



# STUDY ON THE IMPACT OF THE INTRODUCTION OF SECONDARY TRADING AT COMMUNITY AIRPORTS

## VOLUME II - APPENDICES

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# **Study on the Impact of the Introduction of Secondary Trading at Community Airports**

## **Volume II**

### **Appendices**

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# **Study on the Impact of the Introduction of Secondary Trading at Community Airports**

## **Volume II**

### **Appendices**

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## Appendix 1 FAA Ruling on High Density Traffic Airports

### § 93.121

#### Subpart K—High Density Traffic Airports

#### § 93.121 Applicability.

This subpart designates high density traffic airports and prescribes air traffic rules for operating aircraft, other than helicopters, to or from those airports.

[Doc. No. 9974, 35 FR 16592, Oct. 24, 1970, as amended by Amdt. 93-27, 38 FR 29464, Oct. 25, 1973]

#### § 93.123 High density traffic airports.

(a) Each of the following airports is designated as a high density traffic airport and, except as provided in § 93.129 and paragraph (b) of this section, or unless otherwise authorized by ATC, is limited to the hourly number of allocated IFR operations (takeoffs and landings) that may be reserved for the specified classes of users for that airport:

#### IFR OPERATIONS PER HOUR

Class of user	AIRPORT			
	LaGuardia <sup>4</sup>	Newark	O'Hare <sup>2, 5</sup>	Ronald Reagan National <sup>1</sup>
Air carriers ..	48	40	120	37
Commuters ..	14	10	25	11
Other .....	6	10	10	12

#### JOHN F. KENNEDY

	Air carriers	Commuters	Other
1500 .....	69	15	2
1600 .....	74	12	2
1700 .....	80	13	0
1800 .....	75	10	2
1900 .....	63	12	2

<sup>1</sup> Washington National Airport operations are subject to modifications per Section 93.124.

<sup>2</sup> The hour period in effect at O'Hare begins at 6:45 a.m. and continues in 30-minute increments until 8:15 p.m.

<sup>3</sup> Operations at O'Hare International Airport shall not—

(a) Except as provided in paragraph (c) of the note, exceed 62 for air carriers and 13 for commuters and 5 for "other" during any 30-minute period beginning at 6:45 a.m. and continuing every 30 minutes thereafter.

(b) Except as provided in paragraph (c) of the note, exceed more than 120 for air carriers, 25 for commuters, and 10 for "other" in any two consecutive 30-minute periods.

(c) For the hours beginning at 6:45 a.m., 7:45 a.m., 11:45 a.m., 7:45 p.m. and 8:45 p.m., the hourly limitations shall be 105 for air carriers, 40 for commuters and 10 for "other," and the 30-minute limitations shall be 55 for air carriers, 20 for commuters and 5 for "other." For the hour beginning at 3:45 p.m., the hourly limitations shall be 115 for air carriers, 30 for commuters and 10 for "others," and the 30-minute limitations shall be 60 for air carriers, 15 for commuters and 5 for "other."

<sup>4</sup> Operations at LaGuardia Airport shall not—

### 14 CFR Ch. I (1-1-03 Edition)

(a) Exceed 26 for air carriers, 7 for commuters and 3 for "other" during any 30-minute period.

(b) Exceed 48 for air carriers, 14 for commuters, and 6 for "other" in any two consecutive 30-minute periods.

<sup>5</sup> Pursuant to bilateral agreement, 14 slots at LaGuardia and 24 slots at O'Hare are allocated to the Canadian carriers. These slots are excluded from the hourly quotas set forth in § 93.123 above.

(b) The following exceptions apply to the allocations of reservations prescribed in paragraph (a) Of this section.

(1) The allocations of reservations among the several classes of users do not apply from 12 midnight to 6 a.m. local time, but the totala hourly limitation remains applicable.

(2) [Reserved]

(3) The allocation of 37 IFR reservations per hour for air carriers except commuters at Washington National Airport does not include charter flights, or other nonscheduled flights of scheduled or supplemental air carriers. These flights may be conducted without regard to the limitation of 37 IFR reservations per hour.

(4) The allocation of IFR reservations for air carriers except commuters at LaGuardia, Newark, O'Hare, and Washington National Airports does not include extra sections of scheduled flights. The allocation of IFR reservations for scheduled commuters at Washington National Airport does not include extra sections of scheduled flights. These flights may be conducted without regard to the limitation upon the hourly IFR reservations at those airports.

(5) Any reservation allocated to, but not taken by, air carrier operations (except commuters) is available for a scheduled commuter operation.

(6) Any reservation allocated to, but not taken by, air carrier operations (except commuters) or scheduled commuter operations is available for other operations.

(c) For purposes of this subpart—

(1) The number of operations allocated to *air carriers except commuters*, as used in paragraph (a) of this section refers to the number of operations conducted by air carriers with turboprop and reciprocating engine aircraft having a certificated maximum passenger seating capacity of 75 or more or with turbojet powered aircraft having a certificated maximum passenger seating capacity of 56 or more, or, if used for cargo service in air transportation,

## Federal Aviation Administration, DOT

## § 93.130

with any aircraft having a maximum payload capacity of 18,000 pounds or more.

(2) The number of operations allocated to *scheduled commuters*, as used in paragraph (a) of this section, refers to the number of operations conducted by air carriers with turboprop and reciprocating engine aircraft having a certificated maximum passenger seating capacity of less than 75 or by turbojet aircraft having a certificated maximum passenger seating capacity of less than 56, or, if used for cargo service in air transportation, with any aircraft having a maximum payload capacity of less than 18,000 pounds.

(3) Notwithstanding the provisions of paragraph (c)(2) of this section, a limited number of operations allocated for "scheduled commuters" under paragraph (a) of this section may be conducted with aircraft described in § 93.221(e) of this part pursuant to the requirements of § 93.221(e).

[Doc. No. 9113, 34 FR 2603, Feb. 26, 1969, as amended by Amdt. 93-37, 45 FR 62408, Sept. 18, 1980; Amdt. 93-44, 46 FR 58048, Nov. 27, 1981; Amdt. 93-46, 49 FR 8244, Mar. 6, 1984; Amdt. 93-57, 54 FR 34906, Aug. 22, 1989; 54 FR 37303, Sept. 8, 1989; Amdt. 93-59, 54 FR 39843, Sept. 28, 1989; Amdt. 93-62, 56 FR 41207, Aug. 19, 1991; Amdt. 93-78, 64 FR 53564, Oct. 1, 1999]

### § 93.125 Arrival or departure reservation.

Except between 12 Midnight and 6 a.m. local time, no person may operate an aircraft to or from an airport designated as a high density traffic airport unless he has received, for that operation, an arrival or departure reservation from ATC.

[Doc. No. 9974, 37 FR 22794, Oct. 25, 1972]

### § 93.129 Additional operations.

(a) *IFR*. The operator of an aircraft may take off or land the aircraft under IFR at a designated high density traffic airport without regard to the maximum number of operations allocated for that airport if the operation is not a scheduled operation to or from a high density airport and he obtains a departure or arrival reservation, as appropriate, from ATC. The reservation is granted by ATC whenever the aircraft may be accommodated without significant additional delay to the operations

allocated for the airport for which the reservations is requested.

(b) *VFR*. The operator of an aircraft may take off and land the aircraft under VFR at a designated high density traffic airport without regard to the maximum number of operations allocated for that airport if the operation is not a scheduled operation to or from a high density airport and he obtains a departure or arrival reservation, as appropriate, from ATC. The reservation is granted by ATC whenever the aircraft may be accommodated without significant additional delay to the operations allocated for the airport for which the reservation is requested and the ceiling reported at the airport is at least 1,000 feet and the ground visibility reported at the airport is at least 3 miles.

(c) For the purpose of this section a *scheduled operation to or from the high density airport* is any operation regularly conducted by an air carrier or commuter between a high density airport and another point regularly served by that operator unless the service is conducted pursuant to irregular charter or hiring of aircraft or is a nonpassenger flight.

(d) An aircraft operator must obtain an IFR reservation in accordance with procedures established by the Administrator. For IFR flights to or from a high density airport, reservations for takeoff and arrival shall be obtained prior to takeoff.

[Doc. No. 9113, 34 FR 2603, Feb. 26, 1969, as amended by Amdt. 93-25, 37 FR 22794, Oct. 25, 1972; Amdt. 93-44, 46 FR 58049, Nov. 27, 1981; Amdt. 93-46, 49 FR 8244, Mar. 6, 1984]

### § 93.130 Suspension of allocations.

The Administrator may suspend the effectiveness of any allocation prescribed in § 93.123 and the reservation requirements prescribed in § 93.125 if he finds such action to be consistent with the efficient use of the airspace. Such suspension may be terminated whenever the Administrator determines that such action is necessary for the efficient use of the airspace.

[Doc. No. 9974, 35 FR 16592, Oct. 24, 1970, as amended by Amdt. 93-21, 35 FR 16636, Oct. 27, 1970; Amdt. 93-27, 38 FR 29464, Oct. 25, 1973]

## **Appendix 2 Detailed Analysis of FAA Slot Data at Four Congested US Airports**

### **2.1 Introduction**

1. When assessing the impact of secondary slot trading in the USA since 2000, it is instructive to analyse what has actually occurred at the four congested airports subject to the High Density Rule in the six years since Air 21 was enacted. These are Chicago-O'Hare, New York-La Guardia, New York-JFK (John F Kennedy) and (Ronald Reagan) Washington-National. The study team has been able to analyse and chart the pattern of commuter and air carrier slots held and operated at all four airports, using data supplied by the FAA on slots held and operated at each of the airports concerned (these are divided into commuter slots held and operated, and air carrier slots held and operated). As far as is known, this is the first time such an audit of slots at High Density Rule airports has been undertaken for the period 2000 – 2005. This analysis is complemented by a series of pie charts (Figures 2.1 to 2.35) that provide a visual summary of the main trends in secondary trading at these four individual airports.
2. In practice, the US secondary trading market is undertaken on an ad hoc basis between airlines, as well as through the Air Transport Association (ATA), an airline trade body that holds trading sessions at regular intervals throughout the year. Currently, 23 of the 27 airlines holding slots at High Density Rule airports attend and participate at these regular sessions<sup>1</sup>. There are also some brokers who co-ordinate the trading of slots at congested airports in the US, but intermediaries appear never to have been a strong factor in the marketplace, mainly because airlines have a fairly shrewd idea of the available slot opportunities. Any monies generated from transaction of slots at airports subject to the High Density Rule flow directly to the holder, whether they are airlines, or, in a minority of cases, financial institutions. Neither the airport operators nor the FAA receive any income from these transactions. However, all slot trades are logged by the FAA's Slot Administration Office; moreover, the FAA reserves the right to give final approval for all slot transactions.
3. Set out below is an audit of slot trading at each of the four airports that have been subject to the High Density Rule over the course of the last six years, with Commuter slots and Air Carrier slots examined separately.

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<sup>1</sup>

Source: United Airlines.



## 2.2 Chicago-O'Hare Airport

### a) Commuter Slots

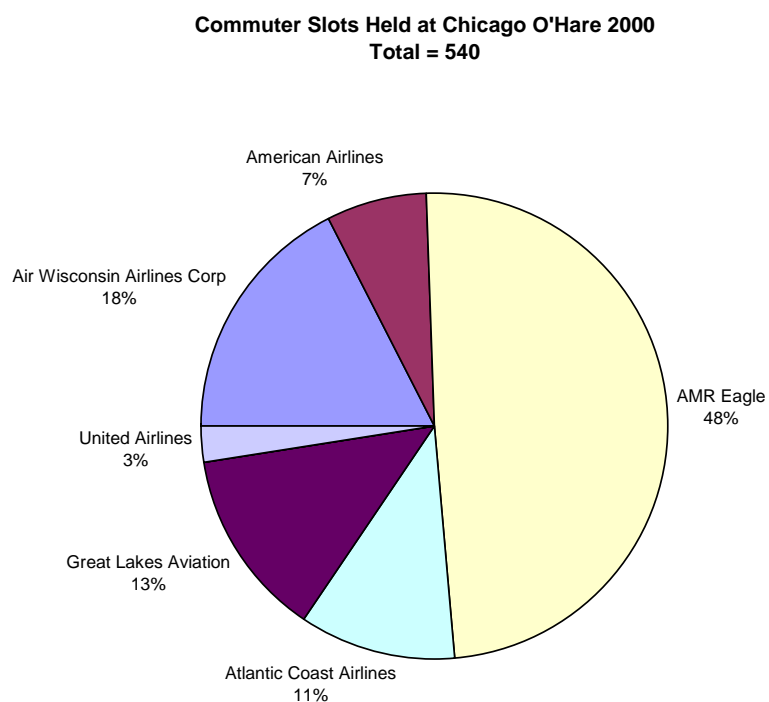
4. As noted in chapter 5.1, after the adoption of the Air 21 Act, slot restrictions under the High Density Rule were gradually phased out, beginning as from July 1st 2001. By July 1st 2002 all slot restrictions at Chicago-O'Hare, one of the US's main continental hub airports, had been abolished. As a result of these regulatory changes, the number of designated commuter slots at Chicago-O'Hare more than halved over the twelve month period 2000 to 2001 (see Figures 2.1 and 2.2; the precise total fell from 540 to 224). Furthermore, the proportion of slots held by the two largest holders – AMR Eagle and Air Wisconsin – dropped significantly between 2000 and 2001. Figures 2.1 and 2.2 also indicate a significant readjustment in slot holdings over the two years under review. Two new entrants secured commuter slots in 2001: Mesa Air and Ozark Airlines Inc.
5. At the outset, it is important to stress that the number of commuter slots held by airlines does not necessarily imply that they are operated by the same carriers. Figures 2.1 to 2.4 reveal that a significant amount of secondary trading between holders and operators of these commuter slots took place at Chicago-O'Hare. This is demonstrated by the significant discrepancies between the holders of commuter slots and the carriers that operate them. For instance, the main operator, AMR Eagle, a subsidiary of American Airlines (AMR Corp), held 281 commuter slots in 2000, but operated only 266 commuter slots. Based on this data, it is clear that AMR Eagle leased or sold a net number of 15 slots to other operators in that year. In 2001, the same carrier held 101 slots but operated 109 commuter slots, so it must have acquired a net eight slots from other holders.
6. A similar pattern of secondary trading is revealed with the other operators of commuter slots. Air Wisconsin held 128 commuter slots in 2000 but only operated 95 of them, leasing or selling the rest. In 2001, it held only 44 commuter slots, but it operated 55. Consequently, it must have acquired 11 slots that year. There were disparities with other operators as well. Great Lakes Aviation<sup>2</sup> held 58 commuter slots in 2000 but actually operated 70 such slots; Atlantic Coast Airlines held 43 commuter slots in 2000 but operated only 37, while in 2001 it held 20 commuter slots and operated them all. Two new entrants – Ozark and Mesa - each held and operated two commuter slots in 2001.

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<sup>2</sup>

This carrier has negotiated code sharing arrangements with both United and Frontier Airlines.

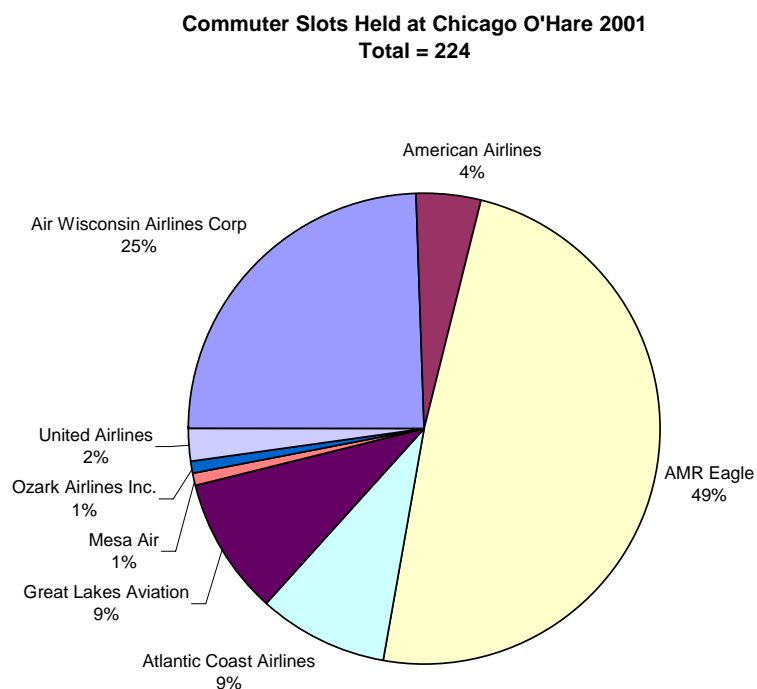
**Figure 2.1: Commuter Slots Held at Chicago-O'Hare in 2000**



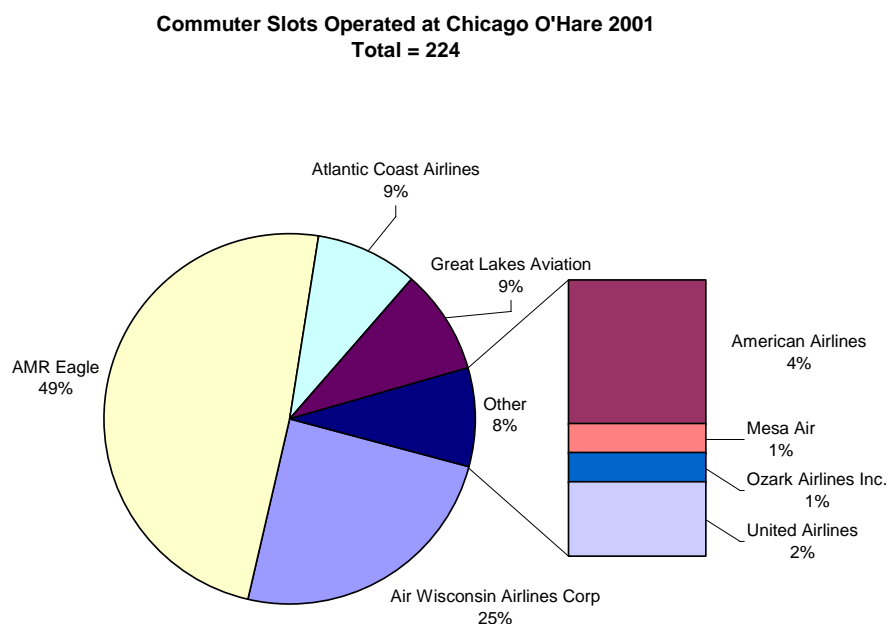
**Figure 2.2: Commuter Slots Operated at Chicago-O'Hare in 2000**



**Figure 2.3: Commuter Slots Held at Chicago-O'Hare in 2001**



**Figure 2.4: Commuter Slots Operated at Chicago-O'Hare in 2001**



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**b) Air Carrier Slots**

7. Turning to air carrier slots, Figures 2.5 and 2.6 show that the number of slots designated for the use of air carriers fell by 60 per cent between 2000 and 2001, from 1,689 to 671. This is on account of the changes introduced by Air 21, which limited the time period when slot restrictions applied to five and a half hours each day. It should be noted that the number of air carrier slots actually operated differed only slightly from the total number held: there were 1,686 slots operated daily in 2000 and 670 in 2001.
8. As Figures 2.5 to 2.8 demonstrate, two well-established incumbents – American Airlines and United Airlines – dominate Chicago-O’Hare and operate it as a major hub and spoke centre. Research on slot patterns based on FAA data for the two year period 2000 to 2001 shows that American and United accounted for over 84 per cent of air carrier slots held in 2000 and nearly 82 per cent of the air carrier slots actually operated by airlines. The next year, in 2001, the same two carriers held over 82 per cent of air carrier slots and over 81 per cent of those operated. This is clearly a well-established duopoly, linked to the economies of scale and scope generated by the hub and spoke operations of these two major airlines.
9. Under a fifth of designated slots in the period 2000 – 2001 were held by 19 other entities. Not all of them were airlines: there were several banks and financial institutions, for example, Mitsubishi Bank Ltd, First Security Bank and YX Properties LLC. Two airports also held air carrier slots: Greenville Spartanburg Airport<sup>3</sup>, whose holding declined from three to one between 2000 and 2001; and Savannah Airport Commission, which held three slots in 2000, but none in 2001.
10. From an analysis of the data collected by the FAA, it is reasonable to conclude that secondary trading between the holders of air carrier slots, and airlines wishing to lease them, has certainly been prevalent. For example, Great Lakes Aviation held 24 slots in 2000 but used none of them; similarly, TWA held 18 slots but used none of them. A representative of United Airlines informed the study team, “Trades and transfers are typically done on a seasonal basis only; sometimes with underlying agreements for longer term use”<sup>4</sup>.
11. Secondary slot trading has continued at Chicago-O’Hare as a means of addressing unmet demand from carriers. This market mechanism has provided carriers with the ability to transfer slots between one another, thereby encouraging co-operation as they lend slots to one another, sometimes on a very short term basis and with no monetary consideration involved<sup>5</sup>. For instance, notwithstanding the fact that they are keen competitors, the team were told that American and United regularly help each other in this way since it is in both their interests to do so; they also regularly lend slots to other airlines operating out of Chicago-O’Hare.
12. In recent years Chicago-Midway airport has provided a significant competitive challenge to services from Chicago-O’Hare. Midway is closer to the city – it lies within the city limits – and has attracted several leading no frills carriers, notably Southwest Airlines. In the first nine months of 2006, Midway handled 14.3 million passengers compared with the 57.9 million passengers handled over the corresponding period at Chicago-O’Hare<sup>6</sup>.

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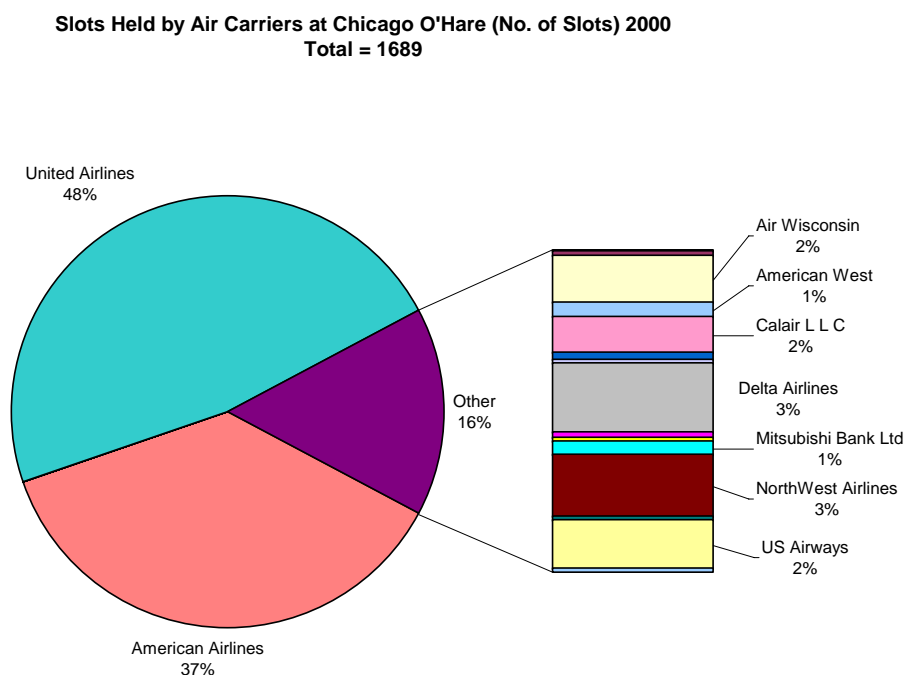
<sup>3</sup> Greenville-Spartanburg International Airport is located in upstate South Carolina.

<sup>4</sup> Correspondence from Michele Boyce, Manager for Airport Co-ordination, United Airlines, 12<sup>th</sup> July 2006.

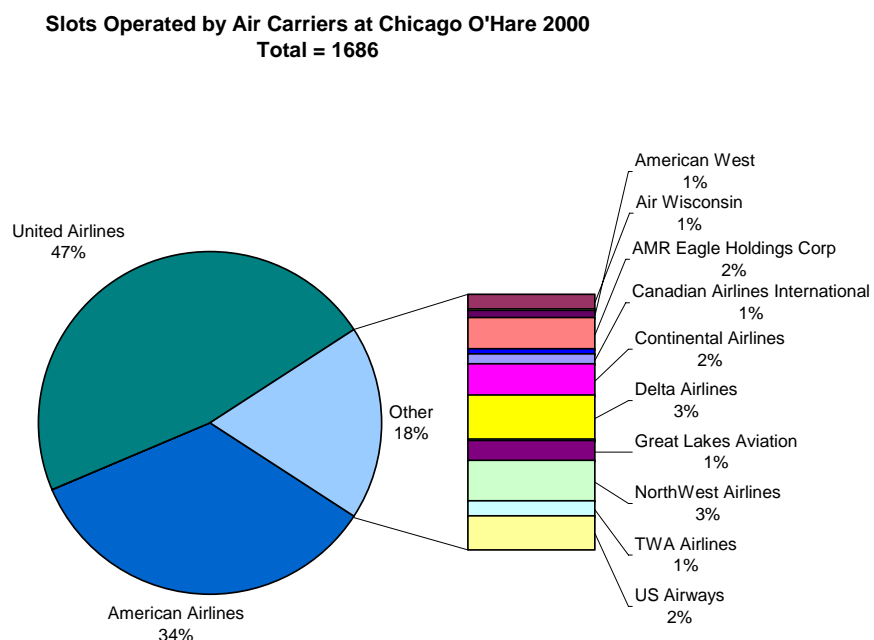
<sup>5</sup> Meeting held on 28<sup>th</sup> June 2006 with Michele Boyce, Manager for Airport Co-ordination and Julie Oettinger, Director of Regulatory Affairs, United Airlines, Washington DC,.

<sup>6</sup> Source: [www.flychicago.com](http://www.flychicago.com)

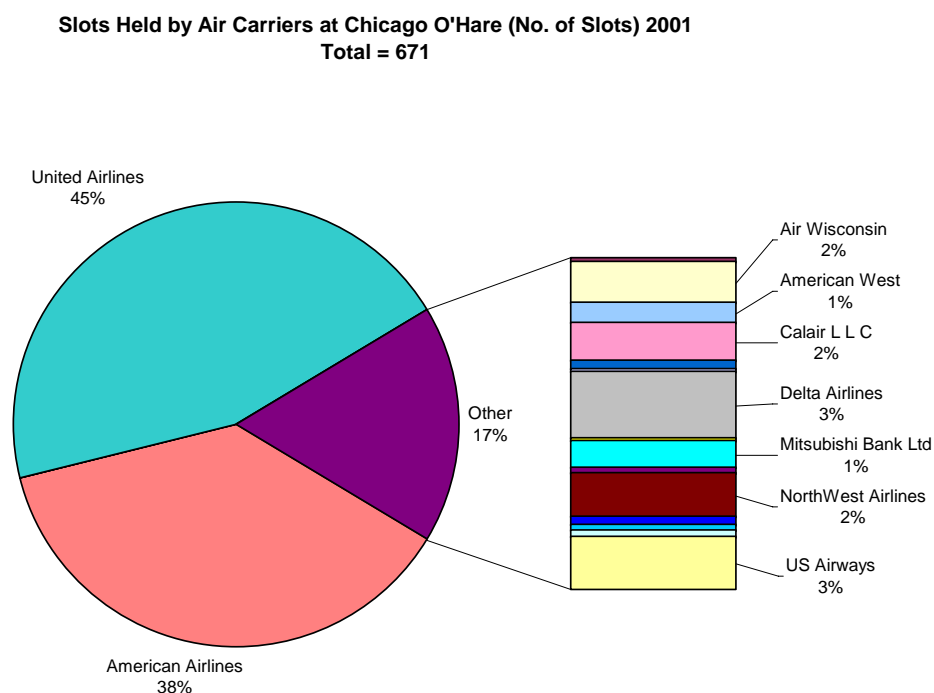
**Figure 2.5: Air Carrier Slots Held at Chicago-O'Hare in 2000.**



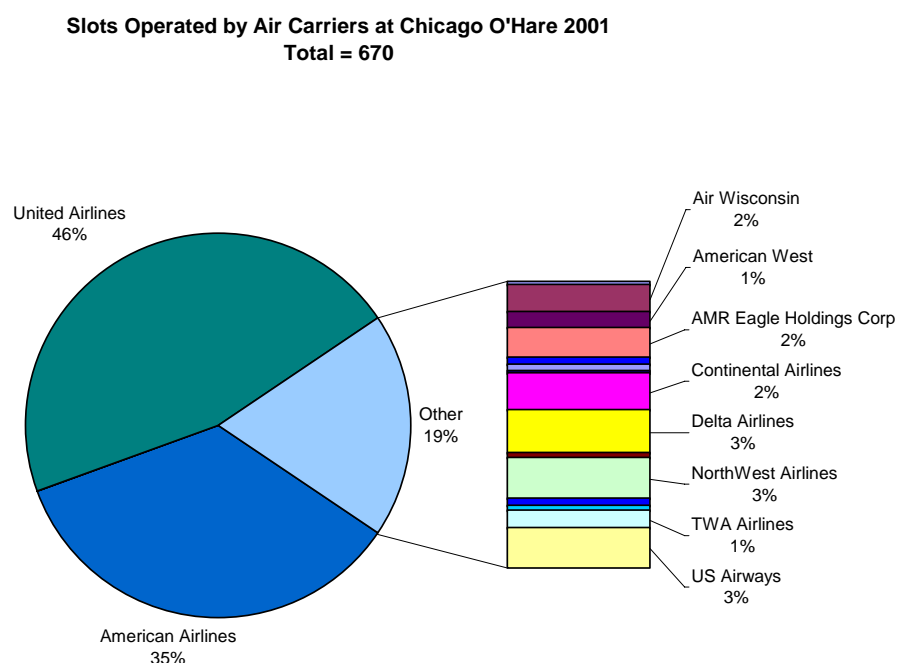
**Figure 2.6: Air Carrier Slots Operated at Chicago-O'Hare in 2000.**



**Figure 2.7: Air Carrier Slots Held at Chicago-O'Hare in 2001.**



**Figure 2.8: Air Carrier Slots Operated at Chicago-O'Hare in 2001.**



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## 2.3 New York-La Guardia Airport

13. New York-La Guardia, named after the celebrated New York mayor, is located in the Borough of Queens. As noted in chapter 5.1, it applies a perimeter rule – a 1,500 mile limit to any service flying in or out of the airport - due to restricted baggage handling capacity, runway length and apron space. 95 per cent of all passengers at New York-La Guardia either originate or depart from New York. In this sense, New York-La Guardia is not a hub and spoke centre like Chicago-O'Hare.
14. Slot rules apply at New York-La Guardia between 6 am and 12 midnight. During these 18 hours there are 68 designated slots an hour on the two runways. These are split as follows: 48 air carrier slots; 14 commuter slots; 6 other operators (e.g. flights to Canada). This amounts to a daily theoretical capacity of 1,224 slots, although not every single slot will be operated (at less popular times, carriers may simply not want to use them<sup>7</sup>). In addition, an hourly total of between eight and nine slots is available for Air 21 slots allocated through a lottery (popularly known in New York as the 'slottery', see below for details).
15. As discussed in chapter 5.1, the Air 21 Act enabled many new entrants to demand slots at New York-La Guardia. This led to the airport being overwhelmed with airlines seeking to fly in and out of the airport. The result was chaos: soon after Air 21 was adopted on to the federal statute book, over 300 new flights had been added at New York-La Guardia as a result of the slot exemption process. In November 2000, the number of scheduled flights during the 15 peak hours subject to the High Density Rule far exceeded the maximum capacity of the airport. In total, over 600 new flights were scheduled to operate, which was a 50 per cent increase over the slot limits.
16. This situation was unsustainable: air traffic delays at New York-La Guardia were responsible for 25 per cent of the delays throughout continental USA in November 2000, just six months after Air 21 became federal law<sup>8</sup>.
17. The Port Authority of New York & New Jersey intervened in the slots market place in order to force the FAA to take remedial action<sup>9</sup>. The FAA was reluctant to do so, because Congress had indicated it was in favour of deregulation. On the other hand, the Federal government had not allowed airports such as New York-La Guardia to employ the pricing mechanism to ration slots, nor had it allowed such airports to expand their capacity significantly. Not surprisingly, the results were chaotic with demand far outstripping available supply.

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<sup>7</sup> Confirmed by Mr Bradley Rubinstein, Manager responsible for Industry & Regulatory Relations at the Port Authority of New York & New Jersey.

<sup>8</sup> Confirmed by Ms. Lorelei Peter Senior Attorney, Regulations Division, Office of the Chief Counsel, FAA, 1<sup>st</sup> March 2006.

<sup>9</sup> Conversation with Ralf Tragale, Port of Authority of New York & New Jersey Government Affairs manager, 23<sup>rd</sup> February 2006.

18. In response to the all too evident problems at New York-LaGuardia, in January 2001 the FAA imposed a limit on the number of Air 21 slot exemptions (i.e. those relating to new entrants and carriers serving smaller communities). Furthermore, it established a lottery – colloquially referred to as the ‘slottery’ - to allocate Air 21 slots. At certain times of the day, principally between 6 – 7 am and after 9 pm, not all of the available Air 21 slots allocated by the lottery are taken up, in which case they must be returned to the pool. While Air 21 slots – somewhat confusingly known as slot exemptions - may not be bought, sold or leased, they can under certain conditions be exchanged on a non-permanent, one-for-one basis at the same airport<sup>10</sup>. It is illegal for money to change hands in respect of such slots.
19. As well as amending the arrangements for Air 21 slots at New York-La Guardia, the FAA also intervened to cap the total number of scheduled arrivals and departures. Accordingly, in the period 31 Jan – 15 September 2001, air traffic movements (ATMs) were limited to a theoretical maximum of 75 an hour (comprising 48 air carrier slots, 14 commuter slots, six other operators and seven Air 21 slots allocated by the ‘slottery’). This regulatory move dramatically curbed traffic delays at the airport, and they dropped from 8,000 per month to 3,000 a month, a 60 per cent fall<sup>11</sup>.

#### **a) Commuter Slots**

20. The total number of commuter slots held at New York-La Guardia fell from 239 in 2000 to 216 in 2005. Figures 2.9 to 2.12 reveal a broad distribution of commuter slots among a total of 14 airlines. As well as these airlines, one financial institution - First Security Bank - held ten of the slots in 2000, but by 2001 it had already disposed of them. Four carriers held the majority of slots: AMR Eagle, Delta, Allegheny Commuter and US Airways. New entrants appear to have been able to pick up commuter slots without too much difficulty. In 2005, for example, Piedmont Airlines are registered as holding 25 commuter slots, never having held any such slots in the five years previously.
21. A total of 21 airlines operated commuter slots at La Guardia between 2000 and 2005, which means that half as many carriers again operated commuter slots as held them. This indicates a thriving secondary market in commuter slots. Furthermore, it validates the argument advanced by Mr Rubinstein of the Port Authority that the airport operator has managed to maintain a wide variety of carriers serving customers’ needs (Mr Bradley Rubinstein is the Manager responsible for Industry & Regulatory Relations at the Port Authority of New York & New Jersey, see footnote <sup>7</sup> above).

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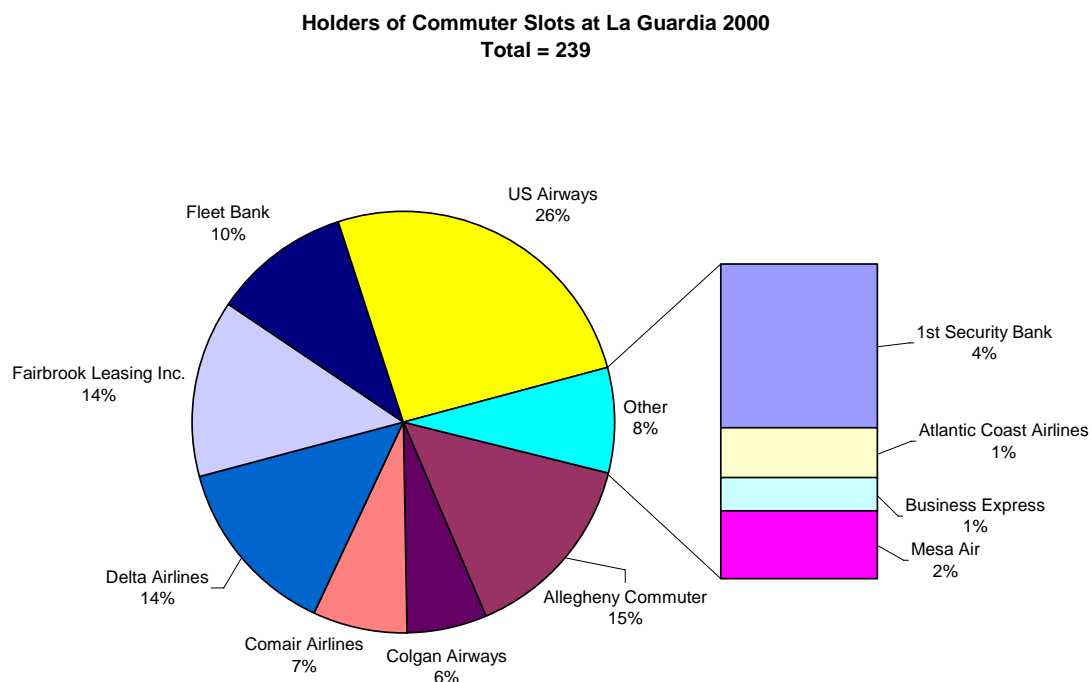
<sup>10</sup> E-mail correspondence from Ms Lorelei Peter, Senior Attorney, Regulations Division, Office of the Chief Counsel, FAA, 1<sup>st</sup> March 2006.

<sup>11</sup> For further details see Fact Sheet: Lottery of Slot Allocations at La Guardia Airport, Federal Aviation Authority, 3 August 2001.

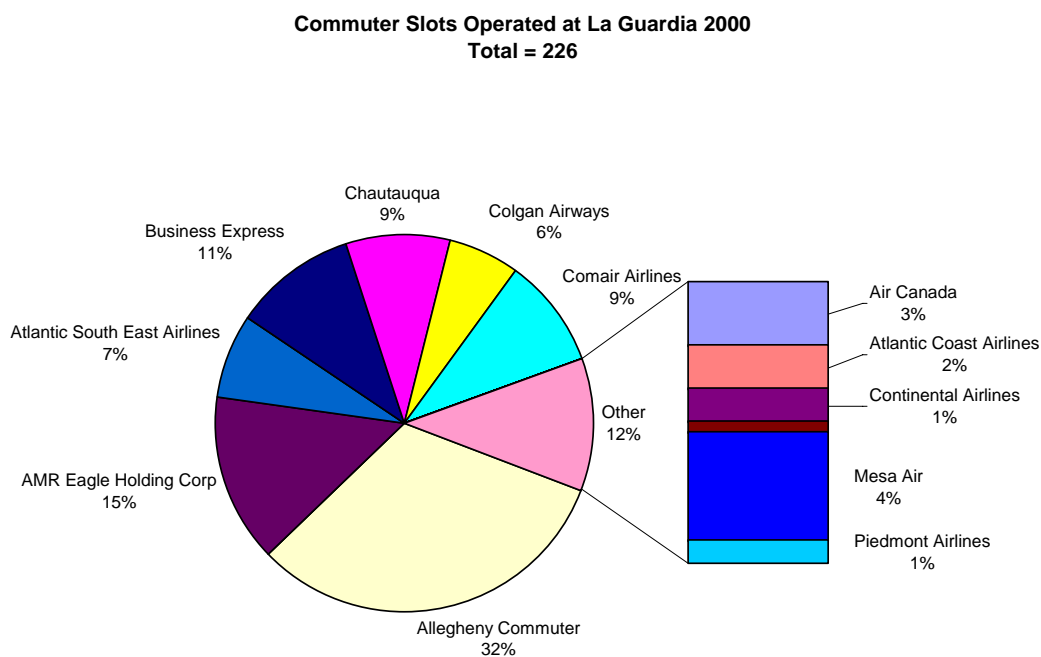


22. A few examples illustrate the liquid and thriving secondary market in slot trading at New York-La Guardia. For instance, Allegheny operated far more commuter slots than it held, so it has clearly leased additional slots from other carriers; Chautauqua held no commuter slots at all during this period, but was able to build up its daily service from 20 in 2000 to 54 in 2005; while US Airways held a significant number of commuter slots but only ever operated one such daily slot, in 2004. Consequently, all the slots it held were traded on lease arrangements to other carriers. (In January 2003, US Airways entered a code sharing arrangement with United Airlines and after a period under Chapter 11 protection it merged with America West Airlines in September 2005, making it the US's fifth largest domestic carrier).
23. It should be emphasised that airport management groups, notably at New York-La Guardia, but also at Washington-National, are frustrated at their inability to adopt pricing mechanisms that would stem demand at congested facilities. Under federal law, they are only allowed to charge on a cost recovery, historic cost basis. If they employ different techniques such as peak congestion pricing, they must reduce charges at other times of the day in order to rebalance their income. This suits airlines but not airport operators faced with funding additional infrastructure facilities to cope with excess demand. This appears particularly irksome in New York, where the Port Authority is able to implement congestion pricing on the bridges and tunnels it operates, but not the three airports it manages (New York-JFK, New York-La Guardia and New York-Newark).

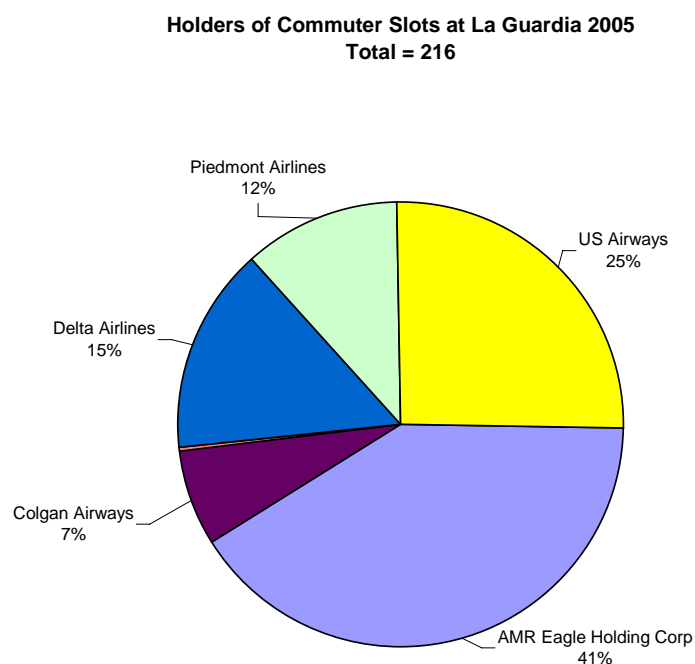
**Figure 2.9: Commuter Slots Held at New York-La Guardia in 2000.**



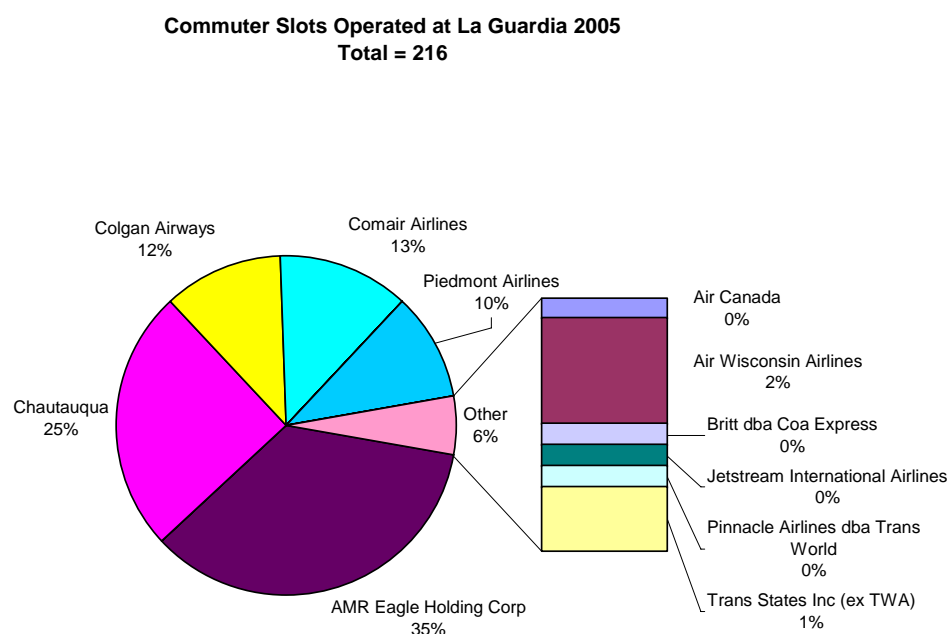
**Figure 2.10: Commuter Slots Operated at New York-La Guardia in 2000.**



**Figure 2.11: Commuter Slots Held at New York-La Guardia in 2005**



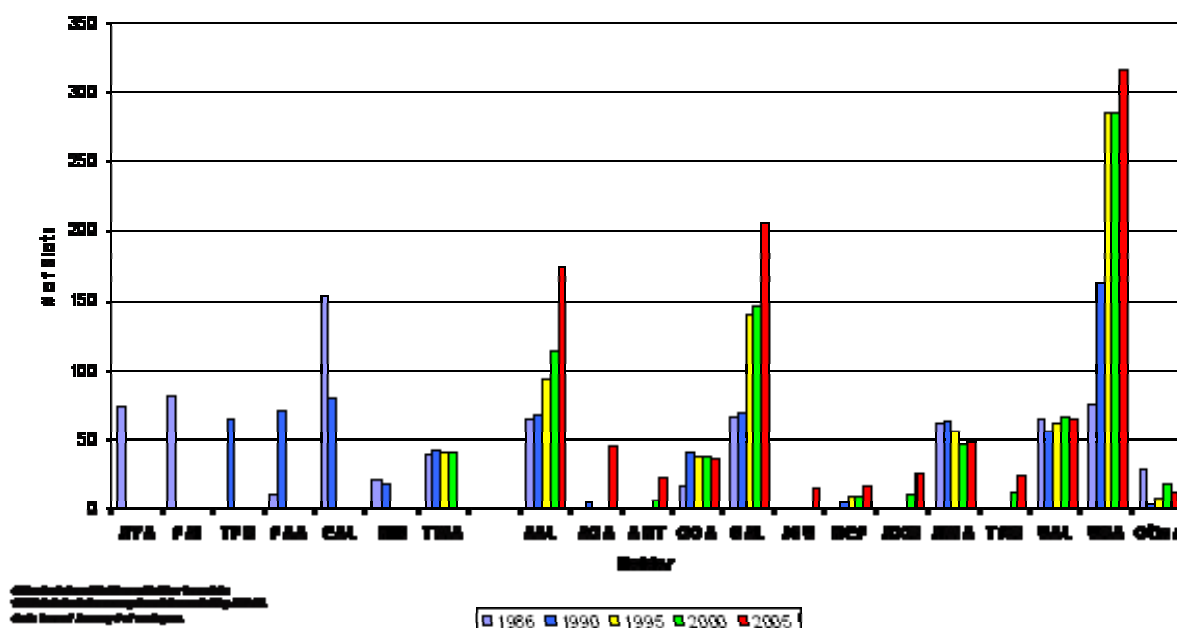
**Figure 2.12: Commuters Slots Operated at New York-La Guardia in 2005.**



## b) Air Carrier Slots

24. The pattern of air carrier slot holdings at New York-La Guardia between 1986 and 2005 is summarised in the bar chart at Figure 2.13 below.

