat de Régulation Economique* - CRE) was drawn up on February 6, 2006 between the French State and Aéroports de Paris in order to set, for the 2006-2010 period, the maximum average rate of increase of the main airport fees, to present the investment program planned by Aéroports de Paris and to determine the service quality targets of Aéroports de Paris<sup>108</sup>.
- Pursuant to Article 2 of the Law of April 20, 2005, four financial agreements between the French State and Aéroports de Paris were drawn up in 2006 in order to set the amounts and terms payment of sums owed by the State in connection with the retrocession of properties necessary to its public service missions<sup>109</sup>.
- Pursuant to Article 3 of the Law of April 20, 2005, an agreement was entered into on March 30, 2006 between the French State and Aéroports de Paris setting forth the terms and conditions of retrocession by Aéroports de Paris to the State of a portion of the real estate capital gain in case of shutting-down to public air traffic of all or part of an airfield operated by Aéroports de Paris<sup>110</sup>.

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<sup>108</sup> See 6.3.2.6. "Revenues from the operation of airports"

<sup>109</sup> See 8.1. "Real Estate Properties and Equipment of Aéroports de Paris"

<sup>110</sup> See 6.6.2.4. "Ownership of assets; obligation to pay a share of capital gains on the sale of closed airport sites to the French State "

**chapter 20**  
**FINANCIAL INFORMATION ON THE ASSETS, FINANCIAL POSITION AND RESULTS OF THE ISSUER**

**20.1. Historical financial data**

The consolidated accounts of Aéroports de Paris for the fiscal year ended December 31, 2006 are attached as annex 1 hereto.

**20.2. Pro forma financial data**

Not applicable.

**20.3. Corporate financial statements**

The report of the statutory auditors on the consolidated accounts of Aéroports de Paris for the financial year ended December 31, 2006 is attached as annex 2 to this *Document de Référence*.

**20.4. Verification of annual historical financial data**

The statutory auditors' general reports on the consolidated accounts of Aéroports de Paris for the fiscal years ended December 31, 2004, 2005 and 2006 are attached as annexes 4, 5, and 6 hereto.

**20.5. Date of last financial data**

On March 15, 2006, the Aéroports de Paris group published a press release showing the consolidated accounts for the financial year ended December 31, 2006. This press release is available on the website of the Company: [www.aeroportsdeparis.fr](http://www.aeroportsdeparis.fr).

**20.6. Interim financial data**

Not applicable.

**20.7. Dividend distribution policy**

20.7.1. Dividends Paid for the Last Three Fiscal Years

***Remuneration of the State and dividends paid prior to the conversion of Aéroports de Paris into a Société Anonyme***

Pursuant to article 79 of the Correcting Finances Law No. 2001-1276 of December 28, 2001 as amended by Article 88 of the Correcting Finances Law No. 2003-1312 of December 30, 2003, the State was authorized to receive a dividend based on the results of operations of the public institutions placed under its supervision, including Aéroports de Paris until its conversion into a *société anonyme*. The Minister in charge of the Economy and the Minister in charge of Budget were therefore empowered to set the amount of the dividend to be withdrawn each year on the distributable profit of Aéroports de Paris. In such context, Aéroports de Paris paid the State a dividend of 12.0 million euros for the fiscal year 2003 and 25.1 million euros for the fiscal year 2004 (order of July 22, 2005).

***Dividends paid subsequently to the conversion of Aéroports de Paris into a Société Anonyme***

Since the conversion of Aéroports de Paris into a *Société Anonyme*, the determination and payment of dividends are made in accordance with rules applicable to *Sociétés Anonymes*. For the fiscal year ended December 31, 2005, the annual shareholders' meeting dated April 18, 2006 decided to grant a dividend of 63.2 million euros.

Following a deliberation on March 30, 2007, the Board of Directors proposed submission for approval by shareholders at the ordinary general meeting on May 29, 2007 of the distribution for each Company share of a net dividend of 0.94 euro per share for the year 2006, an increase of 27% with respect to the 2005 dividend, in

accordance with the accepted guideline following the floating of Company shares on the Paris Bourse of distributing 50% of consolidated net income, Group's portion. In 2006, Aéroports de Paris increased the net income used as a basis for calculation of dividends by adding the 33.3 million euros corresponding to the charge, booked in the Company accounts, but actually borne by the State, of the 20% discount to employees having purchased shares within the ORS when the Company was listed. In due application of IFRS standards, this charge was offset by an identical amount of shareholders' equity.

#### 20.7.2. Distribution policy

The objective of Aéroports de Paris is to apply a dividend distribution policy representing 50% of its consolidated net income, Group's share, it being specified that future dividends will be assessed for each fiscal year, according to the Company's results, its financial position and any other factor deemed relevant.

#### 20.7.3. Statute of limitation

Unclaimed dividends shall be barred in favor of the State at the end of a five-year period as from their date of payment.

### 20.8. Legal proceedings

Aéroports de Paris is involved in a number of legal proceedings as part of the ordinary conduct of its business. Without prejudice of the section below, neither Aéroports de Paris nor any of its subsidiaries have been in the past or are currently party to any legal action, claim or arbitration procedure that could give rise in future, or has given rise in the recent past, to a material adverse impact on the financial position, assets or results of operations of Aéroports de Paris. Aéroports de Paris is not aware of any such case or claim against it being prepared or planned by a third party.

The aggregate amount claimed against Aéroports de Paris and its subsidiaries in legal actions and arbitrations is less than 100 million euros. The principal cases and claims against Aéroports de Paris are listed below:

#### ***Collapse of part of the boarding area of terminal CDG 2E***

On May 23, 2004, part of the roof of the boarding area of terminal CDG 2E collapsed, killing four people and wounding four others. This area was then closed for an indefinite period. A criminal and technical investigation was initiated soon after the incident and is still ongoing. At the civil law level, an initial expert report was ordered by the Paris *Tribunal de grande instance* on June 4, 2004 at the request of Aéroports de Paris, and a second expert report was ordered by the *Tribunal Administratif* of Cergy Pontoise on June 8, 2005 at the request of the Vinci group. An expert panel, consisting of the same three expert witnesses, all with building expertise, has been appointed by each of these courts. As a result, on the registration date hereof, no action in tort has been brought in connection with the collapse of terminal CDG 2. Within the framework of the expert report to the civil courts, the main purposes of which include the determination of the cause of the accident and the division of responsibility between the various parties involved in construction, the following claims for alleged damages have been made by certain parties (but without any claim as to which party is liable for the alleged damages): (i) Air France claims damages resulting from the closure of terminal CDG 2E of a total of 246 million euros, due to additional operating costs (198.6 million euros), operating losses (43.6 million euros), and damage to its reputation (20 million euros), with 17.4 million euros of cost savings deducted from its claim; (ii) ELIOR and Aelia also submitted claims for the respective sums of 3.2 million euros and 25.0 million euros. As of the date of this document, the expert panel was still conducting its review. Aéroports de Paris is not in a position to assess the financial impact of this accident on its accounts.

Aéroports de Paris also submitted a total claim of over 161 million euros at the Paris *Tribunal de grande instance* and the *Tribunal Administratif* of Cergy - Pontoise corresponding to additional costs of 57.2 million euros, operating losses of 89.5 million euros, and exceptional charges of 14.5 million euros. The Company estimates damages at 40 million euros. The cost of repairs and reconstruction of CDG 2E is estimated at 125 million euros (excluding design costs and supervision of construction), nearly all of which is covered by the Group's insurers. On the advice of its lawyers, Aéroports de Paris has brought a claim before the *Tribunal Administratif* of Paris against AIG, underwriter of the "Damage to Property" policy covering this incident, contesting its refusal, which Aéroports de Paris believes is groundless, to provide coverage for the indemnification of material damages that

are not covered under the Construction Project Policy (around 2 million euros before tax) and the loss of rental income over 24 months (around 7.8 million euros before tax).

On May 19, 2006, those eligible to claim for one of the victims of the collapse of part of the boarding platform at the CDG 2E terminal opened proceedings against Aéroports de Paris, among others, at the federal court of East New York State. In particular, they demand Aéroports de Paris be held responsible for payment of damages in compensation for the death of the victim and material and moral damages suffered as a result of the death, and payment of punitive damages for negligence in the design, construction, maintenance and evacuation of the 2E terminal.

The claims have not yet been quantified at this stage of proceedings. In due consideration of the preliminary status of the procedure, Aéroports de Paris is not yet in a position to evaluate potential risk, but it does entertain grave doubt as to the authority of the court.

### ***Motions against the CRE and the signature of the CRE by the Ministers, tariff decisions in 2006-2007, and certain regulatory provisions concerning the determination of certain fees***

In April 2006, the Airline Union, the National Federation for Merchant Aviation and the Association of Airline Representatives in France had each filed a motion with the *Conseil d'Etat* against the Economic Regulation Agreement (CRE). These motions were rejected by a decision of the *Conseil d'Etat* on April 25, 2007.

In May 2006, the Airline Union, the national federation of cargo aviation and the association of airline representatives in France all submitted a request to the *Conseil d'Etat* in order to cancel the tariff decision of April 14, 2006, taken in due application of the CRE.

In November 2006, Ryanair submitted a claim to the *Conseil d'Etat* against the implicit decision of the minister of transportation to reject its request for abrogation (i) of annex 3 of the CRE in its provisions concerning passenger fee tariffs, on the grounds that these distinguish between tariffs for internal flights, intra-Community flights in the Schengen area and outside the Schengen area, and (ii) the provisions of article 2 of the order of February 26, 1981 concerning passenger fees, on the grounds that these distinguish tariffs depending on the geographic destination<sup>111</sup>. Moreover, in August 2006 FedEx submitted an appeal against the implicit decision by the minister of transportation refusing to withdraw the CRE provisions in relation to suppression of the 20% reduction to the benefit of cargo transporters and the way in which landing fees are set.

Aéroports de Paris is not in a position to evaluate the risk posed by the various motions submitted to the *Conseil d'Etat*.

### ***Aéroport de Paris - Le Bourget - crash on January 20, 1995***

On January 20, 1995, birds were sucked into the engine of a Falcon plane, causing it to crash at Paris - Le Bourget airport. The seven passengers and three crew members were killed. Direct charges against the Chief Executive Officer of Aéroports de Paris in a criminal case were rejected by the Correctional Court on January 13, 1999, a decision confirmed by the Court of Appeals on June 9, 2000; a challenge to this decision was rejected by the Cour de Cassation on September 11, 2001. The legal assigns of five of the seven passengers brought six claims for damages against Aéroports de Paris and the French State in 1999 and 2000 before the *Tribunal Administratif de Paris*. On October 15, 2003, this court, in six different judgments, rejected the responsibility of Aéroports de Paris, and at this stage in the case ordered the French State to pay to the beneficiaries, including the *Caisse de Retraite du Personnel Navigant Professionnel de l'Aéronautique Civile* ("CRPNAC"), compensatory and actual damages of a total of approximately 800,000 euros. The beneficiaries of the passengers and/or the French State appealed against the rulings of October 15, 2003 in December 2003. In four resolutions on October 4, 2006, the Paris Court of Appeals confirmed the discharge of Aéroports de Paris. To our knowledge, these resolutions have not given rise to any further appeals. One procedure is still pending at the Paris Court of Appeals.

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<sup>111</sup> See 6.3.2.6. "Revenues from the operation of airports"

### ***Alpha Flight Services***

On May 21, 1992, Aéroports de Paris and Alpha Flight Services signed an agreement for the temporary occupation of the public domain in connection with a plot of land located at Paris - Orly airport for a 25-year period, with retroactive effect to February 1, 1990. On June 22, 1995, Alpha Flight Services filed a complaint with the Commission of the European Union, on which the Commission ruled on June 11, 1998 that there was an abuse of a dominant position leading to discriminatory practices in the setting of fees. The Commission's ruling was confirmed on December 12, 2000 by the Court of First Instance, and then by the European Court of Justice on October 24, 2002. On May 28, 2004, Alpha Flight Services filed a claim against Aéroports de Paris with the Paris Commercial Court on the grounds of loss of revenues, losses relating to excessive fees and excessive structural costs in relation to damages suffered from alleged anti-competitive practices for an amount (to be more precisely assessed afterwards) of 15 million euros. The special court (*Tribunal des conflits*) to which the conflict was taken on March 25, 2005 produced a resolution on January 15, 2007 confirming the authority of the Paris Commercial Court. The case is still pending at the court.

### ***Air Liberté (relocation to Paris - Orly)***

On March 31, 2000, Air Liberté filed a claim with the Paris Administrative Court against Aéroports de Paris and the French State for damages of 41.16 million euros arising from the discriminatory transfer of the company to Orly Sud. The damages claimed included a loss of market share (11.891 million euros) and increases in direct costs (29.27 million euros). In a judgment dated January 27, 2006, the Paris Administrative Court rejected Air Liberté's claim. Since no appeals have been lodged within the time period specified, this judgment is final.

### ***Beijing Opera***

Following the submission of an anonymous complaint, a criminal enquiry was launched by the Finance section of the Tribunal de Grande Instance in Paris in July 2003 concerning the conditions of the award of the contract for the construction of the Beijing Opera to Aéroports de Paris and Mr. Andreu in 1999. The investigation will examine allegations of abuse of privileged information, the illegal acquisition of interests and the bribery of foreign public agents.

Potential sanctions for individuals are up to three years' imprisonment and 375,000 euros in fines for abuse of privileged information, five years and 75,000 euros for the illegal acquisition of interests and 10 years and 150,000 euros for bribery of foreign public agents. For legal entities the fines could be up to 1,875,000 euros for abuse of privileged information and 750,000 euros for bribery of foreign public agents (at the time of the alleged events, the crime of illegal acquisition of interests was not applicable to legal entities). The criminal investigation is ongoing.

### ***Air France - heavy snow***

On July 26, 2004, Air France submitted a claim for damages to the Administrative Court of Cergy Pontoise claiming that Aéroports de Paris was responsible for failure to adequately maintain runways and other airport facilities at Paris - Charles de Gaulle following substantial snowfalls on January 4 and 5, 2003. Air France claims a total of 6.8 million euros. Aéroports de Paris has impleaded Météo France. This claim is covered by Aéroports de Paris' insurers.

### ***Trabet/Valerian SNC/SRTP/SIORAT and CEGELEC/EI IDF/AMEC (repair of runway 1 at Paris - Charles de Gaulle)***

In 2003, two government procurement contracts were awarded to consortia consisting of Trabet/Valerian SNC/SRTP/SIORAT and CEGELEC/EI IDF/AMEC for the civil engineering and signaling beacons on runway 1 at Paris - Charles de Gaulle. In summer 2004, having observed defects on runway 1 at Paris - Charles de Gaulle, Aéroports de Paris asked the Administrative Court in Cergy Pontoise to appoint an expert to produce an urgent report. The report on the nature and development of the defects was submitted on December 31, 2004. On November 4, 2004, Aéroports de Paris also submitted a request to the same court for the appointment of a legal expert. The Court appointed the same expert. The legal expert report is ongoing. The cost of remedial measures to the runway has been estimated by Aéroports de Paris to be 10 million euros. Repair work to a section of the runway was carried out in the summer of 2006, and the first 900 meters of runway will be included in repair work in the summer of 2007, which will on each occasion require closure of runway 1 and the distribution of traffic on

other runways. Costs related to the construction should be reduced by indemnities to be received from the contractors listed above and/or of their insurers, up to their respective limitations of liability.

### ***Service Médical d'Urgence***

Service Médical d'Urgences d'Aéroports de Paris (or "SMU") has provided emergency medical services within the airport sites through the date of this document, but Decrees No. 97-615, 97-616, 97-619 and 97-620 of May 30, 1997 and Decree No. 2005-840 of July 20, 2005 no longer authorize it to do so. Pending the resolution of the situation, which could result in the full transfer of emergency services to hospital authorities, Aéroports de Paris has instructed that the SMU must act in coordination with emergency call centers and the SAMU emergency services, and limit its actions to those areas of the airport not accessible to the SAMU emergency services. During this transitional period, Aéroports de Paris cannot ascertain that it will not be held responsible for a failure to respect the legal and regulatory provisions applicable to the SMU.

### ***Asbestos***

Aéroports de Paris is involved in contentious proceedings initiated by three former employees to obtain a decision setting out the company's criminal negligence following exposure to asbestos dust. These proceedings are intended to obtain an increase in funds from illness insurance and compensation from Aéroports de Paris for non-asset damages. In a judgment of November 21, 2006, the Créteil social security tribunal found Aéroports de Paris guilty of criminal negligence in one of the proceedings, and announced that a report would be drawn up to determine non-asset damages. The two other cases are ongoing. Aéroports de Paris considers that the financial consequences of these procedures do not represent a significant risk.

### **20.9. Material change in the financial or commercial position**

No material change in the financial or commercial position of the Company has occurred since the end of the fiscal year 2006.

**CHAPTER 21**  
**ADDITIONAL INFORMATION ON THE SHARE CAPITAL AND PROVISIONS OF THE BY-LAWS**

**21.1. Information on the share capital**

21.1.1. Share capital

Pursuant to Article 6 of its by-laws, the Company's capital amounts to 296,881,806 euros divided into 98,960,602 shares of par value three euros each, fully paid up.

21.1.2. Acquisition by the Company of treasury shares

***Share repurchase program in force on the day of registration of this Document de Référence (authorized by the mixed general assembly of May 22, 2006)***

At the mixed general assembly on May 22, 2006 (2<sup>nd</sup> resolution), Company shareholders authorized implementation of a repurchase program to authorize the purchase, sale or transfer of shares at any time and by any means, on official markets or over the counter, including purchase or sale in blocks, by public offers to purchase, sell or exchange, by the use of options or other financial future operations negotiated on an official market or over the counter or by provision of shares following the issue of securities giving access to company share capital by means of conversion, exchange, reimbursement, presentation of coupons or in any other way.

Purchase of company shares may relate to a number of shares, in such a way that:

- the number of shares bought by the company for the duration of the repurchase program does not exceed 5% of the shares making up company share capital, at any time - for the purposes of information, this was 4,948,030 shares at December 31, 2006;
- the number of shares held by the company at any time does not exceed 10% of the shares making up company share capital.

This authorization is intended to allow the company to take action on its shares with regard to the following:

- Allocation of shares to employees as their share in the fruits of company expansion and implementation of all company savings plans in the conditions laid down in law, particularly articles L.443-1 and following of the French Employment Code: or
- Provision of shares in the exercise of rights pertaining to securities giving access to company share capital by means of reimbursement, conversion, exchange, presentation of coupons or in any other way; or
- Cancellation of all or part of the repurchase stock; or
- Conservation and provision of shares (by exchange, payment or other methods) within the context of external growth operations; or
- Action on the secondary market or the liquidity of Aéroports de Paris shares by an investment operator acting independently to a liquidity contract in accordance with the deontological charter accepted by the AMF market authorities.

This program also allows the company to operate towards any other objective which has already been authorized or would be authorized by the law or regulations currently in force. Within this hypothesis, the company would officially inform its shareholders.

The mixed general assembly of May 22, 2006 set the maximum purchase price per share at 90 euros, the minimum selling price per share at 22.5 euros, and the overall amount of the share repurchase program at 400 million euros.

Except in the event of authorization by the ordinary general meeting of May 29, 2007 of the new program, authorization as described above, in force at the date of this *Document de Référence*, will terminate on November 22, 2007 at the latest - a period of eighteen months from authorization by the mixed general meeting of May 22, 2006.

***Synthesis of share repurchases in force at March 31, 2007 within the context of the program authorized by the mixed general meeting of May 22, 2006.***

Following its deliberations of December 21, 2006, the Company's Board of Directors decided to implement the share repurchase program within the context of a liquidity contract, under the conditions and to the ceilings set by the mixed general meeting of May 22, 2006.

The liquidity contract was drawn up with Crédit Agricole Chevreux, and became effective on January 1, 2007. Within the scope of this contract, the sum of 6 million euros was posted on the liquidity account.

The table below sets out the number, the accounting value and the nominal value of the shares held by Aéroports de Paris as of March 31, 2007. At this date, no Company shares were held directly or indirectly by subsidiaries of the Company.

Percentage of self-held share capital	0.0063%
Number of shares cancelled over the last 24 months	0
Number of securities held in portfolio	6,200 actions
Accounting value of the portfolio	393,175 euros
Market value of the portfolio	446,96 euros

Within the scope of the share repurchase program authorized by the mixed general meeting of May 22, 2006 and implemented following deliberations by the Board of Directors on December 21, 2006, until March 31, 2007, operations on own shares were as follows:

Accumulated gross flows	Purchases	Sells/transfers
Number of securities	35,65	29,665
Average transaction rate (in euros)	61.2	64.56
Amounts (in euros)	2,199,332	1,915,191

***Resolution in relation to authorization by the Board of Directors for action on Company shares, submitted to the ordinary general meeting of May 29, 2007.***

Authorization for share repurchase as described above should, subject to adoption at the ordinary general meeting of May 29, 2007, be replaced by the authorization envisaged in the sixth resolution proposed to the meeting, as reproduced below.

The general meeting, ruling on the conditions for quorum and majority required for ordinary general meetings, in full knowledge of the report by the Board of Directors, and in accordance with the provisions of articles L. 225-209 and following of the French Commercial Code, authorizes the Board of Directors in subdelegation to purchase or make arrangements for the purchase of Company shares with a view to the following:

- Allocation of shares to employees as their share in the fruits of company expansion and implementation of the company savings plan in the conditions laid down in law, particularly articles L.443-1 and following of the French Employment Code: or
- Provision of shares in the exercise of rights pertaining to securities giving access to company share capital by means of reimbursement, conversion, exchange, presentation of coupons or in any other way; or
- Cancellation of all or part of the repurchase stock, within the scope of authorization issued at the mixed general meeting of May 22, 2006 in its sixteenth resolution: or

- Conservation and provision of shares (by exchange, payment or other methods) within the context of external growth operations; or
- Action on the secondary market or the liquidity of Aéroports de Paris shares by an investment operator acting independently to a liquidity contract in accordance with the deontological charter accepted by the AMF market authorities.

This program also allows the company to operate towards any other objective which has already been authorized or would be authorized by the law or regulations currently in force. Within this hypothesis, the company would officially inform its shareholders.

Purchase of company shares may relate to a number of shares, in such a way that:

- The number of shares bought by the company for the duration of the repurchase program does not exceed 5% of the shares making up company share capital, at any time - this percentage is applied to share capital adjusted in accordance with operations subsequently affecting the general meeting. For the purposes of information, this was 4,948,030 shares at December 31, 2006:
- The number of shares held by the company at any time does not exceed 10% of the shares making up company share capital on the date considered.

Shares may be purchased, assigned or transferred at any time and by any means, on official markets or over the counter, including purchase or assignation in blocks (with no restrictions on part of the repurchase program which may be carried out in this way), by public offers to purchase, sell or exchange, by the use of options or other financial future operations negotiated on an official market or over the counter or by provision of shares following the issue of securities giving access to company share capital by means of conversion, exchange, reimbursement, presentation of coupons or in any other way, directly or indirectly, through an investment services operator.

The ordinary general meeting decided that the maximum purchase price per share was 90 euros, excluding load costs.

The maximum amount which the company may allocate to the share repurchase program authorized above may not exceed 400 million euros.

This authorization overrules, from this date, any previous arrangements for action on Company shares, issued by the mixed general meeting of May 22, 2006 to the Board of Directors. It is issued for a period of eighteen months from said date.

The general meeting delegates to the Board of Directors, in the event of modification of the nominal share value, an increase in share capital following the incorporation of reserves, free allocation of shares, division or regrouping of securities, distribution of reserves or any other assets, capital amortizations, or any other operations in relation to shareholders' equity, the power to adjust the above purchase price in order to take account of the incidence of such operations on the value of the share.

The general meeting confers all powers on the Board of Directors, with subdelegatory powers within the scope of the law, to decide and enact implementation of this authorization, in order to, if necessary, stipulate its terms and methods to carry out the purchase program, and in particular to carry out any stock exchange orders, draw up any agreement in relation to registration of purchases and sales of shares, make any declarations to the AMF market authorities and any other substituting authority, make any arrangements and, in general, carry out all the required operations.

### 21.1.3. Authorized and non-issued capital

Authorizations agreed at the mixed general meeting of May 22, 2006:

Securities Concerned	Term of authorization and expiration	Maximum nominal amount of capital increase / Maximum amount to be allocated to the repurchase program	Use of the authorizations (in euros)
<b>Issuances with preferred right (DPS)</b> Capital increase all securities taken into account	26 months July 2008	150 million euros (this global maximum amount being charged to the global maximum amount of 150 million euros)	None
<b>Issuances without preferred right (DPS)</b> Capital increase all securities taken into account	26 months July 2008	150 million euros (this global maximum amount being charged to the global maximum amount of 150 million euros)	35,878,836
<b>Capital increase by introduction of premiums, reserves, profits or others</b>	26 months July 2008	51.2 million euros (this global maximum amount being charged to the global maximum amount of 150 million euros)	None
<b>Increase of the number of securities in the event of an increase in share capital</b>	26 months July 2008	15% of an increase in share capital with or without preferred right (this overall maximum amount is attributed to the overall maximum nominal sum of 150 million euros)	None
<b>Issuances reserved for staff</b> Members of savings plans	26 months July 2008	5.2 million euros (this global maximum amount being charged to the global maximum amount of 150 million euros)	None
<b>Stock warrant issues <sup>(1)</sup></b>	18 months November 2007	15% of the total number of shares offered within the context of the share float (this overall maximum amount is attributed to the overall maximum nominal sum of 150 million euros)	4,918,470
<b>Share repurchase program <sup>(2)</sup></b>	18 months November 2007	400 million euros or 5% of the share capital	2,199,332 <sup>(3)</sup>

(1) This authorization had been issued within the context of the Aéroports de Paris share floating. It was only used for the overallocation option and is no longer in force.

(2) The mixed general meeting of May 22, 2006 authorized the Board of Directors to reduce Company share capital by canceling any self-held shares (the maximum number of shares which may be cancelled by the Company by virtue of this authorization, over a period of 24 months, is 10% of the shares which make up company capital). The share repurchase program has been in force since January 1, 2007.

(3) At March 31, 2007.

### 21.1.4. Other securities granting access to the capital

There is currently no security granting access to the Company's capital.

### 21.1.5. Capital evolution chart

The table below shows trends in the Company's share capital since it was initially set by Decree no. 2005-828 of July 20, 2005.

Date of decree or meeting of shareholders	Operation	Number of shares issued	Nominal value of shares (in euros)	Nominal amount of share capital increase (in euros)	Share issue premium (in euros)	Accumulated share capital (in euros)	Accumulated number of shares
Decree of 20 July 2005 (effective as of 22 July 2005)	NA	NA	3	NA	NA	256,084,500	85,361,500
May 22, 2006 (as stated by the Chief Executive Officer on June 20, 2006)	Share capital increase with no preferred rights	11,959,612	3	35,878,836	490,344,092	291,963,336	97,321,112
May 22, 2006 (as stated by the Chief Executive Officer on June 27, 2006)	Exercise of stock warrants	1,639,490	3	4,918,470	68,858,602	296,881,806	98,960,602

NA = not applicable

#### 21.1.6. Options on the Company's capital

No stock option plan has been set up by the Company.

For a description of the contractual agreement entered into between Aéroports de Paris and Aelia, a subsidiary of the Hachette Distribution Services group, see paragraph 6.3.5.3. "Commercial Distribution: *Société de Distribution Aéroportuaire*".

#### 21.1.7. Non-capital securities

Aéroports de Paris regularly uses debt financing. Over the last ten years, whereas it still was a public institution, Aéroports de Paris issued six international debenture loans in 1996, 1998, 2000, 2001, 2002 and 2003. Such bonds that were all listed on Eurolist by Euronext S.A. in Paris, bear annual interest at fixed rate and are fully redeemable at par *in fine*. The net proceed from the issuance of each of those loans has been used for the purposes of funding the investments of Aéroports de Paris.

Since its conversion into a *société anonyme*, Aéroports de Paris issued, on December 6, 2005, a private debenture loan bearing interest at a variable rate for an amount of 200 million euros. This loan, issued pursuant to an authorization of the Company's Board of directors of October 27, 2005, has been subject to an underwriting by a bank of international standing. This debenture loan, which was not listed, can be repaid at par in 2008.

The outstanding debenture loan of Aéroports de Paris amounted to 1.684 billion euros as at December 31, 2006. The following chart sets out the main features of the debenture loans issued by Aéroports de Paris and not yet repaid:

Issuance	Currency	Coupon rate	Expiry date	Amount issued (in currencies) (in million)	Listing place	ISIN Code
July 06, 1998	Euros (issuance in French Francs)	4.95%	October 25, 2008	1,000 (152.449 in euros)	Euronext Paris	FR0000583676
Feb 15, 2000	Euros	5.875%	February 15, 2010	450	Euronext Paris	FR0000498230
March 15, 2001	Euros	5.25%	March 15, 2011	400	Euronext Paris	FR0000485831
March 25, 2002	Euros	5.25%	March 25, 2012	350	Euronext Paris	FR0000488611
March 11, 2003	Euros	4.10%	March 11, 2013	300	Euronext Paris	FR0000472987

For further information on debenture loans issued by Aéroports de Paris, see annex 1 "Notes to Consolidated Accounts for the Fiscal Year ended December 31, 2006 (note 28)".

Finally, on the date of registration hereof, Aéroports de Paris does not have any other outstanding non-capital financial instrument.

## **21.2. Provisions of the by-laws**

See also information in paragraph 5.1. "History and development of the Company".

### 21.2.1. Corporate purpose (Article 2 of the by-laws)

The purpose of the Company, in France and abroad, is to:

- Perform the construction, laying-out, operation and development of airport facilities;
- Develop any industrial or service activity in the airport area for any category of clients;
- Value all the movable and real estate assets it holds or uses;
- Take, acquire, operate or sell any processes and patents concerning activities that are related to the aforementioned purposes;
- Directly or indirectly take part in any transactions that could relate to any of such purposes, through the incorporation of new companies or corporations, contribution, subscription or purchase of securities or corporate rights, acquisition of interest, merger, association or otherwise; and
- Generally, carrying out any industrial, commercial, financial, movable or real estate transactions directly or indirectly related to any of the aforementioned purposes.

### 21.2.2. Provisions relating to administration, management and supervision bodies

The provisions relating to administration, management and supervision bodies are detailed in Chapters 14 and 16.

### 21.2.3. Modification of the share capital and rights attached to the shares

Any change in the capital or voting rights attached to the securities forming it shall be submitted to general law rules, since the by-laws do not include any specific provisions.

### 21.2.4. Fiscal year (Article 22 of the by-laws)

The Company's fiscal year shall have a 12-month term; it shall start on January 1 and end on December 31 of each year.

### 21.2.5. Shareholders' meetings (Article 20 of the by-laws)

#### ***Calling of meetings***

The ordinary and extraordinary shareholders' meetings and special meetings, if any, are called, are held and rule under the conditions provided for by the Law. They are held at the registered office or in any other place mentioned in the notice of meeting.

#### ***Participation in meetings***

All shareholders, regardless of the number of shares they hold, are entitled to take part in shareholders' meetings or in operations by a central depository by account postings of the securities in the name of the shareholder or the intermediary, if they can justify their right to take part in general meetings on the third working day preceding the meeting at zero hours (Paris time), either in the accounts of registered securities held by the Company or in accounts for bearer securities held by the official intermediary.

Registration or account posting of securities in bearer security accounts held by the official intermediary is recorded by an attestation provided by the intermediary, by electronic means, as an attachment to the form for remote voting or voting by proxy or to the official admission drawn up in the name of the shareholder or to the

account of the shareholder represented by the intermediary registered. Shareholders wishing to attend the meeting in person who have not received their official admission on the third working day preceding the meeting at zero hours (Paris time), may also make arrangements to have an attestation issued.

These formalities must be carried out five days at least before the meeting. The Board of Directors may reduce or suppress this time-period in favor of all shareholders.

The Board of Directors may, if it deems it useful, deliver to shareholders the named and personal passes and require the presentation of such passes to have access to the shareholders' meeting.

If the Board of Directors so decides at the time of the calling of the meeting, shareholders may attend the meeting by videoconference or through any telecommunication means enabling their identification under the terms and conditions set by applicable regulation.

