THE NASHRA
Industry's Pulse & Arab Aviation

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Aviation in the Arab World

The Middle East region has gained the reputation of holding the reigns of oil power, however, lately, the region has pulled off the reputation of leading the world in aircraft orders and heavy investments in airports' infrastructure.

Airport authorities are planning major construction projects to match forecasted passenger growth while airlines and airports are refurbishing their fleets and infrastructure by purchasing large numbers of modern long-haul and short-haul aircraft including the A350, A380, B737s, B787s and other types, and by building new international airports and terminals.

Passenger traffic in the Middle East is expected to grow at an annual growth rate of 6.4% until 2015. The high traffic growth rate is attributed to the region's growth in population, mounting tourism, economic growth, crucial airport construction, lack of railway systems and potential liberalization.

Because of the geography of the Middle East, its airlines' route networks spread out largely to Europe and Asia, with few airlines operating to North America. Over the past years, passenger traffic in the region has sustained growth, lately in February, reporting a 10.8% increase compared to February 2006, led by the growth between the Arab region and Far East and Australia of 21.7%. In February 2007, available seats in the Arab World reported a year on year increase of 12%. Passenger traffic inside the Arab world increased by 10.5% compared to February 2006, led by the growth between the Arabian Peninsula and North Africa. Passenger traffic between the Arab World and other regions increased by 11.0% during the same period. Growth with world regions is expected to be at routes to Australasia followed by Sub Saharan Africa, Latin America, Mid Asia and North America, noting that the Gulf region airlines are tending to go for routes to Pakistan, India, Africa and some North American cities. The Near East and North Africa airlines are opening routes mostly to Africa and Europe.

Liberalization in the region is a big potential with the latest Arab Multilateral Agreement to liberalize air transport which entered into force on 18 February 2007. Also, bilateral moves by Arab governments is triggering the intra Arab world growth, with the latest being between Oman and Algeria, Oman and Jordan, UAE and Egypt.

Low Cost airlines in the Arab world are expected to have strong growth prospects. Middle East's low cost airlines have currently a 1.4% market share, while US and European LCCs have nearly 25% market share and Asia Pacific LCCs have 8% of the market.