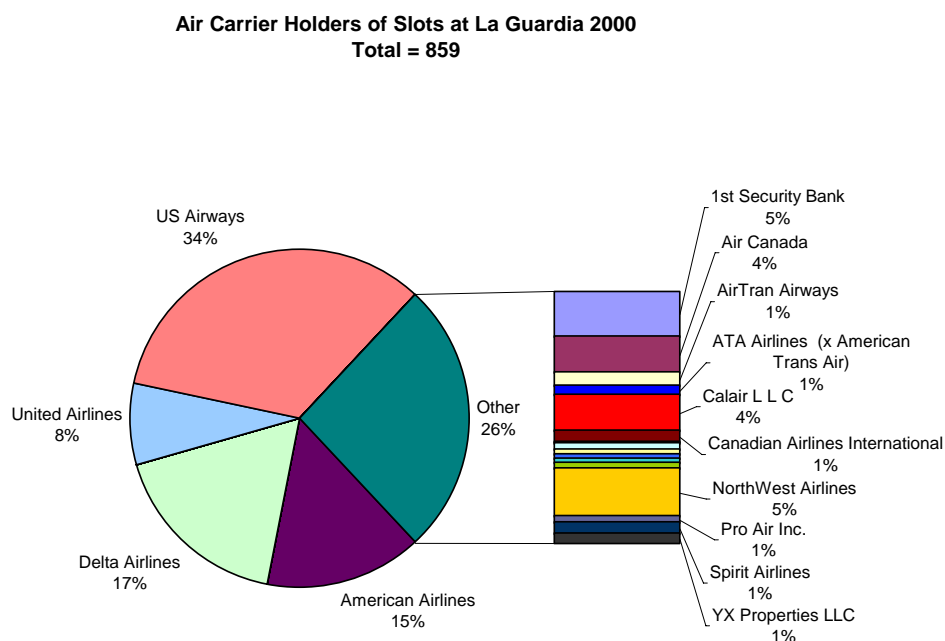
**Figure 2.13: Air Carrier Slot Holdings at New York-La Guardia, 1986 – 2005.**



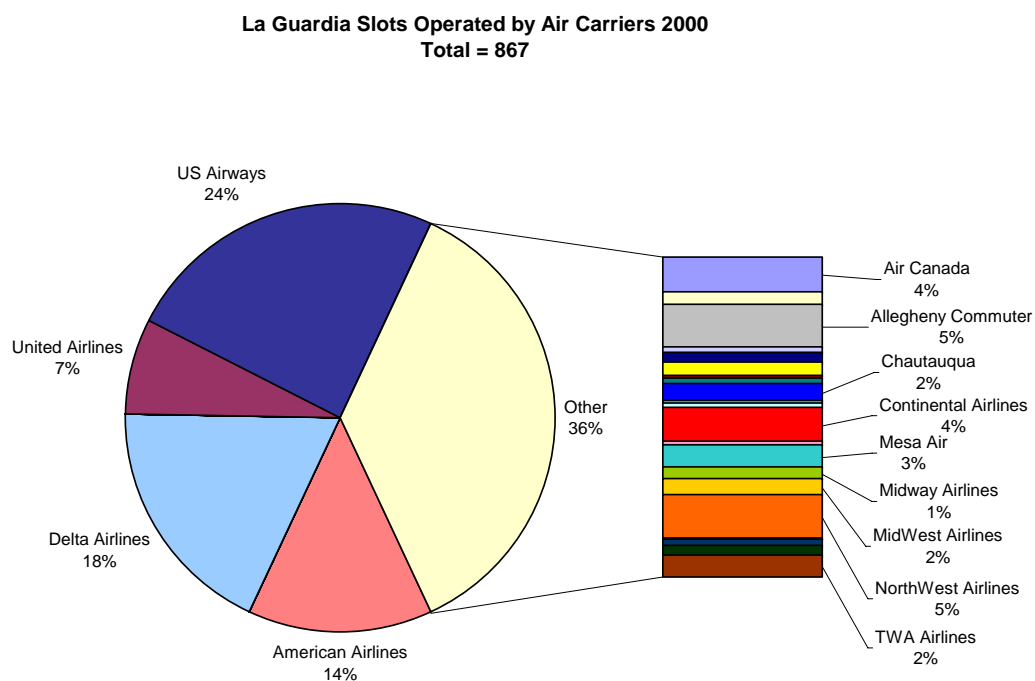
25. As United Airlines confirmed to the Mott MacDonald team, five carriers increased their slot holdings between 1986 and 2000 through purchases in the secondary market. However, since 2000 all six carriers that have launched new services have done so by acquiring government exempted slots, whether categorised as regular<sup>12</sup> or Air 21.
26. Figures 2.14 to 2.17 below show the pattern of air carrier slot holdings and operations at New York-La Guardia for the most recent six year period, 2000 – 2005. Note that the number of air carrier slots held by airlines and banks increased from 859 in 2000 to 999 in 2005, although the number of slots actually operated was slightly higher, climbing from 867 to 1,004. It should be emphasised that all Air 21 slots are included within the FAA's recorded statistics for air carrier slots.

<sup>12</sup> Many slot exemptions were awarded prior to Air 21, and these are referred to in the industry as 'regular exemptions'.

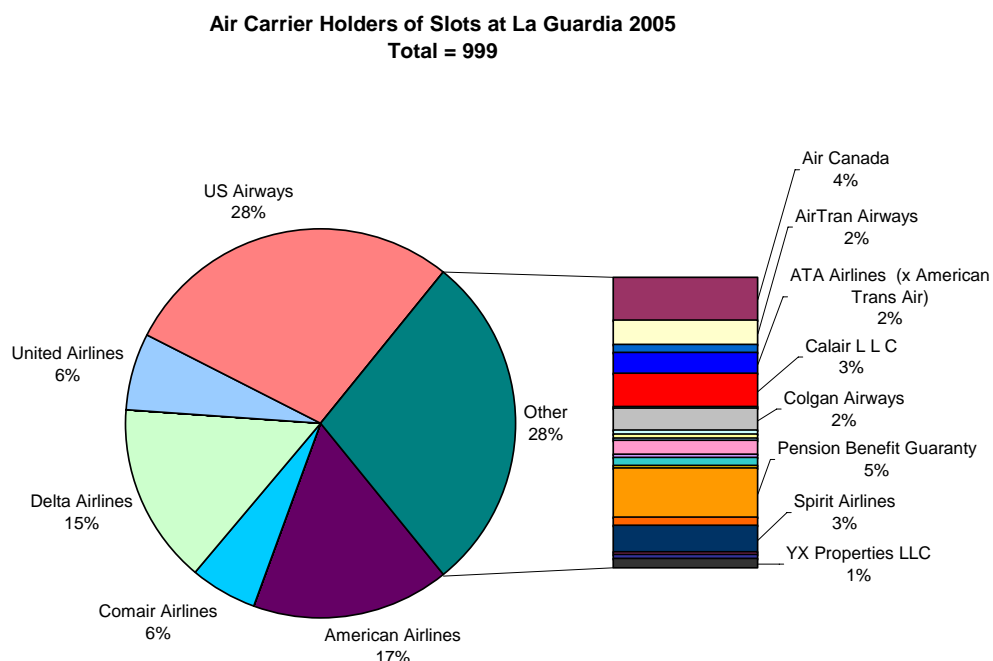
**Figure 2.14: Air Carrier Slots Held at New York-La Guardia in 2000.**



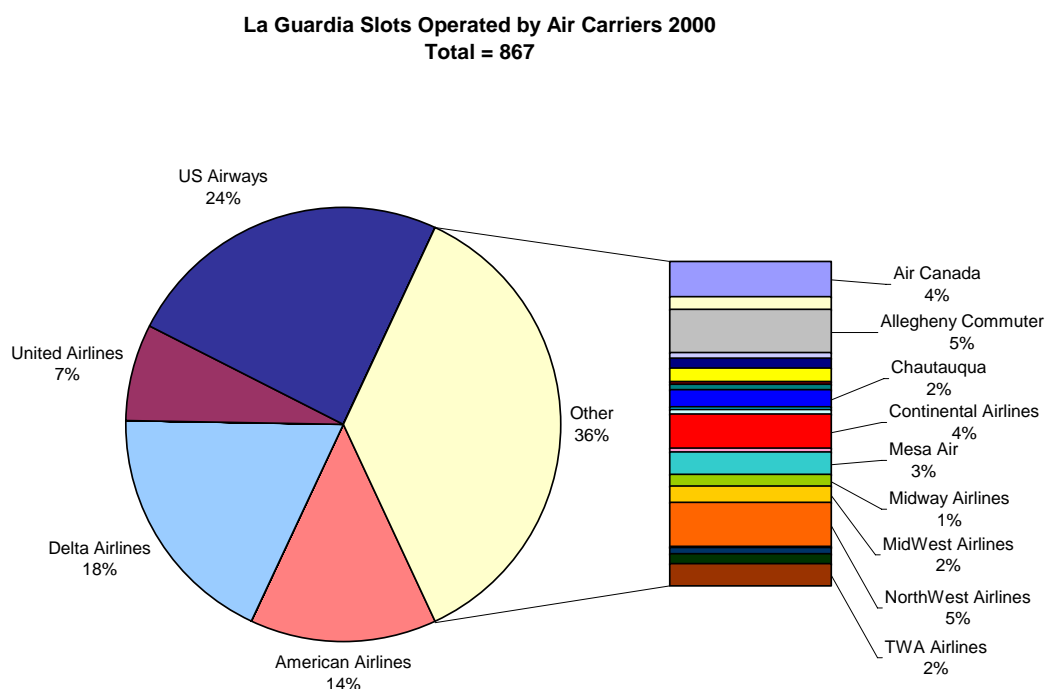
**Figure 2.15: Air Carrier Slots Operated at New York-La Guardia in 2000.**



**Figure 2.16: Air Carrier Slots Held at New York-La Guardia in 2005.**



**Figure 2.17: Air Carrier Slots Operated at New York-La Guardia in 2005.**



27. Five financial institutions held air carrier slots at La Guardia over the six year period under review. They were First Security Bank, which held 41 slots in 2000; Mitsubishi Bank Ltd which held five slots in 2000 and then 24 slots in 2001; Pension Benefit Guaranty, the Federal government agency<sup>13</sup>, which held 48 slots in 2003 but no slots in any other year; Wells Fargo Bank, the holder of 44 slots in 2004 and then just two slots in 2005; and YX Properties LLC, which held eight slots over each of the six years under review. According to sources at the Port Authority of New York & New Jersey, none of these holdings were investment driven. In other words, they were all held as security on some form of mortgage or credit facility extended by the financial institutions named above.
28. Altogether, 41 carriers operated air carrier slots at some stage during the period 2000 to 2006 – an impressively high number which supports Mr Rubinstein’s claim that New York-La Guardia accommodates a wide range of carriers offering scheduled services to the travelling public. The majority of slots were operated by seven airlines.
- Air Canada held and operated four per cent of the available slots throughout the period.
  - American Airlines increased its slot holdings from 129 in 2000 to 165, although this corresponded to a slight dip from 14 to 13 per cent in its overall market share. American chose to lease some of the slots it held: in 2000 it leased eight slots while in 2005 it leased 30 of its slots.
  - Chautauqua<sup>14</sup> held relatively few slots but was able to lease far more from its associate airlines: in 2000 it held none at all but operated a total of 16 daily slots, while in 2005 it held just two slots but operated a total of 61.
  - Delta’s share of the slot market slid from 17 per cent in 2000 to 15 per cent in 2005, although the number of slots it actually held remained more or less constant, only varying from 149 slots in 2000 to 150 in 2005. However in terms of actual slots operated, Delta’s share of the market fell noticeably from 18 per cent in 2000 to just 13 per cent in 2005. Whereas in 2000 it operated marginally more slots than it held (158 compared with 149 slots held), by 2005 the carrier was operating 132 of the 150 slots it held, leasing the remainder.
  - North West disposed of many of the slots it held at New York-La Guardia. In 2000, it held 42 slots but by 2005 it only held two. It was able to do so because it leased slots from other holders. FAA data show that North West continued to operate 40 plus slots a day throughout the period 2000 to 2005 (the total climbed from 42 in 2000 to 45 in 2005).

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<sup>13</sup> Ironically, this Federal government agency’s role is to guarantee payment of a certain proportion of the occupational pensions payable to retired employees of companies that enter bankruptcy. Over the last decade, many airlines have entered Chapter 11 bankruptcy protection, or simply gone bankrupt, consequently Pension Benefit Guaranty has been obliged to step in and meet these pension payments to retired pilots and other airline employees. The fact that Pension Benefit Guaranty holds so many slots at La Guardia probably reflects the fact that it holds these as security on behalf of airlines that have experienced financial difficulties.

<sup>14</sup> A regional airline based in Indianapolis, Indiana that operates under the name Delta Connection for Delta; American Connection for American, United Express for United Airlines and US Airways Express for US Airways.

- United's overall share of the air carrier slot market fell from eight to six per cent between 2000 and 2005. This corresponded to a slot holding of 67 in 2000 and a slightly lower figure, 64, in 2005. United, which experienced severe financial difficulties over this six year time-span, saw its market share of slots operated fall from seven to five per cent between 2000 and 2005 (expressed in terms of individual slots operated this corresponded to a 25 per cent tumble from 64 in 2000 to 48 in 2005). Here, it is worth emphasising that although United's business was not going well, it opted to retain its valuable slots at New York-La Guardia and generate income through leasing.
  - US Airways holds more slots than any other carrier at New York-La Guardia but it uses only a fraction of them. Its overall market share has slid from 34 per cent in 2000 (equivalent to 289 daily slots) to 28 per cent in 2005 (corresponding to a total of 282 slots), but its share of the total number of slots operated more than halved from 24 per cent (210 slots) to 11 per cent (107 slots). These figures reveal that US Airways was an active player in the secondary trading market, leasing slots to other carriers, but one which was keen to retain its total holding. It was explained to the team by senior staff at the Port Authority that certain airlines, such as US Airways, when faced with the prospect of entering Chapter 11 protection from creditors, have opted to transfer the slots they hold at congested airports subject to the High Density Rule, to regional affiliates (US Airways, which sought Chapter 11 protection adopted this route with its ten regional affiliates).
29. Taken together, this evidence demonstrates that there is a vibrant secondary market in slot trading at New York-La Guardia. At the same time, other new services have been launched through obtaining government exempted slots. A good example is JetBlue Airlines<sup>15</sup>, which began operating services at New York-La Guardia in 2005, when it held 14 daily slots but operated 15 landings and takeoffs. However, as Mr Rubinstein pointed out to our team, the recent experience at New York-La Guardia suggests that new entrants such as JetBlue invariably seek to obtain slots through lobbying for slot exemptions, although in the specific case of JetBlue these were not allocated under the Air 21 criteria. However, the important point to emphasise is that these slots were granted by the FAA for free, so JetBlue did not have to acquire slots through the secondary market<sup>16</sup>.

## 2.4 New York-John F Kennedy Airport

30. New York-JFK [John F Kennedy] is one of the main gateways for international flights into the USA, and passenger traffic at the airport is split roughly 50:50 between international services and domestic flights. Most flights arrive from Europe and points east in the afternoon and early evening. Consequently, slot rules only apply between 2.00 pm to 8.00 pm; at all other times carriers may simply line up to take off or land.

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<sup>15</sup> JetBlue is a successful new low priced airline that has built up an impressive share of the market since it launched business in February 2000. The airline, founded by a small team led by David Needleman<sup>15</sup>, was promoted as an innovative carrier operating brand new Airbus A320 aircraft. Mr Needleman had noticed that at certain times of the day, when there was a lull in international services, New York-JFK was relatively open to new start-up entrants. Raising \$130 m in capital funding<sup>15</sup> he began a low fare with-frills service to destinations such as Long Beach, California and Las Vegas, Nevada. The approach proved immensely successful and the airline has prospered.

<sup>16</sup> Mr Bradley Rubinstein writes, "JetBlue obtained 75 slot exemptions (at no cost) but it was not done through AIR-21. It was a straight out granting of exemptions as the flights that JetBlue sought to operate did not meet the criteria of AIR-21". E-mail correspondence, 25th August 2006.

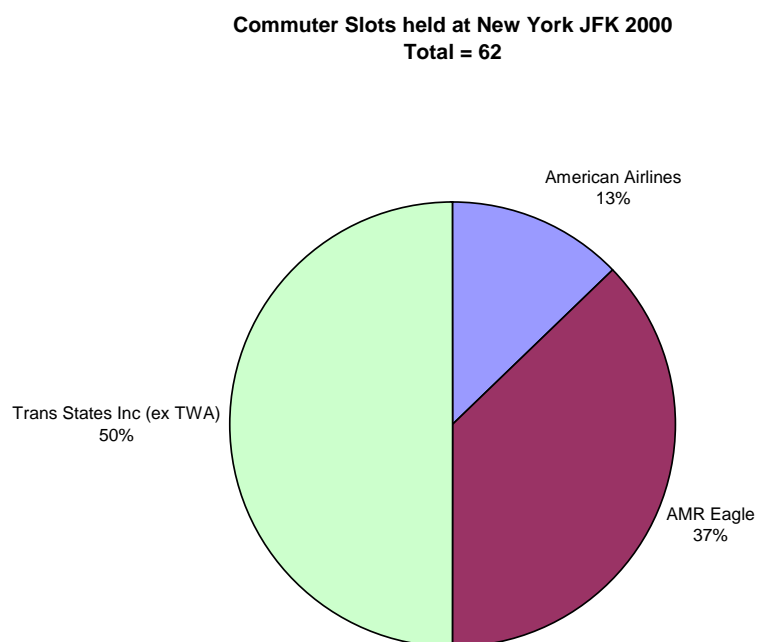


31. As far as slots for international services are concerned, these may not be bought, sold or leased. However, they can be exchanged on a one-for-one basis, subject to FAA approval. The team were informed by the FAA that such “slots are generally allocated upon request on a seasonal basis with historic rights but may be retimed by the FAA if necessary for operational reasons”. Clearly, slot exchanges with regard to international services will be far more important at New York-JFK and Chicago-O’Hare than at Washington-National and New York-La Guardia, where there are relatively few international flights.

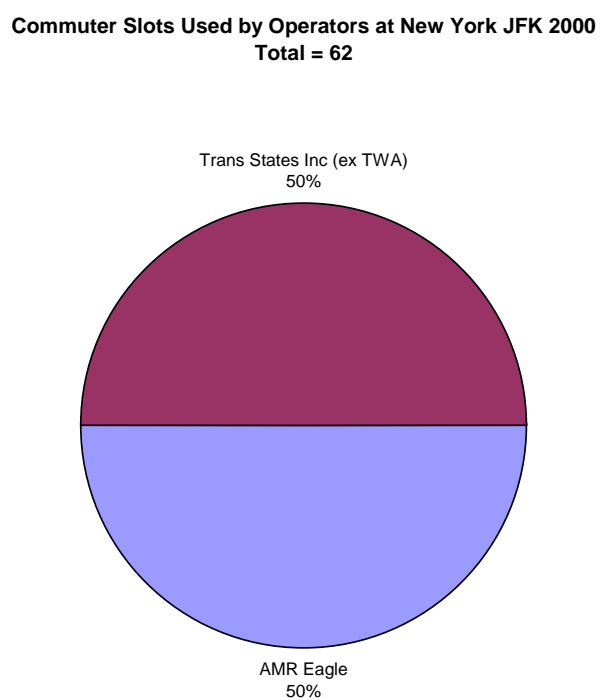
**a) Commuter Slots**

32. New York-JFK slots categorised as commuter slots are of less interest to this study, partly because there were relatively few of them. Indeed, from Figures 2.18 to 2.21, it can be seen that the total number fell sharply from 62 in 2000 to 28 in 2005. Only five carriers operated commuter slots at New York-JFK during the period 2000 – 2005. American Airlines initially held eight slots but this fell to four in 2004 and 2005. At no time in this period did it directly operate these slots, so it clearly leased them to other carriers. AMR Eagle operated far fewer slots than it held. Comair entered the market in 2004 and built up its holding of commuter slots to 15 in 2005. However, it only operated 13 of these slots. Trans States (formerly TWA) held and operated 31 commuter slots in 2000 but withdrew from the market when it encountered financial difficulties. Finally, CommutAir held and operated ten commuter slots in each year from 2001 to 2003.

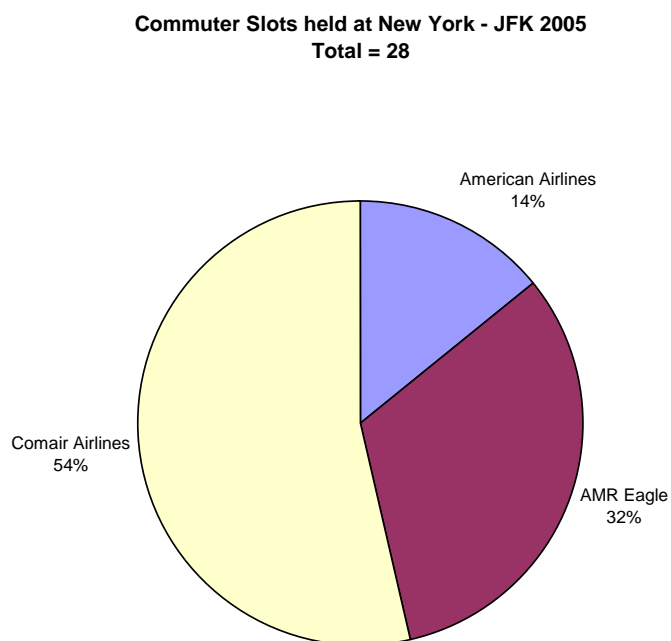
**Figure 2.18: Commuter Slots Held at New York-JFK in 2000.**



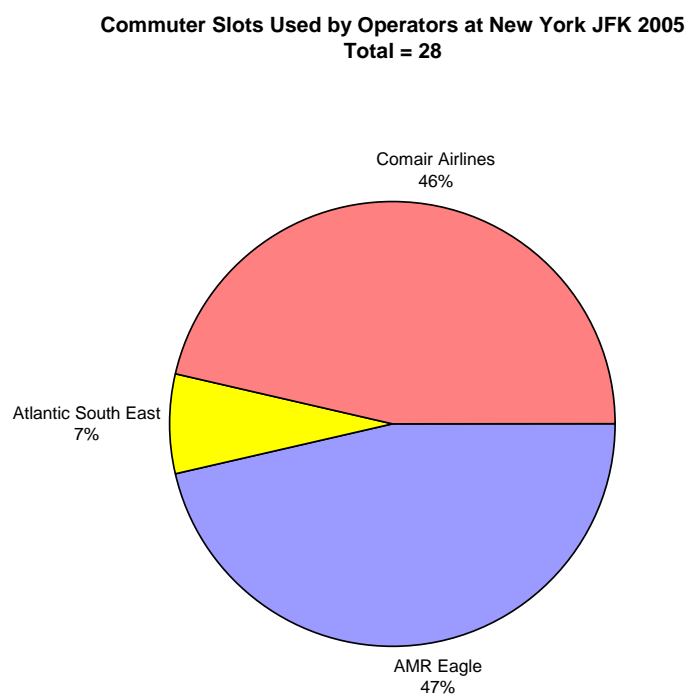
**Figure 2.19: Commuter Slots Operated at New York-JFK in 2000.**



**Figure 2.20: Commuter Slots Held at New York-JFK in 2005.**



**Figure 2.21: Commuter Slots Operated at New York-JFK in 2005.**

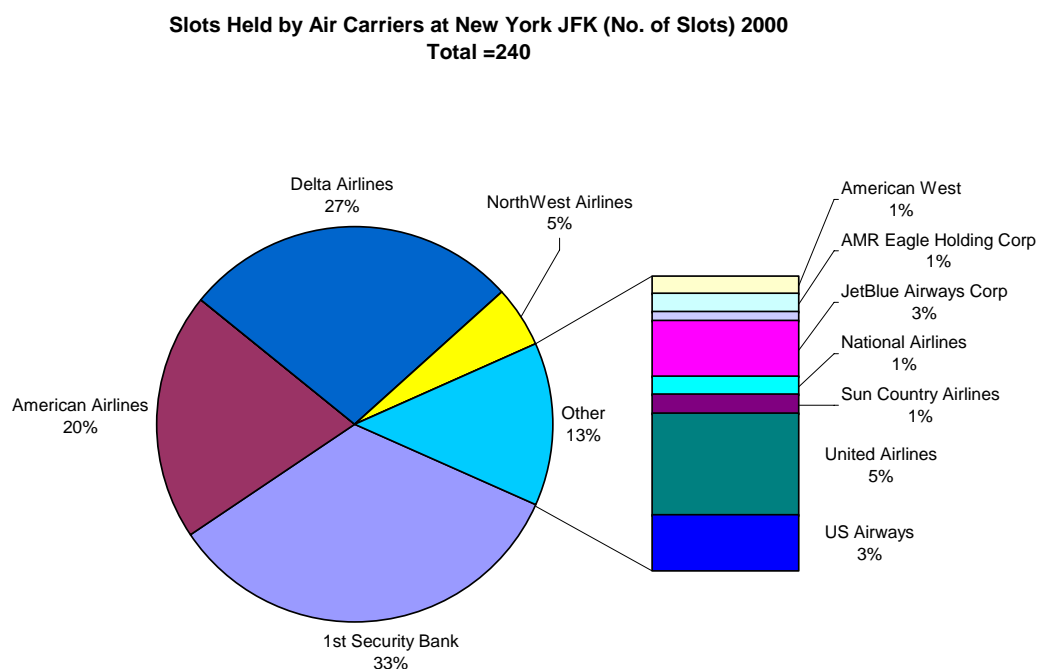


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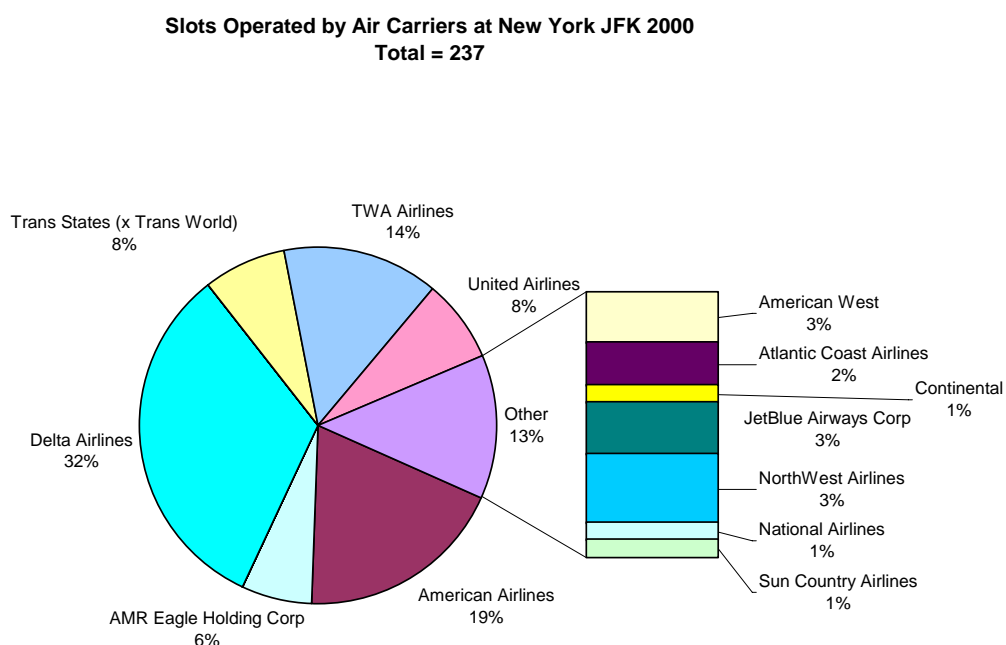
**b) Air Carrier Slots**

33. The number of air carrier slots held and operated at New York-JFK between 2000 and 2005 are shown in Figures 2.22 to 2.25. Over the period, the number of such slots held increased from 240 a day to 256 a day, although the peak occurred in 2002 when 274 air carrier slots were held by airlines. We were told by United Airlines that at least 28 per cent of New York-JFK slots were government exemptions, categorised as either regular or Air 21.
34. The only non carrier holder of air carrier slots was First Security Bank, which held 81 slots in 2000. Mr Rubinstein of the Port Authority informed the team that slots have only been held by financial institutions as a form of security on a loan or other mortgage facility. First Security Bank had sold all of its air carrier slots by 2001, probably to TWA, which acquired 81 slots in 2001 prior to its own acquisition by American Airlines.

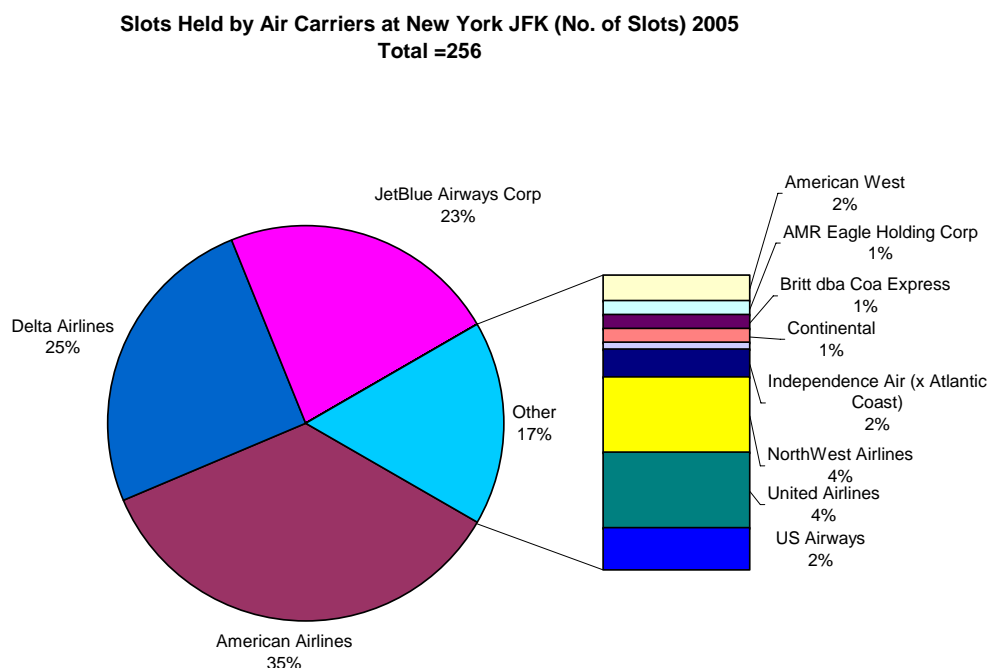
**Figure 2.22: Air Carrier Slots Held at New York-JFK in 2000.**



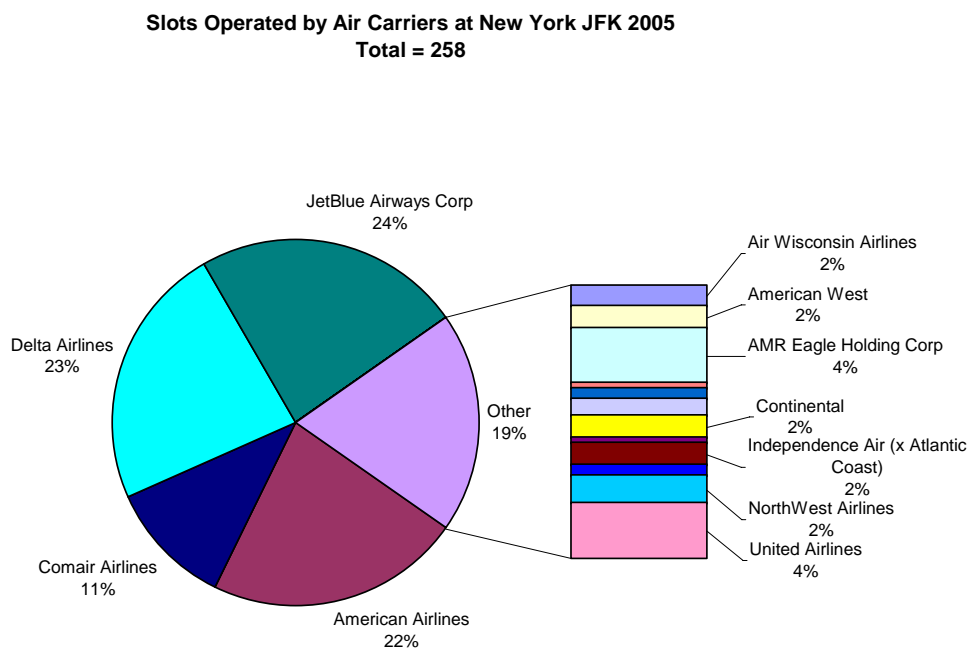
**Figure 2.23: Air Carrier Slots Operated at New York-JFK in 2000.**



**Figure 2.24: Air Carrier Slots Held at New York-JFK in 2005.**



**Figure 2.25: Air Carrier Slots Operated at New York-JFK in 2005.**



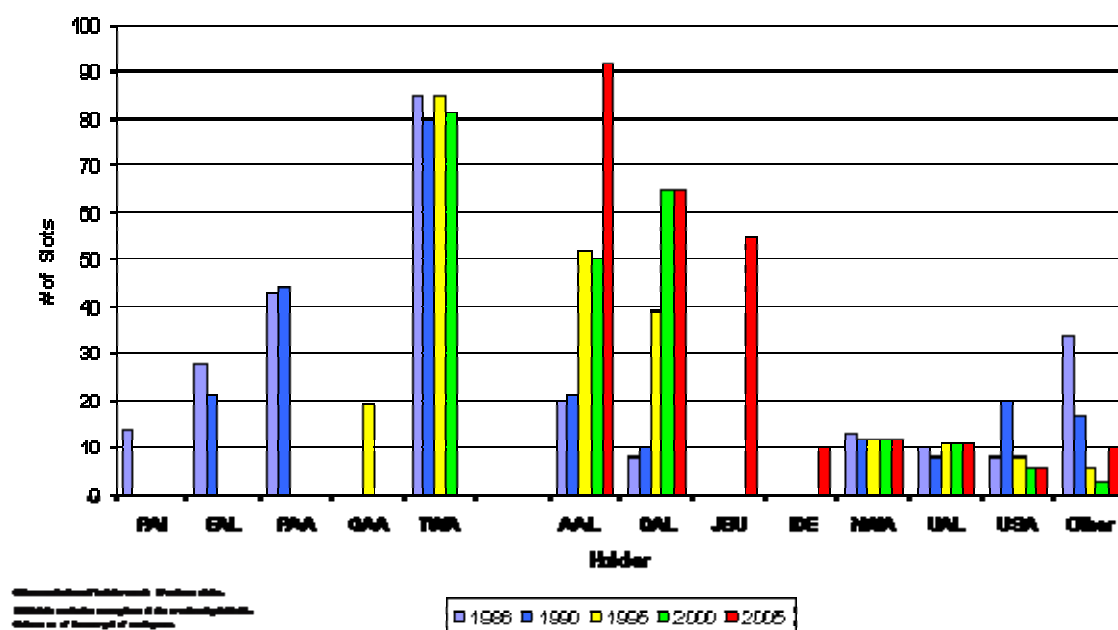
35. During the six year period 2000 – 2005, an impressive total of 22 airlines operated air carrier slots for domestic services into and out of New York-JFK. Significantly, no small clutch of airlines was able to dominate the market in air carrier slot holdings. However, United Airlines advised the team that every carrier that had initiated a new service at New York-JFK, including JetBlue, had done so by acquiring exemption slots<sup>17</sup>.
36. While there appears to be quite a broad diversity of carriers operating domestic flights into and out of New York-JFK, three airlines hold the majority of slots, namely, American Airlines, Delta and a rapidly expanding new entrant, JetBlue Airways. American increased its slot holding from 20 per cent in 2000 (comprising 49 daily slots) to 35 per cent in 2005 (equivalent to 90 daily slots). Significantly, the airline has chosen not to operate all these slots. For example, in 2005 it operated only 58 daily slots, whereas it held 90 such slots. Around a third – 32 daily slots – were traded in the year 2005.
37. Delta's market share slipped from 27 per cent in 2000 (comprising 66 daily slots) to 25 per cent in 2005 (equivalent to 65 slots). The carrier has also taken advantage of the secondary market, since it operated 77 daily slots in 2000, whereas it held only 66 such slots. By 2005, it was operating marginally fewer slots than it held (60 operated compared with 65 held).
38. JetBlue is a successful new low priced airline that has built up an impressive share of the market since it launched business in February 2000. This has been achieved through applying for government exempted slots. Figures 2.22 to 2.25 show that this new entrant began with six slots in 2000 but steadily increased its holding as it expanded its range of destinations. By 2005, when it flew to 32 destinations in the US and Caribbean, it held 58 slots in the designated time period 2 pm to 8 pm. This growth suggests that the new entrant had no problem acquiring slots, but it is important point to stress that this was achieved through applying for free slots, rather than via the secondary market.
39. The pattern of slot holdings at New York-JFK over the 19 year period 1986 to 2005 is summarised in the bar chart below (Figure 2.26). This chart shows that airlines' slot holdings have varied over time – see, for example, American, Delta and US Air. Over the last five years, this bar chart confirms that American and the new entrant, JetBlue, have added significantly to their slot holdings. However, as the chart points out, at least 28 per cent of New York-JFK slots in 2005 were government exempted slots.

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Confirmed in written presentation provided to the Mott MacDonald team, 28<sup>th</sup> June 2006.

**Figure 2.26: Air Carrier Slot Holdings at New York-JFK 1986 – 2005**



## 2.5 Ronald Reagan Washington-National Airport

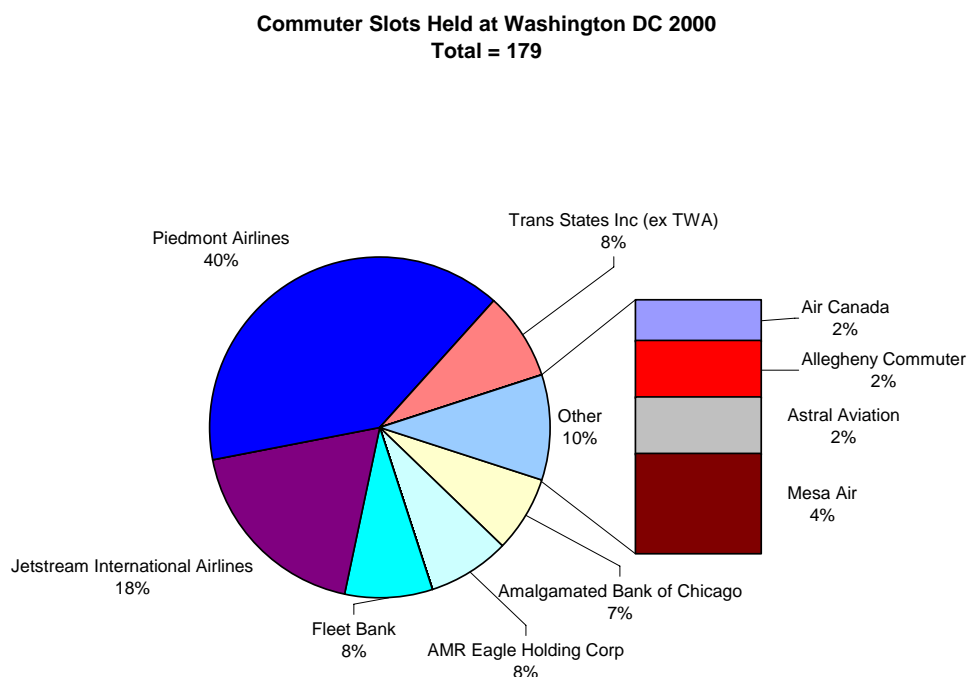
40. Apart from a handful of flights to Canada, all services into and out of Washington-National are domestic. International flights are handled by Dulles International Airport, 26 miles from downtown Washington DC. Until 1987, both Washington-National and Washington-Dulles were managed by the FAA. However, over the last 20 years, the airports have been managed by the Metropolitan Washington Airports Authority, representing a number of jurisdictions.
41. Washington-National handled 17.8 m passengers in 2005 and was served by 12 airlines, flying to 70 destinations. As Edward Faggen, the Chief Counsel at Washington-National Airport informed the study team, the airport is only allowed to charge landing charges on a cost recovery basis, expressed in terms of historic cost. Consequently, demand for slots far outstrips available supply. Individual slots trade for more than \$1 million each. Mr Faggen judged that the existence of a secondary slot trading market has exerted a beneficial influence at the airport, enabling new carriers to enter the market and allowing the airport to maintain a broad diversity of airlines. However, this influence has lessened following the adoption of Air 21, which enabled new entrants and carriers serving smaller communities to acquire a modest number of slots for free. As a result, in recent years there has been marginally less secondary trading.
42. Furthermore, the holders of slots at Washington-National have been reluctant to sell rather than lease these assets since they are so valuable to the airline (the corollary being that carriers have also been less keen to acquire slots, on the basis that they are expensive, particularly when compared with Air 21 slots that can be acquired for free).



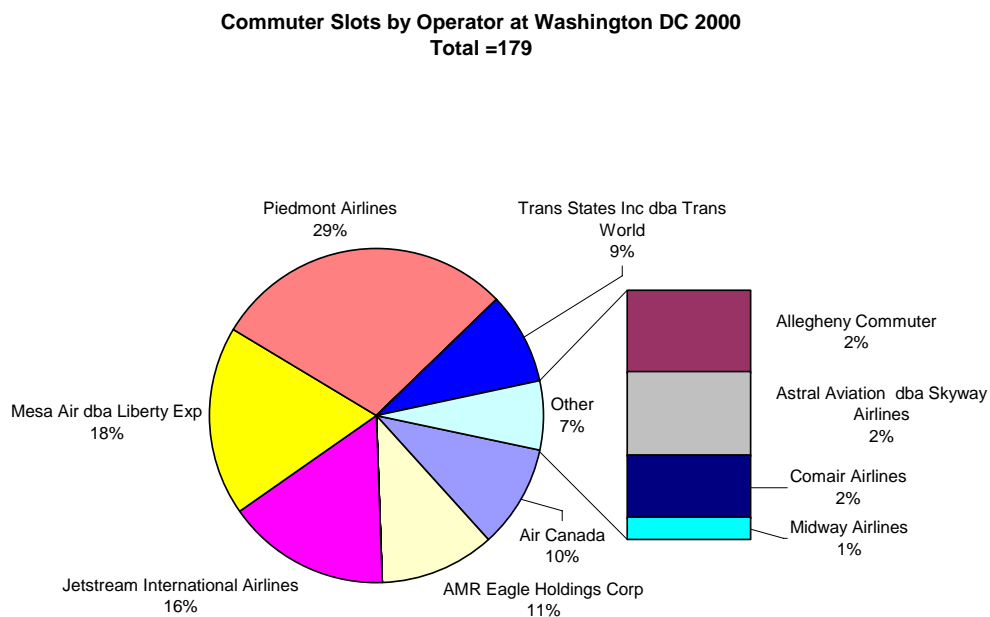
## a) Commuter Slots

43. Figures 2.27 to 2.30 show that the total number of commuter slots both held and operated at Washington-National fell slightly between 2000 and 2005, dropping from 179 in 2000 to 176 in 2005. Two banks have held commuter slots at the airport: Fleet Bank held 15 in 2000, but appears to have sold them immediately, while Wells Fargo Bank held two commuter slots in 2004 but within a year had either released or sold them. In both cases, the team were informed these slots were held as collateral in respect of specific financial transactions.