Any shareholder may be represented by his/her spouse or by another shareholder in all meetings. He/she may also vote by mail under legal conditions. As from such certification, the shareholder may choose another method of participation to the shareholders' meeting. To be validly accepted, the vote form must be received by the Company no later than three days before the date of the meeting.

Owners of securities mentioned in the third paragraph of Article L. 228-1 of the French Commercial Code (owners whose domicile is located outside of the French territory, as defined in Article 102 of the French Civil Code) may be represented, under the conditions provided for by the law, by a registered intermediary.

#### ***Voting right (Article 11 of the by-laws)***

In all shareholders' meetings, each shareholder has as many votes as the number of paid up shares he/she owns or represents, without limitations other than those that could result from legal provisions. There is no clause of the by-laws providing for a double or multiple voting right in favor of shareholders of Aéroports de Paris.

#### **21.2.6. Provisions of the by-laws resulting in delaying, deferring or preventing a change of control**

Pursuant to Article 7 of the Company's by-laws, and in accordance with the provisions of Article L. 251-1, paragraph 2 of the French Code of Civil Aviation, "changes in the share capital cannot result in having the State lose the majority of the share capital".

#### **21.2.7. Identification of shareholders (Article 9 of the by-laws and French Commercial Code)**

The shares are registered shares or bearer shares, at the shareholder's choice, subject to legal and regulatory provisions.

Shares may be registered in the name of an intermediary under the conditions set forth by Articles L. 228-1 *et seq.* of the French Commercial Code. The intermediary is bound to disclose its capacity as intermediary holding securities on behalf of someone else, under legal and regulatory conditions.

The provisions of the above paragraphs shall also apply to other securities issued by the Company.

The Company is entitled, subject to applicable legal and regulatory conditions, to ask from time to time, against remuneration borne by it, the central depository in charge of keeping the security issuance account, as the case may be, to give the name or corporate name, nationality, birth date or year of incorporation, and address of holders of bearer securities granting, immediately or in the future, the right to vote at its own shareholders' meeting, and the quantity of securities held by each of them and restriction, if any, imposed on the securities. The Company, in view of the list forwarded by the aforementioned body, has the possibility to ask to the persons appearing on this list and whom the Company considers that they could be registered on behalf of third parties, the above information regarding the owners of securities.

In case of registered form giving immediate or future access to the capital, the intermediary registered under the conditions provided for in Article L. 228-1 of the French Commercial Code is bound, within ten business days as

from the request, to disclose the identity of owners of securities, and the quantity of securities held by each of them upon simple request of the Company or its agent, request that can be submitted at any time.

#### 21.2.8. Threshold excess (Article 9 of the by-laws)

The Company's shares may be freely transferred subject to legal and regulatory provisions.

Article 9 of the Company's by-laws provides that any individual or legal entity, acting alone or in concert, who would hold, directly or indirectly, a portion of capital or voting rights of securities granting future access to the Company corresponding to 1%, must inform the Company thereof by registered letter with return receipt requested within five trading days as from the day this 1% threshold is exceeded. This information must indicate the identity of the person concerned and that of persons acting in concert with him/her and the total number of shares, voting rights or securities granting future access to the capital that this person owns. This information obligation also relates to the holding of each additional 1% portion of capital or voting rights or securities granting access to the Company's capital in the future; it being specified that in the event that any of the thresholds referred to in the seventh paragraph of Article L. 233-7 of the French Commercial Code is exceeded (see below), the information must mention to the Company the intention of the holder(s). As soon as this threshold is exceeded, a statement must be made under conditions identical to those mentioned above, each time a new 0.5% threshold is reached or exceeded, upward and downward, for any reason whatsoever.

The intermediary registered as holder of shares in accordance with the third paragraph of Article L. 228-1 of the French Commercial Code is bound, without prejudice to the obligations of owners of shares, to make the above statements for all the shares for which it is registered.

Moreover, pursuant to the provisions of Article L. 233-7 of the French Commercial Code, when shares of a company having its registered office on the territory of the Republic are listed on a regulated market, any individual or legal entity, acting alone or in concert, who would own a number of shares representing more than 5%, 10%, 15%, 20%, 25%, 33<sup>1/3</sup>%, 50%, 66<sup>2/3</sup>%, 90% or 95% of the capital or voting rights of the Company, must inform the Company within five trading days as soon as the participation threshold is exceeded, of the total number of shares or voting rights it/he/she owns. Such person must also inform the *Autorité des marchés financiers* thereof within five trading days as soon as the participation threshold is exceeded. Such information obligations shall apply within the same time-periods in the event that the above-mentioned thresholds are exceeded downward.

Pursuant to the provisions of Article L. 233-14 of the French Commercial Code, failing to have been regularly declared, the shares exceeding the portion that should have been declared in accordance with the above-mentioned provisions of the by-laws and/or the law shall be deprived of voting right for all shareholders' meeting to be held until the expiration of a two-year period following the date of regularization of the notification. In case of non-compliance with the provisions of the by-laws, this suspension must be included in a request from one or more shareholders holding a portion at least equal to 3% of the capital or voting rights in the Company and must be entered in the minutes of the shareholders' meeting.

#### 21.2.9. Statutory allocation of profits and payment of dividends (Articles 11, 24 and 25 of the by-laws)

Each share shall entitle to profits and corporate assets in proportion to the portion of capital it represents.

5% at least shall be withdrawn from the profit of the fiscal year, less previous losses, if any, to form the legal reserve. Such withdrawal shall no longer be required in the event that the reserve reaches one-tenth of the share capital; it is required once again when, for any reason whatsoever, the legal reserve is below one-tenth.

The distributable profit is formed by the profit for the fiscal year, less previous losses, and amounts to constitute the reserves pursuant to the law or the by-laws, and increased by the beneficiary carry-forward. On such profit, the shareholders' meeting may withdraw all amounts it deems appropriate to allocate to any facultative reserves or to carry forward.

The shareholders' meeting may decide to distribute sums withdrawn from the reserves, by expressly indicating the reserve items on which withdrawals are made. However, dividends are withdrawn in priority on the distributable profit for the fiscal year.

The terms and conditions of payment of dividends voted by the shareholders' meeting are set by it or, failing it, by the Board of Directors.

The shareholders' meeting shall have the possibility to grant shareholders, for all or part of the distributed dividend, an option between payment in cash, in new shares of the Company or payment in kind, under legal conditions. When a balance sheet, prepared during or at the end of the fiscal year and certified by a statutory auditor, shows that the Company, since the end of the previous fiscal year, after constitution of necessary amortization and reserves, and after deduction of previous losses, if any, and reserved sums pursuant to the law or the by-laws, and considering the carry forward, has made a profit, interim dividends may be distributed before the approval of the accounts for the fiscal year. The amounts of such interim dividends cannot exceed the amount of the profit so defined.

## CHAPTER 22 MATERIAL CONTRACTS

Material contracts other than those entered into in the ordinary course of business to which Aéroports de Paris or any other member of the Group is a party are the following:

- the Economic Regulation Agreement entered into on February 6, 2006 between the State and Aéroports de Paris, the purpose of which is to set, for the 2006-2010 period, the maximum average rate of evolution of the main fees for services, to present the investment program planned by Aéroports de Paris and to determine the service quality targets of Aéroports de Paris<sup>112</sup>;
- pursuant to Article 3 of the Law of April 20, 2005 an agreement was entered into on March 30, 2006 between the State and Aéroports de Paris setting forth the terms and conditions of retrocession by Aéroports de Paris to the State of a portion of the real estate gain in case of shutting-down to public air traffic of all or part of an airfield operated by Aéroports de Paris<sup>113</sup>.

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<sup>112</sup> See 6.3.2.6. "Revenues from the operation of airports"

<sup>113</sup> See 6.6.2.4. "Ownership of assets; obligation to pay a share of capital gains on the sale of closed airport sites to the French State "

**CHAPTER 23**  
**INFORMATION FROM THIRD PARTIES, EXPERTS' STATEMENTS AND STATEMENTS OF INTEREST**

Not applicable.

## CHAPTER 24 DOCUMENTS AVAILABLE FOR THE PUBLIC

The Company's press releases and annual reports including, in particular, historical financial data on the Company are available on the Company website at the following address: [www.aeroportsdeparis.fr](http://www.aeroportsdeparis.fr), and a copy may be obtained thereof at the Company's registered office, 291 boulevard Raspail, 75014 Paris<sup>114</sup>.

The Company's by-laws and the minutes of the shareholders' meetings, the unconsolidated and consolidated accounts, the statutory auditors' reports and all other corporate documents are available, in hard copy, at the Company's registered office.

### ***Investor contact***

Delphine DESHAYES  
Investors Relations Manager  
Phone: 01 43 35 72 58  
Address: 291 boulevard Raspail, 75014 Paris (registered office).

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<sup>114</sup> See annex 8 hereof

## CHAPTER 25 INFORMATIONS ON INTERESTS

Information regarding companies in which the Company holds a portion of the capital that might have a significant impact on the assessment of its assets, financial position or results appears in chapter 6<sup>115</sup>.

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<sup>115</sup> See 6.3. "Activities of Aéroports de Paris"

**ANNEX 1**  
**CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2006**

**Consolidated income statement**

<i>In thousands of euros</i>	<b>Notes</b>	<b>2006</b>	<b>2005</b>
<b>Revenues</b>	7	<b>2 076 835</b>	<b>1 920 796</b>
Other ordinary operating income	8	28 682	12 258
Own work capitalized	9	43 301	47 116
Changes in finished goods inventory		(163)	205
Raw materials and consumables used		(121 554)	(106 206)
Employee benefits costs		(648 068)	(611 498)
Other ordinary operating expenses	11	(701 083)	(685 555)
Depreciation and amortization	12	(273 853)	(262 171)
Impairment of assets, net	12	25 287	17 792
Net allowance to provisions	12	(38 469)	4 715
<b>Ordinary income from operating activities</b>		<b>390 916</b>	<b>337 453</b>
Other operating income and expenses	13	(57 024)	23 462
<b>Ordinary income</b>		<b>333 892</b>	<b>360 915</b>
Finance income	14	71 372	56 870
Finance expenses	14	(155 859)	(145 625)
<b>Net finance costs</b>	14	<b>(84 488)</b>	<b>(88 755)</b>
Share in earnings of associates	15	3 573	2 868
<b>Interest before tax</b>		<b>252 977</b>	<b>275 029</b>
Income tax expense	16	(100 841)	(95 092)
<b>Net income for the period</b>		<b>152 136</b>	<b>179 937</b>
<i>Net income attributable to minority interests</i>		-	-
<i>Net income attributable to equity holders of the parent</i>		152 136	179 937
<b>Earnings per share (EPS) attributable to holders of ordinary shares of the parent</b>			
<i>Basic EPS (in euros)</i>	17	1,64	2,11
<i>Diluted EPS (in euros)</i>	17	1,64	2,11

## Consolidated balance sheet

<i>In thousands of euros</i>	<i>Notes</i>	<i>At 31.12.2006</i>	<i>At 31.12.2005</i>
<b>ASSETS</b>			
Intangible assets	18	36 714	30 325
Property, plant and equipment	19	4 838 942	4 423 613
Investment property	20	284 233	305 648
Investments in associates	15	20 186	19 401
Other non-current financial assets	21	242 045	167 316
Deferred tax assets	16	1 417	1 620
<b>Non-current assets</b>		<b>5 423 537</b>	<b>4 947 923</b>
Inventories	22	7 462	5 981
Trade receivables	23	401 089	345 001
Other accounts receivable and prepaid expenses	24	115 164	146 658
Other current financial assets	21	84 267	233 093
Current tax assets	16	654	1 777
Cash and cash equivalent	25	509 188	388 348
<b>Current assets</b>		<b>1 117 823</b>	<b>1 120 858</b>
<b>TOTAL ASSETS</b>		<b>6 541 361</b>	<b>6 068 781</b>

<i>In thousands of euros</i>	<i>Notes</i>	<i>At 31.12.2006</i>	<i>At 31.12.2005</i>
<b>EQUITY AND LIABILITIES</b>			
Share capital	26	296 882	256 085
Share premium	26	542 747	-
Translation reserve	26	(200)	1 008
Fair value reserve	26	70 728	19 302
Retained earnings	26	1 724 496	1 574 396
Net income for the period		152 136	179 937
<b>Equity</b>		<b>2 786 789</b>	<b>2 030 727</b>
Non-current debt	28	2 270 411	2 571 380
Provisions for employee benefit obligation (more than one year)	27	388 354	374 985
Other non-current provisions	27	357	802
Deferred tax liabilities	16	74 044	56 703
Other non-current liabilities	29	33 123	33 918
<b>Non-current liabilities</b>		<b>2 766 289</b>	<b>3 037 788</b>
Trade payable	30	411 178	434 719
Other liabilities and deferred income	31	309 133	262 316
Current debt	28	158 286	207 532
Provisions for employee benefit obligation (less than one year)	27	29 933	26 747
Other current provisions	27	71 475	33 295
Current tax payables	16	8 278	35 657
<b>Current liabilities</b>		<b>988 283</b>	<b>1 000 266</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6 541 361</b>	<b>6 068 781</b>

## Consolidated cash flow statement

<i>In thousands of euros</i>	<i>Notes</i>	<b>2006</b>	<b>2005</b>
<b>Operating income</b>		<b>333 892</b>	<b>360 915</b>
Adjustment for non-cash income and expenses			
- Depreciations, amortization, impairment and net allowance to provisions		328 774	261 056
- Capital losses (gains) on disposals		(1 464)	5 594
- Costs of employee benefits as part of the employee profit-sharing offer		33 331	-
- Others		381	(1 774)
Time lag in receipt of insurance payments for Terminal 2E		41 411	38 589
Interest expense other than cost of net debt		(414)	(512)
<b>Operating cash flow before changes in working capital and tax</b>		<b>735 910</b>	<b>663 869</b>
Decrease (increase) in inventories		(1 481)	(1 187)
Increase in trade and other receivables		(6 862)	(11 329)
Increase in trade and other payables		(65 254)	31 027
<b>Change in working capital</b>		<b>(73 597)</b>	<b>18 510</b>
Income taxes paid		(110 559)	(28 875)
<b>Cash flow from operating activities</b>		<b>551 754</b>	<b>653 504</b>
Disposal of subsidiaries (net of cash) and associates	32	-	11 050
Acquisitions of subsidiaries (net of cash acquired)		(20)	4
Purchase of property, plant & equipment and intangible assets	32	(712 461)	(578 925)
Acquisition of non-consolidated equity interest		(10 001)	(40)
Change in other financial assets		2 761	1 962
Proceeds from sale of property, plant & equipment	32	147 678	387
Proceeds from sale of non-consolidated investments		270	68
Dividends received		3 153	2 971
Increase in capital investment payables		13 080	29 916
<b>Cash flow from investing activities</b>		<b>(555 540)</b>	<b>(532 607)</b>
Capital grants received (repaid) in the period		1 473	(237)
Proceeds from issue of shares or other equity instruments	3.1.1	583 543	-
Dividends paid to shareholders of the parent company		(63 168)	(25 174)
Proceeds on insurance of long-term debt	28	6 610	332 461
Repayment of long-term debt	28	(316 248)	(115 832)
Interest paid		(151 069)	(145 268)
Interest received		64 480	50 088
<b>Cash flow from financing activities</b>		<b>125 621</b>	<b>96 038</b>
Impact of first application of IAS 32 & 39		-	418
Impact of currency fluctuations		(61)	-
<b>Change in cash and cash equivalent</b>		<b>121 774</b>	<b>217 353</b>
Net cash and cash equivalents at beginning of period	32	381 328	163 975
Net cash and cash equivalents at end of the period	32	503 102	381 328

As in 2005, cash flows have been restated in 2006 to take into account the time lag between booking expected insurance indemnities following the Terminal 2E accident and actual receipt of the funds.

## Statement of changes in equity

<i>In thousands of euros</i>	Share capital	Share premium	Translation reserve	Fair value reserve	Retained earnings	Group share	Minority interests	Total
<b>At 31 December 2004</b>	256 085	-	(977)	-	1 593 672	1 848 780	-	1 848 780
First-time application of IAS 32&39				(77)	5 898	5 821		5 821
<b>At 1 January 2005</b>	256 085	-	(977)	(77)	1 599 570	1 854 601	-	1 854 601
Translation adjustments			1 985			1 985		1 985
Change in fair value of available-for-sale investments				19 379		19 379		19 379
<b>Net income booked directly to shareholders' equity</b>	-	-	1 985	19 379	-	21 364	-	21 364
Consolidated income for 2005					179 937	179 937	-	179 937
<b>Total of revenues and charges booked for the period</b>	-	-	1 985	19 379	179 937	201 301	-	201 301
Dividend payout					(25 174)	(25 174)		(25 174)
<b>At 31 December 2005</b>	256 085	-	1 008	19 302	1 754 332	2 030 727	-	2 030 727

<i>In thousands of euros</i>	Share capital	Share premium	Translation reserve	Fair value reserve	Retained earnings	Group share	Minority interests	Total
<b>At 1 January 2006</b>	256 085	-	1 008	19 302	1 754 333	2 030 727	-	2 030 727
Translation adjustments			(1 207)			(1 207)		(1 207)
Cost of employee benefits as part of the employee profit-sharing offer					33 331	33 331		33 331
Change in fair value of available-for-sale investments				51 426		51 426		51 426
<b>Net income booked directly to shareholders' equity</b>	-	-	(1 207)	51 426	33 331	83 550	-	83 550
Consolidated income for 2006					152 136	152 136	-	152 136
<b>Total of revenues and charges booked for the period</b>	-	-	(1 207)	51 426	185 467	235 686	-	235 686
New share issue	40 797	542 747			-	583 544		583 544
Dividend payout					(63 168)	(63 168)		(63 168)
<b>At 31 December 2006</b>	296 882	542 747	(200)	70 728	1 876 632	2 786 789	-	2 786 789

See note 26.

### Note 1 - Statement of compliance

Pursuant to EU regulation 1606 / 2002 dated 19 July 2002, the Group's consolidated financial statements for 2006 have been drawn up in compliance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

The Group did not opt to recognize actuarial gains and losses in full on its defined-benefit pension plans, as specified in the amendment to IAS 19. The Group continues to use the corridor approach to recognise actuarial differences on the income statement, spread over the average remaining service lives of employees benefiting from the plan.

## **Note 2 - Preliminaries**

On 14 March 2007, the Board of Directors approved the financial statements of the Aéroports de Paris Group at 31 December 2006. These financial statements will not be definitive until the Annual General Meeting of Shareholders has approved them on 29 May 2007.

Aéroports de Paris ("the Company") is a company domiciled in France.

Parent company: AÉROPORTS DE PARIS  
Registered office: 291, boulevard Raspail – 75014 Paris, France  
Legal form: A French "Société Anonyme" (public limited company) with share capital of 296,881,806 euros  
SIREN: 552 016 628 RCS Paris

The consolidated financial statements are presented in euros.

All companies consolidated within the Group prepared their annual individual financial statements at 31 December 2006.

## **Note 3 - Comparability of financial years**

### **3.1. Significant events**

#### **3.1.1. Opening of capital**

- Changes in the share capital of Aéroports de Paris

Aéroports de Paris has opened its capital through an initial public offering comprised of:

- 15,310,584 shares sold by the French government
- and the issue of 13,599,102 new shares with a nominal value of 3 euros, as part of the capital increase of AÉROPORTS DE PARIS.

The offer was divided into an Open Price Offer reserved for individual investors in France, a Guaranteed Investment for resident and non-resident institutional investors and a special offer reserved for employees.

The new share issue was accompanied by an issue premium of 559,203 euros.

IPO-related expenses (net of the corresponding tax savings) were charged to the issue premium for a total of 16,456 thousand euros.

The new share issue increased stockholders' equity by 583,544 thousand euros.

Trading in the shares began on 16 June 2006.

Following the initial public offering, the shareholding structure of Aéroports de Paris was as follows, expressed as a percentage of share capital:

- The French State owns 68.4% of the Company's share capital and voting rights
- Institutional and individual shareholders own 29.2%
- Employees own 2.4%.

The share capital of Aéroports de Paris changed as follows in 2006:

	Number of shares	Nominal value (euros)	Share capital (thousands of euros)
<b>Share capital at 1 January 2006</b>	<b>85 361 500</b>	<b>3,00</b>	<b>256 085</b>
Subscriptions to new shares as part of the Open Price Offer	11 959 612	3,00	35 879
Exercise of share warrants as part of the green shoe option	1 639 490	3,00	4 918
<b>New share issue</b>	<b>13 599 102</b>	<b>3,00</b>	<b>40 797</b>
<b>Share capital at 31 December 2006</b>	<b>98 960 602</b>	<b>3,00</b>	<b>296 882</b>

- Offer reserved for employees

In 2006, as part of the opening of the capital of Aéroports de Paris through an initial public offering, and in compliance with the last paragraph of article 11 of the law N°86-912 of 6 August 1986 and the order of the French Minister of the Economy, Finance and Industry of 30 May 2006, the French government decided to reserve a preferential offer for the employees and former employees of Aéroports de Paris and certain of its Subsidiaries, on a number of existing shares representing 10% of the total number of shares issued on the market as part of the opening of a minority stake in the Company's capital.

The terms and advantages of this offer are summarised below:

Beneficiaries Formulas	All eligible beneficiaries		Employees w/ PEG (group savings plan)	
	"Paris-Dispo"	"Paris-Plus"	"Paris-Maxi"	"Paris-Multi" with gearing effect
Discount	None	20%	20%	20%
Discounted purchase price (in euros)	44.00	35.20	35.20	35.20
Matching bonus <sup>(1)</sup> up to €4.14	None	None	100% up to 600 € 40% from 601 to 2,600 € 25% from 2.01 to 13,560 €	None
Payment schedule	Cash	Cash or 30/30/40 or 24 monthly payments	Cash or 30/30/40 or 36 monthly payments	Cash or 30/30/40 or 36 monthly payments
Bonus shares up to a maximum limit of €1,295 in free shares	1 for 3 after 1 year	1 for 2 up to €700 then 1 for 4 after 3 years	1 for 1 up to €700 then 1 for 4 after 3 years	None
Availability	Immediately	Differed (2 years)	Differed (5 years)	Differed (5 years)

(1) Except for Alyzia Group employees

As part of this offer, Group employees subscribed to 2,376,009 shares, including 1,522,878 shares via the "Aéroports FCPE" company investment fund.

In compliance with IFRS 2 on share-based payments, benefits granted to employees as part of reserved share offers are valued at the grant date. They are considered an additional payment that is reported as a charge for the year. The total of 33,331 thousand euros booked on 15 June 2006 corresponds for each formula to the difference between:

- The market value of each share based on the Open Price Offer for individual investors of 44 euros per share, increased by the proportion of future free shares;

- And the disposal price by the French State after any discounts, or 44 euros or 35.20 euros depending on the formula used.

This charge also includes the cost of payment facilities granted to employees, although it does not take into account the disadvantage due to any blackout periods.

The matching bonus for employees as part of this offer amounted to 9,578 thousand euros.

The special offer for employees and the matching bonus are non-recurring items and the cost was reported in "Other operating income and charges".

- Issue premium

Only external costs expressly related to the new share issue were reported as IPO expenses. These IPO-related expenses were charged to the issue premium for a total net of taxes of 16,455 thousand euros.

Other costs, which are comprised of charges for the year, were reported in the income statement as "Other operating income and charges" for a total of 9,907 thousand euros.

### 3.1.2. Economic Regulation Contract (CRE)

In compliance with the measures specified in article L.224-2-II of the French Civil Aviation Code, a multi-annual contract was signed on 6 February 2006 between Aéroports de Paris and the French government, called the "contrat de régulation économique" (CRE) or economic regulation contract.

The contract covers the period 2006-2010 and sets the terms for adjusting airport fees, which were approved at a maximum of 3.25% a year (excluding inflation).

Between 4 and 6 April 2006, the French airline associations *Syndicat des compagnies aériennes autonomes* (SCARA), *Fédération nationale de l'aviation marchande* (FNAM) and representatives of airline companies in France each filed a brief and lawsuit with the French Council of State to annul the Economic Regulation Contract (ERC) due to alleged internal and external legal vices and to annul the decisions of the French Minister of the Economy, Finance and Industry and the Minister of Transport, Equipment, Tourism and the Sea to sign the aforementioned agreement.

In its defence, Aéroports de Paris asserts, in particular, that the determination of price changes is not tainted by any manifest error of appreciation having regard to administrative case law, and that the ERC entered into with the State was prepared in accordance with the provisions of Article R. 224-4 of the Civil Aviation Code. However, it cannot give any guarantee as to the eventual outcome of these proceedings. In the event that the ERC is set aside, the increase in airport fees that has taken place since it was entered into could be delayed until a new regulation contract is concluded or until the annual fixing of fees.

In this context, SCARA (*Syndicat des compagnies aériennes autonomes*), Federal Express and Ryanair have each filed an application with the French Council of State to have the airport fees set aside.

### 3.1.3. Dividend payout

In accordance with the decision of the Ordinary General Shareholders' Meeting of 18 April 2006, a dividend of 63,168 thousand euros was paid to the French State in May 2006.

### 3.1.4. Consequences of the accident in 2004 at Terminal 2E

To date, the expert report as part of civil and criminal proceedings has not been completed yet. The seals restricting access to the area were lifted in early November 2006.

In July 2005, Air France - KLM filed a claim to the court-appointed experts in charge of determining the cause of the accident and any damages incurred by the parties. In the claim, the amount of the loss was valued at 246 million euros.

Because, firstly, no claim has been submitted against Aéroports de Paris, as no right to compensation for any damages has yet been demonstrated and, secondly, the final burden of any compensation for damages remains contingent on the sharing of liability that will be determined by the courts, there is at this time no basis upon which to determine a provision in respect of this matter.

Aéroports de Paris has also filed a loss claim for the accident.

### 3.1.5. Tax audit

In 2006, the French tax authorities began to audit the 2003 and 2004 accounts of AÉROPORTS DE PARIS, the parent company. A rectification proposal was sent to the Company on 31 December 2006, and a provision in the 2006 accounts covers the proposed adjustment.

## 3.2. Changes in accounting policies

The accounting policies used by the Group in its consolidated financial statements are comparable to those used at 31 December 2005 with the exception of the following standards or interpretations, which took effect on 1 January 2006:

- IAS 1 and amendment to IAS 19 - Recognition of actuarial gains and losses
- IAS 21 - Net investment in a foreign business
- Amendment to IAS 39 - Fair value option
- Amendment to IAS 39 - Cash flow hedges of forecast intragroup transactions
- Amendment to IAS 39 and IFRS 4 - Financial guarantee contracts
- IFRS 6 - Exploration for and evaluation of mineral resources and Amendment to IFRS 1
- IFRIC 4 - Determining whether an arrangement contains a lease
- IFRIC 5 - Rights to interests arising from decommissioning, restoration and environmental funds
- IFRIC 6 - Liabilities arising from participating in a specific market - waste electrical and electronic equipment

Adoption of these new standards and interpretations did not have an impact on the Group's financial statements at 31 December 2006.

Another accounting change in 2006 concerns the presentation of finance income recognized by the Group as lessor in respect of finance leases in compliance with IAS 17. These proceeds, which were previously reported as Finance income, are now recognized under a specific heading of Revenue. The Group esteems this is the only accounting method that provides an accurate image of the financial performance of the real estate segment, where this income occurs. The income statement and cash flow statement were restated to ensure comparability. The full-year impact of this accounting change is 6,575 thousand euros in 2006 and 6,216 thousand euros in 2005.

In accordance with IAS 8.30, Aéroports de Paris has opted not to apply certain standards and interpretations approved by the European Union but that are not mandatory in 2006, notably:

- IFRS 7 - Disclosures on financial instruments;
- IAS 1 - Amendments on capital disclosures;
- IFRIC 7 - Guidance on restating financial statements under IAS 29 - Financial reporting in hyperinflationary economies;
- IFRIC 8 - Scope of IFRS 2;
- IFRIC 9 - Reassessment of Embedded Derivatives;
- IFRIC 10 - Interim Financial Reporting and Impairment.

Aéroports de Paris does not anticipate any material impacts will result from application of these standards and interpretations.

### **3.3. Changes in the scope of consolidation**

The only changes in the scope of consolidation in 2006 were for the entry of Sapser Handling and Alyzia Training into the scope as from 1<sup>st</sup> January 2006. These changes in scope did not have a significant impact on the consolidated financial statements.

## **Note 4 - Accounting policies**

### **4.1. Basis of preparation of the financial statements**

The financial statements are mainly prepared on a historical cost basis, except for derivative financial instruments, assets held for trading and assets qualified as available-for-sale, which are accounted for at fair value.

The preparation of the financial statements in conformity with IFRS requires management to make judgment, estimates and assumptions which affect the application of accounting policies and the amounts of assets and liabilities, income and expenses. The underlying estimates and assumptions are based on historical experience and various other factors considered as reasonable under the circumstances. They therefore serve as the basis for the exercise of the judgment required in determining the carrying values of assets and liabilities which cannot be obtained directly from other sources. Actual result can be different from these estimates. The estimates and the underlying assumptions are continuously reviewed. The impact of the changes in accounting estimates is recognized in the period in which the change is made if it affects only that period or in the period of the change and in future periods if both are affected by the change. Such estimates concern essentially IAS 36, IAS 40 (note 4.6 and 20), IAS 19 (note 4.19 and 10) and provisions (note 4.20).

The accounting policies set out below have been applied on a consistent basis for all financial periods presented in the consolidated financial statements.

### **4.2. Consolidation policies**

#### **4.2.1. Consolidation methods**

The consolidated financial statements include those of Aéroports de Paris and its subsidiaries, associates and joint ventures:

- Subsidiaries under the sole control of the Group, notably those in which the parent company holds more than 50% of the voting rights, directly or indirectly, are included in the consolidated financial statements by aggregating, line by line, assets, liabilities, revenues and expenses. The share attributable to minority interests is recorded separately in the income statement and in equity in the balance sheet. Subsidiaries are consolidated as from their date of acquisition, namely the date at which the Group obtained control, up to the date at which such control ceases to be exercised;
- Joint ventures under contractual joint control with other entities are consolidated according to the proportionate method, which involves only recognizing the Group's share (equal to its share in the joint venture's equity) of the corresponding assets, liabilities, revenues and expenses in the financial statements. Where the Group contributes or sells an asset to an entity under joint control, the share of the gain or loss resulting from the transaction is accounted for on the basis of the substance of the transaction. Where the Group acquires assets from a jointly-controlled entity, it only recognizes its share of the profit generated by this entity in respect of the transaction when the assets in question are sold to an outside party. The joint venture is consolidated up to the date when the Group ceases to have joint control of the entity;
- Associates, being companies over which the Group has significant influence without having either sole or joint control, are accounted for according to the equity method. Significant influence is assumed where the Group holds at least 20% of the voting rights. Under the equity method, the book value of the shares held is replaced by the share they represent in the associate's equity, including net income or loss for the period. Goodwill in connection with an associate is included in the book value of the investment and is not amortized. After applying the equity method, the Group decides whether it is necessary to recognize any additional impairment in respect of the Group's net investment in the associate. The income statement

reflects the Group's share of income of the associate. Where a change is recorded directly in the equity of associates, the Group accounts for its share of such change and discloses it in the statement of changes in equity, when applicable. If the Group's share of an associate's losses is greater than its investment in the entity, the book value of the investment in the associate is recognized at nil and the Group ceases to record its share of future losses, unless it is under a legal or implicit obligation to share the losses or make payments on behalf of the associate.

All intercompany accounts and transactions among consolidated companies are eliminated pro rata to the Group's equity interest in associates and joint ventures, as are all intercompany profits and losses (dividends, capital gains on disposals, provisions against investments and receivables, etc.), except in the case of unrealised losses which reflect impaired asset values.

#### 4.2.2. Business combinations

All business combinations are accounted for by applying the purchase method. Goodwill on acquisitions of shares in subsidiaries, associates and joint ventures represents the difference, at acquisition date, between the cost of acquisition and the share of assets, liabilities and contingent liabilities acquired, measured at fair value. Where such goodwill is positive it is recorded in the balance sheet under intangibles in the case of subsidiaries and joint ventures and under "Investments in associates" for associates. Negative goodwill is posted directly to the consolidated income statement under "Other operating income".