GROWTH

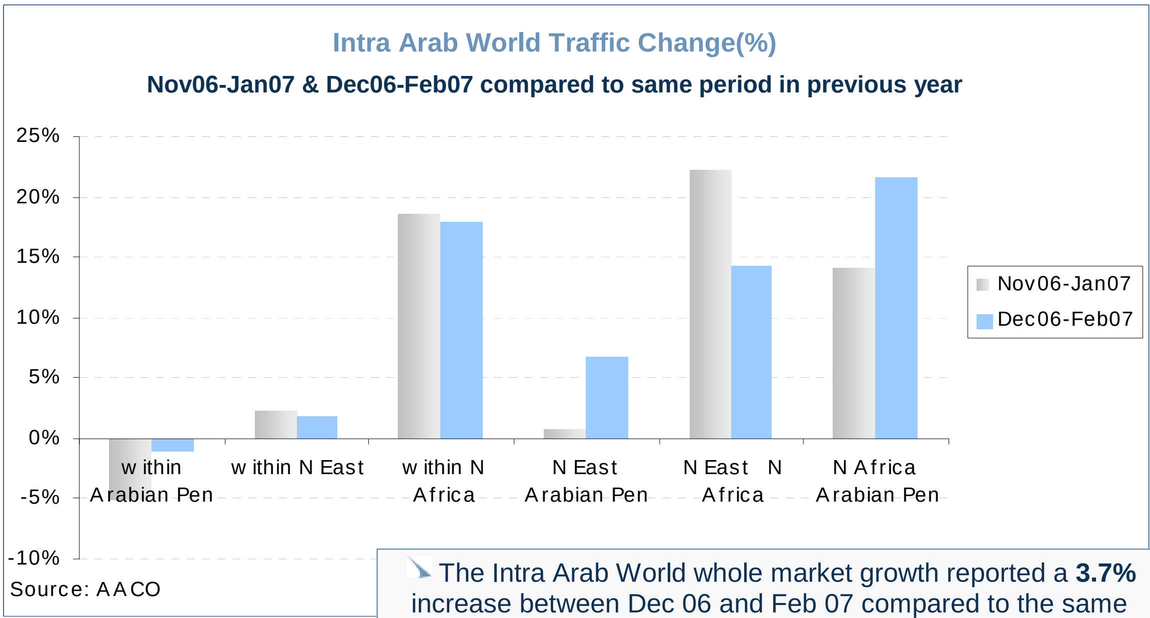
PASSENGER TRAFFIC

Passenger traffic in the Arab World marked a growth of 10.8% in February 2007 compared to February 2006, which follows a growth of 0.7% in January 2007 compared to January 2006.

In February 2007, passenger traffic inside the Arab world increased by 10.5% compared to February 2006, led by the growth between the Arabian Peninsula and North Africa, followed by growth within North Africa.

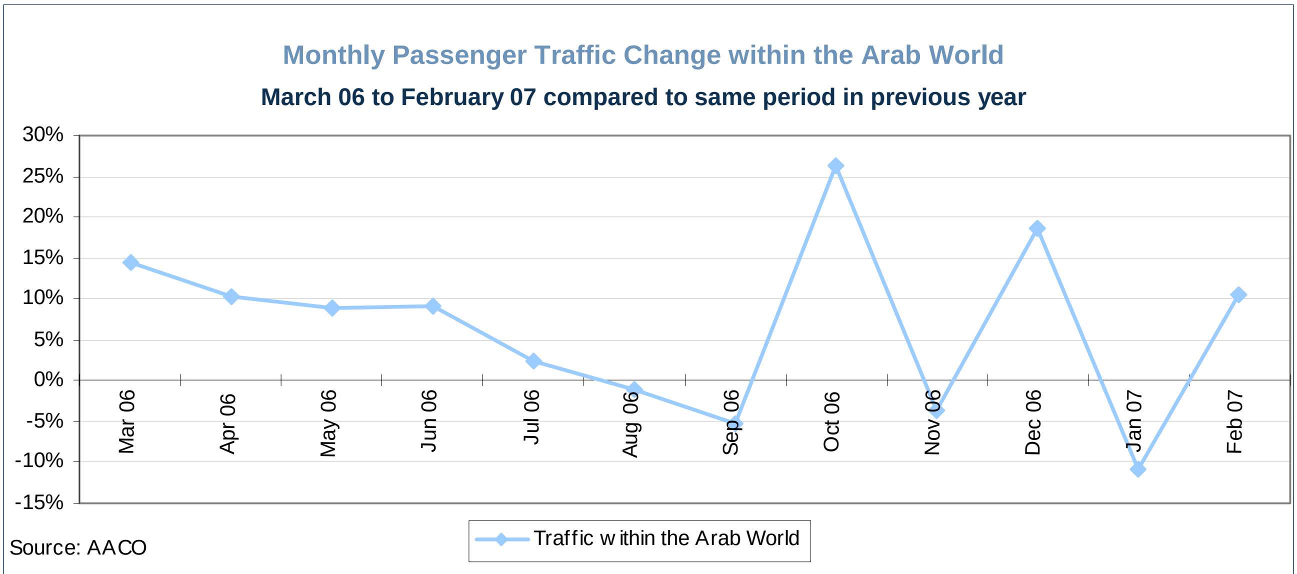
Passenger Traffic within the Arab World Regions	Feb 07 / Feb 06
Between Arabian Peninsula & Near East	11.3%
Within the Arabian Peninsula	7.8%
Within the Near East	6.4%
Between Arabian Peninsula & North Africa	29.6%
Within North Africa	26.0%
Between the Near East and North Africa	15.0%

Source: AACO



The Intra Arab World whole market growth reported a **12.8%** increase between Nov 06 and Jan 07 compared to the same period in the previous year.

