

Paris, 23 December 2009

## **Aéroports de Paris to continue dialogue with airlines on the next Economic Regulation Agreement**

In October 2009, Aéroports de Paris initiated an in-depth consultation with the airlines on the next **Economic Regulation Agreement** (ERA) for the period 2011-2015. The consultation process is steered principally by the economic advisory committee of Paris-Charles de Gaulle and Paris-Orly airports.

Having considered the expectations and priorities expressed by its users, Aéroports de Paris has drawn up guidelines for setting its 2010 airport fees and for the key focuses of the 2011-2015 ERA. These guidelines are set out in this proposal.

After the initial consultation phase, Aéroports de Paris will, during the first quarter of 2010 and in accordance with the French Civil Aviation Code, issue detailed proposals on which all participants will have the opportunity to express their views. Meanwhile, 2010 airport fees are scheduled to be published before the end of February 2010 for application as of April 1, 2010, subject to Government approval.

As required by the French Civil Aviation Code, the 2011-2015 ERA guidelines will then be referred to the Airport Consultative Committee by the Minister in charge of civil aviation.

Aéroports de Paris intends to finalize the 2011-2015 ERA no later than the beginning of Autumn 2010 for application as of the pricing period starting April 1, 2011.

The ERA is prepared in accordance with the decree of December 17, 2009 amending the decree of September 16, 2005 on airport fees, under which Aéroports de Paris's regulated scope will be adjusted as of January 1, 2011 to exclude retail and diversification real estate activities.

### **Introduction**

The first ERA covering the period 2006-2010 introduced a new system of economic regulation for the main French airports based on a multi-year approach and the concept of a fair return on capital employed. It met the specific requirements imposed by the need to provide substantial new terminal capacity at Paris-Charles de Gaulle within the space of a few years as well as the need to restore the company's performance in terms of service level, particularly as regards the proportion of flights handled at contact stands, to significantly improve the company's productivity and progressively restore a level of profitability consistent with its cost of capital.

Having met the commitments of the first ERA and invested heavily in new capacity designed to the highest international standards, Aéroports de Paris believes that the key strategic focuses for 2011-2015 should be as follows:

- A dramatic improvement in customer satisfaction, mainly by further improving the quality of existing facilities and developing new services, with a priority on renovating the oldest terminals and optimizing existing capacity.
- Further productivity gains and continuous progress in operational performance, mainly by harnessing synergies through HubLink, the alliance between Aéroports de Paris and the Schiphol Group.



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- Additional performance gains in airport retailing, both by developing new retail space and improving the quality of the offering.
- Acceleration and greater structuring of real estate development, with an allocation strategy segmented by product and airport.
- Continued efforts and commitments in sustainable development and social responsibility.

On this basis, Aéroports de Paris proposes to focus the 2011-2015 ERA on the need to make its airports more competitive and more attractive to users, mainly through a tangible improvement in customer satisfaction, to adopt a more proactive approach to their changing needs and achieve a fair distribution of the value created by the company's efforts between Aéroports de Paris and the airlines:

- Make the Paris airports more competitive and more attractive to users by:
  - Committing to a decisive improvement in service level through a policy focusing on customer satisfaction with several underlying drivers, including the investment program, developing the service offering and changes in managerial practices and corporate culture;
  - Moderate increases in airport fees which, coupled with substantial productivity gains and strict cost control, will improve its price competitiveness compared with the other major European airports.
- Adopt a more proactive approach to changes in user needs through:
  - A management approach focusing more on understanding the needs and expectations of users – both airlines and passengers – mainly through dedicated satisfaction surveys;
  - The ability, in the next ERA, to plan for potential additional investment in case traffic growth is higher than initially forecast.
- Achieve a fair distribution of the value created by the company's efforts between Aéroports de Paris and the airlines, by:
  - Adjusting the regulated scope of Aéroports de Paris, which forms the basis for assessing return on capital employed and hence determining the appropriate level of airport charges, by excluding retail activities and real estate diversification from the regulated scope as of 2011;
  - This adjustment is an essential counterpart to the proposed moderate pricing policy.

Adjusting the regulated scope, which is compatible with the first two objectives, is not only a fair step and a decisive factor in encouraging the company to improve its performance and growth, but it will also create a virtuous circle whereby the company will be highly incentivized to establish the conditions that will help strengthen its competitiveness and attractiveness to airlines and promote growth in traffic.

## **I – Economic regulation of Aéroports de Paris**

### ***I.1 – Overview***

The law of April 20, 2005 on airports and its enforcement regulations created a new framework for the economic regulation of Aéroports de Paris.

Economic regulation is required by the Government because of Aéroports de Paris's dominant position with respect to users of its airport services. It covers price setting, investment programs and service levels.

Its main objectives are to:

- Provide visibility, both for Aéroports de Paris and its users, on increases in airport charges, future investment programs and service levels;
- Incentivize Aéroports de Paris to control costs, develop business, invest and improve service levels;
- Ensure transparency of the economic criteria used to assess the fair level of airport charges;
- Strengthen the airport user consultation process.

More particularly, **economic regulation is now based on five-year agreements** between Aéroports de Paris and the Government<sup>1</sup> after in-depth consultation with the airlines and other participants. The first of these agreements was signed on February 6, 2006 covering the period 2006-2010.

These agreements are separate from the Government's regulations on Aéroports de Paris's public service obligations. Their purpose is to:

- Set out the company's investment commitments;
- Define service level targets for the company and establish an associated financial incentive scheme (reward/penalty);
- In light of these factors and the delimitation of the "regulated" scope, set a price cap mechanism for the main airport charges: landing, passengers, parking, de-icing, check-in desks, baggage handling, etc.

Under the ERA, charges are determined on the basis of **a fair return** on the weighted average cost of capital:

- This fair return is assessed on the basis of a forward-looking business plan for the regulated scope of Aéroports de Paris, which encompasses all activities for which fees are regulated plus some non-airport related activities for which prices are set on a competitive basis (see § 1.2 below);
- It is measured on the basis of return on capital employed (ROCE), which is the ratio between net operating profit<sup>2</sup> after tax (NOPAT) and the regulated asset base (RAB);

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<sup>1</sup> Represented jointly by the Ministers in charge of airport economic regulation, i.e. the Minister in charge of civil aviation and the Minister of the Economy, respectively through the civil aviation department (DGAC) and the competition, consumer protection and fraud repression department (DGCCRF).

<sup>2</sup> Operating profit as defined in the decree of September 16, 2005 on airport fees. It differs from operating profit measured for accounting purposes in that it includes gains and losses on asset disposals, government grants and employee profit-

- It is determined by comparing ROCE with the weighted average cost of capital (WACC), which is the cost of the equity and debt used by the company in its operations (see § 1.3 below).

Note that the fair return is determined for the entire regulated scope, which implies setting an overall average for all charges rather than each separate charge. This gives Aéroports de Paris some flexibility in setting its pricing policy with regard to the structure and relative weight of each type of charge.

In conclusion, the ERA is a fundamental regulatory instrument designed to:

- Provide essential medium-term visibility on the profitability of investments made;
- Incentivize the company to control costs and develop its business as it will be rewarded (or penalized) for any outperformance (or underperformance) compared with the original business plan throughout the term of the agreement;
- Define an investment program and service level targets in association with the airlines and combined with financial incentives.

### ***1.2 – Regulated scope and adjustment***

The regulated scope comprises the business activities taken into account for determining a fair return and hence the average level of airport charges to be applied.

For the 2006-2010 ERA, this scope included (see diagram below):

- Public service airport facilities, for which fees are charged: some are "standard" services and are subject to charges set by Aéroports de Paris and approved by the Government (passengers, landing, parking, de-icing, baggage handling, 400Hz, etc.), most of which fall within the price cap mechanism set out in the ERA. Others are services provided specifically for certain customers and fees are determined contractually with the customers concerned (e.g. baggage handlers allocated to Air France);
- Non-airport activities, prices of which are set on a competitive, profit-making basis and therefore help keep the main airport charges down. These activities include retailing (shops in restricted and public zones, bars and restaurants, car rentals, bank and foreign exchange services, advertising, airport hotel activities, etc.), car parks, industrial services, on-airport rental activities and off-airport real estate activities.

This broad, so-called "**single till**" system therefore implies "cross subsidization", where non-airport activities subsidize the airport fees. **This system, which is not especially incentivizing, is tantamount to depriving Aéroports de Paris of the value created by its efforts and investment** in non-airport activities.

At present, the only activities not included in the regulated scope are those subject to separate special regulation (public interest missions financed by airport taxes, mainly relating to runway safety and security) and those provided in a competitive market (ground handling services, subsidiaries).

The diagram below shows the current segmentation of Aéroports de Paris's activities for economic regulation purposes:

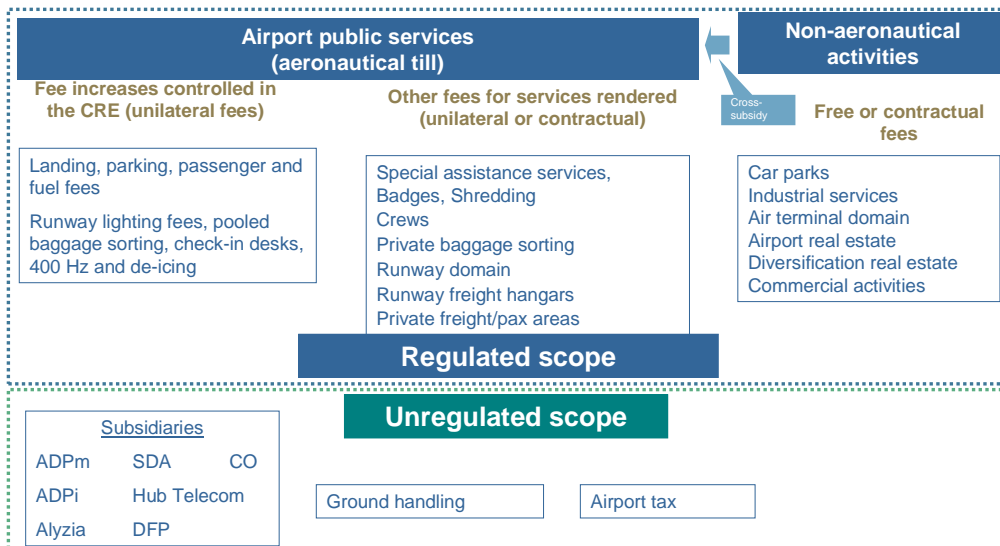
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sharing. Net operating profit after tax is inferred by deducting a standardized tax charge based on the current standard corporate income tax rate (34.43%).



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The single till principle was retained in the 2006-2010 ERA for pragmatic reasons, mainly because Aéroports de Paris had reached a cyclical peak in its investment program and because of the initial poor profitability conditions leading to the need for major price hikes.

At the other extreme is the **"dual till"** mechanism whereby airport fees are determined on the basis of a fair return assessed only on public airport services.

**Both systems co-exist** in the world today and the International Civil Aviation Organization (ICAO) recommends a case-by-case approach to the extent of non-aviation revenue to be included in the regulated scope. As regards the other major European airports, London-Heathrow operates a single till and **Amsterdam and Frankfurt** a dual till.

Following recent developments in regulations<sup>3</sup> in response to Aéroports de Paris's proposals, the regulated scope will be adjusted as of 2011 with the creation of an **"ajusted till"**, which is the result of a **pragmatic approach** designed to:

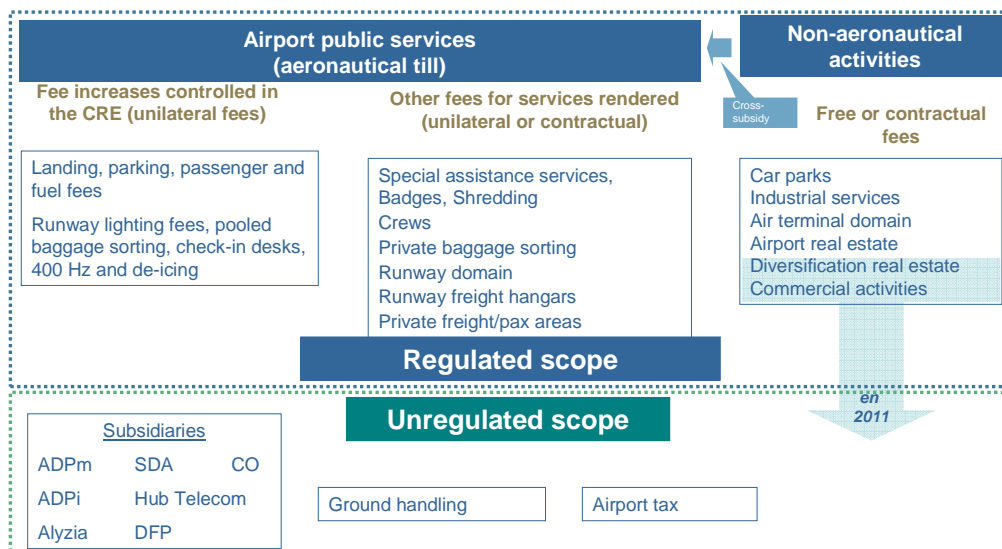
- Give both the company and its customers an equal and fair interest in opportunities for business growth and for improving the quality of airport services provided;
- Be compatible with the aim of keeping increases in airport fees down, thereby improving Aéroports de Paris's price competitiveness compared with its peers, and sustaining this moderate pricing policy and competitiveness over the longer-term.

The ajusted till is the result of:

- Excluding "diversification" real estate activities from the regulated scope: real estate diversification covers real estate outside the terminal buildings not used for aircraft maintenance, premises and space for ground-handling and fuelling operations and agents, and air freight, business aviation and general aviation premises as opposed to "airport" real estate (meeting the direct needs of air freight, ground handling services, aircraft maintenance and general and business aviation).
- Excluding retail activities and services, such as shops, restaurants and bars, airport hotels, car rentals, bank and foreign exchange services and advertising.

<sup>3</sup> Decree of December 17, 2009 amending the decree of September 16, 2005 on airport fees.

The diagram below shows the adjustment to the regulated scope to be introduced in 2011:



The new adjusted till will give Aéroports de Paris an incentive to improve its competitiveness for the benefit of its users, through business growth, investment and employment, and a fair distribution of the value rewarding the efforts of the company and its employees:

- It will lead to a balanced distribution between Aéroports de Paris and the airlines of the value created by the company's efforts and by business growth: the company and the airlines will therefore both capitalize on business growth through the leverage it will have on the value of activities excluded from the regulated scope.
- It will give Aéroports de Paris an even stronger incentive to improve its competitiveness and attractiveness to users: to the extent that traffic growth is a positive external driver of retail activities, Aéroports de Paris will have even more of an incentive to create conditions that will encourage growth in the airlines' business.
- It will be a key factor motivating the company and its employees to continue investing efforts in expanding and improving the retail activities, which offer Aéroports de Paris some substantial growth drivers, as shown by the 2006-2010 ERA.
- It will therefore be a key factor in improving passenger satisfaction and will also help expand employment at Paris-Charles de Gaulle and Paris-Orly: the targeted retail and catering activities, which are highly labor intensive and draw on the local labor market, now account for almost 7,000 jobs at these two airports, this number being more or less proportionally related to business volume.
- By reducing the extent of cross-subsidization between non-aviation and aviation activities, it will enable airport fees to be more directly related to the cost of the facilities and services and the cost of their development, thereby encouraging healthy and responsible business behavior. This is the reason why the French "Cour des Comptes" recommended revising the single till system in 2008.
- Aéroports de Paris will have a greater incentive to invest to the extent that investment in developing and improving the airports will be coupled with both a reasonable level of profitability for the aviation activities and with the prospects of value creation for the retail activities. In 2002, this argument led the working group set up by Claude Martinand



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comprising a panel of economists and the relevant Government departments to recommend revising the single till system.

- By allowing the company to capture some of the value created over the long-term, this will help strengthen its financial robustness and hence its investment capacity.

