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Mexican Firm Takes Controlling Stake in GACN

ICA, Mexico's largest construction firm, has taken a controlling stake in airport operator Grupo Aeroportuario del Centro Norte, or GACN, in three separate transactions totaling \$260 million.

ICA said the transactions boost its direct holding in GACN to 47.2 percent. Coupled with shares held in another company that has a stake in GACN, ICA will indirectly control 51 percent of the company that operates 13 airports in the north and center of Mexico.

"The investment in GACN is a fundamental step forward in the initiative of ICA to expand and build up its holdings in the business of operating infrastructure," the company said.

Mexico's government still holds a 49 percent stake in GACN, which it said it would sell this year to minority investors.

NavCanada Shows Improvement In Rate Account

Financial results issued by NavCanada

Upcoming Events

2nd Annual International Airport Security Conference—London, U.K. (May 31–June 2, 2006)

U.S./Europe Airport Environmental Best Practices Symposium—Brussels, Belgium (June 28–30, 2006)

International Airport Technology Conference—Prague, Czech Republic (July 9–11, 2006)

12th Annual Central Europe/U.S. Airport Issues Conference—Dubrovnik, Croatia (Oct. 24–26, 2006)

International Airport Geographic Information Systems Workshop—Madrid, Spain (Nov. 15–17, 2006)

for the three months ended Nov. 30, 2005, show an \$11 million improvement in the company's rate stabilization account during the quarter.

"Revenues exceeded expenses due to traffic growth and continued success in controlling costs, allowing the company to make further progress in replenishing our rate stabilization account," said John Crichton, president and CEO. "The account reached a balance of \$49 million at quarter's end, up from \$38 million at the end of the last fiscal year."

The company's revenues for the first quarter were \$292 million, compared with \$279 million for the comparable period in the previous year. The higher revenues arose from a 4.1 percent year-over-year increase in air traffic and increases in non-aeronautical revenues, Crichton said.

Air India To Expand, Renew Aircraft Fleet

Boeing Commercial Airplanes President and CEO Alan Mulally and Air India Chairman and Managing Director V. Thulasidas jointly announced an order agreement for 68 airplanes. The order is valued at more than \$11 billion at list prices and deliveries are scheduled to begin in November 2006.

Air India's order consists of 23 777s, including eight 777-200LR (Longer Range) Worldliners and 15 777-300ERs (Extended Range), and 27 787-8 Dreamliners. Air India Express, a wholly-owned subsidiary of Air India, will receive 18 Next-Generation 737-800s.

The airline said it will use these aircraft to support both fleet renewal and expansion plans. The 777s will replace the airline's current fleet of 747-200 airplanes, while the 787-8 Dreamliner will replace its aging A310 fleet.

Additionally, Boeing announced that it has committed to investing in a

regional maintenance, repair and overhaul base, and a pilot training facility in India. Details of this effort are to be finalized over the coming months.

IATA Opposes Decision On Passenger Compensation Rules

The International Air Transport Association (IATA) voiced disappointment at "the complete failure of the European Court of Justice to strike down deeply flawed European regulations on passenger compensation for denied boarding, delays and cancellations."

IATA maintains that the regulation conflicts with the Montreal Convention by making airlines liable to provide assistance to passengers even in cases that are completely outside airline control—such as delays due to inclement weather or air traffic control strikes or capacity limitations.

"Penalizing airlines in such cases does nothing to address these important issues," stated Giovanni Bisignani, IATA's director general and CEO. "It only adds \$700 million in costs that will have to be recuperated. Higher costs for air transport with no added value does not pass the good regulation test, let alone the common-sense test. Moreover, by ignoring the Montreal Convention, Europe's shortsighted regional approach leaves the door open for other jurisdictions to do the same. Instead of a global standard universally applied, we could end up with nothing more than chaos," said Bisignani.

Frankfurt Fraport Company Sets Passenger Records In 2005

Frankfurt Fraport AG (FRA) completed 2005 with a new record figure for passenger traffic, the company said. A total of 52 million passengers used

Frankfurt Airport, an increase of 2.2 percent over the 2004 record year. Air freight volume increased 8.1 percent to 1.8 million metric tons.