The Intra Arab World whole market growth reported a **3.7%** increase between Dec 06 and Feb 07 compared to the same period in the previous year.



ARAB AIRLINES ECONOMICS

Governments' stakes in airlines — Bahrain plans to increase its stake in Gulf Air to 80% from the current 50% through a cash injection of up to USD 1.33 billion. Consequently, Bahrain will own 80% of Gulf Air and Oman will own 20%. Al-Wasat newspaper reported that the Sultanate of Oman did not confirm Bahrain's plans to own 80% of Gulf Air, as the board of the airline did not meet yet. Also Oman announced that it is continuing its policy towards Gulf Air being a carrier owned by both Bahrain and Oman.

On the other hand, Oman's government is increasing its stake to 81% from the present 34% in Oman Aviation Services, which operates Oman Air.

Since the 1970s, Gulf Air was jointly owned by Abu Dhabi, Bahrain, Oman and Qatar, but the Gulf Arab states have moved towards establishing their own national carriers with Abu Dhabi pulling out of Gulf Air and launching its own airline, Etihad Airways, and Qatar establishing Qatar Airways as its own national carrier.

Oman Air records full year profit in 2006 — Oman Air recorded full year profits of USD7.5 million during 2006, almost triple the profits of 2005 and the third consecutive year of generating profits. The airline transported 1.23 million passengers in 2006; an 8% increase over 2005, and an average seat load factor of 76%.

Gulf Air records business class growth — Gulf Air transported around 209,000 passengers on its business class during the second half of 2006, which is around 4% increase compared to 2005. Also, the airline saw a 4.5% increase in the number of passengers on its Business class since the beginning of 2007, compared to the same period of 2006.

Gulf Air transported 6,542,992 passengers on its scheduled flights in 2006.

Saudi Arabian Airlines to sell 49% of its catering service — Saudi Arabian Airlines will sell 49% of its catering services for USD 373.4 million to a partnership of Saudi and Spanish firms. The airline announced earlier that it would privatize the catering services by the first quarter of 2007 and cargo services in the last quarter, while the ground services and technical affairs division will be privatized in the first quarter of 2008.

Saudi Arabian Airlines transported 16,830,023 passengers on its scheduled flights in 2006, an increase of 5.63% over 2005.

Tunis Air posts 8% revenue growth for 2006 — Tunis Air has posted 8% revenue growth for 2006. The airline handled 3.8 million passengers in 2006, which is an increase of 0.6% on 2005, of which 2,014,000 passengers were transported on scheduled flights, an increase of 0.87% over the same figures of 2005. Turnover rose by 7.8% to reach around USD 688 million. Scheduled services revenues were up by 7.1% at around USD 397.6 million, while chartered flights generated around USD 251.5 million, up by 9.6% over 2005.

Kuwait Airways reduces losses by 58% — Kuwait Airways had achieved positive results during the Third Quarter budget in 2006/2007 compared to the Third Quarter budget in 2005/2006. The airline's losses had been reduced by 58% from 28.5 million Kuwaiti Dinars to KD11.9 million, while the revenues had increased by 3% from KD187.855 million to KD194.144 million and expenses had been reduced by 5% from KD216.334 million to KD206.111 million. Kuwait Airways transported 2,406,850 passengers on its scheduled flights in 2006.

In Brief

Airline	Pax transported on scheduled flights in 2006	% change 06 over 05
Royal Air Maroc	4,321,773	23.73%
Emirates Airlines	16,747,687	19.83%
EgyptAir	5,175,258	5.87%
Syrian Arab Airlines	1,252,102	1.93%
Afriqiyah Airways	355,363	47.56%

Source: AACO

EXPANSION

FLEET

Qatar Airways to order 80 Airbus A350s — Qatar Airways is to become the launch customer for the new family of Airbus long-haul, wide-body jets, the A350. The carrier is expected to finalize an order for 80 aircraft, valued at USD16 billion, before discounts, in June 2007.