### ***1.3 – Weighted average cost of capital for Aéroports de Paris***

The weighted average cost of capital measures the cost of the equity and debt used by the company in its operations.

For economic regulation purposes, it is used to assess the profitability of the regulated scope. In terms of asset valuation, it measures the minimum profitability threshold after which the company will create value.

The inset below shows the method of calculating weighted average cost of capital (WACC) using the capital asset pricing model or CAPM, the most commonly used method.

#### ***Definition and calculation of WACC***

The weighted average cost of capital (WACC), measured after corporate income tax, is the weighted average between the cost of equity and the cost of debt:

$$WACC = k_E \times \frac{V_E}{V_E + V_D} + k_D \times (1 - TR) \times \frac{V_D}{V_E + V_D}$$

where:

- $K_E$  = cost of equity
- $k_D$  = cost of debt before tax
- $V_E$  = market value of equity
- $V_D$  = value of net debt
- TR = tax rate

The cost of equity is calculated using the capital asset pricing model (CAPM), as follows:

$$K_E = r_f + \beta_E (r_m - r_f)$$





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where:

- $r_f$  = risk-free rate
- $\beta_E$  = equity beta, measuring the risk specific to the company compared with the stock market average. It is based on the sector beta (risk related to a company such as Aéroports de Paris if it had no debt) and the company's financial structure
- $r_m$  = expected return on the stock market
- $r_m - r_f$  = risk premium reflecting the spread between expected return on the stock market and the risk-free rate.

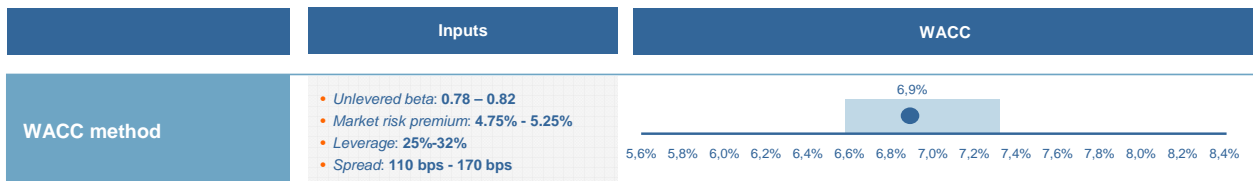
$\beta_E$  is inferred from the beta of the economic asset or the sector ( $\beta_e$ ) by the following formula:

$$\beta_e = \frac{\beta_E}{1 + (1 - TR) \times \frac{V_D}{V_E}}$$

In light of current market parameters, the Aéroports de Paris Group's WACC is currently **6.9% on a central case basis (nominal value after tax)**.

Inputs	Proposal	Comments
$r_f$ = risk-free rate	3.46%	• 10-year OAT at the review date (December 8, 2009)
TR = tax rate	34.43%	• Applicable tax rate in France
$\frac{V_D}{V_E + V_D}$ = leverage	32%	• Latest balance sheet to date: • Market capitalization at December 8, 2009: €5.24 billion • Fair value of net debt at the close of June 30, 2009: €2.49 billion • Downward trend during the second ERA
$r_m - r_f$ = market risk premium	5.0%	• Median value of the consensus in 2009 • Consistent with the latest average values used by utilities regulators
$k_D$ = cost of debt before tax	4.73%	• 10-year swap rate at the review date (December 8, 2009): 3.43% • Listing spread applicable to ADP with AA- rating: 130bps
$\beta_e$ = beta of the economic asset	0.80	• Volatility of the weekly close over 2 years relative to the Eurostoxx index <sup>(1)</sup> • Consistent with the average value of estimates using a panel of methods and sources

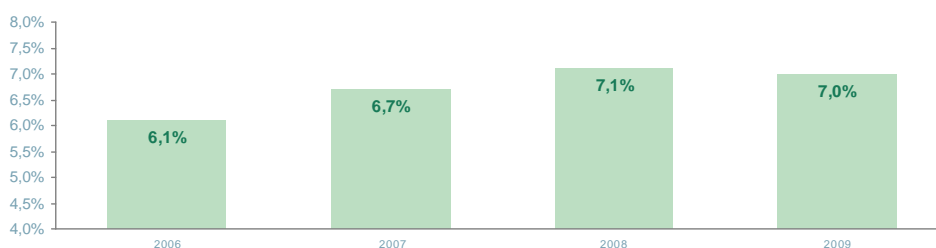
This central value falls within a range of **6.6% to 7.35%** depending on the inputs, with the spread in leverage reflecting Aéroports de Paris's financial structure over the period 2011-2015.



○ Central values



These assessments look to be **consistent with the consensus of analysts** who follow Aéroports de Paris stock. According to the consensus, Aéroports de Paris's WACC has increased significantly since the first ERA was signed. In 2007 and 2008, the increase was driven mainly by a rise in the risk-free rate whilst from the second half of 2008, the economic crisis led the market to revalue equity risk and therefore the associated risk premium.



*Trends in analysts' consensus on Aéroports de Paris's WACC*

An analysis also leads to the conclusion that the **WACC of the adjusted regulated scope is not lower than the Group's overall WACC**, so that the WACC range referred to above is also a relevant factor for assessing the regulated scope applicable from 2011:

- Non-regulated scope activities, apart from the fact that they are weighted on a very minority asset base compared with the regulated scope, are associated with WACCs at or below the Group level: as regards activities with a large asset base, diversification real estate activities such as those relating to retail premises are associated, on the basis of peer group comparisons, with WACCs at the low end of the above range, whilst public interest activities financed by airport taxes are currently remunerated at about 3% after tax.
- Given that the vast majority of activities are currently included in the regulated scope, it seems reasonable to conclude that the current regulated scope WACC is close to that of the Group; it intrinsically reflects a mainly traffic-related risk partially offset by the stabilizing virtue of price regulation. As these two factors will be essentially of the same nature for the adjusted regulated scope, there is no reason to believe that the regulated scope's WACC will be significantly affected by the adjustment.
- Hence, analysts who assess the regulated scope, or even the aviation activities scope, separately generally use the Group's WACC in their calculations.

## II – Traffic and terminal capacity forecasts

### II.1 – Traffic trends in 2005-2009

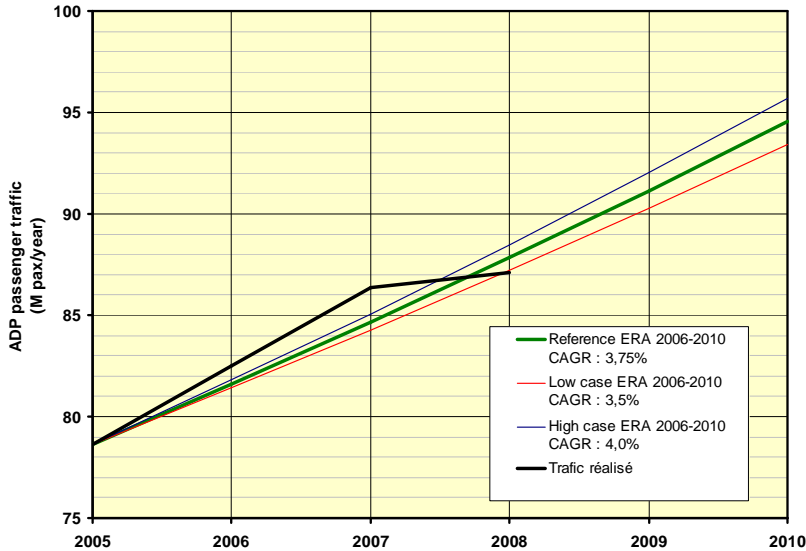
The 2006-2010 ERA was based on a **passenger traffic growth forecast of 3.75% a year**. On either side of this central forecast, a higher and lower forecast of 3.5% and 4% a year, respectively, delimited the interval in which the price-cap mechanism specified in the agreement was not adjusted to meet traffic trends.

In the graph below, the three traffic forecasts are compared with real passenger traffic growth (including connecting passengers):



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Commercial passengers (M pax/year)			
Assumptions of ERA 2006-2010			Realized Traffic
Reference	Low case	High case	

Base 2005	78.7	78.7	78.7	78.7
2006	81.6	81.4	81.8	82.5
2007	84.7	84.3	85.1	86.4
2008	87.8	87.2	88.5	87.1
2009	91.1	90.3	92.0	
2010	94.6	93.4	95.7	
CAGR (2005-2010)	3.75%	3.50%	4.00%	

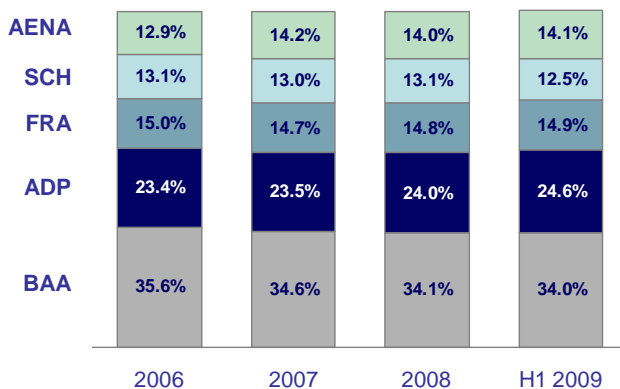
From 2005 to mid-2008, passenger traffic rose significantly faster than the initial ERA forecast range. The main growth engines were intercontinental traffic and the boom in low-cost carriers (LCC), particularly EasyJet, Transavia and Vueling, which fuelled a significant upturn in European traffic, notably with the southern EU countries. This strong momentum helped offset the decline in domestic traffic, undermined by competition from the TGV fast train and the stagnation of business with the French overseas territories.

In the second half of 2008, passenger traffic slowed sharply following the outbreak of the world economic crisis, and by late 2008, traffic growth had slumped to the lower end of the ERA forecast range.

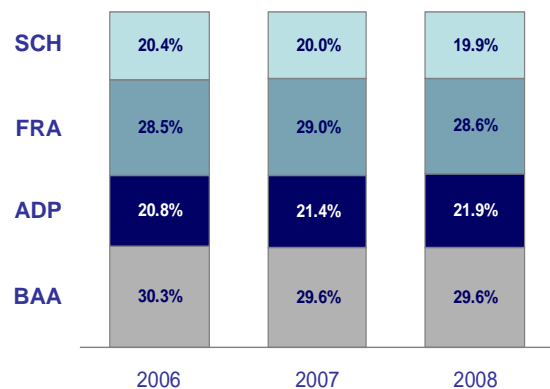
Preparations for the 2011-2015 ERA are currently based on the assumption that traffic will decline by 5.6% in 2009. In line with discussions with the economic advisory committee, traffic is expected to pick up slightly in 2010, by an estimated 0.5%. Under this hypothesis, **traffic growth would average 1% a year for the period 2006-2010.**

In terms of traffic, Aéroports de Paris posted **significant market share gains** relative to its peers during the first ERA, illustrating the competitiveness of its services and facilities as well as that of the companies based at its airports.

Market share trends (Total passengers)



Market share trends (Connecting passengers)



Similarly, cargo and mail traffic also experienced very strong growth in the first part of the 2006-2010 ERA. Between 2005 and 2008, growth averaged 4.7% a year. The economic downturn in mid 2008 had a particularly big impact on this activity, as it did for the other big European airport groups, and volumes handled declined 13.9% in the first three quarters of 2009.

## II.2 – 2010-2020 traffic forecasts

Considering the fluctuations that could potentially occur over a medium to long-term horizon, as illustrated by the previous two 5-year periods, Aéroports de Paris has deliberately adopted **reasonably conservative hypotheses, with the option of adding an adjustment mechanism in the next ERA** that could be applied to fees and investment programs based on real traffic figures.

Although Aéroports de Paris is confident in the medium and long-term growth of its business, its traffic forecasts must nonetheless take into account certain risks:

- Uncertainty over the pace and impact of the current economic recovery,
- The risk of a possible slowdown in household spending, notably due to rising unemployment,
- The risk of structural changes in travel demand, notably in the business segment, which could persist after the economic crisis ends,
- The risk of a probable upturn in oil prices.

Moreover, considering the **structural causes of the 2008-2009 economic crisis**, which differ from the temporary events that previously affected air traffic (the Gulf war, 911 terrorist attacks, SARS pandemic), there might not be a "catch-up" effect at the end of the economic downturn, as pointed out during discussions of the economic advisory committee. For these reasons, and after consultations with its users, **Aéroports de Paris does not expect growth trends to be as strong as in the past** in a world in which economic financing conditions are likely to become more restrictive. Other considerations, such as the maturity of the Paris-Charles de Gaulle hub and the LCC market, also argue for slower growth rates.

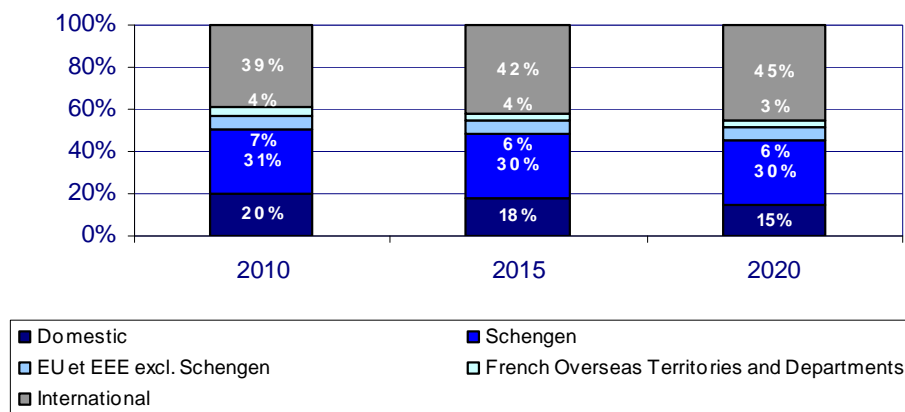
Lastly, **airport capacity tends to be fixed and not very "liquid", resulting in surplus capacity that can be costly for the sector**, unlike the airlines, which have enough flexibility to rapidly adapt their capacity to demand (through aircraft leasing, canceling or delaying aircraft orders and suspending operations in certain units). This also argues in favor of a business plan based on reasonably conservative traffic assumptions, under which Aéroports de Paris stands prepared to accelerate the development of airport capacity if business proves to surpass expectations.

Consequently, after hearing the recommendations of the members of the economic advisory committee, Aéroports de Paris proposes to base its forecasts on **average annual passenger traffic growth of 3.2% for the period 2010-2015**. Since Aéroports de Paris must also anticipate investment needs for a 10-year horizon, it must also adopt traffic growth scenarios through 2020.

In the table below, passenger traffic growth forecasts are presented for each airport for the period 2010-2015, as well as traffic growth trends through the year 2020 (excluding connecting traffic):

Passenger traffic		2009	2010	2011	2012	2013	2014	2015	CAGR 2010-2015	2020	CAGR 2015-2020
Paris-Charles de Gaulle	millions	56.8	56.9	58.1	59.7	62.2	64.7	67.4	3.5%	81.1	3.8%
	yoy	-6.4%	0.2%	2.1%	2.7%	4.2%	4.1%	4.2%			
Paris-Orly	millions	25.2	25.5	26.0	26.4	27.2	28.1	29.0	2.6%	32.4	2.2%
	yoy	-3.8%	1.2%	1.7%	1.7%	3.2%	3.3%	3.2%			
Total	millions	82.0	82.4	84.1	86.1	89.4	92.9	96.5	3.2%	113.5	3.3%
	yoy	-5.6%	0.5%	2.0%	2.4%	3.9%	3.9%	3.9%			

Concerning the structure of passenger traffic, the scenario calls for stronger growth in intercontinental traffic and a slowdown in domestic traffic, notably due to greater competition from the TGV high speed train. At the same time, the share of connecting traffic at Paris-Charles de Gaulle is also bound to increase, from 32.8% in 2010 to 34% in 2015.