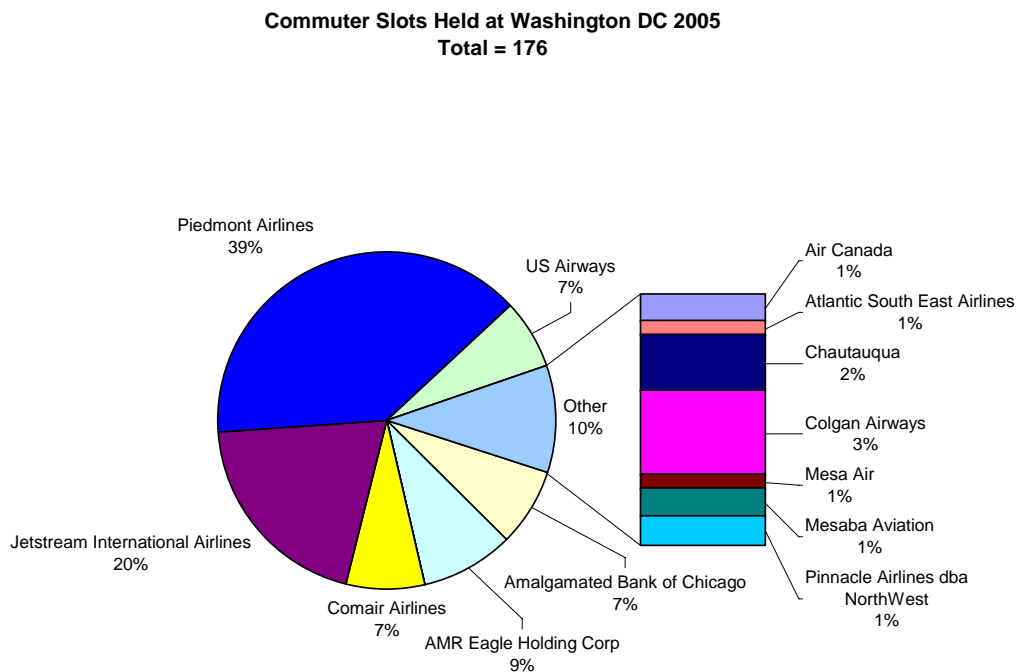
**Figure 2.27: Commuter Slots Held at Washington-National in 2000**



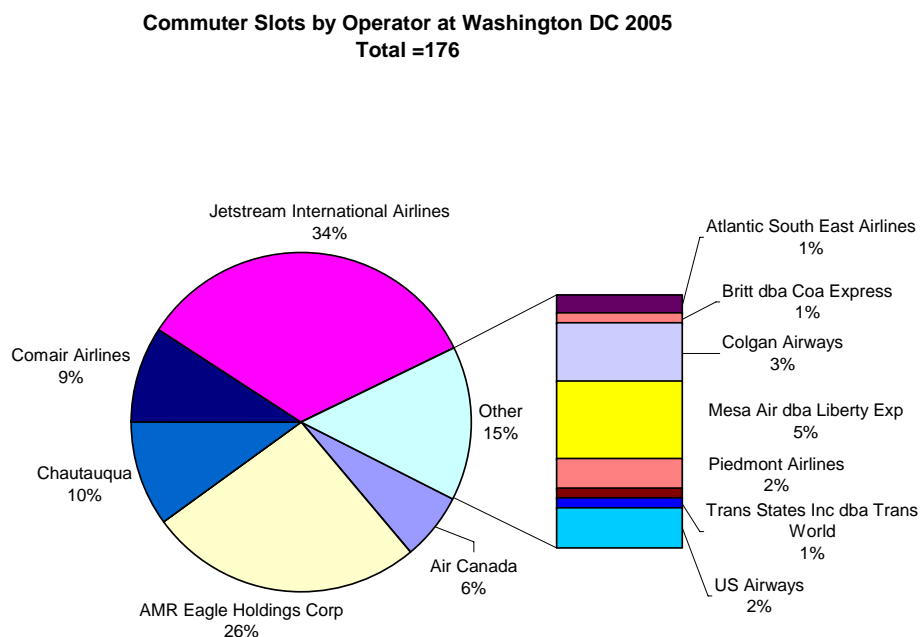
**Figure 2.28: Commuter Slots Operated at Washington-National in 2000.**



**Figure 2.29: Commuter Slots Held at Washington-National in 2005.**



**Figure 2.30: Commuter Slots Operated at Washington-National in 2005.**



44. The biggest holder of commuter slots is Piedmont Airlines, a wholly owned subsidiary of US Airways, which held approximately 40 per cent of the available slots over the six year period 2000 – 2005 (the precise number varied between 69 and 72 slots). Interestingly, the airline operated an extremely small proportion of the commuter slots it held in this period. For example, in 2005, it held 69 slots and only used three. In practice, the vast majority of commuter slots held by Piedmont were leased to other US Airways Express carriers, notably Colgan, Chautauqua and Mid-Atlantic, for services that formed part of the US Airways Express network<sup>18</sup>.
45. Jetstream International Airlines' commuter slot holdings climbed from 18 per cent in 2000 to 20 per cent in 2005. Figure 2.28 shows that in 2000 the carrier operated 16 per cent of the available commuter slots, so it must have traded two per cent of its total holdings that year. In contrast, in 2005 (see Figure 2.30), the airline operated 34 per cent of the total available commuter slots, substantially higher than its 20 per cent share of the commuter slot market. This indicates that the carrier was an active participant in the secondary trading market.
46. AMR Eagle was a significant holder of commuter slots and an airline that has actively used the secondary trading market to provide it with the slots required to operate a range of services. It increased its holding from 14 in 2000 to 16 in 2005, but it operated far more commuter slots than it held (for example, in 2004 AMR Eagle operated 27 slots but held only 17 such slots, while in 2005 it operated 46 daily slots but held only 16).

<sup>18</sup> Source: confirmed by e-mail correspondence with Michele Boyce, Manager for Airport Co-ordination, United Airlines, Washington DC.

47. Mesa Air<sup>19</sup> is another example of an airline that has used the secondary trading market to expand its operations at the capital's congested airport. Over the six year period 2000 – 2006 it held relatively few slots: between 2000 and 2002 it held only half a dozen commuter slots, none in 2003 and 2004, and then one solitary commuter slot in 2005. Clearly, the airline leased slots from other holders since in 2001 it held only six slots but operated a total of 50, while in 2004 it held no commuter slots yet operated 34 such slots. Consequently, it is clear that commuter airlines such as Mesa have continued to make active use of the secondary trading market in slots at Washington-National.
48. The only foreign airline operating into and out of Washington-National in the period was Air Canada. Under the terms of the bilateral agreement reached between the US and Canadian governments, a certain number of slots have been made available for services to and from Canada. Mr Edward Faggen pointed out that in 2006 a low cost carrier named Jazz Air, which is a subsidiary of Air Canada, has also been flying routes between Canadian cities and Washington-National. While Air Canada held relatively few commuter slots (never more than three) during the period, it operated between ten to eighteen slots. This suggests that the additional slots were leased from other carriers.

#### **b) Air Carrier Slots**

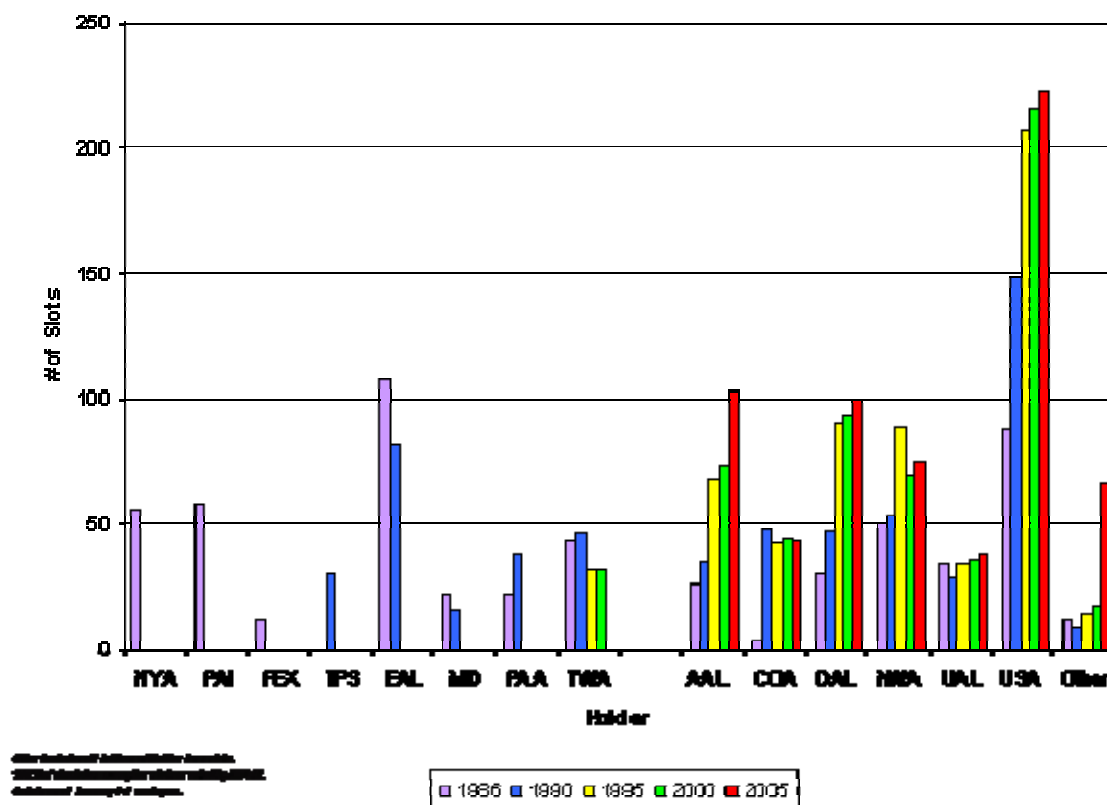
49. The pattern of air carrier slot holdings at Washington-National over the 19 year period 1986 to 2005 is summarised in the bar chart below (Figure 2.31). This chart shows that airlines' slot holdings have varied over time.
50. It shows that between 1986 and 2000 six long serving air carriers – American (AAL), Calair (COA), Delta (DAL), North West Airlines (NWA), United (UAL) and US Airways (USA) – increased their slot holdings through an active secondary market. These half dozen airlines have tended to hold the vast majority of air carrier slots at this busy airport. With the exception of American, however, these airlines have not added to their slot holdings significantly over the five year period 2000 – 2005, when Air 21 slots became available for free to new entrants and carriers serving smaller communities. The reason for this, as United Airlines' management confirmed, was that the market was “infused with exemption slots”<sup>20</sup>. Nonetheless, as discussed below, these six airlines have continued to utilise an active secondary market in slot trading.

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<sup>19</sup> Mesa Air currently operates 180 aircraft with over 1,050 daily system departures to 166 cities, 44 states, the District of Columbia, Canada, and Mexico. Mesa operates as America West Express, Delta Connection, US Airways Express and United Express under contractual agreement with America West, Delta Air Lines, US Airways and United Airlines, respectively, and independently as Mesa Airlines. The Company, founded by Larry and Janie Risley in New Mexico in 1982, has approximately 5,000 employees. The Company was named 2005 Regional Airline of the Year by *Air Transport World* magazine.

<sup>20</sup> Correspondence with the Mott project team, 28 June 2006.

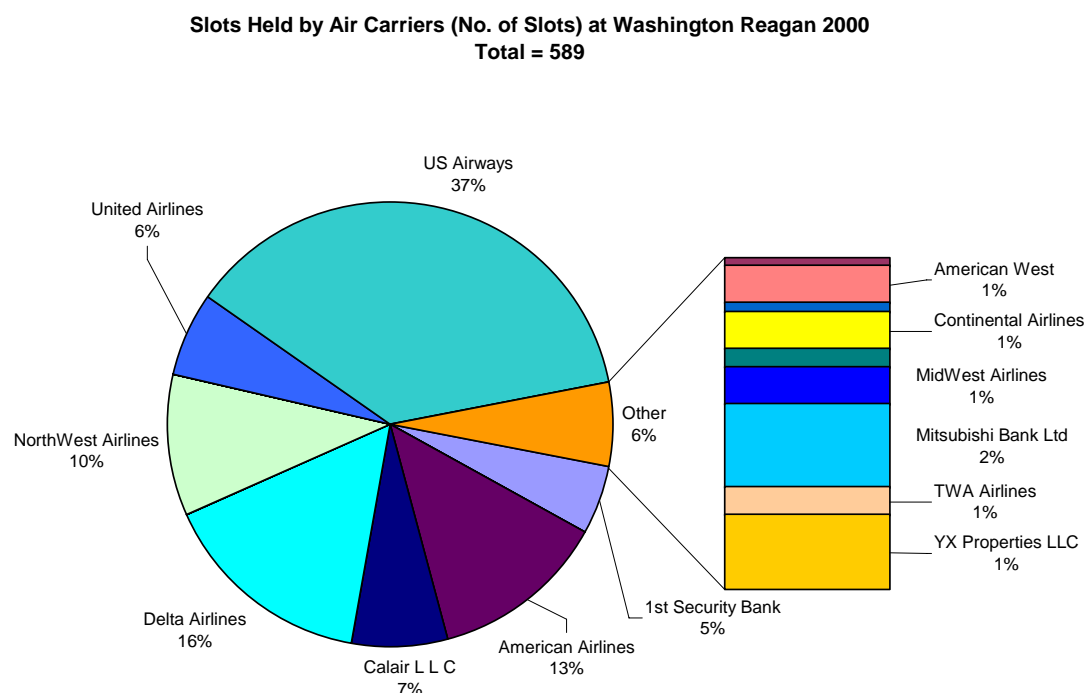
**Figure 2.31: Air Carrier Slot Holdings at Washington-National 1986 - 2005**



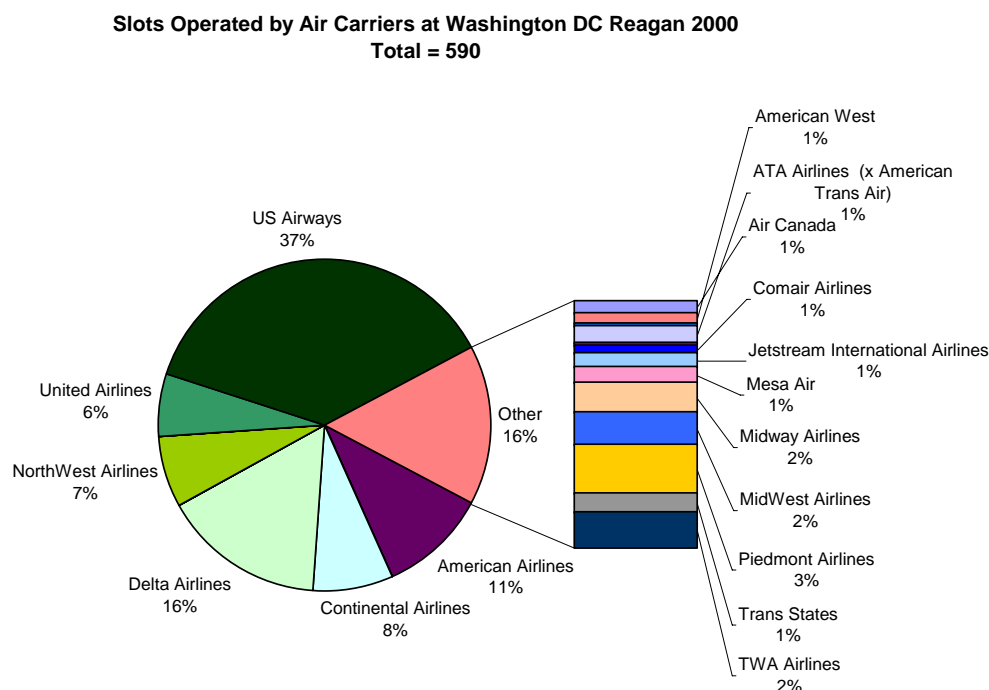
Source: United Airlines, documentation provided to the Mott MacDonald team, 28 June 2006.

51. As an analysis of the daily number of air carrier slots held at Washington-National, it can be observed from Figures 2.32 to 2.35 that the total number of such slots increased from 589 in 2000 to 656 in 2005. A striking feature of the data summarising air carrier operations at Washington-National is that, over the six year period 2000 – 2005, a total of 35 airlines have been able to operate air carrier slots into and out one of the busiest airports in the USA. This reinforces the view that secondary trading has proved helpful in so far as it has offered carriers the opportunity to operate from the national capital.
52. As noted in Figure 2.31 above, six airlines have held most of the available air carrier slots at Washington-National. The analysis of the FAA's slot data for 2000 and 2005 confirms that these six carriers have consistently held more slots than they used. This pattern was confirmed in discussions with Mr Ed Faggen, the airport's Chief Counsel.

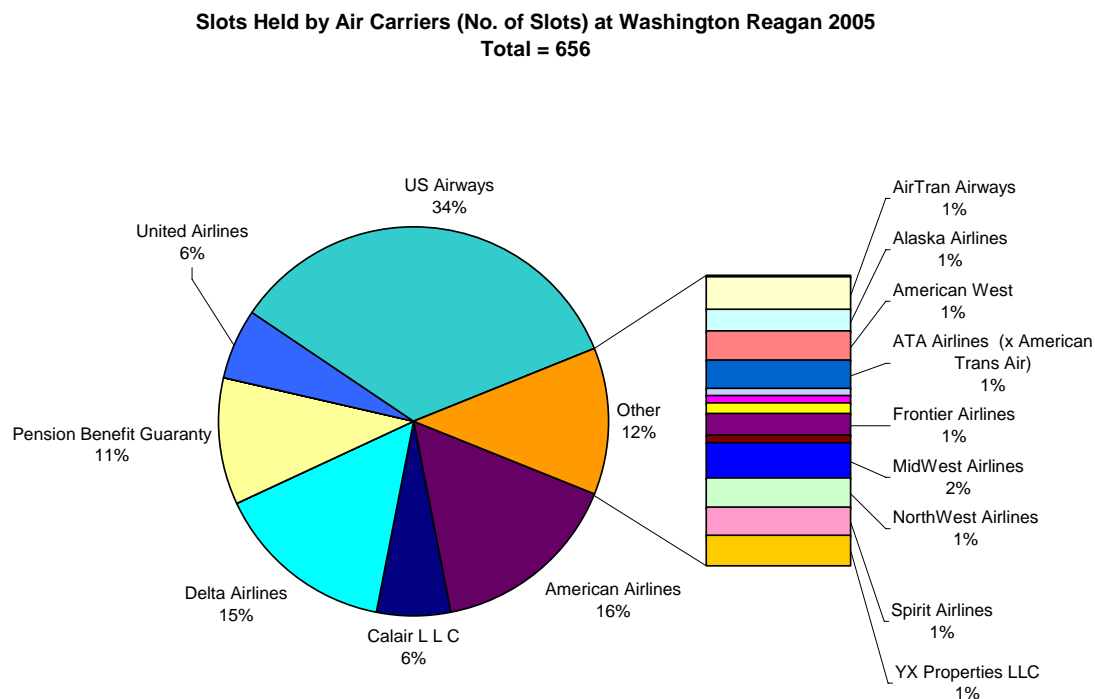
**Figure 2.32: Air Carrier Slots Held at Washington-National in 2000**



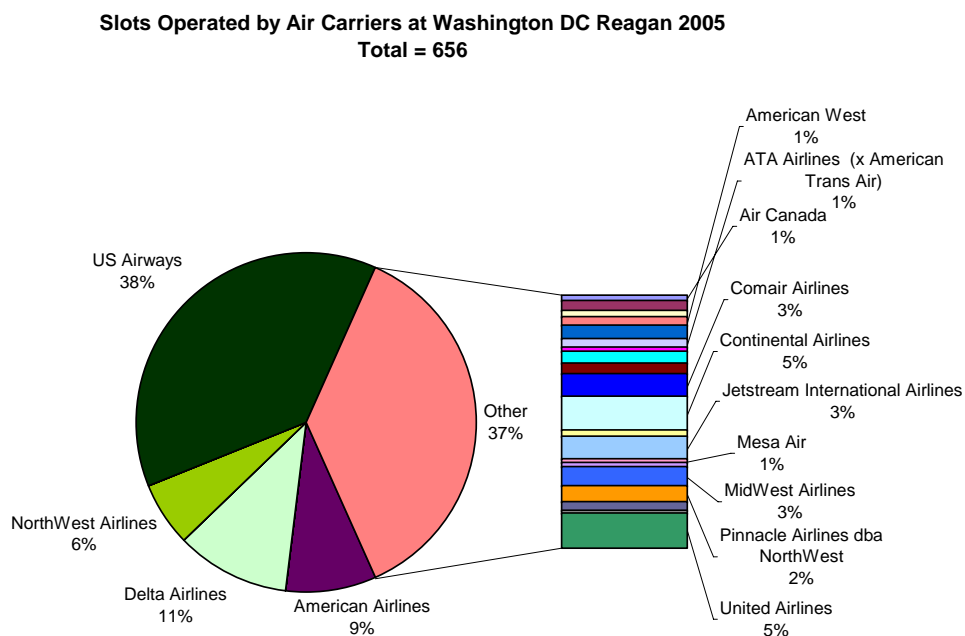
**Figure 2.33: Air Carrier Slots Operated at Washington-National in 2000.**



**Figure 2.34: Air Carrier Slots Held at Washington-National in 2005.**



**Figure 2.35: Air Carrier Slots Operated at Washington-National in 2005.**



53. In 2000, for example, American Airlines held 74 slots yet operated only 63 of these; in 2002, the year after 9/11, it held 106 slots but used only 64; and for the subsequent three years it held over 100 slots but only used between 57 and 67 of them. Clearly, American has opted to lease a significant proportion of the slots it holds at Washington-National to other operators.
54. US Airways held over a third of all air carrier slots at Washington-National airport during the six year period under review (2000 – 2005). In 2000 it held 37 per cent of available slots; in 2005 it held 34 per cent. However, it did not necessarily use all of them: in 2002 it operated only 60 per cent of the slots it held; in 2004 it operated 65 per cent of them. In 2005 it operated 247 slots but only held 225 slots, which indicates that the airline was still an active player in the secondary trading market.
55. Each year between 2000 and 2005, CalAir held 41 air carrier slots. However, it never operated any of these slots, preferring instead to trade them. The reason for this strategy was that CalAir was specifically created by Continental Airlines to hold a sub-set of their slots that were pledged as collateral in a financing deal for Continental. In practice, Continental Airlines managed these slots and used them for commuter services and/or traded them on the secondary market. Adopting this strategy, the airline was able to retain its valuable assets at Washington-National, while earning a reasonable income through leasing slots.
56. North West Airlines' slot holdings dropped substantially from ten per cent of the total available air carrier slots in 2000 (the precise number was 52 slots) to only one per cent in 2005 (equivalent to eight daily slots). However, throughout the six years under review, it operated on a daily basis no fewer than 36 slots and usually closer to 40. From an analysis of the FAA data it is clear that in the early part of the decade, North West was a net lessor of slots, while after 2004 it was a substantial purchaser of air carrier slots.
57. United held six per cent of the available air carrier slots in 2000, equivalent to 36 daily slots. Since 2001 it has tended not to operate all the slots it holds. For example, it held 37 slots in 2003 and operated only 28. Accordingly, United was a net lessor of slots over the three year period 2003-5. As one of the airline's executives explained to the team, "United allowed partner carriers to operate our slots during this period on a season-by-season basis, thereby allowing United the flexibility to change our schedule and maintain our histories for future growth"<sup>21</sup>.
58. Delta built up its holding of air carrier slots marginally from 93 daily slots in 2000 to 99 slots in 2005, yet its overall market share dipped from 16 to 15 per cent over this six year period. The airline also opted to lease a significant proportion of the slots it held. Whereas in 2000, it held 93 slots and operated 94, by 2005 it was only operating 70 of the 99 daily slots it held.
59. During discussion with Mr Edward Faggen, he advised that the new category of Air 21 slots assigned by the FAA in 2000 were counted among the air carrier slots in the FAA data supplied to the Mott MacDonald team. These slots were targeted at new carriers and operators serving smaller communities, defined in Air 21 as those with less than one million passengers a year. Altogether 12 new daily slots were allocated under the Air 21 initiative, equivalent to less than two per cent of the total air carrier slots available each day at Washington-National.

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E-mail correspondence with Michele Boyce, Manager for Airport Co-ordination, United Airlines, Washington DC.



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60. While Air 21 slots have been useful to new entrants, the total number of such slots has been relatively modest. From the above analysis of the FAA data it is clear that carriers continue to make use of secondary trading at Washington-National, albeit airlines will seek to take advantage of Air 21 slots where they can do so. As Mr Faggen acknowledged, secondary trading has exerted a beneficial influence at the airport, attracting a broad range of carriers with no single carrier holding more than 34 per cent of available slots in 2005 and with six carriers holding and trading a significant number of slots.

## Appendix 3 Coordinated and Facilitated Airports in Europe 2006

<u>European Community Member States</u>	<u>Level 3 Coordinated Airports</u>	<u>Level 2 Schedules Facilitated Airports</u>
Austria	Vienna	Graz Innsbruck Klagenfurt Linz Salzburg
Belgium	Brussels	Larnaca
Cyprus		
Czech Republic	Prague	
Denmark	Copenhagen	
Finland	Helsinki	
France	Lyon-Satolas Paris-Charles de Gaulle Paris-Orly	Nice
Germany	Berlin-Schonefeld Berlin-Tegel Berlin-Templehof Dusseldorf Frankfurt Munich Stuttgart	Bremen Cologne Dresden Erfurt Hamburg Hannover Leipzig Munster Nuremburg Saarbrucken Athens
Greece	Chania Chios Corfu Heraklion Kalamata Karpathos Kavala Kefallinia Kos Lemnos Mikonos Mytilene Paros Patras Preveza/Lefkas Rhodes Samos Skiathos Skiros Thessalonika Thira Zakinthos	
Hungary		Budapest
Ireland (Rep. of)	Dublin	
Italy	Cagliari Catania Florence Milan-Linate Milan-Malpensa	Bologna Lampedusa* Pantelleria* Pisa

	Milan-Orio al Serio Naples Palermo Rome-Ciampino Rome-Fiumicino Turin Venice	
Luxembourg		Luxembourg
Malta		Malta
Netherlands	Amsterdam Eindhoven Rotterdam	
Poland		Gdansk Katowice Krakow Poznan Rzeszow Szczecin Warsaw Wroclaw
Portugal	Funchal Lisbon Porto	Faro* Ponta Delgada
Slovakia		Bratislava
Slovenia		Ljubljana
Spain	Alicante Barcelona Bilbao Fuerteventura Gran Canaria Lanzarote Madrid Malaga Palma de Mallorca Tenerife-Reina Sofia Tenerife-Norte	Almeria* Gerona* Ibiza* La Coruna Menorca* Reus* Santiago de Compostela Seville* Valencia* Vitoria
Sweden	Stockholm-Arlanda Stockholm-Bromma	Zaragoza Gothenburg
United Kingdom	London-Gatwick London-Heathrow London-Stansted Manchester	Aberdeen Birmingham Edinburgh Glasgow London-City Newcastle
<b>EEA and Applicant States</b>		
Bulgaria		Sofia
Iceland	Keflavik	
Norway	Oslo Stavanger	Bergen
Switzerland	Geneva Zurich	Basle/Mulhouse
Turkey	Istanbul Izmir	Ankara* Antalya* Bodrum Dalaman

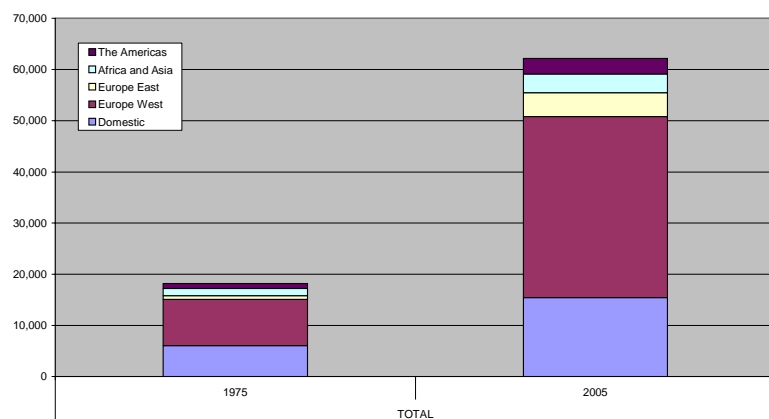
\* Level 3 coordination during summer peak only

Source: IATA Worldwide Scheduling Guidelines 12<sup>th</sup> Edition – December 2005

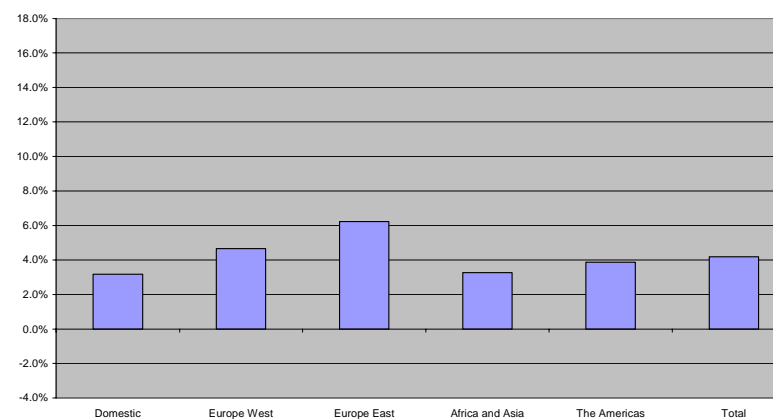
## Appendix 4 Summary of Airport Trends 1975-2005

### Total Sample Airports (35 airports)

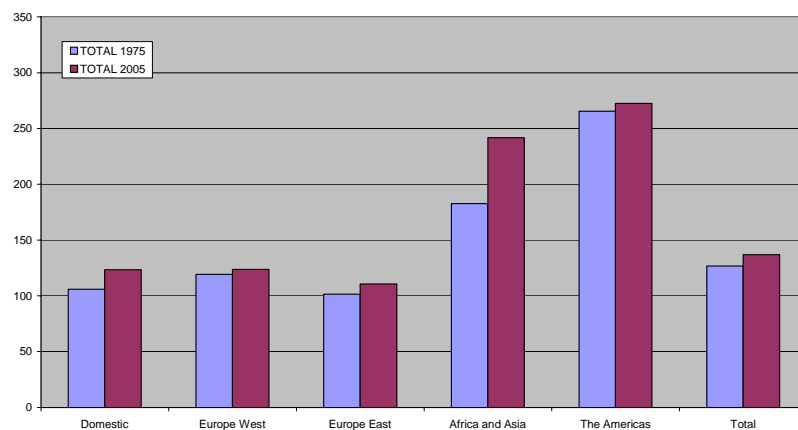
Weekly departures by region, 1975- 2005



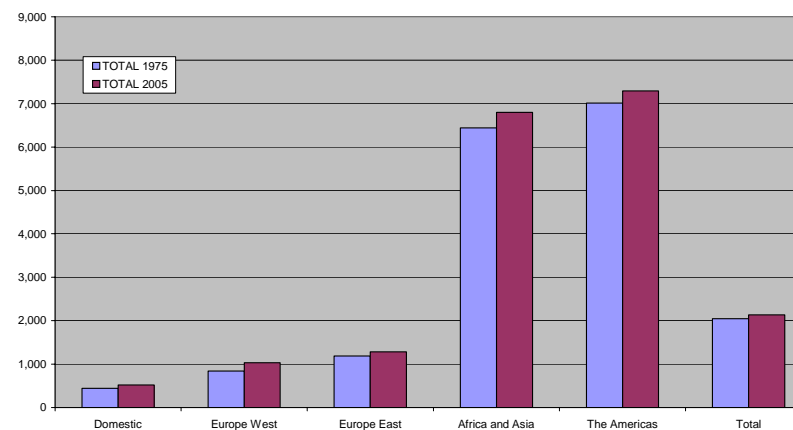
Weekly departures by region - AAGR % 1975-2005



Average seats per flight, by region

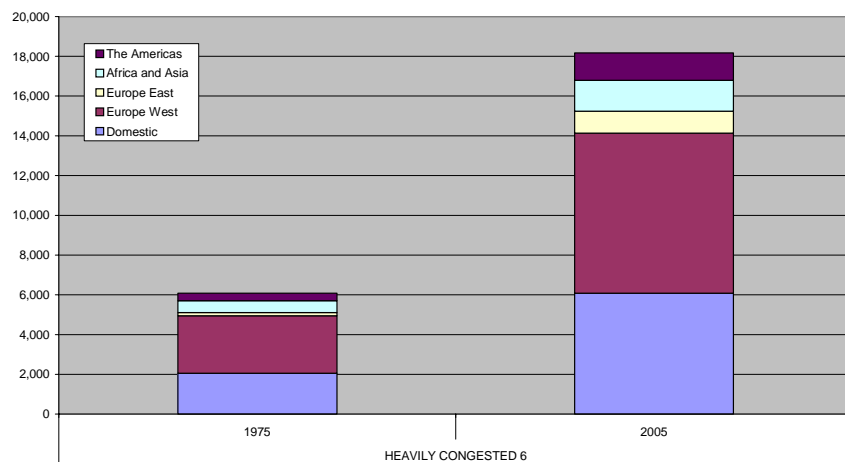


Average kilometres per flight, by region

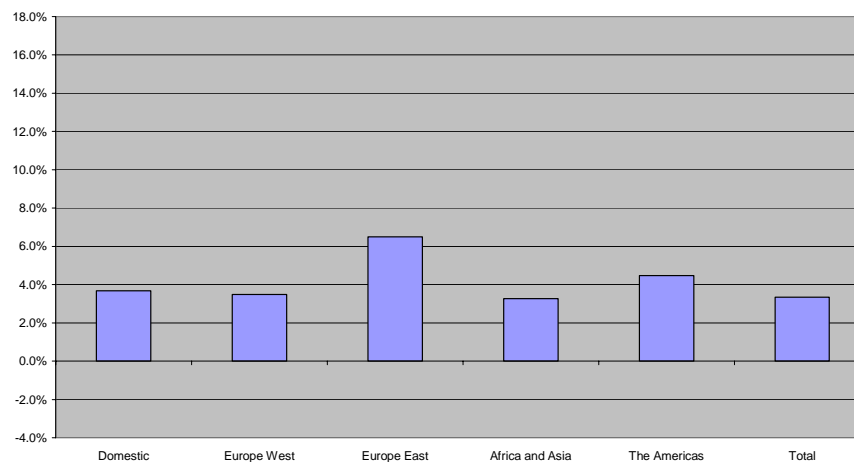


## Heavily Congested Airports (6 airports)

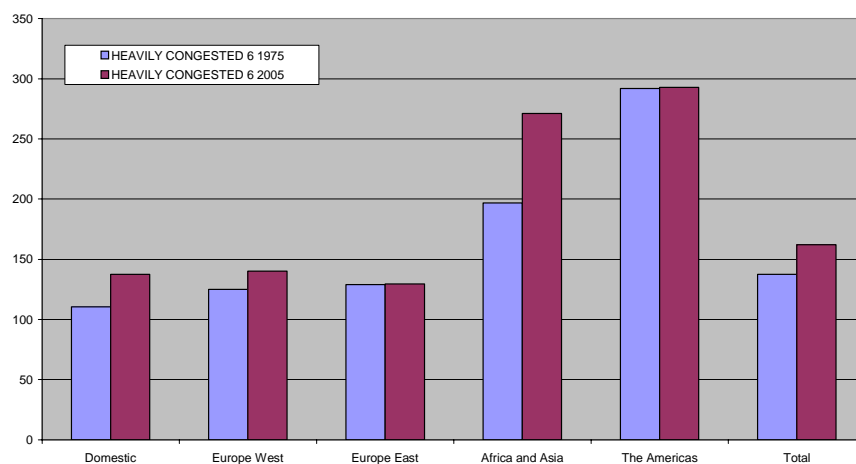
Weekly departures by region, 1975- 2005



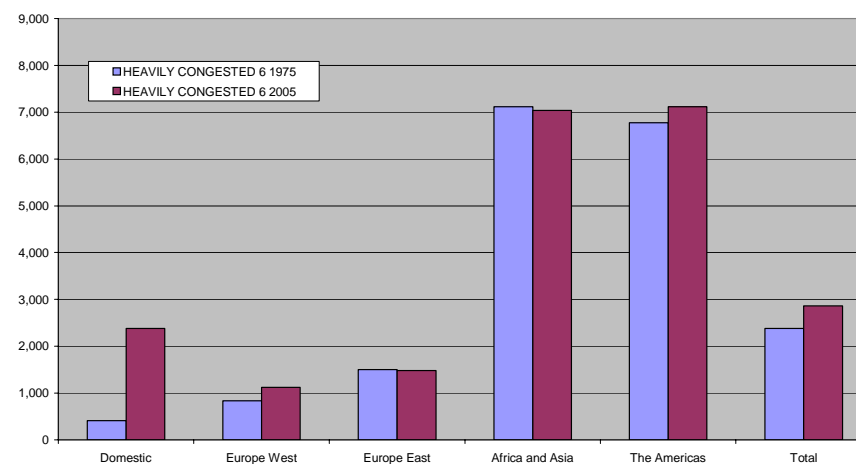
Weekly departures by region - AAGR % 1975-2005



Average seats per flight, by region

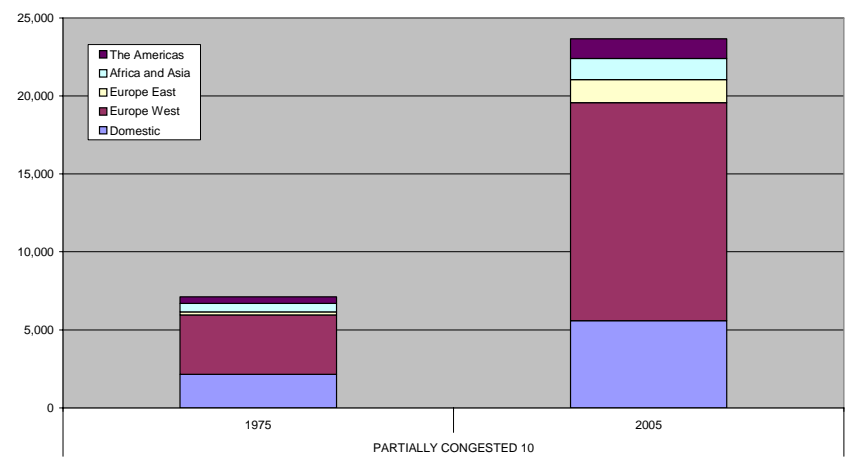


Average kilometres per flight, by region

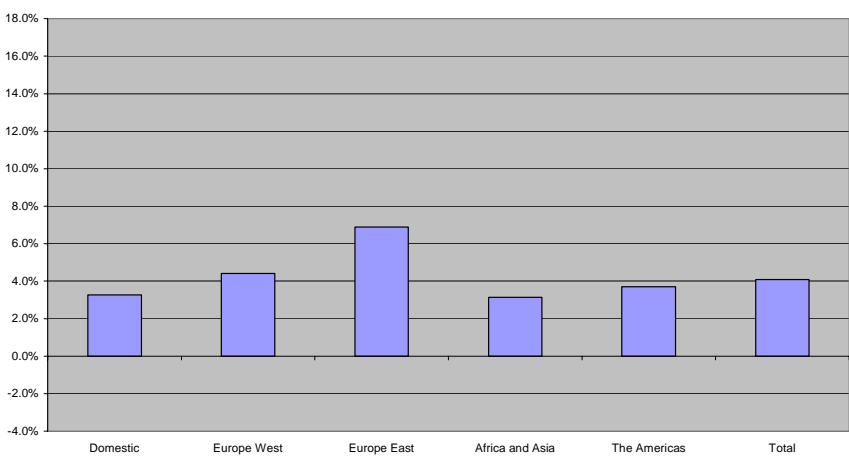


Partially Congested Airports (10 airports)

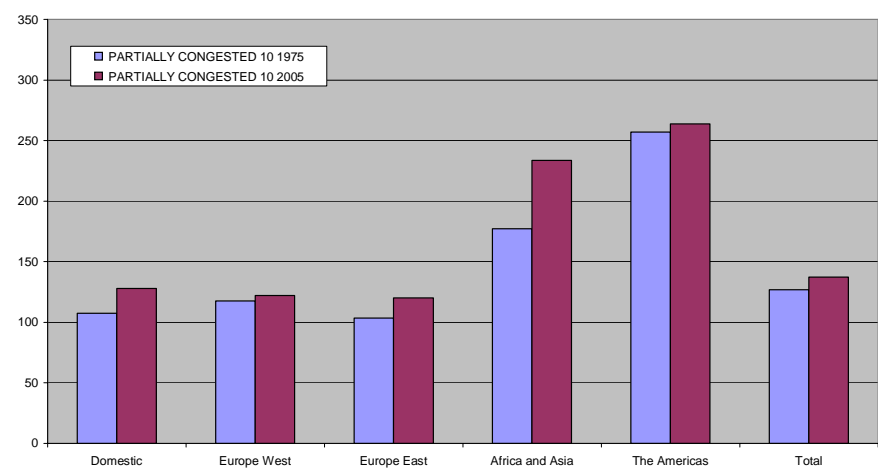
Weekly departures by region, 1975- 2005



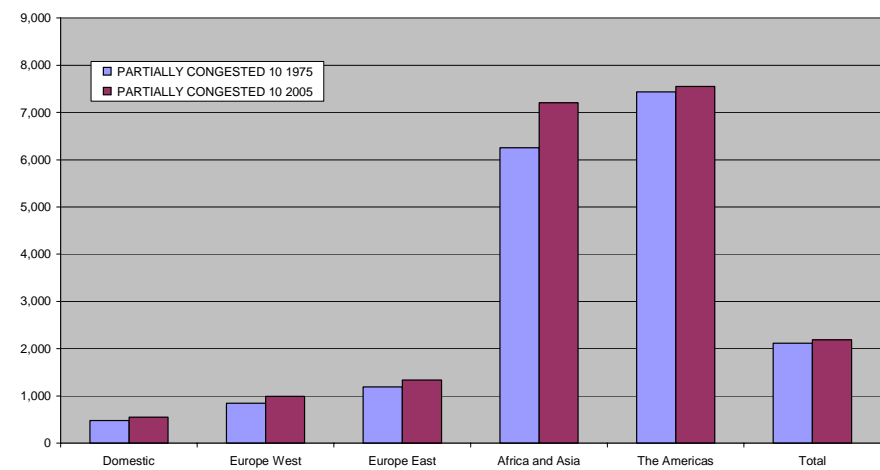
Weekly departures by region - AAGR % 1975-2005



Average seats per flight, by region

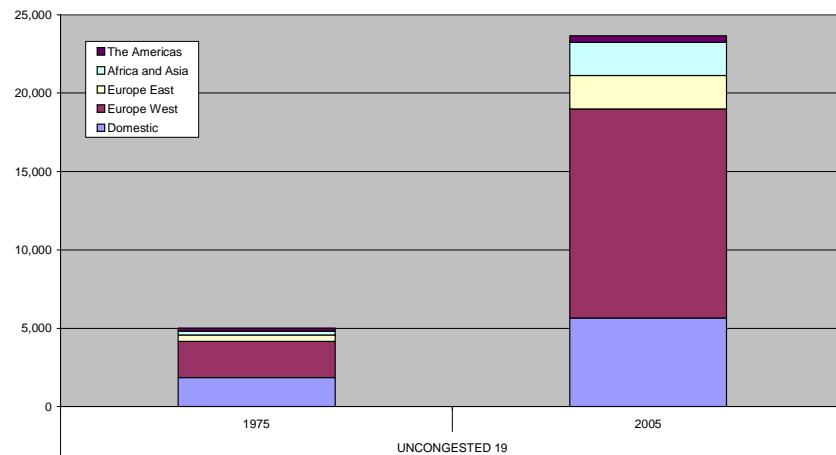


Average kilometres per flight, by region

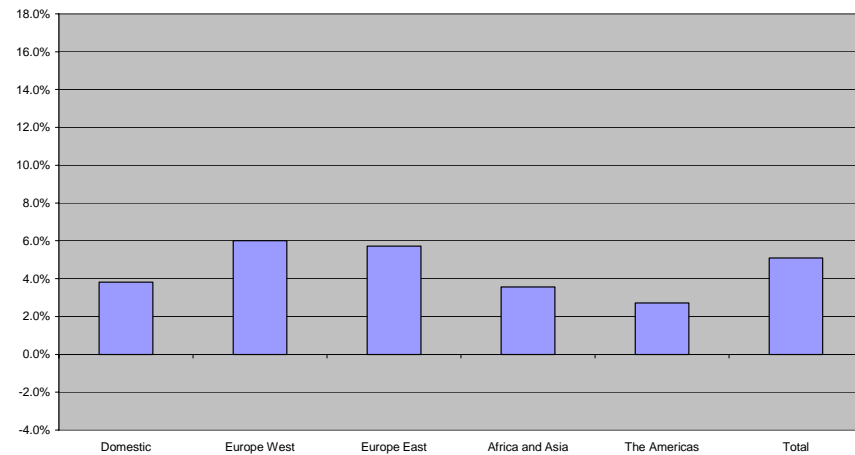


## Uncongested Airports (19 Airports)

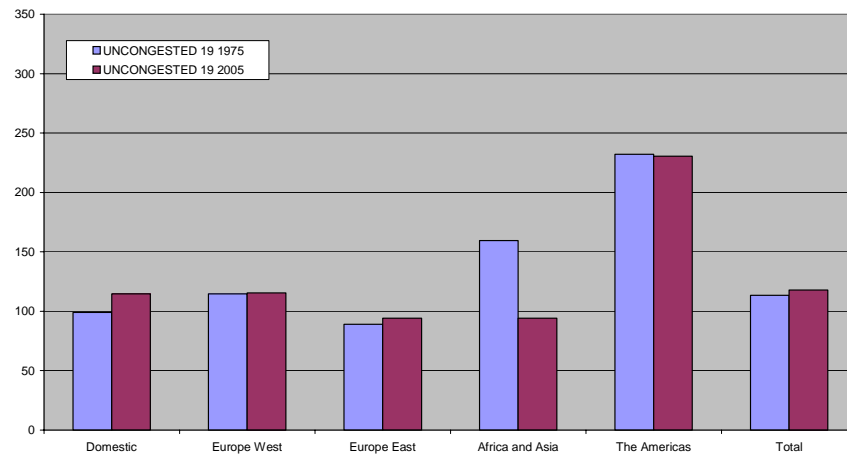
Weekly departures by region, 1975- 2005



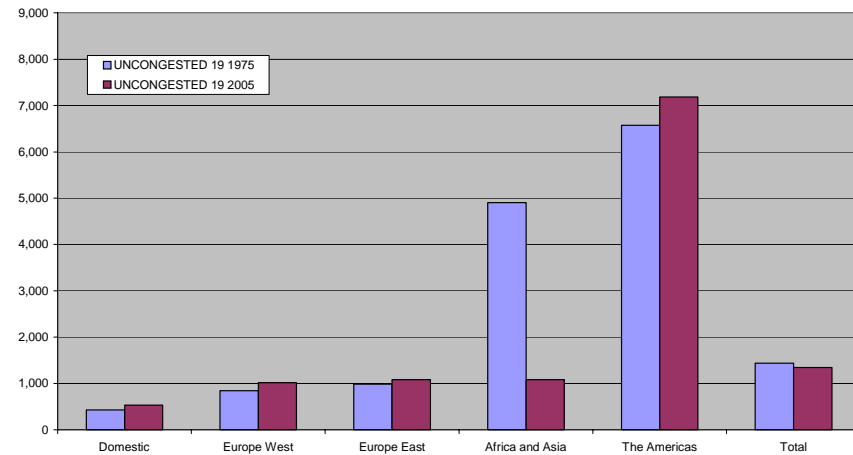
Weekly departures by region - AAGR % 1975-2005