The Fraport Group's other airports in Germany also experienced a successful year in 2005, the company said. Frankfurt-Hahn Airport served 3 million passengers, an increase of 11.9 percent. During the same period, Hanover Airport recorded 5.6 million passengers and 7.4 percent growth. Saarbrücken Airport's traffic grew 5.7 percent to 486,230 passengers.

While annual figures for Peru's Lima Airport climbed 11.6 percent to 5.6 million passengers last year, Turkey's Antalya Airport recorded 5 million passengers at Fraport's Terminal 1, a decline of 59.2 percent.

Sydney Airport Records Increased Earnings

Southern Cross Airports Corp. Holdings announced a 6.4 percent increase in earnings, excluding specific non-recurring expenses, for Sydney Airport for the six months ended Dec. 31, 2005.

Southern Cross Executive Chairman and CEO Max Moore-Wilton said that during the first half of fiscal year 2006 Sydney Airport achieved strong growth and commenced a substantial investment program to position the airport for the next period of significant growth.

"Total capital expenditure for the half year to December was \$128.2 million, more than a threefold increase on the corresponding period last year," he said. "(The airport) recently announced Project STAR which is a \$500 million, five-year program to upgrade facilities at T1 and on the airfield to provide state of the art facilities, including: self service check-in; an improved baggage system; aircraft handling facilities for the next generation aircraft such as the B787 and the A350; new retail and food and beverage facilities focusing on the needs of our customers identified in customer feedback and market research, and enhanced passenger

processing facilities."

Sydney Airport is spending over \$100 million to prepare the airport for commercial operations of the new A380 aircraft starting at the end of this calendar year. The work on the airfield is now well advanced and the major runway and taxiway works are due to be completed in the next few months, Moore-Wilton said.

"The first of the new three tunnel aerobridges designed to serve both decks of the new aircraft will be commissioned this month with another five to be rolled out over the next two years," Moore-Wilton said. "The first stage of the 100 percent checked baggage screening system at T1 is now operational with the second and final stage to be completed in coming months. Work is now well advanced on the 100 percent screening system at T2. Work continues on a major \$20 million upgrade of T2, which will include an improved retail offering spread over 5,000 square meters of retail space."

Eurocontrol Adds Program For Weather Displays

WSI Corp. announced that the Central Flow Management Unit (CFMU) of Eurocontrol is the newest customer of the Internet-delivered decision support tool WSI Pilotbrief International. WSI and Eurocontrol have finalized an agreement covering the supply of graphic forecasts and displays of current weather for European airspace.

"We are very happy to add Eurocontrol to our growing client portfolio," said WSI Aviation Account Manager Colin Pollard. "We are experiencing a growing demand for decision support tools, such as WSI Pilotbrief International, as the industry increasingly focuses on the benefits that can accrue from Collaborative Decision Making.

"The CFMU uses WSI Pilotbrief International for its planning and tactical decision-making, as well as during regular web conferences with other agencies," he said.

Sydney Airport Corp. Appoints New CEO

The board of Sydney Airport Corp. (SACL) announced the appointment of Russell Balding as its new chief executive officer.

Balding is currently managing director of the Australian Broadcasting Corporation (ABC).

Before joining the ABC, Balding was director of finance at the NSW Roads & Traffic Authority and financial controller at the NSW Department of Housing.

Max Moore-Wilton will continue as SACL's chairman in a non-executive capacity after Balding commences duty in April.

FedEx Corp. To Increase Network In China

FedEx Corp. announced that its FedEx Express unit has signed an agreement with Tianjin Datian W. Group Co. Ltd. (DTW Group) to acquire DTW Group's 50 percent share of the FedEx-DTW International Priority express joint venture and DTW Group's domestic express network in China for \$400

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million. FedEx and DTW Group entered into a joint venture agreement in 1999.

The acquisition will include:

- DTW Group's 50 percent share in the International Priority express joint venture, converting the joint venture into a wholly FedEx-owned company;
- The DTW Group assets used to perform International Priority services, and
- DTW Group domestic express assets from 89 DTW Group locations.