The results of companies acquired or sold in the year are included in the consolidated income statement for the period subsequent to the date at which the Group obtains control, or comes to exercise joint control or significant influence, up until the date at which such control, joint control or significant influence ceases.

### 4.3. Effects of fluctuations in foreign currencies

#### 4.3.1 Translation of financial statements of foreign subsidiaries, joint ventures or associates

The financial statements of foreign companies whose functional currency is not the euro are translated into euros as set out below:

- Assets and liabilities of each balance sheet are translated at foreign exchange rates ruling at balance sheet date;
- Income and expenses in the income statement, and cash flows, are translated at rates approximating to the exchange rates ruling at the dates of the transactions;
- The resulting gains and losses on currency translation are recognized in the balance sheet as translation reserve in equity.

No company consolidated by the Group is located in a country experiencing hyperinflation.

#### 4.3.2. Translation of transactions in foreign currencies

Transactions in foreign currencies are accounted for as follows:

- On initial recognition, foreign currency transactions are recognized at the exchange rate at the date of the transaction;
- At each balance sheet date, monetary items are translated at the rate ruling at that date, while non-monetary items measured at historical cost remain translated at the initial rate and those measured at fair value are translated at the exchange rate ruling at the dates the fair value was determined;
- Differences arising on settlement, or on translation of monetary items, are recognized in the income statement under net finance costs.

### 4.4. Intangible assets

Intangible assets include:

- goodwill arising on acquisition of shares of subsidiaries and joint ventures, determined according to the method set out in note 4.2.2 above, less any accumulated impairment losses. On an annual basis, or whenever any indicator of possible impairment is observed, goodwill is subject to an impairment test. Impairment is recognized if the recoverable amount of the goodwill falls below its carrying amount. Recoverable amount is the higher of fair value less selling costs and value in use. Value in use is determined on the basis of projected future cash flows discounted to present value, based on the business plans of the companies concerned. Fair value corresponds to the sale price for the company, net of selling costs, that the Group could obtain in a transaction carried out under normal market conditions;
- software recognized at acquisition cost or production cost and amortized on a straight-line basis over its normal useful life, between one and seven years on a case-by-case basis;
- rights of use amortized on a straight-line basis over 15 years.

#### 4.5. Property, plant and equipment

Property, plant and equipment is recognized at cost, excluding the cost of normal maintenance, less accumulated depreciation and impairment losses. Where applicable, such cost takes account of revaluations made in 1959 and 1976, which were considered to represent deemed cost in accordance with the option available under IFRS 1.17. The cost of self-constructed asset includes, in particular, the cost of raw materials and direct labour.

Property under construction or development for future use as investment property is classified as property, plant and equipment and recognized at cost until completion of construction or development, at which time it is reclassified as investment property.

Interest on borrowings taken out to finance property, plant and equipment is excluded from the acquisition cost of such assets.

The Group recognizes, within the carrying amount of an item of property, plant and equipment, the replacement cost of components of the asset at the time that this cost is incurred, if it is probable that the future economic benefits related to the asset will flow to the Group and its cost can be measured reliably. All maintenance and repair costs are recognized as expenses at the time they are incurred.

Items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives:

• Improvements to land	20 years
• Terminals	50 years
• Other buildings	40 to 50 years
• Refurbishments of terminals and other buildings	10 to 20 years
• Safety equipment	10 to 20 years
• Terminals operating equipment:	
- Baggage handling	10 years
- Telescopic ramps	20 years
- Stairs, elevators and escalators	25 years
• Tunnels and bridges	45 years
• Landing strips	10 and 50 years
• Roads and signals	10 to 50 years
• Technical installations	5 to 50 years
• Parking facilities	50 years
• Railways	10 to 50 years
• Vehicles	5 years
• Office furniture	7 years
• IT hardware	5 to 7 years
• Transport equipment	7 to 10 years

For calculating depreciation, items of property, plant and equipment are grouped by components which have identical depreciation methods and useful lives.

Land is not depreciated.

The carrying amount of property, plant and equipment is reviewed for impairment whenever events or new circumstances indicate that the carrying amount may not be recoverable, in accordance with the policy described in note 4.7. below.

Property, plant and equipment does not include investment property, which is recorded on a separate line in the balance sheet (see note 4.6 below).

Property, plant and equipment is derecognized when it is disposed of or when no future economic benefits are anticipated from its use or disposal. Any gain or loss resulting from derecognition (calculated as the difference between the net sale proceeds and the carrying amount of the asset) is recognized in the income statement in the year of derecognition.

#### **4.6. Investment property**

Investment property are properties ((land or buildings – or part of a building) held (under full ownership or under a finance lease) to earn rental income and/or for capital appreciation.

Conversely, buildings occupied by Aéroports de Paris for its own use (headquarters, administrative buildings or operating buildings) are not investment property but rather are operating properties which are recognized in the balance sheet under “Property, plant and equipment”.

Vacant buildings not intended for its own use by Aéroports de Paris are deemed to be investment property.

Buildings subject to mixed use, in which over 50 percent of the surface area corresponds to the definition of an investment property, are recognized as an investment property for their entire amount.

Investment property is thus recognized on a separate line in the balance sheet and is valued, in accordance with the option provided under IAS 40, at historical cost, i.e., at cost less accumulated depreciation and impairment. Buildings classified as investment property are amortized on a straight-line basis over useful lives from 20 to 50 years.

The fair value of such buildings, whose amount is shown in note 20, is based on a combined approach using market data and the discounted cash flow generated by the assets.

Rented investment property buildings and lands were valued by discounting their future cash flows to present value, determined on the basis of the current operating conditions of AÉROPORTS DE PARIS. Land reserves are valued based on an estimated selling price in light of current market conditions. A discount is applied to this valuation to reflect market capacity, over the effective valuation period applicable to such land reserves.

The discount rate applied to the cash flows corresponds to the cost of capital observed for a highly diversified real estate activity. In parallel, a discount for the specific nature of the assets and their geographical concentration is applied to the results.

The various factors used for this approach were estimated according to current market practices. The Group did not deem it necessary to retain an independent expert to perform the valuations.

#### **4.7. Asset impairment**

Excepting inventories and deferred tax assets, the carrying amounts of the Group's assets are reviewed at each balance sheet date for potential impairment. If there is any indication of such impairment, the recoverable amount of the asset is estimated.

With regard to goodwill, intangibles with indefinite useful lives or intangibles which are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit, is greater than its recoverable amount. Impairment losses are recognized in the income statement.

Impairment losses recognized in respect of cash-generating units are first allocated as a reduction in the carrying amount of any goodwill related to the cash-generating units. Any remaining amount reduces the carrying amounts of the cash-generating unit's other assets on a pro rata basis.

Each cash-generating unit is reviewed for impairment. Such units are aligned with the segments defined in the section on segment information (see *note 4.24*), i.e.:

- Airport services
- Ground handling and related services
- Real estate
- Other activities

Goodwill and intangible assets with indefinite useful lives were tested for impairment at 31 December 2006, the date of transition to IFRS. In the light of this test, no cash-generating unit's assets were identified as being impaired.

#### 4.7.1. Calculation of recoverable value

The recoverable amount of the Group's investments in held-to-maturity securities and receivables recognized at amortized cost is equal to the present value of the related estimated future cash flows, discounted at the effective interest rate at the date of origination of the financial assets (being the effective interest rate calculated on initial recognition). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their fair value less selling costs and their value in use. To determine value in use, estimated future cash flows are discounted at a pre-tax rate which reflects the current market perception of the time value of money and the specific risks related to the asset. For assets which do not generate cash independently of other assets, the recoverable amount is calculated for the cash generating unit to which the asset belongs.

#### 4.7.2. Reversal of impairment

An impairment loss on loans and receivables or investments in held-to-maturity securities at amortized cost is reversed if the subsequent increase in recoverable amount can be objectively linked to an event occurring after the recognition of such impairment. Impairment on equity instruments classified as available-for-sale is not written back through the income statement. If the fair value of a debt instrument classified as available-for-sale increases, and the increase can objectively be linked to an event occurring after recognition of the impairment, such impairment is reversed through the income statement.

Impairment recognized in respect of goodwill cannot be reversed. Impairment recognized in respect of other assets is reversed if there is a change in the estimates used to calculate their recoverable amount.

The carrying amount of an asset, increased as a result of reversal of impairment, cannot be greater than the carrying amount which the asset would have had, net of depreciation and amortization, had impairment not been recognized in the first place.

### 4.8. Investments in associates

In accordance with the policy set out in note 4.2.1, this heading corresponds to the Group's share in the restated equity of associates, as increased by any goodwill on such investments.

### 4.9. Current and non-current financial assets

Financial assets are recognized at transaction date at their fair value plus directly attributable acquisition costs (except for financial assets that are recognized at fair value through the income statement).

Financial assets are removed from the balance sheet upon expiration of rights to future cash flows or when these rights are transferred to a third party, where the Group has transferred most of the risk and rewards and no longer controls such assets.

On initial recognition, the Group determines how to classify the financial assets, based on the purpose of the acquisition, in one of the four following categories provided for by IAS 39:

#### 4.9.1. Financial assets recognized at fair value through the income statement

As concerns the Group this includes:

- Cash and cash equivalents made up of cash, short-term investments and other liquid or readily convertible instruments with negligible risk of change in value and with maximum maturities of three months at date of acquisition. Investments with maturities of more than three months, as well as frozen or pledged bank accounts are not included in cash. Bank overdrafts are recognized as debt in liabilities;
- Derivative financial instruments not qualified for hedge accounting and with positive fair values

Such financial assets are recognized at fair value through the income statement.

#### 4.9.2. Loans and receivables

For the Group, these are other non-current financial assets including mainly long-term receivables in connection with non-consolidated investments, loans to associates, long-term loans to employees and security deposits.

Such loans and receivables are recognized at amortized cost using the effective rate method. An impairment loss is recognized where their estimated recoverable amount falls below their carrying amount.

#### 4.9.3. Held-to-maturity investments

Such investments are non-derivative financial assets with fixed-rate or determinable payments and maturities set at issue, which the Group intends and is able to hold to maturity. After initial recognition at fair value, they are recognized at amortized cost under the effective interest rate method. Investments held to maturity are monitored objectively for impairment. A financial asset is written down for impairment if its carrying amount is greater than its estimated recoverable amount when an impairment test is performed. The resulting impairment is recognized in the income statement.

At this time, the Group holds no financial instrument corresponding to this definition.

#### 4.9.4. Available-for-sale financial assets

These are, for the Group's purposes, non-consolidated investments. At each balance sheet date, they are reassessed at fair value and changes in fair value are recognized in equity. When such investments are derecognized, the cumulative gains and losses previously recognized directly in equity are taken to the income statement.

Fair value for listed shares corresponds to quoted bid price, while unlisted shares are valued by reference to recent transactions or on the basis of a technical valuation using reliable and objective criteria consistent with estimates used by other market players. However, where it is not possible to reasonably estimate the fair value of an investment, it is maintained at historical cost.

### 4.10. Treasury shares

Treasury shares are recognized at acquisition cost as a deduction from equity. Gains or losses on disposal of such shares are recognized directly through equity without affecting net income.

However, the Group holds no treasury shares at this date.

#### **4.11. Debt**

Bond issues and other interest-bearing liabilities are initially recognized at fair value, which corresponds to the amount received, less attributable transaction costs, such as issue premiums and expenses. Subsequently, the debt is recognized at amortized cost using the effective interest rate of the instrument.

The effective rate corresponds to the rate which, when used to discount future cash flows related to the instrument, will enable the initial carrying amount of the instrument to be obtained.

Debt maturities due after more than one year are recognized as non-current debt. Debt due for repayment within less than one year is recognized as current debt.

#### **4.12. Derivative financial instruments**

In managing interest rate risk on its mid to long-term liabilities, the Group uses derivative financial instruments. These consist mainly of interest rate swaps and cross-currency swaps matched with bond issues and bank loans. Interest rate swaps are initially and subsequently valued in the balance sheet at fair value through the income statement. Changes in the fair value of derivative instruments are recognized through the income statement, with the exception of particular cases in respect of hedge accounting set out below.

Where a financial instrument can be qualified for hedge accounting, it is valued and accounted for in accordance with hedge accounting criteria contained in IAS 39:

- If the derivative is designated as a cash flow hedge, changes in the value of the effective part of the derivative are recorded in equity. They are taken to the income statement when the hedged item is itself recognized in the income statement. Conversely, the ineffective part of the derivative is recognized directly in the income statement. Where the hedged transaction is a future debt issue, the reclassification to the income statement is carried out over the term of the debt issue, once the issue has taken place. When the forecasted transaction leads to the recognition of a non-financial asset or liability, the cumulative changes in the fair value of a hedging instrument formerly recognized through shareholders' equity are included in the initial valuation of the asset or liability in question.
- At this time, the Group holds no financial instrument corresponding to this definition.
- If the derivative instrument is designated as a fair value hedge, changes in the value of the instrument and of the hedged item are recognized in the income statement in the same period.
- A hedge of a net investment in a foreign entity receives the same accounting treatment as a cash flow hedge. Changes in the fair value of the hedging instrument are recognized in equity, for the effective part of the hedging relationship, whereas changes in connection with the ineffective part of the hedge are recognized in net finance costs. When the investment in the foreign entity is sold, all changes in the fair value of the hedging instrument previously recognized through equity are transferred to the income statement.

At this time, the Group holds no financial instrument corresponding to this definition.

Hedge accounting is applicable if the hedging relationship is clearly defined and documented when it is set up and if the effectiveness of the hedging relationship is demonstrated prospectively and retrospectively at the date of origination and at each subsequent balance sheet date.

Derivatives are entered on the assets side of the balance sheet under "Other current financial assets" or on the liabilities side under "Current debt". Such derivatives can be cancelled at any time by paying or receiving a cash amount corresponding to their fair value.

#### **4.13. Measuring the fair value of financial instruments**

The best criterion for measuring the fair value of a contract is the price agreed upon between a buyer and seller operating on a free market under market conditions. At the date of the agreement, this is generally the transaction

price. Subsequently, the value of the contract must be based on observable market data which constitute the most reliable indication of fair value for financial instruments:

- Discounted future cash flows for bonds and bank loans;
- Quoted prices on an organized market for listed and non-consolidated investments;
- Market value for interest rate and foreign exchange instruments, valued using discounting of differential future cash flows or on the basis of quoted prices issued by third party financial institutions.

#### **4.14. Income taxes**

Income tax expense includes current tax expense or income and deferred tax expense or income. Income tax is recognized in the income statement unless it concerns items recognized directly in equity, in which case the tax is recognized in equity.

Deferred tax is determined using the balance sheet liability method, at the most recent tax rates applicable, for all temporary differences between the carrying amounts of assets and liabilities and their tax bases.

The following items do not give rise to deferred taxes:

- taxable temporary differences related to initial recognition of goodwill;
- taxable or deductible temporary differences in connection with initial recognition of an asset or liability in a transaction which does not qualify as a business combination and which affects neither accounting income nor taxable income;
- taxable temporary differences in connection with investments in subsidiaries, where it is probable that they will not be reversed in the foreseeable future, and deductible temporary differences linked to investments in subsidiaries, joint ventures or associates if it is not probable that such differences will be reversed in the foreseeable future or that they can be deducted from any taxable income in the future.

However, restatements of finance leases give rise to deferred tax, even though they affect neither accounting income nor taxable income when initially recognized.

Deferred tax assets and liabilities are measured on the basis of the tax rate anticipated for the periods when the assets will be realized or the liabilities paid, on the basis of tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognized, as applicable, in respect of tax loss carryforwards and unused tax credits. Generally speaking, deferred tax assets are not recognized except when it is probable that the taxable entity in question will have sufficient future taxable income against which the deductible temporary differences, tax loss carryforwards or tax credits can be offset.

Deferred taxes are not discounted to present value.

The tax consolidation group encompassing the parent company Aéroports de Paris and four French subsidiaries held at over 95% - Alyzia Airport Services, Sapser, Locmafer and Financière Assistance - constitutes a single fiscal entity for the purposes of the above policies.

Current tax is the amount of income tax due to or receivable from the tax authorities with regard to taxable income or tax loss from a given financial year. Such amounts are recognized respectively in current liabilities or current assets in the balance sheet.

#### **4.15. Capital grants**

Capital grants are recognized in "Other non-current liabilities".

Amortization of grants through the income statement is over the same period as the depreciation period of the assets in respect of which the grants were received. This amortization is recognized in the income statement under "Other ordinary operating income".

#### **4.16. Inventories**

The initial cost of goods and supplies includes their purchase price and related expenses. Internal and external financing expenses are not included nor are distribution expenses and warehousing costs. Inventories are valued on disposal on the basis of the weighted average cost method.

An impairment loss is recognized when the net realizable value of inventory is less than its initial cost. Net realizable value is the estimated selling price in the normal course of operations, less estimated costs necessary for the sale.

#### **4.17. Trade receivables**

Trade receivables are classified under loans and receivables and are recognized at fair value on initial recognition and, subsequently, at amortized cost. Fair value is the nominal value when the period to maturity/settlement is not of material length.

Trade receivables which have not been recovered by more than six months at the balance sheet date (12 months for public sector entities) are transferred to doubtful receivables. The same applies for any receivables remaining unpaid at the date a customer enters receivership or court-ordered liquidation procedures. Impairment is recognized in respect of the non-recoverable portion of such receivables.

Receivables outstanding for less than six months are also taken into account in calculating impairment of trade receivables where the risk of not recovering them is substantial (foreseeable liquidation, foreign customers going out of business, etc.).

Since 1 July 2004, Aéroports de Paris no longer enjoys public-sector prerogatives and therefore no longer has access to government enforcement procedures. As a consequence, the only recourse possible is recovery on an amicable basis or court litigation.

#### **4.18. Trade payables**

Trade payables are recognized at fair value on initial recognition. They are subsequently recognized at amortized cost.

#### **4.19. Employee benefit obligations**

The following employee benefits give rise to provisions for employee benefit commitments recognized in liabilities

- Post-employment benefits (defined benefit plans):
  - End-of-career bonuses paid at the time of retirement or redundancy for reasons of disability;
  - Pre-retirement benefits as provided by the early retirement plan (PARDA) set up in 1977 and specific age-related measures set up in 2006;
  - Additional pension annuities paid to fire-fighters under an agreement providing for their retirement at 55;
  - Contributions paid by Aéroports de Paris for health insurance for current and future retirees and their heirs and assigns;
- Other long-term benefits:
  - Aeronautics industry long-service awards payable to employees of AÉROPORTS DE PARIS, and the corresponding distinguished service bonuses;

To date, all of these obligations correspond to defined benefit plans. The Group's net obligation with respect to defined benefit plans is measured separately for each plan by estimating the amount of future benefits acquired by staff in exchange for services rendered in the current and prior periods. This amount is discounted to present value and reduced by the fair value of the plan's assets. The discount rate used at the balance sheet date is

based on first-class bonds, the maturity date of which is close to that of the Group's commitments. These calculations are made by a qualified actuary based on the projected unit credit method.

All actuarial gains and losses as at 1 January 2004, the date of transition to IFRS, have been recognized. As for actuarial gains and losses arising since that date, in order to determine the Group's obligation under a plan, the fraction of cumulative unrecognized actuarial gains and losses in excess of 10% of the greater of: 1) the present value of the obligation under the defined benefit plan or 2) the fair value of the plan's assets, is amortized through the income statement over the expected average remaining working lives of employees entitled to the plan's benefits. Where the net obligation represents an asset for the Group, the amount recognized for such an asset cannot exceed the net total amount of:

- Cumulative net unrecognized actuarial losses and unrecognized past service cost, and,
- The present value of all future reimbursements to be made by the plan or decreases in future contributions to be made to the plan.

Actuarial assumptions used are set out in note 10.

#### **4.20. Provisions**

A provision is recognized where the Aéroports de Paris Group has a present legal or constructive obligation resulting from a past event, when it is probable that an outflow of resources embodying financial benefits will be necessary to extinguish the obligation and the amount of the obligation can be reliably estimated.

Provisions are estimated on the basis of the most probable assumptions at the balance sheet date. When the time value of money is a significant factor, the provision is determined by discounting future cash flows at a pre-tax rate reflecting the market's perception of the time value of money, and where appropriate by factoring in the specific risk relating to the liability.

#### **4.21. Lease agreements**

The existence of a lease within an agreement is evidenced on the basis of the substance of the agreement. It must be determined whether the performance of the agreement depends on the use of one or several specific assets and whether the agreement grants the right to use such asset(s).

##### **4.21.1. Les Lease agreements in the financial statements where the Group is lessee**

Finance lease agreements, which transfer to the Group substantially all the risks and rewards inherent to ownership of the leased asset, are recognized in the balance sheet at the beginning of the lease period at the fair value of the leased asset or, if less, at the discounted value of minimum lease payments. Lease payments are apportioned between financial expenses and the reduction of the outstanding liability to obtain a constant periodic interest rate on the outstanding balance. Financial expenses are recorded directly in the income statement. Assets under finance lease agreements are depreciated over the shorter of two periods: their useful life, or the length of the lease agreement if the Group is not reasonably certain to obtain full ownership of the asset at the end of the lease. Payments for operating leases are recognized as expenses on a straight-line basis until their termination dates.

##### **4.21.2. Lease agreements in the financial statements where the Group is lessor**

In accordance with IAS 17, an asset made available to a third party under a finance lease (unlike an operating lease) is not recognized in the balance sheet as property, plant and equipment. It is recognized as a receivable and valued by discounting the future cash flows generated by the asset.

An asset is recognized as being held under a finance lease where the lease transfers to the lessee substantially all the risks and rewards inherent to ownership. The following criteria enter into this definition:

- the leased assets are of such a specialised nature that only the lessee can use them without major modifications;
- the lease term is for the major part of the economic life of the asset;

- at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset (classed as gross book value);
- the lessee's implicit obligation to renew the lease at the end of the lease period.

Other lease agreements under which the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Indirect costs initially disbursed when negotiating the operating leases are added to the book value of the leased asset and accounted for over the lease period on the same basis as lease income.

## **4.22. Revenue recognition**

### 4.22.1. Sales of goods and services rendered

Revenue from the sale of goods is recognized in the income statement when the significant risks and rewards related to ownership of the assets are transferred to the buyer.

Revenue from services rendered is recognized in the income statement on the basis of the percentage of completion of the service at the balance sheet date. The percentage of completion is assessed by reference to the work performed.

No revenue is recognized where there is significant uncertainty as to the following:

- Recovery of the consideration due,
- Costs incurred or to be incurred in respect of the service, or
- The possibility of returned goods if the buyer has the right to cancel the order, and where the Group remains involved in managing the goods.

### 4.22.2. Airport fees

Airport fees encompass landing fees, lighting fees, aircraft parking fees, passenger fees and fees for the use of aviation fuelling facilities.

Changes in airport fees are determined by multi-year contracts with a duration of up to five years between the Group and the French State, or in the absence of such a contract, on a yearly basis in accordance with the law. As part of the consultation process preceding any changes in airport fees, the airlines are asked to provide comments and recommendations on these changes.

Under the multi-annual contracts with the French State, the parameters governing changes in fees paid by the airlines can include not only revenues for aviation activities, but also revenues from other activities.

### 4.22.3. Rental income

Rental income from investment property is recognized on a straight-line basis over the entire duration of the lease.

### 4.22.4. Airport taxes

The conditions for determining the tax base and collection of airport taxes are laid down in the 1999 Finance Act in sections 51 and 136 (General Tax Code, sections 302 bis K and 1609 quatercivies). Section 1609 states in particular (free translation from French original text) "the proceeds of the tax are allocated to each airport for financing security, firefighting and rescue services, bird hazard prevention, safety and environmental control measures".

Sections L251-2 and L282-8 of the Civil Aviation Code defines the role of Aéroports de Paris as regards safety and security, and the corresponding operating expenses are recorded as they arise, while the proceeds are recognized as revenues.

When the cumulative amount of the tax received is greater than the cumulative amount of expenses recognized, the surplus amount received is recognized as deferred income. In the opposite case, the amount is recognised as accrued income.

#### 4.22.5. Financial income from operations

Interest income received as the lessor on finance leases is recognized as revenue to provide an accurate image of the financial performance, notably in the real estate segment, where this income occurs.

#### 4.22.6. Tax on airport noise pollution (TNSA)

As part of the preventive measures against airport noise pollution, the Civil Aviation Authorities collect this tax from airline companies and pass it on to AÉROPORTS DE PARIS.

Since 1 January 2004, Aéroports de Paris has been in charge of managing these subsidies and, on behalf of the French State, pays the allocated funds to the citizens of the outlying areas. For this service, Aéroports de Paris is compensated for the expenses incurred in managing this tax. This compensation is recognised as revenue in "Other ordinary operating income".

The amounts collected and paid out are reported as "Other receivables" and "Other liabilities".

#### 4.22.7. BAAC transfers

Aéroports de Paris receives payments to cover the cost of technical and administrative support services provided to the French air navigation services department (DSNA).

A specific framework agreement covering these services is currently being set up with the DSNA sections involved and is expected to be finalised in the first half of 2007. Until it is finalised, the previous agreement of 1994 remains in effect and serves as the basis for the reimbursement of operating costs incurred by Aéroports de Paris for the period 1 September to 31 August of each year.

For the year 2006, expenses for the period 01/09/06 to 31/12/06 were estimated at 7,013 thousand euros, and the reimbursement requested from DSNA was recognized as accrued income.

This payment is reported as revenue under "Other ordinary operating income".

### **4.23. Net finance costs**

Net finance costs include interest payable on borrowings, calculated using the effective interest rate method, interest receivable on investments, other dividend income, and gains and losses on foreign exchange and on hedging instruments which are recognized in the income statement.

Interest income is recognized in the income statement, when earned, using the effective interest rate method.

Dividend income is recognized in the income statement when the Group acquires the right to receive such payments. For listed securities, this corresponds to the coupon date.

Interest expense included in payments made under a finance lease is recognized using the effective interest rate method.

### **4.24. Segment reporting**

The Aéroports de Paris Group has defined its primary segment information by activity. Each segment is a distinct part of the Group operating either in the supply of goods and related services (business segment), or the supply of goods and services in a specific economic environment (geographical segment), where the margins and risk exposure are different from other sectors.

The reporting business segments are the following:

- **Airport services:** this segment includes all goods and services provided by the Group that are necessary or related to handling aircraft or flows of passengers (and people accompanying them) in the Group's operating areas. Airport services encompasses airport fees, rental revenues related to aircraft and passengers, commercial revenues and airport taxes;
- **Ground handling and related services:** this segment includes all goods and services provided to airline companies in the context of on-the-ground assistance, as listed in the appendix to EU directive 96/67CE relating to ground handling services in airports within the European Union, which provisions are reiterated in sections R 216-1 et seq of the Civil Aviation Code, and certain other services;
- **Real estate:** this segment includes all the Group's goods and services related to property leasing with the exclusion of operating leases within airport terminals, which are related to aircraft and passenger handling, and therefore part of the "Airport Services" segment;
- **Other activities:** these are all goods and services provided mainly by subsidiaries of the Aéroports de Paris Group and which are not part of the above segments, as well as certain diversified activities.

The performance of each of these segments is assessed with regard to their operating income, their assets and their investments. Segment operating income is calculated before headquarters expenses, as stipulated in paragraph 16 of IAS 14.

When reporting segment information, the Aéroports de Paris Group does not present secondary segment reporting in respect of geographical segments because the Group's business is concentrated in the greater Paris region. It does however provide additional information concerning operating income, assets and investments relating to the two Paris-based airports, Paris - Orly and Paris - Charles de Gaulle, where the group's operations are carried out.

The prices applied for transfers among different business segments reflect the prices in a normal competitive operating environment, as for transactions among third parties. Each segment's revenues, expenses and operating income include transfers among business segments, and such transfers are eliminated on consolidation.

## Note 5 - Management accounting statement

<i>In thousands of euros</i>	<i>Notes</i>	<b>2006</b>	<b>2005</b>	<b>2006 / 2005</b>
<b>Revenue</b>	7	<b>2 076 835</b>	<b>1 920 796</b>	<b>+8,1%</b>
Own work capitalized and changes in finished goods inventory	9	43 138	47 321	-8,8%
<b>Gross activity for the year</b>		<b>2 119 973</b>	<b>1 968 117</b>	<b>+7,7%</b>
Raw materials and consumables used		(121 554)	(106 206)	+14,5%
External services and charges	11	(524 571)	(522 766)	+0,3%
<b>Value added</b>		<b>1 473 848</b>	<b>1 339 145</b>	<b>+10,1%</b>
Employee benefits costs	10	(648 068)	(611 498)	+6,0%
Taxes other than income taxes	11	(128 461)	(114 807)	+11,9%
Other operating expenses	11	(48 052)	(47 982)	+0,1%
Other ordinary operating income	8	28 682	12 258	+134,0%
Impairment of receivables, net	12	25 185	16 745	+50,4%
Net allowance to provisions	12	(38 469)	4 715	-915,9%
<b>EBITDA</b>		<b>664 667</b>	<b>598 577</b>	<b>+11,0%</b>
Depreciation and amortization	12	(273 853)	(262 171)	+4,5%
Impairment of non-current assets, net	12	102	1 047	-90,3%
<b>Ordinary income from operating activities</b>		<b>390 916</b>	<b>337 453</b>	<b>+15,8%</b>
Other operating income and expenses	13	(57 024)	23 462	
<b>Ordinary income</b>		<b>333 892</b>	<b>360 915</b>	<b>-7,5%</b>
Net finance costs	14	(84 488)	(88 755)	-4,8%
Share in earnings of associates	15	3 573	2 868	+24,6%
<b>Interest before tax</b>		<b>252 977</b>	<b>275 029</b>	<b>-8,0%</b>
Income tax expense	16	(100 841)	(95 092)	+6,0%
<b>Net income for the period</b>		<b>152 136</b>	<b>179 937</b>	<b>-15,5%</b>

## Note 6 - Segment reporting

### 6.1. Primary segment

Revenues and income of the Aéroports de Paris Group are as follows:

<i>In thousands of euros</i>	2006					Total
	Airport services	Ground handling & related services	Real estate	Other activities	Inter-segment eliminations	
Revenue	1 726 361	177 149	175 654	226 339	(228 668)	2 076 835
- generated with third parties	1 627 297	126 242	127 514	195 782		2 076 835
- inter-segment revenue	99 064	50 907	48 140	30 557	(228 668)	0
Depreciation and amortization	(224 252)	(3 163)	(33 540)	(13 109)	321	(273 743)
Other non-cash income and expenses	(14 661)	974	(1 998)	693		(14 992)
Operating income from ordinary activities (excluding expenses which cannot be allocated by segment)	426 196	(17 413)	43 680	17 548	317	470 328
<b>Operating income (excluding expenses which cannot be allocated by segment)</b>	<b>421 988</b>	<b>(17 413)</b>	<b>43 680</b>	<b>17 548</b>	<b>317</b>	<b>466 120</b>
Share of earnings from associates			1 783	1 790		3 573
Head office expense						(82 374)
Other expenses and income which cannot be allocated by segment						(49 854)
Net finance costs						(84 488)
Income tax expense						(100 841)
<b>Net income for the period</b>						<b>152 136</b>

"Other expenses and income which cannot be allocated by segment" amounted to -49,854 thousand euros, including notably all IPO-related costs, namely the cost of employee benefits granted as part of the share offer reserved for employees (33,331 thousand euros), the matching bonus in favour of employees (9,578 thousand euros) as well as external expenses relating to the new share issue that were not charged to the issue premium (9,780 thousand euros).