Average seats per flight, by region



Average kilometres per flight, by region



## Appendix 5 Forecasts – London-Heathrow

London-Heathrow	(i) Traffic Assumptions									
a) Current (2005): (with Artificial Secondary Trading)	Flights per year	Flights % of total	Average Seats per Flight	Seats per year	Average Load Factor %	Average Pax per flight	Total Pax per year	Average Distance flown - km	Revenue Passenger Kilometres per flight	RPKs per year (mn.)
<b>Flight Category</b>										
<b>Long Haul</b>										
- Dominant incumbent	52,200	11.3%	317.4	16,568,280	75%	238.1	12,426,210	7,182	1,709,675	89,245
- Other incumbents	82,200	17.9%	289.5	23,796,900	75%	217.1	17,847,675	7,732	1,678,811	137,998
- New entrants (since 2000)	3,600	0.8%	237.7	855,720	75%	178.3	641,790	5,709	1,017,772	3,664
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	141,600	30.8%	148.7	21,055,920	70%	104.1	14,739,144	956	99,510	14,091
- Other incumbents	160,600	34.9%	158.0	25,374,800	70%	110.6	17,762,360	934	103,300	16,590
- Low Cost Carriers	0	0.0%	0.0	0	80%	0.0	0	0	0	0
- Other new entrants (since 2000)	2,600	0.6%	148.8	386,880	70%	104.2	270,816	1,299	135,304	352
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	0	0.0%	0.0	0	60%	0.0	0	0	0	0
- Other incumbents	14,300	3.1%	57.4	820,820	60%	34.4	492,492	492	16,944	242
- Low Cost Carriers	0	0.0%	0.0	0	70%	0.0	0	0	0	0
- Other new entrants (since 2000)	0	0.0%	0.0	0	60%	0.0	0	0	0	0
<b>Others</b>										
- Charters	0	0.0%	0.0	0	85%	0.0	0	0	0	0
- Cargo	2,900	0.6%	0.0	0	0%	0.0	0	6,956	0	0
<b>Total</b>	460,000	100.0%	193.2	88,859,320	72%	139.5	64,180,487	4,085	569,961	262,182
<b>b) Current (2005): (assumed without Secondary Trading)</b>										
<b>Flight Category</b>										
<b>Long Haul</b>										
- Dominant incumbent	38,700	8.4%	317.4	12,283,380	75%	238.1	9,212,535	7,182	1,709,675	66,164
- Other incumbents	79,800	17.3%	289.5	23,102,100	75%	217.1	17,326,575	7,732	1,678,811	133,969
- New entrants (since 2000)	2,100	0.5%	237.7	499,170	75%	178.3	374,378	5,709	1,017,772	2,137
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	134,100	29.2%	148.7	19,940,670	70%	104.1	13,958,469	956	99,510	13,344
- Other incumbents	177,700	38.6%	158.0	28,076,600	70%	110.6	19,653,620	934	103,300	18,356
- Low Cost Carriers	0	0.0%	0.0	0	80%	0.0	0	0	0	0
- Other new entrants (since 2000)	2,600	0.6%	148.8	386,880	70%	104.2	270,816	1,299	135,304	352
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	0	0.0%	0.0	0	60%	0.0	0	0	0	0
- Other incumbents	22,100	4.8%	57.4	1,268,540	60%	34.4	761,124	492	16,944	374
- Low Cost Carriers	0	0.0%	0.0	0	70%	0.0	0	0	0	0
- Other new entrants (since 2000)	0	0.0%	0.0	0	60%	0.0	0	0	0	0
<b>Others</b>										
- Charters	0	0.0%	0.0	0	85%	0.0	0	0	0	0
- Cargo	2,900	0.6%	0.0	0	0%	0.0	0	6,956	0	0
<b>Total</b>	460,000	100.0%	186.0	85,557,340	72%	133.8	61,557,517	3,813	510,213	234,698
<b>c) 2025 (without Secondary Trading)</b>										
<b>Flight Category</b>										
<b>Long Haul</b>										
- Dominant incumbent	74,200	14.0%	337.4	25,035,080	75%	253.1	18,776,310	7,469	1,890,030	140,240
- Other incumbents	111,300	21.0%	309.5	34,447,350	75%	232.1	25,835,513	8,041	1,866,517	207,743
- New entrants (since 2000)	10,600	2.0%	257.7	2,731,620	75%	193.3	2,048,715	5,937	1,147,474	12,163
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	137,800	26.0%	158.7	21,868,860	70%	111.1	15,308,202	994	110,423	15,216
- Other incumbents	177,550	33.5%	168.0	29,828,400	70%	117.6	20,879,880	971	114,190	20,274
- Low Cost Carriers	0	0.0%	0.0	0	80%	0.0	0	0	0	0
- Other new entrants (since 2000)	5,300	1.0%	148.8	788,640	70%	104.2	552,048	1,351	140,720	746
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	0	0.0%	0.0	0	60%	0.0	0	0	0	0
- Other incumbents	10,600	2.0%	57.4	608,440	60%	34.4	365,064	512	17,633	187
- Low Cost Carriers	0	0.0%	0.0	0	70%	0.0	0	0	0	0
- Other new entrants (since 2000)	0	0.0%	0.0	0	60%	0.0	0	0	0	0
<b>Others</b>										
- Charters	0	0.0%	0.0	0	85%	0.0	0	0	0	0
- Cargo	2,650	0.5%	0.0	0	0%	0.0	0	7,228	0	0
<b>Total</b>	530,000	100.0%	217.6	115,308,390	73%	158.0	83,765,732	4,734	748,246	396,570
<b>d) 2025 (with Secondary Trading)</b>										
<b>Flight Category</b>										
<b>Long Haul</b>										
- Dominant incumbent	95,400	18.0%	337.4	32,187,960	75%	253.1	24,140,970	7,469	1,890,030	180,309
- Other incumbents	116,600	22.0%	309.5	36,087,700	75%	232.1	27,065,775	8,041	1,866,517	217,636
- New entrants (since 2000)	21,200	4.0%	257.7	5,463,240	75%	193.3	4,097,430	5,937	1,147,474	24,326
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	143,100	27.0%	158.7	22,709,970	70%	111.1	15,896,979	994	110,423	15,802
- Other incumbents	140,450	26.5%	168.0	23,595,600	70%	117.6	16,516,920	971	114,190	16,038
- Low Cost Carriers	0	0.0%	0.0	0	80%	0.0	0	0	0	0
- Other new entrants (since 2000)	5,300	1.0%	148.8	788,640	70%	104.2	552,048	1,351	140,720	746
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	0	0.0%	0.0	0	60%	0.0	0	0	0	0
- Other incumbents	5,300	1.0%	57.4	304,220	60%	34.4	182,532	512	17,633	93
- Low Cost Carriers	0	0.0%	0.0	0	70%	0.0	0	0	0	0
- Other new entrants (since 2000)	0	0.0%	0.0	0	60%	0.0	0	0	0	0
<b>Others</b>										
- Charters	0	0.0%	0.0	0	85%	0.0	0	0	0	0
- Cargo	2,650	0.5%	0.0	0	0%	0.0	0	7,228	0	0
<b>Total</b>	530,000	100.0%	228.6	121,137,330	73%	166.9	88,452,654	5,143	858,396	454,950



London-Heathrow	(ii) Cost and Revenue Assumptions									
a) Current (2005): (with Artificial Secondary Trading)	Flights per year	RPKs per year (mn.)	Average Revenue per RPK \$	Average Yield per Passenger \$	Average Yield per Flight \$	Pax Rev per year mn. \$	Cargo Rev % of pax rev	Total Rev per year mn. \$	Operating Ratio [2003]	Cost per year mn. \$
<b>Flight Category</b>										
<b>Long Haul</b>										
- Dominant incumbent	52,200	89,245	0.0711	511	121,558	6,345	15.0%	7,297.1	105.0%	6,949.6
- Other incumbents	82,200	137,998	0.0711	550	119,363	9,812	15.0%	11,283.4	105.0%	10,746.1
- New entrants (since 2000)	3,600	3,664	0.0711	406	72,364	261	15.0%	299.6	105.0%	285.3
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	141,600	14,091	0.1703	163	16,947	2,400	2.5%	2,459.6	95.7%	2,570.1
- Other incumbents	160,600	16,590	0.1703	159	17,592	2,825	2.5%	2,895.9	95.7%	3,026.0
- Low Cost Carriers	0	0	0.1277	0	0	0	0.0%	0.0	102.5%	0.0
- Other new entrants (since 2000)	2,600	352	0.1703	221	23,042	60	2.5%	61.4	95.7%	64.2
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	0	0	0.1703	0	0	0	2.5%	0.0	95.7%	0.0
- Other incumbents	14,300	242	0.1703	84	2,886	41	2.5%	42.3	95.7%	44.2
- Low Cost Carriers	0	0	0.1277	0	0	0	0.0%	0.0	102.5%	0.0
- Other new entrants (since 2000)	0	0	0.1703	0	0	0	2.5%	0.0	95.7%	0.0
<b>Others</b>										
- Charters	0	0	0.0650	0	0	0	0.0%	0.0	102.5%	0.0
- Cargo	2,900	0	0.0000	0	0	0	100.0%	317.4	100.0%	317.4
<b>Total</b>	460,000	262,182	0.0829	339	47,269	21,744	13.4%	24,656.8	97.3%	24,003.0
<b>b) Current (2005): (assumed without Secondary Trading)</b>										
<b>Flight Category</b>										
<b>Long Haul</b>										
- Dominant incumbent	38,700	66,164	0.0711	511	121,558	4,704	15.0%	5,409.9	105.0%	5,152.3
- Other incumbents	79,800	133,969	0.0711	550	119,363	9,525	15.0%	10,954.0	105.0%	10,432.4
- New entrants (since 2000)	2,100	2,137	0.0711	406	72,364	152	15.0%	174.8	105.0%	166.4
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	134,100	13,344	0.1703	163	16,947	2,273	2.5%	2,329.3	95.7%	2,434.0
- Other incumbents	177,700	18,356	0.1703	159	17,592	3,126	2.5%	3,204.3	95.7%	3,348.2
- Low Cost Carriers	0	0	0.1277	0	0	0	0.0%	0.0	102.5%	0.0
- Other new entrants (since 2000)	2,600	352	0.1703	221	23,042	60	2.5%	61.4	95.7%	64.2
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	0	0	0.1703	0	0	0	2.5%	0.0	95.7%	0.0
- Other incumbents	22,100	374	0.1703	84	2,886	64	2.5%	65.4	95.7%	68.3
- Low Cost Carriers	0	0	0.1277	0	0	0	0.0%	0.0	102.5%	0.0
- Other new entrants (since 2000)	0	0	0.1703	0	0	0	2.5%	0.0	95.7%	0.0
<b>Others</b>										
- Charters	0	0	0.0650	0	0	0	0.0%	0.0	102.5%	0.0
- Cargo	2,900	0	0.0000	0	0	0	100.0%	318.2	100.0%	318.2
<b>Total</b>	460,000	234,698	0.0848	323	43,269	19,904	13.1%	22,517.2	97.6%	21,984.0
<b>c) 2025 (without Secondary Trading)</b>										
<b>Flight Category</b>										
<b>Long Haul</b>										
- Dominant incumbent	74,200	140,240	0.0711	531	134,381	9,971	15.0%	11,466.7	105.0%	10,920.7
- Other incumbents	111,300	207,743	0.0711	572	132,709	14,771	15.0%	16,986.1	105.0%	16,177.3
- New entrants (since 2000)	10,600	12,163	0.0711	422	81,585	865	15.0%	994.5	105.0%	947.2
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	137,800	15,216	0.1703	169	18,805	2,591	2.5%	2,656.1	95.7%	2,775.5
- Other incumbents	177,550	20,274	0.1703	165	19,446	3,453	2.5%	3,539.0	95.7%	3,698.1
- Low Cost Carriers	0	0	0.1277	0	0	0	0.0%	0.0	102.5%	0.0
- Other new entrants (since 2000)	5,300	746	0.1703	230	23,965	127	2.5%	130.2	95.7%	136.0
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	0	0	0.1703	0	0	0	2.5%	0.0	95.7%	0.0
- Other incumbents	10,600	187	0.1703	87	3,003	32	2.5%	32.6	95.7%	34.1
- Low Cost Carriers	0	0	0.1277	0	0	0	0.0%	0.0	102.5%	0.0
- Other new entrants (since 2000)	0	0	0.1703	0	0	0	2.5%	0.0	95.7%	0.0
<b>Others</b>										
- Charters	0	0	0.0650	0	0	0	0.0%	0.0	102.5%	0.0
- Cargo	2,650	0	0.0000	0	0	0	100.0%	318.4	100.0%	318.4
<b>Total</b>	530,000	396,570	0.0802	380	60,018	31,809	13.6%	36,123.7	96.9%	35,007.2
<b>d) 2025 (with Secondary Trading)</b>										
<b>Flight Category</b>										
<b>Long Haul</b>										
- Dominant incumbent	95,400	180,309	0.0711	531	134,381	12,820	15.0%	14,743.0	105.0%	14,040.9
- Other incumbents	116,600	217,636	0.0711	572	132,709	15,474	15.0%	17,795.0	105.0%	16,947.6
- New entrants (since 2000)	21,200	24,326	0.0711	422	81,585	1,730	15.0%	1,989.1	105.0%	1,894.3
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	143,100	15,802	0.1703	169	18,805	2,691	2.5%	2,758.3	95.7%	2,882.2
- Other incumbents	140,450	16,038	0.1703	165	19,446	2,731	2.5%	2,799.5	95.7%	2,925.3
- Low Cost Carriers	0	0	0.1277	0	0	0	0.0%	0.0	102.5%	0.0
- Other new entrants (since 2000)	5,300	746	0.1703	230	23,965	127	2.5%	130.2	95.7%	136.0
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	0	0	0.1703	0	0	0	2.5%	0.0	95.7%	0.0
- Other incumbents	5,300	93	0.1703	87	3,003	16	2.5%	16.3	95.7%	17.0
- Low Cost Carriers	0	0	0.1277	0	0	0	0.0%	0.0	102.5%	0.0
- Other new entrants (since 2000)	0	0	0.1703	0	0	0	2.5%	0.0	95.7%	0.0
<b>Others</b>										
- Charters	0	0	0.0650	0	0	0	0.0%	0.0	102.5%	0.0
- Cargo	2,650	0	0.0000	0	0	0	100.0%	313.9	100.0%	313.9
<b>Total</b>	530,000	454,950	0.0782	402	67,148	35,589	13.9%	40,545.2	96.6%	39,157.4

London-Heathrow	(iii) Derivatives							
a) Current (2005): (with Artificial Secondary Trading)								
Flight Category	Flights per year	Assumed Aircraft Type	Total Pax per year	Business Pax %	Business Pax per year	Total Pax per year	Local O&D %	Local O&D pax per year
Long Haul								
- Dominant incumbent	52,200	B777-200	12,426,210	33.0%	4,100,649	12,426,210	50.0%	6,213,105
- Other incumbents	82,200	A330-200	17,847,675	33.0%	5,889,733	17,847,675	75.0%	13,385,756
- New entrants (since 2000)	3,600	B777-200	641,790	33.0%	211,791	641,790	75.0%	481,343
Short Haul - over 100 seats								
- Dominant incumbent	141,600	A320-200	14,739,144	45.0%	6,632,615	14,739,144	55.0%	8,106,529
- Other incumbents	160,600	B737-700	17,762,360	45.0%	7,993,062	17,762,360	85.0%	15,098,006
- Low Cost Carriers	0	B737-800	0	12.0%	0	0	95.0%	0
- Other new entrants (since 2000)	2,600	A319-100	270,816	45.0%	121,867	270,816	85.0%	230,194
Short Haul - under 100 seats								
- Dominant incumbent	0	CRJ-200	0	45.0%	0	0	55.0%	0
- Other incumbents	14,300	CRJ-200	492,492	45.0%	221,621	492,492	85.0%	418,618
- Low Cost Carriers	0	DHC8-400	0	12.0%	0	0	95.0%	0
- Other new entrants (since 2000)	0	ERJ-145	0	45.0%	0	0	85.0%	0
Others								
- Charters	0	A321-200	0	2.0%	0	0	98.0%	0
- Cargo	2,900	B747-400	0	0.0%	0	0	0.0%	0
Total	460,000		64,180,487	39.2%	25,171,338	64,180,487	68.5%	43,933,551
b) Current (2005): (assumed without Secondary Trading)								
Flight Category	Flights per year	Assumed Aircraft Type	Total Pax per year	Business Pax %	Business Pax per year	Total Pax per year	Local O&D %	Local O&D pax per year
Long Haul								
- Dominant incumbent	38,700	B777-200	9,212,535	33.0%	3,040,137	9,212,535	50.0%	4,606,268
- Other incumbents	79,800	A330-200	17,326,575	33.0%	5,717,770	17,326,575	75.0%	12,994,931
- New entrants (since 2000)	2,100	B777-200	374,378	33.0%	123,545	374,378	75.0%	280,783
Short Haul - over 100 seats								
- Dominant incumbent	134,100	A320-200	13,958,469	45.0%	6,281,311	13,958,469	55.0%	7,677,158
- Other incumbents	177,700	B737-700	19,653,620	45.0%	8,844,129	19,653,620	85.0%	16,705,577
- Low Cost Carriers	0	B737-800	0	12.0%	0	0	95.0%	0
- Other new entrants (since 2000)	2,600	A319-100	270,816	45.0%	121,867	270,816	85.0%	230,194
Short Haul - under 100 seats								
- Dominant incumbent	0	CRJ-200	0	45.0%	0	0	55.0%	0
- Other incumbents	22,100	CRJ-200	761,124	45.0%	342,506	761,124	85.0%	646,955
- Low Cost Carriers	0	DHC8-400	0	12.0%	0	0	95.0%	0
- Other new entrants (since 2000)	0	ERJ-145	0	45.0%	0	0	85.0%	0
Others	0							
- Charters	0	A321-200	0	2.0%	0	0	98.0%	0
- Cargo	2,900	B747-400	0	0.0%	0	0	0.0%	0
Total	460,000		61,557,517	39.8%	24,471,264	61,557,517	70.1%	43,141,866
c) 2025 (without Secondary Trading)								
Flight Category	Flights per year	Assumed Aircraft Type	Total Pax per year	Business Pax %	Business Pax per year	Total Pax per year	Local O&D %	Local O&D pax per year
Long Haul								
- Dominant incumbent	74,200	B777-200	18,776,310	33.0%	6,196,182	18,776,310	50.0%	9,388,155
- Other incumbents	111,300	A330-200	25,835,513	33.0%	8,525,719	25,835,513	75.0%	19,376,634
- New entrants (since 2000)	10,600	B777-200	2,048,715	33.0%	676,076	2,048,715	75.0%	1,536,536
Short Haul - over 100 seats								
- Dominant incumbent	137,800	A320-200	15,308,202	45.0%	6,888,691	15,308,202	55.0%	8,419,511
- Other incumbents	177,550	B737-700	20,879,880	45.0%	9,395,946	20,879,880	85.0%	17,747,898
- Low Cost Carriers	0	B737-800	0	12.0%	0	0	95.0%	0
- Other new entrants (since 2000)	5,300	A319-100	552,048	45.0%	248,422	552,048	85.0%	469,241
Short Haul - under 100 seats								
- Dominant incumbent	0	CRJ-200	0	45.0%	0	0	55.0%	0
- Other incumbents	10,600	CRJ-200	365,064	45.0%	164,279	365,064	85.0%	310,304
- Low Cost Carriers	0	DHC8-400	0	12.0%	0	0	95.0%	0
- Other new entrants (since 2000)	0	ERJ-145	0	45.0%	0	0	85.0%	0
Others								
- Charters	0	A321-200	0	2.0%	0	0	98.0%	0
- Cargo	2,650	B747-400	0	0.0%	0	0	0.0%	0
Total	530,000		83,765,732	38.3%	32,095,315	83,765,732	68.3%	57,248,280
d) 2025 (with Secondary Trading)								
Flight Category	Flights per year	Assumed Aircraft Type	Total Pax per year	Business Pax %	Business Pax per year	Total Pax per year	Local O&D %	Local O&D pax per year
Long Haul								
- Dominant incumbent	95,400	B777-200	24,140,970	33.0%	7,966,520	24,140,970	50.0%	12,070,485
- Other incumbents	116,600	A330-200	27,065,775	33.0%	8,931,706	27,065,775	75.0%	20,299,331
- New entrants (since 2000)	21,200	B777-200	4,097,430	33.0%	1,352,152	4,097,430	75.0%	3,073,073
Short Haul - over 100 seats								
- Dominant incumbent	143,100	A320-200	15,896,979	45.0%	7,153,641	15,896,979	55.0%	8,743,338
- Other incumbents	140,450	B737-700	16,516,920	45.0%	7,432,614	16,516,920	85.0%	14,039,382
- Low Cost Carriers	0	B737-800	0	45.0%	0	0	95.0%	0
- Other new entrants (since 2000)	5,300	A319-100	552,048	45.0%	248,422	552,048	85.0%	469,241
Short Haul - under 100 seats								
- Dominant incumbent	0	CRJ-200	0	45.0%	0	0	55.0%	0
- Other incumbents	5,300	CRJ-200	182,532	45.0%	82,139	182,532	85.0%	155,152
- Low Cost Carriers	0	DHC8-400	0	45.0%	0	0	95.0%	0
- Other new entrants (since 2000)	0	ERJ-145	0	45.0%	0	0	85.0%	0
Others								
- Charters	0	A321-200	0	2.0%	0	0	98.0%	0
- Cargo	2,650	B747-400	0	0.0%	0	0	0.0%	0
Total	530,000		88,452,654	37.5%	33,167,193	88,452,654	66.5%	58,850,002

## Appendix 6 Forecasts – London-Gatwick

London-Gatwick		(i) Traffic Assumptions									
a) Current (2005): (with Artificial Secondary Trading)		Flights per year	Flights % of total	Average Seats per Flight	Seats per year	Average Load Factor %	Average Pax per flight	Total Pax per year	Average Distance flown - km	Revenue Passenger Kilometres per flight	RPKs per year (mn.)
<b>Flight Category</b>											
<b>Long Haul</b>											
- Dominant incumbent		7,000	2.6%	246.0	1,722,000	75%	184.5	1,291,500	6,653	1,227,479	8,592
- Other incumbents		16,300	6.2%	272.9	4,448,270	75%	204.7	3,336,203	6,857	1,403,456	22,876
- New entrants (since 2000)		6,900	2.6%	261.7	1,805,730	75%	196.3	1,354,298	5,845	1,147,227	7,916
<b>Short Haul - over 100 seats</b>											
- Dominant incumbent		79,400	30.0%	122.7	9,742,380	70%	85.9	6,819,666	1,035	88,896	7,058
- Other incumbents		11,400	4.3%	182.7	2,082,780	70%	127.9	1,457,946	1,854	237,108	2,703
- Low Cost Carriers		56,400	21.3%	144.0	8,121,600	80%	115.2	6,497,280	833	95,962	5,412
- Other new entrants (since 2000)		10,000	3.8%	124.1	1,241,000	70%	86.9	868,700	1,830	158,972	1,590
<b>Short Haul - under 100 seats</b>											
- Dominant incumbent		4,000	1.5%	95.0	380,000	60%	57.0	228,000	604	34,428	138
- Other incumbents		4,700	1.8%	59.5	279,650	60%	35.7	167,790	404	14,423	68
- Low Cost Carriers		700	0.3%	78.0	54,600	70%	54.6	38,220	256	13,978	10
- Other new entrants (since 2000)		5,800	2.2%	59.5	345,100	60%	35.7	207,060	404	14,423	84
<b>Others</b>											
- Charters		58,400	22.0%	200.0	11,680,000	85%	170.0	9,928,000	1,800	306,000	17,870
- Cargo		4,000	1.5%	0.0	0	0%	0.0	0	6,453	0	0
<b>Total</b>		265,000	100.0%	158.1	41,903,110	77%	121.5	32,194,662	2,308	280,442	74,317
b) Current (2005): (assumed without Secondary Trading)		Flights per year	Flights % of total	Average Seats per Flight	Seats per year	Average Load Factor %	Average passengers per flight	Total Pax per year	Average Distance flown - km	Revenue Passenger Kilometres per flight	RPKs per year (mn.)
<b>Flight Category</b>											
<b>Long Haul</b>											
- Dominant incumbent		6,000	2.3%	246.0	1,476,000	75%	184.5	1,107,000	6,653	1,227,479	7,365
- Other incumbents		17,400	6.6%	272.9	4,748,460	75%	204.7	3,561,345	6,857	1,403,456	24,420
- New entrants (since 2000)		6,900	2.6%	261.7	1,805,730	75%	196.3	1,354,298	5,845	1,147,227	7,916
<b>Short Haul - over 100 seats</b>											
- Dominant incumbent		80,200	30.3%	122.7	9,840,540	70%	85.9	6,888,378	1,035	88,896	7,129
- Other incumbents		12,500	4.7%	182.7	2,283,750	70%	127.9	1,598,625	1,854	237,108	2,964
- Low Cost Carriers		55,300	20.9%	144.0	7,963,200	80%	115.2	6,370,560	833	95,962	5,307
- Other new entrants (since 2000)		10,000	3.8%	124.1	1,241,000	70%	86.9	868,700	1,830	158,972	1,590
<b>Short Haul - under 100 seats</b>											
- Dominant incumbent		10,000	3.8%	95.0	950,000	60%	57.0	570,000	604	34,428	344
- Other incumbents		4,700	1.8%	59.5	279,650	60%	35.7	167,790	404	14,423	68
- Low Cost Carriers		700	0.3%	78.0	54,600	70%	54.6	38,220	256	13,978	10
- Other new entrants (since 2000)		0	0.0%	59.5	0	60%	35.7	0	404	14,423	0
<b>Others</b>											
- Charters		57,300	21.6%	200.0	11,460,000	85%	170.0	9,741,000	1,800	306,000	17,534
- Cargo		4,000	1.5%	0.0	0	0%	0.0	0	6,453	0	0
<b>Total</b>		265,000	100.0%	158.9	42,102,930	77%	121.8	32,265,916	2,313	281,684	74,646
c) 2025 (without Secondary Trading)		Flights per year	Flights % of total	Average Seats per Flight	Seats per year	Average Load Factor %	Average passengers per flight	Total Pax per year	Average Distance flown - km	Revenue Passenger Kilometres per flight	RPKs per year (mn.)
<b>Flight Category</b>											
<b>Long Haul</b>											
- Dominant incumbent		10,600	4.0%	266.0	2,819,600	75%	199.5	2,114,700	6,919	1,380,341	14,632
- Other incumbents		18,550	7.0%	292.9	5,433,295	75%	219.7	4,074,971	7,131	1,566,502	29,059
- New entrants (since 2000)		7,950	3.0%	281.7	2,239,515	75%	211.3	1,679,636	6,079	1,284,341	10,211
<b>Short Haul - over 100 seats</b>											
- Dominant incumbent		84,800	32.0%	132.7	11,252,960	70%	92.9	7,877,072	1,076	99,950	8,476
- Other incumbents		13,250	5.0%	192.7	2,553,275	70%	134.9	1,787,293	1,928	260,068	3,446
- Low Cost Carriers		63,600	24.0%	154.0	9,794,400	80%	123.2	7,835,520	866	106,691	6,786
- Other new entrants (since 2000)		10,600	4.0%	134.1	1,421,460	70%	93.9	995,022	1,903	178,635	1,894
<b>Short Haul - under 100 seats</b>											
- Dominant incumbent		2,650	1.0%	95.0	251,750	60%	57.0	151,050	628	35,796	95
- Other incumbents		2,650	1.0%	59.5	157,675	60%	35.7	94,605	420	14,994	40
- Low Cost Carriers		0	0.0%	78.0	0	70%	54.6	0	0	0	0
- Other new entrants (since 2000)		0	0.0%	59.5	0	60%	35.7	0	0	0	0
<b>Others</b>											
- Charters		47,700	18.0%	220.0	10,494,000	85%	187.0	8,919,900	1,872	350,064	16,698
- Cargo		2,650	1.0%	0.0	0	0%	0.0	0	6,711	0	0
<b>Total</b>		265,000	100.0%	175.2	46,417,930	77%	134.1	35,529,769	2,571	344,657	91,334
d) 2025 (with Secondary Trading)		Flights per year	Flights % of total	Average Seats per Flight	Seats per year	Average Load Factor %	Average passengers per flight	Total Pax per year	Average Distance flown - km	Revenue Passenger Kilometres per flight	RPKs per year (mn.)
<b>Flight Category</b>											
<b>Long Haul</b>											
- Dominant incumbent		15,900	6.0%	266.0	4,229,400	75%	199.5	3,172,050	6,919	1,380,341	21,947
- Other incumbents		21,200	8.0%	292.9	6,209,480	75%	219.7	4,657,110	7,131	1,566,502	33,210
- New entrants (since 2000)		15,900	6.0%	281.7	4,479,030	75%	211.3	3,359,273	6,079	1,284,341	20,421
<b>Short Haul - over 100 seats</b>											
- Dominant incumbent		79,500	30.0%	132.7	10,549,650	70%	92.9	7,384,755	1,076	99,950	7,946
- Other incumbents		18,550	7.0%	192.7	3,574,585	70%	134.9	2,502,210	1,928	260,068	4,824
- Low Cost Carriers		53,000	20.0%	154.0	8,162,000	80%	123.2	6,529,600	866	106,691	5,655
- Other new entrants (since 2000)		15,900	6.0%	134.1	2,132,190	70%	93.9	1,492,533	1,903	178,635	2,840
<b>Short Haul - under 100 seats</b>											
- Dominant incumbent		0	0.0%	95.0	0	60%	57.0	0	0	0	0
- Other incumbents		2,650	1.0%	59.5	157,675	60%	35.7	94,605	420	14,994	40
- Low Cost Carriers		0	0.0%	78.0	0	70%	54.6	0	0	0	0
- Other new entrants (since 2000)		0	0.0%	59.5	0	60%	35.7	0	0	0	0
<b>Others</b>											
- Charters		42,400	16.0%	220.0	9,328,000	85%	187.0	7,928,800	1,872	350,064	14,843
- Cargo		0	0.0%	0.0	0	0%	0.0	0	0	0	0
<b>Total</b>		265,000	100.0%	184.2	48,822,010	76%	140.1	37,120,935	3,010	421,607	111,726

London-Gatwick	(ii) Cost and Revenue Assumptions										
a) Current (2005): (with Artificial Secondary Trading)	Flights per year	RPKs per year (mn.)	Average Revenue per RPK \$	Average Yield per Passenger \$	Average Yield per Flight \$	Pax Rev per year mn. \$	Cargo Rev % of pax rev	Total Rev per year mn. \$	Operating Ratio [2003]	Cost per year mn. \$	
Flight Category											
Long Haul											
- Dominant incumbent	7,000	8,592	0.0711	473	87,274	610.9	15.0%	702.6	105.0%	669.1	
- Other incumbents	16,300	22,876	0.0711	488	99,786	1,626.5	15.0%	1,870.5	105.0%	1,781.4	
- New entrants (since 2000)	6,900	7,916	0.0711	416	81,568	562.8	15.0%	647.2	105.0%	616.4	
Short Haul - over 100 seats											
- Dominant incumbent	79,400	7,058	0.1703	176	15,139	1,202.0	2.5%	1,232.1	95.7%	1,287.4	
- Other incumbents	11,400	2,703	0.1703	316	40,380	460.3	2.5%	471.8	95.7%	493.0	
- Low Cost Carriers	56,400	5,412	0.1277	106	12,254	691.1	0.0%	691.1	102.5%	674.3	
- Other new entrants (since 2000)	10,000	1,590	0.1703	312	27,073	270.7	2.5%	277.5	95.7%	290.0	
Short Haul - under 100 seats											
- Dominant incumbent	4,000	138	0.1703	103	5,863	23.5	2.5%	24.0	95.7%	25.1	
- Other incumbents	4,700	68	0.1703	69	2,456	11.5	2.5%	11.8	95.7%	12.4	
- Low Cost Carriers	700	10	0.1277	33	1,785	1.2	0.0%	1.2	102.5%	1.2	
- Other new entrants (since 2000)	5,800	84	0.1703	69	2,456	14.2	2.5%	14.6	95.7%	15.3	
Others											
- Charters	58,400	17,870	0.0650	117	19,890	1,161.6	0.0%	1,161.6	102.5%	1,133.2	
- Cargo	4,000	0	0.0000	0	0	0.0	100.0%	341.2	100.0%	341.2	
Total	265,000	74,317	0.0893	206	25,044	6,636.5	12.2%	7,447.4	98.6%	7,340.1	
b) Current (2005): (assumed without Secondary Trading)	Flights per year	RPKs per year (mn.)	Average Revenue per RPK \$	Average Yield per Passenger \$	Average Yield per Flight \$	Pax Rev per year mn. \$	Cargo Rev % of pax rev	Total Rev per year mn. \$	Operating Ratio [2003]	Cost per year mn. \$	
Flight Category											
Long Haul											
- Dominant incumbent	6,000	7,365	0.0711	473	87,274	523.6	15.0%	602.2	105.0%	573.5	
- Other incumbents	17,400	24,420	0.0711	488	99,786	1,736.3	15.0%	1,996.7	105.0%	1,901.6	
- New entrants (since 2000)	6,900	7,916	0.0711	416	81,568	562.8	15.0%	647.2	105.0%	616.4	
Short Haul - over 100 seats											
- Dominant incumbent	80,200	7,129	0.1703	176	15,139	1,214.1	2.5%	1,244.5	95.7%	1,300.4	
- Other incumbents	12,500	2,964	0.1703	316	40,380	504.7	2.5%	517.4	95.7%	540.6	
- Low Cost Carriers	55,300	5,307	0.1277	106	12,254	677.7	0.0%	677.7	102.5%	661.1	
- Other new entrants (since 2000)	10,000	1,590	0.1703	312	27,073	270.7	2.5%	277.5	95.7%	290.0	
Short Haul - under 100 seats											
- Dominant incumbent	10,000	344	0.1703	103	5,863	58.6	2.5%	60.1	95.7%	62.8	
- Other incumbents	4,700	68	0.1703	69	2,456	11.5	2.5%	11.8	95.7%	12.4	
- Low Cost Carriers	700	10	0.1277	33	1,785	1.2	0.0%	1.2	102.5%	1.2	
- Other new entrants (since 2000)	0	0	0.1703	0	0	0.0	2.5%	0.0	95.7%	0.0	
Others											
- Charters	57,300	17,534	0.0650	117	19,890	1,139.7	0.0%	1,139.7	102.5%	1,111.9	
- Cargo	4,000	0	0.0000	0	0	0.0	100.0%	342.8	100.0%	342.8	
Total	265,000	74,646	0.0898	208	25,287	6,701.1	12.2%	7,518.9	98.6%	7,414.8	
c) 2025 (without Secondary Trading)	Flights per year	RPKs per year (mn.)	Average Revenue per RPK \$	Average Yield per Passenger \$	Average Yield per Flight \$	Pax Rev per year mn. \$	Cargo Rev % of pax rev	Total Rev per year mn. \$	Operating Ratio [2003]	Cost per year mn. \$	
Flight Category											
Long Haul											
- Dominant incumbent	10,600	14,632	0.0711	492	98,142	1,040.3	15.0%	1,196.4	105.0%	1,139.4	
- Other incumbents	18,550	29,059	0.0711	507	111,378	2,066.1	15.0%	2,376.0	105.0%	2,262.8	
- New entrants (since 2000)	7,950	10,211	0.0711	432	91,317	726.0	15.0%	834.9	105.0%	795.1	
Short Haul - over 100 seats											
- Dominant incumbent	84,800	8,476	0.1703	183	17,021	1,443.4	2.5%	1,479.5	95.7%	1,546.0	
- Other incumbents	13,250	3,446	0.1703	328	44,290	586.8	2.5%	601.5	95.7%	628.5	
- Low Cost Carriers	63,600	6,786	0.1277	111	13,624	866.5	0.0%	866.5	102.5%	845.4	
- Other new entrants (since 2000)	10,600	1,894	0.1703	324	30,421	322.5	2.5%	330.5	95.7%	345.4	
Short Haul - under 100 seats											
- Dominant incumbent	2,650	95	0.1703	107	6,096	16.2	2.5%	16.6	95.7%	17.3	
- Other incumbents	2,650	40	0.1703	72	2,553	6.8	2.5%	6.9	95.7%	7.2	
- Low Cost Carriers	0	0	0.1277	0	0	0.0	0.0%	0.0	102.5%	0.0	
- Other new entrants (since 2000)	0	0	0.1703	0	0	0.0	2.5%	0.0	95.7%	0.0	
Others											
- Charters	47,700	16,698	0.0650	122	22,754	1,085.4	0.0%	1,085.4	102.5%	1,058.9	
- Cargo	2,650	0	0.0000	0	0	0.0	100.0%	251.8	100.0%	251.8	
Total	265,000	91,334	0.0893	230	30,792	8,159.9	10.9%	9,046.0	98.4%	8,897.9	
d) 2025 (with Secondary Trading)	Flights per year	RPKs per year (mn.)	Average Revenue per RPK \$	Average Yield per Passenger \$	Average Yield per Flight \$	Pax Rev per year mn. \$	Cargo Rev % of pax rev	Total Rev per year mn. \$	Operating Ratio [2003]	Cost per year mn. \$	
Flight Category											
Long Haul											
- Dominant incumbent	15,900	21,947	0.0711	492	98,142	1,560.5	15.0%	1,794.5	105.0%	1,709.1	
- Other incumbents	21,200	33,210	0.0711	507	111,378	2,361.2	15.0%	2,715.4	105.0%	2,586.1	
- New entrants (since 2000)	15,900	20,421	0.0711	432	91,317	1,451.9	15.0%	1,669.7	105.0%	1,590.2	
Short Haul - over 100 seats											
- Dominant incumbent	79,500	7,946	0.1703	183	17,021	1,353.2	2.5%	1,387.0	95.7%	1,449.4	
- Other incumbents	18,550	4,824	0.1703	328	44,290	821.6	2.5%	842.1	95.7%	879.9	
- Low Cost Carriers	53,000	5,655	0.1277	111	13,624	722.1	0.0%	722.1	102.5%	704.5	
- Other new entrants (since 2000)	15,900	2,840	0.1703	324	30,421	483.7	2.5%	495.8	95.7%	518.1	
Short Haul - under 100 seats											
- Dominant incumbent	0	0	0.1703	0	0	0.0	2.5%	0.0	95.7%	0.0	
- Other incumbents	2,650	40	0.1703	72	2,553	6.8	2.5%	6.9	95.7%	7.2	
- Low Cost Carriers	0	0	0.1277	0	0	0.0	0.0%	0.0	102.5%	0.0	
- Other new entrants (since 2000)	0	0	0.1703	0	0	0.0	2.5%	0.0	95.7%	0.0	
Others											
- Charters	42,400	14,843	0.0650	122	22,754	964.8	0.0%	964.8	102.5%	941.2	
- Cargo	0	0	0.0000	0	0	0.0	100.0%	0.0	100.0%	0.0	
Total	265,000	111,726	0.0870	262	36,701	9,725.7	9.0%	10,598.4	98.0%	10,385.7	

London-Gatwick			(iii) Derivatives							
a) Current (2005): (with Artificial Secondary Trading)			Flights per year	Assumed Aircraft Type	Total Pax per year	Business Pax %	Business Pax per year	Total Pax per year	Local O&D %	Local O&D pax per year
Flight Category										
Long Haul										
- Dominant incumbent			7,000	B777-200	1,291,500	20.0%	258,300	1,291,500	55.0%	710,325
- Other incumbents			16,300	A330-200	3,336,203	20.0%	667,241	3,336,203	80.0%	2,668,962
- New entrants (since 2000)			6,900	B737-200	1,354,298	20.0%	270,860	1,354,298	80.0%	1,083,438
Short Haul - over 100 seats										
- Dominant incumbent			79,400	A320-200	6,819,666	30.0%	2,045,900	6,819,666	60.0%	4,091,800
- Other incumbents			11,400	B737-700	1,457,946	30.0%	437,384	1,457,946	90.0%	1,312,151
- Low Cost Carriers			56,400	B737-800	6,497,280	12.0%	779,674	6,497,280	95.0%	6,172,416
- Other new entrants (since 2000)			10,000	A319-100	868,700	30.0%	260,610	868,700	90.0%	781,830
Short Haul - under 100 seats										
- Dominant incumbent			4,000	CRJ-200	228,000	30.0%	68,400	228,000	60.0%	136,800
- Other incumbents			4,700	CRJ-200	167,790	30.0%	50,337	167,790	90.0%	151,011
- Low Cost Carriers			700	DHC8-400	38,220	12.0%	4,586	38,220	95.0%	36,309
- Other new entrants (since 2000)			5,800	ERJ-145	207,060	30.0%	62,118	207,060	90.0%	186,354
Others										
- Charters			58,400	A321-200	9,928,000	2.0%	198,560	9,928,000	98.0%	9,729,440
- Cargo			4,000	B747-400	0	0.0%	0	0	0.0%	0
Total			265,000		32,194,662	15.9%	5,103,969	32,194,662	84.1%	27,060,836
b) Current (2005): (assumed without Secondary Trading)			Flights per year	Assumed Aircraft Type	Total Pax per year	Business Pax %	Business Pax per year	Total Pax per year	Local O&D %	Local O&D pax per year
Flight Category										
Long Haul										
- Dominant incumbent			6,000	B777-200	1,107,000	20.0%	221,400	1,107,000	55.0%	608,850
- Other incumbents			17,400	A330-200	3,561,345	20.0%	712,269	3,561,345	80.0%	2,849,076
- New entrants (since 2000)			6,900	B777-200	1,354,298	20.0%	270,860	1,354,298	80.0%	1,083,438
Short Haul - over 100 seats										
- Dominant incumbent			80,200	A320-200	6,888,378	30.0%	2,066,513	6,888,378	60.0%	4,133,027
- Other incumbents			12,500	B737-700	1,598,625	30.0%	479,588	1,598,625	90.0%	1,438,763
- Low Cost Carriers			55,300	B737-800	6,370,560	12.0%	764,467	6,370,560	95.0%	6,052,032
- Other new entrants (since 2000)			10,000	A319-100	868,700	30.0%	260,610	868,700	90.0%	781,830
Short Haul - under 100 seats										
- Dominant incumbent			10,000	CRJ-200	570,000	30.0%	171,000	570,000	60.0%	342,000
- Other incumbents			4,700	CRJ-200	167,790	30.0%	50,337	167,790	90.0%	151,011
- Low Cost Carriers			700	DHC8-400	38,220	12.0%	4,586	38,220	95.0%	36,309
- Other new entrants (since 2000)			0	ERJ-145	0	30.0%	0	0	90.0%	0
Others			0							
- Charters			0	A321-200	9,741,000	2.0%	194,820	9,741,000	98.0%	9,546,180
- Cargo			4,000	B747-400	0	0.0%	0	0	0.0%	0
Total			207,700		32,265,916	16.1%	5,196,450	32,265,916	83.7%	27,022,515
c) 2025 (without Secondary Trading)			Flights per year	Assumed Aircraft Type	Total Pax per year	Business Pax %	Business Pax per year	Total Pax per year	Local O&D %	Local O&D pax per year
Flight Category										
Long Haul										
- Dominant incumbent			10,600	B777-200	2,114,700	20.0%	422,940	2,114,700	55.0%	1,163,085
- Other incumbents			18,550	A330-200	4,074,971	20.0%	814,994	4,074,971	80.0%	3,259,977
- New entrants (since 2000)			7,950	B777-200	1,679,636	20.0%	335,927	1,679,636	80.0%	1,343,709
Short Haul - over 100 seats										
- Dominant incumbent			84,800	A320-200	7,877,072	30.0%	2,363,122	7,877,072	60.0%	4,726,243
- Other incumbents			13,250	B737-700	1,787,293	30.0%	536,188	1,787,293	90.0%	1,608,563
- Low Cost Carriers			63,600	B737-800	7,835,520	12.0%	940,262	7,835,520	95.0%	7,443,744
- Other new entrants (since 2000)			10,600	A319-100	995,022	30.0%	298,507	995,022	90.0%	895,520
Short Haul - under 100 seats										
- Dominant incumbent			2,650	CRJ-200	151,050	30.0%	45,315	151,050	60.0%	90,630
- Other incumbents			2,650	CRJ-200	94,605	30.0%	28,382	94,605	90.0%	85,145
- Low Cost Carriers			0	DHC8-400	0	12.0%	0	0	95.0%	0
- Other new entrants (since 2000)			0	ERJ-145	0	30.0%	0	0	90.0%	0
Others										
- Charters			47,700	A321-200	8,919,900	2.0%	178,398	8,919,900	98.0%	8,741,502
- Cargo			2,650	B747-400	0	0.0%	0	0	0.0%	0
Total			265,000		35,529,769	16.8%	5,964,034	35,529,769	82.6%	29,358,118
d) 2025 (with Secondary Trading)			Flights per year	Assumed Aircraft Type	Total Pax per year	Business Pax %	Business Pax per year	Total Pax per year	Local O&D %	Local O&D pax per year
Flight Category										
Long Haul										
- Dominant incumbent			15,900	B777-200	3,172,050	20.0%	634,410	3,172,050	55.0%	1,744,628
- Other incumbents			21,200	A330-200	4,657,110	20.0%	931,422	4,657,110	80.0%	3,725,688
- New entrants (since 2000)			15,900	B777-200	3,359,273	20.0%	671,855	3,359,273	80.0%	2,687,418
Short Haul - over 100 seats										
- Dominant incumbent			79,500	A320-200	7,384,755	30.0%	2,215,427	7,384,755	60.0%	4,430,853
- Other incumbents			18,550	B737-700	2,502,210	30.0%	750,663	2,502,210	90.0%	2,251,989
- Low Cost Carriers			53,000	B737-800	6,529,600	12.0%	783,552	6,529,600	95.0%	6,203,120
- Other new entrants (since 2000)			15,900	A319-100	1,492,533	30.0%	447,760	1,492,533	90.0%	1,343,280
Short Haul - under 100 seats										
- Dominant incumbent			0	CRJ-200	0	30.0%	0	0	60.0%	0
- Other incumbents			2,650	CRJ-200	94,605	30.0%	28,382	94,605	90.0%	85,145
- Low Cost Carriers			0	DHC8-400	0	12.0%	0	0	95.0%	0
- Other new entrants (since 2000)			0	ERJ-145	0	30.0%	0	0	90.0%	0
Others										
- Charters			42,400	A321-200	7,928,800	2.0%	158,576	7,928,800	98.0%	7,770,224
- Cargo			0	B747-400	0	0.0%	0	0	0.0%	0
Total			265,000		37,120,935	17.8%	6,622,045	37,120,935	81.5%	30,242,343