As to aircraft movements, trends will be shaped by a big increase in the average passenger load capacity:

- At Paris-Orly, average capacity will rise from 115.9 passengers per aircraft movement in 2010 to 125.1 passengers in 2015 (excluding cargo). With takeoff and landing slots currently limited to 250,000 annually, the increase in aircraft size will be the main factor absorbing passenger traffic growth.
- At Paris-Charles de Gaulle, the upturn in long-haul destinations combined with bigger aircraft on each of these routes should boost the average passenger load capacity from 122.4 in 2010 to 130.3 in 2015.

Movements incl. Cargo		2009	2010	2011	2012	2013	2014	2015	CAGR 2010-2015	2020	CAGR 2015-2020
Paris-Charles de Gaulle	thousands	513.2	500.5	502.0	510.2	523.0	538.1	554.9	2.1%	639.3	2.9%
	yy	-8.9%	-2.5%	0.3%	1.6%	2.5%	2.9%	3.1%			
Paris-Orly	thousands	223.5	220.2	222.0	223.2	226.2	229.3	232.0	1.1%	235.2	0.3%
	yy	-2.9%	-1.5%	0.8%	0.5%	1.4%	1.3%	1.2%			
Total	thousands	736.7	720.7	724.0	733.4	749.2	767.3	787.0	1.8%	874.4	2.1%
	yy	-8.7%	-2.2%	0.5%	1.3%	2.2%	2.4%	2.6%			

Similarly, the total landing weight will also benefit from the tendency to strengthen the market share of long-haul destinations.

Landing weight		2009	2010	2011	2012	2013	2014	2015	CAGR 2010-2015	2020	CAGR 2010-2015
Paris-Charles de Gaulle	millions	26.0	24.5	25.1	25.8	27.0	28.1	29.4	3.7%	35.8	4.0%
	yy	-9.7%	-5.6%	2.4%	3.0%	4.4%	4.3%	4.4%			
Paris-Orly	millions	8.4	8.5	8.7	8.8	9.1	9.4	9.7	2.7%	11.0	2.4%
	yy	-3.5%	1.1%	1.9%	1.8%	3.3%	3.4%	3.3%			
Total	millions	34.4	33.0	33.8	34.7	36.1	37.6	39.1	3.5%	46.7	3.6%
	yy	-8.3%	-4.1%	2.3%	2.7%	4.1%	4.1%	4.1%			

Cargo traffic forecasts are based on the assumption that, as of 2010, the elasticity of cargo traffic will be 1.5x that of passenger traffic growth, in line with past trends.

### II.3 - terminal capacity and the traffic/capacity adequacy ratio

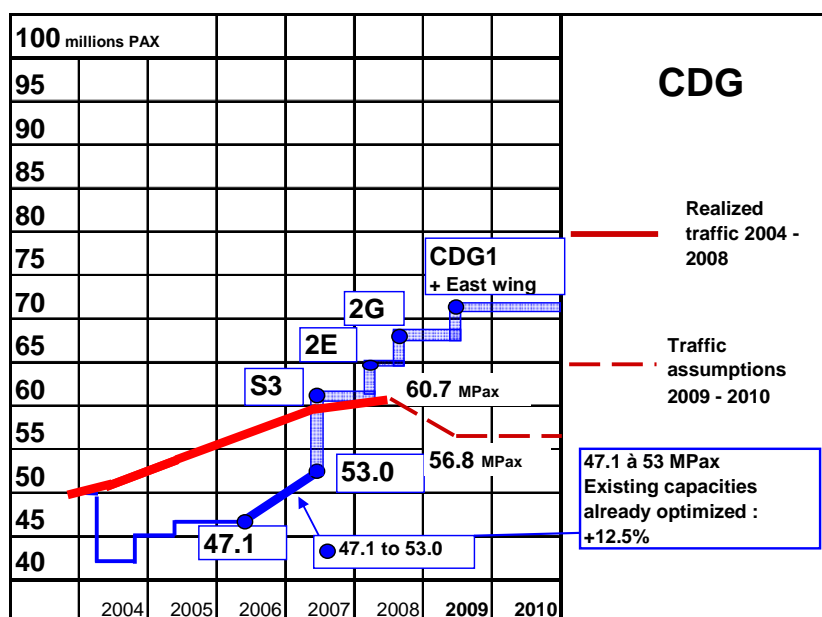
#### Changes in terminal capacity at Paris-Charles de Gaulle since 2005

Considering traffic growth forecasts and the delays in providing sufficient terminal capacity in 2005, one of the top priorities of the 2006-2010 ERA was to open new terminal facilities at Paris-Charles de Gaulle.

In 2005, total capacity at all Paris-Charles de Gaulle terminals was 47.1 million passengers. **Since the beginning of the 2006-2010 ERA, available capacity has been increased by nearly 25 million passengers to a total of 71.8 million passengers:**

- In 2007, nominal capacity was revised upwards by 5.9 million passengers due to better aircraft stand yields and improved terminal facilities.
- Between June and December 2007, the start-up of the S3 satellite (La Galerie Parisienne) added capacity of 8.6 million passengers.
- The reopening of the terminal 2E boarding lounge in March 2008 resulted in a net capacity gain of 3.4 million passengers after the temporary boarding lounge was dismantled.
- In September 2008, the opening of terminal 2G for the regional partners of the Air France-KLM group added new capacity dedicated to the Schengen zone of 3 million passengers.
- In March 2009, renovation work on the main building of terminal 1 was completed, restoring capacity for 2.7 million passengers.
- In March 2009, the reopening of the east wing of terminal 2E resulted in a capacity gain of 1.1 million passengers.

Today, with the completion of this vast capacity development program coupled with unfavorable traffic trends since mid-2008, available airport terminal capacity largely meets demand:



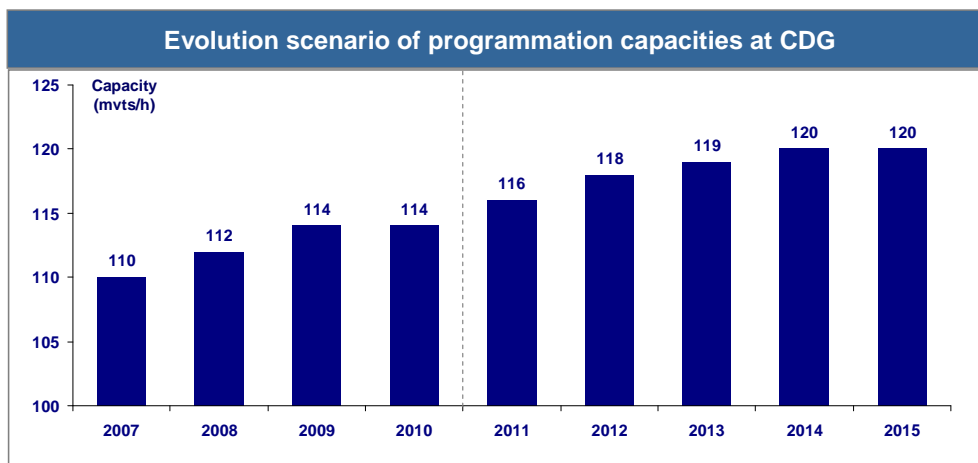
#### Runway capacity assumptions for Paris-Charles de Gaulle

The only European airport with two pairs of parallel runways, Paris-Charles de Gaulle has the infrastructure to meet the demands of medium to long-term traffic growth.

As to air traffic control handling capacity, peak aircraft programming capacity increased from 105 movements per hour in 2005 to 114 in 2009. Aéroports de Paris assumes that programming capacity will increase to **120 movements per hour by 2015**.

In terms of runway infrastructure and equipment, the increase in air traffic control capacity will be accompanied by the reconfiguration of the threshold of runway 08 and the installation of runway

status lights system (RWSL) under the 2011-2015 ERA. The next ERAs are likely to require major taxiway improvements (including bypassing runway thresholds).



These improvements would help keep pace with forecasted traffic needs without increasing the constraints on the allocation of takeoff and landing periods.

#### Terminal capacity forecast for Paris-Charles de Gaulle

Paris-Charles de Gaulle currently has a total terminal capacity of 71.8 million passengers. Yet in its future projections of terminal capacity, Aéroports de Paris does not include the capacity provided by the SH hotel satellite area, with annual capacity of 1.3 million passengers. This space can be used to provide reserve capacity when needed for specific events (such as the recent H1N1 flu pandemic). Consequently, **the current capacity used for future projections is 70.5 million passengers.**

**The airport has sufficient capacity to meet its needs through 2015 and beyond.** Even so, Aéroports de Paris proposes to continue building the **S4 satellite** off terminal 2E, with an additional capacity of **7.8 million passengers.** With the opening of the S4 satellite in 2012, it would be possible to **shutdown terminal 2D** (capacity of 8 million passengers). This would create a major driver for improving the quality of service in the years ahead.

The opening of the S4 satellite would also make it possible to transform **terminal 2F** from a dual-status terminal to a **mono-status terminal dedicated to Schengen destinations**, resulting in a net capacity gain of about 2.3 million passengers.

Completion of the **junction between terminals 2A and 2C**, also in 2012, would optimize passenger flows, enhance the range of services offered and result in a capacity gain of about 0.5 million passengers.

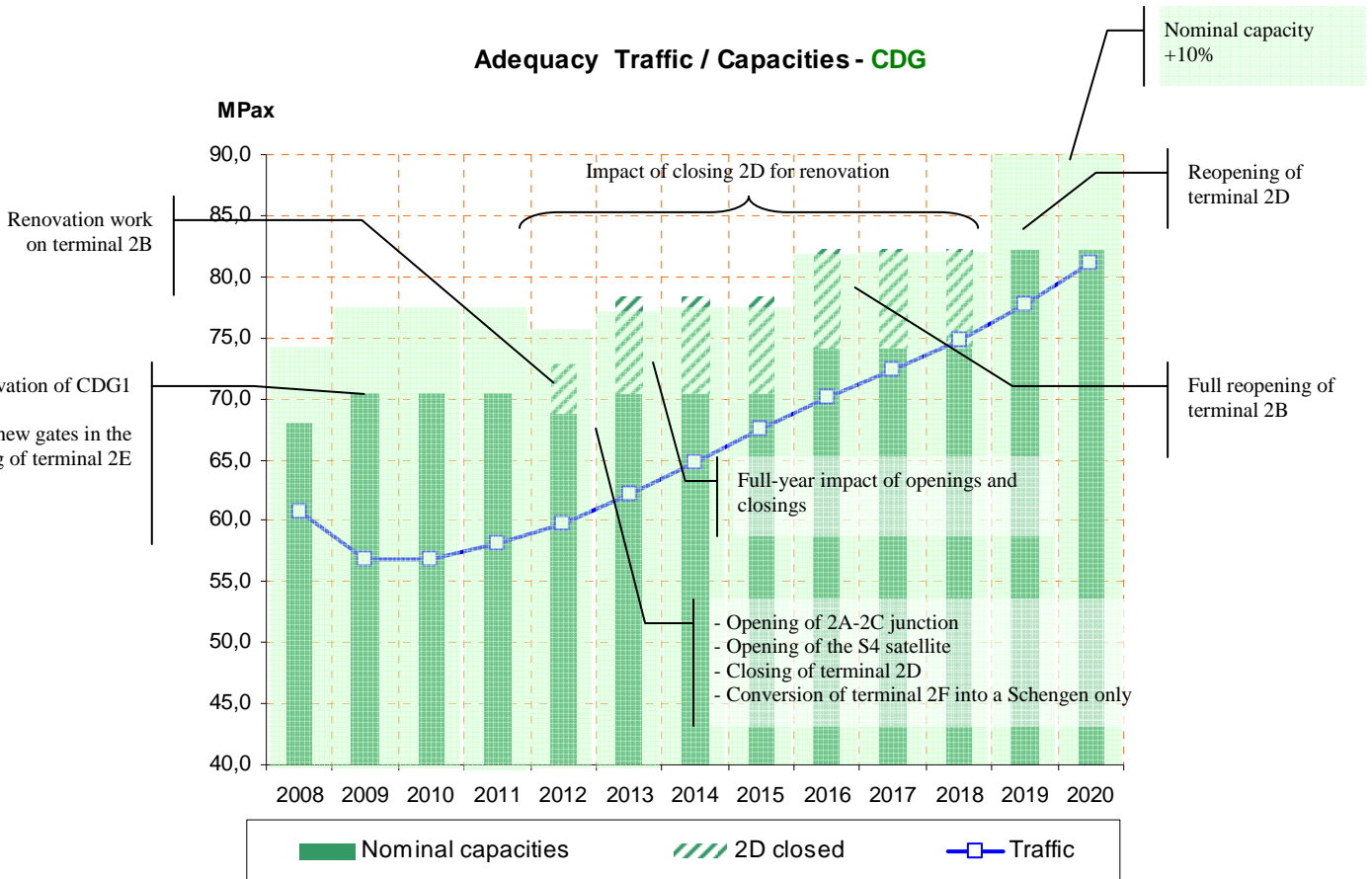
Inversely, **renovation work on terminal 2B** would temporarily reduce terminal capacity by half between 2012 and the end of construction scheduled for year-end 2015. By then, the reconfigured terminal should offer additional capacity of about 1.1 million passengers.

Under these conditions, **Paris-Charles de Gaulle is estimated to have total terminal capacity of 82.2 million passengers by full-year 2016, with a capacity of 74.2 million open to traffic** (terminal 2D closed for renovation).

After renovation, terminal 2D would be reopened depending on real traffic needs during the period 2016-2020 (in 2019 according to Aéroports de Paris's scenario). **As a result, available terminal capacity would total 82.2 million passengers by 2020.**



Thereafter the master plan for the Paris-Charles de Gaulle airport calls for the construction of **terminal 4** north of the Roissy-pole district, eventually adding capacity of about 30 million passengers, phased in over time. Based on Aéroports de Paris's central traffic forecast, the first phase of the new terminal would open **around 2024**. The covered hall with a capacity of 9 million passengers would initially be equipped to handle 6 million passengers.



At this point, Aéroports de Paris's estimates are deliberately conservative. They do not take into account the capacity of the "SH" hotel satellite, nor **any capacity gains from the gradual optimization of passenger flows, the continuous increase in average aircraft size or advances in check-in and boarding technology**. They also exclude any effects from smoothing peak traffic periods relative to the current situation, which would increase the annual handling capacity for the same facilities and aircraft size.