Emirates leasing five B777-300ER — Emirates signed a leasing contract with GECAS for five Boeing B777-300ER to be delivered in the 2nd half of 2008 and configured in three classes. Emirates' fleet currently includes 23 Boeing B777-300ER with firm orders for 36 more, including this order.

Oman Air to add new aircraft to its fleet — Oman Air plans to grow gradually into long-range markets, noting that it currently operates a fleet of six next-generation B737s and four turbo-prop ATR-42 aircraft and will add three additional B737-800s. One leased aircraft delivered to the carrier on March 9, 2007, another purchased one to be delivered in November 2007, and the third aircraft in April 2008 under a lease agreement.

Kuwait Airways to buy up to 34 planes — Kuwait Airways is to buy up to 34 new aircraft and is formally seeking proposals from Boeing and Airbus. The order will replace Kuwait Airways' fleet of 15 Airbus and 2 Boeing aircraft.

Air Arabia to expand its fleet to 34 aircraft — Air Arabia plans to expand its exiting fleet to 34 new aircraft with an estimated value of USD 2 billion. The airline will be replacing its existing fleet of nine leased aircraft and adding another 25 aircraft. Air Arabia is talking to Airbus and Boeing over the order.

EgyptAir receives the first two B737-800s — EgyptAir has received its first two Boeing B737-800. The airline will have 12 of these aircraft by the end of 2009.

4% of aircraft deliveries for the Middle East and Africa region — Statistics released by Boeing reveal the Middle East and Africa will account for 4% of aircraft deliveries between 2005 and 2025. In terms of market value, deliveries to the Middle East and Africa will constitute 6% with the Asia Pacific region leading the way by 36%.

CAPACITY AND DEMAND

Passenger Air Services within the Arab World– Feb 07

Arab airlines increased the number of their offered seats in the Arab world by 14.8%, while other airlines increased the number of seats offered by 6.3%, leading to a 12.0% year-on-year increase in the overall number of seats offered in the Arab world.

The Arab airlines increased the number of seats offered within the Arab World by 11.1% . Other airlines decreased the number of seats offered by (5.5%) within the Arab World.

Source: OAG

International passenger traffic within the Arab World constitute **34.1%** of the international passenger traffic in the Arab world—Feb 07

Available Seats intra Arab World constitute **26.6%** of the total Available seats in the Arab world—Feb 07 (based on direct flights only)

COOPERATION

AACO CS Task Force following up on Core Systems, Distribution and Payment Gateways — AACO Customer Systems Task Force members gathering executives from commercial, planning, distribution and information technology fields from AACO member airlines held meetings in Cairo from 20 to 22 March 2007. The task force, working under the umbrella of AACO and cooperating jointly on negotiating with vendors on IT provisions, Distribution, and payment gateways, will be following up with these vendors during the coming period to reach joint agreements with maximum benefits to AACO member airlines.

AACO Joint Fuel Purchase Group preparing for Tender II - 2007 — More than 35 fuel suppliers will participate in AACO Tender II-2007, to cover more than 230 airports.

The Joint Fuel Purchase Group held its preparatory meeting for AACO Tender II-2007 in Tunis on 12-14 March 2007.The member airlines will invite more than 35 fuel suppliers to join this tender which will be including more than 230 worldwide airports for the benefits of AACO member airlines.

The results of this tender will be announced in Amman on 4-9 June 2007.

Action Plan of the Fuel Technical Committee — The steering committee of AACO Fuel Technical Committee held its semi annual meeting in Tunis on 15 March 2007 where the next action plan was prepared. The committee decided to hold the annual meeting of the Fuel Technical Committee in Yemen in September 2007 and announced holding the 4th Aviation Fuel Forum in Amman in January 2008.