## Appendix 7 Forecasts – Paris-Orly

Paris-Orly	(i) Traffic Assumptions									
a) Current (2005): (without Secondary Trading)	Flights per year	Flights % of total	Average Seats per Flight	Seats per year	Average Load Factor %	Average Pax per flight	Total Pax per year	Average Distance flown - km	Revenue Passenger Kilometres per flight	RPKs per year (mn.)
<b>Flight Category</b>										
<b>Long Haul</b>										
- Dominant incumbent	5,800	2.6%	332.1	1,926,180	75%	249.1	1,444,635	6,344	1,580,132	9,165
- Other incumbents	19,900	8.9%	209.7	4,173,030	75%	157.3	3,129,773	2,794	439,426	8,745
- New entrants (since 2000)	5,500	2.5%	200.4	1,102,200	75%	150.3	826,650	3,649	548,445	3,016
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	110,600	49.6%	146.4	16,191,840	70%	102.5	11,334,288	584	59,848	6,619
- Other incumbents	21,900	9.8%	153.3	3,357,270	70%	107.3	2,350,089	1,279	137,249	3,006
- Low Cost Carriers	21,100	9.5%	157.3	3,319,030	80%	125.8	2,655,224	870	109,481	2,310
- Other new entrants (since 2000)	2,300	1.0%	150.0	345,000	70%	105.0	241,500	1,535	161,175	371
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	15,500	7.0%	53.7	832,350	60%	32.2	499,410	454	14,628	227
- Other incumbents	10,700	4.8%	39.5	422,650	60%	23.7	253,590	591	14,007	150
- Low Cost Carriers	0	0.0%	0.0	0	70%	0.0	0	0	0	0
- Other new entrants (since 2000)	0	0.0%	0.0	0	60%	0.0	0	0	0	0
<b>Others</b>										
- Charters	7,000	3.1%	200.0	1,400,000	85%	170.0	1,190,000	1,800	306,000	2,142
- Cargo	2,700	1.2%	0.0	0	0%	0.0	0	4,613	0	0
<b>Total</b>	223,000	100.0%	148.3	33,069,550	72%	107.3	23,925,159	1,494	160,315	35,750
<b>b) 2025 (without Secondary Trading)</b>										
<b>Flight Category</b>										
<b>Long Haul</b>										
- Dominant incumbent	7,500	3.0%	352.1	2,640,750	75%	264.1	1,980,563	6,598	1,742,367	13,068
- Other incumbents	25,000	10.0%	229.7	5,742,500	75%	172.3	4,306,875	2,906	500,631	12,516
- New entrants (since 2000)	7,500	3.0%	220.4	1,653,000	75%	165.3	1,239,750	3,795	627,314	4,705
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	125,000	50.0%	156.4	19,550,000	70%	109.5	13,685,000	607	66,454	8,307
- Other incumbents	22,500	9.0%	163.3	3,674,250	70%	114.3	2,571,975	1,330	152,032	3,421
- Low Cost Carriers	25,000	10.0%	167.3	4,182,500	80%	133.8	3,346,000	905	121,125	3,028
- Other new entrants (since 2000)	2,500	1.0%	160.0	400,000	70%	112.0	280,000	1,596	178,752	447
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	17,500	7.0%	53.7	939,750	60%	32.2	563,850	472	15,208	266
- Other incumbents	10,000	4.0%	39.5	395,000	60%	23.7	237,000	615	14,576	146
- Low Cost Carriers	0	0.0%	0.0	0	70%	0.0	0	0	0	0
- Other new entrants (since 2000)	0	0.0%	0.0	0	60%	0.0	0	0	0	0
<b>Others</b>										
- Charters	6,250	2.5%	200.0	1,250,000	85%	170.0	1,062,500	1,872	318,240	1,989
- Cargo	1,250	0.5%	0.0	0	0%	0.0	0	4,771	0	0
<b>Total</b>	250,000	100.0%	161.7	40,427,750	72%	117.1	29,273,513	1,636	191,567	47,892
<b>c) 2025 (with Secondary Trading)</b>										
<b>Flight Category</b>										
<b>Long Haul</b>										
- Dominant incumbent	7,500	3.0%	352.1	2,640,750	75%	264.1	1,980,563	6,598	1,742,367	13,068
- Other incumbents	27,500	11.0%	229.7	6,316,750	75%	172.3	4,737,563	2,906	500,631	13,767
- New entrants (since 2000)	10,000	4.0%	220.4	2,204,000	75%	165.3	1,653,000	3,795	627,314	6,273
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	112,500	45.0%	166.4	18,720,000	70%	116.5	13,104,000	607	70,703	7,954
- Other incumbents	33,750	13.5%	173.3	5,848,875	70%	121.3	4,094,213	1,330	161,342	5,445
- Low Cost Carriers	27,500	11.0%	177.3	4,875,750	80%	141.8	3,900,600	905	128,365	3,530
- Other new entrants (since 2000)	10,000	4.0%	170.0	1,700,000	70%	119.0	1,190,000	1,596	189,924	1,899
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	7,500	3.0%	53.7	402,750	60%	32.2	241,650	472	15,208	114
- Other incumbents	7,500	3.0%	39.5	296,250	60%	23.7	177,750	615	14,576	109
- Low Cost Carriers	0	0.0%	0.0	0	70%	0.0	0	0	0	0
- Other new entrants (since 2000)	0	0.0%	0.0	0	60%	0.0	0	0	0	0
<b>Others</b>										
- Charters	5,000	2.0%	200.0	1,000,000	85%	170.0	850,000	1,872	318,240	1,591
- Cargo	1,250	0.5%	0.0	0	0%	0.0	0	4,771	0	0
<b>Total</b>	250,000	100.0%	176.0	44,005,125	73%	127.7	31,929,338	1,683	215,006	53,752

Paris-Only	(ii) Cost and Revenue Assumptions									
a) Current (2005): (without Secondary Trading)	Flights per year	RPKs per year (mn.)	Average Revenue per RPK \$	Average Yield per Passenger \$	Average Yield per Flight \$	Pax Rev per year mn. \$	Cargo Rev % of pax rev	Total Rev per year mn. \$	Operating Ratio [2003]	Cost per year mn. \$
<b>Flight Category</b>										
<b>Long Haul</b>										
- Dominant incumbent	5,800	9,165	0.0711	451	112,347	651.6	15.0%	749.4	105.0%	713.7
- Other incumbents	19,900	8,745	0.0711	199	31,243	621.7	15.0%	715.0	105.0%	681.0
- New entrants (since 2000)	5,500	3,016	0.0711	259	38,994	214.5	15.0%	246.6	105.0%	234.9
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	110,600	6,619	0.1703	99	10,192	1,127.3	2.5%	1,155.4	95.7%	1,207.4
- Other incumbents	21,900	3,006	0.1703	218	23,374	511.9	2.5%	524.7	95.7%	548.3
- Low Cost Carriers	21,100	2,310	0.1277	111	13,981	295.0	0.0%	295.0	102.5%	287.8
- Other new entrants (since 2000)	2,300	371	0.1703	261	27,448	63.1	2.5%	64.7	95.7%	67.6
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	15,500	227	0.1703	77	2,491	38.6	2.5%	39.6	95.7%	41.4
- Other incumbents	10,700	150	0.1703	101	2,385	25.5	2.5%	26.2	95.7%	27.3
- Low Cost Carriers	0	0	0.1277	0	0	0.0	0.0%	0.0	102.5%	0.0
- Other new entrants (since 2000)	0	0	0.1703	0	0	0.0	2.5%	0.0	95.7%	0.0
<b>Others</b>										
- Charters	7,000	2,142	0.0650	117	19,890	139.2	0.0%	139.2	102.5%	135.8
- Cargo	2,700	0	0.0000	0	0	0.0	100.0%	118.5	100.0%	118.5
<b>Total</b>	223,000	35,750	0.1032	154	16,540	3,688.4	10.5%	4,074.2	99.7%	4,063.5
<b>b) 2025 (without Secondary Trading)</b>										
<b>Flight Category</b>										
<b>Long Haul</b>										
- Dominant incumbent	7,500	13,068	0.0711	469	123,882	929.1	15.0%	1,068.5	105.0%	1,017.6
- Other incumbents	25,000	12,516	0.0711	207	35,595	889.9	15.0%	1,023.4	105.0%	974.6
- New entrants (since 2000)	7,500	4,705	0.0711	270	44,602	334.5	15.0%	384.7	105.0%	366.4
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	125,000	8,307	0.1703	103	11,317	1,414.6	2.5%	1,450.0	95.7%	1,515.2
- Other incumbents	22,500	3,421	0.1703	226	25,891	582.5	2.5%	597.1	95.7%	623.9
- Low Cost Carriers	25,000	3,028	0.1277	116	15,468	386.7	0.0%	386.7	102.5%	377.3
- Other new entrants (since 2000)	2,500	447	0.1703	272	30,441	76.1	2.5%	78.0	95.7%	81.5
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	17,500	266	0.1703	80	2,590	45.3	2.5%	46.5	95.7%	48.5
- Other incumbents	10,000	146	0.1703	105	2,482	24.8	2.5%	25.4	95.7%	26.6
- Low Cost Carriers	0	0	0.1277	0	0	0.0	0.0%	0.0	102.5%	0.0
- Other new entrants (since 2000)	0	0	0.1703	0	0	0.0	2.5%	0.0	95.7%	0.0
<b>Others</b>										
- Charters	6,250	1,989	0.0650	122	20,686	129.3	0.0%	129.3	102.5%	126.1
- Cargo	1,250	0	0.0000	0	0	0.0	100.0%	61.9	100.0%	61.9
<b>Total</b>	250,000	47,892	0.1005	164	19,252	4,812.9	9.1%	5,251.5	99.4%	5,219.7
<b>c) 2025 (with Secondary Trading)</b>										
<b>Flight Category</b>										
<b>Long Haul</b>										
- Dominant incumbent	7,500	13,068	0.0711	469	123,882	929.1	15.0%	1,068.5	105.0%	1,017.6
- Other incumbents	27,500	13,767	0.0711	207	35,595	978.9	15.0%	1,125.7	105.0%	1,072.1
- New entrants (since 2000)	10,000	6,273	0.0711	270	44,602	446.0	15.0%	512.9	105.0%	488.5
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	112,500	7,954	0.1703	103	12,041	1,354.6	2.5%	1,388.5	95.7%	1,450.8
- Other incumbents	33,750	5,445	0.1703	226	27,477	927.3	2.5%	950.5	95.7%	993.2
- Low Cost Carriers	27,500	3,530	0.1277	116	16,392	450.8	0.0%	450.8	102.5%	439.8
- Other new entrants (since 2000)	10,000	1,899	0.1703	272	32,344	323.4	2.5%	331.5	95.7%	346.4
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	7,500	114	0.1703	80	2,590	19.4	2.5%	19.9	95.7%	20.8
- Other incumbents	7,500	109	0.1703	105	2,482	18.6	2.5%	19.1	95.7%	19.9
- Low Cost Carriers	0	0	0.1277	0	0	0.0	0.0%	0.0	102.5%	0.0
- Other new entrants (since 2000)	0	0	0.1703	0	0	0.0	2.5%	0.0	95.7%	0.0
<b>Others</b>										
- Charters	5,000	1,591	0.0650	122	20,686	103.4	0.0%	103.4	102.5%	100.9
- Cargo	1,250	0	0.0000	0	0	0.0	100.0%	60.2	100.0%	60.2
<b>Total</b>	250,000	53,752	0.1033	174	22,206	5,551.6	8.6%	6,031.0	99.7%	6,010.3

Paris-Only		(iii) Derivatives							
a) Current (2005): (without Secondary Trading)				Total Pax per year	Business Pax %	Business Pax per year	Total Pax per year	Local O&D %	Local O&D pax per year
Flight Category		Flights per year	Assumed Aircraft Type						
Long Haul									
- Dominant incumbent		5,800	B777-200	1,444,635	33.0%	476,730	1,444,635	70.0%	1,011,245
- Other incumbents		19,900	A330-200	3,129,773	33.0%	1,032,825	3,129,773	85.0%	2,660,307
- New entrants (since 2000)		5,500	B777-200	826,650	33.0%	272,795	826,650	85.0%	702,653
Short Haul - over 100 seats									
- Dominant incumbent		110,600	A320-200	11,334,288	47.0%	5,327,115	11,334,288	65.0%	7,367,287
- Other incumbents		21,900	B737-700	2,350,089	47.0%	1,104,542	2,350,089	95.0%	2,232,585
- Low Cost Carriers		21,100	B737-800	2,655,224	12.0%	318,627	2,655,224	95.0%	2,522,463
- Other new entrants (since 2000)		2,300	A319-100	241,500	47.0%	113,505	241,500	95.0%	229,425
Short Haul - under 100 seats									
- Dominant incumbent		15,500	CRJ-200	499,410	47.0%	234,723	499,410	65.0%	324,617
- Other incumbents		10,700	CRJ-200	253,590	47.0%	119,187	253,590	95.0%	240,911
- Low Cost Carriers		0	DHC8-400	0	12.0%	0	0	95.0%	0
- Other new entrants (since 2000)		0	ERJ-145	0	47.0%	0	0	95.0%	0
Others		0							
- Charters		0	A321-200	1,190,000	2.0%	23,800	1,190,000	98.0%	1,166,200
- Cargo		2,700	B747-400	0	0.0%	0	0	0.0%	0
Total		216,000		23,925,159	37.7%	9,023,848	23,925,159	77.1%	18,457,690
b) 2025 (without Secondary Trading)				Total Pax per year	Business Pax %	Business Pax per year	Total Pax per year	Local O&D %	Local O&D pax per year
Flight Category		Flights per year	Assumed Aircraft Type						
Long Haul									
- Dominant incumbent		7,500	B777-200	1,980,563	33.0%	653,586	1,980,563	70.0%	1,386,394
- Other incumbents		25,000	A330-200	4,306,875	33.0%	1,421,269	4,306,875	85.0%	3,660,844
- New entrants (since 2000)		7,500	B777-200	1,239,750	33.0%	409,118	1,239,750	85.0%	1,053,788
Short Haul - over 100 seats									
- Dominant incumbent		125,000	A320-200	13,685,000	47.0%	6,431,950	13,685,000	65.0%	8,895,250
- Other incumbents		22,500	B737-700	2,571,975	47.0%	1,208,828	2,571,975	95.0%	2,443,376
- Low Cost Carriers		25,000	B737-800	3,346,000	12.0%	401,520	3,346,000	95.0%	3,178,700
- Other new entrants (since 2000)		2,500	A319-100	280,000	47.0%	131,600	280,000	95.0%	266,000
Short Haul - under 100 seats									
- Dominant incumbent		17,500	CRJ-200	563,850	47.0%	265,010	563,850	65.0%	366,503
- Other incumbents		10,000	CRJ-200	237,000	47.0%	111,390	237,000	95.0%	225,150
- Low Cost Carriers		0	DHC8-400	0	12.0%	0	0	95.0%	0
- Other new entrants (since 2000)		0	ERJ-145	0	47.0%	0	0	95.0%	0
Others									
- Charters		6,250	A321-200	1,062,500	2.0%	21,250	1,062,500	98.0%	1,041,250
- Cargo		1,250	B747-400	0	0.0%	0	0	0.0%	0
Total		250,000		29,273,513	37.8%	11,055,520	29,273,513	76.9%	22,517,254
c) 2025 (with Secondary Trading)				Total Pax per year	Business Pax %	Business Pax per year	Total Pax per year	Local O&D %	Local O&D pax per year
Flight Category		Flights per year	Assumed Aircraft Type						
Long Haul									
- Dominant incumbent		7,500	B777-200	1,980,563	33.0%	653,586	1,980,563	70.0%	1,386,394
- Other incumbents		27,500	A330-200	4,737,563	33.0%	1,563,396	4,737,563	85.0%	4,026,928
- New entrants (since 2000)		10,000	B777-200	1,653,000	33.0%	545,490	1,653,000	85.0%	1,405,050
Short Haul - over 100 seats									
- Dominant incumbent		112,500	A320-200	13,104,000	47.0%	6,158,880	13,104,000	65.0%	8,517,600
- Other incumbents		33,750	B737-700	4,094,213	47.0%	1,924,280	4,094,213	95.0%	3,889,502
- Low Cost Carriers		27,500	B737-800	3,900,600	12.0%	468,072	3,900,600	95.0%	3,705,570
- Other new entrants (since 2000)		10,000	A319-100	1,190,000	47.0%	559,300	1,190,000	95.0%	1,130,500
Short Haul - under 100 seats									
- Dominant incumbent		7,500	CRJ-200	241,650	47.0%	113,576	241,650	65.0%	157,073
- Other incumbents		7,500	CRJ-200	177,750	47.0%	83,543	177,750	95.0%	168,863
- Low Cost Carriers		0	DHC8-400	0	12.0%	0	0	95.0%	0
- Other new entrants (since 2000)		0	ERJ-145	0	47.0%	0	0	95.0%	0
Others									
- Charters		5,000	A321-200	850,000	2.0%	17,000	850,000	98.0%	833,000
- Cargo		1,250	B747-400	0	0.0%	0	0	0.0%	0
Total		250,000		31,929,338	37.9%	12,087,121	31,929,338	79.0%	25,220,479



## Appendix 8 Forecasts – Paris-Charles de Gaulle

Paris-Charles de Gaulle (i) Traffic Assumptions										
a) Current (2005): (without Secondary Trading)										
	Flights per year	Flights % of total	Average Seats per Flight	Seats per year	Average Load Factor %	Average Pax per flight	Total Pax per year	Average Distance flown - km	Revenue Passenger Kilometres per flight	RPKs per year (mn.)
<b>Flight Category</b>										
<b>Long Haul</b>										
- Dominant incumbent	54,000	10.3%	260.1	14,045,400	75%	195.1	10,534,050	6,792	1,324,949	71,547
- Other incumbents	40,600	7.7%	268.4	10,897,040	75%	201.3	8,172,780	7,503	1,510,354	61,320
- New entrants (since 2000)	6,800	1.3%	237.5	1,615,000	75%	178.1	1,211,250	5,463	973,097	6,617
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	175,500	33.4%	137.6	24,148,800	70%	96.3	16,904,160	845	81,390	14,284
- Other incumbents	73,100	13.9%	138.4	10,117,040	70%	96.9	7,081,928	941	91,164	6,664
- Low Cost Carriers	21,300	4.0%	141.3	3,009,690	80%	113.0	2,407,752	820	92,693	1,974
- Other new entrants (since 2000)	4,100	0.8%	143.4	587,940	70%	100.4	411,558	1,071	107,507	441
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	34,400	6.5%	53.5	1,840,400	60%	32.1	1,104,240	676	21,700	746
- Other incumbents	37,600	7.1%	54.0	2,030,400	60%	32.4	1,218,240	602	19,505	733
- Low Cost Carriers	3,400	0.6%	75.0	255,000	70%	52.5	178,500	799	41,948	143
- Other new entrants (since 2000)	1,200	0.2%	50.0	60,000	60%	30.0	36,000	900	27,000	32
<b>Others</b>										
- Charters	24,000	4.6%	200.0	4,800,000	85%	170.0	4,080,000	1,800	306,000	7,344
- Cargo	50,000	9.5%	0.0	0	0%	0.0	0	6,629	0	0
<b>Total</b>	526,000	100.0%	139.6	73,406,710	73%	101.4	53,340,458	3,222	326,705	171,847
b) 2025 (without Secondary Trading)										
<b>Flight Category</b>	Flights per year	Flights % of total	Average Seats per Flight	Seats per year	Average Load Factor %	Average Pax per flight	Total Pax per year	Average Distance flown - km	Revenue Passenger Kilometres per flight	RPKs per year (mn.)
<b>Long Haul</b>										
- Dominant incumbent	103,600	14.0%	280.1	29,018,360	75%	210.1	21,763,770	7,064	1,483,970	153,739
- Other incumbents	77,700	10.5%	288.4	22,408,680	75%	216.3	16,806,510	7,803	1,687,789	131,141
- New entrants (since 2000)	14,800	2.0%	257.5	3,811,000	75%	193.1	2,858,250	5,682	1,097,336	16,241
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	273,800	37.0%	147.6	40,412,880	70%	103.3	28,289,016	879	90,818	24,866
- Other incumbents	96,200	13.0%	148.4	14,276,080	70%	103.9	9,993,256	979	101,699	9,783
- Low Cost Carriers	25,900	3.5%	151.3	3,918,670	80%	121.0	3,134,936	853	103,247	2,674
- Other new entrants (since 2000)	7,400	1.0%	153.4	1,135,160	70%	107.4	794,612	1,114	119,621	885
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	14,800	2.0%	53.5	791,800	60%	32.1	475,080	703	22,566	334
- Other incumbents	37,000	5.0%	54.0	1,998,000	60%	32.4	1,198,800	626	20,282	750
- Low Cost Carriers	0	0.0%	0.0	0	70%	0.0	0	0	0	0
- Other new entrants (since 2000)	0	0.0%	0.0	0	60%	0.0	0	0	0	0
<b>Others</b>										
- Charters	29,600	4.0%	220.0	6,512,000	85%	187.0	5,535,200	1,872	350,064	10,362
- Cargo	59,200	8.0%	0.0	0	0%	0.0	0	6,891	0	0
<b>Total</b>	740,000	100.0%	167.9	124,282,630	73%	122.8	90,849,430	3,861	474,022	350,776
c) 2025 (with Secondary Trading)										
<b>Flight Category</b>	Flights per year	Flights % of total	Average Seats per Flight	Seats per year	Average Load Factor %	Average Pax per flight	Total Pax per year	Average Distance flown - km	Revenue Passenger Kilometres per flight	RPKs per year (mn.)
<b>Long Haul</b>										
- Dominant incumbent	129,500	17.5%	280.1	36,272,950	75%	210.1	27,204,713	7,064	1,483,970	192,174
- Other incumbents	85,100	11.5%	288.4	24,542,840	75%	216.3	18,407,130	7,803	1,687,789	143,631
- New entrants (since 2000)	37,000	5.0%	257.5	9,527,500	75%	193.1	7,145,625	5,682	1,097,336	40,601
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	284,900	38.5%	147.6	42,051,240	70%	103.3	29,435,868	879	90,818	25,874
- Other incumbents	81,400	11.0%	148.4	12,079,760	70%	103.9	8,455,832	979	101,699	8,278
- Low Cost Carriers	18,500	2.5%	151.3	2,799,050	80%	121.0	2,239,240	853	103,247	1,910
- Other new entrants (since 2000)	18,500	2.5%	153.4	2,837,900	70%	107.4	1,986,530	1,114	119,621	2,213
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	14,800	2.0%	53.5	791,800	60%	32.1	475,080	703	22,566	334
- Other incumbents	11,100	1.5%	54.0	599,400	60%	32.4	359,640	626	20,282	225
- Low Cost Carriers	0	0.0%	0.0	0	70%	0.0	0	0	0	0
- Other new entrants (since 2000)	0	0.0%	0.0	0	60%	0.0	0	0	0	0
<b>Others</b>										
- Charters	14,800	2.0%	220.0	3,256,000	85%	187.0	2,767,600	1,872	350,064	5,181
- Cargo	44,400	6.0%	0.0	0	0%	0.0	0	6,891	0	0
<b>Total</b>	740,000	100.0%	182.1	134,758,440	73%	133.1	98,477,258	4,269	568,138	420,422

Paris-Charles de Gaulle (ii) Cost and Revenue Assumptions										
a) Current (2005): (without Secondary Trading)										
Flight Category	Flights per year	RPKs per year (mn.)	Average Revenue per RPK \$	Average Yield per Passenger \$	Average Yield per Flight \$	Pax Rev per year mn. \$	Cargo Rev % of pax rev	Total Rev per year mn. \$	Operating Ratio [2003]	Cost per year mn. \$
<b>Long Haul</b>										
- Dominant incumbent	54,000	71,547	0.0711	483	94,204	5,087.0	15.0%	5,850.1	105.0%	5,571.5
- Other incumbents	40,600	61,320	0.0711	533	107,386	4,359.9	15.0%	5,013.9	105.0%	4,775.1
- New entrants (since 2000)	6,800	6,617	0.0711	388	69,187	470.5	15.0%	541.0	105.0%	515.3
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	175,500	14,284	0.1703	144	13,861	2,432.6	2.5%	2,493.4	95.7%	2,605.4
- Other incumbents	73,100	6,664	0.1703	160	15,525	1,134.9	2.5%	1,163.3	95.7%	1,215.5
- Low Cost Carriers	21,300	1,974	0.1277	105	11,837	252.1	0.0%	252.1	102.5%	246.0
- Other new entrants (since 2000)	4,100	441	0.1703	182	18,308	75.1	2.5%	76.9	95.7%	80.4
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	34,400	746	0.1703	115	3,695	127.1	2.5%	130.3	95.7%	136.2
- Other incumbents	37,600	733	0.1703	103	3,322	124.9	2.5%	128.0	95.7%	133.8
- Low Cost Carriers	0	0	0.1277	0	0	0.0	0.0%	0.0	102.5%	0.0
- Other new entrants (since 2000)	1,200	32	0.1703	153	4,598	5.5	2.5%	5.7	95.7%	5.9
<b>Others</b>										
- Charters	24,000	7,344	0.0650	117	19,890	477.4	0.0%	477.4	102.5%	465.7
- Cargo	50,000	0	0.0000	0	0	0.0	100.0%	4,499.0	100.0%	4,499.0
<b>Total</b>	<b>526,000</b>	<b>171,847</b>	<b>0.0847</b>	<b>273</b>	<b>27,656</b>	<b>14,546.9</b>	<b>41.8%</b>	<b>20,631.0</b>	<b>98.2%</b>	<b>20,249.7</b>
b) 2025 (without Secondary Trading)										
Flight Category	Flights per year	RPKs per year (mn.)	Average Revenue per RPK \$	Average Yield per Passenger \$	Average Yield per Flight \$	Pax Rev per year mn. \$	Cargo Rev % of pax rev	Total Rev per year mn. \$	Operating Ratio [2003]	Cost per year mn. \$
<b>Long Haul</b>										
- Dominant incumbent	103,600	153,739	0.0711	502	105,510	10,930.9	15.0%	12,570.5	105.0%	11,971.9
- Other incumbents	77,700	131,141	0.0711	555	120,002	9,324.1	15.0%	10,722.8	105.0%	10,212.2
- New entrants (since 2000)	14,800	16,241	0.0711	404	78,021	1,154.7	15.0%	1,327.9	105.0%	1,264.7
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	273,800	24,866	0.1703	150	15,466	4,234.7	2.5%	4,340.6	95.7%	4,535.6
- Other incumbents	96,200	9,783	0.1703	167	17,319	1,666.1	2.5%	1,707.8	95.7%	1,784.5
- Low Cost Carriers	25,900	2,674	0.1277	109	13,185	341.5	0.0%	341.5	102.5%	333.2
- Other new entrants (since 2000)	7,400	885	0.1703	190	20,372	150.7	2.5%	154.5	95.7%	161.5
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	14,800	334	0.1703	120	3,843	56.9	2.5%	58.3	95.7%	60.9
- Other incumbents	37,000	750	0.1703	107	3,454	127.8	2.5%	131.0	95.7%	136.9
- Low Cost Carriers	0	0	0.1277	0	0	0.0	0.0%	0.0	102.5%	0.0
- Other new entrants (since 2000)	0	0	0.1703	0	0	0.0	2.5%	0.0	95.7%	0.0
<b>Others</b>										
- Charters	29,600	10,362	0.0650	122	22,754	673.5	0.0%	673.5	102.5%	657.1
- Cargo	59,200	0	0.0000	0	0	0.0	100.0%	5,946.2	100.0%	5,946.2
<b>Total</b>	<b>740,000</b>	<b>350,776</b>	<b>0.0817</b>	<b>315</b>	<b>38,731</b>	<b>28,660.9</b>	<b>32.5%</b>	<b>37,974.5</b>	<b>97.6%</b>	<b>37,064.6</b>
c) 2025 (with Secondary Trading)										
Flight Category	Flights per year	RPKs per year (mn.)	Average Revenue per RPK \$	Average Yield per Passenger \$	Average Yield per Flight \$	Pax Rev per year mn. \$	Cargo Rev % of pax rev	Total Rev per year mn. \$	Operating Ratio [2003]	Cost per year mn. \$
<b>Long Haul</b>										
- Dominant incumbent	129,500	192,174	0.0711	502	105,510	13,663.6	15.0%	15,713.1	105.0%	14,964.9
- Other incumbents	85,100	143,631	0.0711	555	120,002	10,212.2	15.0%	11,744.0	105.0%	11,184.7
- New entrants (since 2000)	37,000	40,601	0.0711	404	78,021	2,886.8	15.0%	3,319.8	105.0%	3,161.7
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	284,900	25,874	0.1703	150	15,466	4,406.4	2.5%	4,516.5	95.7%	4,719.5
- Other incumbents	81,400	8,278	0.1703	167	17,319	1,409.8	2.5%	1,445.0	95.7%	1,510.0
- Low Cost Carriers	18,500	1,910	0.1277	109	13,185	243.9	0.0%	243.9	102.5%	238.0
- Other new entrants (since 2000)	18,500	2,213	0.1703	190	20,372	376.9	2.5%	386.3	95.7%	403.7
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	14,800	334	0.1703	120	3,843	56.9	2.5%	58.3	95.7%	60.9
- Other incumbents	11,100	225	0.1703	107	3,454	38.3	2.5%	39.3	95.7%	41.1
- Low Cost Carriers	0	0	0.1277	0	0	0.0	0.0%	0.0	102.5%	0.0
- Other new entrants (since 2000)	0	0	0.1703	0	0	0.0	2.5%	0.0	95.7%	0.0
<b>Others</b>										
- Charters	14,800	5,181	0.0650	122	22,754	336.8	0.0%	336.8	102.5%	328.5
- Cargo	44,400	0	0.0000	0	0	0.0	100.0%	4,345.0	100.0%	4,345.0
<b>Total</b>	<b>740,000</b>	<b>420,422</b>	<b>0.0800</b>	<b>342</b>	<b>45,448</b>	<b>33,631.4</b>	<b>25.3%</b>	<b>42,148.0</b>	<b>97.2%</b>	<b>40,957.8</b>

Paris-Charles de Gaulle		(iii) Derivatives							
a) Current (2005): (without Secondary Trading)				Total Pax per year	Business Pax %	Business Pax per year	Total Pax per year	Local O&D %	Local O&D pax per year
Flight Category		Flights per year	Assumed Aircraft Type						
Long Haul									
- Dominant incumbent		54,000	B777-200	10,534,050	35.0%	3,686,918	10,534,050	55.0%	5,793,728
- Other incumbents		40,600	A330-200	8,172,780	35.0%	2,860,473	8,172,780	80.0%	6,538,224
- New entrants (since 2000)		6,800	B777-200	1,211,250	35.0%	423,938	1,211,250	80.0%	969,000
Short Haul - over 100 seats									
- Dominant incumbent		175,500	A320-200	16,904,160	45.0%	7,606,872	16,904,160	60.0%	10,142,496
- Other incumbents		73,100	B737-700	7,081,928	45.0%	3,186,868	7,081,928	90.0%	6,373,735
- Low Cost Carriers		21,300	B737-800	2,407,752	12.0%	288,930	2,407,752	95.0%	2,287,364
- Other new entrants (since 2000)		4,100	A319-100	411,558	45.0%	185,201	411,558	90.0%	370,402
Short Haul - under 100 seats									
- Dominant incumbent		34,400	CRJ-200	1,104,240	45.0%	496,908	1,104,240	60.0%	662,544
- Other incumbents		37,600	CRJ-200	1,218,240	45.0%	548,208	1,218,240	90.0%	1,096,416
- Low Cost Carriers		3,400	DHC8-400	178,500	12.0%	21,420	178,500	95.0%	169,575
- Other new entrants (since 2000)		1,200	ERJ-145	36,000	45.0%	16,200	36,000	90.0%	32,400
Others		0							
- Charters		0	A321-200	4,080,000	2.0%	81,600	4,080,000	98.0%	3,998,400
- Cargo		50,000	B747-400	0	0.0%	0	0	0.0%	0
Total		502,000		53,340,458	36.4%	19,403,535	53,340,458	72.1%	38,434,284
b) 2025 (without Secondary Trading)				Total Pax per year	Business Pax %	Business Pax per year	Total Pax per year	Local O&D %	Local O&D pax per year
Flight Category		Flights per year	Assumed Aircraft Type						
Long Haul									
- Dominant incumbent		103,600	B777-200	21,763,770	35.0%	7,617,320	21,763,770	55.0%	11,970,074
- Other incumbents		77,700	A330-200	16,806,510	35.0%	5,882,279	16,806,510	80.0%	13,445,208
- New entrants (since 2000)		14,800	B777-200	2,858,250	35.0%	1,000,388	2,858,250	80.0%	2,286,600
Short Haul - over 100 seats									
- Dominant incumbent		273,800	A320-200	28,289,016	45.0%	12,730,057	28,289,016	60.0%	16,973,410
- Other incumbents		96,200	B737-700	9,993,256	45.0%	4,496,965	9,993,256	90.0%	8,993,930
- Low Cost Carriers		25,900	B737-800	3,134,936	12.0%	376,192	3,134,936	95.0%	2,978,189
- Other new entrants (since 2000)		7,400	A319-100	794,612	45.0%	357,575	794,612	90.0%	715,151
Short Haul - under 100 seats									
- Dominant incumbent		14,800	CRJ-200	475,080	45.0%	213,786	475,080	60.0%	285,048
- Other incumbents		37,000	CRJ-200	1,198,800	45.0%	539,460	1,198,800	90.0%	1,078,920
- Low Cost Carriers		0	DHC8-400	0	12.0%	0	0	95.0%	0
- Other new entrants (since 2000)		0	ERJ-145	0	45.0%	0	0	90.0%	0
Others									
- Charters		29,600	A321-200	5,535,200	2.0%	110,704	5,535,200	98.0%	5,424,496
- Cargo		59,200	B747-400	0	0.0%	0	0	0.0%	0
Total		740,000		90,849,430	36.7%	33,324,726	90,849,430	70.6%	64,151,026
c) 2025 (with Secondary Trading)				Total Pax per year	Business Pax %	Business Pax per year	Total Pax per year	Local O&D %	Local O&D pax per year
Flight Category		Flights per year	Assumed Aircraft Type						
Long Haul									
- Dominant incumbent		129,500	B777-200	27,204,713	35.0%	9,521,649	27,204,713	55.0%	14,962,592
- Other incumbents		85,100	A330-200	18,407,130	35.0%	6,442,496	18,407,130	80.0%	14,725,704
- New entrants (since 2000)		37,000	B777-200	7,145,625	35.0%	2,500,969	7,145,625	80.0%	5,716,500
Short Haul - over 100 seats									
- Dominant incumbent		284,900	A320-200	29,435,868	45.0%	13,246,141	29,435,868	60.0%	17,661,521
- Other incumbents		81,400	B737-700	8,455,832	45.0%	3,805,124	8,455,832	90.0%	7,610,249
- Low Cost Carriers		18,500	B737-800	2,239,240	12.0%	268,709	2,239,240	95.0%	2,127,278
- Other new entrants (since 2000)		18,500	A319-100	1,986,530	45.0%	893,939	1,986,530	90.0%	1,787,877
Short Haul - under 100 seats									
- Dominant incumbent		14,800	CRJ-200	475,080	45.0%	213,786	475,080	60.0%	285,048
- Other incumbents		11,100	CRJ-200	359,640	45.0%	161,838	359,640	90.0%	323,676
- Low Cost Carriers		0	DHC8-400	0	12.0%	0	0	95.0%	0
- Other new entrants (since 2000)		0	ERJ-145	0	45.0%	0	0	90.0%	0
Others									
- Charters		14,800	A321-200	2,767,600	2.0%	55,352	2,767,600	98.0%	2,712,248
- Cargo		44,400	B747-400	0	0.0%	0	0	0.0%	0
Total		740,000		98,477,258	37.7%	37,110,002	98,477,258	69.0%	67,912,692

## Appendix 9 Forecasts – Amsterdam

Amsterdam	(i) Traffic Assumptions									
a) Current (2005):	Flights per year	Flights % of total	Average Seats per Flight	Seats per year	Average Load Factor %	Average Pax per flight	Total Pax per year	Average Distance flown - km	Revenue Passenger Kilometres per flight	RPKs per year (mn.)
<b>Flight Category</b>										
<b>Long Haul</b>										
- Dominant incumbent	31,100	7.1%	262.4	8,160,640	75%	196.8	6,120,480	7,375	1,451,400	45,139
- Other incumbents	27,500	6.3%	256.6	7,056,500	75%	192.5	5,292,375	7,450	1,433,753	39,428
- New entrants (since 2000)	1,600	0.4%	271.1	433,760	75%	203.3	325,320	6,811	1,384,847	2,216
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	101,300	23.0%	117.8	11,933,140	70%	82.5	8,353,198	883	72,812	7,376
- Other incumbents	66,700	15.2%	135.8	9,057,860	70%	95.1	6,340,502	960	91,258	6,087
- Low Cost Carriers	51,900	11.8%	149.6	7,764,240	80%	119.7	6,211,392	1,076	128,776	6,683
- Other new entrants (since 2000)	3,500	0.8%	126.2	441,700	70%	88.3	309,190	1,612	142,404	498
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	61,000	13.9%	71.0	4,331,000	60%	42.6	2,598,600	498	21,215	1,294
- Other incumbents	22,900	5.2%	53.9	1,234,310	60%	32.3	740,586	699	22,606	518
- Low Cost Carriers	400	0.1%	84.0	33,600	70%	58.8	23,520	1,521	89,435	36
- Other new entrants (since 2000)	2,100	0.5%	31.0	65,100	60%	18.6	39,060	769	14,303	30
<b>Others</b>										
- Charters	20,000	4.5%	200.0	4,000,000	85%	170.0	3,400,000	1,800	306,000	6,120
- Cargo	50,000	11.4%	0.0	0	0%	0.0	0	7,206	0	0
<b>Total</b>	440,000	100.0%	136.5	54,511,850	73%	90.4	39,754,223	2,903	262,329	115,425
<b>b) 2025 (without Secondary Trading)</b>										
<b>Flight Category</b>										
<b>Long Haul</b>										
- Dominant incumbent	51,000	8.5%	282.4	14,402,400	75%	211.8	10,801,800	7,670	1,624,506	82,850
- Other incumbents	45,000	7.5%	276.6	12,447,000	75%	207.5	9,335,250	7,748	1,607,323	72,330
- New entrants (since 2000)	9,000	1.5%	291.1	2,619,900	75%	218.3	1,964,925	7,083	1,546,396	13,918
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	168,000	28.0%	127.8	21,470,400	70%	89.5	15,029,280	918	82,124	13,797
- Other incumbents	90,000	15.0%	145.8	13,122,000	70%	102.1	9,185,400	998	101,856	9,167
- Low Cost Carriers	57,000	9.5%	159.6	9,097,200	80%	127.7	7,277,760	1,119	142,874	8,144
- Other new entrants (since 2000)	9,000	1.5%	136.2	1,225,800	70%	95.3	858,060	1,676	159,790	1,438
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	60,000	10.0%	71.0	4,260,000	60%	42.6	2,556,000	518	22,067	1,324
- Other incumbents	24,000	4.0%	53.9	1,293,600	60%	32.3	776,160	727	23,511	564
- Low Cost Carriers	0	0.0%	0	0	70%	0.0	0	0	0	0
- Other new entrants (since 2000)	3,000	0.5%	31.0	93,000	60%	18.6	55,800	800	14,880	45
<b>Others</b>										
- Charters	30,000	5.0%	220.0	6,600,000	85%	187.0	5,610,000	1,872	350,064	10,502
- Cargo	54,000	9.0%	0.0	0	0%	0.0	0	7,494	0	0
<b>Total</b>	600,000	100.0%	136.5	86,631,300	73%	105.8	63,450,435	3,374	356,796	214,078
<b>c) 2025 (with Secondary Trading)</b>										
<b>Flight Category</b>										
<b>Long Haul</b>										
- Dominant incumbent	66,000	11.0%	302.4	19,958,400	75%	226.8	14,968,800	7,670	1,739,556	114,811
- Other incumbents	45,000	7.5%	296.6	13,347,000	75%	222.5	10,010,250	7,748	1,723,543	77,559
- New entrants (since 2000)	24,000	4.0%	311.1	7,466,400	75%	233.3	5,599,800	7,083	1,652,641	39,663
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	189,000	31.5%	137.8	26,044,200	70%	96.5	18,230,940	918	88,550	16,736
- Other incumbents	90,000	15.0%	155.8	14,022,000	70%	109.1	9,815,400	998	108,842	9,796
- Low Cost Carriers	48,000	8.0%	169.6	8,140,800	80%	135.7	6,512,640	1,119	151,826	7,288
- Other new entrants (since 2000)	15,000	2.5%	146.2	2,193,000	70%	102.3	1,535,100	1,676	171,522	2,573
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	39,000	6.5%	71.0	2,769,000	60%	42.6	1,661,400	518	22,067	861
- Other incumbents	12,000	2.0%	53.9	646,800	60%	32.3	388,080	727	23,511	282
- Low Cost Carriers	0	0.0%	0	0	70%	0.0	0	0	0	0
- Other new entrants (since 2000)	0	0.0%	31.0	0	60%	18.6	0	800	14,880	0
<b>Others</b>										
- Charters	24,000	4.0%	240.0	5,760,000	85%	204.0	4,896,000	1,872	381,888	9,165
- Cargo	48,000	8.0%	0.0	0	0%	0.0	0	7,495	0	0
<b>Total</b>	600,000	100.0%	136.5	100,347,600	73%	122.7	73,618,410	3,786	464,556	278,734

Amsterdam	(ii) Cost and Revenue Assumptions									
a) Current (2005):	Flights per year	RPKs per year (mn.)	Average Revenue per RPK \$	Average Yield per Passenger \$	Average Yield per Flight \$	Pax Rev per year mn. \$	Cargo Rev % of pax rev	Total Rev per year mn. \$	Operating Ratio [2003]	Cost per year mn. \$
<b>Flight Category</b>										
<b>Long Haul</b>										
- Dominant incumbent	31,100	45,139	0.0711	524	103,195	3,209.4	15.0%	3,690.8	105.0%	3,515.0
- Other incumbents	27,500	39,428	0.0711	530	101,940	2,803.3	15.0%	3,223.8	105.0%	3,070.3
- New entrants (since 2000)	1,600	2,216	0.0711	484	98,463	157.5	15.0%	181.2	105.0%	172.5
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	101,300	7,376	0.1703	150	12,400	1,256.1	2.5%	1,287.5	95.7%	1,345.4
- Other incumbents	66,700	6,087	0.1703	163	15,541	1,036.6	2.5%	1,062.5	95.7%	1,110.3
- Low Cost Carriers	51,900	6,683	0.1277	137	16,445	853.5	0.0%	853.5	102.5%	832.7
- Other new entrants (since 2000)	3,500	498	0.1703	275	24,251	84.9	2.5%	87.0	95.7%	90.9
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	61,000	1,294	0.1703	85	3,613	220.4	2.5%	225.9	95.7%	236.0
- Other incumbents	22,900	518	0.1703	119	3,850	88.2	2.5%	90.4	95.7%	94.4
- Low Cost Carriers	400	36	0.1277	194	11,421	4.6	0.0%	4.6	102.5%	4.5
- Other new entrants (since 2000)	2,100	30	0.1703	131	2,436	5.1	2.5%	5.2	95.7%	5.5
<b>Others</b>										
- Charters	20,000	6,120	0.0650	117	19,890	397.8	0.0%	397.8	102.5%	388.1
- Cargo	50,000	0	0.0000	0	0	0.0	100.0%	4,714.8	100.0%	4,714.8
<b>Total</b>	440,000	115,425	0.0877	254	22,994	10,117.3	56.4%	15,824.9	98.5%	15,580.4
<b>b) 2025 (without Secondary Trading)</b>	Flights per year	RPKs per year (mn.)	Average Revenue per RPK \$	Average Yield per Passenger \$	Average Yield per Flight \$	Pax Rev per year mn. \$	Cargo Rev % of pax rev	Total Rev per year mn. \$	Operating Ratio [2003]	Cost per year mn. \$
<b>Flight Category</b>										
<b>Long Haul</b>										
- Dominant incumbent	51,000	82,850	0.0711	545	115,502	5,890.6	15.0%	6,774.2	105.0%	6,451.6
- Other incumbents	45,000	72,330	0.0711	551	114,281	5,142.6	15.0%	5,914.0	105.0%	5,632.4
- New entrants (since 2000)	9,000	13,918	0.0711	504	109,949	989.5	15.0%	1,138.0	105.0%	1,083.8
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	168,000	13,797	0.1703	156	13,986	2,349.6	2.5%	2,408.3	95.7%	2,516.6
- Other incumbents	90,000	9,167	0.1703	170	17,346	1,561.1	2.5%	1,600.2	95.7%	1,672.1
- Low Cost Carriers	57,000	8,144	0.1277	143	18,245	1,040.0	0.0%	1,040.0	102.5%	1,014.6
- Other new entrants (since 2000)	9,000	1,438	0.1703	285	27,212	244.9	2.5%	251.0	95.7%	262.3
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	60,000	1,324	0.1703	88	3,758	225.5	2.5%	231.1	95.7%	241.5
- Other incumbents	24,000	564	0.1703	124	4,004	96.1	2.5%	98.5	95.7%	102.9
- Low Cost Carriers	0	0	0.1277	0	0	0.0	0.0%	0.0	102.5%	0.0
- Other new entrants (since 2000)	3,000	45	0.1703	136	2,534	7.6	2.5%	7.8	95.7%	8.1
<b>Others</b>										
- Charters	30,000	10,502	0.0650	122	22,754	682.6	0.0%	682.6	102.5%	666.0
- Cargo	54,000	0	0.0000	0	0	0.0	100.0%	5,688.5	100.0%	5,688.5
<b>Total</b>	600,000	214,078	0.0852	287	30,384	18,230.2	41.7%	25,834.3	98.1%	25,340.4
<b>c) 2025 (with Secondary Trading)</b>	Flights per year	RPKs per year (mn.)	Average Revenue per RPK \$	Average Yield per Passenger \$	Average Yield per Flight \$	Pax Rev per year mn. \$	Cargo Rev % of pax rev	Total Rev per year mn. \$	Operating Ratio [2003]	Cost per year mn. \$
<b>Flight Category</b>										
<b>Long Haul</b>										
- Dominant incumbent	66,000	114,811	0.0711	545	123,682	8,163.0	15.0%	9,387.5	105.0%	8,940.5
- Other incumbents	45,000	77,559	0.0711	551	122,544	5,514.5	15.0%	6,341.6	105.0%	6,039.7
- New entrants (since 2000)	24,000	39,663	0.0711	504	117,503	2,820.1	15.0%	3,243.1	105.0%	3,088.6
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	189,000	16,736	0.1703	156	15,080	2,850.1	2.5%	2,921.4	95.7%	3,052.7
- Other incumbents	90,000	9,796	0.1703	170	18,536	1,668.2	2.5%	1,709.9	95.7%	1,786.8
- Low Cost Carriers	48,000	7,288	0.1277	143	19,388	930.6	0.0%	930.6	102.5%	907.9
- Other new entrants (since 2000)	15,000	2,573	0.1703	285	29,210	438.2	2.5%	449.1	95.7%	469.3
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	39,000	861	0.1703	88	3,758	146.6	2.5%	150.2	95.7%	157.0
- Other incumbents	12,000	282	0.1703	124	4,004	48.0	2.5%	49.2	95.7%	51.5
- Low Cost Carriers	0	0	0.1277	0	0	0.0	0.0%	0.0	102.5%	0.0
- Other new entrants (since 2000)	0	0	0.1703	0	0	0.0	2.5%	0.0	95.7%	0.0
<b>Others</b>										
- Charters	24,000	9,165	0.0650	122	24,823	595.7	0.0%	595.7	102.5%	581.2
- Cargo	48,000	0	0.0000	0	0	0.0	100.0%	5,396.5	100.0%	5,396.5
<b>Total</b>	600,000	278,734	0.0831	315	38,625	23,175.1	34.5%	31,175.0	97.7%	30,471.6