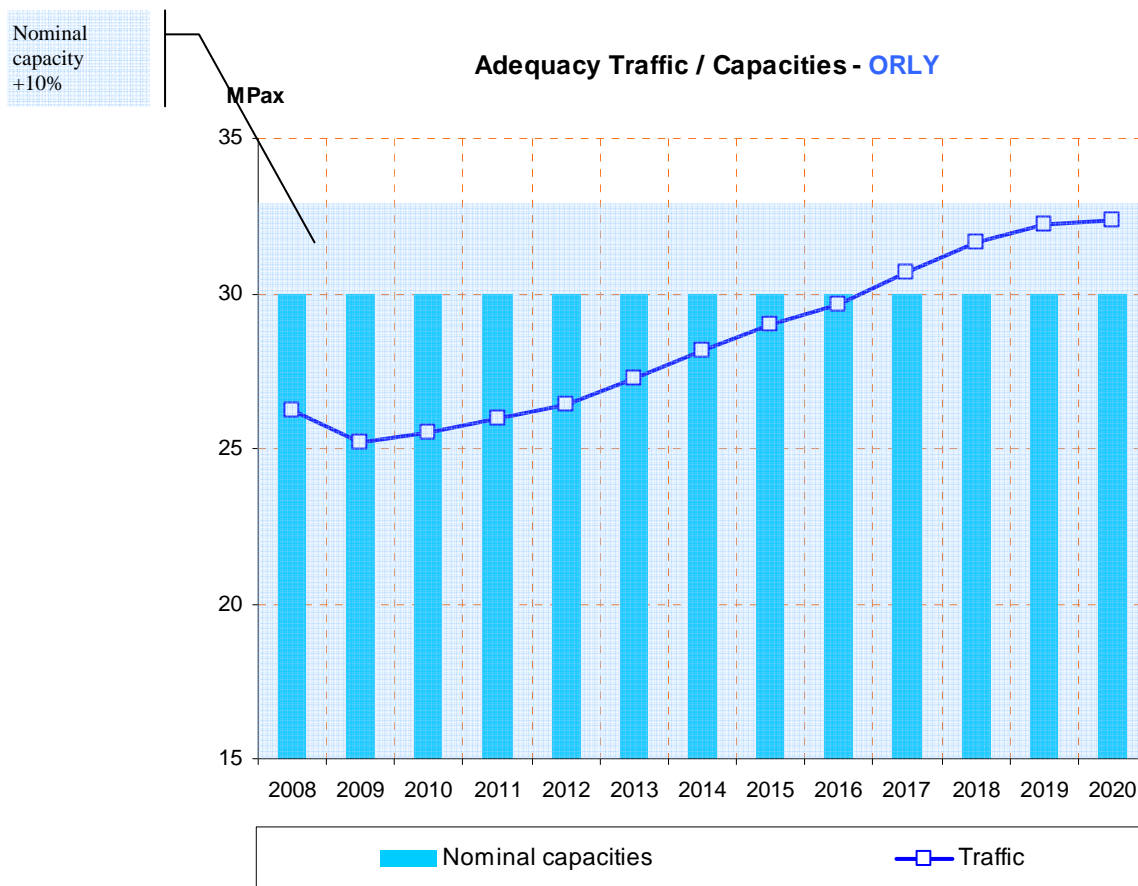
Terminal capacity forecast for Paris-Orly

The terminal capacity of the Paris-Orly airport is currently estimated at about **30 million passengers**: Orly-Ouest has a capacity of 18 million passengers and Orly-Sud, 12 million passengers.

In general, **current capacity should cover demand for the next decade**. Yet, the breakdown between Schengen and non-Schengen zones is likely to result in a shortage of capacity for non-Schengen zones in the years ahead. For this reason, Aéroports de Paris plans to reconfigure halls



3 and 4 at Orly-Ouest as part of the 2011-2015 ERA, not only to optimize passenger flows but also to facilitate adjustments between Schengen and non-Schengen zones.



At this point, the terminal capacity of the Paris-Orly airport is considered to be constant throughout the period. Yet, this figure could be revised upward in the future to take into account the gradual increase in average aircraft size, improvements in check-in and boarding technology, and the reconfiguration of halls 3 and 4 at Orly-Ouest. Moreover, towards the end of 2016-2020, there are plans to build additional boarding capacity at Orly-Sud.

### III - Service quality and customer satisfaction

#### III.1 - Aéroports de Paris's ambition

The quality of service is **a major strategic challenge in terms of Aéroports de Paris's competitiveness, attractiveness and image**, both with regard to the efficiency of airport operations for the airlines and the attractiveness of its airports for passengers. This is also a decisive factor in developing the range of services offered to them.

That is why Aéroports de Paris, in accordance with the recommendations of its users, is proposing to make service quality and customer satisfaction the **major focus of improvements under the 2011-2015 ERA**.

The main priority of the 2006-2010 ERA was to open new terminal facilities to keep pace with demand from the airlines, while improving the quality of services offered, notably by increasing the contact stand rate. Yet, although Aéroports de Paris pledged to significantly improve customer satisfaction as part of the 2006-2010 ERA, it still ranks poorly in international comparisons.

Consequently, in the 2011-2015 ERA, Aéroports de Paris intends to meet ambitious targets to improve service quality by giving priority to **renovating the oldest terminals**, significantly enhancing the quality of these facilities and reducing disparities in public perceptions between terminals. Passengers' high impressions of the quality of the most recent terminals demonstrate that top-quality, modern facilities are a major factor in customer satisfaction.

As part of its ambition to make a significant leap in performance in the years ahead, Aéroports de Paris decided to adopt a new structure. On December 1, 2008, it created a customer satisfaction department responsible for conducting a vast, cross-functional project called the "**customer satisfaction program**".

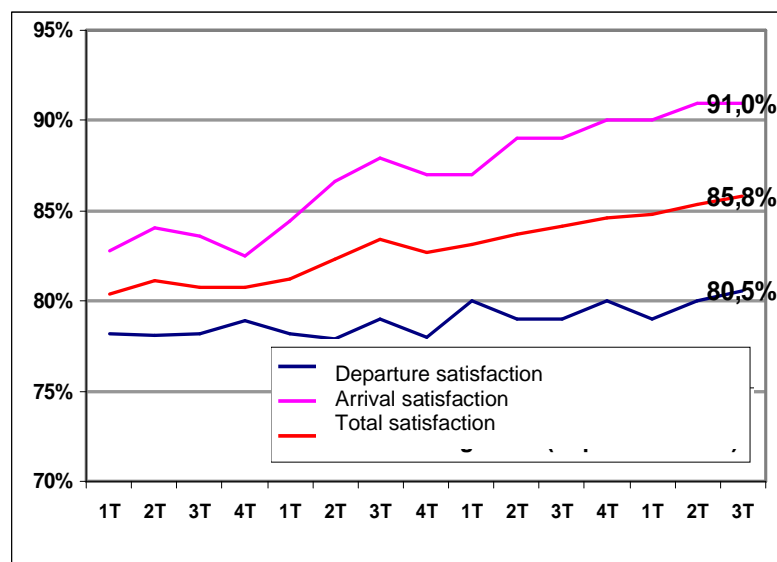
The goal is to rapidly make a significant and lasting improvement in the satisfaction of Aéroports de Paris users, with priority given to passengers, the airlines, leasers and companies, but also to internal clients. The corporate culture needed to be radically transformed to instill a customer-oriented approach at all levels of the company and to sustain efforts to boost customer satisfaction.

To achieve this qualitative leap, a major focus of the customer satisfaction program is to get a comprehensive understanding of user needs as a whole, i.e. to act as an integrator of services by simultaneously improving the level of services offered by Aéroports de Paris and all its partners: the airlines, retail concessions, government departments, sub-contractors, etc.

### III.2 - Past results and future priorities

The company's efforts in recent years combined with the opening of new facilities meeting the highest international standards have fuelled a steady, substantial improvement in the overall passenger satisfaction rate. The overall satisfaction rate of arriving and departing passengers rose from an average of 80.7% in 2006 to 85.8% in third quarter 2009 (91% for arriving passengers and 80.5% for departing passengers).

**Overall satisfaction rate of arriving and departing passengers**

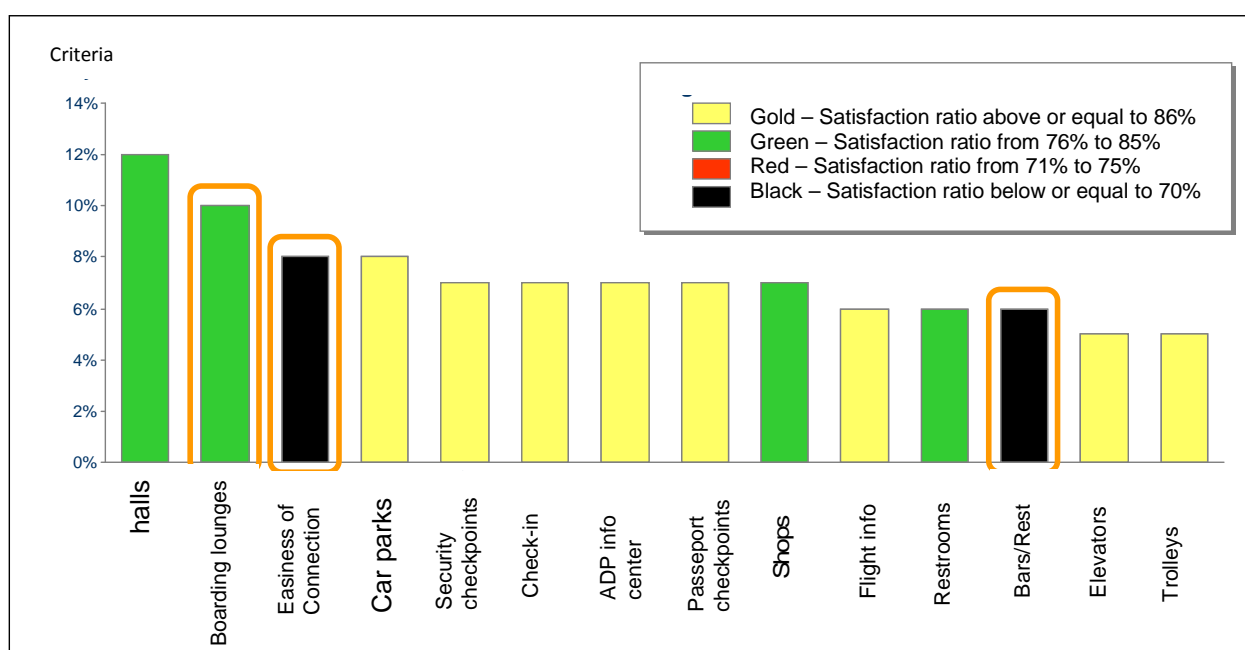


Source: Passenger observatory, third-quarter 2009 survey

This improvement is partly due to major efforts in several areas, notably information counters and airport representatives, orientation, cleanliness, seating and car parks.

Greater satisfaction can also be attributed to the opening of new facilities. According to the ACI ASQ survey, terminal 2E (including the S3 satellite) at Paris-Charles de Gaulle ranked among the terminals meeting the highest European standards.

The analysis of survey results is important not only to keep track of quality scores and rankings, but also to conduct "causality analyses". A causality analysis identifies the factors given the highest weighting in the overall satisfaction of passengers, which can be used to determine priorities to attain a given target the most effectively.



Source: Passenger observatory, third-quarter 2009 survey

Using Passenger Observatory survey data on departing passengers, the causality analysis conducted between Q4 2007 and Q3 2008 helped identify areas that need the most attention to boost passenger satisfaction, based on both current performance and the priorities expressed by passengers:

- In public-access halls, quality-service factors needing attention include the overall atmosphere, availability and comfort of seating (although the situation has improved significantly since 2005, it is still deemed unsatisfactory), orientation, cleanliness, presence of airport staff and noise levels.
- In boarding lounges, the main criteria for passenger satisfaction are comfort, atmosphere and services, although the quality of infrastructure also makes a big contribution to overall passenger satisfaction. On this score, Aéroports de Paris has made significant improvements through the opening of new terminal facilities and renovation of boarding lounges in recent years. The deployment of special services catering to specific passenger categories (diverse waiting areas, play areas for families and young travelers, business centers) has also contributed to an overall positive impression.



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- Passenger satisfaction concerning the ease of making flight connections is notoriously low. Aéroports de Paris has made this criterion a top priority and a central part of the customer satisfaction program.
- Passenger satisfaction with security checkpoints has deteriorated rapidly since mid 2008 with the introduction of tighter security controls (satisfaction dropped from 86% in first-quarter 2008 to 81% in first-quarter 2009). An action plan for this criteria was given top priority in 2009, which helped lift the overall satisfaction rate to 86% in Q3 2009.
- Passengers also gave priority to the fluidity of passport checkpoints, which has tended to decline since 2009.
- Lastly, passenger satisfaction with bars and restaurants is very low, which seems incompatible with the image passengers, especially foreigners, are likely to have of a trip through Paris. Aéroports de Paris has also given this criterion high priority.

To better understand the expectations of the airlines, Aéroports de Paris organized its first airline survey in 2008. Although the response rate was low despite a series of reminders, the results are nonetheless very informative.

The airline survey covered the following areas:

- Quality of relations with Aéroports de Paris,
- Quality of services provided to the airlines,
- Quality of services provided to passengers.

The following conclusions can be drawn from the survey:

- The level of satisfaction with Aéroports de Paris is generally higher at Paris-Orly than at Paris-Charles de Gaulle. The highest scores were for passenger services while the overall results still showed room for improvement.
- The quality of Aéroports de Paris's services has improved over the past three years.
- Specifically:
  - According to the airlines, the company's customer relations management could be improved and its organization lacks clarity. Other weaknesses include monitoring requests and keeping users informed on a daily basis, as well as understanding and taking into account the airlines' needs.
  - The airlines expressed satisfaction with security, business planning and preparations, and the coordination of airport operations. Yet in certain areas, Aéroports de Paris did not meet their expectations: management of peak periods and organization of baggage handling.
  - They felt there was a good understanding of passengers needs in terms of the airport experience, services and atmosphere, but expect improvements concerning the comfort of certain terminals, fluidity and airport orientation.

A series of interviews conducted in the second half of 2009 will help refine this analysis and step-up actions taken to meet the airlines' expectations. The constant process of listening to and informing the airlines will be strengthened over time. All parties will be given greater visibility over planned projects and their expected benefits, with better transmission of forward-looking data to facilitate operations, notably during peak periods.

Meanwhile, efforts have already been made with several airlines to share the customer satisfaction indicators of operating teams. The goal is to gradually build a joint passenger satisfaction performance chart with all airlines willing to participate, in order to reach common agreement on the priorities to be given to the actions of each party.

At this point, the airlines' main priorities seem to be matching terminal capacity with demand and the operational characteristics of the facilities they use, in order to operate under good safety conditions, respect flight punctuality and provide passengers and staff with efficient and comfortable facilities and fluid passenger routes.

After these consultations, Aéroports de Paris expressed its determination to keep pace with the needs and priorities expressed by the airlines as follows:

- Restructure and open facilities with optimized features, notably in terms of passenger flow management, orientation and fluidity: the S4 satellite; introduction of a single security checkpoint policy at Paris-Charles de Gaulle with the opening of a pedestrian gallery between terminals 2E and 2F, the conversion of terminal 2F into a Schengen-only zone, the shutdown of terminal 2D, restructuring of terminal 2B, and the opening of the terminals 2A and 2C junction; completion of renovation of the CDG1 satellites; optimization of Schengen passenger flows and baggage handling for departing passengers at Orly-Sud; and restructuring of halls 3 and 4 at Orly Ouest.
- Develop services to improve operational efficiency: introduce new check-in and boarding technology, electronic baggage tracking, continue to deploy 400Hz power supply to contact stands and 50Hz power supply to remote stands, and at the S4 satellite, meet commitment to install an automatic docking guidance system for aircraft and air preconditioning units.

### ***III.3 - Quality improvement drivers***

To meet the company's ambition for a big, sustainable improvement in service quality, Aéroports de Paris intends to deploy three major performance drivers simultaneously:

- Management
- Operations
- Investment program

**Management** is the priority transmission system for fostering and spreading a customer-oriented culture to all levels of the company. The notion of overall passenger satisfaction has been incorporated in executives' individual targets and in the new employee profit-sharing agreement. In general, the company's decision-making bodies systematically examine and analyze customer satisfaction rates. The Services University will open in 2010, offering targeted training programs and in-house consulting missions to keep pace with the growing importance attributed to customer satisfaction. Lastly, efforts will be made at all levels of the company to enhance cross-functionality and fluidity.

At the **operational level**, technological advances are being incorporated into projects to improve the orientation of connecting passengers, reduce the time needed to clear security checkpoints and in relations with cleaning service providers (Bluetooth, 2D bar codes, image analysis, automatic data entry, etc.). These measures can be used to develop performance assessments and gradually set up a quality performance management system. In general, the development of management systems (integrated management systems, ISO certification, etc.) helps provide better control over processes and a steady improvement in performances.

To better coordinate and integrate services, Aéroports de Paris has identified nine passenger satisfaction criteria that will be **jointly managed with the airlines**: check-in, attitude of security checkpoint staff, orientation for connecting passengers, atmosphere of boarding lounges, information during abnormal events, sense of service among staff, availability and comfort of seating, baggage delivery time and jetway installation time.

**The investments proposed for the 2011-2015 ERA should also make a major contribution** to the company's ambition to improve service quality. The quality of airport infrastructure is a powerful driver of passenger satisfaction, as illustrated by the results obtained following the opening of new facilities during the first ERA.