Upon closing, FedEx will employ more than 6,000 people in China. The transaction is subject to conditions, including government approvals and licensing.

"China is changing the world's economic landscape, and FedEx has been part of this great change since we established express operations in China more than 20 years ago," said Frederick Smith, chairman, president and CEO of FedEx Corp. "This strategic investment in the long-term growth of China will broaden and deepen our relationship by improving access to important markets, fueling economic development for years to come."

IATA Disputes Increase In Fees At Paris Charles de Gaulle

The International Air Transport Association (IATA) issued a statement saying it is "outraged at the ridiculously high increase in airport charges—5 percent per annum over the next five years—for Paris Charles de Gaulle Airport announced by French Transport Minister Dominique Perben."

IATA noted that in September 2005, Aeroports de Paris (ADP) proposed a 35 percent increase in charges over five years. IATA responded to the proposal with a request to the minister for a 3 percent reduction in charges to encourage efficiency and protect the position of Charles de Gaulle as a major European hub. Separately, an independent Consultative Commission Aéroportuaire was appointed by the minister to examine ADP's proposal. The commission recommended

that increases should cover inflation plus 2.5 percent per annum to a maximum of 11 percent over the five-year period.

Delta Air Lines Wins Authority For Europe/Middle East Routes

Delta Air Lines has received final U.S. government approval to add 11 new routes between the U.S. and destinations across Europe and the Middle East this summer.

With this new authority, Delta said it would offer customers nonstop flights five days per week between New York's John F. Kennedy International Airport and Borispol Airport in Kiev, Ukraine, effective June 5, subject to Ukrainian government approval.

"Kiev will be the latest destination in Delta's expansion into the key business and leisure markets of Eastern Europe," said Bob Cortelyou, Delta's vice president of network planning.

Contract Awarded To Complete Mexico City Terminal

Mexican construction company ICA said it has won a \$184 million contract to complete Mexico City Airport's new second terminal.

ICA said the work, to include several buildings, would start this month and run until August.

Airbus Posts Record For Sales, Profits In 2005

Airbus reported that 2005 was a record year in terms of aircraft deliveries, new orders and profitability.

Last year Airbus delivered 378 airliners, received 1,111 gross new orders, valued at \$95.9 billion, and 1,055 net orders. Last year was even stronger than 1998, Airbus' previous record year, in which it booked 556 new orders, the company said.

"2005 was a record year for the whole industry and for Airbus in particular," said Airbus President and CEO Gustav Humbert. "Airlines have never ever placed so many orders, a sign that they

are very optimistic about the future of air transportation, with also a lot of new carriers emerging and bringing cheap air travel to an increasing number of consumers."

SkyTeam Withdraws Antitrust Immunity Request

The six SkyTeam alliance partners withdrew their application for antitrust immunity for their transatlantic operations, noting that the U.S. Transportation Department's initial decision in the case denied antitrust immunity.

SkyTeam partner Delta Air Lines explained that the decision to withdraw the application was based on the precedent that DOT typically does not alter its initial rulings.

Although the application has been withdrawn, Delta said it is still committed to antitrust immunity. According to the carrier, "Antitrust immunity would benefit the traveling public by allowing Delta and its SkyTeam partners to offer international customers more transatlantic service, shorter travel times, more departure times and better opportunities to find discounted fares by choosing alternative routes to a destination. Delta will continue working with its SkyTeam partners in building on the existing customer service offerings within the bounds of the current immunity. The six members of the alliance will renew this application for expanded transatlantic immunity at the appropriate time."

E-passport Test Begins In San Francisco

A live test of e-passports, which contain chips with biographic and biometric information, and the machines capable of reading them began Jan. 15 at San Francisco International's Terminal G.

The test is a collaborative effort among the U.S., Australia, New Zealand and Singapore that will run through April 15, according to Jim Williams, director of US-VISIT at the Department of Homeland Security.

News From Around The World

MAXjet Airways, which markets itself as the industry's first low-fare all-business-class airline, announced it will begin scheduled passenger service between **Washington Dulles International Airport and London Stansted Airport** starting March 15, 2006. The airline will operate flights to and from London on Sunday, Monday, Wednesday and Friday, with scheduled service from London to Washington to begin March 17.