<i>In thousands of euros</i>	2005					Total
	Airport services	Ground handling & related services	Real estate	Other activities	Inter-segment eliminations	
Revenue	1 600 606	167 851	168 340	199 846	(215 847)	1 920 796
- generated with third parties	1 502 707	128 168	124 572	165 349		1 920 796
- inter-segment revenue	97 899	39 683	43 768	34 497	(215 847)	0
Depreciation and amortization	(215 430)	(3 025)	(32 499)	(11 393)	321	(262 026)
Other non-cash income and expenses	13 281	1 125	3 843	2 971	(827)	20 393
Operating income from ordinary activities (excluding expenses which cannot be allocated by segment)	377 447	(10 945)	40 622	16 169	(480)	422 813
<b>Operating income (excluding expenses which cannot be allocated by segment)</b>	<b>403 387</b>	<b>(12 154)</b>	<b>40 018</b>	<b>16 106</b>	<b>(480)</b>	<b>446 877</b>
Share of earnings from associates		(286)	2 034	1 120		2 868
Head office expense						(85 477)
Other expenses and income which cannot be allocated by segment						(484)
Net finance costs						(88 755)
Income tax expense						(95 092)
<b>Net income for the period</b>						<b>179 937</b>

The Group's assets and liabilities and its capital investment, can be broken down as follows by business segment:

At 31.12.06						
<i>In thousands of euros</i>	Airport services	Ground handling & related services	Real estate	Other activities	Inter-segment eliminations	Total
<b>Assets allocated to the segment</b>	<b>4 985 883</b>	<b>55 882</b>	<b>576 648</b>	<b>145 262</b>	<b>(53 010)</b>	<b>5 710 665</b>
<i>o/w associates</i>			7 013	13 173		20 186
Non-allocated assets						830 696
Total assets						6 541 361
<b>Liabilities allocated to the segment</b>	<b>888 687</b>	<b>100 897</b>	<b>113 639</b>	<b>67 417</b>	<b>(50 124)</b>	<b>1 120 516</b>
<i>o/w associates</i>			445			445
Non-allocated liabilities						2 634 056
Shareholders' equity						2 786 789
Total equity and liabilities						6 541 361
<b>Investments in segment</b>	<b>650 598</b>	<b>3 132</b>	<b>42 216</b>	<b>16 515</b>	<b>0</b>	<b>712 461</b>

At 31.12.05						
<i>In thousands of euros</i>	Airport services	Ground handling & related services	Real estate	Other activities	Inter-segment eliminations	Total
<b>Assets allocated to the segment</b>	<b>4 693 019</b>	<b>51 696</b>	<b>578 648</b>	<b>130 696</b>	<b>(45 743)</b>	<b>5 408 316</b>
<i>o/w associates</i>			5 674	13 737		19 411
Non-allocated assets						660 465
Total assets						6 068 781
<b>Liabilities allocated to the segment</b>	<b>868 254</b>	<b>120 748</b>	<b>98 109</b>	<b>58 206</b>	<b>(47 687)</b>	<b>1 097 630</b>
<i>o/w associates</i>			802			802
Non-allocated liabilities						2 940 424
Shareholders' equity						2 030 727
Total equity and liabilities						6 068 781
<b>Investments in segment</b>	<b>525 606</b>	<b>2 725</b>	<b>33 559</b>	<b>17 035</b>	<b>0</b>	<b>578 925</b>

## 6.2. Additional information

The table below sets out additional information regarding the results, assets and capital investment in the airport hubs that form an integral part of the Airport services segment:

<i>In thousands of euros</i>	2006				2005			
	CDG	Orly	Other	Total airport services	CDG	Orly	Other	Total airport services
Revenue	1 242 473	456 500	27 387	<b>1 726 361</b>	1 151 869	420 865	27 872	<b>1 600 606</b>
Depreciation and amortization	(162 732)	(58 554)	(2 966)	<b>(224 252)</b>	(160 739)	(49 636)	(5 055)	<b>(215 430)</b>
Other non-cash income and expenses	(28 659)	15 419	(1 421)	<b>(14 661)</b>	10 515	2 226	540	<b>13 281</b>
Operating income from ordinary activities (excluding expenses which cannot be allocated by segment)	340 458	88 614	(2 876)	<b>426 196</b>	312 947	70 297	(5 797)	<b>377 447</b>
Operating income (excluding expenses which cannot be allocated by segment)	336 250	88 614	(2 876)	<b>421 988</b>	341 943	67 476	(6 032)	<b>403 387</b>
Investments	553 057	94 592	2 949	<b>650 598</b>	450 963	65 090	9 553	<b>525 606</b>

## Note 7 - Revenue

At 31 December 2006, the breakdown of the Group's revenue is as follows:

<i>In thousands of euros</i>	<b>2006</b>	<b>2005</b>
Principal airport fees	667 062	621 527
Special airport fees	97 904	90 250
Retail income	286 447	256 261
Car perks access income	144 238	135 457
Industrial services revenue	68 679	60 959
Airport security tax	356 322	308 773
Rental income	176 325	168 870
Ground handling	126 242	128 106
Other revenue	147 041	144 377
Financial income from operations	6 575	6 216
<b>Total</b>	<b>2 076 835</b>	<b>1 920 796</b>

The breakdown of revenue by company is as follows:

<i>In thousands of euros</i>	<b>Individual accounts</b>	<b>Eliminations &amp; restatements</b>	<b>Contributions 2006</b>	<b>Contributions 2005</b>
Aéroports de Paris	1 947 256	(65 910)	1 881 346	1 758 618
ADP Ingénierie	33 614	(411)	33 203	26 840
ADP Management	8 139	(192)	7 947	7 447
Hub télécom	75 100	(30 022)	45 078	39 883
Alyzia Airport Services	8 024	(8 018)	6	35
Alyzia Handling	26 379	(21 818)	4 561	3 726
Sapser	10 145	(8 035)	2 110	2 672
Alyzia Sûreté	39 864	(39 739)	125	387
Locmafer	5 416	(4 451)	965	863
Aviance France	13 562	(13 552)	10	-
Alyzia Ramp Assistance	11 792	(11 758)	34	19
Sapser handling	15 736	(14 775)	961	-
Alyzia training	1 256	(583)	673	-
Société de Distribution Aéroportuaire (*)	99 816	-	99 816	80 306
<b>Total</b>	<b>2 296 099</b>	<b>(219 264)</b>	<b>2 076 835</b>	<b>1 920 796</b>

(\*) As Société de Distribution Aéroportuaire (SDA) is consolidated proportionally, the amounts shown on this line only represent 49% of this entity's revenue

## Note 8 - Other ordinary operating income

Other ordinary operating income is broken down as follows:

<i>In thousands of euros</i>	<b>2006</b>	<b>2005</b>
Capital grants recognized in the income statement	2 140	1 774
Capital gains on asset disposals	1 677	1 787
Other income	24 865	8 697
<b>Total</b>	<b>28 682</b>	<b>12 258</b>

In 2006, other income notably included penalties billed for construction delays on the TBE East baggage sorting system.

Capital gains on asset disposals stem mainly from asset sales in 2006 to the Civil Aviation Authorities (DGAC) and to Police and Customs authorities in addition to those made in 2005, which had generated a capital loss recognized in "Other ordinary operating expenses" (see note 11.4).

Capital gains on asset disposals in 2005 consisted primarily of the capital gain of 1,778 thousand euros before tax on the sale of shares in France Handling.

### Note 9 - Own work capitalized

Own work capitalized is broken down as follows:

<i>In thousands of euros</i>	<b>2006</b>	<b>2005</b>
Cost of studies and supervision of works (FEST)	39 760	42 372
Other	3 541	4 744
<b>Total</b>	<b>43 301</b>	<b>47 116</b>

FEST, the cost of studies and supervision of works, corresponds to the capitalisation of internal charges, mainly personnel costs.

### Note 10 - Employee benefit costs

#### 10.1. Personnel expenses

Personnel expenses are broken down as follows:

<i>In thousands of euros</i>	<b>2006</b>	<b>2005</b>
Salaries and wages	428 060	397 001
Social security contributions	186 061	175 436
Employee profit sharing	17 392	26 784
Allowances to provisions for employee benefit obligations	43 745	36 482
Reversals of provisions for employee benefit obligations	(27 190)	(24 205)
<b>Total</b>	<b>648 068</b>	<b>611 498</b>

These amounts do not include the charge of 33,331 thousand euros in 2006, in compliance with IFRS 2, for employee benefits granted as part of the share offer reserved for employees, which was reported as "Other operating income and expenses" (see note 13), as part of the impact of opening the share capital.

The average number of employees can be broken down as follows:

	2006	2005
Management	1 488	1 422
Supervisors	5 204	5 000
Other employees	4 126	3 872
<b>Average number of employees</b>	<b>10 818</b>	<b>10 294</b>
<i>O/w ADP</i>	<i>7 573</i>	<i>7 709</i>
<i>ADP Ingénierie</i>	<i>200</i>	<i>173</i>
<i>ADP Management</i>	<i>27</i>	<i>20</i>
<i>Alyzia Group</i>	<i>2 502</i>	<i>1 972</i>
<i>Hub télécom</i>	<i>247</i>	<i>226</i>
<i>SDA (49%)</i>	<i>269</i>	<i>194</i>

## 10.2. Long-term employee benefits

### 10.2.1. Description of benefits

#### a. End-of-career benefits

In accordance with Article 32 of the by-laws applicable to personnel, a lump sum is paid to employees of Aéroports de Paris upon retirement, and to staff members over 60 made redundant for disability reasons (by decision of the Social Security authorities).

Provisions for such benefits correspond to the cumulative sum of vested employee rights in this respect.

#### b. Agreement for early retirement (PARDA program) and other age-related measures

Aéroports de Paris put a program for early retirement in place on 1 January 1977.

The first agreement was entered into on 7 December 1976 for three years and subsequently renewed four times.

The most recent agreement, "PARDA IV" came into force on 1 January 1996 for four years. It was first amended in 1997 and a second time on 18 February 2000, extending the program until 28 February 2005.

The following conditions must be met to benefit from the program:

- To be at least 55 years old at the desired time of departure,
- To have less than 20 remaining quarters to complete under French Social Security regulations in order to qualify for full retirement benefits.
- To have minimum seniority of 10 years service with Aéroports de Paris.

Beneficiaries receive a pre-retirement annuity equal to 65% of their remuneration in their last year of service.

Persons wishing to benefit from the PARDA plan in 2005 made this known before the end of 2004, on account of the required notice period.

In addition, specific age-related measures were set up in 2006.

#### c. Fire-fighters' retirement plan

A permanent agreement provides for early retirement for fire-fighters at 55 years of age.

The plan is supplemented by an insurance policy that enables fire-fighters, after claiming their retirement benefits from the French Social Security system and their additional pension rights, to obtain total annual income equal to their pre-retirement benefits. This additional payment takes the form of a pension paid by an insurance company.

The provision for this plan corresponds to the valuation of the capital sum required to guarantee this pension for employees currently in active service.

d. Health coverage

Employees of Aéroports de Paris can subscribe to four different mutual health insurance companies (two of them cover 90% of employees).

Aéroports de Paris contributes 35% of the premiums for active employees. It also contributes 100% of the basic health insurance plan for retirees and those having opted for pre-retirement.

e. Aeronautics industry long-service award ("Médaille d'honneur")

Aéroports de Paris finances long-service awards for its employees. The obligation is calculated, case-by-case, on the basis of the probability that the individual will reach the required seniority level before retirement.

f. Long-term benefits for employees of subsidiaries

Consolidated subsidiaries are concerned only by end-of-career bonuses and long-service awards, which are calculated on the same basis as for the parent company (see points a and e above).

10.2.2. Assumptions

The principal actuarial assumptions are set out in the table below:

	Management	Hign-level supervisors	Other employees	Total ADP
Discount rate	-	-	-	4.35%
Expected rate of return on plan assets	-	-	-	4.00%
Future salary increases	4.80%	4.30%	4.30%	-
Future increase in health care expenses	-	-	-	4.00%
Average retirement age <sup>(1)</sup>	63	63	60	-

(1) the retirement age is increased as from 2008 to gradually take into account the change in the retirement age to 65 for management and high-level supervisors and 62 for other employees.

10.2.3. Change, breakdown and reconciliation of obligations, assets and liabilities recognised in the balance sheet and impact on the income statement

<i>In thousands of euros</i>	<b>End of career bonuses</b>	<b>PARDA and other age-related measures</b>	<b>Fire fighters' retirement</b>	<b>Health insurance</b>	<b>Long-service awards</b>	<b>Total 2006</b>	<b>Total 2005</b>
Present value of obligation at beginning of period	198 975	71 127	2 689	162 630	1 583	437 004	442 018
Impact of entrants into consolidations scope	-	-	-	-	-	-	-
Actuarial gain/loss for the period	(10 541)	(244)	(205)	(20 166)	(34)	(31 190)	(3 274)
Unwinding of discount on obligation	8 165	2 482	111	6 679	68	17 506	17 823
Past service cost	-	8 086	-	-	7	8 093	373
Rights vested during the period	10 995	1 037	48	5 946	89	18 115	17 838
Benefits paid	(6 880)	(22 712)	(62)	(3 128)	(84)	(32 866)	(37 773)
<b>Present value of obligation at end of period</b>	<b>200 715</b>	<b>59 776</b>	<b>2 581</b>	<b>151 961</b>	<b>1 629</b>	<b>416 661</b>	<b>437 004</b>
Fair value of plan assets at end of period	(10 087)	(341)	(143)	-	-	(10 571)	(15 597)
Unrecognized actuarial gain/loss	11 987	(7 944)	184	7 972	(2)	12 197	(19 675)
<b>Liabilities recognized in the balance sheet</b>	<b>202 614</b>	<b>51 491</b>	<b>2 622</b>	<b>159 933</b>	<b>1 627</b>	<b>418 287</b>	<b>401 732</b>
Interest expenses on unwinding of discount on obligation	8 165	2 482	111	6 679	68	17 506	17 823
Expected return on plan assets	(480)	(14)	(9)	-	-	(503)	(1 170)
Amortization of actuarial gain/loss	4	568	1	-	(36)	537	1 618
Past service cost	-	8 086	-	-	7	8 093	374
Service cost for the period	10 995	1 037	48	5 946	89	18 115	17 838
<b>Expense for the period</b>	<b>18 684</b>	<b>12 159</b>	<b>151</b>	<b>12 625</b>	<b>128</b>	<b>43 748</b>	<b>36 482</b>

The flows that explain the change in the provisions are set out below:

<i>In thousands of euros</i>	<b>Present value of employee benefit obligation</b>	<b>Fair value of plan assets method</b>	<b>Net employee banafit obligation</b>	<b>Deferred actuarial gain/loss<sup>2</sup></b>	<b>Net provision</b>
<b>At 1 January 2005</b>	442 017	(27 666)	<b>414 351</b>	(24 893)	<b>389 458</b>
Impact of unwinding of discount on obligation	17 823	-	<b>17 823</b>	-	<b>17 823</b>
Past service cost	373	1	<b>374</b>	-	<b>374</b>
Rights vested during the period	17 838	-	<b>17 838</b>	-	<b>17 838</b>
Financial income	-	(1 170)	<b>(1 170)</b>	-	<b>(1 170)</b>
New actuarial gain/loss	(3 274)	(326)	<b>(3 600)</b>	3 600	-
Amortization of actuarial gian/loss	-	-	-	1 618	<b>1 618</b>
Cash flows					
- payments to beneficiaries	(37 773)	-	<b>(37 773)</b>	-	<b>(37 773)</b>
- contributions paid	-	(788)	<b>(788)</b>	-	<b>(788)</b>
- payments received from third parties	-	14 352	<b>14 352</b>	-	<b>14 352</b>
<b>At 31 December 2005</b>	<b>437 004</b>	<b>(15 597)</b>	<b>421 407</b>	<b>(19 675)</b>	<b>401 732</b>
Impact of unwinding of discount on obligation	17 506	-	<b>17 506</b>	-	<b>17 506</b>
Past service cost	8 093	-	<b>8 093</b>	-	<b>8 093</b>
Rights vested during the period	18 115	-	<b>18 115</b>	-	<b>18 115</b>
Financial income	-	(503)	<b>(503)</b>	-	<b>(503)</b>
New actuarial gain/loss	(31 190)	(144)	<b>(31 334)</b>	31 335	<b>1</b>
Amortization of actuarial gian/loss	-	-	-	537	<b>537</b>
Cash flows					
- payments to beneficiaries	(32 866)	-	<b>(32 866)</b>	-	<b>(32 866)</b>
- contributions paid	-	(788)	<b>(788)</b>	-	<b>(788)</b>
- payments received from third parties	-	6 461	<b>6 461</b>	-	<b>6 461</b>
<b>At 31 December 2006</b>	<b>416 661</b>	<b>(10 571)</b>	<b>406 090</b>	<b>12 197</b>	<b>418 287</b>

#### 10.2.4. Sensitivity to medical costs

The obligation in respect of health insurance cover for former employees at 31 December 2006 amounted to:  
(in thousands of euros)

- Active employees	75,152
- Former employees	76,809
<b>- Total</b>	<b>151,961</b>

The service cost and interest expense for the year 2006 amounted to:  
(in thousands of euros)

- Service cost	5,946
- Interest expense	6,679
<b>- Total</b>	<b>12,625</b>

The above figures are based on an assumed 4% increase in medical costs. The table below sets out the impact of a 1% change, upwards or downwards, in these expenses:

<i>In thousands of euros</i>	<b>Decrease of one percentage point</b>	<b>Increase of one percentage point</b>
Obligation	(27 078)	35 932
Service cost and interest expense	(2 902)	4 084

### 10.2.5. Experience-related adjustments in respect of defined benefit plans

The tables below illustrate this information for each type of obligation which is separately identified in preparing the financial statements.

Paragraph 120A of IAS 19 prescribes reporting of items for the current period and the four prior periods. In this particular case, information is only available for the period 2004 to 2006.

#### *End-of-career benefits*

<i>In thousands of euros</i>	<b>2006</b>	<b>2005</b>	<b>2004</b>
Obligations under defined benefit plans	(200 715)	(198 975)	(196 318)
Plan assets	10 087	14 892	26 853
<b>Surplus / (deficit)</b>	<b>(190 628)</b>	<b>(184 083)</b>	<b>(169 465)</b>
Adjustment of plan liabilities related to experience	(3 503)	3 599	693
Adjustment of plan assets related to experience	145	492	1 001

#### *PARDA early retirement and other age-related measures*

<i>In thousands of euros</i>	<b>2006</b>	<b>2005</b>	<b>2004</b>
Obligations under defined benefit plans	(59 776)	(71 127)	(89 094)
Plan assets	341	495	398
<b>Surplus / (deficit)</b>	<b>(59 435)</b>	<b>(70 632)</b>	<b>(88 696)</b>
Adjustment of plan liabilities related to experience	537	(1 510)	14 449
Adjustment of plan assets related to experience	60	58	(22)

#### *Additional firefighters' retirement benefit*

<i>In thousands of euros</i>	<b>2006</b>	<b>2005</b>	<b>2004</b>
Obligations under defined benefit plans	(2 581)	(2 689)	(2 412)
Plan assets	143	210	415
<b>Surplus / (deficit)</b>	<b>(2 438)</b>	<b>(2 479)</b>	<b>(1 997)</b>
Adjustment of plan liabilities related to experience	150	(104)	88
Adjustment of plan assets related to experience	(61)	(224)	41

## Retirees' health insurance

<i>In thousands of euros</i>	2006	2005	2004
Obligations under defined benefit plans	(151 961)	(162 630)	(152 656)
Plan assets	-	-	-
<b>Surplus / (deficit)</b>	<b>(151 961)</b>	<b>(162 630)</b>	<b>(152 656)</b>
Adjustment of plan liabilities related to experience	53	(3 202)	3 718
Adjustment of plan assets related to experience	-	-	-

### 10.2.6. best estimate of contributions to be paid

The amount of contributions the Group considers it will have to pay in 2007 is not material.

## Note 11 - other ordinary operating expenses

### 11.1. Summary table

<i>In thousands of euros</i>	2006	2005
External services and expenses	(524 571)	(522 766)
Taxes other than income taxes	(128 461)	(114 807)
Other operating expenses	(48 052)	(47 982)
<b>Total</b>	<b>(701 083)</b>	<b>(685 555)</b>

### 11.2. Breakdown of other external services and expenses

<i>In thousands of euros</i>	2006	2005
Sub-contracting		
- Security	(150 974)	(148 150)
- Cleaning	(52 984)	(51 488)
- Assistance	(3 804)	(6 612)
- Cooperatives	(22 895)	(22 164)
- Transportation	(20 519)	(18 045)
- Other	(56 399)	(52 592)
<b>Total sub-contracting</b>	<b>(307 575)</b>	<b>(299 051)</b>
Maintenance and repairs	(79 184)	(80 222)
Studies, research and remuneration of intermediaries	(23 301)	(30 113)
External works and services	(22 708)	(23 014)
External personnel	(20 932)	(21 462)
Insurance	(17 491)	(12 832)
Travel and entertainment	(12 142)	(11 981)
Advertising, publications and public relations	(11 779)	(15 538)
Other external expenses and services	(29 460)	(28 552)
<b>Total</b>	<b>(524 571)</b>	<b>(522 766)</b>

### 11.3. Breakdown of taxes other than income taxes

<i>In thousands of euros</i>	<b>2006</b>	<b>2005</b>
"Taxe professionnelle "	(49 560)	(44 991)
Property tax	(38 194)	(33 150)
Other taxes other than income tax	(40 707)	(36 665)
<b>Total</b>	<b>(128 461)</b>	<b>(114 807)</b>

### 11.4. Breakdown of other operating expenses

<i>In thousands of euros</i>	<b>2006</b>	<b>2005</b>
Losses and bad debts	(22 927)	(17 329)
Capital losses on fixed asset disposal	-	(7 384)
Other operating expenses	(25 125)	(23 269)
<b>Total</b>	<b>(48 052)</b>	<b>(47 982)</b>

In 2006, losses on bad debts are mainly comprised of 21,243 thousand euros on the receivables due by Air Lib, entirely covered by the reversal of previously recognized impairment.

In 2005, losses on bad debts are mainly comprised of 5,450 thousand euros of unpaid airport taxes, 2,270 thousand euros on the receivables due by a customer called Au Lys de France and 1,750 thousand euros due by a customer called Tower Air Inc.

Capital losses on fixed asset disposals stem mainly from asset sales in 2005 to the Civil Aviation Authorities (DGAC) and to Police and Customs authorities.

### Note 12 - Depreciation and amortization, impairment and net allowance to provisions

Depreciation, amortization and asset impairment are broken down as follows:

<i>In thousands of euros</i>	<b>2006</b>	<b>2005</b>
Amortization of intangible assets	(10 054)	(8 637)
Depreciation of tangible assets and investment property	(263 799)	(253 534)
<b>Depreciation and amortization</b>	<b>(273 853)</b>	<b>(262 171)</b>

<i>In thousands of euros</i>	<b>2006</b>	<b>2005</b>
Impairment of property, plant and equipment and intangible assets	(378)	(116)
Reversals Impairment of property, plant and equipment and intangible assets	480	1 163
<b>Impairment of non-current assets, net</b>	<b>102</b>	<b>1 047</b>
Impairment of receivables	(5 618)	(9 051)
Reversals of impairment of receivables	30 803	25 797
<b>Impairment of receivables</b>	<b>25 185</b>	<b>16 745</b>
<b>Impairment of assets, net</b>	<b>25 287</b>	<b>17 792</b>

Provisions are reported on the income statement as follows:

<i>In thousands of euros</i>	<b>2006</b>	<b>2005</b>
Allowance to provisions for litigation, claims and other risks	(48 374)	(8 905)
Reversals in the period	9 905	13 620
<b>Net allowances to provisions</b>	<b>(38 469)</b>	<b>4 715</b>

Allowances to provisions in 2006 were comprised mainly of provisions for customer and supplier litigation and claims and a tax provision in connection with the current tax audit (see note 3.1.5).

### **Note 13 - Other operating income and expenses**

This heading is comprised of the following items:

<i>In thousands of euros</i>	<b>2006</b>	<b>2005</b>
Impact of opening the share capital		
- cost of employee benefits as part of the share offer reserved for employee	(33 331)	-
- Bonus	(9 578)	-
- New share issue expenses	(35 004)	-
- o/w charged to issue premium	25 097	-
<b>Sub-total</b>	<b>(52 816)</b>	<b>-</b>
Impact of accident at terminal 2E in 2004		
- Depreciation and amortization	-	(67 877)
- Impairment of assets (net) and net allowances to provisions	-	76 369
- Insurance indemnities	-	31 840
- Other expenses	(4 208)	(6 717)
<b>Sub-total</b>	<b>(4 208)</b>	<b>33 615</b>
UNEDIC back payment	-	(10 153)
<b>Total</b>	<b>(57 024)</b>	<b>23 462</b>

### **Note 14 - net finance costs**

Net finance costs for 2005 and 2006 can be analysed as follows:

<i>In thousands of euros</i>	<b>Finance incomes</b>	<b>Finance expenses</b>	<b>Net finance results 2006</b>
Gross interest expenses on debt	-	(117 867)	(117 867)
Net income (expense) on interest rate derivate	50 025	(34 507)	15 518
<b>Cost of gross debt</b>	<b>50 025</b>	<b>(152 374)</b>	<b>(102 349)</b>
Income from cash and cash equivalent	15 134	-	15 134
<b>Cost of net debt</b>	<b>65 159</b>	<b>(152 374)</b>	<b>(87 215)</b>
Income from non-consolidated investments	3 091	-	3 091
Capital gains (losses) on disposals of non-consolidated investment	195	(254)	(59)
Net foreign exchange gains (losses)	1 196	(2 746)	(1 550)
Other	1 731	(485)	1 246
<b>Other finance income and expenses</b>	<b>6 213</b>	<b>(3 485)</b>	<b>2 728</b>
<b>Net finance income (expense)</b>	<b>71 372</b>	<b>(155 859)</b>	<b>(84 488)</b>

<i>In thousands of euros</i>	<b>Finance incomes</b>	<b>Finance expenses</b>	<b>Net finance results 2005</b>
Gross interest expenses on debt	-	(106 230)	(106 230)
Net income (expense) on interest rate derivate	47 613	(34 729)	12 884
<b>Cost of gross debt</b>	<b>47 613</b>	<b>(140 959)</b>	<b>(93 346)</b>
Income from cash and cash equivalent	2 415	-	2 415
<b>Cost of net debt</b>	<b>50 028</b>	<b>(140 959)</b>	<b>(90 931)</b>
Income from non-consolidated investments	2 452	-	2 452
Capital gains (losses) on disposals of non-consolidated investment	68	(428)	(360)
Net foreign exchange gains (losses)	2 861	(293)	2 568
Other	1 461	(3 945)	(2 484)
<b>Other finance income and expenses</b>	<b>6 842</b>	<b>(4 666)</b>	<b>2 176</b>
<b>Net finance income (expense)</b>	<b>56 870</b>	<b>(145 625)</b>	<b>(88 755)</b>

In 2006, finance income recognized by the Group as the lessor in respect of finance leases was reclassified as revenues. Consequently, net finance costs for 2005 were restated to ensure comparability between the two financial years. The impact of this accounting change on 2005 is 6,216 thousand euros (*see note 3.2*), which brings the restated net finance expense for 2005 to 88,755 thousand euros, from 82,539 thousand euros.

## **Note 15 - Investments in associates**

### **15.1. Share in earnings of associates**

Breakdown of the amounts shown in the income statement by entity:

<i>In thousands of euros</i>	<b>% stake</b>	<b>2006</b>	<b>2005</b>
GIE Roissypôle	90,00%	445	730
SCI Roissy Sogaris	40,00%	1 338	1 304
SAB (Belgium)	25,60%	41	29
SETA (Mexico)	25,50%	1 749	1 091
France Handling (sold en 2005)	-	-	(286)
<b>Total</b>		<b>3 573</b>	<b>2 868</b>

## 15.2. Breakdown of balance sheet amounts

The balance sheet amount of investments in associates can be broken down as follows:

<i>In thousands of euros</i>	<b>GIE Roissypôle</b>	<b>SCI Roissy Sogaris</b>	<b>SAB (Belgium)</b>	<b>SETA (Mexico)</b>	<b>Total</b>
<i>Controlling interest</i>	49,00%	40,00%	25,60%	25,50%	
<i>Ownership interest</i>	90,00%	40,00%	25,60%	25,50%	
<b>Share of net assets at 31 December 2006</b>	<b>(357)</b>	<b>7 013</b>	<b>4 119</b>	<b>9 054</b>	<b>19 829</b>
<i>Balance sheet at 31 December</i>					
- Assets		7 013	4 119	9 054	20 186
- Liabilities (in provisions)	(357)				(357)
<b>Share of net assets at 31 December 2006</b>	<b>(802)</b>	<b>5 674</b>	<b>4 079</b>	<b>9 648</b>	<b>18 599</b>
<i>Balance sheet at 31 December</i>					
- Assets		5 674	4 079	9 648	19 401
- Liabilities (in provisions)	(802)				(802)

The Group's controlling interest and ownership interest in GIE Roissypole is limited to 49% and 90%, respectively, by the entity's bylaws.

## 15.3. Changes in share of net assets

Changes in the Group's share of the net asset value of associates at the beginning and ending of the period:

<i>In thousands of euros</i>	<b>France Handling</b>	<b>GIE Roissypôle</b>	<b>SCI Roissy Sogaris</b>	<b>SAB (Belgium)</b>	<b>SETA (Mexico)</b>	<b>Total</b>
<b>Share of net assets at 1 January 2005</b>	<b>9 564</b>	<b>0</b>	<b>4 370</b>	<b>4 569</b>	<b>10 821</b>	<b>29 324</b>
Group share of net income (loss)	(286)	730	1 304	29	1 091	2 868
Translation adjustments					2 016	2 016
Dividend payout				(519)		(519)
Transfers to provisions		(730)				(730)
Withdrawals from scope of consolidation	(9 278)					(9 278)
Other changes					(4 280)	(4 280)
<b>Net amounts at 31 December 2005</b>	<b>0</b>	<b>0</b>	<b>5 674</b>	<b>4 079</b>	<b>9 648</b>	<b>19 401</b>
Group share of net income (loss)		445	1 338	41	1 749	3 573
Translation adjustments					(1 147)	(1 147)
Dividend payout					(1 196)	(1 196)
Transfers to provisions		(445)				(445)
<b>Net amounts at 31 December 2006</b>	<b>0</b>	<b>0</b>	<b>7 012</b>	<b>4 120</b>	<b>9 054</b>	<b>20 186</b>

## 15.4. Summarized financial information

The aggregate amounts of assets, liabilities, revenues and net income of associates, as stated in their respective individual financial statements, are presented below for 2006 and 2005:

<i>In thousands of euros</i>	<b>GIE Roissypôle</b>	<b>SCI Roissy Sogaris</b>	<b>SAB (Belgium)</b>	<b>SETA (Mexico)</b>	<b>At 31.12.06</b>
<b>BALANCE SHEET</b>					
Non-current assets	5 182	21 452	45 671	73 414	145 719
Current assets	455	9 309	11 311	13 248	34 322
<b>Total assets</b>	<b>5 637</b>	<b>30 761</b>	<b>56 982</b>	<b>86 662</b>	<b>180 041</b>
Equity	(4 489)	17 532	16 268	35 506	64 817
Non-current liabilities	5 893	10 023	29 410	43 529	88 855
Current liabilities	4 232	3 206	11 304	7 626	26 368
<b>Total equity and liabilities</b>	<b>5 637</b>	<b>30 761</b>	<b>56 982</b>	<b>86 662</b>	<b>180 041</b>
<b>INCOME STATEMENT</b>					
Revenue	4 865	10 012	12 512	3 392	30 781
Net income	1 203	3 420	(36)	4 848	9 435

<i>In thousands of euros</i>	<b>GIE Roissypôle</b>	<b>SCI Roissy Sogaris</b>	<b>SAB (Belgium)</b>	<b>SETA (Mexico)</b>	<b>At 31.12.05</b>
<b>BALANCE SHEET</b>					
Non-current assets	7 366	23 218	15 697	69 916	116 197
Current assets	413	7 765	18 734	15 996	42 908
<b>Total assets</b>	<b>7 779</b>	<b>30 983</b>	<b>34 431</b>	<b>85 912</b>	<b>159 105</b>
Equity	(5 691)	14 186	15 930	37 834	62 259
Non-current liabilities	9 670	11 751	9 750	45 718	76 889
Current liabilities	3 800	5 046	8 751	2 360	19 957
<b>Total equity and liabilities</b>	<b>7 779</b>	<b>30 983</b>	<b>34 431</b>	<b>85 912</b>	<b>159 105</b>
<b>INCOME STATEMENT</b>					
Revenue	4 505	10 059	10 532	2 693	27 789
Net income	851	3 261	(225)	4 279	8 166

## Note 16 - Income taxes

### 16.1. Tax rate

Pursuant to the accounting policy set out in note 4.14, deferred tax assets and liabilities are measured on the basis of the last known tax rates at the balance sheet date, which was 34.433%.