For this reason, Aéroports de Paris proposes to continue building the **S4 satellite** according to initial plans, despite the downturn in traffic observed in 2009. The addition of new terminal capacity would make it easier to **close terminal 2D for renovation** (passengers give it one of the worst rankings).

The proposed investment plan also calls for the gradual renovation and reorganization of older terminals: after the refurbishment of terminal 1 at Paris-Charles de Gaulle, the 2011-2015 ERA calls for a **complete technical and functional overhaul of terminal 2B**.

Meanwhile, the **junction between terminals 2A and 2C** should significantly improve the fluidity of passenger routes and the range of services provided. A **single security checkpoint system** will be gradually introduced at Paris-Charles de Gaulle, notably through new developments in some terminals, including a restricted-zone pedestrian gallery between the terminal 2E and 2F boarding lounges (to be opened in third-quarter 2012 if possible), which should significantly improve the satisfaction rate of connecting passengers.

At Paris-Orly, **restructuring of halls 3 and 4 at Orly-Ouest** should help improve the fluidity of passenger routes, the quality image and the range of services provided. Several projects are planned to improve **passenger and baggage flows at Orly-Sud**, including departing baggage conveyors (integration of lines 1, 2 and 3), optimized handling of departing passengers in hall B and the ongoing installation of structures to separate arriving and departing passenger flows. Improving the fluidity of passenger routes should contribute to flight punctuality.

Lastly, with a **quality service budget** of just over €130 million, the 2011-2015 ERA will fund a series of temporary, high-impact measures.

All in all, about **€730 million in investment** is planned between 2009 and 2015 to meet the company's high ambitions to improve service quality and customer satisfaction.

#### ***III.4 - Proposed indicators and incentives for the 2011-2015 ERA***

To make the 2011-2015 ERA a major performance driver that will significantly improve service quality and customer satisfaction, Aéroports de Paris intends to incorporate **quantified targets for a series of indicators**. These indicators have been partially revised since the 2006-2010 ERA to reflect the company's and its users' shared priorities for quality service.

Summarizing the analyses of passenger surveys, Aéroports de Paris identified the following **performance drivers as priorities for improving passenger satisfaction**:

- Satisfaction of connecting passengers,
- Perception of the overall atmosphere,
- Seating,
- Staff availability,





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- Cleanliness,
- Orientation,
- Comfort of boarding lounges,
- Fluidity of passport and security checkpoints,
- Baggage delivery time,
- Satisfaction with bars & restaurants,

The following priorities were also identified based on **airlines' top expectations** with respect to Aéroports de Paris:

- Quality of provided facilities,
- Handling capacity of provided facilities,
- Flight punctuality and fluidity of passenger routes,
- Sharing of forward-looking information,
- Quality of relations,
- Crisis management.

The economic advisory committee made several complimentary observations during the consultation process in fall 2009. Aéroports de Paris said it is prepared to create a special ad-hoc workgroup to pursue discussions on this theme in the weeks ahead. These discussions could lead to the definition of more practical and regular ways of monitoring the quality of services with the airlines.

### Indicators with financial incentives

Under the 2011-2015 ERA, Aéroports de Paris thought it best to **limit the use of indicators with financial incentives to a relatively small number**, roughly about ten, to preserve their effectiveness and give priority to certain improvements.

To be compatible with the purpose and goals of the economic regulation agreement, the targets associated with financial incentives under the 2011-2015 ERA must be based on indicators that respect the following principles:

- They must be measurable with a high degree of reliability,
- The track record must be long enough to determine appropriate target levels,
- The indicators must refer to areas in which Aéroports de Paris and its sub-contractors have significant leverage relative to other players (airlines, ground-handling services, government departments, etc.),
- Legally, the indicators must refer to services financed by service fees, since the incentive mechanism is based on a reward or penalty relative to these fees.

Consequently, at this stage Aéroports de Paris proposes to adopt **ten quality service indicators with financial incentives targeting the main drivers for improving passenger satisfaction** in the next ERA. Aéroports de Paris proposes to adopt some indicators that are **significantly more stringent** than those in the first ERA, and that directly measure passenger satisfaction, including



service chains for which Aéroports de Paris is not necessarily the sole provider, but for which it might want to act as manager or integrator.

From this perspective, Aéroports de Paris proposes the following indicators:

- Five passenger satisfaction indicators:
  - Overall satisfaction of arriving and departing passengers (new indicator),
  - Cleanliness (same indicator as in the 2006-2010 ERA),
  - Orientation of connecting passengers (new indicator),
  - Orientation and flight information (same indicator as in 2006-2010 ERA),
  - Satisfaction with boarding lounges (new indicator),
- Two equipment availability indicators:
  - Availability of electromechanical equipment in terminals (same indicator as in 2006-2010 ERA),
  - Availability of telescopic jetways (same indicator as in 2006-2010 ERA),
- Two indicators for respecting deadlines on the delivery of investment projects with a major impact on the quality of service:
  - Finalization of 400Hz deployment (new indicator),
  - Timetable for completing major investment projects, particularly those with a major impact on service quality (notably the S4 satellite, single security checkpoint policy via the terminal 2E-2F pedestrian gallery, the A-C junction, reconfiguration of runway 08 threshold and terminal 2B),
- One compliance indicator:
  - Turnaround time for responding to user complaints (same indicator as in 2006-2010 ERA).

These indicators must be precisely defined in order to **provide the best possible representation of the quality of services Aéroports de Paris provides its customers.**

Aéroports de Paris also proposes to renew the financial incentive mechanism based on a **symmetric system of rewards and penalties** in the 2011-2015 ERA. The 2006-2010 ERA demonstrated the effectiveness of this mechanism by rewarding the company's efforts and encouraging employees to engage in the quality improvement process.

When setting targets and the range of rewards and penalties, Aéroports de Paris esteems that the parameters of the 2011-2015 ERA should create **bigger incentives for the company** than in the first ERA. For each indicator, the company proposes to substantially widen the spread between the minimum (generating the highest penalty) and maximum (generating the highest reward) so that quality improvement incentives can be maintained throughout the duration of the new ERA.

As to the size of rewards and penalties, Aéroports de Paris proposes to place an annual ceiling on them, all indicators combined, equivalent to **1% of fees governed by the ERA**. This amount, which is about the same as under the 2006-2010 ERA, would lead *de facto* to a significantly greater weighting of this financial incentive in relation to fee pricing trends, reflecting the priority given to service quality in the 2011-2015 ERA. At this stage, Aéroports de Paris proposes to use the same maximum reward/penalty of 0.1% for each indicator.



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### Indicators with monitoring requirements

In addition to indicators with financial incentives, other indicators must also be monitored, even though some cannot be the object of financial incentives under an economic regulation agreement, for the reasons outlined above. These indicators include those pertaining to security missions financed by the airport tax or to retail activities, as well as indicators over which Aéroports de Paris does not always have a significant operational leverage. Other indicators were not given top priority and thus were not listed among those with financial incentives, including some indicators designated in the 2006-2010 ERA that are still worth monitoring, even though they no longer rank among the top priorities.

Aéroports de Paris proposes to adopt several indicators with monitoring requirements, including the following:

- Proportion of passengers arriving from contact stands,
- Availability of 400 Hz power supply,
- Passenger satisfaction with security checkpoints,
- Passenger satisfaction with passport checkpoints,
- Cleanliness of restrooms,
- Satisfaction with bars and restaurants,
- Availability of VAL and Lisa rapid transit lines,
- Passenger satisfaction with downtown/airport connections,
- Availability of check-in counters,
- Availability of baggage handling conveyors,
- Baggage delivery time,
- Availability of baggage carts.

## **IV – Investment program**

### ***IV.1 – Summary of the 2006-2010 investment program***

In the 2006-2010 ERA, the **investment cycle peaked in 2006-2007**, with nearly **€2.7 billion invested in the regulated scope** over the five-year period, compared to €2.3 billion (current euros) in 2001-2005. **For ADP SA's entire scope, total investment was €29 billion** (current euros, excluding financial investment).

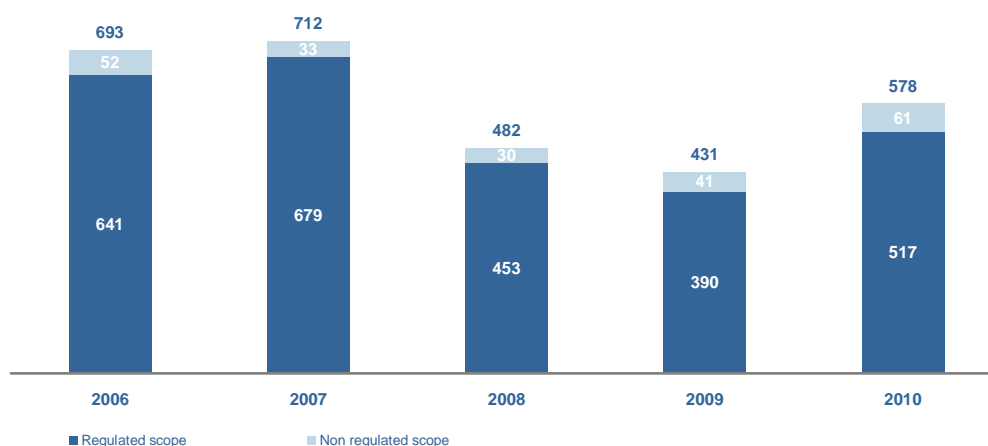
The main tenets of the investment program addressed the following priorities:

- Make up for shortcomings in terminal capacity relative to traffic at Paris-Charles de Gaulle in 2005;
- Open facilities offering a high proportion of flights handled at contact stands, which is a key competitiveness factor, particularly for connecting flights, as well as major growth opportunities in terms of retail areas (S3 satellite, terminal 2E jetty, terminal 2G);
- Upgrade the oldest terminals (terminal 1 at Paris-Charles de Gaulle), both technically and functionally;

- Launch the first phase of development of the real estate portfolio, notably with the opening of two new cargo terminals at Paris-Charles de Gaulle and Paris-Orly, the extension of the FedEx hub and the start-up of construction on the Cœur d'Orly business district.

Some of these investments, particularly newly commissioned terminal facilities, have played a decisive role in improving service quality, especially in terms of passenger satisfaction.

The chart below shows ADP SA's investment flows during the first ERA (excluding financial investments, in current millions of euros):



#### ***IV.2 – Proposed 2011-2015 investment program and indications for 2016-2020***

After focusing on the development of terminal capacity at Paris-Charles de Gaulle over the period 2006-2010, Aéroports de Paris proposes to focus the 2011-2015 ERA mainly on initiatives aiming to improve the quality of facilities and services and optimize existing facilities, in keeping with the concerns expressed by the airlines.

##### *Improving terminal standards*

As part of this strategy, Aéroports de Paris intends to continue its initial plans to build the **S4 satellite** off terminal 2E at Paris-Charles de Gaulle, due to open in the third quarter of 2012. While the additional capacity is not strictly necessary within this timeframe, as with the recently opened S3 satellite and terminal 2E jetty, it should help improve customer satisfaction significantly. In particular, it will facilitate the shutdown for renovation of terminal 2D, which is currently one of the most poorly rated terminals by passengers. The capacity offered by the S4 satellite should also mean that new terminal facilities will not need to be built for another decade.

As part of this strategy of improving service quality and optimizing existing facilities, the investment program calls for the continuation of **renovation work on the oldest terminals**. At Paris-Charles de Gaulle, following renovation of the central building of terminal 1, which was completed in 2009, the 2011-2015 ERA provides for further renovation of satellites at the terminal, as well as the complete refurbishment of terminal 2B. At the same time, the town-side facades of terminals 2A and 2B would be renovated before those of terminals 2C and 2D over the next five-year period.

The outside service areas of terminals CDG1 and CDG2 would undergo conversion work, and car parks adjoining terminals would continue to be renovated. In the longer term, terminal 2D would be fully renovated in 2016-2020 and reopened once the extra capacity is needed depending on passenger traffic trends.

Optimizing existing capacity and improving passenger and baggage flows

With the continuing aim of optimizing existing capacity, improving passenger and baggage flows, and enhancing the service quality and offering, the 2011-2015 ERA also provides for opening the **junction between terminals 2A and 2C, transforming terminal 2F into a Schengen-only zone and adapting a second satellite at terminal 1 to accommodate the A380** at Paris-Charles de Gaulle. At Paris-Orly, the next ERA calls for the **renovation of halls 3 and 4** and the first phase of adapting hall 1 at Orly Ouest and, at **Orly Sud**, the optimization of passengers flows in Schengen zones, further integration of departure baggage chains and the commissioning of facilities to improve departing and arriving passenger flows while keeping them separate. In the longer term and as part of the same strategy, terminal 2D will be fully renovated over the period 2016-2020 and reopened at the same time as the junction between terminals 2B and 2D. Similarly, junctions between terminal 1 satellites could be planned as of the 2016-2020 ERA.

Aéroports de Paris will also pro-actively pursue the **development of a single passenger security checkpoint** system to improve the fluidity of flight connections, notably through terminal enhancements. **A pedestrian gallery will be built in the restricted area linking the terminal 2E and 2F boarding lounges**, to be opened in third-quarter 2012 if possible. Once terminal 2F has been converted to a Schengen-only zone, module P will be fitted out to provide a single passenger security checkpoint link from terminal 2F to satellite S3. A review is also under way to change the status of the connecting shuttle under customs authority by placing it under single passenger screening status. As regards terminals 2ABCD, the creation of a junction between terminals 2A and 2C will allow for single passenger screening from other terminals by bus. In the longer term (2016-2020 ERA), it would also be possible to link all of 2AC to all of 2BD via a gallery subject to single passenger screening status. Lastly, a single passenger security checkpoint is also planned for terminal 1, and more specifically, (2011) within satellite 7 (Schengen satellite) to begin with. Single passenger screening solutions between terminals 1 and 2 are more complicated and could be implemented by a bus link.

A dedicated "service quality" budget

Furthermore, **a budget will be set aside for service quality**, managed by the Customer Satisfaction Department, for targeted measures to ensure both greater transparency in the company's actions and the continuation of the priorities set out in the Customer satisfaction program. This budget does not include contributions to service quality from investments in structural measures, capacity and restructuring.

Consequently, this dedicated budget should only be allocated to fund measures that fall within the framework of the Customer satisfaction program, in keeping with the priorities set out by the company. A few examples are listed below:

- Improve passenger orientation and information at terminals, car parks and access areas.
- Control the overall atmosphere (comfort, cleanliness) in terminals and car parks;
- Focus on developing high standard facilities and services.

Using a grid of selected criteria, initiatives that will have a significant beneficial effect on customer satisfaction have been identified in line with the above objectives.



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The following criteria are used to determine whether an initiative qualifies for this investment:

- Meets customer expectations (reassurance, comfort, positive experience etc.),
- Addresses "unacceptable" situations,
- Promotes uniform service standards and cross-functionality, notably due to the creation of standards.

### *Ongoing development of onboard services and airline services*

The services offered to the airlines and their subcontractors are also improved by developing on-board services: the investment program proposed by Aéroports de Paris takes into account the installation of a **400 Hz electric power supply** at satellite S4 and contact stands not yet equipped with this high value-added service for the airlines (satellites at Paris-Charles de Gaulle terminal 1). There are also plans to develop 50 Hz power supply for remote stands at Paris-Charles de Gaulle (terminal 1, terminal 3 and the South cargo terminal).

To improve operating efficiency, Aéroports de Paris also intends to roll out new services at the S4 satellite of CDG2, such as automatic docking guidance systems and air pre-conditioning units for aircraft.

There are also plans to test "drop-off" check-in counters and to share experiences with Schiphol airport on this theme. Depending on the results, the system could be gradually set up.

### *Continuing adaptation of automatic baggage sorting capacity*

The 2011-2015 ERA would also increase the **capacity of the East baggage sorting system at CDG2** via several modules to keep pace with traffic growth and the development of hub facilities. Initially, handling capacity for local traffic would be expanded in connection with the opening of satellite S4, followed by handling capacity for connecting traffic with growth in the volume of hub activities.