Amsterdam		(iii) Derivatives							
a) Current (2005): (without Secondary Trading)				Total Pax per year	Business Pax %	Business Pax per year	Total Pax per year	Local O&D %	Local O&D pax per year
Flight Category		Flights per year	Assumed Aircraft Type						
Long Haul									
- Dominant incumbent		31,100	B777-200	6,120,480	33.0%	2,019,758	6,120,480	30.0%	1,836,144
- Other incumbents		27,500	A330-200	5,292,375	33.0%	1,746,484	5,292,375	55.0%	2,910,806
- New entrants (since 2000)		1,600	B777-200	325,320	33.0%	107,356	325,320	55.0%	178,926
Short Haul - over 100 seats									
- Dominant incumbent		101,300	A320-200	8,353,198	45.0%	3,758,939	8,353,198	35.0%	2,923,619
- Other incumbents		66,700	B737-700	6,340,502	45.0%	2,853,226	6,340,502	65.0%	4,121,326
- Low Cost Carriers		51,900	B737-800	6,211,392	12.0%	745,367	6,211,392	95.0%	5,900,822
- Other new entrants (since 2000)		3,500	A319-100	309,190	45.0%	139,136	309,190	65.0%	200,974
Short Haul - under 100 seats									
- Dominant incumbent		61,000	CRJ-200	2,598,600	45.0%	1,169,370	2,598,600	35.0%	909,510
- Other incumbents		22,900	CRJ-200	740,586	45.0%	333,264	740,586	65.0%	481,381
- Low Cost Carriers		400	DHC8-400	23,520	12.0%	2,822	23,520	95.0%	22,344
- Other new entrants (since 2000)		2,100	ERJ-145	39,060	45.0%	17,577	39,060	65.0%	25,389
Others		0							
- Charters		0	A321-200	3,400,000	2.0%	68,000	3,400,000	98.0%	3,332,000
- Cargo		50,000	B747-400	0	0.0%	0	0	0.0%	0
Total		420,000		39,754,223	32.6%	12,961,298	39,754,223	57.5%	22,843,242
b) 2025 (without Secondary Trading)				Total Pax per year	Business Pax %	Business Pax per year	Total Pax per year	Local O&D %	Local O&D pax per year
Flight Category		Flights per year	Assumed Aircraft Type						
Long Haul									
- Dominant incumbent		51,000	B777-200	10,801,800	33.0%	3,564,594	10,801,800	30.0%	3,240,540
- Other incumbents		45,000	A330-200	9,335,250	33.0%	3,080,633	9,335,250	55.0%	5,134,388
- New entrants (since 2000)		9,000	B777-200	1,964,925	33.0%	648,425	1,964,925	55.0%	1,080,709
Short Haul - over 100 seats									
- Dominant incumbent		168,000	A320-200	15,029,280	45.0%	6,763,176	15,029,280	35.0%	5,260,248
- Other incumbents		90,000	B737-700	9,185,400	45.0%	4,133,430	9,185,400	65.0%	5,970,510
- Low Cost Carriers		57,000	B737-800	7,277,760	12.0%	873,331	7,277,760	95.0%	6,913,872
- Other new entrants (since 2000)		9,000	A319-100	858,060	45.0%	386,127	858,060	65.0%	557,739
Short Haul - under 100 seats									
- Dominant incumbent		60,000	CRJ-200	2,556,000	45.0%	1,150,200	2,556,000	35.0%	894,600
- Other incumbents		24,000	CRJ-200	776,160	45.0%	349,272	776,160	65.0%	504,504
- Low Cost Carriers		0	DHC8-400	0	12.0%	0	0	95.0%	0
- Other new entrants (since 2000)		3,000	ERJ-145	55,800	45.0%	25,110	55,800	65.0%	36,270
Others									
- Charters		30,000	A321-200	5,610,000	2.0%	112,200	5,610,000	98.0%	5,497,800
- Cargo		54,000	B747-400	0	0.0%	0	0	0.0%	0
Total		600,000		63,450,435	33.2%	21,086,498	63,450,435	55.3%	35,091,179
c) 2025 (with Secondary Trading)				Total Pax per year	Business Pax %	Business Pax per year	Total Pax per year	Local O&D %	Local O&D pax per year
Flight Category		Flights per year	Assumed Aircraft Type						
Long Haul									
- Dominant incumbent		66,000	B777-200	14,968,800	33.0%	4,939,704	14,968,800	30.0%	4,490,640
- Other incumbents		45,000	A330-200	10,010,250	33.0%	3,303,383	10,010,250	55.0%	5,505,638
- New entrants (since 2000)		24,000	B777-200	5,599,800	33.0%	1,847,934	5,599,800	55.0%	3,079,890
Short Haul - over 100 seats									
- Dominant incumbent		189,000	A320-200	18,230,940	45.0%	8,203,923	18,230,940	35.0%	6,380,829
- Other incumbents		90,000	B737-700	9,815,400	45.0%	4,416,930	9,815,400	65.0%	6,380,010
- Low Cost Carriers		48,000	B737-800	6,512,640	12.0%	781,517	6,512,640	95.0%	6,187,008
- Other new entrants (since 2000)		15,000	A319-100	1,535,100	45.0%	690,795	1,535,100	65.0%	997,815
Short Haul - under 100 seats									
- Dominant incumbent		39,000	CRJ-200	1,661,400	45.0%	747,630	1,661,400	35.0%	581,490
- Other incumbents		12,000	CRJ-200	388,080	45.0%	174,636	388,080	65.0%	252,252
- Low Cost Carriers		0	DHC8-400	0	12.0%	0	0	95.0%	0
- Other new entrants (since 2000)		0	ERJ-145	0	45.0%	0	0	65.0%	0
Others									
- Charters		24,000	A321-200	4,896,000	2.0%	97,920	4,896,000	98.0%	4,798,080
- Cargo		48,000	B747-400	0	0.0%	0	0	0.0%	0
Total		600,000		73,618,410	34.2%	25,204,371	73,618,410	52.5%	38,653,652

## Appendix 10 Forecasts – Düsseldorf

Airport : Dusseldorf	(i) Traffic Assumptions										
a) Current (2005):											
Flight Category	Flights per year	Flights % of total	Average Seats per Flight	Seats per year	Average Load Factor %	Average Pax per flight	Total Pax per year	Average Distance flown - km	Revenue Passenger Kilometres per flight	RPKs per year (mn.)	
Long Haul											
- Dominant incumbent	1,200	0.6%	124.0	148,800	75%	93.0	111,600	6,408	595,944	715	
- Other incumbents	4,100	2.2%	280.9	1,151,690	75%	210.7	863,768	6,276	1,322,196	5,421	
- New entrants (since 2000)	1,200	0.6%	219.8	263,760	75%	164.9	197,820	4,395	724,516	869	
Short Haul - over 100 seats											
- Dominant incumbent	27,300	14.7%	126.8	3,461,640	70%	88.8	2,423,148	430	38,167	1,042	
- Other incumbents	46,800	25.2%	171.4	8,021,520	70%	120.0	5,615,064	1,608	192,928	9,029	
- Low Cost Carriers	29,000	15.6%	147.5	4,277,500	80%	118.0	3,422,000	960	113,280	3,285	
- Other new entrants (since 2000)	2,900	1.6%	154.0	446,600	70%	107.8	312,620	1,888	203,526	590	
Short Haul - under 100 seats											
- Dominant incumbent	42,500	22.8%	60.9	2,588,250	60%	36.5	1,552,950	581	21,230	902	
- Other incumbents	26,500	14.2%	56.5	1,497,250	60%	33.9	898,350	570	19,323	512	
- Low Cost Carriers	0	0.0%	0.0	0	70%	0.0	0	0	0	0	
- Other new entrants (since 2000)	0	0.0%	0.0	0	60%	0.0	0	0	0	0	
Others											
- Charters	4,500	2.4%	200.0	900,000	85%	170.0	765,000	1,800	306,000	1,377	
- Cargo	0	0.0%	0.0	0	0%	0.0	0	5,640	0	0	
Total	186,000	100.0%	122.3	22,757,010	71%	86.9	16,162,320	1,469	127,652	23,743	
b) 2025 (without Secondary Trading)											
Flight Category	Flights per year	Flights % of total	Average Seats per Flight	Seats per year	Average Load Factor %	Average Pax per flight	Total Pax per year	Average Distance flown - km	Revenue Passenger Kilometres per flight	RPKs per year (mn.)	
Long Haul											
- Dominant incumbent	5,250	1.5%	250.0	1,312,500	75%	187.5	984,375	6,664	1,249,500	6,560	
- Other incumbents	8,750	2.5%	300.9	2,632,875	75%	225.7	1,974,656	6,527	1,472,981	12,889	
- New entrants (since 2000)	8,750	2.5%	239.8	2,098,250	75%	179.9	1,573,688	4,571	822,094	7,193	
Short Haul - over 100 seats											
- Dominant incumbent	64,750	18.5%	136.8	8,857,800	70%	95.8	6,200,460	447	42,805	2,772	
- Other incumbents	77,000	22.0%	181.4	13,967,800	70%	127.0	9,777,460	1,672	212,311	16,348	
- Low Cost Carriers	70,000	20.0%	157.5	11,025,000	85%	133.9	9,371,250	998	133,607	9,353	
- Other new entrants (since 2000)	10,500	3.0%	164.0	1,722,000	70%	114.8	1,205,400	1,964	225,467	2,367	
Short Haul - under 100 seats											
- Dominant incumbent	63,000	18.0%	60.9	3,836,700	60%	36.5	2,302,020	604	22,070	1,390	
- Other incumbents	35,000	10.0%	56.5	1,977,500	60%	33.9	1,186,500	593	20,103	704	
- Low Cost Carriers	0	0.0%	0.0	0	85%	0.0	0	0	0	0	
- Other new entrants (since 2000)	0	0.0%	0.0	0	60%	0.0	0	0	0	0	
Others											
- Charters	7,000	2.0%	220.0	1,540,000	85%	187.0	1,309,000	1,872	350,064	2,450	
- Cargo	0	0.0%	0.0	0	0%	0.0	0	5,977	0	0	
Total	350,000	100.0%	139.9	48,970,425	73%	102.5	35,884,809	1,728	177,216	62,026	
c) 2025 (with Secondary Trading)											
Flight Category	Flights per year	Flights % of total	Average Seats per Flight	Seats per year	Average Load Factor %	Average Pax per flight	Total Pax per year	Average Distance flown - km	Revenue Passenger Kilometres per flight	RPKs per year (mn.)	
Long Haul											
- Dominant incumbent	5,250	1.5%	250.0	1,312,500	75%	187.5	984,375	6,664	1,249,500	6,560	
- Other incumbents	8,750	2.5%	300.9	2,632,875	75%	225.7	1,974,656	6,527	1,472,981	12,889	
- New entrants (since 2000)	12,250	3.5%	239.8	2,937,550	75%	179.9	2,203,163	4,571	822,094	10,071	
Short Haul - over 100 seats											
- Dominant incumbent	64,750	18.5%	136.8	8,857,800	70%	95.8	6,200,460	447	42,805	2,772	
- Other incumbents	77,000	22.0%	181.4	13,967,800	70%	127.0	9,777,460	1,672	212,311	16,348	
- Low Cost Carriers	70,000	20.0%	157.5	11,025,000	85%	133.9	9,371,250	998	133,607	9,353	
- Other new entrants (since 2000)	14,000	4.0%	164.0	2,296,000	70%	114.8	1,607,200	1,964	225,467	3,157	
Short Haul - under 100 seats											
- Dominant incumbent	63,000	18.0%	60.9	3,836,700	60%	36.5	2,302,020	604	22,070	1,390	
- Other incumbents	31,500	9.0%	56.5	1,779,750	60%	33.9	1,067,850	593	20,103	633	
- Low Cost Carriers	0	0.0%	0.0	0	85%	0.0	0	0	0	0	
- Other new entrants (since 2000)	0	0.0%	0.0	0	60%	0.0	0	0	0	0	
Others											
- Charters	3,500	1.0%	220.0	770,000	85%	187.0	654,500	1,872	350,064	1,225	
- Cargo	0	0.0%	0.0	0	0%	0.0	0	5,977	0	0	
Total	350,000	100.0%	141.2	49,415,975	73%	103.3	36,142,934	1,782	183,990	64,397	

Dusseldorf	(ii) Cost and Revenue Assumptions									
a) Current (2005):	Flights per year	RPKs per year (mn.)	Average Revenue per RPK \$	Average Yield per Passenger \$	Average Yield per Flight \$	Pax Rev per year mn. \$	Cargo Rev % of pax rev	Total Rev per year mn. \$	Operating Ratio [2003]	Cost per year mn. \$
<b>Flight Category</b>										
<b>Long Haul</b>										
- Dominant incumbent	1,200	715	0.0711	456	42,372	50.8	15.0%	58.5	105.0%	55.7
- Other incumbents	4,100	5,421	0.0711	446	94,008	385.4	15.0%	443.2	105.0%	422.1
- New entrants (since 2000)	1,200	869	0.0711	312	51,513	61.8	15.0%	71.1	105.0%	67.7
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	27,300	1,042	0.1703	73	6,500	177.4	2.5%	181.9	95.7%	190.1
- Other incumbents	46,800	9,029	0.1703	274	32,856	1,537.6	2.5%	1,576.1	95.7%	1,646.9
- Low Cost Carriers	29,000	3,285	0.1277	123	14,466	419.5	0.0%	419.5	102.5%	409.3
- Other new entrants (since 2000)	2,900	590	0.1703	322	34,661	100.5	2.5%	103.0	95.7%	107.7
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	42,500	902	0.1703	99	3,615	153.7	2.5%	157.5	95.7%	164.6
- Other incumbents	26,500	512	0.1703	97	3,291	87.2	2.5%	89.4	95.7%	93.4
- Low Cost Carriers	0	0	0.1277	0	0	0.0	0.0%	0.0	102.5%	0.0
- Other new entrants (since 2000)	0	0	0.1703	0	0	0.0	2.5%	0.0	95.7%	0.0
<b>Others</b>										
- Charters	4,500	1,377	0.0650	117	19,890	89.5	0.0%	89.5	102.5%	87.3
- Cargo	0	0	0.0000	0	0	0.0	100.0%	0.0	100.0%	0.0
<b>Total</b>	186,000	23,743	0.1290	190	16,471	3,063.6	4.1%	3,189.7	101.7%	3,244.7
<b>b) 2025 (without Secondary Trading)</b>										
<b>Flight Category</b>										
<b>Long Haul</b>										
- Dominant incumbent	5,250	6,560	0.0711	474	88,839	466.4	15.0%	536.4	105.0%	510.8
- Other incumbents	8,750	12,889	0.0711	464	104,729	916.4	15.0%	1,053.8	105.0%	1,003.7
- New entrants (since 2000)	8,750	7,193	0.0711	325	58,451	511.4	15.0%	588.2	105.0%	560.2
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	64,750	2,772	0.1703	76	7,290	472.0	2.5%	483.8	95.7%	505.5
- Other incumbents	77,000	16,348	0.1703	285	36,156	2,784.0	2.5%	2,853.7	95.7%	2,981.9
- Low Cost Carriers	70,000	9,353	0.1277	127	17,062	1,194.3	0.0%	1,194.3	102.5%	1,165.2
- Other new entrants (since 2000)	10,500	2,367	0.1703	334	38,397	403.2	2.5%	413.2	95.7%	431.8
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	63,000	1,390	0.1703	103	3,759	236.8	2.5%	242.7	95.7%	253.6
- Other incumbents	35,000	704	0.1703	101	3,423	119.8	2.5%	122.8	95.7%	128.3
- Low Cost Carriers	0	0	0.1277	0	0	0.0	0.0%	0.0	102.5%	0.0
- Other new entrants (since 2000)	0	0	0.1703	0	0	0.0	2.5%	0.0	95.7%	0.0
<b>Others</b>										
- Charters	7,000	2,450	0.0650	122	22,754	159.3	0.0%	159.3	102.5%	155.4
- Cargo	0	0	0.0000	0	0	0.0	100.0%	0.0	100.0%	0.0
<b>Total</b>	350,000	62,026	0.1171	202	20,753	7,263.7	5.3%	7,648.2	100.6%	7,696.4
<b>c) 2025 (with Secondary Trading)</b>										
<b>Flight Category</b>										
<b>Long Haul</b>										
- Dominant incumbent	5,250	6,560	0.0711	474	88,839	466.4	15.0%	536.4	105.0%	510.8
- Other incumbents	8,750	12,889	0.0711	464	104,729	916.4	15.0%	1,053.8	105.0%	1,003.7
- New entrants (since 2000)	12,250	10,071	0.0711	325	58,451	716.0	15.0%	823.4	105.0%	784.2
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	64,750	2,772	0.1703	76	7,290	472.0	2.5%	483.8	95.7%	505.5
- Other incumbents	77,000	16,348	0.1703	285	36,156	2,784.0	2.5%	2,853.7	95.7%	2,981.9
- Low Cost Carriers	70,000	9,353	0.1277	127	17,062	1,194.3	0.0%	1,194.3	102.5%	1,165.2
- Other new entrants (since 2000)	14,000	3,157	0.1703	334	38,397	537.6	2.5%	551.0	95.7%	575.8
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	63,000	1,390	0.1703	103	3,759	236.8	2.5%	242.7	95.7%	253.6
- Other incumbents	31,500	633	0.1703	101	3,423	107.8	2.5%	110.5	95.7%	115.5
- Low Cost Carriers	0	0	0.1277	0	0	0.0	0.0%	0.0	102.5%	0.0
- Other new entrants (since 2000)	0	0	0.1703	0	0	0.0	2.5%	0.0	95.7%	0.0
<b>Others</b>										
- Charters	3,500	1,225	0.0650	122	22,754	79.6	0.0%	79.6	102.5%	77.7
- Cargo	0	0	0.0000	0	0	0.0	100.0%	0.0	100.0%	0.0
<b>Total</b>	350,000	64,397	0.1166	208	21,460	7,511.0	5.6%	7,929.3	100.6%	7,973.9



Dusseldorf			(iii) Derivatives					
a) Current (2005): (without Secondary Trading)								
Flight Category	Flights per year	Assumed Aircraft Type	Total Pax per year	Business Pax %	Business Pax per year	Total Pax per year	Local O&D %	Local O&D pax per year
Long Haul								
- Dominant incumbent	1,200	B777-200	111,600	30.0%	33,480	111,600	65.0%	72,540
- Other incumbents	4,100	A330-200	863,768	30.0%	259,130	863,768	85.0%	734,202
- New entrants (since 2000)	1,200	B777-200	197,820	30.0%	59,346	197,820	85.0%	168,147
Short Haul - over 100 seats								
- Dominant incumbent	27,300	A320-200	2,423,148	45.0%	1,090,417	2,423,148	65.0%	1,575,046
- Other incumbents	46,800	B737-700	5,615,064	45.0%	2,526,779	5,615,064	95.0%	5,334,311
- Low Cost Carriers	29,000	B737-800	3,422,000	12.0%	410,640	3,422,000	95.0%	3,250,900
- Other new entrants (since 2000)	2,900	A319-100	312,620	45.0%	140,679	312,620	95.0%	296,989
Short Haul - under 100 seats								
- Dominant incumbent	42,500	CRJ-200	1,552,950	45.0%	698,828	1,552,950	70.0%	1,087,065
- Other incumbents	26,500	CRJ-200	898,350	45.0%	404,258	898,350	95.0%	853,433
- Low Cost Carriers	0	DHC8-400	0	12.0%	0	0	95.0%	0
- Other new entrants (since 2000)	0	ERJ-145	0	45.0%	0	0	95.0%	0
Others								
- Charters	0	A321-200	765,000	2.0%	15,300	765,000	98.0%	749,700
- Cargo	0	B747-400	0	0.0%	0	0	0.0%	0
Total	181,500		16,162,320	34.9%	5,638,856	16,162,320	87.4%	14,122,333
b) 2025 (without Secondary Trading)								
Flight Category	Flights per year	Assumed Aircraft Type	Total Pax per year	Business Pax %	Business Pax per year	Total Pax per year	Local O&D %	Local O&D pax per year
Long Haul								
- Dominant incumbent	5,250	B777-200	984,375	30.0%	295,313	984,375	65.0%	639,844
- Other incumbents	8,750	A330-200	1,974,656	30.0%	592,397	1,974,656	85.0%	1,678,458
- New entrants (since 2000)	8,750	B777-200	1,573,688	30.0%	472,106	1,573,688	85.0%	1,337,634
Short Haul - over 100 seats								
- Dominant incumbent	64,750	A320-200	6,200,460	45.0%	2,790,207	6,200,460	65.0%	4,030,299
- Other incumbents	77,000	B737-700	9,777,460	45.0%	4,399,857	9,777,460	95.0%	9,288,587
- Low Cost Carriers	70,000	B737-800	9,371,250	12.0%	1,124,550	9,371,250	95.0%	8,902,688
- Other new entrants (since 2000)	10,500	A319-100	1,205,400	45.0%	542,430	1,205,400	95.0%	1,145,130
Short Haul - under 100 seats								
- Dominant incumbent	63,000	CRJ-200	2,302,020	45.0%	1,035,909	2,302,020	70.0%	1,611,414
- Other incumbents	35,000	CRJ-200	1,186,500	45.0%	533,925	1,186,500	95.0%	1,127,175
- Low Cost Carriers	0	DHC8-400	0	12.0%	0	0	95.0%	0
- Other new entrants (since 2000)	0	ERJ-145	0	45.0%	0	0	95.0%	0
Others								
- Charters	7,000	A321-200	1,309,000	2.0%	26,180	1,309,000	98.0%	1,282,820
- Cargo	0	B747-400	0	0.0%	0	0	0.0%	0
Total	350,000		35,884,809	32.9%	11,812,874	35,884,809	86.5%	31,044,048
c) 2025 (with Secondary Trading)								
Flight Category	Flights per year	Assumed Aircraft Type	Total Pax per year	Business Pax %	Business Pax per year	Total Pax per year	Local O&D %	Local O&D pax per year
Long Haul								
- Dominant incumbent	5,250	B777-200	984,375	30.0%	295,313	984,375	65.0%	639,844
- Other incumbents	8,750	A330-200	1,974,656	30.0%	592,397	1,974,656	85.0%	1,678,458
- New entrants (since 2000)	12,250	B777-200	2,203,163	30.0%	660,949	2,203,163	85.0%	1,872,688
Short Haul - over 100 seats								
- Dominant incumbent	64,750	A320-200	6,200,460	45.0%	2,790,207	6,200,460	65.0%	4,030,299
- Other incumbents	77,000	B737-700	9,777,460	45.0%	4,399,857	9,777,460	95.0%	9,288,587
- Low Cost Carriers	70,000	B737-800	9,371,250	12.0%	1,124,550	9,371,250	95.0%	8,902,688
- Other new entrants (since 2000)	14,000	A319-100	1,607,200	45.0%	723,240	1,607,200	95.0%	1,526,840
Short Haul - under 100 seats								
- Dominant incumbent	63,000	CRJ-200	2,302,020	45.0%	1,035,909	2,302,020	70.0%	1,611,414
- Other incumbents	31,500	CRJ-200	1,067,850	45.0%	480,533	1,067,850	95.0%	1,014,458
- Low Cost Carriers	0	DHC8-400	0	12.0%	0	0	95.0%	0
- Other new entrants (since 2000)	0	ERJ-145	0	45.0%	0	0	95.0%	0
Others								
- Charters	3,500	A321-200	654,500	2.0%	13,090	654,500	98.0%	641,410
- Cargo	0	B747-400	0	0.0%	0	0	0.0%	0
Total	350,000		36,142,934	33.5%	12,116,044	36,142,934	86.3%	31,206,685

## Appendix 11 Forecasts – Frankfurt

Frankfurt	(i) Traffic Assumptions										
a) Current (2005):											
Flight Category	Flights per year	Flights % of total	Average Seats per Flight	Seats per year	Average Load Factor %	Average Pax per flight	Total Pax per year	Average Distance flown - km	Revenue Passenger Kilometres per flight	RPKs per year (mn.)	
Long Haul											
- Dominant incumbent	41,400	8.1%	292.9	12,126,060	75%	219.7	9,094,545	7,254	1,593,522	65,972	
- Other incumbents	43,800	8.6%	277.3	12,145,740	75%	208.0	9,109,305	7,804	1,623,037	71,089	
- New entrants (since 2000)	2,000	0.4%	228.5	457,000	75%	171.4	342,750	6,274	1,075,207	2,150	
Short Haul - over 100 seats											
- Dominant incumbent	182,200	35.7%	141.3	25,744,860	70%	98.9	18,021,402	756	74,776	13,624	
- Other incumbents	79,200	15.5%	152.9	12,109,680	70%	107.0	8,476,776	1,391	148,879	11,791	
- Low Cost Carriers	6,200	1.2%	148.2	918,840	80%	118.6	735,072	1,131	134,091	831	
- Other new entrants (since 2000)	7,100	1.4%	151.1	1,072,810	70%	105.8	750,967	1,782	188,482	1,338	
Short Haul - under 100 seats											
- Dominant incumbent	39,400	7.7%	77.7	3,061,380	60%	46.6	1,836,828	487	22,704	895	
- Other incumbents	33,700	6.6%	61.0	2,055,700	60%	36.6	1,233,420	575	21,045	709	
- Low Cost Carriers	0	0.0%	0.0	0	70%	0.0	0	0	0	0	
- Other new entrants (since 2000)	300	0.1%	94.0	28,200	60%	56.4	16,920	1,286	72,530	22	
Others											
- Charters	14,700	2.9%	200.0	2,940,000	85%	170.0	2,499,000	1,800	306,000	4,498	
- Cargo	60,000	11.8%	0.0	0	0%	0.0	0	7,165	0	0	
Total	510,000	100.0%	142.5	72,660,270	72%	102.2	52,116,985	3,318	339,059	172,920	
b) 2025 (without Secondary Trading)											
Flight Category	Flights per year	Flights % of total	Average Seats per Flight	Seats per year	Average Load Factor %	Average Pax per flight	Total Pax per year	Average Distance flown - km	Revenue Passenger Kilometres per flight	RPKs per year (mn.)	
Long Haul											
- Dominant incumbent	84,000	12.0%	312.9	26,283,600	75%	234.7	19,712,700	7,544	1,770,388	148,713	
- Other incumbents	66,500	9.5%	297.3	19,770,450	75%	223.0	14,827,838	8,116	1,809,665	120,343	
- New entrants (since 2000)	7,000	1.0%	248.5	1,739,500	75%	186.4	1,304,625	6,525	1,216,097	8,513	
Short Haul - over 100 seats											
- Dominant incumbent	259,000	37.0%	151.3	39,186,700	70%	105.9	27,430,690	786	83,245	21,561	
- Other incumbents	101,500	14.5%	162.9	16,534,350	70%	114.0	11,574,045	1,447	165,001	16,748	
- Low Cost Carriers	14,000	2.0%	158.2	2,214,800	80%	126.6	1,771,840	1,176	148,835	2,084	
- Other new entrants (since 2000)	14,000	2.0%	161.1	2,255,400	70%	112.8	1,578,780	1,853	208,963	2,925	
Short Haul - under 100 seats											
- Dominant incumbent	35,000	5.0%	77.7	2,719,500	60%	46.6	1,631,700	506	23,590	826	
- Other incumbents	35,000	5.0%	61.0	2,135,000	60%	36.6	1,281,000	598	21,887	766	
- Low Cost Carriers	0	0.0%	0.0	0	70%	0.0	0	0	0	0	
- Other new entrants (since 2000)	0	0.0%	0.0	0	60%	0.0	0	0	0	0	
Others											
- Charters	17,500	2.5%	220.0	3,850,000	85%	187.0	3,272,500	1,872	350,064	6,126	
- Cargo	66,500	9.5%	0.0	0	0%	0.0	0	7,447	0	0	
Total	700,000	100.0%	166.7	116,689,300	72%	120.6	84,385,718	3,894	469,433	328,603	
c) 2025 (with Secondary Trading)											
Flight Category	Flights per year	Flights % of total	Average Seats per Flight	Seats per year	Average Load Factor %	Average Pax per flight	Total Pax per year	Average Distance flown - km	Revenue Passenger Kilometres per flight	RPKs per year (mn.)	
Long Haul											
- Dominant incumbent	94,500	13.5%	312.9	29,569,050	75%	234.7	22,176,788	7,544	1,770,388	167,302	
- Other incumbents	66,500	9.5%	297.3	19,770,450	75%	223.0	14,827,838	8,116	1,809,665	120,343	
- New entrants (since 2000)	21,000	3.0%	248.5	5,218,500	75%	186.4	3,913,875	6,525	1,216,097	25,538	
Short Haul - over 100 seats											
- Dominant incumbent	266,000	38.0%	151.3	40,245,800	70%	105.9	28,172,060	786	83,245	22,143	
- Other incumbents	91,000	13.0%	162.9	14,823,900	70%	114.0	10,376,730	1,447	165,001	15,015	
- Low Cost Carriers	14,000	2.0%	158.2	2,214,800	80%	126.6	1,771,840	1,176	148,835	2,084	
- Other new entrants (since 2000)	17,500	2.5%	161.1	2,819,250	70%	112.8	1,973,475	1,853	208,963	3,657	
Short Haul - under 100 seats											
- Dominant incumbent	31,500	4.5%	77.7	2,447,550	60%	46.6	1,468,530	506	23,590	743	
- Other incumbents	17,500	2.5%	61.0	1,067,500	60%	36.6	640,500	598	21,887	383	
- Low Cost Carriers	0	0.0%	0.0	0	70%	0.0	0	0	0	0	
- Other new entrants (since 2000)	0	0.0%	0.0	0	60%	0.0	0	0	0	0	
Others											
- Charters	17,500	2.5%	220.0	3,850,000	85%	187.0	3,272,500	1,872	350,064	6,126	
- Cargo	63,000	9.0%	0.0	0	0%	0.0	0	7,447	0	0	
Total	700,000	100.0%	174.3	122,026,800	73%	126.6	88,594,135	4,101	519,048	363,334	

Frankfurt	(ii) Cost and Revenue Assumptions									
<b>a) Current (2005):</b>										
Flight Category	Flights per year	RPKs per year (mn.)	Average Revenue per RPK \$	Average Yield per Passenger \$	Average Yield per Flight \$	Pax Rev per year mn. \$	Cargo Rev % of pax rev	Total Rev per year mn. \$	Operating Ratio [2003]	Cost per year mn. \$
<b>Long Haul</b>										
- Dominant incumbent	41,400	65,972	0.0711	516	113,299	4,690.6	15.0%	5,394.2	105.0%	5,137.3
- Other incumbents	43,800	71,089	0.0711	555	115,398	5,054.4	15.0%	5,812.6	105.0%	5,535.8
- New entrants (since 2000)	2,000	2,150	0.0711	446	76,447	152.9	15.0%	175.8	105.0%	167.5
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	182,200	13,624	0.1703	129	12,734	2,320.2	2.5%	2,378.2	95.7%	2,485.1
- Other incumbents	79,200	11,791	0.1703	237	25,354	2,008.0	2.5%	2,058.2	95.7%	2,150.7
- Low Cost Carriers	6,200	831	0.1277	144	17,123	106.2	0.0%	106.2	102.5%	103.6
- Other new entrants (since 2000)	7,100	1,338	0.1703	303	32,099	227.9	2.5%	233.6	95.7%	244.1
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	39,400	895	0.1703	83	3,866	152.3	2.5%	156.1	95.7%	163.2
- Other incumbents	33,700	709	0.1703	98	3,584	120.8	2.5%	123.8	95.7%	129.4
- Low Cost Carriers	0	0	0.1277	0	0	0.0	0.0%	0.0	102.5%	0.0
- Other new entrants (since 2000)	300	22	0.1703	219	12,352	3.7	2.5%	3.8	95.7%	4.0
<b>Others</b>										
- Charters	14,700	4,498	0.0650	117	19,890	292.4	0.0%	292.4	102.5%	285.3
- Cargo	60,000	0	0.0000	0	0	0.0	100.0%	6,265.7	100.0%	6,265.7
<b>Total</b>	<b>510,000</b>	<b>172,920</b>	<b>0.0875</b>	<b>290</b>	<b>29,666</b>	<b>15,129.4</b>	<b>52.0%</b>	<b>23,000.6</b>	<b>98.6%</b>	<b>22,671.4</b>
<b>b) 2025 (without Secondary Trading)</b>										
Flight Category	Flights per year	RPKs per year (mn.)	Average Revenue per RPK \$	Average Yield per Passenger \$	Average Yield per Flight \$	Pax Rev per year mn. \$	Cargo Rev % of pax rev	Total Rev per year mn. \$	Operating Ratio [2003]	Cost per year mn. \$
<b>Long Haul</b>										
- Dominant incumbent	84,000	148,713	0.0711	536	125,875	10,573.5	15.0%	12,159.5	105.0%	11,580.5
- Other incumbents	66,500	120,343	0.0711	577	128,667	8,556.4	15.0%	9,839.8	105.0%	9,371.3
- New entrants (since 2000)	7,000	8,513	0.0711	464	86,464	605.3	15.0%	696.0	105.0%	662.9
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	259,000	21,561	0.1703	134	14,177	3,671.8	2.5%	3,763.6	95.7%	3,932.7
- Other incumbents	101,500	16,748	0.1703	246	28,100	2,852.1	2.5%	2,923.4	95.7%	3,054.8
- Low Cost Carriers	14,000	2,084	0.1277	150	19,006	266.1	0.0%	266.1	102.5%	259.6
- Other new entrants (since 2000)	14,000	2,925	0.1703	316	35,586	498.2	2.5%	510.7	95.7%	533.6
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	35,000	826	0.1703	86	4,017	140.6	2.5%	144.1	95.7%	150.6
- Other incumbents	35,000	766	0.1703	102	3,727	130.5	2.5%	133.7	95.7%	139.7
- Low Cost Carriers	0	0	0.1277	0	0	0.0	0.0%	0.0	102.5%	0.0
- Other new entrants (since 2000)	0	0	0.1703	0	0	0.0	2.5%	0.0	95.7%	0.0
<b>Others</b>										
- Charters	17,500	6,126	0.0650	122	22,754	398.2	0.0%	398.2	102.5%	388.5
- Cargo	66,500	0	0.0000	0	0	0.0	100.0%	7,666.0	100.0%	7,666.0
<b>Total</b>	<b>700,000</b>	<b>328,603</b>	<b>0.0843</b>	<b>328</b>	<b>39,561</b>	<b>27,692.5</b>	<b>39.0%</b>	<b>38,501.1</b>	<b>98.0%</b>	<b>37,740.1</b>
<b>c) 2025 (with Secondary Trading)</b>										
Flight Category	Flights per year	RPKs per year (mn.)	Average Revenue per RPK \$	Average Yield per Passenger \$	Average Yield per Flight \$	Pax Rev per year mn. \$	Cargo Rev % of pax rev	Total Rev per year mn. \$	Operating Ratio [2003]	Cost per year mn. \$
<b>Long Haul</b>										
- Dominant incumbent	94,500	167,302	0.0711	536	125,875	11,895.1	15.0%	13,679.4	105.0%	13,028.0
- Other incumbents	66,500	120,343	0.0711	577	128,667	8,556.4	15.0%	9,839.8	105.0%	9,371.3
- New entrants (since 2000)	21,000	25,538	0.0711	464	86,464	1,815.8	15.0%	2,088.1	105.0%	1,988.7
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	266,000	22,143	0.1703	134	14,177	3,771.0	2.5%	3,865.3	95.7%	4,038.9
- Other incumbents	91,000	15,015	0.1703	246	28,100	2,557.1	2.5%	2,621.0	95.7%	2,738.8
- Low Cost Carriers	14,000	2,084	0.1277	150	19,006	266.1	0.0%	266.1	102.5%	259.6
- Other new entrants (since 2000)	17,500	3,657	0.1703	316	35,586	622.8	2.5%	638.3	95.7%	667.0
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	31,500	743	0.1703	86	4,017	126.5	2.5%	129.7	95.7%	135.5
- Other incumbents	17,500	383	0.1703	102	3,727	65.2	2.5%	66.9	95.7%	69.9
- Low Cost Carriers	0	0	0.1277	0	0	0.0	0.0%	0.0	102.5%	0.0
- Other new entrants (since 2000)	0	0	0.1703	0	0	0.0	2.5%	0.0	95.7%	0.0
<b>Others</b>										
- Charters	17,500	6,126	0.0650	122	22,754	398.2	0.0%	398.2	102.5%	388.5
- Cargo	63,000	0	0.0000	0	0	0.0	100.0%	7,091.3	100.0%	7,091.3
<b>Total</b>	<b>700,000</b>	<b>363,334</b>	<b>0.0828</b>	<b>339</b>	<b>42,963</b>	<b>30,074.2</b>	<b>35.3%</b>	<b>40,684.1</b>	<b>97.8%</b>	<b>39,777.4</b>

Frankfurt			(iii) Derivatives							
a) Current (2005): (without Secondary Trading)										
Flight Category			Flights per year	Assumed Aircraft Type	Total Pax per year	Business Pax %	Business Pax per year	Total Pax per year	Local O&D %	Local O&D pax per year
Long Haul										
- Dominant incumbent			41,400	B777-200	9,094,545	30.0%	2,728,364	9,094,545	55.0%	5,002,000
- Other incumbents			43,800	A330-200	9,109,305	30.0%	2,732,792	9,109,305	80.0%	7,287,444
- New entrants (since 2000)			2,000	B777-200	342,750	30.0%	102,825	342,750	80.0%	274,200
Short Haul - over 100 seats										
- Dominant incumbent			182,200	A320-200	18,021,402	40.0%	7,208,561	18,021,402	65.0%	11,713,911
- Other incumbents			79,200	B737-700	8,476,776	40.0%	3,390,710	8,476,776	90.0%	7,629,098
- Low Cost Carriers			6,200	B737-800	735,072	12.0%	88,209	735,072	95.0%	698,318
- Other new entrants (since 2000)			7,100	A319-100	750,967	40.0%	300,387	750,967	90.0%	675,870
Short Haul - under 100 seats										
- Dominant incumbent			39,400	CRJ-200	1,836,828	40.0%	734,731	1,836,828	65.0%	1,193,938
- Other incumbents			33,700	CRJ-200	1,233,420	40.0%	493,368	1,233,420	90.0%	1,110,078
- Low Cost Carriers			0	DHC8-400	0	12.0%	0	0	95.0%	0
- Other new entrants (since 2000)			300	ERJ-145	16,920	40.0%	6,768	16,920	90.0%	15,228
Others			0							
- Charters			0	A321-200	2,499,000	2.0%	49,980	2,499,000	98.0%	2,449,020
- Cargo			60,000	B747-400	0	0.0%	0	0	0.0%	0
Total			495,300		52,116,985	34.2%	17,836,694	52,116,985	73.0%	38,049,106
b) 2025 (without Secondary Trading)										
Flight Category			Flights per year	Assumed Aircraft Type	Total Pax per year	Business Pax %	Business Pax per year	Total Pax per year	Local O&D %	Local O&D pax per year
Long Haul										
- Dominant incumbent			84,000	B777-200	19,712,700	30.0%	5,913,810	19,712,700	55.0%	10,841,985
- Other incumbents			66,500	A330-200	14,827,838	30.0%	4,448,351	14,827,838	80.0%	11,862,270
- New entrants (since 2000)			7,000	B777-200	1,304,625	30.0%	391,388	1,304,625	80.0%	1,043,700
Short Haul - over 100 seats										
- Dominant incumbent			259,000	A320-200	27,430,690	40.0%	10,972,276	27,430,690	65.0%	17,829,949
- Other incumbents			101,500	B737-700	11,574,045	40.0%	4,629,618	11,574,045	90.0%	10,416,641
- Low Cost Carriers			14,000	B737-800	1,771,840	12.0%	212,621	1,771,840	95.0%	1,683,248
- Other new entrants (since 2000)			14,000	A319-100	1,578,780	40.0%	631,512	1,578,780	90.0%	1,420,902
Short Haul - under 100 seats										
- Dominant incumbent			35,000	CRJ-200	1,631,700	40.0%	652,680	1,631,700	65.0%	1,060,605
- Other incumbents			35,000	CRJ-200	1,281,000	40.0%	512,400	1,281,000	90.0%	1,152,900
- Low Cost Carriers			0	DHC8-400	0	12.0%	0	0	95.0%	0
- Other new entrants (since 2000)			0	ERJ-145	0	40.0%	0	0	90.0%	0
Others										
- Charters			17,500	A321-200	3,272,500	2.0%	65,450	3,272,500	98.0%	3,207,050
- Cargo			66,500	B747-400	0	0.0%	0	0	0.0%	0
Total			700,000		84,385,718	33.7%	28,430,106	84,385,718	71.7%	60,519,249
c) 2025 (with Secondary Trading)										
Flight Category			Flights per year	Assumed Aircraft Type	Total Pax per year	Business Pax %	Business Pax per year	Total Pax per year	Local O&D %	Local O&D pax per year
Long Haul										
- Dominant incumbent			94,500	B777-200	22,176,788	30.0%	6,653,036	22,176,788	55.0%	12,197,233
- Other incumbents			66,500	A330-200	14,827,838	30.0%	4,448,351	14,827,838	80.0%	11,862,270
- New entrants (since 2000)			21,000	B777-200	3,913,875	30.0%	1,174,163	3,913,875	80.0%	3,131,100
Short Haul - over 100 seats										
- Dominant incumbent			266,000	A320-200	28,172,060	40.0%	11,268,824	28,172,060	65.0%	18,311,839
- Other incumbents			91,000	B737-700	10,376,730	40.0%	4,150,692	10,376,730	90.0%	9,339,057
- Low Cost Carriers			14,000	B737-800	1,771,840	12.0%	212,621	1,771,840	95.0%	1,683,248
- Other new entrants (since 2000)			17,500	A319-100	1,973,475	40.0%	789,390	1,973,475	90.0%	1,776,128
Short Haul - under 100 seats										
- Dominant incumbent			31,500	CRJ-200	1,468,530	40.0%	587,412	1,468,530	65.0%	954,545
- Other incumbents			17,500	CRJ-200	640,500	40.0%	256,200	640,500	90.0%	576,450
- Low Cost Carriers			0	DHC8-400	0	12.0%	0	0	95.0%	0
- Other new entrants (since 2000)			0	ERJ-145	0	40.0%	0	0	90.0%	0
Others										
- Charters			17,500	A321-200	3,272,500	2.0%	65,450	3,272,500	98.0%	3,207,050
- Cargo			63,000	B747-400	0	0.0%	0	0	0.0%	0
Total			700,000		88,594,135	33.4%	29,606,139	88,594,135	71.2%	63,038,919