### 16.2. Breakdown of the income tax expense

On the income statement, the income tax expense is broken down as follows:

<i>In thousands of euros</i>	<b>2006</b>	<b>2005</b>
Current tax expense	(84 258)	(95 486)
Deferred tax expense	(16 582)	394
<b>Income tax expense</b>	<b>(100 841)</b>	<b>(95 092)</b>

The deferred tax expense of 16,582 thousand euros notably comprises 18,712 thousand euros for the neutralisation of temporary tax savings from tax-driven depreciation by entities on the consolidated financial statements

The above figures do not include the tax expense on the share in earnings of associates, since they are reported net of tax in the income statement.

### 16.3. Tax reconciliation table

The reconciliation between the theoretical income tax expense based on the tax rate applicable in France and the actual tax expense is as follows:

<i>In thousands of euros</i>	<b>2006</b>	<b>2005</b>
Net income after tax	152 136	179 937
Share in earnings of associate	(3 573)	(2 868)
Income tax expense	100 841	95 092
<b>Income before tax and share in earnings of associates</b>	<b>249 404</b>	<b>272 161</b>
<i>Theoretical tax rate applicable in France</i>	<i>34,43%</i>	<i>34,93%</i>
<b>Theoretical tax expense</b>	<b>(85 878)</b>	<b>(95 075)</b>
Impact on theoretical tax of:		
- Reduced tax rates applicable	741	1 026
- Previously unrecognized tax loss carryforwards used in the period	531	3 030
- Tax losses incurred in the period for which no deferred tax asset was recognized	(2 528)	(508)
- Changes in unrecognized temporary differences	(1 024)	(3 514)
- Change in tax rates	0	(9)
- Non-deductible expenses and non-taxable revenues	(14 286)	(817)
- Tax credits	868	530
- Adjustments in respect of previous fiscal years	735	245
<b>Actual tax expense</b>	<b>(100 841)</b>	<b>(95 092)</b>
<i>Effective tax rate</i>	<i>40,43%</i>	<i>34,94%</i>

Non-deductible expenses and non-taxable revenues totalled 14,286 thousand euros in 2006, of which 11,477 thousand euros corresponds to the non-deductible expense of 33,331 thousand euros recognized, in compliance with IFRS 2 on share-based payments, as benefits granted to employees as part of a reserved share offer (see note 3.1.1).

#### 16.4. Deferred tax assets and liabilities broken down by category

Deferred tax assets and liabilities are presented on the balance sheet as follows:

<i>In thousands of euros</i>	<b>At 31.12.06</b>	<b>At 31.12.05</b>
In respect of deductible temporary differences		
- Employee benefit obligation	142 501	137 215
- Amortization of capitalized costs of studies and supervisions of works	51 362	54 922
- Impact of component-based approach spread over five years	5 030	6 706
- Provisions and accrued liabilities	6 272	6 533
- Other	3 503	3 149
For taxable timing differences		
- Tax-driven depreciation and other regulated provisions	(241 819)	(223 591)
- Finance leases	(28 203)	(28 778)
- Revaluation reserves	(8 312)	(8 330)
- Other	(2 962)	(2 909)
<b>Net deferred tax assets (liabilities)</b>	<b>(72 627)</b>	<b>(55 083)</b>

Amounts broken down as follows in balance sheet

- in assets	1 417	1 620
- in liabilities	(74 044)	(56 703)

The amortisation of the costs of studies and supervision of works, which appears above under deductible temporary differences, results from the spreading out of previously capitalised expenses charged to retained earnings at 1 January 2003 following accounting changes effective as of that date in preparation for the transformation of the parent company Aéroports de Paris into a "société anonyme" (public limited company) and the first-time certification of its financial statements for the year 2003.

The charge to retained earnings at 1 January 2003 pertained to a residual un-amortised expense of 180,180 thousand euros at that date. After taking account of the corresponding tax impact of 63,838 thousand euros, the negative impact on retained earnings was 116,342 thousand euros.

In agreement with the tax authorities, starting in fiscal year 2004, this correction resulted in the restatement of these expenses over the initial amortisation period.

In the IFRS-compliant consolidated financial statements, the restatement resulted in the recognition of a deferred tax asset of 63,838 thousand euros. Thereafter, this amount declined to 54,922 thousand euros at 31 December 2005 and 51,362 thousand euros at 31 December 2006 due to applicable tax deductions over the period concerned.

#### 16.5. Unrecognized deferred tax assets and liabilities

Certain deferred tax assets for several subsidiaries were not recognized because of a lack of supporting evidence to justify their recognition. The corresponding tax bases are shown below:

<i>In thousands of euros</i>	<b>At 31.12.06</b>	<b>At 31.12.05</b>
- Tax losses which can be indefinitely carried forward at standard tax rates	14 838	9 456
- Long-term capital losses carried forward at a reduced tax rate	2 878	2 748

## 16.6. Changes in deferred tax assets and liabilities

Changes in deferred tax assets and liabilities between the beginning and the end of the period are presented in the table below:

<i>In thousands of euros</i>	<b>Assets</b>	<b>Liabilities</b>	<b>Net amount</b>
<b>At 1 January 2005</b>	<b>1 466</b>	<b>56 402</b>	<b>(54 936)</b>
Amount recognized directly through equity <sup>(1)</sup>	0	541	(541)
Amount recognized through net income for the period	154	(240)	394
<b>At 31 December 2005</b>	<b>1 620</b>	<b>56 703</b>	<b>(55 083)</b>
Amount recognized directly through equity <sup>(2)</sup>	0	962	(962)
Amount recognized through net income for the period	(203)	16 379	(16 582)
<b>At 31 December 2006</b>	<b>1 417</b>	<b>74 044</b>	<b>(72 627)</b>

(1) First-time adoption of IAS 32-39

(2) Fair value reserve for available-for-sale investments (BCIA)

## 16.7. Current tax assets and payables

Current tax assets correspond to the amount of income tax recoverable from the tax authorities. Current tax payables are the amount of taxes that are still payable to the tax authorities.

Current tax assets and payables are shown in the table below:

<i>In thousands of euros</i>	<b>At 31.12.06</b>	<b>At 31.12.05</b>
<b>Current tax assets</b>		
- Aéroports de Paris and tax-consolidated companies	14	-
- Other consolidated entities	640	1 777
<b>Total</b>	<b>654</b>	<b>1 777</b>
<b>Current tax payables</b>		
- Aéroports de Paris and tax-consolidated companies (*)	8 084	34 470
- Other consolidated entities	194	1 187
<b>Total</b>	<b>8 278</b>	<b>35 657</b>
(*) o/w due after more than one year	-	1 043

The Group has no knowledge of any contingent tax assets or liabilities at 31 December 2006 other than the rectifications proposed by the French tax authorities as part of the tax audit of the parent company in 2006, which is covered by a provision in liabilities.

## Note 17 - Earnings per share

Earnings per share (EPS) at the end of the period:

	<b>2006</b>	<b>2005</b>
Net income attributable to equity holders of the parent company (in thousands of euros)	152 136	179 937
Weighted average number of shares outstanding	92 738 547	85 361 500
<b>Basic earning per share (EPS) (in euros)</b>	<b>1,64</b>	<b>2,11</b>

Basic earnings per share corresponds to net income attributable to shareholders of the parent company. To calculate the weighted average number of common shares outstanding, the 13,599,102 new shares issued as part of the capital increase in June 2006 were taken into account on a pro rata temporis basis.

There are no equity instruments outstanding which would dilute earnings.

### Note 18 - Intangible assets

Intangible assets are broken down as follows:

<i>In thousands of euros</i>	Goodwill	Software	Intangible assets in progress & related advances	Total
<b>At 31 December 2005</b>				
- Cost	97	89 306	8 185	97 588
- Accumulated amortization		(67 263)	-	(67 263)
<b>Carrying amount</b>	<b>97</b>	<b>22 043</b>	<b>8 185</b>	<b>30 325</b>
<b>At 31 December 2006</b>				
- Cost	97	99 404	14 465	113 966
- Accumulated amortization	-	(77 252)	-	(77 252)
<b>Carrying amount</b>	<b>97</b>	<b>22 152</b>	<b>14 465</b>	<b>36 714</b>

The carrying amount of intangible assets changed as follows:

<i>In thousands of euros</i>	Goodwill	Software	Intangible assets in progress & related advances	Total 2006	Total 2005
<b>Carrying amount at 1 January</b>	<b>97</b>	<b>22 043</b>	<b>8 185</b>	<b>30 325</b>	<b>20 871</b>
- Investments	-	447	13 958	14 405	9 364
- Disposals and discontinuations	-	(34)	-	(34)	(806)
- Amortization	-	(10 053)	-	(10 053)	(8 639)
- Transfers (to) and from other headings	-	9 749	(7 678)	2 071	9 535
<b>Carrying amount at 31 December</b>	<b>97</b>	<b>22 152</b>	<b>14 465</b>	<b>36 714</b>	<b>30 325</b>

The net amount of transfers to and from other headings relates solely to reclassifications of property, plant and equipment as intangible assets.

## Note 19 - Property, plant and equipment

Property, plant and equipment are broken down as follows:

<i>In thousands of euros</i>	Land and improvements to land	Buildings	Equipment	Other	PP&E in progress & related advances	Total
<b>At 31 December 2005</b>						
- Cost	39 421	5 599 296	148 777	176 197	792 974	6 756 665
- Accumulated depreciation	(3 960)	(2 105 052)	(90 756)	(132 273)	-	(2 332 041)
- Accumulated impairment	-	-	(390)	(621)	-	(1 011)
<b>Carrying amount</b>	<b>35 461</b>	<b>3 494 244</b>	<b>57 631</b>	<b>43 303</b>	<b>792 974</b>	<b>4 423 613</b>
<b>At 31 December 2006</b>						
- Cost	39 925	5 706 349	153 899	189 303	1 173 932	7 263 408
- Accumulated depreciation	(4 361)	(2 177 719)	(98 671)	(142 806)	-	(2 423 557)
- Accumulated impairment	-	-	(195)	(714)	-	(909)
<b>Carrying amount</b>	<b>35 564</b>	<b>3 528 630</b>	<b>55 033</b>	<b>45 783</b>	<b>1 173 932</b>	<b>4 838 942</b>

The carrying amount of property, plant and equipment changed as follows:

<i>In thousands of euros</i>	Land and improvements to land	Buildings	Equipment	Other	PP&E in progress & related advances	Total 2006	Total 2005
<b>Carrying amount at 1 January</b>	<b>35 461</b>	<b>3 494 244</b>	<b>57 631</b>	<b>43 303</b>	<b>792 974</b>	<b>4 423 613</b>	<b>4 230 764</b>
- Purchases	-	3 230	6 603	2 273	676 378	688 485	561 386
- Disposals and write-off	(152)	(31 296)	(1 323)	(2 046)	(26)	(34 843)	(122 344)
- Depreciation	(402)	(218 896)	(15 344)	(16 969)	-	(251 611)	(312 255)
- Impairment reversals	-	-	195	(93)	-	102	75 707
- Transfers (to) and from other headings	657	281 348	7 271	19 306	(295 394)	13 188	(9 663)
- Addition to consolidation scope	-	-	-	8	-	8	18
<b>Carrying amount at 31 December</b>	<b>35 564</b>	<b>3 528 630</b>	<b>55 033</b>	<b>45 783</b>	<b>1 173 932</b>	<b>4 838 942</b>	<b>4 423 613</b>

The net amount of transfers from other headings mainly relates to the reclassification of property, plant and equipment as intangible assets, and to changes in the scope of investment property (See note 20).

The above amounts include assets held under finance leases for the following amounts:

<i>In thousands of euros</i>	Land	Buildings	Equipment	Total 2006	Total 2005
<b>Carrying amount at 1 January</b>	<b>7 698</b>	<b>25 049</b>	<b>2 453</b>	<b>35 200</b>	<b>39 440</b>
- Depreciation	-	(3 207)	(1 031)	(4 238)	(4 240)
- Transfers from investment property	-	685	-	685	-
<b>Carrying amount at 31 December</b>	<b>7 698</b>	<b>22 527</b>	<b>1 422</b>	<b>31 647</b>	<b>35 200</b>

## Note 20 - Investment property

### 20.1. Analysis of investment property

The table below presents a breakdown of investment property:

<i>In thousands of euros</i>	<b>Land and improvements to land</b>	<b>Buildings</b>	<b>Other</b>	<b>Total</b>
<b>At 31 December 2005</b>				
- Cost	39 259	370 429	198 277	607 965
- Accumulated depreciation	(4 498)	(207 778)	(90 041)	(302 317)
<b>Carrying amount</b>	<b>34 761</b>	<b>162 651</b>	<b>108 236</b>	<b>305 648</b>
<b>At 31 December 2006</b>				
- Cost	40 744	380 009	181 395	602 148
- Accumulated depreciation	(4 904)	(220 009)	(93 002)	(317 915)
<b>Carrying amount at 31 December</b>	<b>35 840</b>	<b>160 000</b>	<b>88 393</b>	<b>284 233</b>

The carrying value of investment property changed as followed:

<i>In thousands of euros</i>	<b>Land and improvements to land</b>	<b>Buildings</b>	<b>Other</b>	<b>Total 2006</b>	<b>Total 2005</b>
<b>Carrying amount at 1 January</b>	<b>34 761</b>	<b>162 651</b>	<b>108 236</b>	<b>305 648</b>	<b>306 633</b>
- Purchases	1 321	8 250	-	9 571	8 171
- Disposals and write-off	-	(891)	-	(891)	-
- Depreciation	(346)	(11 841)	-	(12 187)	(9 156)
- Transfers (to) and from other headings	104	1 831	(19 843)	(17 908)	-
<b>Carrying amount at 31 December</b>	<b>35 840</b>	<b>160 000</b>	<b>88 393</b>	<b>284 233</b>	<b>305 648</b>

No significant change in the composition of investment property was observed during the period.

The above amounts include assets held under finance leases for the following amounts:

<i>In thousands of euros</i>	<b>Land and improvements to land</b>	<b>Buildings</b>	<b>Other</b>	<b>Total 2006</b>	<b>Total 2005</b>
<b>Carrying amount at 1 January</b>	-	<b>25 609</b>	-	<b>25 609</b>	<b>27 560</b>
- Depreciation		(1 852)	-	(1 852)	(1 951)
- Transfers to property, plant and equipment		(685)		(685)	-
<b>Carrying amount at 31 December</b>	-	<b>23 072</b>	-	<b>23 072</b>	<b>25 609</b>

### 20.2. Fair value of investment property

The fair value of investment property is shown below:

<i>In thousands of euros</i>	<b>At 31.12.06</b>	<b>At 31.12.05</b>
<b>Land and buildings</b>	<b>1 076 600</b>	<b>982 600</b>

The fair value of investment property increased by 94 million euros between the two periods mainly due to changes in the discount rate, which decreased from 5.38% in 2005 to 5.02% in 2006.

The liquidity discount was 20% in both 2005 and 2006.

### 20.3. Additional information

The Act dated 20 April 2005 provides that in the event of a partial or total shutdown of air traffic at one of the airports owned by AÉROPORTS DE PARIS, 70% of the capital gain due to the difference between the market value of the assets and the book value thereof must be paid to the French Government. This provision concerns primarily the General Aviation Aerodromes.

In addition, the amounts recognized in the income statement in respect of rental income on investment property and in respect of direct operating expenses related to such properties (including depreciation) were 118.2 million euros and 73.6 million euros, respectively, in 2006.

### Note 21 - Other financial assets

The amounts shown in the balance sheet at 31 December 2006 and 2005 can be analysed as follows:

<i>In thousands of euros</i>	<b>Total at 31.12.06</b>	<b>Non-current</b>	<b>Current</b>
<b>Available-for-sale securities</b>			
- BCIA (China)	150 804	150 804	-
- Bolloré Télécom	10 000	10 000	-
- Other securities	1 009	1 009	-
<b>Sub-total</b>	<b>161 813</b>	<b>161 813</b>	<b>-</b>
<b>Loans and receivables</b>			
- Receivables from associates	9 236	9 236	-
- Other receivables related to investments	130	130	-
- Accrued interest on receivables related to investments	446	-	446
- Loans	24 170	17 669	6 501
- Other current accounts	4 832	-	4 832
- Security deposits	626	593	33
- Receivables, as lessor, in respect of finance leases	60 035	52 604	7 431
- Receivables from asset disposal	4 954	-	4 954
- Other financial assets	231	-	231
<b>Sub-total</b>	<b>104 659</b>	<b>80 232</b>	<b>24 428</b>
<b>Derivate financial instruments (interest rate swaps)</b>			
- Hedging swaps	32 453	-	32 453
- Trading swaps	27 386	-	27 386
<b>Sub-total</b>	<b>59 839</b>	<b>-</b>	<b>59 839</b>
<b>Total</b>	<b>326 311</b>	<b>242 045</b>	<b>84 267</b>

<i>In thousands of euros</i>	<b>Total at 31.12.05</b>	<b>Non-current</b>	<b>Current</b>
<b>Available-for-sale securities</b>			
- BCIA (China)	98 416	98 416	-
- Other securities	1 070	1 070	-
<b>Sub-total</b>	<b>99 486</b>	<b>99 486</b>	<b>-</b>
<b>Loans and receivables</b>			
- Receivables from associates	9 284	3 747	5 537
- Other receivables related to investments	533	78	455
- Accrued interest on receivables related to investments	141	-	141
- Loans	9 282	8 922	360
- Current accounts with associates	572	-	572
- Other current accounts	2 701	-	2 701
- Security deposits	533	483	50
- Receivables, as lessor, in respect of finance leases	61 900	54 600	7 300
- Receivables from asset disposal	115 475	-	115 475
- Other financial assets	7 683	-	7 683
<b>Sub-total</b>	<b>208 103</b>	<b>67 830</b>	<b>140 274</b>
<b>Derivate financial instruments (interest rate swaps)</b>			
- Hedging swaps	53 981	-	53 981
- Trading swaps	38 838	-	38 838
<b>Sub-total</b>	<b>92 819</b>	<b>-</b>	<b>92 819</b>
<b>Total</b>	<b>400 408</b>	<b>167 316</b>	<b>233 093</b>

ADP Management owned 253,591,346 shares in BCIA shares (China) which were classified as available-for-sale securities. The value of these shares increased from 98,416 thousand euros to 150,804 thousand euros during 2006. This gain of 52,388 thousand euros was written in full to the fair value reserve as equity. The increase in BCIA's share price, up 71.5% to HK\$6.09 from HK\$3.55, was partially offset by the decline in the price of the Hong Kong dollar, which fell 10.7% to 0.09765 euro from 0.10932 euro. The maturity schedule of loans and receivables at 31 December 2006 was as shown below:

<i>In thousands of euros</i>	<b>Maturity &lt; 1 year</b>	<b>Maturity between 1 and 2 years</b>	<b>Maturity between 2 and 3 years</b>	<b>Maturity between 3 and 4 years</b>	<b>Maturity between 4 and 5 years</b>	<b>Maturity &gt; 5 years</b>	<b>Total at 31.12.06</b>
Receivables from associates	-	2 058	1 028	1 028	1 028	4 094	<b>9 236</b>
Receivables from joint ventures	-	-	-	-	-	-	-
Other receivables related to investments	-	-	-	-	-	130	<b>130</b>
Accrued interest on receivables related to investments	446	-	-	-	-	-	<b>446</b>
Loans	6 501	3 026	2 943	2 505	2 505	6 690	<b>24 170</b>
Other current accounts	4 832	-	-	-	-	-	<b>4 832</b>
Security deposit	33	35	-	-	-	558	<b>626</b>
Receivables, as lessor, in respect of finance leases	7 431	6 857	6 327	5 838	5 387	28 195	<b>60 035</b>
Receivables from asset disposal	4 954	-	-	-	-	-	<b>4 954</b>
Other financial assets	231	-	-	-	-	-	<b>231</b>
<b>Loans and receivables</b>	<b>24 428</b>	<b>11 976</b>	<b>10 298</b>	<b>9 371</b>	<b>8 920</b>	<b>39 667</b>	<b>104 659</b>

## Note 22 - Inventories

At the end of the period, inventories stood as follows:

<i>In thousands of euros</i>	<b>Gross value at 31.12.06</b>	<b>Impairment at 31.12.06</b>	<b>Net value at 31.12.06</b>	<b>Net value at 31.12.05</b>
Raw materials	4 490	-	<b>4 490</b>	3 321
Work in progress	58	-	<b>58</b>	221
Goods for resale	3 024	(110)	<b>2 914</b>	2 439
<b>Total</b>	<b>7 572</b>	<b>(110)</b>	<b>7 462</b>	<b>5 981</b>

## Note 23 - Trade receivable

Trade receivables and related accounts are broken down as follows:

<i>In thousands of euros</i>	<b>At 31.12.06</b>	<b>At 31.12.05</b>
Trade receivables	384 451	322 325
Doubtful receivables	37 945	69 092
Accumulated provisions for impairment	(21 307)	(46 416)
<b>Net amount</b>	<b>401 089</b>	<b>345 001</b>

Normal payment terms for client receivables stipulate payment at 30 days from the invoice date, except for commercial fees which are due and payable upon invoice date.

At 31 December 2005, doubtful receivables amounted to 69.1 million euros. At 31 December 2006, they totalled 37.9 million euros, a decrease of 31.2 million euros.

This change is mainly due to the cancellation of doubtful receivables, which were recognised as losses, notably 21.5 million euros for Air Lib.

Provisions for impairment changed as follows:

<i>In thousands of euros</i>	<b>At 31.12.06</b>	<b>At 31.12.05</b>
<b>Accumulated provisions for impairment at beginning of period</b>	<b>46 416</b>	<b>63 039</b>
Increases	5 619	9 050
Decreases	(30 728)	(25 700)
Other changes	-	26
<b>Accumulated provisions for impairment at end of period</b>	<b>21 306</b>	<b>46 416</b>

The 30.7 million decrease in provisions reported in 2006 is mainly due to the reversal of a provision of 22.7 million euros for Air Lib.

## Note 24 - Other receivables and prepaid expenses

The breakdown of other receivables and prepaid expenses is shown below:

<i>In thousands of euros</i>	<b>At 31.12.06</b>	<b>At 31.12.05</b>
Advances and prepayments paid on orders	4 952	8 151
Receivables from employees (excl. the reserved share offer) and social security bodies	1 755	2 160
Receivables from tax authorities (excl. income tax)	56 577	59 686
Other receivables	39 355	62 790
Prepaid expenses	12 524	13 870
<b>Total</b>	<b>115 164</b>	<b>146 658</b>

At 31 December 2006, other receivables included 18,437 thousand euros corresponding to the remaining receivables from Group employees as part of the reserved share offer.

At 31 December 2005, other receivables included 41,411 thousand euros for the balance of insurance indemnities for the accident at Terminal 2E, which was paid in early 2006.

Furthermore, the portion of other receivables at 31 December 2006 that the Group intends to cover beyond twelve months amounts to 10,544 thousand euros and is exclusively for receivables from Group employees as part of the reserved share offer.

## Note 25 - Cash and cash equivalents

The breakdown of cash and cash equivalents is as follows:

<i>In thousands of euros</i>	<b>At 31.12.06</b>	<b>At 31.12.05</b>
Marketable securities	472 623	343 148
Cash	36 565	45 200
<b>Total</b>	<b>509 188</b>	<b>388 348</b>

As part of its cash management policies, Aéroports de Paris has invested mainly in euro-denominated, short-term money market UCITS as well as in some international money market UCITS qualified as cash equivalents, for periods systematically less than three months.

## Note 26 - Equity

### 26.1. Share capital

The share capital of Aéroports de Paris was increased from 256,084,500 euros to 296,881,806 euros during the period, divided into 98,960,602 shares at 3 euros each, entirely paid up (see note 3.1.1.).

The new share issue was accompanied by an issue premium of 559,203 thousand euros, which was reduced to 542,747 thousand euros after deducting a charge of 16,456 thousand euros for issue expenses (net of the corresponding tax savings) relating to the capital increase.

### 26.2. Translation reserve

The translation reserve is solely comprised of adjustments arising since 1 January 2004 on the translation of the Mexican peso-denominated financial statements of SETA (Mexico) into euros. All cumulative translation adjustments prior to this date were transferred to retained earnings in accordance with the option provided under IFRS 1 for the first-time adoption of IFRS.

### 26.3. Retained earnings

Retained earnings can be broken down as follows:

<i>In thousands of euros</i>	<b>At 31.12.06</b>	<b>At 31.12.05</b>
Reserves of parent company Aéroports de Paris		
- Legal reserve	8 408	-
- Other reserves	863 048	862 995
- retained earnings	112 715	16 134
Consolidated reserves	740 325	695 267
<b>Total</b>	<b>1 724 496</b>	<b>1 574 396</b>

### 26.4. Comments on the statement of changes in equity

Principal changes in 2005:

- Based on the stock market price, the fair value of the shares of BCIA (China), which are classified as available-for-sale financial assets as defined by IAS 32 and IAS 39, increased by 19,379 thousand euros between the beginning and the end of the year.
- A positive translation adjustment of 1,985 thousand euros was reported due to the translation in euros of the Mexican peso-denominated financial statements of SETA (Mexico) after the peso rose to 0.079262 euros at 31 December 2005 from 0.069379 euros at 31 December 2004.
- Pursuant to an order dated 22 July 2005, a dividend of 25,174 thousand euros was paid to the French State in August 2005.

Principal changes in 2006:

- The fair value reserve was increased by 52,388 thousand euros, mainly due to shares in BCIA (China), which are classified as available-for-sale financial assets (*see note 21*), and decreased by 962 thousand euros in deferred taxes, bringing the net increase to 51,426 thousand euros.
- A negative translation adjustment of 1,207 thousand euros was reported due to the translation in euros of the Mexican peso-denominated financial statements of SETA (Mexico) after the peso dropped to 0.069964 euros at 31 December 2006 from 0.079262 euros at 31 December 2005.
- In compliance with IFRS 2, the share capital was credited with 33,331 thousand euros for employee benefits granted as part of the share offer reserved for employees, the contra of an equivalent charge reported under Other operating income and expenses (*see note 3.1.1*).
  - Pursuant to the 18 April 2006 decision of the Ordinary General Meeting of Shareholders, in May 2006 a dividend of 63,168 thousand euros was paid to the French State, the sole shareholder at the time.

### 26.5. Proposed dividend

The proposed dividend, which has not been recognised as a liability to be paid to equity holders in the 2006 accounts since the financial statements have not been approved for publication yet, amounts to 93,023 thousand euros, or 0.94 euros per share.

## Note 27 - Provisions

Changes in provisions between the beginning and the end of the period were as follows:

<i>In thousands of euros</i>	<b>Employee benefit obligation</b>	<b>Litigation and claims</b>	<b>Other provisions</b>	<b>Total</b>
<b>Provisions at 1 January 2005</b>	<b>389 456</b>	<b>26 155</b>	<b>14 048</b>	<b>40 203</b>
Increases:				
- Additions	36 482	3 291	5 614	8 905
- Increase due to changes in consolidated scope	-	-	325	325
- Other increases	(1)	-	731	731
<b>Total increases</b>	<b>36 481</b>	<b>3 291</b>	<b>6 670</b>	<b>9 961</b>
Decreases:				
- Provisions used	(24 205)	(1 383)	(3 290)	(4 673)
- Provisions no longer required	-	(5 332)	(4 600)	(9 932)
- Other decreases	-	(1 462)	-	(1 462)
<b>Total decreases</b>	<b>(24 205)</b>	<b>(8 177)</b>	<b>(7 890)</b>	<b>(16 067)</b>
<b>Provisions at 31 December 2005</b>	<b>401 732</b>	<b>21 269</b>	<b>12 828</b>	<b>34 097</b>
Increases:				
- Additions	43 744	16 461	31 913	48 374
<b>Total increases</b>	<b>43 744</b>	<b>16 461</b>	<b>31 913</b>	<b>48 374</b>
Decreases:				
- Provisions used	(27 189)	(3 171)	(3 330)	(6 501)
- Provisions no longer required	-	(804)	(2 889)	(3 693)
- Other decreases	-	-	(444)	(444)
<b>Total decreases</b>	<b>(27 189)</b>	<b>(3 975)</b>	<b>(6 663)</b>	<b>(10 638)</b>
<b>Provisions at 31 December 2006</b>	<b>418 287</b>	<b>33 755</b>	<b>38 077</b>	<b>71 832</b>

See note 10.2.3 for the breakdown of employee benefit obligations by category.

Provisions for litigation and claims cover various litigation and claims concerning suppliers, employees and trade.

Other provisions include notably provisions for trade risks and a provision for the pending tax audit (see note 3.1.5).

In the table below, provisions are broken down by non-current and current portions:

<i>In thousands of euros</i>	<b>Employee benefit obligation</b>	<b>Litigation and claims</b>	<b>Other provisions</b>	<b>Total</b>
<b>Provisions at 1 January 2006</b>				
- Non-current portion	374 985	-	802	802
- Current portion	26 747	21 269	12 026	33 295
<b>Total</b>	<b>401 732</b>	<b>21 269</b>	<b>12 828</b>	<b>34 097</b>
<b>Provisions at 31 December 2006</b>				
- Non-current portion	388 354	-	357	357
- Current portion	29 933	33 755	37 720	71 475
<b>Total</b>	<b>418 287</b>	<b>33 755</b>	<b>38 077</b>	<b>71 832</b>

## Note 28 - Debt and financial instruments

### 28.1. Debt

#### 28.1.1 Breakdown of debt

At the end of the period, total debt was as follows:

<i>In thousands of euros</i>	<b>Total at 31.12.06</b>	<b>Non- current</b>	<b>Current</b>	<b>Total at 31.12.05</b>	<b>Non- current</b>	<b>Current</b>
Bonds	1 683 792	1 683 792	-	2 016 235	1 909 565	106 670
Bank loans	618 519	549 246	69 273	623 278	622 352	926
Debt on finance leases	21 904	16 069	5 835	28 003	22 368	5 635
Security and deposit received	18 658	18 647	11	13 288	13 278	10
Other borrowings and assimilated debt	3 778	2 657	1 121	5 108	3 776	1 332
Accrued interest	66 450	-	66 450	74 761	-	74 761
Current accounts with non-consolidated companies	273	-	273	444	41	403
Bank overdrafts	6 085	-	6 085	7 020	-	7 020
<b>Debt (excluding derivatives)</b>	<b>2 419 459</b>	<b>2 270 411</b>	<b>149 048</b>	<b>2 768 137</b>	<b>2 571 380</b>	<b>196 757</b>
Derivate financial instruments in a liability position	9 238	-	9 238	10 775	-	10 775
<b>Total debt</b>	<b>2 428 697</b>	<b>2 270 411</b>	<b>158 286</b>	<b>2 778 912</b>	<b>2 571 380</b>	<b>207 532</b>

#### 28.1.2. Net debt

Net debt as defined by Aéroports de Paris corresponds to the amounts reported as liabilities in the balance sheet under the heading non-current debt and current debt, less derivative financial instruments and cash and cash equivalents.

At the end of the period, net debt was as follows:

<i>In thousands of euros</i>	<b>Total at 31.12.06</b>	<b>Non-current</b>	<b>Current</b>	<b>Total at 31.12.05</b>	<b>Non- current</b>	<b>Current</b>
<b>Debt</b>	<b>2 428 697</b>	<b>2 270 411</b>	<b>158 286</b>	<b>2 778 912</b>	<b>2 571 380</b>	<b>207 532</b>
Derivate financial instruments in an asset position	(59 839)	-	(59 839)	(92 819)	-	(92 819)
Cash and cash equivalents	(509 188)	-	(509 188)	(388 348)	-	(388 348)
<b>Net debt</b>	<b>1 859 671</b>	<b>2 270 411</b>	<b>(410 740)</b>	<b>2 297 745</b>	<b>2 571 380</b>	<b>(273 635)</b>

### 28.1.3. Breakdown of debt by maturity

The debt maturity schedule at 31 December 2006 was as follows:

<i>In thousands of euros</i>	<b>Maturity &lt; 1 year</b>	<b>Maturity between 1 and 2 years</b>	<b>Maturity between 2 and 3 years</b>	<b>Maturity between 3 and 4 years</b>	<b>Maturity between 4 and 5 years</b>	<b>Maturity &gt; 5 years</b>	<b>Total at 31.12.06</b>
Bonds	-	153 974	-	465 302	407 733	656 783	<b>1 683 792</b>
Bank loans	69 273	69 246	-	-	-	480 000	<b>618 519</b>
Debt on finance leases	5 835	6 392	3 982	1 994	1 880	1 821	<b>21 904</b>
Security and deposit received	11	-	-	-	-	18 647	<b>18 658</b>
Other borrowings and assimilated debt	1 121	691	693	572	288	413	<b>3 778</b>
Accrued interest	66 450	-	-	-	-	-	<b>66 450</b>
Current accounts with non-consolidated companies	273	-	-	-	-	-	<b>273</b>
Bank overdrafts	6 085	-	-	-	-	-	<b>6 085</b>
<b>Debt excluding derivatives</b>	<b>149 048</b>	<b>230 303</b>	<b>4 675</b>	<b>467 868</b>	<b>409 901</b>	<b>1 157 664</b>	<b>2 419 459</b>

During the year, Aéroports de Paris repaid the following bonds:

- ADP 6.00% 1996-2006 with a nominal value of 106.7 million euros,
- ADP variable-rate bond (2005) with a nominal value of 200 million euros.