Arabi Board & NDC Heads meet — AACO has a joint distribution agreement with Galileo. This global agreement includes eight member airlines. These airlines benefit from the joint distribution agreement on various levels. The partnership brings together the distribution power and market dominance of the participating national carriers in the Arabi markets, together with the Galileo technology to provide computerized reservation systems to travel agents as well as leading-edge products and solutions.

Each of the eight airlines has an established National Distribution Company (NDC) ; The NDC individually caters for its national market's needs, and jointly with other Arabi NDCs for collective regional market development.

Arabi Board convened its 52nd meeting in Cairo on the 6th of March 2007, following the NDC Heads meeting on the 5th of March 2007. Arabi's performance for the first quarter of year 2007 exceeded its plan by 5.5%. Arabi's 53rd Board and NDC Heads meeting is planned to be held in Damascus on 16 & 17 May, 2007. An auxiliary NDC Heads Meeting will take place in Dubai on 16 & 17 April, 2007.

Arabi Board gathers Saudi Arabian Airlines, Emirates, Kuwait Airways, Yemen Airways, Middle East Airlines, EgyptAir, Syrian Arab Airlines and Royal Jordanian.

Saudi Arabian Airlines and Gulf Air enhance their Codeshare — Saudi Arabian Airlines and Gulf Air have enhanced their codeshare agreement, by adding a new service between Riyadh and Katmandu, Nepal's capital, via Bahrain International Airport, on 16 April 2007. The two airlines will have 41 flights a week operated in each direction under the codeshare agreement which covers routes connecting Riyadh, Dammam, Jeddah, Muscat, Bahrain, Al-Medina, Al-Munawwara, Bangkok and Katmandu.

Oman Air provides Emirates with maintenance services at Seeb International Airport — Oman Air's Engineering and Maintenance Division is to provide Emirates with its maintenance services at Seeb International Airport. The agreement comes after Emirates carried out a series of technical and administrative audits at the division. Oman Air will now service 14 weekly flights, operated by Emirates to the airport on board of Airbus A330s.

LAURELS

Kuwait Airways achieves ISO 9001/2000 — Kuwait Airways has achieved the prestigious ISO 9001/2000- Quality Management Certificate, which covers all the departments at the Corporation.

The ISO Certification comes as a result of fulfilling all the required prerequisites within an integrated program carried out in a period of 24 months and is approved by the QMI – CANADA; which is the representative of ISO Organization and comes under the supervision of Global Expertise Consultancy Company (GEC).

Kuwait Airways receives EASA 147 — Kuwait Airways represented by the Training & Development Department, has attained the European Aviation Safety Agency certification " EASA 147 " which pertains to the training and qualifications of the airline's engineers operating in the field of maintaining the aircraft fleet.

Gulf Air's Frequent Flyer Programme wins award — Gulf Air's Frequent Flyer Programme (FFP) has won the Gold Award for the Loyalty category at the 2006 Gulf Effectiveness in Marketing Awards (GEMAS). Since 2003, Gulf Air's FFP has undergone widespread changes, including the development of a holistic, year-round, one-to-one approach which communicated with members in a targeted, timely and relevant manner.

Dubai International Airport in cargo amongst top 30 airports — Dubai International Airport (DIA) ranks 17th in a list of the world's top 30 airports in terms of the amount of cargo handled, according to a report by Airports Council International. DIA's 14.4% growth and its total of 1.5 million tonnes handled put it just above London Heathrow, which dealt with 1.3 million tonnes.

Abu Dhabi Airport wins two awards — Abu Dhabi International Airport (ADIA) has won two awards from the Airports Council International (ACI). The airport has been proclaimed the best Airport in Africa and the Middle East, this award is based on annual results of overall satisfaction of international passengers.