Additional handling capacity for connecting baggage is also planned in 2016-2020, as the CDG2 hub is further extended to the west.

At the same time, the existing baggage sorting system will have to be renovated in a program spread out over the entire period.

### *Optimizing runway safety*

Another important part of the proposed investment program concerns runway infrastructure and equipment at Paris-Charles de Gaulle to ensure continuous safety enhancements and to support the planned increase in air traffic control capacity. Pursuant to the recommendations of the French civil aviation authority (Direction Générale de l'Aviation Civile) and pilot organizations, **threshold 08 of the southern set of double runways at Paris-Charles de Gaulle must be fully renovated**. New safety equipment will also be installed over time, including a **runway status lights system (RWSL)**, avian radars and FOD detection systems.

In the longer term (as of the 2016-2020 ERA), there are plans to extend taxiway medians and build perimeter taxiways.



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### Improving ground access and living and working conditions for employees of airport-based companies

One of the main ways of improving service quality for passengers, cargo operators and the employees of airport-based companies is to constantly improve access conditions to the various airport areas, in particular within the Paris-Charles de Gaulle airport.

One of the major improvements expected in the next few years concerns the overhaul and optimization of **road signs** at Paris-Charles de Gaulle. Furthermore, **access to the South cargo area** (to and from Paris Nord II) will be improved with the redevelopment of a roundabout on *Route de la Croix au Plâtre* (late 2010). Access flows in the North cargo area may also be improved if the *Conseil Général* for *département* 95 doubles the size of route RD 902 between the A1 expressway and the North cargo area.

Since 2007, the launch of CDGVal has significantly improved the speed and comfort of staff and passenger transport between terminals and car parks. In terms of comfort and traffic flows at terminal access areas, the plan to **redevelop outside transportation areas** at terminals 1 and 2 should also make a major contribution, as well as planned developments to serve taxis, in particular by **extending the support area at Paris-Charles de Gaulle**.

As regards working conditions for airline employees and assistants, a survey is conducted each year of Aéroports de Paris's responses to requests for premises in accordance with the company's specifications. At present, the survey does not show any major needs that have not been met. Furthermore, various measures to **improve workplace safety** are in progress and others will be carried out under the 2011-2015 ERA. The corresponding initiatives are integrated into current investment budgets, and will be reviewed in close collaboration with the airlines concerned.

Lastly, as regards employee catering services, in addition to existing staff and works council restaurants - the latest of which was recently opened within the CDGA open unit - fast-food catering facilities are being developed at Paris-Charles de Gaulle, as well as carryout sales for staff. The opening of the new "Aéroville" shopping and services center will also enhance catering services, particularly for the cargo area.

### Real estate, retailing and sustainable development

Investment in 2011-2015 will allocate significant resources for the development of three fundamental aspects of Aéroports de Paris's strategy:

- The development of new retail space and improvement of existing retail space in order to achieve further performance gains in this area. This will be rolled out as an integral part of major new construction and terminal renovation projects, as well as setting aside a dedicated budget allowing for specific targeted initiatives.
- Real estate development will be stepped up, primarily for its diversification real estate business. Different development strategies will be used for each airport and product, and in some cases could involve partnerships. A few targeted real estate acquisitions are also planned, in particular with a view to the Euro-Carex project. As to airport real estate activities, to keep pace with the needs of cargo companies there are plans to extend handling capacity at general terminals, to implement phase 3 of FedEx-dedicated aircraft parking areas and to develop buildings for ground-handling activities, depending on traffic trends and their geographical location at the Paris-Charles de Gaulle airport.
- A specific budget will be allocated to sustainable development targeting smaller initiatives offering strong leverage, to complement the ambitious targets to reduce energy consumption integrated into terminal renovation projects and structural programs pertaining to rainwater management systems.





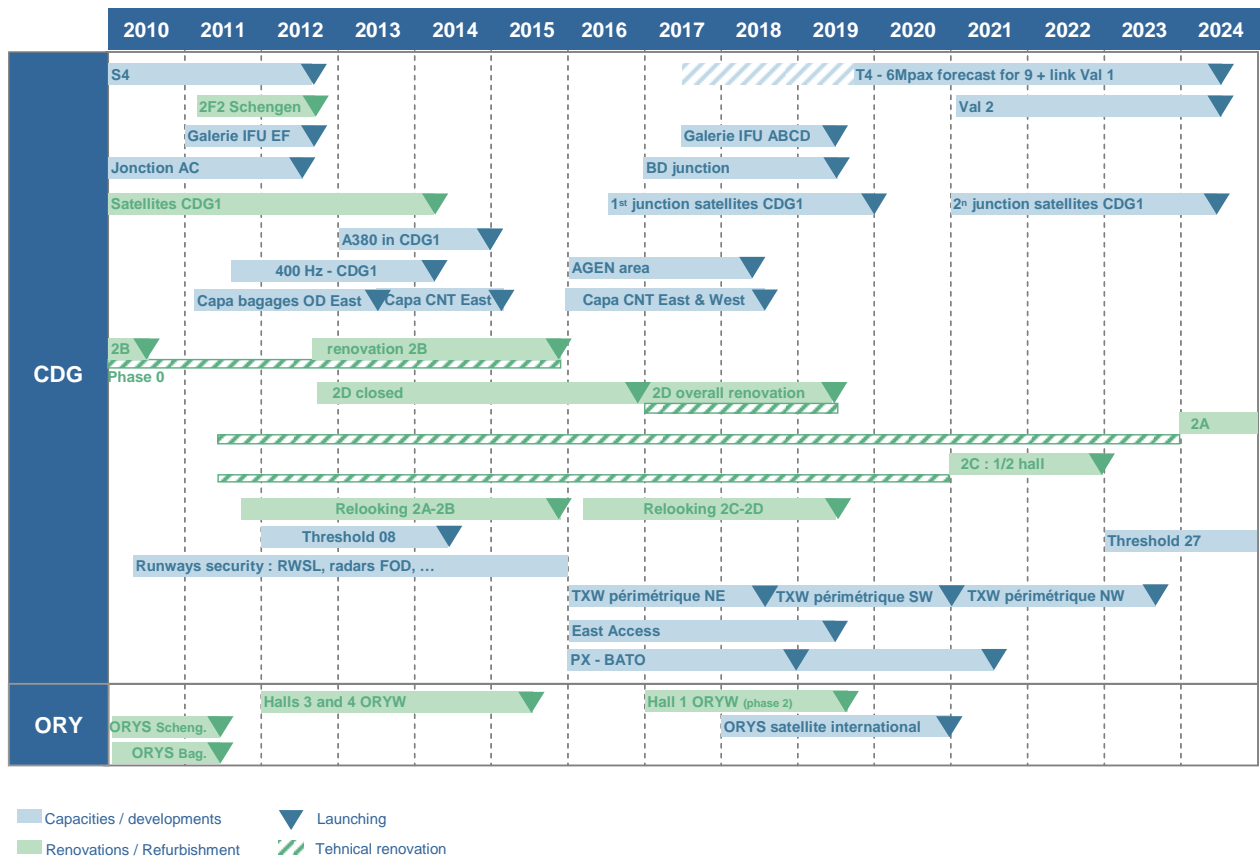
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## Longer-term development of capacity and facilities

In the longer term, for the construction of **terminal 4**, which is due to open around 2024 based on traffic growth projections, the first investment flows should begin in 2016-2020, primarily to relocate aircraft parking areas and car parks, develop access roads and prepare groundwork. Terminal 4 is initially designed to serve airlines outside the SkyTeam alliance, which are currently based at terminals 2A and 2C. With the opening of the new terminal, traffic at the Air France hub could be extended westward at CDG2 to terminal 2A, in addition to terminals 2C, 2D, 2E, 2F and 2G. To optimize passenger connections and extend the single passenger security checkpoint system, a **second CDG Val line** could be built linking all the restricted areas under customs authority in the ABCD terminals to those in the EF terminals and S3 and S4 satellites, without requiring additional screening.

The chart below shows the schedule for the main initiatives planned at present for implementation in the next 15 years:







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Corresponding investment flows between now and 2015 are shown in the following table:

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

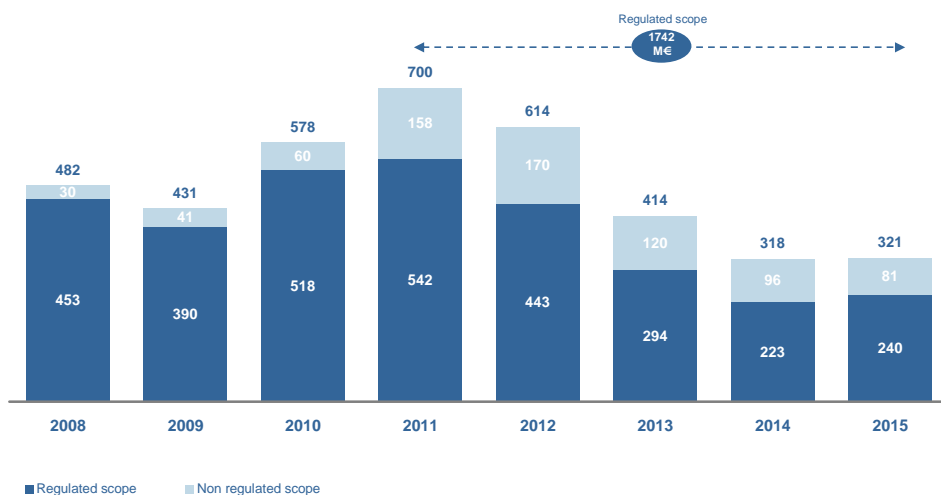
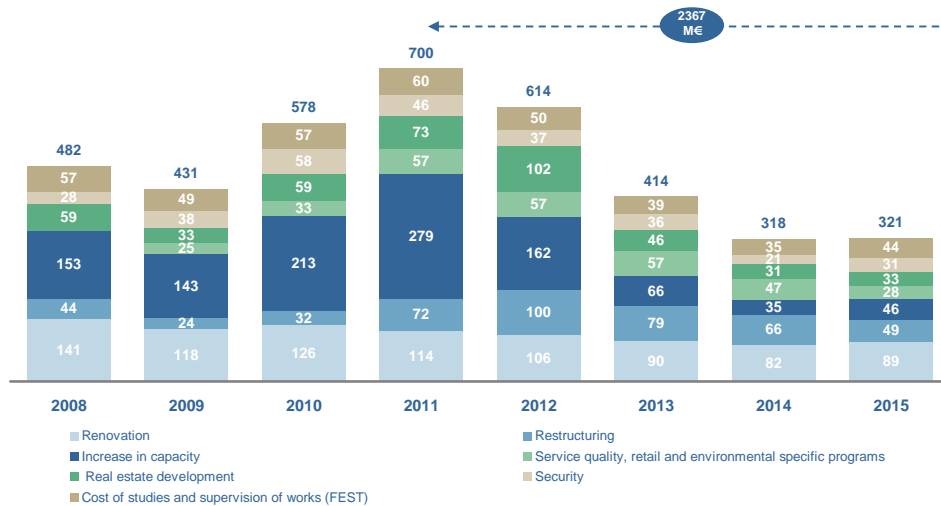


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In 2011-2015, **Aéroports de Paris SA plans to invest €2,367 million** (2010 euros excluding financial investment), equivalent to a decline (in constant euros) of over 20% relative to investment in 2006-2010. The level of investment is likely to be roughly the same for the next five-year period (2016-2020). After taking into account adjustments in the regulated scope in 2011, the company proposes to invest **€1,742 million (2010 euros) in the regulated scope over the period 2011-2015**.

Relative to the investment sequences submitted to the economic advisory committee on November 17, 2009, the total volume over the period 2011-2015 remains unchanged, although certain expenses relating to the gallery between terminals 2E and 2F have been advanced from 2012-2013 to 2011-2012. Compared to the November 17, 2009 investment proposal, the breakdown between regulated scope and non-regulated scope also takes account the withdrawal of retail activities from the regulated scope in 2011.



ADP SA's investment program

(€m, 2010 euros as of 2010, excluding financial investments)



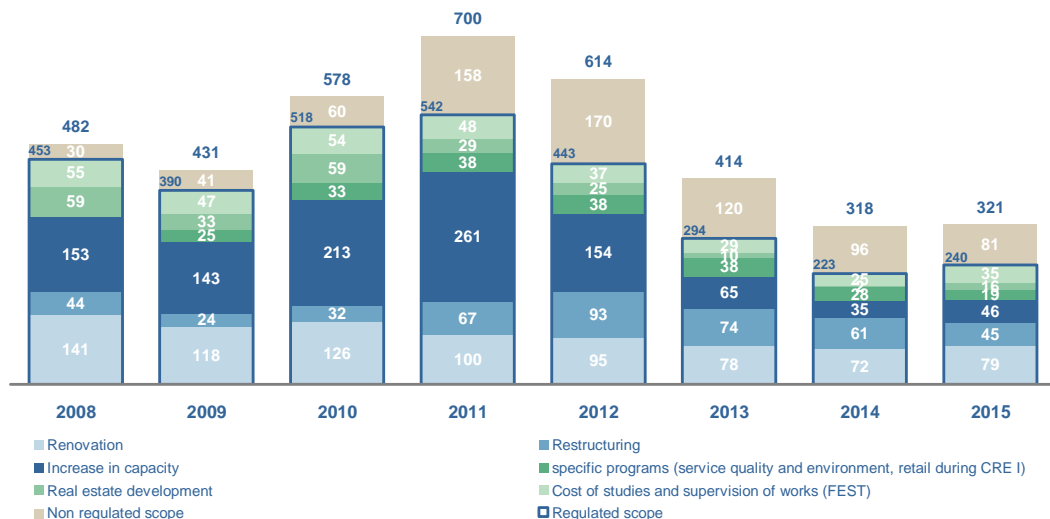
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Aéroports de Paris's investment is therefore broken down between regulated scope and non-regulated scope in the same way as the breakdown of fixed assets as certified by the company's statutory auditors:

- As regards terminal buildings, investment in capacity, renovation and ordinary expenditure are broken down between aviation activities, rental activities and commercial activities, using specific distribution keys for each building, calculated according to the surface area used for each of these activities and weighted by the respective costs.
- Investment relating to airport access is broken down using specific keys for each airport for the regulated scope (passenger function, car parks, airport real estate) and the non-regulated scope.
- Investment budgets relating to service quality (terminals, transportation areas, car parks) and sustainable development (terminals, car parks, aircraft power supply, industrial services) concern almost exclusively the regulated scope;
- Investments specific to the non-regulated scope are identified separately in the investment program: public service missions financed by the airport tax, diversification real estate (development and current investment) and budgets dedicated to retail activities.
- The cost of studies and supervision of works (FEST) is calculated according to the investment rate for each scope.

The chart below shows the breakdown of the investment program for the regulated scope by type of investment:



*Details of investment program for regulated scope  
(€m, 2010 euros as of 2010, excluding financial investments)*



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This investment program is consistent with the projected business growth scenario. However, in accordance with the observations expressed by the airlines, it will require a highly pro-active approach by the company in the event of more robust growth of air traffic. In this case, Aéroports de Paris must be prepared to advance the completion of certain initiatives to keep pace with the needs of airlines and passengers.