### 28.1.4. Breakdown of bonds and bank loans

The breakdown of bonds and bank loans was as follows:

<i>In thousands of euros</i>	<b>Nominal value</b>	<b>Nominal rate</b>	<b>Effective rate before taking account of fair value hedges</b>	<b>Value of the debt at amortized cost</b>	<b>Impact of fair value hedges</b>	<b>Book value at 31.12.06</b>	<b>Fair value at 31.12.06</b>
<b>Bonds</b>							
- ADP 4.95% 1998-2008	152 449	4.95%	4.36%	152 256	1 718	153 974	154 206
- ADP 5.875% 2000-2010	450 000	5.875%	4.67%	449 150	16 152	465 302	469 050
- ADP 5.25% 2001-2011	400 000	5.25%	5.31%	399 078	8 656	407 734	411 002
- ADP 5.25% 2002-2012	350 000	5.25%	5.40%	347 676	9 815	357 491	359 736
- ADP 4.10% 2003-2013	300 000	4.10%	4.14%	299 291	-	299 291	290 672
<b>Total</b>	<b>1 652 449</b>			<b>1 647 451</b>	<b>36 341</b>	<b>1 683 792</b>	<b>1 684 666</b>
<b>Bank loans</b>							
- from Caisse d'Epargne 1997-2007	53 357	Eur 3M + 0,15%	Eur 3M + 0,15%	53 357	-	53 357	53 357
- from Caisse d'Epargne 1997-2007	7 622	5.63%	5.63%	7 622	199	7 821	7 707
- from Caisse d'Epargne 1997-2007	7 623	5.62%	5.62%	7 623	90	7 713	7 707
- from EIB 1998-2008	38 112	Eur 3M - 0,09%	Eur 3M - 0,09%	38 112	-	38 112	38 112
- from EIB 2003-2018	100 000	Eur 3M + marge	Eur 3M + marge	100 000	-	100 000	100 000
- from EIB 2004-2019	220 000	Eur 3M + marge	Eur 3M + marge	220 000	-	220 000	220 000
- from EIB 2004-2019	30 000	Eur 3M + marge	Eur 3M + marge	30 000	-	30 000	30 000
- from EIB 2005-2020	130 000	Eur 3M + marge	Eur 3M + marge	130 000	-	130 000	130 000
- Prêt BEI 1999-2008 de 41 M\$	31 132	Libor 3M (USD) - 0,11%	Libor 3M (USD) - 0,11%	31 132	-	31 132	31 164
- Other	384	-	-	384	-	384	384
<b>Total</b>	<b>618 230</b>			<b>618 230</b>	<b>289</b>	<b>618 519</b>	<b>618 431</b>

## 28.2. Derivate financial instruments

Aéroports de Paris holds only interest rate swaps and cross-currency swaps for a fair value of 59,839 thousand euros recognized as assets in "Other current financial assets", and 9,238 thousand euros recognized as liabilities in "Current debt".

### 28.2.1. Interest rate risk

To supplement available cash flow, Aéroports de Paris takes out debt to finance its capital investment program. Debt at 31 December 2006, excluding accrued interest and derivative financial instruments in a liability position, amounted to 2,353,009 thousand euros consisting mainly of outstanding bonds and bank loans.

The interest rate risk on this debt is managed by modulating the respective portions of fixed rate and variable rate debt depending on market trends. Managing this risk involves entering into and cancelling interest rate swaps.

AÉROPORTS DE PARIS's exposure to interest rates risk stems mainly from its debt and, to a lesser extent, from its portfolio of interest rates derivatives.

The breakdown between fixed and variable rate debt instruments is as follows:

<i>In thousands of euros</i>	At 31.12.06		At 31.12.05	
	Before hedging	After hedging	Before hedging	After hedging
Fixed rate	1 801 208	1 410 963	1 930 668	1 540 423
Variable rate	618 251	1 008 496	837 469	1 227 714
<b>Debt excluding derivatives</b>	<b>2 419 459</b>	<b>2 419 459</b>	<b>2 768 137</b>	<b>2 768 137</b>

Aéroports de Paris is exposed to fluctuations in future finance expenses on variable-rate instruments. At constant net debt, a change of 1% (100 basis points) in the market interest rate at the end of the year would increase the annual finance expense by 10.1 million euros.

Notional amounts of derivatives classified as fair value hedges are as follows:

<i>In thousands of euros</i>	Maturity < 1 year	Maturity between 1 and 2 years	Maturity between 2 and 3 years	Maturity between 3 and 4 years	Maturity between 4 and 5 years	Maturity > 5 years	Total at 31.12.06	Fair value
Swaps paying variable rate & receiving fixed rate	15 245	-	-	-	200 000	175 000	390 245	32 453
<b>Total</b>	<b>15 245</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>200 000</b>	<b>175 000</b>	<b>390 245</b>	<b>32 453</b>

There was no change in hedging between 31 December 2005 and 31 December 2006.

Notional amounts of derivatives not classified as fair value hedges are as follows:

<i>In thousands of euros</i>	Maturity < 1 year	Maturity between 1 and 2 years	Maturity between 2 and 3 years	Maturity between 3 and 4 years	Maturity between 4 and 5 years	Maturity > 5 years	Total at 31.12.06	Fair value
Swaps paying variable rate & receiving fixed rate	-	53 357	-	150 000	-	-	203 357	15 633
Swaps paying variable rate & receiving variable rate	53 357	32 251	-	-	-	-	85 608	(8 502)
Swaps paying fixed rate & receiving fixed rate	-	-	-	150 000	-	-	150 000	10 139
Swaps paying fixed rate & receiving variable rate	-	53 357	-	150 000	-	-	203 357	878
<b>Total</b>	<b>53 357</b>	<b>138 965</b>	<b>-</b>	<b>450 000</b>	<b>-</b>	<b>-</b>	<b>642 322</b>	<b>18 148</b>

The portfolio of derivatives which are not classified as fair value hedges is comprised mainly of swaps (interest rate and cross currency swaps) to hedge against the foreign exchange risk on the loan denominated in US dollars. Consequently, the exposure of this derivatives portfolio to interest rate fluctuations is very low. A 1% decrease in interest rates at 31 December 2006 would increase the fair value of derivatives by 828 thousand euros.

Derivatives not classified as hedging instruments generated a gain of 691 thousand euros in 2006.

#### 28.2.2. Foreign exchange risk

The breakdown of debt by currency is shown below:

<i>In thousands of euros</i>	At 31.12.06		At 31.12.05	
	Before hedging	After hedging	Before hedging	After hedging
Euros	2 388 264	2 419 396	2 733 299	2 768 137
US Dollars	31 195	63	34 838	-
<b>Debt excluding derivatives</b>	<b>2 419 459</b>	<b>2 419 459</b>	<b>2 768 137</b>	<b>2 768 137</b>

The loan in US dollars has been hedged in full, from origination to maturity, by a cross-currency swap.

#### 28.2.3. Liquidity risks

Standard & Poor's has rated Aéroports de Paris AA- with a stable outlook since June 2006. The rating was lowered from AA to AA- during the initial public offering in June 2006.

The Group's euro-denominated bond issues are all listed on the Paris Bourse, with the exception of the 200 million euro issue in 2005 that was repaid in 2006.

For assessing financial and market risks, Aéroports de Paris has a financing and treasury department.

Aéroports de Paris monitors its cash on a daily basis. Monthly reports cover financing transactions, investments and analysis of differences compared to the annual cash budget. It also includes a breakdown of all investments as well as an indication of the level of risk associated with such investments.

For the bonds and bank loans listed above, the Group is under no specific obligation or condition stipulating early repayment of its debt.

At 31 December, Aéroports de Paris did not have any confirmed credit lines, European Medium-Term Notes (EMTN) or commercial paper.

#### 28.2.4. Credit risks

The Group's policy is to check the creditworthiness of all clients who wish to obtain credit terms for payment. Except for agreements with the French State and wholly-owned subsidiaries, any and all contracts between Aéroports de Paris and its clients contain guarantees (a deposit, bank endorsement or on demand bank guarantee, etc.). Furthermore, customers' outstanding balances are constantly monitored. As a result, the Group's exposure to bad debts is not material.

As regards credit risk on the Group's other financial assets (cash, cash equivalents, available-for-sale financial assets and certain derivative instruments), Aéroports de Paris invests surplus cash in euro-denominated UCITs. The counterparty risk on these investments is considered marginal. The Group's exposure to derivatives involves the risk of bankruptcy of the third parties in question, which are mainly top-ranked financial institutions. The Group's maximum exposure is the book value of these instruments.

### Note 29 - Other non-current liabilities

At the end of the period, other non-current liabilities were as follows:

<i>In thousands of euros</i>	<b>At 31.12.06</b>	<b>At 31.12.05</b>
Capital grants	30 867	31 534
Other	2 256	2 384
<b>Total</b>	<b>33 123</b>	<b>33 918</b>

### Note 30 - Trade payables and related accounts

Trade payables and related accounts are shown below:

<i>In thousands of euros</i>	<b>At 31.12.06</b>	<b>At 31.12.05</b>
Operating payables	179 216	215 837
Capital investment payables	231 962	218 882
<b>Total</b>	<b>411 178</b>	<b>434 719</b>

These amounts are due within twelve months after the balance sheet date at both 31 December 2006 and 31 December 2005.

### Note 31 - Other liabilities and deferred income

Other liabilities and deferred income are broken down as follows:

<i>In thousands of euros</i>	<b>At 31.12.06</b>	<b>At 31.12.05</b>
Advances and prepayments received	1 997	1 314
Employee-related liabilities	143 483	140 261
Tax liabilities (excluding current tax)	37 960	31 789
Other liabilities	64 054	20 974
Deferred income	61 639	67 979
<b>Total</b>	<b>309 133</b>	<b>262 316</b>

At 31 December 2006, the portion of other liabilities that the Group might settle after the standard 12-month period amounts to 16,795 thousand euros and comprises solely the deferred income recognised in 2006 as part of the share offer reserved for employees.

## Note 31 - Consolidated cash flow

### 31.1. Definition of net cash

Net cash, whose changes are analysed in the cash flow statement, is broken down as follows:

<i>In thousands of euros</i>	<b>At 31.12.06</b>	<b>At 31.12.05</b>
Cash and cash equivalents	509 188	388 348
Bank overdrafts <sup>(1)</sup>	(6 085)	(7 020)
<b>Net cash (as shown in the cash flow statement)</b>	<b>503 102</b>	<b>381 328</b>

(1) See. note 28.1.1

### 31.2. Purchase of property, plant and equipment and intangible assets

The amount of capital investment in property, plant and equipment and intangible assets is broken down in the table below:

<i>In thousands of euros</i>	<b>At 31.12.06</b>	<b>At 31.12.05</b>
Purchase of intangible asses (note 18)	14 405	9 364
Purchase of property, plant and equipment (note 19)	688 485	561 390
Purchase of investment property (note 20)	9 571	8 171
<b>Purchase of property, plant and equipment and intangible assets (as shown in the cash flow statement)</b>	<b>712 461</b>	<b>578 925</b>

The breakdown of these purchases in 2006 was as follows: *(in millions of euros)*

Increased capacity	386.7
Restructuring	46.2
Renovations and improvements	155.5
Real estate development	16.3
Security	41.1
Cost of studies and supervision of works (FEST)	66.7
<b>Total</b>	<b>712.5</b>

Aéroports de Paris completed a major project in 2006, the S3 Satellite at Paris-CDG, for a total investment of 233.1 million euros, including 213.1 million euros for increased capacity and 20.0 million euros for the cost of studies and supervision of works.

### 32.3. Proceeds from the disposal of property, plant & equipment

On the consolidated cash flow statement, this line shows proceeds of 147,678 thousand euros, which is due almost exclusively to the collection in 2006 of the disposal price of assets sold in 2005 to the Civil Aviation Authorities (DGAC) and to Police and Customs authorities.

## Note 33 - Related parties disclosure

The transactions and balances between subsidiaries, which are related parties, were eliminated on consolidation and are not presented in this note to the financial statements.

The principal balances relating to associates and non-consolidated investments are receivables, the breakdown of which are given in note 21. Transactions with these companies over the period are not material.

Likewise, transactions with other companies under State control, with which Aéroports de Paris shares directors, are not material either.

The remuneration of Executive Management of the parent company was as follows for 2006 and 2005:

*In thousands of euros*

Executive manager	Position	Short-term benefit excl. charges (1)	Short-term benefit charges (1)	Share-based payments (2)	Total 2006
Pierre Graff	Chairman and CEO	350	135	-	485
François Rubichon	Chief Operating Officer	277	107	-	384
Laurent Galzy	Chief Financial Officer	210	80	33	323
Marc Noyelle	Chief Development Officer	254	106	29	389
René Brun	Director, Paris - Charles de Gaulle Airport	224	87	28	339
Patrice Hardel	Director, Paris - Orly Airport	196	77	30	303
<b>Total</b>		<b>1 511</b>	<b>592</b>	<b>120</b>	<b>2 223</b>

*In thousands of euros*

Executive manager	Position	Short-term benefit excl. charges (1)	Short-term benefit charges (1)	Share-based payments (2)	Total 2006
Pierre Graff	Chairman and CEO	210	80	-	290
François Rubichon	Chief Operating Officer	32	12	-	44
Hubert du Mesnil	Chief Operating Officer	225	86	-	311
Laurent Galzy	Chief Financial Officer	179	66	-	245
Marc Noyelle	Chief Development Officer	188	70	-	258
René Brun	Director, Paris - Charles de Gaulle Airport	181	67	-	248
Patrice Hardel	Director, Paris - Orly Airport	164	61	-	225
<b>Total</b>		<b>1 179</b>	<b>442</b>	<b>-</b>	<b>1 621</b>

(1) Remuneration, paid holidays, bonus, profit sharing, advantages in kind and participation

(2) Charge for employee benefits granted as part of the share offer reserved for employees

Provisions were set aside for end-of-career bonuses and contributions to mutual health insurance plans for retirees on behalf of board members representing employees, the Chief Operating Officer and for all employees. At 31 December 2006, the provision covering these persons amounted to 305 thousand euros.

On 22 May 2006, the Mixed General Meeting of Shareholders voted in favour of paying directors' fees to non-salaried directors for the year 2006. These directors' fees amount to 78 thousand euros and will be paid in 2007. No directors' fees were paid for the year 2005. Non-salaried directors did not receive any other benefits distributed by Aéroports de Paris.

Salaried directors received only their salaries and other employee benefits in the context of their normal remuneration as stipulated by the by-laws applicable to employees of Aéroports de Paris.

#### **Note 34 - Off-balance sheet commitments**

Off-balance sheet commitments are presented below:

<i>In thousands of euros</i>	<b>At 31.12.06</b>	<b>At 31.12.05</b>
<b>Commitments granted</b>		
Guarantees	13 652	18 495
Guarantees on demand	11 247	11 431
Assets and liabilities warranties	2 886	2 846
Other	4 086	10 763
<b>Total</b>	<b>31 871</b>	<b>43 535</b>
<b>Commitments received</b>		
Guarantees	30 228	38 492
Guarantees on demand	219 891	181 025
DGAC Mortgage	-	90
<b>Total</b>	<b>250 119</b>	<b>219 607</b>

Commitments given are mainly guarantees of loans to employees and "on demand" guarantees. Asset and liability warranties were granted in connection with the disposal of France Handling shares in 2005. The main commitments received were guarantees from the beneficiaries of AOT (for a temporary authorization to occupy public property "Autorisation d'Occupation Temporaire du domaine public"), leases, commercial concessions and suppliers.

The amount of contractual commitments for non-current asset acquisitions was 435.5 million euros at 31 December 2006. In addition, pursuant to article 53 in the operating specifications of AÉROPORTS DE PARIS, the minister in charge of Civil Aviation has a right of refusal regarding any contribution, disposal or grant of security involving certain parcels of land – and the assets on such land – belonging to Aéroports de Paris. The lands concerned by this provision are listed in those same operating specifications.

The Act of 20 April 2005 provides that in the event of a partial or total shutdown of air traffic at one of the airports owned by Aéroports de Paris, 70% of the capital gain due to the difference between the market value of the assets and the book value thereof must be paid to the French Government. This provision concerns primarily the General Aviation Aerodromes.

### **Note 35 - Joint venture disclosures**

The table below shows the simplified financial statements of Société de Distribution Aéroportuaire (SDA), the sole joint venture consolidated by the proportionate method:

<i>In thousands of euros</i>	<b>At 31.12.06</b>	<b>At 31.12.05</b>
<b>BALANCE SHEET</b>		
Non-current assets	6 831	5 810
Current assets	30 598	24 460
<b>Total assets</b>	<b>37 429</b>	<b>30 270</b>
Equity	9 008	8 630
Non-current liabilities	373	190
Current liabilities	28 048	21 450
<b>Total liabilities</b>	<b>37 429</b>	<b>30 270</b>
<b>INCOME STATEMENT</b>		
Revenue	203 706	163 889
Net expenses	(195 798)	(156 359)
<b>Net income</b>	<b>7 908</b>	<b>7 530</b>

In the cash flow statement, cash flows relating to Société de Distribution Aéroportuaire are accounted for only up to the percentage consolidated, i.e. 49%. The overall cash flow for this holding is set out in the table below:

<i>In thousands of euros</i>	<b>At 31.12.06</b>	<b>At 31.12.05</b>
Cash flow from operating activities	14 602	7 414
Cash flow from investment activities	(7 328)	(2 038)
Cash flow from financing activities	(7 490)	(5 429)
<b>Cash flow related to joint ventures consolidated by the proportionate method</b>	<b>(216)</b>	<b>(53)</b>

### Note 36 - Companies within the scope of consolidation

Entity	Address	Siren	Country	% stake	% control	Subsidiary of
AÉROPORTS DE PARIS	291, Boulevard Raspail 75675 PARIS CEDEX 14	552 016 628	France	Parent	Parent	
<b>Subsidiaries</b>						
ADP INGENIERIE	Ceinture de l'Aéroport 91200 ATHIS-MONS	431 897 081	France	100,0%	100,0%	ADP
AÉROPORTS DE PARIS MANAGEMENT	291, Boulevard Raspail 75014 PARIS	380 309 294	France	100,0%	100,0%	ADP
HUB TÉLÉCOM	Roissypôle - Le Dôme - 4, rue de la Haye 93290 TREMBLAY-EN-FRANCE	437 947 666	France	100,0%	100,0%	ADP
ALYZIA AIRPORT SERVICES	Roissypôle - Le Dôme - 4, rue de la Haye 93290 TREMBLAY-EN-FRANCE	552 134 975	France	100,0%	100,0%	ADP
ALYZIA HANDLING	Bât 449 - Aérogare Sud - BP 135 94541 ORLY AÉROGARE CEDEX	441 341 666	France	100,0%	100,0%	ALYZIA
ALYZIA SURETÉ	Roissypôle - Le Dôme - 4, rue de la Haye 93290 TREMBLAY-EN-FRANCE	411 381 346	France	100,0%	100,0%	ALYZIA
LOCMAFER	Roissypôle - Le Dôme - 4, rue de la Haye 93290 TREMBLAY-EN-FRANCE	777 345 653	France	100,0%	100,0%	ALYZIA
SAPSER	Roissypôle - Le Dôme - 4, rue de la Haye 93290 TREMBLAY-EN-FRANCE	320 268 352	France	100,0%	100,0%	ALYZIA
AVIANCE FRANCE	Roissypôle - Le Dôme - 4, rue de la Haye 93290 TREMBLAY-EN-FRANCE	450 927 355	France	100,0%	100,0%	ALYZIA
ALYZIA RAMP ASSISTANCE	Roissypôle - Le Dôme - 4, rue de la Haye 93290 TREMBLAY-EN-FRANCE	481 601 276	France	100,0%	100,0%	ALYZIA
SAPSER HANDLING	Roissypôle - Le Dôme - 4, rue de la Haye 93290 TREMBLAY-EN-FRANCE	484 821 236	France	100,0%	100,0%	ALYZIA
ALYZIA TRAINING	Roissypôle - Le Dôme - 4, rue de la Haye 93290 TREMBLAY-EN-FRANCE	449 308 915	France	100,0%	100,0%	ALYZIA
<b>Joint venture</b>						
SOCIÉTÉ DE DISTRIBUTION AÉROPORTUAIRE	114, av. Charles de Gaulle 92200 NEUILLY-SUR-SEINE	448 457 978	France	49,0%	49,0%	ADP
<b>Associated companies</b>						
GIE ROISSYPOLE	17, Cours Valmy 92800 PUTEAUX	380 893 438	France	90,0%	49,0%	ADP
SCI ROISSY SOGARIS	Avenue de Versailles RN 186 94654 RUNGIS CEDEX	383 484 987	France	40,0%	40,0%	ADP
SETA	Viaducto Miguel Aléman 81 piso 2, Col. Escandon MEXICO (District Fédéral - Mexique)		Mexique	25,5%	25,5%	ADP Management
SAB	Aéroport de Bierset 4460 GRÂCE-HOLLOGNE (Belgique)		Belgique	25,6%	25,6%	ADP Management

## **Note 37 - Events after the balance sheet date**

### **37.1. Ground handling**

Aéroports de Paris met with works council representatives to present the results and outlook for the ground handling services segment and to begin discussions on the future and organisation of this activity.

To provide the means and resources needed to be competitive in the long term, Aéroports de Paris intends to integrate the ground handling services segment into the Airport Services unit, a 100%-owned subsidiary of Aéroports de Paris SA, by the end of 2008. This solution would enable the Group to offer airline customers a complete line of ground handling services.

### **37.2. Mutual insurance**

After consulting with employee representatives, Aéroports de Paris has signed an agreement to set up a mandatory, supplementary group health insurance plan.

As part of this negotiation, and in the light of legal and fiscal considerations, it was decided to terminate the obligation to maintain the financing of basic coverage on behalf of future retirees.

Pursuant to this agreement, Aéroports de Paris will set up a funded group pension plan with an insurance company, which it will complete with a top-up supplementary defined-benefit pension plan.

The accounting impact of this measure will depend on the specific terms of the group contract with the insurance company.

The difference in liability between the previous mutual pension plan and the new plan is recognised as a service cost to be deferred over the period until the benefits become vested (date of retirement leave for employees), in compliance with paragraphs 96 and 97 of IAS 19, and the corresponding provision recognised will be amortised to the income statement over the remaining working lives of the employees participating in the plan.

### **37.3. Disposal of BCIA shares**

On 26 February 2007, the Aéroports de Paris Group sold its entire stake in Beijing Capital International Airport Company Limited (BCIA) for a net amount of 188.9 million euros.

This transaction marks the culmination of over seven years of fruitful co-operation between Aéroports de Paris Management and BCIA.

Generally speaking, this operation fits within the Group's international strategy of focusing business on airports with strong development potential, that make full use of the Group's industrial expertise as an airport operator and its ability to create value.

**ANNEXE 2**  
**STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED**  
**DECEMBER 31, 2006**

Dear Shareholders,

In accordance with our appointment as Statutory Auditors by the French Ministry for the Economy, Finance and the Budget, we have audited the accompanying consolidated financial statements of Aéroports de Paris for the year ended December 31, 2006.

The consolidated financial statements have been approved by your shareholders' meeting. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2005 and of the results of its operations for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

II. Justification of our assessments

In accordance with the requirements of Article L.823-9 of the French Commercial Law (Code de Commerce) relating to the justification of our assessments, we draw to your attention the following matters:

Notes 4.5, 4.7 and 19 to the consolidated financial statements describe specifically the accounting policies used to measure Property, plant and equipment.

Notes 4.6 and 20 describe the valuation method used for investment property. Investment properties are presented on a separate line in the consolidated balance sheet, and are measured at historical cost, as provided for in IAS 40. The fair value of investment property disclosed in note 20 to the consolidated financial statements is measured using a combined method based on market value and discounted estimated future cash flows. We have noted the methods used by the group for these evaluations, and have verified the reasonableness of their implementation on the basis of the information available.

Note 4.22.4 to the consolidated financial statements, which describes the principles used to account for airport security tax as revenue in the consolidated income statement. When we assessed the accounting principles used by the Group, we verified that the principles and the information provided in the notes were appropriate and had been applied correctly.

These assessments were made in the context of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed, which is expressed in the first part of this report.

III. Specific verifications

In accordance with professional standards applicable in France, we have also verified the information provided in the group's management report. We have no matters to report as to its fair presentation and consistency with the consolidated financial statements

Paris-La Défense, March 27, 2007

The Statutory Auditors

SALUSTRO REYDEL  
*Member of KPMG International*  
Philippe Arnaud

ERNST & YOUNG Audit  
Alain Perroux

**ANNEX 3**  
**STATUTORY AUDITORS' SPECIAL REPORT ON OFFICIAL AGREEMENTS FOR THE YEAR ENDED**  
**DECEMBER 31, 2006**

Dear Shareholders,

In our capacity as Statutory Auditors of your company, we present our report on official agreements and commitments.

**Agreements and commitments authorized during the year**

In due application of article L.225-40 of the French Commercial Code, we have been notified of agreements and commitments with prior authorization by your Board of Directors.

Our work does not involve any investigation of any other agreements or commitments - our brief is to inform you, on the basis of the information made available to us, of the basic characteristics and methods of which we have been notified, with no obligation to pronounce as to their utility and cogency. It is your task, in the terms of article 92 of the decree of March 23, 1967, to gain an appreciation of the interest of these agreements and commitments with a view to their approval.

We conducted our audit in accordance with professional standards applicable in France. Those standards require the implementation of systems to check the concordance of the information made available to us with the base documents from which they were obtained.

**1. Agreements drawn up with the State**

*1.1. Investment contracts and ancillary contracts drawn up between Aéroports de Paris, the State and finance bodies which are members of selling groups within the scope of the floating of your Company's shares on the stock market*

- Entity concerned

The administrator concerned is the French State.

- Nature and purpose

Investment guarantee contracts concerning Overall Guaranteed Market Investment (PGG) and Open-Price Offer (OPO)

- Methods

Within the scope of the floating of your Company's shares on the stock market, your Board of Directors at its meeting of May 30, 2006 authorized an investment guarantee contract with the State and the members of the selling body within the framework of overall guaranteed market investment, and an investment guarantee contract with the State and the members of the selling body within the framework of the open-price offer.

The purpose of the OPO investment contract is a joint non-several guarantee by finance entities relating to the investment plan of the assignation of existing shares and subscription of the new OPO shares.

The purpose of the PGG investment contract is a joint non-several commitment among the finance entities relating to the investment plan to purchase the existing PGG shares.

Your Board of Directors also authorized two contracts to be drawn up in application to your company, the State and the members of the selling bodies, known as *contrats de direction*, the purpose of which is to ensure the

implementation of certain situations of the guarantee contracts, and the drawing up of a contract in annex to the contrat de direction for the PGG.

*1.2. Tripartite contract concerning the implementation of the offer reserved for employees (ORS) drawn up between Aéroports de Paris, the State and the finance entity in charge of bank centralization of the ORS within the scope of the stock market listing of your Company*

- Entity concerned

The administrator concerned is the French State.

- Nature and purpose

Agreement protocol concerning the implementation of the offer reserved for employees (ORS).

- Methods

Within the scope of the stock market listing of your Company, on May 30, 2006 your Board of Directors authorized a tripartite contract concerning the implementation of the offer reserved for employees (ORS) drawn up between Aéroports de Paris, the State and the finance entity in charge of bank centralization of the ORS (CACEIS Corporate Trust). The purpose of the contract was to set out the methods of implementation of the offer reserved for employees, carried through by Aéroports de Paris and presented in the Operations Note approved by the AMF market authorities on May 30, 2006. The protocol mainly deals with collection of purchase orders, settlement-delivery of shares and allocation of free shares.

*1.3. Agreements drawn up with the State within the scope of transfer of assets in due application of article 2 of law n° 2005-357 of 20 April 2005*

- Entity concerned

The administrator concerned is the French State, represented by the Department of Customs and Indirect Taxes, the National Police and the Civil Aviation Authority.

- Nature and purpose

Agreements authorizing the transfer of assets from your Company to the State.

- Methods

On 19 September 2006 your Board of Directors authorized the signature of three agreements with the State, represented by the Department of Customs and Indirect Taxes, the National Police and the Civil Aviation Authority. These agreements were the result of law n° 2005-357 of April 20, 2005 concerning airports, which stipulates that, as of July 22, 2005, the State becomes the full owner of certain areas of land and buildings required for it to carry out its public service missions in relation to airport activity. As a counter-value to this property transfer, the law envisages agreements determining the sums owed by the State to your Company in relation to the investment carried out.

Thus the agreement signed on December 12, 2006 with the Department of Customs and Indirect Taxes envisages the sum of 1,365,000 euros to be paid over to your Company.

The agreement signed on December 13, 2006 with the National Police envisages the sum of 2,710,954.87 euros to be paid over to your Company.

The agreement signed on November 3, 2006 with the Civil Aviation Authority envisages the sum of 873,260.62 euros to be paid over to your Company.

#### 1.4. *Civil leases drawn up with the State*

- Entity concerned

The administrator concerned is the French State, represented by the Ministry of the Treasury, Finance and Industry (Department of Customs and Indirect Taxes) and the Ministry of the Interior and Territorial Amenities (National Police).

- Nature and purpose

Civil leases drawn up for a term of 4 years, terminating on December 31, 2009.

- Methods

At a meeting on September 19, 2006, your Board of Directors authorized the signature by the Chief Executive Officer of civil leases with the State, represented by the Ministry of the Treasury, Finance and Industry (Department of Customs and Indirect Taxes) and the Ministry of the Interior and Territorial Amenities (National Police) in due application of the protocols of July 18 and 20, 2005.

These protocols apply until December 31, 2009, and envisage provision of premises in exchange for payment of rents set on the basis of pluri-annual agreements. The rents arising from the protocols of 18 and July 20, 2005 envisage financial conditions in derogation of the general tariffs of Aéroports de Paris, with rent reductions. The reductions are 60% for rental of premises, and 20% to 50% for rental of parking facilities (depending on their location).

At a meeting on December 21, 2006, your Board of Directors authorized the signature of a civil lease with the State, represented by the Ministry of the Interior and Territorial Amenities (National Police - Judiciary Police - OCTRIS), to occupy the premises of building number 3312 and parking facilities at Paris - Charles De Gaulle airport. The lease also envisages financial conditions in derogation of the general tariffs of Aéroports de Paris, with rent reductions.

The details and financial conditions of these agreements are set out in annex.

## 2. Agreement drawn up with Air France - KLM

- Entity concerned

The administrator concerned is Mr. Jean-Louis Girodolle.

- Nature and purpose

Protocols for transfer of temporary occupation agreements from Air France - KLM to Air France.

- Methods

Within the scope of legal restructuring of the Air France group, at a meeting on 19 September 2006 your Board of Directors authorized the transfer of Air France - KLM occupation agreements to Air France. Two protocols were signed on October 13, 2006 concerning the transfers of 168 agreements on occupation of buildings, raw land and facilities, and 20 agreements for provision of amenities at terminals.

Paris-La Défense, March 27, 2007

The Statutory Auditors

SALUSTRO REYDEL  
*Member of KPMG International*  
Philippe Arnaud

ERNST & YOUNG Audit  
Alain Perroux

Civil leases drawn up with the State, represented by the Ministry of the Economy, Finance and Industry (General Directorate for Customs and Excise Duties) and the Ministry of the Interior (National Police).