## Appendix 12 Forecasts – Milan-Linate

Milan-Linate	(i) Traffic Assumptions									
a) Current (2005):	Flights per year	Flights % of total	Average Seats per Flight	Seats per year	Average Load Factor %	Average Pax per flight	Total Pax per year	Average Distance flown - km	Revenue Passenger Kilometres per flight	RPKs per year (mn.)
<b>Flight Category</b>										
<b>Long Haul</b>										
- Dominant incumbent	0	0.0%	0.0	0	75%	0.0	0	0	0	0
- Other incumbents	0	0.0%	0.0	0	75%	0.0	0	0	0	0
- New entrants (since 2000)	0	0.0%	0.0	0	75%	0.0	0	0	0	0
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	31,200	32.8%	141.4	4,411,680	70%	99.0	3,088,176	623	61,665	1,924
- Other incumbents	20,900	22.0%	144.9	3,028,410	70%	101.4	2,119,887	875	88,751	1,855
- Low Cost Carriers	37,200	39.2%	131.9	4,906,680	80%	105.5	3,925,344	743	78,401	2,917
- Other new entrants (since 2000)	0	0.0%	0.0	0	70%	0.0	0	0	0	0
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	1,100	1.2%	72.0	79,200	60%	43.2	47,520	487	21,038	23
- Other incumbents	1,400	1.5%	72.0	100,800	60%	43.2	60,480	721	31,147	44
- Low Cost Carriers	0	0.0%	0.0	0	70%	0.0	0	0	0	0
- Other new entrants (since 2000)	0	0.0%	0.0	0	60%	0.0	0	0	0	0
<b>Others</b>										
- Charters	2,000	2.1%	200.0	400,000	85%	170.0	340,000	1,800	306,000	612
- Cargo	1,200	1.3%	0.0	0	0%	0.0	0	748	0	0
<b>Total</b>	95,000	100.0%	136.1	12,926,770	74%	100.9	9,581,407	770	77,622	7,374
<b>b) 2025 (without Secondary Trading)</b>	Flights per year	Flights % of total	Average Seats per Flight	Seats per year	Average Load Factor %	Average Pax per flight	Total Pax per year	Average Distance flown - km	Revenue Passenger Kilometres per flight	RPKs per year (mn.)
<b>Flight Category</b>										
<b>Long Haul</b>										
- Dominant incumbent	0	0.0%	0.0	0	75%	0.0	0	0	0	0
- Other incumbents	0	0.0%	0.0	0	75%	0.0	0	0	0	0
- New entrants (since 2000)	0	0.0%	0.0	0	75%	0.0	0	0	0	0
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	35,175	33.5%	151.4	5,325,495	70%	106.0	3,727,847	648	68,675	2,416
- Other incumbents	23,625	22.5%	154.9	3,659,513	70%	108.4	2,561,659	910	98,671	2,331
- Low Cost Carriers	42,000	40.0%	141.9	5,959,800	80%	113.5	4,767,840	773	87,751	3,686
- Other new entrants (since 2000)	0	0.0%	0.0	0	70%	0.0	0	0	0	0
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	1,050	1.0%	72.0	75,600	60%	43.2	45,360	506	21,859	23
- Other incumbents	1,050	1.0%	72.0	75,600	60%	43.2	45,360	750	32,400	34
- Low Cost Carriers	0	0.0%	0.0	0	70%	0.0	0	0	0	0
- Other new entrants (since 2000)	0	0.0%	0.0	0	60%	0.0	0	0	0	0
<b>Others</b>										
- Charters	1,050	1.0%	220.0	231,000	85%	187.0	196,350	1,872	350,064	368
- Cargo	1,050	1.0%	0.0	0	0%	0.0	0	778	0	0
<b>Total</b>	105,000	100.0%	146.0	15,327,008	74%	108.0	11,344,415	781	84,351	8,857
<b>c) 2025 (with Secondary Trading)</b>	Flights per year	Flights % of total	Average Seats per Flight	Seats per year	Average Load Factor %	Average Pax per flight	Total Pax per year	Average Distance flown - km	Revenue Passenger Kilometres per flight	RPKs per year (mn.)
<b>Flight Category</b>										
<b>Long Haul</b>										
- Dominant incumbent	0	0.0%	0.0	0	75%	0.0	0	0	0	0
- Other incumbents	0	0.0%	0.0	0	75%	0.0	0	0	0	0
- New entrants (since 2000)	0	0.0%	0.0	0	75%	0.0	0	0	0	0
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	36,750	35.0%	151.4	5,563,950	70%	106.0	3,894,765	648	68,675	2,524
- Other incumbents	22,050	21.0%	154.9	3,415,545	70%	108.4	2,390,882	910	98,671	2,176
- Low Cost Carriers	39,900	38.0%	141.9	5,661,810	80%	113.5	4,529,448	773	87,751	3,501
- Other new entrants (since 2000)	3,150	3.0%	155.0	488,250	70%	108.5	341,775	850	92,225	291
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	1,050	1.0%	72.0	75,600	60%	43.2	45,360	506	21,859	23
- Other incumbents	0	0.0%	72.0	0	60%	43.2	0	750	32,400	0
- Low Cost Carriers	0	0.0%	0.0	0	70%	0.0	0	0	0	0
- Other new entrants (since 2000)	0	0.0%	0.0	0	60%	0.0	0	0	0	0
<b>Others</b>										
- Charters	1,050	1.0%	220.0	231,000	85%	187.0	196,350	1,872	350,064	368
- Cargo	1,050	1.0%	0.0	0	0%	0.0	0	778	0	0
<b>Total</b>	105,000	100.0%		15,436,155		108.6	11,398,580	779	84,589	8,882

Milan-Linate	(ii) Cost and Revenue Assumptions										
a) Current (2005):	Flights per year	RPKs per year (mn.)	Average Revenue per RPK \$	Average Yield per Passenger \$	Average Yield per Flight \$	Pax Rev per year mn. \$	Cargo Rev % of pax rev	Total Rev per year mn. \$	Operating Ratio [2003]	Cost per year mn. \$	
Flight Category											
Long Haul											
- Dominant incumbent	0	0	0.0711	0	0	0.0	15.0%	0.0	105.0%	0.0	
- Other incumbents	0	0	0.0711	0	0	0.0	15.0%	0.0	105.0%	0.0	
- New entrants (since 2000)	0	0	0.0711	0	0	0.0	15.0%	0.0	105.0%	0.0	
Short Haul - over 100 seats											
- Dominant incumbent	31,200	1,924	0.1703	106	10,501	327.6	2.5%	335.8	95.7%	350.9	
- Other incumbents	20,900	1,855	0.1703	149	15,114	315.9	2.5%	323.8	95.7%	338.3	
- Low Cost Carriers	37,200	2,917	0.1277	95	10,012	372.4	0.0%	372.4	102.5%	363.4	
- Other new entrants (since 2000)	0	0	0.1703	0	0	0.0	2.5%	0.0	95.7%	0.0	
Short Haul - under 100 seats											
- Dominant incumbent	1,100	23	0.1703	83	3,583	3.9	2.5%	4.0	95.7%	4.2	
- Other incumbents	1,400	44	0.1703	123	5,304	7.4	2.5%	7.6	95.7%	8.0	
- Low Cost Carriers	0	0	0.1277	0	0	0.0	0.0%	0.0	102.5%	0.0	
- Other new entrants (since 2000)	0	0	0.1703	0	0	0.0	2.5%	0.0	95.7%	0.0	
Others											
- Charters	2,000	612	0.0650	117	19,890	39.8	0.0%	39.8	102.5%	38.8	
- Cargo	1,200	0	0.0000	0	0	0.0	100.0%	12.2	100.0%	12.2	
Total	95,000	7,374	0.1447	111	11,233	1,067.1	2.7%	1,095.7	101.8%	1,115.8	
b) 2025 (without Secondary Trading)	Flights per year	RPKs per year (mn.)	Average Revenue per RPK \$	Average Yield per Passenger \$	Average Yield per Flight \$	Pax Rev per year mn. \$	Cargo Rev % of pax rev	Total Rev per year mn. \$	Operating Ratio [2003]	Cost per year mn. \$	
Flight Category											
Long Haul											
- Dominant incumbent	0	0	0.0711	0	0	0.0	15.0%	0.0	105.0%	0.0	
- Other incumbents	0	0	0.0711	0	0	0.0	15.0%	0.0	105.0%	0.0	
- New entrants (since 2000)	0	0	0.0711	0	0	0.0	15.0%	0.0	105.0%	0.0	
Short Haul - over 100 seats											
- Dominant incumbent	35,175	2,416	0.1703	110	11,695	411.4	2.5%	421.7	95.7%	440.6	
- Other incumbents	23,625	2,331	0.1703	155	16,804	397.0	2.5%	406.9	95.7%	425.2	
- Low Cost Carriers	42,000	3,686	0.1277	99	11,206	470.6	0.0%	470.6	102.5%	459.2	
- Other new entrants (since 2000)	0	0	0.1703	0	0	0.0	2.5%	0.0	95.7%	0.0	
Short Haul - under 100 seats											
- Dominant incumbent	1,050	23	0.1703	86	3,723	3.9	2.5%	4.0	95.7%	4.2	
- Other incumbents	1,050	34	0.1703	128	5,518	5.8	2.5%	5.9	95.7%	6.2	
- Low Cost Carriers	0	0	0.1277	0	0	0.0	0.0%	0.0	102.5%	0.0	
- Other new entrants (since 2000)	0	0	0.1703	0	0	0.0	2.5%	0.0	95.7%	0.0	
Others											
- Charters	1,050	368	0.0650	122	22,754	23.9	0.0%	23.9	102.5%	23.3	
- Cargo	1,050	0	0.0000	0	0	0.0	100.0%	11.8	100.0%	11.8	
Total	105,000	8,857	0.1482	116	12,501	1,312.6	2.5%	1,344.9	101.9%	1,370.5	
c) 2025 (with Secondary Trading)	Flights per year	RPKs per year (mn.)	Average Revenue per RPK \$	Average Yield per Passenger \$	Average Yield per Flight \$	Pax Rev per year mn. \$	Cargo Rev % of pax rev	Total Rev per year mn. \$	Operating Ratio [2003]	Cost per year mn. \$	
Flight Category											
Long Haul											
- Dominant incumbent	0	0	0.0711	0	0	0.0	15.0%	0.0	105.0%	0.0	
- Other incumbents	0	0	0.0711	0	0	0.0	15.0%	0.0	105.0%	0.0	
- New entrants (since 2000)	0	0	0.0711	0	0	0.0	15.0%	0.0	105.0%	0.0	
Short Haul - over 100 seats											
- Dominant incumbent	36,750	2,524	0.1703	110	11,695	429.8	2.5%	440.5	95.7%	460.3	
- Other incumbents	22,050	2,176	0.1703	155	16,804	370.5	2.5%	379.8	95.7%	396.8	
- Low Cost Carriers	39,900	3,501	0.1277	99	11,206	447.1	0.0%	447.1	102.5%	436.2	
- Other new entrants (since 2000)	3,150	291	0.1703	145	15,706	49.5	2.5%	50.7	95.7%	53.0	
Short Haul - under 100 seats											
- Dominant incumbent	1,050	23	0.1703	86	3,723	3.9	2.5%	4.0	95.7%	4.2	
- Other incumbents	0	0	0.1703	128	5,518	0.0	2.5%	0.0	95.7%	0.0	
- Low Cost Carriers	0	0	0.1277	0	0	0.0	0.0%	0.0	102.5%	0.0	
- Other new entrants (since 2000)	0	0	0.1703	0	0	0.0	2.5%	0.0	95.7%	0.0	
Others											
- Charters	1,050	368	0.0650	122	22,754	23.9	0.0%	23.9	102.5%	23.3	
- Cargo	1,050	0	0.0000	0	0	0.0	100.0%	11.7	100.0%	11.7	
Total	105,000	8,882	0.1491	116	12,616	1,324.7	2.5%	1,357.8	102.0%	1,385.6	

Milan-Linate		(iii) Derivatives							
a) Current (2005): (without Secondary Trading)									
Flight Category		Flights per year	Assumed Aircraft Type	Total Pax per year	Business Pax %	Business Pax per year	Total Pax per year	Local O&D %	Local O&D pax per year
Long Haul									
- Dominant incumbent		0	B777-200	0	30.0%	0	0	75.0%	0
- Other incumbents		0	A330-200	0	30.0%	0	0	90.0%	0
- New entrants (since 2000)		0	B777-200	0	30.0%	0	0	90.0%	0
Short Haul - over 100 seats									
- Dominant incumbent		31,200	A320-200	3,088,176	45.0%	1,389,679	3,088,176	80.0%	2,470,541
- Other incumbents		20,900	B737-700	2,119,887	45.0%	953,949	2,119,887	95.0%	2,013,893
- Low Cost Carriers		37,200	B737-800	3,925,344	12.0%	471,041	3,925,344	95.0%	3,729,077
- Other new entrants (since 2000)		0	A319-100	0	45.0%	0	0	95.0%	0
Short Haul - under 100 seats									
- Dominant incumbent		1,100	CRJ-200	47,520	45.0%	21,384	47,520	80.0%	38,016
- Other incumbents		1,400	CRJ-200	60,480	45.0%	27,216	60,480	95.0%	57,456
- Low Cost Carriers		0	DHC8-400	0	12.0%	0	0	95.0%	0
- Other new entrants (since 2000)		0	ERJ-145	0	45.0%	0	0	95.0%	0
Others		0							
- Charters		0	A321-200	340,000	2.0%	6,800	340,000	98.0%	333,200
- Cargo		1,200	B747-400	0	0.0%	0	0	0.0%	0
Total		93,000		9,581,407	30.0%	2,870,070	9,581,407	90.2%	8,642,182
b) 2025 (without Secondary Trading)									
Flight Category		Flights per year	Assumed Aircraft Type	Total Pax per year	Business Pax %	Business Pax per year	Total Pax per year	Local O&D %	Local O&D pax per year
Long Haul									
- Dominant incumbent		0	B777-200	0	30.0%	0	0	75.0%	0
- Other incumbents		0	A330-200	0	30.0%	0	0	90.0%	0
- New entrants (since 2000)		0	B777-200	0	30.0%	0	0	90.0%	0
Short Haul - over 100 seats									
- Dominant incumbent		35,175	A320-200	3,727,847	45.0%	1,677,531	3,727,847	80.0%	2,982,277
- Other incumbents		23,625	B737-700	2,561,659	45.0%	1,152,746	2,561,659	95.0%	2,433,576
- Low Cost Carriers		42,000	B737-800	4,767,840	12.0%	572,141	4,767,840	95.0%	4,529,448
- Other new entrants (since 2000)		0	A319-100	0	45.0%	0	0	95.0%	0
Short Haul - under 100 seats									
- Dominant incumbent		1,050	CRJ-200	45,360	45.0%	20,412	45,360	80.0%	36,288
- Other incumbents		1,050	CRJ-200	45,360	45.0%	20,412	45,360	95.0%	43,092
- Low Cost Carriers		0	DHC8-400	0	12.0%	0	0	95.0%	0
- Other new entrants (since 2000)		0	ERJ-145	0	45.0%	0	0	95.0%	0
Others									
- Charters		1,050	A321-200	196,350	2.0%	3,927	196,350	98.0%	192,423
- Cargo		1,050	B747-400	0	0.0%	0	0	0.0%	0
Total		105,000		11,344,415	30.4%	3,447,169	11,344,415	90.1%	10,217,104
c) 2025 (with Secondary Trading)									
Flight Category		Flights per year	Assumed Aircraft Type	Total Pax per year	Business Pax %	Business Pax per year	Total Pax per year	Local O&D %	Local O&D pax per year
Long Haul									
- Dominant incumbent		0	B777-200	0	30.0%	0	0	75.0%	0
- Other incumbents		0	A330-200	0	30.0%	0	0	90.0%	0
- New entrants (since 2000)		0	B777-200	0	30.0%	0	0	90.0%	0
Short Haul - over 100 seats									
- Dominant incumbent		36,750	A320-200	3,894,765	45.0%	1,752,644	3,894,765	80.0%	3,115,812
- Other incumbents		22,050	B737-700	2,390,882	45.0%	1,075,897	2,390,882	95.0%	2,271,337
- Low Cost Carriers		39,900	B737-800	4,529,448	12.0%	543,534	4,529,448	95.0%	4,302,976
- Other new entrants (since 2000)		3,150	A319-100	341,775	45.0%	153,799	341,775	95.0%	324,686
Short Haul - under 100 seats									
- Dominant incumbent		1,050	CRJ-200	45,360	45.0%	20,412	45,360	80.0%	36,288
- Other incumbents		0	CRJ-200	0	45.0%	0	0	95.0%	0
- Low Cost Carriers		0	DHC8-400	0	12.0%	0	0	95.0%	0
- Other new entrants (since 2000)		0	ERJ-145	0	45.0%	0	0	95.0%	0
Others									
- Charters		1,050	A321-200	196,350	2.0%	3,927	196,350	98.0%	192,423
- Cargo		1,050	B747-400	0	0.0%	0	0	0.0%	0
Total		105,000		11,398,580	31.1%	3,550,212	11,398,580	89.9%	10,243,522

## Appendix 13 Forecasts – Total Eight Airports

Total Eight Airports	(i) Traffic Assumptions									
a) Current (2005): (with Artificial Secondary Trading)	Flights per year	Flights % of total	Average Seats per Flight	Seats per year	Average Load Factor %	Average Pax per flight	Total Pax per year	Average Distance flown - km	Revenue Passenger Kilometres per flight	RPKs per year (mn.)
<b>Flight Category</b>										
<b>Long Haul</b>										
- Dominant incumbent	192,700	7.1%	283.8	54,697,360	75%	212.9	41,023,020	7,078	1,506,876	290,375
- Other incumbents	234,400	8.7%	271.6	63,669,170	75%	203.7	47,751,878	7,264	1,479,854	346,878
- New entrants (since 2000)	27,600	1.0%	236.7	6,533,170	75%	177.5	4,899,878	5,398	958,295	26,449
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	849,100	31.4%	137.4	116,690,260	70%	96.2	81,683,182	808	77,751	66,018
- Other incumbents	480,600	17.8%	152.2	73,149,360	70%	106.5	51,204,552	1,127	120,110	57,725
- Low Cost Carriers	223,100	8.2%	144.9	32,317,580	80%	115.9	25,854,064	906	104,944	23,413
- Other new entrants (since 2000)	32,500	1.2%	139.1	4,521,930	70%	97.4	3,165,351	1,636	159,380	5,180
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	197,900	7.3%	66.3	13,112,580	60%	39.8	7,867,548	537	21,349	4,225
- Other incumbents	151,800	5.6%	55.6	8,441,580	60%	33.4	5,064,948	588	19,604	2,976
- Low Cost Carriers	4,500	0.2%	76.3	343,200	70%	53.4	240,240	783	41,818	188
- Other new entrants (since 2000)	9,400	0.3%	53.0	498,400	60%	31.8	299,040	561	17,856	168
<b>Others</b>										
- Charters	130,600	4.8%	200.0	26,120,000	85%	170.0	22,202,000	1,800	306,000	39,964
- Cargo	170,800	6.3%	0.0	0	0%	0.0	0	6,914	0	0
<b>Total</b>	2,705,000	100.0%	147.9	400,094,590	73%	107.7	291,255,700	2,965	319,245	863,558
<b>b) Current (2005): (assumed without Secondary Trading)</b>										
<b>Flight Category</b>										
<b>Long Haul</b>										
- Dominant incumbent	178,200	6.6%	281.5	50,166,460	75%	211.1	37,624,845	7,072	1,493,080	266,067
- Other incumbents	233,100	8.6%	271.4	63,274,560	75%	203.6	47,455,920	7,257	1,477,445	344,392
- New entrants (since 2000)	26,100	1.0%	236.7	6,176,620	75%	177.5	4,632,465	5,380	954,877	24,922
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	842,400	31.1%	137.3	115,673,170	70%	96.1	80,971,219	807	77,568	65,343
- Other incumbents	498,800	18.4%	152.5	76,052,130	70%	106.7	53,236,491	1,122	119,792	59,752
- Low Cost Carriers	222,000	8.2%	144.9	32,159,180	80%	115.9	25,727,344	906	104,989	23,308
- Other new entrants (since 2000)	32,500	1.2%	139.1	4,521,930	70%	97.4	3,165,351	1,636	159,380	5,180
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	203,900	7.5%	67.1	13,682,580	60%	40.3	8,209,548	540	21,734	4,432
- Other incumbents	159,600	5.9%	55.7	8,899,300	60%	33.4	5,333,580	583	19,474	3,108
- Low Cost Carriers	4,500	0.2%	76.3	343,200	70%	53.4	240,240	783	41,818	188
- Other new entrants (since 2000)	3,600	0.1%	42.6	153,300	60%	25.6	91,980	915	23,388	84
<b>Others</b>										
- Charters	129,500	4.8%	200.0	25,900,000	85%	170.0	22,015,000	1,800	306,000	39,627
- Cargo	170,800	6.3%	0.0	0	0%	0.0	0	6,914	0	0
<b>Total</b>	2,705,000	100.0%	146.8	396,992,430	73%	106.7	288,703,983	2,897	309,206	836,403
<b>c) 2025 (without Secondary Trading)</b>										
<b>Flight Category</b>										
<b>Long Haul</b>										
- Dominant incumbent	336,150	9.5%	302.0	101,512,290	75%	226.5	76,134,218	7,353	1,665,331	559,801
- Other incumbents	352,800	10.0%	291.6	102,882,150	75%	218.7	77,161,613	7,595	1,661,054	586,020
- New entrants (since 2000)	65,600	1.9%	257.5	16,892,785	75%	193.1	12,669,589	5,757	1,111,932	72,943
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	1,148,325	32.4%	146.2	167,925,095	70%	102.4	117,547,567	829	84,828	97,410
- Other incumbents	601,625	17.0%	162.3	97,615,668	70%	113.6	68,330,967	1,193	135,497	81,518
- Low Cost Carriers	297,500	8.4%	155.3	46,192,370	80%	124.2	36,953,896	968	120,179	35,753
- Other new entrants (since 2000)	59,300	1.7%	150.9	8,948,460	70%	105.6	6,263,922	1,709	180,479	10,702
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	194,000	5.5%	66.4	12,875,100	60%	39.8	7,725,060	551	21,948	4,258
- Other incumbents	155,300	4.4%	55.6	8,640,815	60%	33.4	5,184,489	615	20,546	3,191
- Low Cost Carriers	0	0.0%	0.0	0	70%	0.0	0	0	0	0
- Other new entrants (since 2000)	3,000	0.1%	31.0	93,000	60%	18.6	55,800	800	14,880	45
<b>Others</b>										
- Charters	139,100	3.9%	219.1	30,477,000	85%	186.2	25,905,450	1,872	348,634	48,495
- Cargo	187,300	5.3%	0.0	0	0%	0.0	0	7,216	0	0
<b>Total</b>	3,540,000	100.0%	167.8	594,054,733	73%	122.6	433,932,570	3,457	423,767	1,500,136
<b>d) 2025 (with Secondary Trading)</b>										
<b>Flight Category</b>										
<b>Long Haul</b>										
- Dominant incumbent	414,050	11.7%	304.7	126,171,010	75%	228.5	94,628,258	7,357	1,681,368	696,170
- Other incumbents	370,650	10.5%	293.8	108,907,095	75%	220.4	81,680,321	7,579	1,670,133	619,035
- New entrants (since 2000)	141,350	4.0%	263.9	37,296,220	75%	197.9	27,972,165	5,966	1,180,715	166,894
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	1,176,500	33.2%	148.5	174,742,610	70%	104.0	122,319,827	832	86,486	101,751
- Other incumbents	554,200	15.7%	164.8	91,328,065	70%	115.4	63,929,646	1,219	140,600	77,920
- Low Cost Carriers	270,900	7.7%	158.3	42,879,210	80%	126.6	34,303,368	971	122,997	33,320
- Other new entrants (since 2000)	99,350	2.8%	153.6	15,255,230	70%	107.5	10,678,661	1,627	174,887	17,375
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	156,850	4.4%	65.8	10,323,400	60%	39.5	6,194,040	559	22,092	3,465
- Other incumbents	87,550	2.5%	55.4	4,851,595	60%	33.2	2,910,957	607	20,172	1,766
- Low Cost Carriers	0	0.0%	0.0	0	70%	0.0	0	0	0	0
- Other new entrants (since 2000)	0	0.0%	0.0	0	60%	0.0	0	0	0	0
<b>Others</b>										
- Charters	108,250	3.1%	223.5	24,195,000	85%	190.0	20,565,750	1,872	355,650	38,499
- Cargo	160,350	4.5%	0.0	0	0%	0.0	0	7,239	0	0
<b>Total</b>	3,540,000	100.0%	179.6	635,949,435	73%	131.4	465,182,992	3,775	496,100	1,756,195



Total Eight Airports	(ii) Cost and Revenue Assumptions									
a) Current (2005): (with Artificial Secondary Trading)	Flights per year	RPKs per year (mn.)	Average Revenue per RPK \$	Average Yield per Passenger \$	Average Yield per Flight \$	Pax Rev per year mn. \$	Cargo Rev % of pax rev	Total Rev per year mn. \$	Operating Ratio [2003]	Cost per year mn. \$
<b>Flight Category</b>										
<b>Long Haul</b>										
- Dominant incumbent	192,700	290,375	0.0711	503	107,139	20,646	15.0%	23,742.5	105.0%	22,611.9
- Other incumbents	234,400	346,878	0.0711	516	105,218	24,663	15.0%	28,362.5	105.0%	27,011.9
- New entrants (since 2000)	27,600	26,449	0.0711	384	68,135	1,881	15.0%	2,162.6	105.0%	2,059.6
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	849,100	66,018	0.1703	138	13,241	11,243	2.5%	11,524.0	95.7%	12,041.8
- Other incumbents	480,600	57,725	0.1703	192	20,455	9,831	2.5%	10,076.3	95.7%	10,529.1
- Low Cost Carriers	223,100	23,413	0.1277	0	0	0	0.0%	0.0	102.5%	0.0
- Other new entrants (since 2000)	32,500	5,180	0.1703	279	27,142	882	2.5%	904.2	95.7%	944.8
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	197,900	4,225	0.1703	0	0	0	2.5%	0.0	95.7%	0.0
- Other incumbents	151,800	2,976	0.1703	100	3,339	507	2.5%	519.5	95.7%	542.8
- Low Cost Carriers	0	188	0.1277	0	0	0	0.0%	0.0	102.5%	0.0
- Other new entrants (since 2000)	9,400	168	0.1703	0	0	0	2.5%	0.0	95.7%	0.0
<b>Others</b>										
- Charters	130,600	0	0.0650	0	0	0	0.0%	0.0	102.5%	0.0
- Cargo	170,800	0	0.0000	0	0	0	100.0%	16,307.7	100.0%	16,307.7
<b>Total</b>	2,705,000	863,558	0.0807	239	25,749	69,652	34.4%	93,599.2	98.3%	92,049.6
<b>b) Current (2005): (assumed without Secondary Trading)</b>	Flights per year	RPKs per year (mn.)	Average Revenue per RPK \$	Average Yield per Passenger \$	Average Yield per Flight \$	Pax Rev per year mn. \$	Cargo Rev % of pax rev	Total Rev per year mn. \$	Operating Ratio [2003]	Cost per year mn. \$
<b>Flight Category</b>										
<b>Long Haul</b>										
- Dominant incumbent	178,200	266,067	0.0711	503	106,158	18,917	15.0%	21,755.0	105.0%	20,719.0
- Other incumbents	233,100	344,392	0.0711	516	105,046	24,486	15.0%	28,159.2	105.0%	26,818.3
- New entrants (since 2000)	26,100	24,922	0.0711	383	67,892	1,772	15.0%	2,037.8	105.0%	1,940.7
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	842,400	65,343	0.1703	137	13,210	11,128	2.5%	11,406.1	95.7%	11,918.6
- Other incumbents	498,800	59,752	0.1703	191	20,401	10,176	2.5%	10,430.2	95.7%	10,898.8
- Low Cost Carriers	222,000	23,308	0.1277	116	13,407	2,976	0.0%	2,976.4	102.5%	2,903.8
- Other new entrants (since 2000)	32,500	5,180	0.1703	279	27,142	882	2.5%	904.2	95.7%	944.8
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	203,900	4,432	0.1703	92	3,701	755	2.5%	773.6	95.7%	808.3
- Other incumbents	159,600	3,108	0.1703	99	3,316	529	2.5%	542.5	95.7%	566.9
- Low Cost Carriers	0	188	0.1277	100	5,340	24	0.0%	24.0	102.5%	23.4
- Other new entrants (since 2000)	3,600	84	0.1703	156	3,983	14	2.5%	14.7	95.7%	15.4
<b>Others</b>										
- Charters	129,500	39,627	0.0650	117	19,890	2,576	0.0%	2,575.8	102.5%	2,512.9
- Cargo	170,800	0	0.0000	0	0	0	100.0%	16,229.3	100.0%	16,229.3
<b>Total</b>	2,705,000	836,403	0.0888	257	27,444	74,236	31.8%	97,828.7	98.4%	96,300.4
<b>c) 2025 (without Secondary Trading)</b>	Flights per year	RPKs per year (mn.)	Average Revenue per RPK \$	Average Yield per Passenger \$	Average Yield per Flight \$	Pax Rev per year mn. \$	Cargo Rev % of pax rev	Total Rev per year mn. \$	Operating Ratio [2003]	Cost per year mn. \$
<b>Flight Category</b>										
<b>Long Haul</b>										
- Dominant incumbent	336,150	559,801	0.0711	523	118,405	39,802	15.0%	45,772.1	105.0%	43,592.5
- Other incumbents	352,800	586,020	0.0711	540	118,101	41,666	15.0%	47,915.9	105.0%	45,634.2
- New entrants (since 2000)	65,600	72,943	0.0711	409	79,058	5,186	15.0%	5,964.2	105.0%	5,680.2
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	1,148,325	97,410	0.1703	141	14,446	16,589	2.5%	17,003.6	95.7%	17,767.6
- Other incumbents	601,625	81,518	0.1703	203	23,075	13,883	2.5%	14,229.6	95.7%	14,869.0
- Low Cost Carriers	297,500	35,753	0.1277	124	15,347	4,566	0.0%	4,565.7	102.5%	4,454.3
- Other new entrants (since 2000)	59,300	10,702	0.1703	291	30,736	1,823	2.5%	1,868.2	95.7%	1,952.1
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	194,000	4,258	0.1703	94	3,738	725	2.5%	743.3	95.7%	776.7
- Other incumbents	155,300	3,191	0.1703	105	3,499	543	2.5%	557.0	95.7%	582.0
- Low Cost Carriers	0	0	0.1277	0	0	0	0.0%	0.0	102.5%	0.0
- Other new entrants (since 2000)	3,000	45	0.1703	136	2,534	8	2.5%	7.8	95.7%	8.1
<b>Others</b>										
- Charters	139,100	48,495	0.0650	122	22,661	3,152	0.0%	3,152.2	102.5%	3,075.3
- Cargo	187,300	0	0.0000	0	0	0	100.0%	19,789.1	100.0%	19,789.1
<b>Total</b>	3,540,000	1,500,136	0.0853	295	36,142	127,942	26.3%	161,568.6	97.9%	158,181.1
<b>d) 2025 (with Secondary Trading)</b>	Flights per year	RPKs per year (mn.)	Average Revenue per RPK \$	Average Yield per Passenger \$	Average Yield per Flight \$	Pax Rev per year mn. \$	Cargo Rev % of pax rev	Total Rev per year mn. \$	Operating Ratio [2003]	Cost per year mn. \$
<b>Flight Category</b>										
<b>Long Haul</b>										
- Dominant incumbent	414,050	696,170	0.0711	523	119,545	49,498	15.0%	56,922.4	105.0%	54,211.8
- Other incumbents	370,650	619,035	0.0711	539	118,746	44,013	15.0%	50,615.4	105.0%	48,205.1
- New entrants (since 2000)	141,350	166,894	0.0711	424	83,949	11,866	15.0%	13,646.1	105.0%	12,996.3
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	1,176,500	101,751	0.1703	142	14,729	17,328	2.5%	17,761.3	95.7%	18,559.4
- Other incumbents	554,200	77,920	0.1703	208	23,944	13,270	2.5%	13,601.6	95.7%	14,212.7
- Low Cost Carriers	270,900	33,320	0.1277	124	15,707	4,255	0.0%	4,254.9	102.5%	4,151.2
- Other new entrants (since 2000)	99,350	17,375	0.1703	277	29,783	2,959	2.5%	3,032.9	95.7%	3,169.2
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	156,850	3,465	0.1703	95	3,762	590	2.5%	604.9	95.7%	632.0
- Other incumbents	87,550	1,766	0.1703	103	3,435	301	2.5%	308.3	95.7%	322.1
- Low Cost Carriers	0	0	0.1277	0	0	0	0.0%	0.0	102.5%	0.0
- Other new entrants (since 2000)	0	0	0.1703	0	0	0	2.5%	0.0	95.7%	0.0
<b>Others</b>										
- Charters	108,250	38,499	0.0650	122	23,117	2,502	0.0%	2,502.4	102.5%	2,441.4
- Cargo	160,350	0	0.0000	0	0	0	100.0%	16,786.9	100.0%	16,786.9
<b>Total</b>	3,540,000	1,756,195	0.0835	315	41,407	146,582	22.8%	180,037.0	97.6%	175,688.1

Total Eight Airports	(iii) Derivatives							
a) Current (2005): (with Artificial Secondary Trading)								
Flight Category	Flights per year	Assumed Aircraft Type	Total Pax per year	Business Pax %	Business Pax per year	Total Pax per year	Local O&D %	Local O&D pax per year
Long Haul								
- Dominant incumbent	192,700	B777-200	41,023,020	32.4%	13,304,198	41,023,020	50.3%	20,639,086
- Other incumbents	234,400	A330-200	47,751,878	31.8%	15,188,677	47,751,878	75.8%	36,185,702
- New entrants (since 2000)	27,600	B777-200	4,899,878	29.6%	1,448,909	4,899,878	78.7%	3,857,706
Short Haul - over 100 seats								
- Dominant incumbent	849,100	A320-200	81,683,182	42.9%	35,060,098	81,683,182	59.2%	48,391,230
- Other incumbents	480,600	B737-700	51,204,552	43.8%	22,446,519	51,204,552	86.2%	44,115,105
- Low Cost Carriers	223,100	B737-800	25,854,064	12.0%	3,102,488	25,854,064	95.0%	24,561,361
- Other new entrants (since 2000)	32,500	A319-100	3,165,351	39.8%	1,261,385	3,165,351	88.0%	2,785,684
Short Haul - under 100 seats								
- Dominant incumbent	197,900	CRJ-200	7,867,548	43.5%	3,424,343	7,867,548	55.3%	4,352,490
- Other incumbents	151,800	CRJ-200	5,064,948	43.4%	2,197,459	5,064,948	87.1%	4,409,303
- Low Cost Carriers	4,500	DHC8-400	240,240	12.0%	28,829	240,240	95.0%	228,228
- Other new entrants (since 2000)	9,400	ERJ-145	299,040	34.3%	102,663	299,040	86.7%	259,371
Others								
- Charters	130,600	A321-200	22,202,000	2.0%	444,040	22,202,000	98.0%	21,757,960
- Cargo	170,800	B747-400	0	0.0%	0	0	0.0%	0
Total	2,705,000		291,255,700	33.7%	98,009,607	291,255,700	72.6%	211,543,224
b) Current (2005): (assumed without Secondary Trading)								
Flight Category	Flights per year	Assumed Aircraft Type	Total Pax per year	Business Pax %	Business Pax per year	Total Pax per year	Local O&D %	Local O&D pax per year
Long Haul								
- Dominant incumbent	178,200	B777-200	37,624,845	32.4%	12,206,786	37,624,845	50.3%	18,930,773
- Other incumbents	233,100	A330-200	47,455,920	31.7%	15,061,742	47,455,920	75.8%	35,974,991
- New entrants (since 2000)	26,100	B777-200	4,632,465	29.4%	1,360,663	4,632,465	78.9%	3,657,147
Short Haul - over 100 seats								
- Dominant incumbent	842,400	A320-200	80,971,219	42.9%	34,729,408	80,971,219	59.3%	48,003,086
- Other incumbents	498,800	B737-700	53,236,491	43.8%	23,339,790	53,236,491	86.1%	45,849,287
- Low Cost Carriers	222,000	B737-800	25,727,344	12.0%	3,087,281	25,727,344	95.0%	24,440,977
- Other new entrants (since 2000)	32,500	A319-100	3,165,351	39.8%	1,261,385	3,165,351	88.0%	2,785,684
Short Haul - under 100 seats								
- Dominant incumbent	203,900	CRJ-200	8,209,548	43.0%	3,526,943	8,209,548	55.5%	4,557,690
- Other incumbents	159,600	CRJ-200	5,333,580	43.5%	2,318,343	5,333,580	87.0%	4,637,640
- Low Cost Carriers	4,500	DHC8-400	240,240	12.0%	28,829	240,240	95.0%	228,228
- Other new entrants (since 2000)	3,600	ERJ-145	91,980	44.1%	40,545	91,980	79.4%	73,017
Others								
- Charters	129,500	A321-200	22,015,000	2.0%	440,300	22,015,000	98.0%	21,574,700
- Cargo	170,800	B747-400	0	0.0%	0	0	0.0%	0
Total	2,705,000		288,703,983	33.7%	97,402,014	288,703,983	73.0%	210,713,219
c) 2025 (without Secondary Trading)								
Flight Category	Flights per year	Assumed Aircraft Type	Total Pax per year	Business Pax %	Business Pax per year	Total Pax per year	Local O&D %	Business Pax per year
Long Haul								
- Dominant incumbent	336,150	B777-200	76,134,218	32.4%	24,663,744	76,134,218	50.7%	38,630,076
- Other incumbents	352,800	A330-200	77,161,613	32.1%	24,765,641	77,161,613	75.7%	58,417,778
- New entrants (since 2000)	65,600	B777-200	12,669,589	31.0%	3,933,427	12,669,589	76.4%	9,682,676
Short Haul - over 100 seats								
- Dominant incumbent	1,148,325	A320-200	117,547,567	43.1%	50,617,010	117,547,567	58.8%	69,117,187
- Other incumbents	601,625	B737-700	68,330,967	43.8%	29,953,579	68,330,967	86.2%	58,903,081
- Low Cost Carriers	297,500	B737-800	36,953,896	12.2%	4,500,618	36,953,896	96.4%	35,629,889
- Other new entrants (since 2000)	59,300	A319-100	6,263,922	41.4%	2,596,173	6,263,922	172.8%	5,469,682
Short Haul - under 100 seats								
- Dominant incumbent	194,000	CRJ-200	7,725,060	43.8%	3,383,312	7,725,060	56.2%	4,345,088
- Other incumbents	155,300	CRJ-200	5,184,489	43.6%	2,259,519	5,184,489	87.3%	4,527,190
- Low Cost Carriers	0	DHC8-400	0	0.0%	0	0	0.0%	0
- Other new entrants (since 2000)	3,000	ERJ-145	55,800	45.0%	25,110	55,800	65.0%	36,270
Others								
- Charters	139,100	A321-200	25,905,450	2.0%	518,109	25,905,450	98.0%	25,387,341
- Cargo	187,300	B747-400	0	0.0%	0	0	0.0%	0
Total	3,540,000		433,932,570	33.9%	147,216,241	433,932,570	71.5%	310,146,258
d) 2025 (with Secondary Trading)								
Flight Category	Flights per year	Assumed Aircraft Type	Total Pax per year	Business Pax %	Business Pax per year	Total Pax per year	Local O&D %	Business Pax per year
Long Haul								
- Dominant incumbent	414,050	B777-200	94,628,258	32.4%	30,664,218	94,628,258	50.2%	47,491,815
- Other incumbents	370,650	A330-200	81,680,321	32.1%	26,213,150	81,680,321	75.7%	61,824,017
- New entrants (since 2000)	141,350	B777-200	27,972,165	31.3%	8,753,510	27,972,165	75.0%	20,965,719
Short Haul - over 100 seats								
- Dominant incumbent	1,176,500	A320-200	122,319,827	43.2%	52,789,686	122,319,827	58.2%	71,192,091
- Other incumbents	554,200	B737-700	63,929,646	43.7%	27,956,057	63,929,646	86.1%	55,070,113
- Low Cost Carriers	270,900	B737-800	34,303,368	12.2%	4,182,554	34,303,368	96.5%	33,111,887
- Other new entrants (since 2000)	99,350	A319-100	10,678,661	42.2%	4,506,644	10,678,661	87.6%	9,356,366
Short Haul - under 100 seats								
- Dominant incumbent	156,850	CRJ-200	6,194,040	43.9%	2,718,725	6,194,040	58.5%	3,625,857
- Other incumbents	87,550	CRJ-200	2,910,957	43.5%	1,267,270	2,910,957	88.5%	2,575,995
- Low Cost Carriers	0	DHC8-400	0	0.0%	0	0	0.0%	0
- Other new entrants (since 2000)	0	ERJ-145	0	0.0%	0	0	0.0%	0
Others								
- Charters	108,250	A321-200	20,565,750	2.0%	411,315	20,565,750	98.0%	20,154,435
- Cargo	160,350	B747-400	0	0.0%	0	0	0.0%	0
Total	3,540,000		465,182,992	34.3%	159,463,128	465,182,992	69.9%	325,368,294

## Appendix 14 Forecasts – Total Europe (estd.)

Total Europe (estd.)	(i) Traffic Assumptions										2005	plus 25%	2025	plus 65%
a) Current (2005): (with Artificial Secondary Trading)	Flights per year	Flights % of total	Average Seats per Flight	Seats per year	Average Load Factor %	Average Pax per flight	Total Pax per year	Average Distance flown - km	Revenue Passenger Kilometres per flight	RPKs per year (mn.)				
<b>Flight Category</b>														
<b>Long Haul</b>														
- Dominant incumbent	196,325	7.3%	284.4	55,830,085	75%	213.3	41,872,564	7,080	1,510,006	296,452				
- Other incumbents	234,725	8.7%	271.7	63,767,823	75%	203.8	47,825,867	7,266	1,480,452	347,499				
- New entrants (since 2000)	27,975	1.0%	236.7	6,622,308	75%	177.5	4,966,731	5,402	959,092	26,831				
<b>Short Haul - over 100 seats</b>														
- Dominant incumbent	850,775	31.5%	137.5	116,944,533	70%	96.2	81,861,173	809	77,796	66,187				
- Other incumbents	476,050	17.6%	152.1	72,423,668	70%	106.5	50,696,567	1,129	120,194	57,218				
- Low Cost Carriers	223,375	8.3%	144.9	32,357,180	80%	115.9	25,885,744	905	104,933	23,440				
- Other new entrants (since 2000)	32,500	1.2%	139.1	4,521,930	70%	97.4	3,165,351	1,636	159,380	5,180				
<b>Short Haul - under 100 seats</b>														
- Dominant incumbent	196,400	7.3%	66.0	12,970,080	60%	39.6	7,782,048	536	21,249	4,173				
- Other incumbents	149,850	5.5%	55.6	8,329,650	60%	33.4	4,997,790	589	19,639	2,943				
- Low Cost Carriers	4,500	0.2%	76.3	343,200	70%	53.4	240,240	783	41,818	188				
- Other new entrants (since 2000)	10,850	0.4%	53.9	584,675	60%	32.3	350,805	538	17,397	189				
<b>Others</b>														
- Charters	130,875	4.8%	200.0	26,175,000	85%	170.0	22,248,750	1,800	306,000	40,048				
- Cargo	170,800	6.3%	0.0	0	0%	0.0	0	6,914	0	0				
<b>Total</b>	2,705,000	100.0%	148.2	400,870,130	73%	107.9	291,893,629	2,982	321,755	870,347				
<b>b) Current (2005): (assumed without Secondary Trading)</b>	Flights per year	Flights % of total	Average Seats per Flight	Seats per year	Average Load Factor %	Average passengers per flight	Total Pax per year	Average Distance flown - km	Revenue Passenger Kilometres per flight	RPKs per year (mn.)				
<b>Flight Category</b>														
<b>Long Haul</b>														
- Dominant incumbent	178,200	6.6%	281.5	50,166,460	75%	211.1	37,624,845	7,072	1,493,080	266,067				
- Other incumbents	233,100	8.6%	271.4	63,274,560	75%	203.6	47,455,920	7,257	1,477,445	344,392				
- New entrants (since 2000)	26,100	1.0%	236.7	6,176,620	75%	177.5	4,632,465	5,380	954,877	24,922				
<b>Short Haul - over 100 seats</b>														
- Dominant incumbent	842,400	31.1%	137.3	115,673,170	70%	96.1	80,971,219	807	77,568	65,343				
- Other incumbents	498,800	18.4%	152.5	76,052,130	70%	106.7	53,236,491	1,122	119,792	59,752				
- Low Cost Carriers	222,000	8.2%	144.9	32,159,180	80%	115.9	25,727,344	906	104,989	23,308				
- Other new entrants (since 2000)	32,500	1.2%	139.1	4,521,930	70%	97.4	3,165,351	1,636	159,380	5,180				
<b>Short Haul - under 100 seats</b>														
- Dominant incumbent	203,900	7.5%	67.1	13,682,580	60%	40.3	8,209,548	540	21,734	4,432				
- Other incumbents	159,600	5.9%	55.7	8,889,300	60%	33.4	5,333,580	583	19,474	3,108				
- Low Cost Carriers	4,500	0.2%	76.3	343,200	70%	53.4	240,240	783	41,818	188				
- Other new entrants (since 2000)	3,600	0.1%	42.6	153,300	60%	25.6	91,980	915	23,388	84				
<b>Others</b>														
- Charters	129,500	4.8%	200.0	25,900,000	85%	170.0	22,015,000	1,800	306,000	39,627				
- Cargo	170,800	6.3%	0.0	0	0%	0.0	0	6,914	0	0				
<b>Total</b>	2,705,000	100.0%	146.8	396,992,430	73%	106.7	288,703,983	2,897	309,206	836,403				
<b>c) 2025 (without Secondary Trading)</b>	Flights per year	Flights % of total	Average Seats per Flight	Seats per year	Average Load Factor %	Average passengers per flight	Total Pax per year	Average Distance flown - km	Revenue Passenger Kilometres per flight	RPKs per year (mn.)				
<b>Flight Category</b>														
<b>Long Haul</b>														
- Dominant incumbent	554,648	9.5%	302.0	167,495,279	75%	226.5	125,621,459	7,353	1,665,331	923,672				
- Other incumbents	582,120	10.0%	291.6	169,755,548	75%	218.7	127,316,661	7,595	1,661,054	966,933				
- New entrants (since 2000)	108,240	1.9%	257.5	27,873,095	75%	193.1	20,904,821	5,757	1,111,932	120,355				
<b>Short Haul - over 100 seats</b>														
- Dominant incumbent	1,894,736	32.4%	146.2	277,076,407	70%	102.4	193,953,485	829	84,828	160,726				
- Other incumbents	992,681	17.0%	162.3	161,065,851	70%	113.6	112,746,096	1,193	135,497	134,505				
- Low Cost Carriers	490,875	8.4%	155.3	76,217,411	80%	124.2	60,973,928	968	120,179	58,993				
- Other new entrants (since 2000)	97,845	1.7%	150.9	14,764,959	70%	105.6	10,335,471	1,709	180,479	17,659				
<b>Short Haul - under 100 seats</b>														
- Dominant incumbent	320,100	5.5%	66.4	21,243,915	60%	39.8	12,746,349	551	21,948	7,026				
- Other incumbents	256,245	4.4%	55.6	14,257,345	60%	33.4	8,554,407	615	20,546	5,265				
- Low Cost Carriers	0	0.0%	0.0	0	70%	0.0	0	0	0	0				
- Other new entrants (since 2000)	4,950	0.1%	31.0	153,450	60%	18.6	92,070	800	14,880	74				
<b>Others</b>														
- Charters	229,515	3.9%	219.1	50,287,050	85%	186.2	42,743,993	1,872	348,634	80,017				
- Cargo	309,045	5.3%	0.0	0	0%	0.0	0	7,216	0	0				
<b>Total</b>	5,841,000	100.0%	167.8	980,190,309	73%	122.6	715,988,740	3,457	423,767	2,475,224				
<b>d) 2025 (with Secondary Trading)</b>	Flights per year	Flights % of total	Average Seats per Flight	Seats per year	Average Load Factor %	Average passengers per flight	Total Pax per year	Average Distance flown - km	Revenue Passenger Kilometres per flight	RPKs per year (mn.)				
<b>Flight Category</b>														
<b>Long Haul</b>														
- Dominant incumbent	683,183	11.7%	304.7	208,182,167	75%	228.5	156,136,625	7,357	1,681,368	1,148,681				
- Other incumbents	611,573	10.5%	293.8	179,696,707	75%	220.4	134,772,530	7,579	1,670,133	1,021,407				
- New entrants (since 2000)	233,228	4.0%	263.9	61,538,763	75%	197.9	46,154,072	5,966	1,180,715	275,375				
<b>Short Haul - over 100 seats</b>														
- Dominant incumbent	1,941,225	33.2%	148.5	288,325,307	70%	104.0	201,827,715	832	86,486	167,888				
- Other incumbents	914,430	15.7%	164.8	150,691,307	70%	115.4	105,483,915	1,219	140,600	128,568				
- Low Cost Carriers	446,985	7.7%	158.3	70,750,697	80%	126.6	56,600,557	971	122,997	54,978				
- Other new entrants (since 2000)	163,928	2.8%	153.6	25,171,130	70%	107.5	17,619,791	1,627	174,887	28,669				
<b>Short Haul - under 100 seats</b>														
- Dominant incumbent	258,803	4.4%	65.8	17,033,610	60%	39.5	10,220,166	559	22,092	5,717				
- Other incumbents	144,458	2.5%	55.4	8,005,132	60%	33.2	4,803,079	607	20,172	2,914				
- Low Cost Carriers	0	0.0%	0.0	0	70%	0.0	0	0	0	0				
- Other new entrants (since 2000)	0	0.0%	0.0	0	60%	0.0	0	0	0	0				
<b>Others</b>														
- Charters	178,613	3.1%	223.5	39,921,750	85%	190.0	33,933,488	1,872	355,650	63,523				
- Cargo	264,578	4.5%	0.0	0	0%	0.0	0	7,239	0	0				
<b>Total</b>	5,841,000	100.0%	179.6	1,049,316,568	73%	131.4	767,551,937	3,775	496,100	2,897,722				