#### **IV.3 – Focus on customer satisfaction drivers**

Of the investments taken into account between 2009 and 2015, around **€730 million (2010 euros) are for initiatives that are expected to serve as performance drivers for the quality of service.**

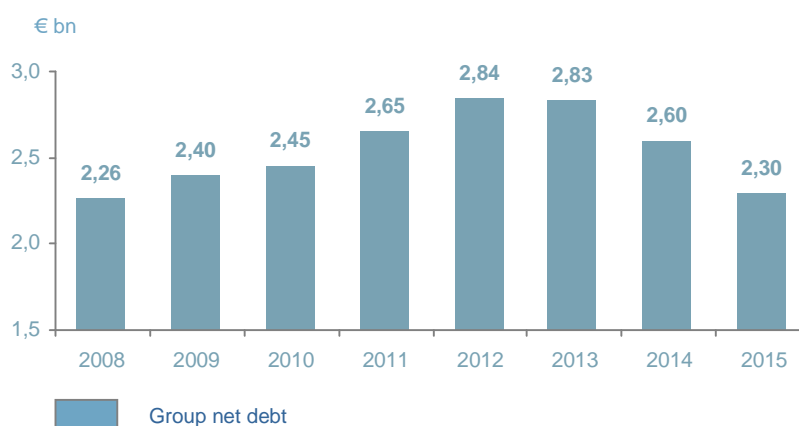
The main such initiatives are as follows:

- €270 million in capacity investment for projects maintained in the 2011-2015 ERA to improve customer satisfaction:
  - Based solely on the capacity/traffic adequacy ratio, the S4 satellite would not need to be opened until 2017, five years after the initially planned opening date. Relative to this scenario, maintaining the initial schedule for the S4 satellite will require investment of €253 million between now and 2015;
  - Transformation of terminal F2 at CDG2 into a Schengen-only area combined with the opening of the S4 satellite represents additional investment of €8.5 million (excluding security);
  - The plan to develop a second A380 boarding lounge at CGD1 as well as one at CDG2A represents an investment of €6.5 million and €2.2 million, respectively;
- €313 million of investment relating to projects intended directly to improve service quality:
  - 2A-2C junction: €55 million (excluding security);
  - Renovation of 2A and 2B transportation areas and improvements to public access from T2G to T2: €8 million;
  - Pedestrian gallery between terminals 2E and 2F as part of the single passenger security checkpoint system: €30 million;
  - Renovation of facades of terminals 2A and 2B: €20 million;
  - Renovation of AB car parks and public lighting: €18 million;
  - Reconfiguration of hall B at Orly Sud: €4 million (excluding security);
  - Installation of 400 Hz power supply at CDG1: €6 million;
  - Budget dedicated specifically to projects to improve service quality: €172 million;
- €85 million of investment in functional improvements as part of redevelopment programs:
  - €52.5 million for the renovation of terminal 2B;
  - An estimated €24 million for the reconfiguration of halls 3 and 4 at Orly Ouest;
  - €8.5 million for the continuation of renovation on CDG1 satellites.
- Around €60 million for the cost of studies and the supervision of works (FEST) relating to the aforementioned investments.

#### **IV.4 – Financing of investments**

The company's financing is analyzed on an overall basis, spanning all activities, as the Group's liabilities are not segmented by type of activity. This approach is also consistent with that used by credit and equity research analysts concerning respectively the Group's credit rating and the valuation of its weighted average cost of capital.

The planned investment profile for 2011-2015 coupled with the scenario of moderation in tariffs would lead to a peak in net debt at just over €2.8 billion in 2012 and 2013, before the reduction in investment expenditure and the increase in activity bring the level of debt into line with that seen at the end of 2008.



This change in debt is consistent with the calculation of WACC (I.3 above).

No significant investment subsidies are included in the Group's business plan.

#### **V – 2011-2015 Business Plan**

Aéroports de Paris aims to pursue and strengthen the continuous progress plan undertaken during the 2006-2010 ERA in terms of productivity and control over operational costs.

This focus will make a significant contribution to the company's strategic goal of improving its competitive position, particularly as regards airport fees, for the benefit of users. It is also an essential counterpart to the adjustment of the regulated scope due to be introduced in 2011. Aéroports de Paris will also pursue this focus in keeping with its aim of improving service levels and customer satisfaction, and with its aim of adopting an approach that is both balanced and incentivizing for the company's employees.

##### **V.1 – Trends in performance of the adjusted regulated scope**

In accordance with the law, the regulated scope will be adjusted in 2011 by excluding the following activities compared with the current regulated scope:

- Diversification real estate that is real estate outside the terminal buildings not used for aircraft maintenance, premises and space for ground-handling and fuelling operations and agents, and air freight, business aviation and general aviation premises.. Based on the 2008 financial statements, this adjustment involves €131 million of Aéroports de Paris SA's

external and internal revenue and €309 million of assets (net book value of property, plant and equipment and working capital requirement at December 31, 2008).

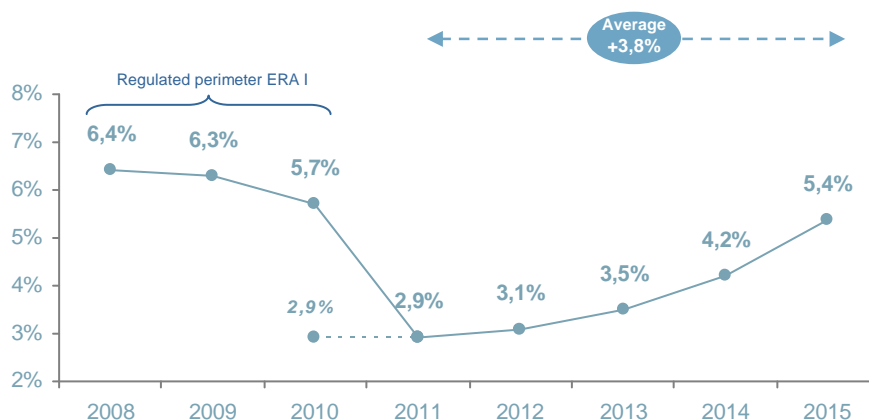
- Retail and service activities such as shops, bars and restaurants, airport hotels, bank and foreign exchange services, advertising and car rentals. Based on the 2008 financial statements, this adjustment involves €250 million of Aéroports de Paris SA's revenue and €169 million of assets.

Given the current economic conditions affecting air travel and the substantial change in regulated scope, Aéroports de Paris is proposing to treat the 2011-2015 ERA as a **transitional agreement** in terms of the return on capital employed for the adjusted regulated scope.

Accordingly, the proposal made by Aéroports de Paris, which is in keeping with its aim of improving price competitiveness, will not result in a WACC-consistent ROCE by 2015. However, continuous efforts in terms of cost control and the shift to an investment down-cycle should nonetheless put ROCE on an upward track and could result in a WACC-consistent ROCE during the 2016-2020 ERA.

The diagram below shows ROCE projections for the new regulated scope during the 2011-2015 ERA.

*Trends in ROCE for the regulated scope (2008-2015) and 2010 pro forma after scope adjustment*



#### V.1.1 – Trends in operational costs for the adjusted regulated scope

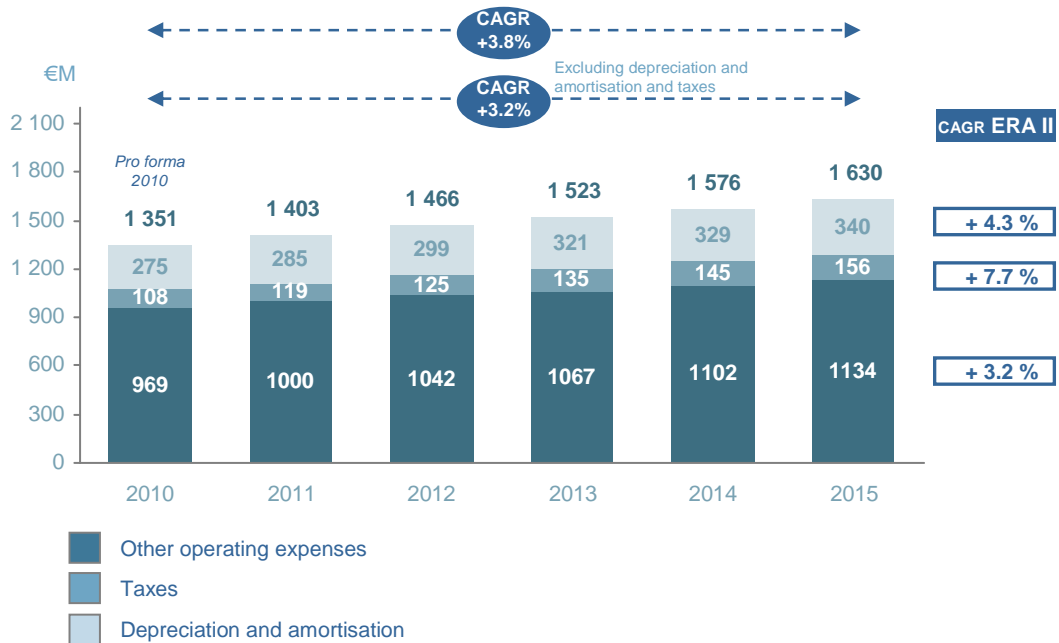
From 2011 to 2015, Aéroports de Paris's efforts to control operational costs and improve productivity will be reflected in a **stabilization of regulatory scope costs per passenger in current euros**, excluding depreciation, amortization and tax. In real terms, this implies a performance gain based on inflation assumptions (1.75% increase in the consumer price index per year).



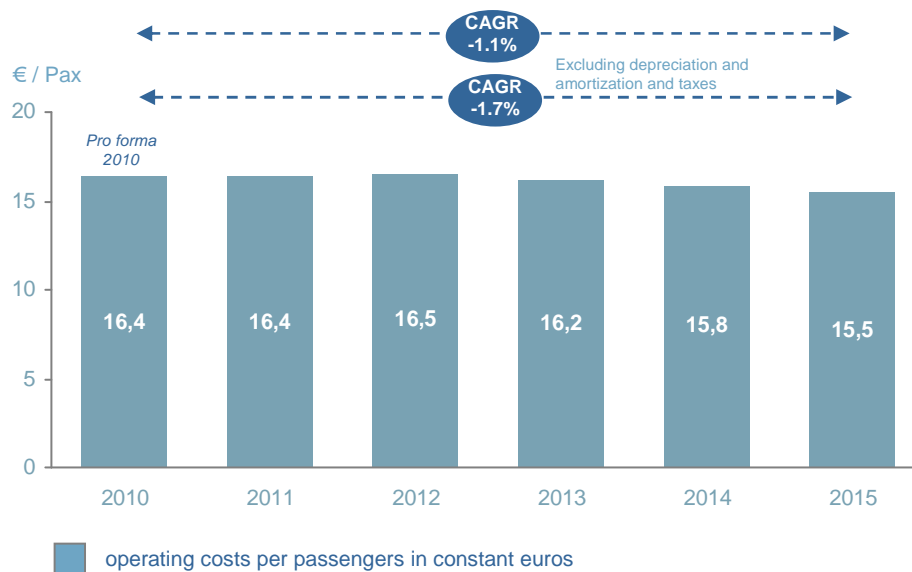
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Trends in operational costs for the regulated scope (2010-2015)  
- 2010 pro forma after scope adjustment – in current euros



Trends in operational costs per passenger for the regulated scope (2010-2015)  
- 2010 pro forma after scope adjustment, in constant euros





### Productivity

Between 2010 and 2015, Aéroports de Paris would forecast **an average 2.0% a year reduction in headcount** across the Aéroports de Paris SA scope, in respect of current social rules. This average trend will be about the same across the regulated scope.

These job reductions will be made on the basis of a job and skills planning and forecasting approach to allow performance gains whilst strengthening the company's achievements in its core strategic focuses, which are mainly to improve service levels and control external costs.

### Operational costs

Efforts to improve productivity will also be accompanied by **strict control over other operational costs**, with a special focus on reducing energy consumption and controlling subcontracting costs, with no detrimental effect on the service level targets.

The main drivers will be:

1. Harnessing synergies from the partnership with the Schiphol group ("HubLink") formed last Autumn, in order to:
  - Adopt best practices in supply chain and subcontracting management,
  - Reduce the cost of acquiring new technologies through joint development and purchasing,
  - Optimize airport operations: pooling purchases as well as setting up a dual hub offering consistent services to airlines and passengers in terms of service level and innovative solutions;
2. Aéroports de Paris's commitment to significantly reduce its carbon footprint through better control over energy consumption:
  - The business plan aims to reduce the energy consumption of existing facilities, mainly by renovating the oldest terminals,
  - The geothermal project at Paris-Orly will play an active role in developing clean energies,
  - Real estate development will focus specifically on low energy buildings (in accordance with BBC standards),
  - New airport buildings such as the S4 satellite and the Terminal A/Terminal C junction will comply with HQE (High Environmental Quality) standards;
3. Effective management of subcontracting clearly directed at service quality and cost control, with a focus on:
  - Cleaning and transportation services through an appropriate subcontracting management system whilst maintaining a high service level,
  - Optimizing the facilities maintenance process based on best European practices,
  - A cost control program for all other external services.



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## V.1.2 – Trends in revenue of the adjusted regulated scope

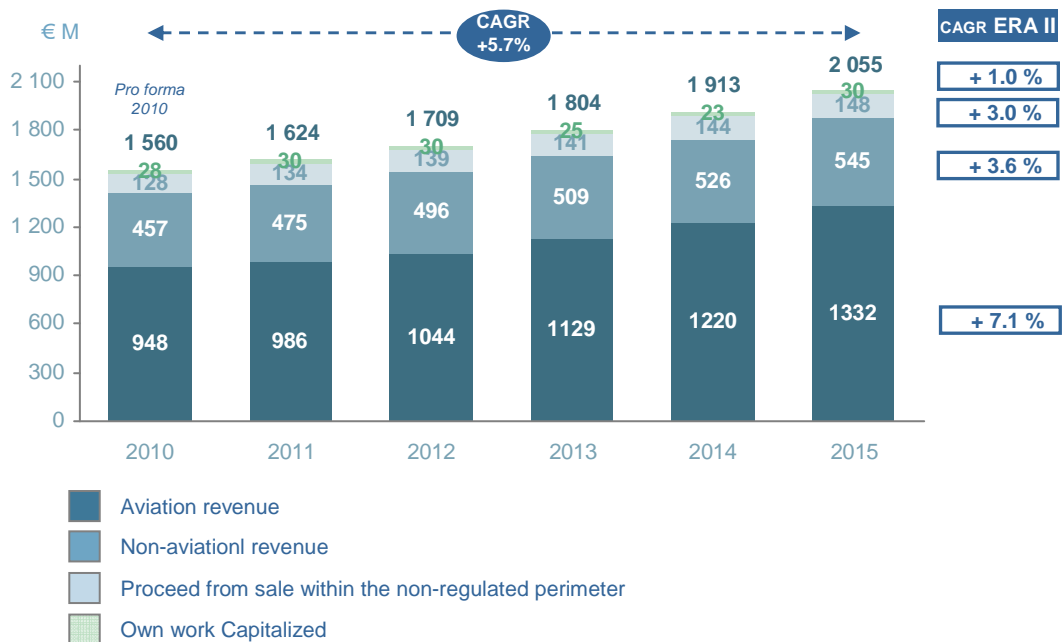
**Growth in aviation revenue will average 7.1% a year** during the 2011-2015 CRE, driven by a combination of passenger traffic growth (3.2% annual average), proposed price increases (3.13% annual average including 1.75% inflation), and structural effects such as opening new capacity and trends in the traffic mix.

**Growth in non-aviation revenue will average about 3.6% a year**, driven by growth in revenue from car parks, industrial services, airport real estate activities and on-airport rental activities.

The regulated scope also sells various services to other parts of Aéroports de Paris SA (internal sales) and particularly:

- Provision of administrative and maintenance services to the airport safety and security function (airport tax);
- Letting airport premises to cross-functional administrative and technical support departments and the provision of energy to diversification real estate;
- Provision of research and works to the abovementioned cross-functional departments and diversification real estate.

*Trends in regulated scope revenue (2010-2015) - 2010 pro forma after scope adjustment*



### Aviation revenue

As Aéroports de Paris's goal is to improve the price competitiveness of its airports through moderate increases in airport fees, growth in aviation revenue will **average about 7.1% a year from 2010-2015**.