Third party	Site	Building	Agreement no	Duration (years)	Contract rent ex VAT and ex occupancy charges	Accrued rent	Recharging of charges and taxes	Financial terms
Ministry of the Economy, Finance and Industry General Directorate for Customs and Excise Duties	Orly	288	21CI0259	4	125,839.90	145,824.24	102,306.64	60% and 22% discount on the rent 20% discount on occupancy charges
	Orly	351	21CI0260	4	3,301.49	3,301.56	4,614.88	60% discount on the rent 20% discount on occupancy charges
	Orly	517	21CI0261	4	168,427.70	183,016.32	50,126.12	60% and 20% discount on the rent 20% discount on occupancy charges
	Orly	402	21CI0232	4	41,026.48	41,024.84	24,206.88	60% discount on the rent 20% discount on occupancy charges
	Orly	400	21CI0241	4	151,026.69	151,537.14	62,290.64	60% discount on the rent 20% discount on occupancy charges
	Toussus	11	54CI0005	4	2,799.68	2,628.12	1,572.80	60% discount on the rent 20% discount on occupancy charges
	Roissy	3609	31CI0297	4	190,839.77	75,301.24	44,379.72	60% discount on the rent 20% discount on occupancy charges
	Roissy	3700	31CI0295	4	71,753.40	71,757.76	43,481.08	60% discount on the rent 20% discount on occupancy charges
	Roissy	3520	31CI0296	4	19,714.85	19,715.72	18,438.67	60% discount on the rent 20% discount on occupancy charges
	Roissy	7595	31CI0302	4	19,294.69	19,294.52	8,240.07	60% discount on the rent 20% discount on occupancy charges
	Roissy	7610	31CI0301	4	57,002.57	60,085.20	34,140.24	60% discount on the rent 20% discount on occupancy charges
	Roissy	1100	31CI0290	4	82,803.92	76,878.48	40,405.16	60% discount on the rent 20% discount on occupancy charges
	Roissy	400&1401	31CI0291	4	52,481.38	52,479.48	22,746.02	60% discount on the rent 20% discount on occupancy charges
	Roissy	1192P	31CI0292	4	2,882.49	2,882.40	1,227.08	60% discount on the rent 20% discount on occupancy charges
	Roissy	1200 ABCD	31CI0157	4	275,995.54	275,985.00	136,801.79	60% discount on the rent 20% discount on occupancy charges
	Roissy	1200 E	31CI0172	4	98,440.04	75,675.36	29,214.04	60% discount on the rent 20% discount on occupancy charges
	Roissy	1200 F	31CI0171	4	69,304.27	69,301.68	32,618.82	60% discount on the rent 20% discount on occupancy charges
	Roissy	1261 P	31CI0175	4	41,477.36	41,478.40	25,076.20	60% and 20% discount on the rent 20% discount on occupancy charges
	Le Bourget	48	41CI0019	4	10,264.15	9,640.04	6,300.83	60% discount on the rent 20% discount on occupancy charges
	Le Bourget	402	41CI0020	4	2,306.75	2,166.52	56.64	60% discount on the rent No occupancy charges recharged

**ANNEX 4**  
**REPORT BY THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE WORKING CONDITIONS OF THE BOARD AND THE INTERNAL CONTROL PROCEDURES IMPLEMENTED BY Aéroports de Paris IN THE COURSE OF THE YEAR ENDED DECEMBER 31, 2006**

*Article L. 225-37 of the French Commercial Code, arising from article 117 of law n° 2003-706 of August 1, 2003 relating to financial security, as modified by article 7 of law n° 2005-842 of July 26, 2005 in relation to confidence in and modernization of the economy and by article 62 of law n° 2006-1770 for development of participation and employee shareholders of December 30, 2006.*

**INTRODUCTION**

In due application of article L. 225-37 of the French Commercial Code, this report sets out the conditions of preparation and organization of the work of the Board of Directors, and the internal control procedures implemented by the company. Aéroports de Paris meets the scope of article L.225-37 following the floating of its shares on the Euronext Paris S.A. Eurolist (section A).

As for the years 2004 and 2005, the document was drawn up under the coordination of the Audit Department, with experts from:

- functional departments (department of strategy and quality, Department of Security and prevention, department of the environment and territorial relations, finance department, accounts department, management control department, and the legal and insurance department),
- departments at the platforms (Paris - Charles de Gaulle, Paris - Orly, Paris - Le Bourget)
- and the Chairman's Office.

Structuring into three sections - with the initial presentation of governance of the Company and the Group, followed by an examination of the internal control mechanism concerning the various operational areas, and finally presentation of procedures in relation to the drawing up and posting of accounting and financial information - has been a stable feature over the last three financial years.

The Group notion remains a constant of our procedure, and so the subsidiaries have been associated with this, mainly in terms of analysis of internal control in relation to the drawing up and posting of accounting and financial information. The four main subsidiaries in which Aéroports de Paris holds at least 50% of share capital have also been taken into consideration in this way: Aéroports de Paris Management and Alyzia Airport Services dealt with on an individual basis as subsidiaries of Aéroports de Paris, but also as parent companies, Hub télécom, ADP Ingénierie, and a company which is controlled jointly by virtue of a contractual agreement, Société de Distribution Aéroportuaire, a subsidiary common to Aéroports de Paris and Aelia, who respectively held 49% and 51% of its share capital in 2006<sup>116</sup>.

The report was examined by the legal and insurance department and by the Deputy Chief Executive Officer. Following a prior presentation to the Audit Committee on March 6, it was then presented by the Chief Executive Officer of Aéroports de Paris to the Board of Directors on March 14, 2007.

The statutory auditors were asked to set out in a report, in accordance with the provisions of article L. 225-235 of the French Commercial Code, their observations on the internal control procedures in relation to the drawing up and posting of accounting and financial information.

**1. Governance of the Company and the Group**

In July 2005, Aéroports de Paris changed its legal status from a public body to a *société anonyme*. 2006 is therefore the Company's first full year as a *société anonyme*.

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<sup>116</sup> Addition for the sole purpose of the reference document: the "associated companies" described in note 36 in the annex to the consolidated accounts are not concerned by this report.

## 1.1. The Board of Directors

### 1.1.1. Le Functioning and attributions of the Board of Directors

The Board of Directors, the Company's collegiate body, acts in all circumstances in the Company interest, subject to the powers expressly attributed to the general meetings of shareholders. It determines the orientations of Company activity, and ensures these are implemented. It controls Company management and ensures the quality of the information provided for shareholders and the market, through accounting procedures or for major operations, particularly those relating to company shares. It discusses all matters of interest to proper functioning of the Company, and in its deliberations deals with issues which concern it, and any other matters over which it has jurisdiction. It implements any controls and verifications it should deem necessary.

The Board of Directors met on 13 occasions in 2006 (average attendance was 78.8%), to deal with the following specific matters:

- strategic matters (approval of the *Contrat de Régulation Economique*, increase in share capital within the scope of the Company share float and stock market listing, approval of the Group's strategic plan for 2006-2010, examination of the Group's international activity ...),
- financial matters (statement of annual accounts for 2005 and half-year accounts for 2006, examination of associated external communication, establishment of air tariffs 2006-2007, adoption of the 2007-2011 investment program and associated financing, examination of the Group's budget for 2007),
- matters relating to the functioning of the Board (updating of internal regulations, proposal to appoint Pierre Graff Chief Executive Officer, appointment of François Rubichon, following a proposal by Pierre Graff, as Deputy Chief Executive Officer, distribution of attendance fees ...).

Up to July 14, 2009, the Board of Directors is composed of twenty-one members - seven directors elected by shareholders at the general meeting, seven representatives of the State, and seven directors elected by employees.

The Board of Directors is assisted, in an advisory capacity, by a Government Commissioner or Assistant Government Commissioner, appointed through an official order by the ministry running civil aviation, and the secretary to the management committee. A general controller also attends meetings of the Board of Directors.

As Chairman of the Board of Directors, Pierre Graff organizes and directs the work of the Board, and represents it in his dealings with shareholders and third parties.

At its meetings on September 9, 2005 and September 19, 2006, the Board of Directors produced internal regulations to set out practical methods for its functioning, in addition to the provisions laid down in law and Company by-laws.

The internal regulations institute special committees (strategy and investment committee, audit committee and remunerations committee - cf. 1.1.3),

- a directors' charter setting out the rights and obligations of directors under nine categories: knowledge of the obligations of directors and their powers; duty of loyalty and conflict of interests; duty of diligence; duty of assiduity; duty of information; independence; professional secret and confidentiality; privileged information and share operations; civil liabilities of executives.
- and a code of ethics relating to share operations in observance of French regulations governing insider trading, insider trading infringements and manipulation of markets.

Once a year the Board of Directors discusses its own functioning, and proposes amendments to its internal regulations if these are required. In this way the Board of Directors modified its internal regulations during its deliberations on September 19, 2006 in order, specifically, to include the code of ethics relating to share operations and define the conditions for attendance by directors of meetings of the Board and its special committees by videoconference or teleconference. Every three years, it may implement an external evaluation of

its own functioning; this will be carried out by a consultant external to the Company, under the supervision of an independent director.

#### *1.1.2. Information to directors on the Board*

With a view to a meeting of the Board of Directors, the chairman notifies to the directors concerned, to allow them to perform their functions satisfactorily, all information which could prove useful to the meeting, with at least five days' notice, except in cases where circumstances require this, or when this is materially impossible.

At each Board meeting, the Chairman of the Board and Chief Executive Officer appraises its members of the main significant events and activities at the Company since the previous meeting. The directors may receive on a regular basis, and where necessary outside meetings, all information concerning the Company, including any press releases or articles and financial analysis reports.

Every three months, the Chairman of the Board and Chief Executive Officer provides the directors with a Company indicator chart with all significant features, particularly its activity and income, and a summary of contracts turning over sums in excess of 15 million euros for the Company.

The directors undertake to preserve the confidentiality of the information notified.

Each director may benefit, on appointment or throughout his mandate, from instruction on the specificities of the Company, its subsidiaries, its core businesses and its sector of activity. Aéroports de Paris has proposed its directors enroll in the French Institute of Administrators (IFA).

#### *1.1.3. Missions and functioning of the special committees*

The audit committee, the remunerations committee and the strategy and investments committee contribute to preparing the decisions of the Board of Directors. They meet systematically before each meeting of the Board of Directors where the agenda involves a decision on matters in relation to their attributions. On the basis of the documents they are provided with beforehand, the committees issue opinions, which are then subjected to the Board of Directors. Their objective is, by improving the quality of the information provided for the Board of Directors, to help enhance the quality of its debates. They cannot be replaced on the Board of Directors under any circumstances.

The members of each committee are appointed, following a proposal by the Chairman of the Board and Chief Executive Officer, by the Board of Directors among the members, in accordance with the missions of the Board, their experience, and their interest in the subjects discussed, and their availability.

The *audit committee* is composed of five members with the right to vote - a director representing the State, a director representing employees, and three directors elected at the general meeting of shareholders. The members of the committee must have the required financial and accounting skills.

The committee concerns itself with the following in particular:

- accounts, examining the relevance and the permanence of the accounting methods used to draw them up; examining the Company and consolidated accounts, their annexes and the management report prior to presentation to the Board of Directors; proceeding once a year to examine the financial position of the main Group subsidiaries and stakes; ensuring proper accounting transcription of exceptional events or operations with significant impact on the Group.
- risks, proceeding to examine with general management the main Group risks; examining off-balance sheet commitments and risk-handling policy in all areas,
- internal and external controls, verifying that the internal procedures for collation and control of information have been implemented in order to ensure their reliability; evaluating internal control systems; examining the program and results of work by the Audit Management team and related recommendations and consequences; issuing recommendations to the Board of Directors in relation to choice of statutory auditors and examining their work schedule, their conclusions and their recommendations,

- financial policy, examining the Company budget and its financial, accounting and general taxation policies and implementation of these; examining information, including forecasts, which will be supplied within the scope of the Company's financial communications.

The audit committee met on 3 occasions in 2006, with an attendance rate of 86.7%. During its meetings the committee discussed the following specific matters:

- *accounts*: examination of the Company and consolidated accounts for 2005 and the first half of 2006, financial risks and off-balance sheet risks for 2005, the Group's budget for 2007, the remuneration paid over to the statutory auditors for 2005, and that envisaged for the years 2006 to 2008,
- *internal controls and audit*: examination of the report by the Chairman of the Board of Directors in due application of the provisions of article L.225-37 of the French Commercial Code; updating of the internal audit Charter; examination of the conclusions of the audit in relation to the payroll and presentation of the 2006 balance sheet by the audit management team; approval of the audit program for 2007,
- *finances*: examination of management of Group debt and cash, and implementation of a liquidity contract in relation to the share repurchase program.

*The strategy and investment committee* is composed of six members with voting rights. At least two members must be directors representing employees, and the others may be representatives of the State or directors appointed at the general meeting of shareholders. Its main functions are as follows:

- to provide the Board of Directors with its opinions in relation to the definition and implementation of the strategic orientations of the Aéroports de Paris Group or to those concerning diversification operations by regular audit of the specific results obtained;
- to study and provide opinions on matters concerning operations in relation to the position of the Board of Directors concerning internal or external growth operations carried out by the Company or its subsidiaries, in France or abroad;
- to examine the Company's economic doctrine.

It can also examine all matters concerning the definition and implementation of the strategy of the Aéroports de Paris Group which the Board of Directors sees fit to submit to it, or which it sees fit to study.

The strategy and investment committee met on 3 occasions in 2006, with an attendance rating of 83.3%. During its meetings the Committee discussed the following specific matters: presentation of the Aéroports de Paris Group's 2006-2010 strategic plan, presentation of international operations in 2005, Aéroports de Paris' 2007-2011 investment and financing program, and the first synopsis of the Group's strategic plan.

*The remuneration committee* is composed of four members with voting rights. At least two members of the committee must be chosen from among the directors appointed at the general meeting of shareholders, while the other members may be directors representing employees or directors representing the State.

The remuneration committee deals specifically with the following:

- drawing up proposals in relation to the sum and evolution of total remuneration for Company executives, and any income in kind or any other kind of remuneration,
- providing an opinion on the policy for remuneration of senior executives at the company. It may propose an overall figure to the Board of Directors for directors' attendance fees to be submitted to the Company's general meeting and the rules for distribution.
- approving the information provided for shareholders in the annual report on remuneration for Company executives.

The remuneration committee met on 2 occasions in 2006, with an attendance rate of 75%. During its meetings the committee discussed the following specific topics: appointment of the Chairman of the remuneration committee, summary of comparative features in relation to the remuneration of the Chief Executive Officer and of the Deputy Chief Executive Officer, parameters for calculation of variable remuneration, proposals as to structure and level of remuneration in 2006, initial estimation of remuneration for Company executives for 2006 and orientations for 2007, proposals as to attendance fees for 2006 and evaluation of their distribution, and the policy for reimbursement of directors' expenses.

## 1.2. General management

The by-laws of Aéroports de Paris rule that general management of the Company is to be carried out by the Chairman of the Board of Directors, known as the Chief Executive Officer.

The French Commercial Code confers the widest powers on the Chief Executive Officer of a *société anonyme* to act in all circumstances in the name of the company, and to represent the company in his relations with third parties, provided the actions taken do not relate to attributions reserved for general meetings of shareholders or the Board of Directors. At its meeting on September 9, 2005 (confirmed by deliberations on September 20, 2006), the Board of Directors at Aéroports de Paris nevertheless decided to implement a number of limitations on the powers of the Chief Executive Officer, and therefore decided that he must obtain prior authorization from the Board of Directors for the following:

- strategy and major projects: adoption of the Aéroports de Paris Group's investment and financing plan over five years; definition of the objectives and profitability of investment projects carried out directly by Aéroports de Paris of a value in excess of 60 million euros; assignments of assets or external development investment in excess of 30 million euros, for airport operations or amenities in France, and in excess of 10 million euros for all other activities; principles affecting air transporters between airports or terminals; approval of contracts envisaged in articles 2 and 3 of law n° 2005-357 of April 20, 2005 in relation to airports.
- tariffs: approval of the pluri-annual economic regulation agreement; setting of fees covered by section 1 of article R. 224-2 of the Civil Aviation Code.
- with regard to finance: approval of transactions of a value in excess of or equal to 15 million euros; approval of any abandonment of a credit when the value is in excess of or equal to 15 million euros excluding taxes. However, in a fully justified emergency situation, the Chief Executive Officer may approve the actions mentioned in this paragraph: he will inform the Board of Directors at the next Board meeting.

The Chief Executive Officer is appointed from among the members of the Board of Directors and following a proposal by the Board, by a Cabinet decree. Mr. Pierre Graff was appointed Chief Executive Officer of Aéroports de Paris by decree on July 28, 2005, following the listing of the Company on the stock market and in accordance with the provisions of law n° 83-675 of July 26, 1983, modified in relation to the democratization of the public sector, by decree on September 22, 2006.

The Board of Directors of Aéroports de Paris, following a proposal by the Chief Executive Officer, decided at its meeting on 27 October 2005 to appoint Mr. François Rubichon Deputy Chief Executive Officer indefinitely: Mr. Rubichon has been renewed in his functions, for the same reasons as the Chief Executive Officer, following deliberations on the Board of Directors on 20 September 2006.

### 1.2.1. The executive committee and the management council

On January 20, 2006 the Chief Executive Officer of Aéroports de Paris decided to modify the composition of these two bodies, and also the regularity of their meetings, and the modifications were to take effect as of February 1, 2006. The aim pursued was to provide the Group with a simple and efficient management structure, to enable decisions to be taken in a relevant manner and to monitor the execution of same.

The Executive Committee (COMEX), which meets on a weekly basis, discusses the Group's strategic orientations and ensures they are carried through. It may also discuss any matter relating to the Company and any measures

to be implemented. It ensures operation of the Company. It is chaired by the Chief Executive Officer, and its permanent members are the Deputy Chief Executive Officer, the Assistant Director of Amenities and Development, the Assistant Director of Finance and Administration, and the Directors of the Paris - Charles de Gaulle and Paris - Orly platforms. Its associate members are the Director of Marketing, the Commercial Director and the Director of Human Resources. Any other directors are invited when proper discussions of certain subjects make this necessary.

The Management Council Direction (CODIR), which meets on a monthly basis, discusses the Group's medium and long-term transversal matters. Within this framework, it is also a body for information, debate and consensus within Group management.

It is chaired by the Chief Executive Officer, and its members are the Deputy Chief Executive Officer, the Assistant Director of Amenities and Development, the Assistant Director of Finance and Administration, the Directors of the Paris - Charles de Gaulle and Paris - Le Bourget platforms, the Director of Audits, the Director of the Environment and Territorial Relations, the Director of Ground handling, the Director of Subsidiaries and Shareholdings, the Director of Marketing, Commerce and Communication, the Director of Human Resources, the Director of Strategy and Quality, the Director of Security and Prevention, the Board Secretary and the General Secretary.

Any other directors are invited when proper discussions of certain subjects make this necessary.

#### *1.2.2. The economic consultative commission*

On October 25, 2005, the Chief Executive Officer of Aéroports de Paris decided to create the Economic Consultative Commission (CCM), and approved its internal regulations.

This commission is composed of twelve members with voting rights: seven members of the Board of Directors, three personalities external to the Company appointed in view of their skills and their experience in public administration or purchases by the Chief Executive Officer, the General Secretary or his representative and the General Controller. The Director of Legal Affairs and Insurance or his representative and a representative of the Department of Consumption, Competition and Fraud Prevention (DGCCRF) attend meetings in an advisory capacity.

The mission of the Economic Consultative Commission is:

- to examine and provide an opinion on market projects the value of which exceeds a ceiling set by the Chief Executive Officer (for construction projects, 5 million euros if the project is not divided into sections, or 1 million euros for sections of a project divided into several sections with accumulated value in excess of or equal to 5 million euros: for supplies or services, 0.4 million euros - this is an annual ceiling for projects which may be renewed on a regular basis.
- to study amendment projects the objective of which is to substantially modify the contractual economics of the original project,
- to draw up opinions on any matters relating to preparation, issue or execution of the projects and amendments,
- to verify conformity of procedures for issue of the projects and amendments with laws and regulations applicable to Aéroports de Paris.

The procedures instituted within the framework of this commission and any relating to consultation on request ensure genuinely efficient competitiveness within the scope of the projects.

The commission must also appreciate the regularity of the procedure approved by Aéroports de Paris and the relevance of the choice of the prospective candidate.

The Economic Consultative Commission met on eleven occasions in 2006, and average attendance was 77%.

### 1.2.3. Group organization

The Group is organized through the Group Committee, whose permanent members are the Deputy Chief Executive Officer, the Deputy Chief Executive Officer, the Assistant Director of Amenities and Development, the Assistant Director of Finance and Administration, the Director of Subsidiaries and Shareholdings, and the Director of Strategy and Quality. Other Directors of Aéroports de Paris and the Chairmen and Directors of subsidiaries may be invited to committee meetings in accordance with the agenda.

Within the context of major strategic orientations defined by the Board of Directors, the objective of the Group Committee is to discuss matters of strategy in relation to subsidiaries, the Group perimeter (purchases, mergers, transfers, partnerships) and financing. It also examines the financial and operational performances of the main subsidiaries and shareholdings.

The committee met on 9 occasions in 2006.

In 2006, the Department of Subsidiaries and Shareholdings was responsible for links between the strategy of the Aéroports de Paris Group and the strategy of its subsidiaries, particularly through evaluation of the relevance of the strategies proposed by the subsidiaries, verification of the coherence of the strategies among them and with the approved strategy of the Aéroports de Paris Group, contribution to preparation of the pluri-annual strategic plan for each subsidiary, and pertinent indicators for monitoring purposes.

In 2006, Hub Telecom, ADP Ingénierie, Aéroports de Paris Management and Alyzia Airport Services signed objectives contracts with Aéroports de Paris to set out their strategic orientations and their relations with the parent company. These contracts, drawn up for the period 2006/2008, are set out as business plans with monitoring indicators, and the business plans must be updated on an annual basis in accordance with the results of the companies.

### 1.3. The Delegations System

The delegations system is based, on the one hand, on the rules of corporate government as defined by the French Commercial Code and specified by the Board of Directors at its meetings on September 9, 2005 and September 19, 2006 (limitation of the powers of the Chief Executive Officer) and on October 27, 2005 and September 20, 2006 (limitation of the powers of the Deputy Chief Executive Officer), and on the other on the delegations specified by the Chief Executive Officer.

On April 1, 2006 the Chief Executive Officer thus delegated powers to certain Directors of Aéroports de Paris allowing the person carrying out a certain function to take certain course of action in the name of the Company in the contexts and conditions expressly envisaged. The delegations were successively updated on August 3 and October 31, 2006.

The delegations system used by Aéroports de Paris is monitored by the Department of Legal Affairs and Insurance. Among other information, the Department posts the Company delegations in force on a special Intranet site, which is accessible to all Company employees with a computer connection. The Department of Legal Affairs and Insurance also provides, for senior Company management, regular information letters setting out specific developments with regard to delegations and decisions.

Moreover, a criminal liability delegation system has been implemented at Aéroports de Paris in relation to hygiene and security in the work place, airport security, and environmental standards.

### 1.4. Principles and rules stipulated by the Board of Directors to determine remuneration and benefits granted to Company executives

Article L. 225-37 of the French Commercial Code modified by article 62 of law n° 2006-1770 of December 30, 2006 envisages that in companies where shares are permitted in negotiations on an official market, this report sets out the principles and rules stipulated by the Board of Directors to determine remuneration and benefits of all kinds granted to Company executives.

### **Methods used to calculate remuneration which must be paid to the Chief Executive Officer and the Deputy Chief Executive Officer**

On March 7, 2006 the Board of Directors, in accordance with the opinion of the remunerations committee, decided that Messrs. Pierre Graff and François Rubichon will receive a fixed gross annual remuneration of, respectively, 245,000 euros and 205,000 euros (calculated *pro rata temporis* for 2006, and variable remuneration. The latter is in accordance with three criteria resulting from the objectives set by the Company for 2006:

- the gross margin, weighted at 50%,
- the CRE quality indicators (estimated at December 31, 2006), weighted at 30%,
- commercial revenues, weighted at 20%.

Achievement of each of these objectives will entail an increase, in due proportion, of 20% of the gross annual remuneration earned by each of the executives. If the objectives are exceeded, the variable rate of remuneration may be increased in linear fashion up to 40% of the gross annual remuneration earned. The sums of these variable remunerations will be stated and attributed in 2007 following the statement of the 2006 accounts by the Board of Directors.

Moreover, the Chief Executive Officer and the Deputy Chief Executive Officer will each have a Company car, and are covered by the protection contract and the contract for individual accident policies for employees of Aéroports de Paris.

Mr. Pierre Graff does not benefit from any special retirement scheme or severance pay. Mr. François Rubichon does not benefit from any special retirement scheme, but does benefit from departure compensation up to 12 months of his remuneration as a Company executive. The Board of Directors did not approve attribution of securities or Company executives for 2006.

### **System of distribution of attendance fees**

Shareholders at the mixed general meeting of May 22, 2006 set the overall amount of attendance fees allocated to the Board of Directors at 80,000 euros for 2006. Only members of the Board of Directors appointed by the general meeting of shareholders are authorized by law to receive attendance fees.

On September 19, the Board of Directors, in accordance with the opinion of the remunerations committee, set the system of distribution of attendance fees for eligible members of the Board of Directors and the special committees. Thus, annual lump-sum remuneration is paid to each of the Directors and each of the members on a special Board committee. This is in addition to remuneration for the meeting, which depends on actual attendance by the Directors of each meeting of the Board of Directors and meetings of the special committees of which they are members, if any. The amount of remuneration, whether as a lump sum or by meetings, varies depending on whether Directors are members or Chairmen of the meeting of the Board of Directors or the special committee.

## **2. General organization of internal control**

### **2.1. The objectives of internal control: definition and restrictions**

The objective of internal control implemented by the Board of Directors, executives and, in a general fashion, all employees of Aéroports de Paris, is to provide reasonable assurance in relation to the following goals:

- execution and optimization of operations with concern for performances, profitability and conservation of assets;
- reliability of financial information used both internally and externally;
- conformity with the law and regulations in force which apply both to the Company and the Group it makes up with its subsidiaries.

The internal control procedures consist of rules, directives and ways of proceeding in force at the organization, as follows:

- to ensure that its activities and the behavior of its members:
  - act in accordance with laws and regulations, standards and internal rules applicable,
  - uphold the values, orientations and objectives defined by the Company organs and delegates, with particular reference to management risk policy.
- to verify that internal and external communications sincerely reflect the situation and activity of the organization.

One of the objectives of the internal control system is to prevent and control risks arising from Company activity and risks of errors or fraud, particularly in relation to accounting and finance (see part 3 of this Report). Like any control system, however, it cannot provide an absolute guarantee that such risks will be totally eliminated.

## 2.2. Organization of internal control

The public institutions exert power over Aéroports de Paris by virtue of its status as a public enterprise, in particular relation to the public service provided.

In addition to this external control, Aéroports de Paris has implemented internal procedures to verify sound application of regulations and the efficiency of the measures taken in relation to risks likely to affect its assets, its image or its results. Action is taken at all levels to improve procedures to ensure better prevention and management of risks.

### 2.2.1. Operational procedures

Reception and circulation of people (passengers, those accompanying passengers, and employees) and property (aircraft, cars, buses etc.) at Aéroports de Paris' facilities are governed by procedures drawn up in due observance of laws and regulations in force, a number of which are approved by the authorities, with priority objectives in relation to air security, security of people and property, operational efficiency and safeguarding of assets.

These procedures apply to the various airports and aerodromes operated by the Company, and are subject to regular improvements and evolutions, particularly with reference to deployment of the Management System. Their application and control have been entrusted to the platforms at Paris - Charles de Gaulle, Paris - Orly and Paris - Le Bourget reporting directly to general management. These platform management entities are organized in operational units<sup>117</sup> with internal control mainly based on external and internal references specific to their activity.

Within the framework of an attitude of continuous progress, in 2006 Paris - Charles de Gaulle airport implemented an integral management system to secure a global coherent approach in terms of security in the work place, air security, environmental security and service quality (to ISO 9001 and 14001 and OHSAS 18001, security management system). Deployment of this integrated management system is progressive, targeting certification in 2008. Paris - Orly airport has also implemented an attitude of continuous improvement through ISO certifications (9001 in relation to airport security and 14001 in relation to the environment - see 2.2.3.).

In relation to aeronautical affairs, in 2006 the de Paris - Orly and Paris - Charles de Gaulle platforms obtained the airport security certificate within the framework of aerodrome security, made compulsory by transfer to French law of the ICAO rules governing security at aerodromes<sup>118</sup>.

For best control of unknown concepts in relation to ordinary operation of the platforms, particularly their negative effects on the Company, Aéroports de Paris has a crisis management unit at each airport structured around a permanent 24/24 organization reporting to permanent supervisors, and has premises and means of communication specially envisaged to this end. This unit meets the compulsory regulations in relation to emergency air plans, and meets the piloting needs of degraded or crisis operating situations.

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<sup>117</sup> Airport Areas, Terminals, Parks and Accesses, Energy and Logistics for Paris - Orly and Paris - Charles de Gaulle; Operation, Commercial Affairs and Real Estate for Paris - Le Bourget.

<sup>118</sup> International Civil Aviation Organization

Within this context, management at the Paris - Orly and Paris - Charles de Gaulle platforms have advanced Command Posts which are operational on a 24/24 basis to allow action to be taken on the ground in relation to any incidents. The Command Posts are on two levels - the first is activity-specific (terminals, aircraft space, access and transport, production of energy, snow etc.), and the second (platform Command Post) centralizes and manages information from other Command Posts to handle situations. It may be modulated in accordance with events, from degraded situation to crisis. In the event of serious crisis, this Command Post assembles the agents on the platform under the authority of the *Préfet*, who directs operations. In addition to these permanent arrangements per airport, a "Crisis Command Post" at headquarters on boulevard Raspail in Paris, and a permanent reinforced unit under a permanent head of operations constantly monitor events at the Company and carry out crisis management if required.

The Company also practises experience reversal, a survey to analyze incidents prior to proposing progress courses or evolutions of procedures in order to prevent relapses or to reduce the consequences. This task is systematic for serious events, and is carried out at each department. The Department of Security and prevention conducts a number of these studies and centralizes this information on a database with historical background going back several years.

One of the major features of the year 2006 was the implementation of a network of correspondents at the Company, by establishment of an indicator of incidents and launch of a restricted-asset Intranet site for this purpose. This experience reversal has been used to update the cartography of operational risks produced by the Department of Security and prevention (see 2.2.3.).

#### *2.2.2. Procedures in relation to development of infrastructures*

Procedures relating to this area of activity are piloted by three separate departments reporting to an Assistant Director: the Department of Amenities and Programs, Project Management Department and the Department of Engineering and Architecture.

- procedures relating to the architectural and environmental insertion of airport platforms, drawing up and management of the general block plan, and choice of the major technical options, drawing up programs to the account of the project managers constitute the brief of the Department of Amenities and Programs.
- negotiations with companies, administration of contracts and execution of work are carried out with the Project Management Department for an internal Project Manager clearly identified in accordance with the importance of the project. The Project Manager is charged with defining the program. The Project Management Department is organized around the management of various projects.
- For each project, agreements are signed (project management department / project manager) setting out the quality expected, the level of complexity and the cost of the project management mission, and the objectives as to cost of the structure and building times.
- project management missions as defined and set out in the MOP law on public project management are entrusted to the Department and Architecture, certified to ISO 9001. A protocol was signed on April 4, 2005 between the Department of Engineering and Architecture setting out the respective undertakings of the entities concerning an operation, most particularly in relation to timelines and costs. A project management agreement is drawn up for each major operation.

#### *2.2.3. Procedures piloted by functional departments*

The **Department of Strategy and Quality** is a major player in the improvement of internal control procedures within the Company via the drawing up of processes and implementation of an integrated management system, support action engaged in relation to the certifications launched by the entities, delegation to quality in a bid to satisfy our customers but also in relation to analysis of Group risks. Concerning these aspects, action by management has been drawn up in relation to the Group's 2006/2010 strategic plan, approved by the Board of Directors on July 11, 2006.