Total Europe (estd.)	(ii) Cost and Revenue Assumptions									
a) Current (2005): (with Artificial Secondary Trading)	Flights per year	RPKs per year (mn.)	Average Revenue per RPK \$	Average Yield per Passenger \$	Average Yield per Flight \$	Pax Rev per year mn. \$	Cargo Rev % of pax rev	Total Rev per year mn. \$	Operating Ratio [2003]	Cost per year mn. \$
<b>Flight Category</b>										
<b>Long Haul</b>										
- Dominant incumbent	196,325	296,452	0.0711	503	107,361	21,078	15.0%	24,239.4	105.0%	23,085.1
- Other incumbents	234,725	347,499	0.0711	517	105,260	24,707	15.0%	28,413.3	105.0%	27,060.2
- New entrants (since 2000)	27,975	26,831	0.0711	384	68,191	1,908	15.0%	2,193.8	105.0%	2,089.3
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	850,775	66,187	0.1703	138	13,249	11,272	2.5%	11,553.4	95.7%	12,072.5
- Other incumbents	476,050	57,218	0.1703	192	20,469	9,744	2.5%	9,987.9	95.7%	10,436.6
- Low Cost Carriers	223,375	23,440	0.1277	0	0	0	0.0%	0.0	102.5%	0.0
- Other new entrants (since 2000)	32,500	5,180	0.1703	279	27,142	882	2.5%	904.2	95.7%	944.8
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	196,400	4,173	0.1703	0	0	0	2.5%	0.0	95.7%	0.0
- Other incumbents	149,850	2,943	0.1703	100	3,344	501	2.5%	513.7	95.7%	536.8
- Low Cost Carriers	0	188	0.1277	0	0	0	0.0%	0.0	102.5%	0.0
- Other new entrants (since 2000)	10,850	189	0.1703	0	0	0	2.5%	0.0	95.7%	0.0
<b>Others</b>										
- Charters	130,875	0	0.0650	0	0	0	0.0%	0.0	102.5%	0.0
- Cargo	170,800	0	0.0000	0	0	0	100.0%	16,326.4	100.0%	16,326.4
<b>Total</b>	2,705,000	870,347	0.0805	240	25,912	70,092	34.3%	94,132.0	98.3%	92,551.9
<b>b) Current (2005): (assumed without Secondary Trading)</b>										
<b>Flight Category</b>										
<b>Long Haul</b>										
- Dominant incumbent	178,200	266,067	0.0711	503	106,158	18,917	15.0%	21,755.0	105.0%	20,719.0
- Other incumbents	233,100	344,392	0.0711	516	105,046	24,486	15.0%	28,159.2	105.0%	26,818.3
- New entrants (since 2000)	26,100	24,922	0.0711	383	67,892	1,772	15.0%	2,037.8	105.0%	1,940.7
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	842,400	65,343	0.1703	137	13,210	11,128	2.5%	11,406.1	95.7%	11,918.6
- Other incumbents	498,800	59,752	0.1703	191	20,401	10,176	2.5%	10,430.2	95.7%	10,898.8
- Low Cost Carriers	222,000	23,308	0.1277	116	13,407	2,976	0.0%	2,976.4	102.5%	2,903.8
- Other new entrants (since 2000)	32,500	5,180	0.1703	279	27,142	882	2.5%	904.2	95.7%	944.8
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	203,900	4,432	0.1703	92	3,701	755	2.5%	773.6	95.7%	808.3
- Other incumbents	159,600	3,108	0.1703	99	3,316	529	2.5%	542.5	95.7%	566.9
- Low Cost Carriers	0	188	0.1277	100	5,340	24	0.0%	24.0	102.5%	23.4
- Other new entrants (since 2000)	3,600	84	0.1703	156	3,983	14	2.5%	14.7	95.7%	15.4
<b>Others</b>										
- Charters	129,500	39,627	0.0650	117	19,890	2,576	0.0%	2,575.8	102.5%	2,512.9
- Cargo	170,800	0	0.0000	0	0	0	100.0%	16,229.3	100.0%	16,229.3
<b>Total</b>	2,705,000	836,403	0.0888	257	27,444	74,236	31.8%	97,828.7	98.4%	96,300.4
<b>c) 2025 (without Secondary Trading)</b>										
<b>Flight Category</b>										
<b>Long Haul</b>										
- Dominant incumbent	554,648	923,672	0.0711	523	118,405	65,673	15.0%	75,524.0	105.0%	71,927.7
- Other incumbents	582,120	966,933	0.0711	540	118,101	68,749	15.0%	79,061.2	105.0%	75,296.4
- New entrants (since 2000)	108,240	120,355	0.0711	409	79,058	8,557	15.0%	9,840.9	105.0%	9,372.3
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	1,894,736	160,726	0.1703	141	14,446	27,372	2.5%	28,055.9	95.7%	29,316.5
- Other incumbents	992,681	134,505	0.1703	203	23,075	22,906	2.5%	23,478.8	95.7%	24,533.8
- Low Cost Carriers	490,875	58,993	0.1277	124	15,347	7,533	0.0%	7,533.4	102.5%	7,349.7
- Other new entrants (since 2000)	97,845	17,659	0.1703	291	30,736	3,007	2.5%	3,082.5	95.7%	3,221.0
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	320,100	7,026	0.1703	94	3,738	1,196	2.5%	1,226.4	95.7%	1,281.5
- Other incumbents	256,245	5,265	0.1703	105	3,499	897	2.5%	919.0	95.7%	960.3
- Low Cost Carriers	0	0	0.1277	0	0	0	0.0%	0.0	102.5%	0.0
- Other new entrants (since 2000)	4,950	74	0.1703	136	2,534	13	2.5%	12.9	95.7%	13.4
<b>Others</b>										
- Charters	229,515	80,017	0.0650	122	22,661	5,201	0.0%	5,201.1	102.5%	5,074.2
- Cargo	309,045	0	0.0000	0	0	0	100.0%	32,652.1	100.0%	32,652.1
<b>Total</b>	5,841,000	2,475,224	0.0853	295	36,142	211,104	26.3%	266,588.2	97.9%	260,998.8
<b>d) 2025 (with Secondary Trading)</b>										
<b>Flight Category</b>										
<b>Long Haul</b>										
- Dominant incumbent	683,183	1,148,681	0.0711	523	119,545	81,671	15.0%	93,921.9	105.0%	89,449.4
- Other incumbents	611,573	1,021,407	0.0711	539	118,746	72,622	15.0%	83,515.4	105.0%	79,538.4
- New entrants (since 2000)	233,228	275,375	0.0711	424	83,949	19,579	15.0%	12,516.1	105.0%	12,443.9
<b>Short Haul - over 100 seats</b>										
- Dominant incumbent	1,941,225	167,888	0.1703	142	14,729	28,591	2.5%	29,306.2	95.7%	30,623.0
- Other incumbents	914,430	128,568	0.1703	208	23,944	21,895	2.5%	22,442.6	95.7%	23,451.0
- Low Cost Carriers	446,985	54,978	0.1277	124	15,707	7,021	0.0%	7,020.7	102.5%	6,849.4
- Other new entrants (since 2000)	163,928	28,669	0.1703	277	29,783	4,882	2.5%	5,004.4	95.7%	5,229.2
<b>Short Haul - under 100 seats</b>										
- Dominant incumbent	258,803	5,717	0.1703	95	3,762	974	2.5%	998.0	95.7%	1,042.9
- Other incumbents	144,458	2,914	0.1703	103	3,435	496	2.5%	508.7	95.7%	531.5
- Low Cost Carriers	0	0	0.1277	0	0	0	0.0%	0.0	102.5%	0.0
- Other new entrants (since 2000)	0	0	0.1703	0	0	0	2.5%	0.0	95.7%	0.0
<b>Others</b>										
- Charters	178,613	63,523	0.0650	122	23,117	4,129	0.0%	4,129.0	102.5%	4,028.3
- Cargo	264,578	0	0.0000	0	0	0	100.0%	27,698.3	100.0%	27,698.3
<b>Total</b>	5,841,000	2,897,722	0.0835	315	41,407	241,861	22.8%	297,061.1	97.6%	289,885.3

Total Europe (estd.)	(iii) Derivatives							
a) Current (2005): (with Artificial Secondary Trading)	Flights per year	Assumed Aircraft Type	Total Pax per year	Business Pax %	Business Pax per year	Total Pax per year	Local O&D %	Local O&D pax per year
Flight Category								
Long Haul								
- Dominant incumbent	196,325	B777-200	41,872,564	32.4%	13,578,551	41,872,564	50.3%	21,066,164
- Other incumbents	234,725	A330-200	47,825,867	31.8%	15,220,410	47,825,867	75.8%	36,238,379
- New entrants (since 2000)	27,975	B777-200	4,966,731	29.6%	1,470,970	4,966,731	78.7%	3,907,846
Short Haul - over 100 seats								
- Dominant incumbent	850,775	A320-200	81,861,173	42.9%	35,142,770	81,861,173	59.2%	48,488,266
- Other incumbents	476,050	B737-700	50,696,567	43.8%	22,223,202	50,696,567	86.2%	43,681,560
- Low Cost Carriers	223,375	B737-800	25,885,744	12.0%	3,106,289	25,885,744	95.0%	24,591,457
- Other new entrants (since 2000)	32,500	A319-100	3,165,351	39.8%	1,261,385	3,165,351	88.0%	2,785,684
Short Haul - under 100 seats								
- Dominant incumbent	196,400	CRJ-200	7,782,048	43.7%	3,398,693	7,782,048	55.3%	4,301,190
- Other incumbents	149,850	CRJ-200	4,997,790	43.4%	2,167,238	4,997,790	87.1%	4,352,219
- Low Cost Carriers	4,500	DHC8-400	240,240	12.0%	28,829	240,240	95.0%	228,228
- Other new entrants (since 2000)	10,850	ERJ-145	350,805	33.7%	118,193	350,805	87.2%	305,960
Others								
- Charters	130,875	A321-200	22,248,750	2.0%	444,975	22,248,750	98.0%	21,803,775
- Cargo	170,800	B747-400	0	0.0%	0	0	0.0%	0
Total	2,705,000		291,893,629	33.6%	98,161,505	291,893,629	72.5%	211,750,726
b) Current (2005): (assumed without Secondary Trading)	Flights per year	Assumed Aircraft Type	Total Pax per year	Business Pax %	Business Pax per year	Total Pax per year	Local O&D %	Local O&D pax per year
Flight Category								
Long Haul								
- Dominant incumbent	178,200	B777-200	37,624,845	32.4%	12,206,786	37,624,845	50.3%	18,930,773
- Other incumbents	233,100	A330-200	47,455,920	31.7%	15,061,742	47,455,920	75.8%	35,974,991
- New entrants (since 2000)	26,100	B777-200	4,632,465	29.4%	1,360,663	4,632,465	78.9%	3,657,147
Short Haul - over 100 seats								
- Dominant incumbent	842,400	A320-200	80,971,219	42.9%	34,729,408	80,971,219	59.3%	48,003,086
- Other incumbents	498,800	B737-700	53,236,491	43.8%	23,339,790	53,236,491	86.1%	45,849,287
- Low Cost Carriers	222,000	B737-800	25,727,344	12.0%	3,087,281	25,727,344	95.0%	24,440,977
- Other new entrants (since 2000)	32,500	A319-100	3,165,351	39.8%	1,261,385	3,165,351	88.0%	2,785,684
Short Haul - under 100 seats								
- Dominant incumbent	203,900	CRJ-200	8,209,548	43.0%	3,526,943	8,209,548	55.5%	4,557,690
- Other incumbents	159,600	CRJ-200	5,333,580	43.5%	2,318,343	5,333,580	87.0%	4,637,640
- Low Cost Carriers	4,500	DHC8-400	240,240	12.0%	28,829	240,240	95.0%	228,228
- Other new entrants (since 2000)	3,600	ERJ-145	91,980	44.1%	40,545	91,980	79.4%	73,017
Others								
- Charters	129,500	A321-200	22,015,000	2.0%	440,300	22,015,000	98.0%	21,574,700
- Cargo	170,800	B747-400	0	0.0%	0	0	0.0%	0
Total	2,705,000		288,703,983	33.7%	97,402,014	288,703,983	73.0%	210,713,219
c) 2025 (without Secondary Trading)	Flights per year	Assumed Aircraft Type	Total Pax per year	Business Pax %	Business Pax per year	Total Pax per year	Local O&D %	Local O&D pax per year
Flight Category								
Long Haul								
- Dominant incumbent	554,648	B777-200	125,621,459	32.4%	40,695,177	125,621,459	50.7%	63,739,625
- Other incumbents	582,120	A330-200	127,316,661	32.1%	40,863,308	127,316,661	75.7%	96,389,334
- New entrants (since 2000)	108,240	B777-200	20,904,821	31.0%	6,490,155	20,904,821	76.4%	15,976,415
Short Haul - over 100 seats								
- Dominant incumbent	1,894,736	A320-200	193,953,485	43.1%	83,518,066	193,953,485	58.8%	114,043,358
- Other incumbents	992,681	B737-700	112,746,096	43.8%	49,423,405	112,746,096	86.2%	97,190,084
- Low Cost Carriers	490,875	B737-800	60,973,928	12.2%	7,426,019	60,973,928	96.4%	58,789,316
- Other new entrants (since 2000)	97,845	A319-100	10,335,471	41.4%	4,283,685	10,335,471	285.1%	9,024,976
Short Haul - under 100 seats								
- Dominant incumbent	320,100	CRJ-200	12,746,349	43.8%	5,582,464	12,746,349	56.2%	7,169,394
- Other incumbents	256,245	CRJ-200	8,554,407	43.6%	3,728,207	8,554,407	87.3%	7,469,863
- Low Cost Carriers	0	DHC8-400	0	0.0%	0	0	0.0%	0
- Other new entrants (since 2000)	4,950	ERJ-145	92,070	45.0%	41,432	92,070	65.0%	59,846
Others								
- Charters	229,515	A321-200	42,743,993	2.0%	854,880	42,743,993	98.0%	41,889,113
- Cargo	309,045	B747-400	0	0.0%	0	0	0.0%	0
Total	5,841,000		715,988,740	33.9%	242,906,797	715,988,740	71.5%	511,741,325
d) 2025 (with Secondary Trading)	Flights per year	Assumed Aircraft Type	Total Pax per year	Business Pax %	Business Pax per year	Total Pax per year	Local O&D %	Local O&D pax per year
Flight Category								
Long Haul								
- Dominant incumbent	683,183	B777-200	156,136,625	32.4%	50,595,959	156,136,625	50.2%	78,361,495
- Other incumbents	611,573	A330-200	134,772,530	32.1%	43,251,697	134,772,530	75.7%	102,009,628
- New entrants (since 2000)	233,228	B777-200	46,154,072	31.3%	14,443,292	46,154,072	75.0%	34,593,436
Short Haul - over 100 seats								
- Dominant incumbent	1,941,225	A320-200	201,827,715	43.2%	87,102,982	201,827,715	58.2%	117,466,951
- Other incumbents	914,430	B737-700	105,483,915	43.7%	46,127,494	105,483,915	86.1%	90,865,686
- Low Cost Carriers	446,985	B737-800	56,600,557	12.2%	6,901,214	56,600,557	96.5%	54,634,614
- Other new entrants (since 2000)	163,928	A319-100	17,619,791	42.2%	7,435,962	17,619,791	87.6%	15,438,004
Short Haul - under 100 seats								
- Dominant incumbent	258,803	CRJ-200	10,220,166	43.9%	4,485,895	10,220,166	58.5%	5,982,664
- Other incumbents	144,458	CRJ-200	4,803,079	43.5%	2,090,995	4,803,079	88.5%	4,250,391
- Low Cost Carriers	0	DHC8-400	0	0.0%	0	0	0.0%	0
- Other new entrants (since 2000)	0	ERJ-145	0	0.0%	0	0	0.0%	0
Others								
- Charters	178,613	A321-200	33,933,488	2.0%	678,670	33,933,488	98.0%	33,254,818
- Cargo	264,578	B747-400	0	0.0%	0	0	0.0%	0
Total	5,841,000		767,551,937	34.3%	263,114,161	767,551,937	69.9%	536,857,686

## Appendix 15 Approach to Calculating Welfare Impacts

### 15.1 Introduction

1. The purpose of this appendix is to describe the methodology that has been used to estimate the potential changes in consumer and producer welfare that could result from the introduction of secondary trading. The basic approach used in this analysis has been to estimate the change in underlying demand and/or yield per flight that would be consistent with the forecasts of slot usage outlined in Chapter 9.
2. The analysis has attempted to estimate separately the changes in consumer and producer welfare at each of the study airports and for each of the route and airline types described in Chapter 9. These individual welfare results have then been amalgamated to show the expected overall impacts as well as the distributional effects of secondary trading, between passengers and airports as well as between different route and airline types. The remainder of this appendix will describe:
  - the assumptions and calculations used to estimate the passenger demand functions;
  - how the change in consumer surplus has been calculated;
  - how the change in producer surplus has been calculated; and
  - how the market value of slots has been estimated.

### 15.2 Estimating Demand Functions

3. Fundamental to this analysis are the assumptions that have been used regarding the shape and slope of the demand curve for flights for each route and airline type. Detailed modelling of the demand functions for air travel would be very complex and beyond the scope of this project, therefore, the analysis has assumed simple linear demand curves based around the point estimates provided by the forecasts in Chapter 9. The slope of these linear demand functions has been determined from estimates of the elasticity of demand for different types of air travel. The elasticity assumptions used are shown in Table 15.1. These were derived from a number of published studies on air travel demand<sup>22</sup>.

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<sup>22</sup>

- OECD (1990), 'A Survey of Recent Estimates of Price Elasticities of Demand for Transport', January.  
- CAA (2005), 'Demand for Outbound Leisure Air Travel and its Key Drivers', December.  
- Canadian Department of Finance (2004), 'Air Travel Demand Elasticities: Concepts, Issues and Measurement', May.  
- DfT (2004), 'SPASM Rules and Modelling: A Users Guide to SPASM. Edition 2: DLL25', April.  
- Oum, Waters, Yong (1992), 'Concepts of price elasticities of transport demand and recent elasticity estimates - an interpretative study'.  
- OEF (1999), 'The Contribution of the aviation industry to the UK economy - final report', November.

**Table 155.1: Demand Elasticity Assumptions**

Travel type	Elasticity
Long-haul business	0.81
Long-haul leisure	1.24
Short-haul business	0.87
Short-haul leisure	1.30
Charter	1.20
Cargo	2.00

Source: Study team analysis, based on various studies

- Based on these elasticity assumptions, the slope of the demand curve for each flight type was calculated as:

$$\text{slope} = -1 / \text{elasticity} * R / Q$$

- Where R and Q represent respectively the average revenue per flight and the annual number of flights operated based on the 2025 slot use forecasts assuming no secondary trading. The full demand curve can then be constructed from this point on the curve and the estimated slope. For simplicity, the demand curve has been expressed in terms of revenue per flight and number of flights rather than price per passenger and number of passengers. However, there is a direct linear relationship between these two curves based on the average number of passengers per flight.

### 15.3 Calculating Consumer Surplus

- As was discussed in Chapter 10, changes in consumer surplus as a result of slot trading could occur either through movements along the demand curve resulting in a change in price, or through a shift in the demand curve at a given price. It was also explained that in either case the change in total consumer welfare for a given change in number of flights operated would be the same. The only difference between the two cases being which passengers are affected. In the case of movements along the demand curve, all passengers would be affected by the change in price required to induce this change in demand. Conversely, where there is a shift in the demand curve without a price change, it is only the passengers on the additional (or lost) flights that will experience a change in consumer surplus.
- Based on these arguments, the impacts of slot trading on consumer welfare have been estimated for each flight type at each airport. The forecasts of slot use in 2025 with and without secondary trading form the basis for the change in flight numbers as a result of slot trading. The change in consumer surplus is then given by:

$$\begin{aligned} \Delta \text{ Surplus} &= \Delta R * (Q + \Delta Q/2) \\ &= \text{slope} * \Delta Q * (Q + \Delta Q/2) \end{aligned}$$

- Where  $\Delta Q$  is the change in flight numbers as a result of slot trading and  $\Delta R$  is the corresponding change in revenue per flight.

## 15.4 Calculating Producer Surplus

9. As Chapter 10 describes, the producer surplus is defined by the area bounded by the supply curve, the market clearing price and the market clearing volume. The impacts on producer surplus will therefore depend on how each of these elements is affected by slot trading.
10. As mentioned previously, the demand curves used in the analysis have been defined in terms of average revenue per flight for each route and airline type, at each of the study airports. These figures have been derived from AEA estimates of the average revenue per passenger kilometre, average passengers per flight and average flight distance. AEA data has also been used to estimate a set of supply curves, in terms of cost per flight, based on the average operating margins for different flight types. These assumptions are outlined in Table 15.2 below, while Chapter 9 provides further discussion of these estimates.

**Table 155.2: Revenue and Cost Assumptions**

Route type	US cents per passenger kilometre	Operating margin (%)
<b>Long Haul</b>		
Dominant incumbent	0.0711	5.0
Other Incumbent	0.0711	5.0
New entrant	0.0711	5.0
<b>Short Haul &gt; 100 seats</b>		
Dominant incumbent	0.1703	- 4.3
Other Incumbent	0.1703	- 4.3
Low cost carrier	0.1277	2.5
New entrant	0.1703	- 4.3
<b>Short Haul &lt; 100 seats</b>		
Dominant incumbent	0.1703	- 4.3
Other Incumbent	0.1703	- 4.3
Low cost carrier	0.1277	2.5
New entrant	0.1703	- 4.3
<b>Other</b>		
Charter	0.0650	2.5
Cargo	n.a.	0.0

Source: AEA

11. Due to a lack of any further data, it has been assumed that the costs per flight implied by these operating margins remain constant over the range of flights volumes encapsulated within the slot use forecasts (i.e. implying a flat supply curve). Table 15.2 shows that, on the basis of these assumptions, long haul services, charter flights and short haul flights operated by low cost



carriers are expected to generate a positive producer surplus, while all other services are expected to operate at a loss<sup>23</sup>.

12. The impact of slot trading on producer welfare will depend on the extent to which the changes in the number of flights operated are induced through a shift in the demand curve (e.g. through increased frequency or servicing new destinations) or through changes to the price of flights on the existing routes. In general, the change in producer surplus can be defined as:

$$\Delta \text{ Surplus} = \text{Surplus with trading} - \text{Surplus without trading} + \text{Slot value} * \text{change in flights operated}$$

$$= (R_2 - C) * Q_2 - (R_1 - C) * Q_1 + \text{Slot value} * (Q_2 - Q_1)$$

Where :  $R_2$  and  $R_1$  denote the revenue per flight with and without slot trading respectively;

$C$  represents the operating cost per flight; and

$Q_2$  and  $Q_1$  are the number of flights operated with and without slot trading.

13. In the case where the change in flight numbers can be accommodated without a change in price, then  $R_2 = R_1$  and the change in producer surplus can be simply determined by the change in flight numbers multiplied by the margin per flight and the market value of the airport slots bought or sold to accommodate the change in flight numbers.
14. However, if a change in price is required to accommodate the change in flight numbers then this price change will also be reflected in the producer surplus. Generally speaking, increasing the flight numbers will reduce the average revenue per flight, therefore partially or fully offsetting any increase in producer surplus due to higher volumes. Conversely decreasing flight numbers will increase average revenues per flight, thereby partially or fully offsetting any reduction in producer surplus due to lower volumes.

## 15.5 Estimating Slot Values

15. As outlined above, the market value of slots forms an integral part of the calculation of the change in producer surplus for a given route and airline type. Because it is assumed that slots are only traded between airlines, and that there is no net change in the number of slots made available, the slot values will not affect the total level of producer surplus across all airlines at a given airport. The value of slots will, however, have a bearing on the distributional impact of slot trading between airline and route types.
16. At a high level, the market value of slots at any given airport will be related to the net revenues that different airlines can generate by operating these slots. Based on the revenue per flight and operational margin assumptions outlined above, a set of net revenue estimates has been made for each route and airline type at each of the eight study airports, as shown in Table 15.3 below. In practice other factors such as network benefits and competitive strategy may have an impact on the price that airlines are willing to pay for slots, however, it has not been possible to quantify these within this analysis.

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<sup>23</sup> These figures do not include the potential network benefits that could accrue to some carrier operating short haul flights as feeder route to more profitable long-haul flights.

**Table 155.3: Net Margin Assumptions (\$ per Flight)**

Route type	London-Heathrow	London-Gatwick	Paris-Orly	Paris-Ch. De Gaulle
<b>Long Haul</b>				
Dominant incumbent	7,359	5,374	6,784	5,778
Other Incumbent	7,267	6,099	1,949	6,572
New entrant	4,468	5,001	2,442	4,273
<b>Short Haul &gt; 100 seats</b>				
Dominant incumbent	- 866	- 784	- 521	- 712
Other Incumbent	- 896	- 2,040	- 1,192	- 798
Low cost carrier	-	332	377	322
New entrant	- 1,104	- 1,401	- 1,402	- 938
<b>Short Haul &lt; 100 seats</b>				
Dominant incumbent	-	- 281	- 119	- 177
Other Incumbent	- 138	- 118	- 114	- 159
Low cost carrier	-	-	-	-
New entrant	-	-	-	-
<b>Other</b>				
Charter	-	555	505	555-
Cargo	-	-	-	-

Route type	Amsterdam	Düsseldorf	Frankfurt	Milan-Linate
<b>Long Haul</b>				
Dominant incumbent	6,325	4,865	6,893	-
Other Incumbent	6,258	5,735	7,046	-
New entrant	6,021	3,201	4,735	-
<b>Short Haul &gt; 100 seats</b>				
Dominant incumbent	- 644	- 336	- 653	- 539
Other Incumbent	- 799	- 1,665	- 1,294	- 774
Low cost carrier	445	416	464	273
New entrant	- 1,253	- 1,768	- 1,639	-
<b>Short Haul &lt; 100 seats</b>				
Dominant incumbent	- 173	- 173	- 185	- 171
Other Incumbent	- 184	- 158	- 172	-254
Low cost carrier	-	-	-	-
New entrant	- 117	-	-	-
<b>Other</b>				
Charter	555	555	555	555
Cargo	-	-	-	-

17. It is generally expected that slot trading will result in airlines selling slots that generate low net revenues to airlines wanting to operate services with a higher net revenue, with the market value for the slot falling somewhere between the net revenues estimates of the buying and selling airlines. Exactly where within this range the market value of a slot will fall is complex and will depend on factors such as the relative market power of the buyer and seller. The simple approach used within this analysis has been to calculate a market value for slots at each airport based on the net revenues for each flight type, weighted by the forecast volume of slots traded. These values are shown in Table 15.4.

**Table 155.4: Estimated Slot Values (\$ per Flight)**

Airport	Slot Value (\$ per flight)
London-Heathrow	2,398
London-Gatwick	1,278
Paris-Orly	-
Paris-Charles de Gaulle	1,734
Amsterdam	1,450
Düsseldorf	457
Frankfurt	1,587
Milan-Linate	-

Source: Study team analysis.

18. In the case of Paris-Orly and Milan-Linate, the slot values implied by the forecast slot trades were negative, mostly due to the assumption that airlines would purchase slots to use on unprofitable routes. As mentioned previously there may be a number of strategic reasons why this could occur, however, it would not be plausible for slots at these airports to be negative, firstly because a slot can always be returned to the pool at no cost and secondly because the airlines selling slots could be expected to anticipate the strategic value that purchasing airlines would place on these slots and factor this into their asking price. For these reasons, the analysis has assumed that the value of slots at Paris-Orly and Milan-Linate will be zero.

## Appendix 16 BA Briefing Paper on the 80:20 Slot Usage Rule

### Background

1. The current 80:20 rule dictates how often an air carrier must operate a flight and utilise a slot, under-utilisation results in the right to a slot being withdrawn. A slot equates to a particular time on a particular day eg 0900 on a Monday. This means that there are usually just 30 occasions for a slot to be used in summer season and only 20 in a winter season.
2. British Airways closely monitors its performance against the 80:20 rule. Flights that are nearing the cancellation limit are placed on a watch list and a warning is triggered if a further attempt is made to cancel this specific flight.

Rule	Cancellation Limit Summer	Warning Trigger Summer	Cancellation Limit Winter	Warning Trigger Winter
80:20	6	4	4	3
85:15	4	3	3	2
90:10	3	2	2	1

3. As the table above demonstrates, the current the 80:20 rule equates to no more than 6 cancellations of a specific flight in a summer season and no more than 4 in a winter season. This already represents a challenging restriction especially during the shorter winter period, which is more prone to cancellations due to poor weather conditions. For British Airways, an 85:15 rule would reduce this to no more than four cancellations in the long summer season and three in the winter. A punitive 90:10 rule would equate to no more than three in the summer and two in the winter.

### Implications of changes to the 80:20 rule:

#### **1) Further limitations on operational flexibility**

4. The watch list system employed by British Airways enables us to monitor those flight numbers at risk from repeat cancellations. Thus far in the Winter 2005/6 season, 11 flights are on the list. Under an 85:15 rule, a warning would be triggered after just two cancellations in the winter and the number of flights on the list would jump to 63. If a 90:10 rule were to be introduced, watches would be placed on flights after only one cancellation and this would have resulted in a total of 636 flights being placed on the watch list this season. Both increases would place an unmanageable burden on the airline's operation.

#### **2) Unfair penalties due to factors outside of the airline's control**

5. To date in the Winter 2005/6 winter season, 56% of all LHR shorthaul cancellations have been weather related. It is therefore highly likely that, under a 85:15 or 90:10 regime, weather or another factor completely outside of British Airways' control would lead to the loss of some slots. This would unfairly penalise an airline despite its best efforts to fly the service and retain the slot.

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### **3) *Disproportionate impact on airlines operating from congested airports***

6. Managing the 80:20 rule is more challenging at the many heavily constrained airports across Europe like Heathrow where operational difficulties are common throughout the day. Cancellations resulting from disruption are often followed by further cancellations in an effort to recover the operation. Our shorthaul operations can take 24 hours to recover from disruption and an increase to 85:15 or 90:10 would put even more pressure on airports such as Heathrow and Frankfurt.

### **4) *Reduced customer service***

7. If airlines are forced to cancel a flight, a primary objective is to minimise disruption to passengers. Therefore, it is often those routes with short flight times and high frequencies that are chosen as there will be multiple opportunities to disperse passengers with as short a delay as possible. However, a 90:10 rule would force airlines to vary more widely the flights that were cancelled. This would result in flights with less frequency and longer flight times being cancelled and passenger would suffer longer delays and increased disruption.

### **5) *Negative environmental Impacts***

8. The move to an 85:15 rule could have unintended consequences that are damaging to the environment. Airlines could be forced into environmentally unfriendly behaviour in order to protect themselves from the effects of an unreasonably harsh rule. Occasionally, flights are cancelled on an ad hoc basis for a variety of reasons such a seasonal anomalies or unexpectedly low bookings. However, airlines will not risk losing a seasons worth of slots for a few cancellations. Reducing the amount of cancellations that an airline can make in a season before losing historic rights would encourage airlines to operate near-empty flights to avoid putting their slots at risk.

### **6) *Poor reallocation of slots***

9. Slots are allocated, reclaimed and lost on a seasonal basis, but year-round operations form the bulk of airline schedules. Slot Coordinators have difficulty allocating slots to airlines unless they can guarantee them on a year-round basis. If slots come into the pool as a result of lost historic rights, the coordinator may well be reliant on an airline losing similar slots in the next season in order to make a year-round offer. This is unlikely to occur and therefore limits the usefulness of slots lost in this manner.

### **7) *Unnecessary incentive for slot utilisation***

10. Airlines do not need additional incentives to maximise their utilisation of slots, especially at constrained airports such as Heathrow. On average, British Airways operates 99.1% of its planned schedule and we have an excellent record of maintaining historic rights to slots.

## **Summary**

11. It is the intention of British Airways to fly its published schedule. However, sometimes unavoidable situations create the need to cancel a flight and thus not utilise the slot designated for that flight. A move to an 85:15 or 90:10 rule would create unacceptable limitations to our

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- operation, unforeseen environmental consequences and unfair penalties for scenarios outside of the airline's control.
12. It is British Airways' view that the current 80:20 rule strikes the right balance between ensuring high levels of usage of scarce assets and operational reality.

## Appendix 17 Commentary on Commission Objectives

### 17.1 Introduction

- 1 In its Invitation to Tender, the Commission stated that it required “*an in-depth analysis of the likely effects of the introduction of secondary slot trading into Community legislation*” taking into account four specific objectives as defined by the Commission.
- 2 These objectives are discussed in more depth below, together with a list of the subsidiary objectives to be found in the recital to EC Slot Regulation 93/95, with further ones added from the preamble to the amendments found in EC 793/2004.

### 17.2 Objective One

#### **‘To ensure mobility of slots and ‘efficient’ transport for passenger and cargo’**

- 3 The ITT adds:

*“Conducive to this main goal would be the development and analysis of secondary slot trading that will provide the tool for slot mobility and thus more effective slot allocation of scarce airport capacity. As a result competitive services will be available to travellers and shippers, thus enhancing choice for users and improving value for money”.*
- 4 The Commission makes the assumption that ‘slot mobility’ of itself is not the objective, but instead is the tool to achieve more effective slot allocation [or alternatively, ‘more efficient utilisation’], the real objective. ‘Slot mobility’ is assumed by the study team to mean the ability of airlines to engage in slot trading, not necessarily a measurement of the percentage of slots at any one airport in any one IATA season where a change of ‘ownership’ is recorded compared to the previous year – where a different airline takes possession of the slot permissions for at least one subsequent season.
- 5 If the starting point is taken of a congested but less efficient airport, where many slots are used by airlines offering small aircraft on short-haul routes, and where many other airlines are seeking to use the same slots for large aircraft on long-haul routes, then the current use of the grandfather rights legislation and the lack of ability for airlines to trade in slots will have helped to lead to an ossification of a less efficient system. The only slot mobility that exists will be with those few slots in the coordinator’s pool for which there are few if any requests.
- 6 Allowing airlines to trade in slots is expected to increase the number of slots exchanged in the initial phase, when airlines which generate few ASKs per slot will be able to realise their inherent cash value (or opportunity cost) and be tempted to sell their slots to airlines able to provide far more ASKs in that slot, and generate greater profitability. However, once the majority of logical trades have been made, slot trading is likely to reduce significantly – once the airport is operating at its greatest efficiency, there will be few incentives for airlines to make further trades. The ability to use the ‘slot mobility’ mechanism will remain, but its use will decline as an airport approaches its most efficient output. In the sense that the initial increase in slot mobility has provided more efficient use of the available slots, then it will no longer be needed.
- 7 There would however be a lasting benefit in that airlines would be able to adjust more rapidly to both slow-moving and also dramatic changes in markets, such as might follow from some economies

growing much faster than others, or from unpredicted major political events. The increased slot mobility available to airlines would allow such market changes to be reflected more quickly in terms of new airlines, or new destinations.

- 8 The real objective – ‘more effective slot allocation’ – is assumed in this study to be measured by the total available seat kilometres [ASKs] provided by all airlines from an airport during an IATA season, on a reasonable assumption that airline profitability is directly related to its ASK production.
- 9 Although this generality is a useful starting point, it is important to recognise that different types of operation yield differing profitabilities. High-yield business routes are generally more profitable than high-density leisure routes, and may reflect differing competitive scenarios – the ability to offer scheduled flights between London-Heathrow and Lagos is restricted tightly to a few designated airlines which are able to reduce price competition, whereas there is total freedom of opportunity to operate a high-density charter or low cost carrier [LCC] route to the Canary Isles. Thus total slot mobility and freedom to trade might actually see some high-density, high ASK charter flights lose out to lower ASK business flights.
- 10 Similarly, it can be seen at London-Heathrow today that average-sized aircraft with average seating densities are still operated to major Mediterranean destinations, but that high-density charter and LCC aircraft are not competing on those routes from that airport. The study considers whether the open ability of all airlines to trade will change that position.
- 11 The situation with cargo has also been analysed. Currently, the most congested airports have seen all-cargo aircraft movements significantly reduced in number. The analysis discusses whether increasing slot mobility through secondary slot trading is likely to reverse that trend, or indeed accelerate it.

### 17.3 Objective Two

#### ‘To strengthen competition at Community Airports’

- 12 The ITT adds:

*“Secondary trading should give air carriers flexibility and allow for slot mobility to improve market access while the scheme should not give rise to any distortion of competition either by creating or reinforcing dominant positions or by facilitating anti-competitive practices. Secondary trading should provide for transparent, neutral and non-discriminatory allocation of slots and give air carriers equal opportunity to enter the airport of their choice. Moreover, the mechanism should not simply reinforce the positions of the carriers that already have large slot portfolios”*

- 13 The study recognises the difficulties of opening up a free trade market and yet attempting to be prescriptive as to the eventual outcome. It should be relatively simple to devise a scheme that is ‘transparent, neutral and non-discriminatory’, but less easy to devise one that automatically benefits new, smaller, less established airlines rather than the longer established home-based dominant operators that could, because of the hub nature of their network and the impact on their other routes of additional routes, gain greater marginal benefits from the acquisition of further slots.
- 14 It should also be recognised that the achievement of this second objective may be contra to the needs of the first objective. Thus the operation of a 400 seat intercontinental operation by a hub operator may be denied, in favour of a 200 seat medium haul operation by a new entrant.



- 15 The detailed study of recent slot trades at London-Heathrow provides the evidence for the impact of such trading on the slot market shares of both the dominant hub operator, and of new entrant airlines.
- 16 The impact of each potential regulatory detail and fetter has to be considered carefully against this objective, in an attempt to recommend a scheme which strengthens competition as far as possible, without adversely affecting the overall efficiency of the proposal.
- 17 One possible outcome of the liberalisation that would accompany secondary trading is that the dominant carriers at each existing congested airport might see that dominance entrenched and even extended; but that – with different dominant carriers at each of the congested airports – the level of competition between each hub might be increased to the overall benefit of consumers.

#### **17.4 Objective Three**

##### **‘To match secondary trading with the overall EU (air) transport policy’**

- 18 The ITT adds:

*“In response to the growth in air traffic the optimum use of existing airport capacity must be actively endorsed on the ground as much as in the sky. Secondary slot trading may be instrumental to realise such optimum use, as the availability and use of scarce slots (i.e. slots for which demand exceeds supply) will be priced; this price tag may become a factor in an air carrier’s choice for the routes to be operated, the size of aircraft used or the diversion of passengers or cargoes to alternative modes of transport. The impact on the competitiveness of EU air carriers is also a factor to be taken into account”.*

- 19 It is recognised that secondary slot trading, while it might not lead to a significant increase in the number of slots being operated, could be expected to lead to an increase in the average number of ASKs and RPKs per slot, and thus contribute towards this objective of optimising airport usage.
- 20 Airlines already make the kind of commercial decisions referred to above at congested airports, whether or not secondary slot trading is permitted. With a given slot portfolio, airlines will ensure that the maximum profitability is obtained, by changing aircraft types and destinations, and dropping some routes from their network altogether.
- 21 What will change is an airline’s ability to accept that its current use of a slot may be sub-optimal, that it does not have the particular aircraft type or route authority to enable it to use that slot optimally, and that it might now be able to realise some of that missing potential by selling the slot to a more capable airline. For example, a Russian airline with slots at Frankfurt is unlikely to be able to justify using its largest (250-seat) aircraft on a route more distant than Moscow – or perhaps some 500,000 ASKs per departure. However, a Far Eastern airline with a 500 seat A380 could produce some 5,000,000 ASKs per departure, or ten times more, from the same slot. In this respect, although local based Community airlines will tend to have a far greater range of options (through licences and authorities) than individual non-Community airlines, long-haul airlines from the Far East and Australasia ought to be able to match the valuations of the Community’s intercontinental airlines.

## 17.5 Objective Four

### **‘To ensure compatibility of secondary slot trading with world-wide procedures’**

22 The ITT adds:

*“The proposed market mechanism should from a legal and operational point of view take fully into account the various constraints and rules attached to current world-wide slot allocation procedures such as those laid down in the IATA World-wide Scheduling Guidelines”.*

23 Any proposed variation to the existing EC 793/2004 Regulations will be considered against the current IATA Worldwide Scheduling Guidelines, and will be discussed with both IATA and EUACA [European Union Airport Coordinators Association], plus the special task force of European slot coordinators concerned with the subject of secondary slot allocation and similar procedures.

24 The study takes into account the views of certain Member States who are taking a close interest in this topic.

## 17.6 Subsidiary Objectives of the Commission

25 In the preamble to Council Regulation (EEC) No 95/93 on common rules for the allocation of slots at Community airports, there are a number of paragraphs which set out the background against which the Regulation is set, and many of these ‘whereas’ statements imply a set of additional objectives for Community aviation policy.

26 Although not all are strictly relevant to the potential introduction of a secondary slot trading régime, the full list, as itemised below, provides a valuable check-list against which any suggested amendment ought to be measured:

- *“Whereas there is a growing imbalance between the expansion of the air transport system in Europe and the availability of adequate airport infrastructure to meet that demand; whereas there is, as a result, an increasing number of congested airports in the Community;*
- *Whereas the allocation of slots at congested airports should be based on neutral, transparent and non-discriminatory rules;*
- *Whereas the requirement of neutrality is best guaranteed when the decision to coordinate an airport is taken by the Member State responsible for that airport on the basis of objective criteria;*
- *Whereas under certain conditions, in order to facilitate operations, it is desirable that a Member State should be able to designate an airport as coordinated provided that principles of transparency, neutrality and non-discrimination are met;*
- *Whereas the Member State responsible for the coordinated airport should ensure the appointment of a coordinator whose neutrality should be unquestioned;*
- *Whereas transparency of information is an essential element for ensuring an objective procedure for slot allocation;*
- *Whereas the principles governing the existing system of slot allocation could be the basis of this Regulation provided that this system evolves in harmony with the evolution of new transport developments in the Community;*

- *Whereas it is Community policy to facilitate competition and to encourage entrance into the market, as provided for in Council Regulation (EEC) No 2408/92 of 23 July 1992 on access for Community air carriers to intra-Community air routes, and whereas these objectives require strong support for carriers who intend to start operations on intra-community air routes;*
- *Whereas the existing system makes provision for grandfather rights;*
- *Whereas there should also be provisions to allow new entrants into the Community market;*
- *Whereas it is necessary to make special provisions, under limited circumstances, for the maintenance of adequate domestic air services to regions of the Member State concerned;*
- *Whereas it is also necessary to avoid situations where, owing to a lack of available slots, the benefits of liberalization are unevenly spread and competition is distorted;*
- *Whereas it is desirable to make the best use of the existing slots in order to meet the objectives set out above;*
- *Whereas it is desirable that third countries offer Community carriers equivalent treatment;*
- *Whereas the application of the provisions of this Regulation shall be without prejudice to the competition rules on the Treaty, in particular Articles 85 and 86”.*

27 The amending Regulation (EC) No 793/2004 is similarly prefaced with 17 ‘whereas’ statements. The majority of these are involved with definitions and clarifications, but three are of particular relevance to this study:

- (2) *“Experience has shown that Council Regulation (EEC) No 95/93 should be strengthened to ensure the fullest and most flexible use of limited capacity at congested airports*
- (3) *Regular services at airports should be given priority which should be administered strictly without distinction between scheduled and non-scheduled services*
- (4) *The definition of the term ‘new entrant’ should be such as to strengthen the provision of adequate air services to regions and to increase potential competition on intra-Community routes”.*

It has not been possible to devise a proposal which meets every one of these guidelines, but any adverse side-effects have been studied in order to suggest a final proposal which minimises them.