Continental Airlines announced that it received \$172 million from the sale of approximately nine million shares of common stock in the initial public offering of Copa Holdings, S.A., parent company of **Copa Airlines**. Continental still holds approximately 12 million shares of common stock in Copa Holdings, S.A.

The U.S. Transportation Security Administration (TSA) announced that the **Bandara Ngurah Rai International Airport in Bali, Indonesia**, does not meet international security standards, and the agency is taking action to warn travelers of this security deficiency. Based on an assessment by a team of security experts from TSA, the Department of Homeland Security has determined that the airport does not currently maintain security measures consistent with the standards established by the International Civil Aviation Organization.

Three **Moroccan** private business groups are reported to have teamed up with **German** tourism company TUI AG to create Morocco's first low-cost private airline, after the country initialed an open skies agreement with the European Union. The airline, named Jet4you, will start its operation in March, with two leased planes and plans to expand its fleet by two aircraft each year to 10 jets in 2010.

Grupo Aeroportuario del Sureste, S.A. de C.V. said that total passenger

traffic for the month of December 2005 decreased by 28.4 percent when compared with December 2004. ASUR's management said it believes that the lower passenger traffic numbers to Cancun and Cozumel during the period were largely the result of the reduction in available lodging caused by Hurricane Wilma, which struck the region in October 2005 and caused widespread damage to the hotel inventory in the region.

Macquarie Bank Ltd., Australia's largest investment bank, has bought airport baggage cart vendor Smarte Carte Corp. for \$142 million from U.S.-investor Black Diamond Capital Management LLC.

Subject to government approvals, Delta Air Lines will offer daily nonstop service between **New York's Kennedy International Airport and Sao Paulo, Brazil**, effective June 1.

Scandinavian Airlines will add four channels of live television in January to SAS Net Access, its in-flight high-speed wireless Internet service.

Rome-based Air One said it has signed a contract with Airbus for the purchase of 30 A320s, with 60 more on option. The new aircraft will replace the airline's current fleet of Boeing 737s. Air One, which is already serving 23 destinations will, with the A320 also launch new routes in Europe.

The SkyTeam Alliance Governing Board announced that **Middle East Airlines, Air Liban** (MEA), Lebanon's national carrier, has taken the first steps toward becoming a SkyTeam Associate Airline. Air France will serve as the airline's sponsor during the application process, with completion expected within the next 15 months.

In 2005 the total number of passengers using **Copenhagen Airport** was 20 million, an increase of 5 percent over 2004.

The number of passengers using **Singapore Changi Airport** in November

2005 increased by 3.3 percent, compared with November last year, to reach 2.8 million, the airport said. For the first 11 months of 2005, Changi Airport served over 29 million passengers, up 7 percent from the same period last year. Changi Airport handled 160,357 tons of air freight in November, a gain of 7.4 percent over the same month in 2004.

United Airlines said its services flight training division is the first training provider outside of **China** to receive Civil Aviation Authority of China certification to train the nation's airline pilots. United said it has signed one contract with a Chinese airline and is finalizing a second to train pilots on Boeing 757 and Airbus 320 aircraft at the Denver Flight Training Center. United said that industry estimates indicate a need for up to 10,000 new pilots in China through 2010.

Copa Airlines announced the expansion of its codeshare agreement with its partner **GOL Linhas Aereas Inteligentes**. The airlines will jointly offer daily codeshare flights between the Hub of the Americas operated by Copa in Panama, and the Brazilian cities of Sao Paulo and Rio de Janeiro.

India's largest airline, Jet Airways, said it will buy rival Air Sahara for \$500 million in cash in the first signs of consolidation in an increasingly competitive airline market, according to published reports. Jet Airways said the deal would increase its share of the domestic market to about 50 percent. The transaction now awaits regulatory approval.

Copa Airlines said it will add a second nonstop flight between **Panama and Guatemala City**, bringing the total number of daily flights the airline operates to Guatemala to four.