This takes account of Aéroports de Paris's proposal to **moderate its price increases in order to improve its competitive positioning**. In 2010, the average level of charges covered by the 2006-2010 ERA will be frozen. The average annual increase during the 2011-2015 ERA, at constant scope, will then be 1.38% above inflation, as shown in the table below:

*Proposed price increases 2010-2015*

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

*CPI: consumer price index (4018E)*

The price increases will take place on April 1 each year.

Charges covered by the price-cap mechanism in the 2011-2015 ERA are:

- Passenger fee at Paris-Charles de Gaulle and Paris-Orly;
- Landing fee at Paris-Charles de Gaulle, Paris-Orly and Paris-Le Bourget;
- Parking fee at Paris-Charles de Gaulle, Paris-Orly and Paris-Le Bourget;
- Check-in desk fee, excluding special contracts;
- De-icing fee at Paris-Charles de Gaulle;
- Non-contractual fees for baggage handlers classified under centralized infrastructure;
- Fee for 400Hz and 50Hz power supply to aircraft;
- Check-in and boarding information systems fee (crews);
- Fee for accessing restricted areas (badges);
- Wastewater fee for dilaceration stations classified as centralized ground handling infrastructure.

The fee for assisting disabled and reduced mobility persons, which is not subject to the price cap, will be increased by an amount sufficient to cover the cost of providing the service and will, in this respect, be monitored specifically by the economic advisory committee.

Growth in revenue generated by the main charges will average **6.6% a year**, driven by a combination of the following factors:

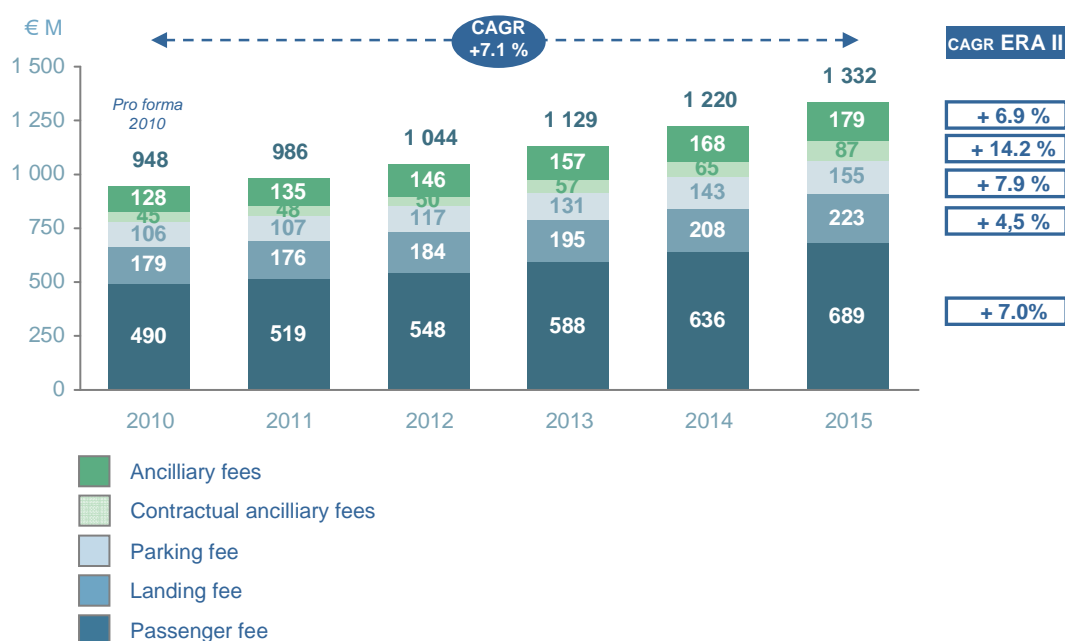
- 3.2% forecast average annual growth in passenger traffic;
- average annual price increases of 1.38% above inflation (inflation rate assumption 1.75% a year);
- improvement in passenger traffic structure and average weight on landing;
- in terms of offering, commissioning of the new contact stands linked to the new S4 satellite due to be opened in the third quarter of 2012;
- conversely, the improvement over time in aircraft noise performance, which has an adverse impact on trends in landing fee revenue.

Growth in ancillary fee revenue, covering ancillary charges set by Aéroports de Paris and contractual fees agreed with some customers (e.g. baggage handlers for SkyTeam), will average **9.0% a year**.

Growth will be driven by the gradual commissioning of new baggage handling facilities leased to Air France, between 2012 to 2015.

As regards other ancillary charges, the forecast growth of almost 7% stems from the volume effect, the price increases described above, development of the service offering (notably 400Hz) and the shift in the basis for charging the check-in desk and associated information systems fee (crews) to a passenger basis as of 2011.

Trends in aviation revenue (€m in current euros) for the regulated scope

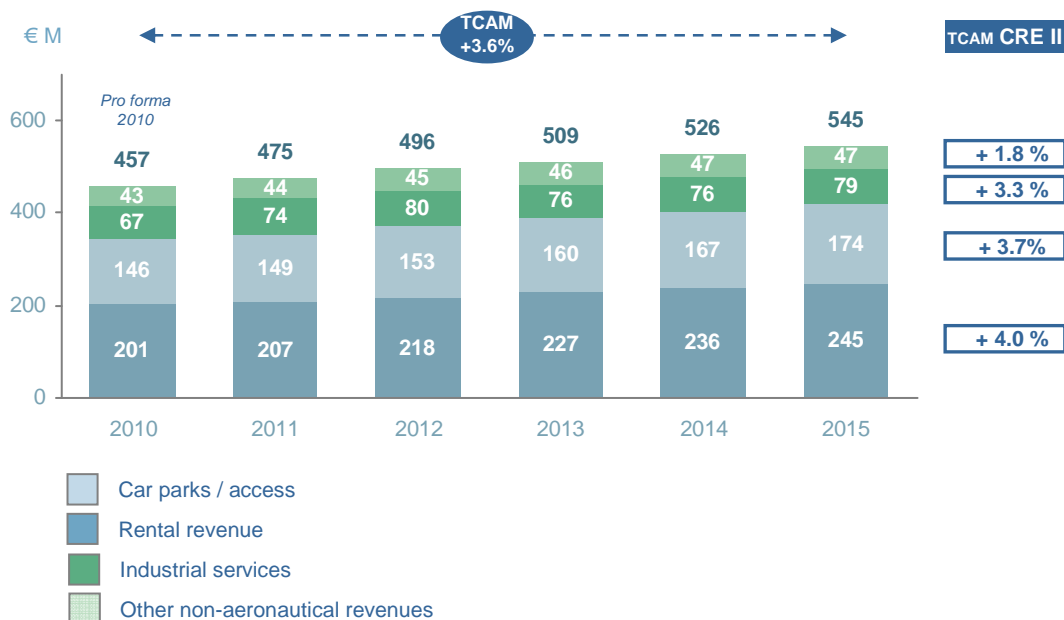


### Non-aviation revenues

Non-aviation revenues for the adjusted regulated scope comprise rental revenues (which in turn consist of revenues from on-airport rental activities and those from off-airport real estate) and miscellaneous services (business centers at terminals, ADP lounges etc.), revenues from public and subscription car parks, and revenues from industrial services provided for real estate clients and terminal tenants, including the sale to EDF of electricity co-generated at Paris-Charles de Gaulle airport. They also comprise revenues from miscellaneous services, including those provided on a contractual basis for the air navigation services department, development and equipment works for tenants, certain specific services (n°1 access, rebilling of shuttle bus charges, company restaurants, medical center etc.).

Aéroports de Paris's efforts concerning its non-aviation activities should result in **average revenue growth of 3.6% a year** over the period 2010-2015:

Non-aviation revenues for regulated scope (€m, current euros)



This robust growth should be driven primarily by revenue from rental activities, which are expected to increase **by an average of 4.0% a year** thanks to:

- airport real estate, which should benefit from the development of new capacity at cargo terminals and in buildings relating to ground-handling activities, new parking areas for FedEx and sustained and complementary efforts to renovate the real estate portfolio in order to put or put back on the market products meeting the expectations of Aéroports de Paris's customers. It is therefore planned that around €80 million will be invested over the period 2011-2015 with regard to developing airport real estate activities;
- the commissioning of new terminal facilities (S4 satellite) and robust growth in traffic expected during the second part of the 2011-2015 ERA, generating additional needs for tenants at terminals;
- taking account of a 2.5% change per year in the rental index in financial valuations.

Growth in other non-aviation revenues (car parks, industrial services and other revenues) of **an average of around 3.3% a year** reflects Aéroports de Paris's efforts to offer its customers high quality services at reasonable prices:

- improving the standard of service at car parks would not result in any particularly significant change in tariffs given the price positioning already achieved; furthermore, in terms of business volume, the policy of streamlining the number of company subscriptions and the trend of losses in market share in individual cars among ways of transporting passengers at airports is likely to result in average revenue growth of just under 4% a year;
- control of energy production costs should partly benefit tenants and the agreement with EDF to purchase electricity co-generated at Paris-Charles de Gaulle airport expires in 2013;
- a range of effective services (n°1 access, dedicated shuttle services between terminals as with T2G, development and equipment works for tenants) with the aim of ensuring appropriate and shared prices.



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## V.1.3 – Regulated operating profit and regulated asset base

Thanks to the major efforts planned relating to costs, operating profit for the adjusted regulated scope should increase at a steady pace and benefit from robust growth in traffic as of 2013 and pricing trends for fees in the second part of the 2011-2015 ERA.

The regulated asset base is expected to see very moderate growth due to the cumulative effects of:

- an investment down-cycle, with a significant slowdown in expenditure as of 2013;
- a considerable reduction in the negative working capital requirement, consistent with the investment down-cycle.

This rate of growth in regulated operating profit and the limited increase in the regulated asset base should result in relatively weak growth in regulated ROCE up to 2013, followed by acceleration in growth up to an estimated 5.4%, which is nevertheless still below the WACC target.

Regulated asset base and operating profit for regulated scope (2008-2015) - pro forma 2010 for adapted scope



## V.1.4 – Sensitivity analysis

The table below shows sensitivity analysis of 2015 ROCE for the regulated scope adjusted for the main parameters proportionate to the business plan:

Sensitivity factors	2015 ROCE Adjusted regulated scope
An additional 0.2% of ERA2 fees per year on average CPI + 1.6% vs CPI + 1.4%	+ 0.13%
An additional €20m in ERA2 investments per year (adjusted regulated scope) €2,467m vs €2,367m	- 0.15%
An additional €100m in investment in 2011 (adjusted regulated scope) €800m vs €700m	- 0.15%
Less 0.2% of CAGR of ERA2 traffic 3.0% vs 3.2%	- 0.19%
Impact of investment program dedicated to service quality €730m not taken into account over the period 2009-2015	+ 1.14%



## **V.2 – Maximum pricing adjustment mechanism relative to traffic**

In accordance with the French civil aviation code, the maximum price change in fees as governed by the 2011-2015 ERA should include an adjustment mechanism based on the difference between actual traffic and the initial forecast. This adjustment principle is consistent with the fair division of traffic risk between Aéroports de Paris and the airlines, as well as in keeping with the specific nature of the business model of an airport operator, whose cost structure is not very easy to adapt to business volumes in the short term.

An adjustment mechanism of this kind (known as the "TRAF factor") was introduced in the 2006-2010 ERA with the following parameters:

- the traffic monitoring indicator was weighted at 60% for passenger activities and 40% for the number of aircraft movements at Paris-Charles de Gaulle and Paris-Orly airports;
- an exemption bracket was applied, corresponding to a difference of +/-0.25% in the yearly change in passenger traffic, within which no adjustments were taken into account;
- beyond this bracket, 70% of traffic risk, measured by the aforementioned indicator, resulted in a corresponding adjustment in the maximum change in main fees for the following year.

This mechanism benefited Aéroports de Paris customers during the 2007 and 2008 pricing periods. However, due to its overly volatile and counter-cyclical nature, it proved inapplicable during a period of a very severe slowdown in activity.

Pursuant to the observations of the airlines and their representatives on the economic advisory committee, Aéroports de Paris therefore proposes an **extensive review of the parameters used for the TRAF factor for the 2011-2015 ERA**.

The aim is to make it **less volatile**, which is likely to result in Aéroports de Paris taking on a larger share of risk than set out in the 2006-2010 ERA, which is **less counter-cyclical**. This should mean that it will be possible not to have to submit an application each year. It should also allow it to provide a **driver for preparing for the future**, providing the possibility of converting it into new investment.

Under these conditions, Aéroports de Paris's proposal, which forms an integral part of the proposal relating to other parameters presented in this document, is as follows:

- taking into account an indicator weighted with a view to the base of fees subject to the maximum amount of the 2011-2015 ERA: 65% for passenger traffic and 35% for landed tonnage;
- exemption zone corresponding to a yearly change in passenger traffic of +/-0.5% in 2011 and +/-0.25% in subsequent years;
- beyond the exemption bracket, traffic risk is divided equally between Aéroports de Paris and the airlines;
- effect of the TRAF factor capped at +/-0.5% for the maximum change in tariffs for each period of application;
- triggering of the first-time application of the TRAF factor on the basis of 2012 traffic, therefore to the 2013 pricing period;
- possibility of converting, on the decision of Aéroports de Paris approved by the French government after notification of the economic advisory committee, all or part of a negative TRAF factor into new investment, concerning initiatives not initially planned in the 2011-2015 ERA and representing a cost equivalent to the unused TRAF factor.

## **VI – Conclusion: Balancing of the proposal from Aéroports de Paris**

Aéroports de Paris's proposal, which falls within the framework of the revision of the regulated scope as provided by regulation, is therefore based on the following balances, defined following the initial phase of acting in concert with the airlines:

- prioritizing decisive improvement in service quality and customer satisfaction, thanks in particular to the renovation of the oldest terminals, optimizing existing capacity and developing services;
- an investment program reflecting the move to a down-cycle, with planned investment of €1.74 billion in the regulated scope, while still maintaining strategic operations;
- enhancing Aéroports de Paris's price competitiveness to the benefit of its customers by means of a moderate fee increase policy. Following a freeze in 2010, fees will increase gradually over the period from 2011-2015 by an average of 1.38% per year above inflation and on the basis of unchanged services;
- in order to support this aim, significant efforts undertaken by the company to help to improve its financial performance, by means of major gains in productivity and a high level of discipline in controlling operating expenses;
- a traffic scenario based on a gradual upturn in activity over a number of years, resulting in average growth in passenger traffic of 3.2% a year from 2010 to 2015;
- taking into account a less volatile and less counter-cyclical TRAF factor that may act as a driver for preparing for the future; the setting of these parameters will enable Aéroports de Paris to take a particularly pro-active approach in the event of stronger than expected traffic growth to implement investments not initially planned in the 2011-2015 ERA;
- ambitious service quality indicators, allowing for the most representative assessment possible of the quality of service provided to the company's customers.



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## **Forward-looking statements**

*This press release contains forward-looking statements. These forward-looking statements are based on data, assumptions and estimates considered to be reasonable by Aéroports de Paris. They notably include information about Aéroports de Paris' financial position, results of operations and business activities. These data, assumptions and estimates are subject to risks (including those described in the registration document filed with the Autorité des Marchés Financiers on 30 April 2009 under no. R.09-038) and uncertainties, many of which are beyond the control of Aéroports de Paris and cannot be forecast reliably. These may lead to actual results differing substantially from those forecast or suggested in these statements.*

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Aéroports de Paris builds, develops and manages airports including Paris-Charles de Gaulle, Paris-Orly and Paris-Le Bourget. Aéroports de Paris is Europe's second-largest airport group in terms of airport revenue and the European leader for freight and mail. Aéroports de Paris accommodates nearly 460 airlines, including the main companies in the air transport industry. With an exceptional geographic location and a major catchment area, the Group is pursuing its strategy of adapting and modernizing its terminal facilities and upgrading quality of services, and also intends to develop its retail and real estate business. In 2008, Aéroports de Paris had revenues of €2,527.0 million, and the Group handled 87.1 million passengers.