In 2006, the Department of Strategy and Quality proceeded to update the Company risks cartography established in 2005, in relation to operational risks at the Company and at its subsidiaries (identification of the major risks observed and action to be taken to reduce these and control them more efficiently).

In relation to internal controls, the **Department of Security and Prevention** is charged with sound application within the organization, of Company obligations in relation to security (security is understood as prevention of illicit acts against air transport). By virtue of the provisions of article L.282-8 of the Civil Aviation Code, Aéroports de Paris takes part with the organization of security visits, providing all human and material resources for judicial police officers. Action by the Department of Security and Prevention is within the context of regulatory texts (orders of September 1 and November 1, 2003, which came into force on 18 December 2003) setting out the respective roles and responsibilities of each employee at airports or making a contribution to air transport. This plays a central role, particularly in ensuring sound application of regulatory obligations and in performing audits or controls in relation to all Company fields of jurisdiction concerning security.

All security activities at the Department of Security and Prevention and at Paris - Orly airport were certified to ISO 9001 version 2000 in 2006. The Department of Security and Prevention was also mobilized by reinforcement of the security measures decided by the European Commission on November 6, 2006. Additional human and material resources were deployed at the Paris - Orly and Paris - Charles de Gaulle platforms for implementation of new measures, which were explained to the general public through a communication campaign.

The Department of Security and Prevention is in charge of identifying operational risks which could affect the Company, its employees and its customers. Within this context, in 2006 it updated the cartography of risks established in 2005, retaining Aéroports de Paris' operational risks as a perimeter (other risks supervised by the Department of Strategy and Quality). On October 16, 2006 the update was presented to the Executive Committee, which approved the course of action.

The Department of Security and Prevention is also in charge of security of the Company's information systems. As such, it has carried out and enhanced a number of actions based on the survey of unacceptable risks and solutions to deal with them. It makes a contribution to definition of Aéroports de Paris' policy and strategy in relation to Computer Security, and monitors the strict application of this Security Policy as defined at the Company.

In 2006 the Department of Security and Prevention also enhanced the security arrangements for Group ex-patriots and missionaries implemented in 2004. A new procedure for validation of missions was launched, graduated in accordance with geographic locations, information and advice were circulated to all Group employees, and a national supervisory unit set up. The overall protection plan for Group ex-patriots and missionaries, the result of transversal action, now has sections dealing with security, social and sanitary matters.

Within the scope of better acceptance of the development of Aéroports de Paris' platforms in relation to their environment (local residents, public posts, government, associations), the **Department of the Environment and Territorial Relations** handles the best communication to provide a service for all sectors of the general public, and also handles the environmental risks generated by airport activity.

Within this context, Aéroports de Paris has established an environmental management system in accordance with the recommendations of ISO 14001 - version 2004. The system has been certified for Paris - Charles de Gaulle, Paris - Orly and Paris - Le Bourget airports, and covers all Aéroports de Paris' areas of authority and attributions in relation to the design and operation of airports for the exclusive purpose of air navigation. The monitoring audits conducted in 2006 for Paris - Orly and Paris - Le Bourget revealed no non-conformities. The monitoring audit conducted in January 2007 for Paris - Charles de Gaulle reached the same conclusion.

Management reviews of the various platforms are carried out on an annual basis in order to evaluate the environmental management system and identify areas for improvement, prior to conclusions as to the effectiveness of the management system at the platforms. The reviews were conducted respectively in April and November 2006 for Paris - Le Bourget and Paris - Orly, and in January 2007 for Paris - Charles de Gaulle.

Aéroports de Paris also accompanies airport companies in terms of their environmental attitude through the Environment Partners Clubs for Paris - Charles de Gaulle, Paris - Orly and Paris - Le Bourget airports. The clubs were created respectively in 2003, 2005 and 2006 - they have a special Internet site ([www.ecoairport.fr](http://www.ecoairport.fr)), and are

handled and encouraged by the Department of the Environment and Territorial Relations in cooperation with management of the platforms.

The Group's strategic plan 2006/2010 also contains specific action in a bid to enhance Group activity in the dynamics of sustainable development. This policy is based on three main focuses, as follows:

- reinforcing awareness of common interests with surrounding areas and developing social and economic integration in partnership with them,
- developing a positive perception of environmental policy, and upgrading the image of a responsible Company in terms of environmental, social and economic plans,
- concentrating on sound performance in terms of environmental management of its own pollution.

Evaluation of this policy is conducted by an independent extra-financial rating agency. In 2005, the rating obtained by BMJ Ratings was A+ for the Company as surveyed over six areas of analysis (environment, human resources, commercial function, purchase function, civil attitude and company governance) - environment scored AA+. BMJ Ratings again investigated human resources, purchase function and company governance, and the rating for each category improved with respect to the scores for 2005.

The **Department of Legal Affairs and Insurance** defines the Company's legal policy, sets the rules for the utilization of external consultants, and contributes its expertise in support of Company governance. It monitors Company operations directly, and also monitors cases in centralized fashion. It acts in a supervisory capacity concerning changes in legislation and regulations, and is in charge of contracts concerning Company projects. The *Department of Legal Affairs and Insurance* identifies any legal risks which could be posed for the Company, and then draws up, on a case-by-case basis, a strategy to either reduce risk or to transfer risk to insurance companies or to third parties via contract. It also implements procedures geared towards observance of the rules of information for investors and shareholders (such as the internal procedure concerning regulatory agreements or validation of the Group's legal, economic and financial information), and monitors these. Its activities overall provide an alert and prevention service for legal cases.

### 2.3. Control structures

Control structures may be divided into three groups of agents - internal entities and bodies at Aéroports de Paris, particularly the Audit Department and the Audit Committee, the Company and Group statutory auditors, and agents representing the State..

#### 2.3.1. Internal control structures

**Audit Committee:** the missions and composition of the Audit Committee and the matters examined by it in 2006 have been discussed in paragraph 1.1.3. above.

**Audit Department:** depending hierarchically on general management and functionally on the Audit Committee, the department may operate in all areas of activity of the Company and subsidiaries, with the exception of operational implementation of security measures (see above). Its functioning is defined by the internal audit charter approved by the Audit Committee and signed by the Deputy Chief Executive Officer on March 31, 2006.

It implements the annual audit program approved by the Audit Committee. The Audit Department is a member of the French Internal Audit and Control Institute (IFACI), and applies the profession's international standards. Following an initial diagnostic of its practices in 2005, it proceeded with a "documentary audit" of its internal affairs in November 2006, and is set to obtain certification to professional standards in the course of 2007.

In 2006, the Audit Department completed its internal control review of operational units at the Paris - Charles de Gaulle, Paris - Orly and Paris - Le Bourget platforms (the review commenced at the end of 2003), and continued its audits of commercial franchises, contracts and markets. It enhanced its unit for prevention of fraud using external consultants for the purpose of better consideration of this risk during the operation of missions.

In addition to these recurrent missions, the Department focused on information systems, human resources, legal matters, and matters relating to accounting, finance and management control. It also conducted a review of the procedures implemented to monitor the indicators established by the Contrat de Régulation Economique (CRE).

The Audit Department also enhanced its monitoring of effective implementation of courses of action following the audit missions of 2004 and 2005, and general management was informed of the results obtained in relation to action to be taken to reduce operational, financial and legal risks or risks relating to the Company image.

**Head of Ethics:** in 2006 the Chief Executive Officer appointed the Director of Legal Affairs and Insurance as the Company's Head of Ethics. This means that Company executives and employees may use this service to obtain an opinion on any queries they may have on the subject. The Head of Ethics, in particular, is in charge of the upkeep of insider lists within the context of observance of the regulations applicable and the code of ethics concerning share operations and observance of French regulations governing insider trading, insider trading infringements and manipulation of markets.

**Functional departments:** the Finance, Accounting and Management Control Department are covered by paragraph 3 of this report: to this we must add the Purchases Department to this as the guarantor of the Company's general purchasing process.

### 2.3.2. *The statutory auditors*

Ernst & Young Audit and Salustro Reydel (respectively represented by Mr. Alain Perroux and Mr. Philippe Arnaud) were appointed Statutory Auditors to Aéroports de Paris on January 19, 2004 in due application of article L. 612-1 of the French Commercial Code. Salustro Reydel joined the KPMG Group on March 23, 2005. Their six-year term commenced with examination of the accounts for the financial year 2003.

Within the context of their mission, the statutory auditors proceed to examine all Company and consolidated accounts of Aéroports de Paris, the ways in which they were drawn up, and internal control procedures, with the assistance of the Audit Committee.

In the course of 2006 KPMG was appointed statutory auditor to ADP Ingénierie and co-auditor to Aéroports de Paris Management and Hub télécom, while Ernst & Young was appointed co-auditor to the Alyzia Group, with effect as of the financial year 2006.

### 2.3.3. *Other control structures*

In its capacity as a Company with a majority State shareholding, Aéroports de Paris is subject to specific controls in relation to finance, management and internal control (*Cour des Comptes*, General Inspection of Finances, the Economic Affairs Commissions of both houses of the French Parliament, *Contrôle Général Economique et Financier*, and the General Council for Roads and Bridges).

The Company is also subject to operational controls by the DGAC and external bodies in relation to obtaining its certifications.

It is also subject to evaluation by finance rating agencies.

## 3. **Organization of internal control for drawing up and posting accounting and financial information**

The internal control procedures for drawing up and posting accounting and financial information mainly concern the Department of Finance, Accounts and Management Control.

An information system is used based on SAP accounting packages (for general and analytic accounting), Magnitude (for consolidation and reporting), BPP (for drawing up budgets), and BRIO (for drawing up charts).

### 3.1. Procedures concerning finance

The Finance Department is divided into five units:

- Financial Equilibria is in charge of drawing up and monitoring the Company business plan and the major financial equilibria it produces. As such, it is also in charge of five-year programming of investment and its annual breakdown as an investment budget for each of the Company's operational units.
- Debt and Cash concerns itself with the handling of Company cash and financing.
- Taxation monitors compulsory statements by Aéroports de Paris (corporate tax, local taxes, tax on company cars) and handles the Aéroports de Paris Group's tax integration for 5 companies.
- Group Financial Control is responsible for the reliability of Group financial reporting, it directs the drawing up of the consolidated budget, and ensures it complies. It is also involved in drawing up and monitoring objectives contracts and other pluri-annual financial documents setting out the objectives assigned by the Group to its subsidiaries before reporting to general management on execution of the contracts.
- Investor Relations handles the process of communication of the information required by stock market regulations, in association with the Department of Legal Affairs and Insurance and the Department of Marketing, Commerce and Communication, and also handles the interface with financial analysts.

In terms of procedures, investment projects of over 1 million euros are systematically examined by the Investment Approval Committee (CAI), a body under the aegis of the Chief Executive Officer. Investment projects of between 150 thousand euros and 1 million euros are examined by local investment committees attached to management at airports (Paris - Orly, Paris - Charles de Gaulle or Paris - Le Bourget) or the real estate department in accordance with the projects concerned. Monitoring of projects identified by the CAI as structuring or specific is carried out by the Structuring Projects Monitoring Committee (CSPS), which also reports to the Chief Executive Officer.

The Financial Equilibria unit acts as secretariat to the CAI and CSPS. It ensures that the decisions taken by the CAI are reflected in reports on project progress and authorization for expenditure in the Company's information system. It is also charged with financial control of Company investments, in association with contracting authorities and their management controllers. In this capacity, it administers the corresponding modules in the Company's information system, and ensures the integrity of the financial data entered. In-depth work was carried out in 2006 on the updating of information concerning investment projects recorded in the special information system.

In accordance with article L 228-40 paragraph 1 of the French Commercial Code, the Board of Directors must authorize all issues of bonded debt, while the Chief Executive Officer has authority over other financing. Debt policy is presented on a yearly basis to the Audit Committee, which approves it from the point of view of risk, and the Board of Directors is informed of the operations carried out. The Debt and Cash unit draws up and proposes policy in relation to financing and, following authorization, implements financing procedures before proceeding to ensure these are properly managed and monitored.

Each company in the Aéroports de Paris handles its own cash: centralized management with subsidiaries ought to be in place in the course of 2007. Cash at the parent company is monitored on a daily basis by the Debt and Cash unit, which also draws up the annual cash budget and reports monthly to the Chief Executive Officer and the Deputy Chief Executive Officer (also to the Executive Committee since December 2006).

This gives rise to a meeting chaired by the Chief Executive Officer for a progress report on financing and cover for financing, and also on cash (reporting to the Executive Committee since December 2006). Decisions in relation to cover are taken at these meetings and subsequently implemented by the Finance Department.

Following a decision by the Chief Executive Officer on April 1, 2006, the assistant director of finance and administration was invested with the power to take decisions on all operations relating to management and investment, up to 25 million euros per operation, as follows:

- decisions on any financing operation or loans other than those relating to the issue of bonded debt,
- using any financial instrument which does not increase the number of commitments of Aéroports de Paris, with a view to handling management of its financial commitments, assets or liabilities, present or future,
- decisions on any cash loan operations in the short term, in euros or foreign currency,
- contracts for any framework agreement governing financial instruments,
- deciding a policy of management of financial risks taken by Company activities;
- deciding the general rules of utilization of cash assets and reserves.

The assistant director of finance and administration may subdelegate his powers or signature to other directors reporting to him for the exercise of activities.

In relation to endorsements and guarantees to third parties, the meeting of the Board of Directors of December 22, 2005 authorized the Chief Executive Officer, with the power to delegate, to issue endorsements or guarantees by Aéroports de Paris to a limit of a total sum of 5 million euros.

Moreover, in due application of the internal regulations of the Board of Directors, an examination of financial risks for the year ended December 31, 2005, including any off-balance sheet commitments undertaken and accepted by Aéroports de Paris was presented to the Audit Committee in 2006. The examination took account of the Group overall insofar as the Company's financial responsibility may be enacted through its subsidiaries and stakeholdings.

In relation to financial communication, in 2006 the Investor Relations was involved in Aéroports de Paris' stock market listing, and drew up external financial communication before and after the operation (management meetings with analysts, organization of road-shows, presentation of results).

### 3.2. Procedures relating to accounting

The Accounting Department is organized in four units, as follows:

- a general accounts unit in charge of production of company accounts and posting of entries (particularly in relation to customers, suppliers, cash and assets),
- a consolidation unit establishing the Group's consolidated accounts to IFRS standards, using the Magnitude accounting package,
- a standards and procedures unit in charge of writing up and distributing the accounting standards applicable to Aéroports de Paris,
- and an information system unit, most particularly providing administration for the general SAP accounting module.

The change in status to *société anonyme* and subsequent listing on the stock market in 2006 led the Accounting Department, in association with the other Departments, to pursue measures of adaptation in order to reduce yearly closure times and produce legal documents in accordance with the "Transparency Directive".

As in the previous year, certification of the Company and consolidated accounts for 2005 was issued with no reserves by the Statutory Auditors.

In a bid for coherence and improvement of the consolidation processes, Aéroports de Paris expressed the desire for all group entities to have common statutory auditors; this took effect in 2006 (see paragraph 2.3.2 on the statutory auditors).

In order to reinforce coordination of financial information systems and for better handling of information projects, in 2006 the Finances and General Administration unit opted to mutualize information teams with the users of several

SAP modules (purchases, sales, monitoring of investment, accounting and management). A new structure reporting to the Accounts Department will be implemented to this end at the beginning of 2007.

The Accounts Department pursues its approach of drawing up procedures and reinforcing its specific service. Priority is given to the separation of functions within the accounting service, and to observance of internal control regulations. This approach in particular will be used in terms of control of operations involving financing and investment in the course of 2007.

In parallel fashion, the Department's Standards and Procedures unit is awaiting changes in IFRS standards for application over 2007 - 2008.

### 3.3. Procedures in relation to management control

Management control at Aéroports de Paris is carried out locally by management controllers deployed at each of the Company's management entities (management units for airports and associated operational units, management of activities), and centrally by the Management Control Department, which also handles control of central management.

Central management is organized in four units, as follows:

- an operational unit in charge of local management control in the execution of budgetary and reporting processes;
- a functional unit for control of central management;
- an administration unit for the SAP-CO analytic accounting module;
- an administration unit for decision-making tools used by the Company to draw up budgets (Hypérior - Planning) and produce Company charts (Hypérior - Intelligence - Brio).

The budgetary process envisages that each Company department draws up, on an annual basis, a three-year operational plan, in which the first year constitutes the budget for the entity. The budgets for year N are drawn up during the fourth quarter of year N-1, and are updated in the spring and fall of year N. The basic Company budget is submitted to the Board of Directors at the end of the fourth quarter of year N-1, following submission to the Audit Committee, while re-forecasts are entered in a management forecast document presented to the Board of Directors in April and September. Moreover, in 2006 a consolidated Group budget was submitted to the Board of Directors for the first time on December 21, 2006.

The reporting processes envisages that, on a monthly basis, the local management controllers send their comments with the chart indicators for their entity to their head of operations and to the management control director.

The management control department provides a monthly chart for the members of the Executive Committee covering areas of economic and operational management, with particular reference to CRE indicators. The chart is examined by the Executive Committee on a monthly basis. Quarterly management dialog has also been implemented for management of platforms and management of ground handling, commerce and real estate. In 2006, the management control department also provided the Board of Directors with quarterly charts setting out Company activity and CRE indicators.

The management control department also conducted two surveys in 2006:

- a survey on the provisioning, in ways suited to external audits, of analytic data in application of article 59 of the standard specifications for ADP-SA;
- another survey by AT Kearney to identify the changes required in relation to the management control function at the Company; the report was submitted at the end of 2007 for implementation in 2007.

## **CONCLUSION AND PROSPECTS**

In accordance with the recommendations of the AMF Market Authorities, implementation of the provisions arising from laws on financial security and the Breton Law within the Aéroports de Paris Group forms part of a dynamic prospect of progress. The actual dynamics will be evaluated in 2007 by BMJ Ratings within the context of an extra-financial rating in relation to the six areas already covered by BMJ Ratings in 2005 - the environment, human resources, commercial function, purchasing function, civil concerns and company governance. The Company's objective is to make progress in all six areas in relation to the ratings scored in 2005.

In terms of operational internal control, 2007 will involve the pursuit of certification of entities, deployment of the integrated management system at Paris - Charles de Gaulle, and an update of the cartography of operational and non-operational risks specific to the Group.

In terms of accounts and finance, the Accounts Department intends to enhance its facilities to link up supervised areas and procedures, and the Management Control Department will focus on implementing the decisions taken at the end of 2006 following the AT Kearney survey.

Governance will also constitute a central concern for the Company, and the Audit Department's audit program for 2007 as approved by the Audit Committee on 13 December 2006 will produce four missions on the subject (examination of the methods of governance employed by the Aéroports de Paris Group and review of internal control in relation to governance of the Paris - Orly, Paris - Le Bourget and Paris - Charles de Gaulle platforms).

Action taken in 2006 and action planned for 2007 have positioned Aéroports de Paris on a path towards continuous improvement of quality.

**ANNEX 5**  
**STATUTORY AUDITORS' REPORT ON THE REPORT BY THE CHAIRMAN OF THE BOARD OF DIRECTORS**  
**ON INTERNAL CONTROL PROCEDURES FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2006**

Dear Shareholders,

In accordance with our appointment as Statutory Auditors of Aéroports de Paris and in due application of the provisions of article L. 225-235 of the French Commercial Code, we hereby submit our report on the report drawn up by your Company Chairman, in accordance with the provisions of article L. 225-37 of the French Commercial Code for the year ended December 31, 2006.

It is the task of the Chairman to set out in his report the conditions under which the work of the Board of Directors was prepared and organized, and the internal control procedures implemented at the Company.

It is our task to inform you of our observations concerning the information provided in the Chairman's report in relation to the internal control procedures in connection with the drawing up and treatment of accounting and financial information.

We have carried out our task in accordance with professional standards applicable in France. This requires the implementation of measures to gauge the sincerity of the information provided in the Chairman's report in relation to the internal control procedures in connection with the drawing up and treatment of accounting and financial information. These measures include the following in particular:

- to gain knowledge of the objectives and general organization of internal control, and the internal control procedures in connection with the drawing up and treatment of accounting and financial information as submitted in the Chairman's report;
- to gain knowledge of the work underlying the information thus submitted in the report.

On the basis of this work we have no observations to make in relation to the information provided in relation to Company internal control procedures in connection with the drawing up and treatment of accounting and financial information as set out in the report by the Chairman of the Board of Directors, drawn up in due application of the provisions of article L. 225-37 of the French Commercial Code.

Paris-La Défense, March 27, 2007

The Statutory Auditors

SALUSTRO REYDEL  
*Member of KPMG International*  
Philippe Arnaud

ERNST & YOUNG Audit

Alain Perroux

**ANNEX 6  
FEES OF THE STATUTORY AUDITORS**

*In euros*

	<b>KPMG</b>				<b>EY</b>			
	<i>Amount (excluding tax)</i>		<i>%</i>		<i>Amount (excluding tax)</i>		<i>%</i>	
	<b>2006</b>	2005	<b>2006</b>	2005	<b>2006</b>	2005	<b>2006</b>	2005
<b>Audit</b>								
Statutory auditors, certification, examination of individual and consolidated accounts	431,730	294,000	56%	31%	444,290	320,000	46%	27%
- issuer	356,280	294,000	46%	31%	355,040	320,000	37%	27%
- fully consolidated subsidiaries	75,450	-	10%	0%	89,250	-	9%	0%
Other measures and services in direct relation to the mission of the statutory auditors	335,077	654,000	44%	69%	526,953	885,000	54%	73%
- issuer	335,077	654,000	44%	69%	523,453	885,000	54%	73%
- fully consolidated subsidiaries					3,500			
<b>Sub-total</b>	<b>766,807</b>	<b>948,000</b>	<b>100%</b>	<b>100%</b>	<b>971,243</b>	<b>1,205,000</b>	<b>100%</b>	<b>100%</b>
<b>Other services rendered by units to fully consolidated subsidiaries</b>	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>766,807</b>	<b>948,000</b>	<b>100%</b>	<b>100%</b>	<b>971,243</b>	<b>1,205,000</b>	<b>100%</b>	<b>100%</b>

**ANNEX 7**  
**STATUTORY AUDITORS' REPORT ON THE RESULTS FORECAST**

Dear Shareholders,

In our capacity as statutory auditors and in due application of EC regulation 809/2004, we have drawn up this report on the results forecast for Aéroports de Paris - *Société Anonyme* set out in section 13 of the *Document de Référence* dated April 27, 2007.

The significant underlying hypotheses and forecasts were drawn up on your responsibility, in due application of EC regulation 809/2004 and CESR recommendations in relation to the forecasts.

It behoves us, on the basis of our work, to express a conclusion, in the terms required by annex I, point 13.2 of EC regulation 809/2004, on the appropriate nature of the establishment of the forecasts.

We have carried out our task in accordance with professional standards applicable in France. Our task involved an evaluation of the procedures implemented by Management for the establishment of forecasts and implementation of measures to guarantee the conformity of the accounting methods used to draw up historical information on Aéroports de Paris - *Société Anonyme*. It likewise consisted of collating the information and explanations we deemed necessary to obtain reasonable assurance that the forecasts are properly established on the basis of the hypotheses drawn up.

We wish to remind shareholders that, since the nature of these forecasts is by nature uncertain, events will occasionally differ significantly from the forecasts as presented, and that we do not express any conclusions as to the possibility of realizing the forecasts.

In our opinion:

- The forecasts have been properly drawn up in accordance with the basis indicated;
- The accounting basis used to draw up this forecast complies with the accounting methods applied by Aéroports de Paris - *Société Anonyme*.

This report is issued for the sole purposes of the 2006 *Document de Référence* - this must be registered with the AMF Market Authorities, and may not be utilized in other contexts.

Paris-La Défense, April 27, 2007

The Statutory Auditors

SALUSTRO REYDEL  
Member of KPMG International  
Philippe Arnaud

ERNST & YOUNG Audit

Alain Perroux

**ANNEX 8**  
**LIST OF THE DOCUMENTS PUBLISHED BY Aéroports de Paris OVER THE LAST 12 MONTHS**

**1/ Publications as compulsory legal announcements**

Aéroports de Paris published the following documents in the Official Journal of Compulsory Legal Announcements (BALO) ([www.balo.journal.official.gouv.fr](http://www.balo.journal.official.gouv.fr)):

04/04/2007	Convocation à l'assemblée générale du 29 mai 2007
14/02/2007	Chiffre d'affaires du 4 <sup>ème</sup> trimestre 2006
19/01/2007	Droits de vote au 31 décembre 2006
15/11/2006	Chiffre d'affaires du 3 <sup>ème</sup> trimestre 2006
18/10/2006	Comptes semestriels 2006
04/09/2006	Convocation à l'assemblée générale du 20 septembre 2006
11/08/2006	Avis de réunion à l'assemblée générale du 20 septembre 2006
11/08/2006	Chiffre d'affaires du 2 <sup>nd</sup> trimestre 2006
14/07/2006	Additif notice légale du 2 juin 2006
30/06/2006	Comptes annuels de 2005
19/06/2006	Additif notice légale du 2 juin 2006
12/06/2006	Désignation du teneur de compte
02/06/2006	Notice d'introduction en bourse
21/04/2006	Avis d'assemblée générale mixte

**2/ Documents published in relation to the stock market listing by the AMF Market Authorities for Aéroports de Paris, available at the Aéroports de Paris Internet site ([www.aeroportsdeparis.fr](http://www.aeroportsdeparis.fr))**

31/05/2006	Mise à disposition du public du document de base
31/05/2006	Mise à disposition du public de la note d'opération

**3/ Report on activity and sustainable development 2005**

The report on activity and sustainable development, published in June 2006, is available on the Internet site [www.aeroportsdeparis.fr](http://www.aeroportsdeparis.fr)

**4/ Financial Information**

Turnover and results (posting on line of press releases on the Internet site of Aéroports de Paris [www.aeroportsdeparis.fr](http://www.aeroportsdeparis.fr) and the AMF Internet site)

15/03/2007	Résultats annuels 2006: mise en ligne de la présentation et des comptes
14/02/2007	Chiffre d'affaires du 4 <sup>ème</sup> trimestre 2006
15/11/2006	Chiffre d'affaires du 3 <sup>ème</sup> trimestre 2006
20/09/2006	Comptes semestriels 2006: mise en ligne de la présentation et des comptes
11/08/2006	Chiffre d'affaires du 2 <sup>nd</sup> trimestre 2006
25/04/2006	Comptes annuels 2005: mise en ligne de la présentation et des comptes

**5/ Controlled Information: Documents published in relation to the new Transparency Directive available at the Aéroports de Paris Internet site ([www.aeroportsdeparis.fr](http://www.aeroportsdeparis.fr))**

- - Press releases
  
  - 15/03/2007 Résultats annuels 2006
  - 26/02/2007 Cession de l'intégralité de la participation dans BCIA
  - 14/02/2007 Chiffre d'affaires 2006
  - 10/01/2007 Proposition tarifaire 2007
  
- Monthly share repurchase declaration within the context of the liquidity contract:
  - 03/04/2007 Déclaration du mois de mars
  - 05/03/2007 Déclaration du mois de février
  - 05/02/2007 Déclaration du mois de janvier

**6/ Press releases associated with the activities of the Aéroports de Paris group (available on the site [www.aeroportsdeparis.fr](http://www.aeroportsdeparis.fr))**

- 26/04/2007 Décision du conseil d'Etat sur le CRE
- 18/04/2007 Contrat ADPI: conception du nouveau terminal d'Almaty
- 16/04/2007 Trafic mars 2007
- 06/04/2007 Trafic vacances de Pâques 2007
- 03/04/2007 CDGVAL
- 30/03/2007 Parking premium Orly
- 20/03/2007 Vueling
- 01/03/2007 Terminal 2G
- 16/02/2007 Trafic janvier 2007
- 12/02/2007 Top com d'or campagne de pub IPO
- 07/02/2007 Nomination Florence Lenne
- 29/01/2007 Décret anti-tabac
- 23/01/2007 Lancement parking premium
- 18/01/2007 Trafic décembre 2006
- 10/01/2007 Proposition tarifaire 2007
- 29/12/2006 Trafic week-end du nouvel an
- 29/12/2006 Accord égalité professionnelle
- 21/12/2006 Investissements 2007-2011
- 20/12/2006 Conseil aux passagers
- 20/12/2006 Numéro 3950
- 20/12/2006 Trafic novembre 2006
- 14/12/2006 Leapfrog
- 13/12/2006 ADPI - Oman
- 08/12/2006 RCI - Frontière d'Orly Sud
- 07/12/2006 Etude Noël
- 06/12/2006 Voyage en ligne
- 30/11/2006 Coeur d'Orly
- 13/11/2006 Nouvelles compagnies hiver 2006/2007
- 10/11/2006 Chiffre d'affaires 3<sup>ème</sup> trimestre 2006
- 04/11/2006 Nouvelles mesures de sûreté
- 31/10/2006 Covoiturage
- 26/10/2006 Nouvelles mesures de sûreté depuis le 06 novembre 2006
- 20/10/2006 Trafic septembre 2006
- 02/10/2006 Taxis
- 02/10/2006 Air Berlin
- 29/09/2006 Personnel Shopper
- 28/09/2006 Inauguration crèche CDG
- 25/09/2006 Matériel informatique

22/09/2006 Trafic août 2006  
 20/09/2006 Résultats 1<sup>er</sup> semestre 2006  
 19/09/2006 SDA Aelia & Aéroports de Paris  
 14/09/2006 Succès en Colombie  
 14/09/2006 Les Journées du Patrimoine 2006  
 13/09/2006 Chauffage écologique à Orly  
 06/09/2006 Nouvelles procédures sûreté BADP  
 30/08/2006 Transfert de vols Air France & Aeromexico  
 21/08/2006 Trafic juillet 2006  
 11/08/2006 Chiffre d'affaire 1<sup>er</sup> semestre 2006  
 10/08/2006 Attentat déjoué à Londres  
 10/08/2006 Mesures de sûreté renforcées  
 03/08/2006 Passage de la barre des 1,5 milliard de pax  
 02/08/2006 Mise en service de la nouvelle aérogare au Bourget  
 27/07/2006 E-service sur le site Internet  
 27/07/2006 Grand départ week-end du 28 au 30 juillet 2006  
 20/07/2006 Trafic juin 2006  
 07/07/2006 Départs en vacances (du 7 au 9 juillet 2006)  
 05/07/2006 Aéroport d'Alger  
 03/07/2006 Comptoir d'info IDF  
 29/06/2006 FRAM  
 29/06/2006 Dispositif été 2006  
 29/06/2006 Conseils santé  
 28/06/2006 Le Bourget: Inauguration de la nouvelle aérogare  
 27/06/2006 Bijouterie  
 22/06/2006 Saria flux  
 22/06/2006 Option de surallocation  
 20/06/2006 Trafic mai 2006  
 08/06/2006 Terrasse d'Orly - Flash info  
 07/06/2006 Connexion Internet - Flash info  
 07/06/2006 Quai Branly  
 07/06/2006 Nomination Elisabeth Le Masson  
 06/06/2006 ADP participe au Salon Autonomic  
 01/06/2006 Ouverture Piste 4  
 31/05/2006 Lancement de l'introduction en bourse  
 30/05/2006 Trafic avril 2006  
 24/05/2006 Poupées  
 23/05/2006 Piste 4  
 18/05/2006 Aéroports de Paris accueille 14 nouvelles compagnies  
 16/05/2006 Chiffre d'affaires 1<sup>er</sup> trimestre 2006  
 15/05/2006 Deux nouvelles offres pour se détendre en aéroport  
 15/05/2006 Renouvellement de la certification ISO 14 001 d'Orly  
 27/04/2006 Trafic mars 2006  
 24/04/2006 Enregistrement du document de base par l'AMF  
 05/04/2006 Fnam  
 04/04/2006 Electricité verte  
 04/04/2006 Grève nationale  
 31/03/2006 Piste 4 d'Orly  
 30/03/2006 Résultats annuels 2005  
 30/03/2006 Hall 2  
 27/03/2006 Grève du 28 mars 2006  
 23/03/2006 Trafic février 2006  
 16/03/2006 Comité Exécutif restreint  
 02/03/2006 Destination Clients  
 02/03/2006 Partenariat avec l'Oréal