ADIA has also been recognized as the best airport in Africa and the Middle East in terms of courtesy and customer service. The new "Regional Airport People Award" recognizes those airports that have cultivated a strong customer service culture among their staff and business partners and have been rated by passengers as having the most courteous and helpful airport, airline and security staff.

Oman Air Website, Gold Award in Travel & Tourism Category — Oman Air Website has been awarded Gold Award in Travel & Tourism category for Oman Web Awards on February 16, 2007. Oman Air website has contested against more than 120 websites overall with more than 12 entries in Travel & Tourism category.

REGULATORY

Arab Multilateral Agreement to liberalize air transport entered into force on 18 February 2007 — The Arab Multilateral agreement to liberalize air transport, which was adopted by the Arab Civil Aviation Commission (ACAC) at a ministerial level, entered into force on 18 February 2007 after it has been ratified by 5 Arab states- necessary for its launch. The 5 Arab states are Syria, Jordan, Yemen, Palestine and lastly Lebanon, followed by the United Arab Emirates, which has lately ratified the agreement.

The Multilateral agreement was originally signed by 7 other Arab states, in addition to the ones which ratified it, and these countries are: Tunis, Somalia, Bahrain, Sudan, Iraq, Oman and Egypt, noting that the signatures need to be ratified so that these states officially join the agreement.

TECHNOLOGY & E-COMMERCE

Gulf Air extends its Interline E-ticketing facility — Gulf Air has now extended the Interline Electronic ticketing (IET) facility with two more airlines; Oman Air and KLM Royal Dutch Airlines, following the implementation of IET with American Airlines, British Airways and Emirates.

Gulf Air has completed e-ticketing in 70% of its network up to this date, and already enjoys "Green Status" by IATA in recognition of its progress towards achieving 100% e-ticketing by the deadline – 31 December 2007.

Saudi Arabian Airlines expands its E-ticketing service — Saudi Arabian Airlines has expanded its electronic ticketing service to cover the Riyadh-Dammam-Riyadh sector, followed by the Al Madina Al Monawwara, Al-Taef, Abha and Jazan, with plans to cover all domestic stations by the end of April 2007. Also, the airline, on 20 March 2007, started offering e-ticketing between the Kingdom and London which will be followed gradually by all international routes. Moreover, the airline has issued its first online E-ticket within few days, while on the first of April it will start issuing E-tickets through travel agents and on other airlines as of the 4th of June. The first Web check-in (boarding pass on the airline's website) will be issued starting Mid-August 2007.

EgyptAir launches Electronic Ticketing — EgyptAir launched the Electronic Ticketing on December 5th, on its domestic route from Cairo to Luxor. On December 18th the electronic ticketing service became available on all the domestic routes.

Syrian Arab Airlines started the Issuance of Electronic Ticket — Syrian Arab airlines started the issuance of passenger's electronic ticket. The airline announced that this step is the most important one in the field of automating its business.

ARAB AIRPORTS

ACI reports airports in the MENA region performed well in 2006 — The Airports Council International has reported that airports worldwide report passenger traffic increased by 5% and cargo by 4%, in 2006 as compared to 2005. Middle Eastern airports performed very well in 2006, with Dubai, Kuwait, Muscat and Bahrain reporting double-digit traffic growth.

In Africa, Johannesburg led with strong growth in both passenger (9%) and cargo (15%) traffic, and Cape Town recorded a 7% passenger traffic increase. Cairo and cities in Morocco also performed well for the year. According to ACI, airports in the MENA region reported 120,436,022 passengers, an 8.2% increase over 2005, and 3,766,045 tonnes of cargo which is a 9% increase over figures in 2005.

Also ACI reported that in January 2007, passenger traffic in the MENA region airports reported 5,148,000 passengers, which is an 11.2% over January 2006, and cargo tonnes of 104.7, a 10.9% increase over January 2006.

Bahrain duty free sales up 16.4% with increasing passenger traffic — The 6.7 million passenger arrival at the Bahrain International Airport in 2006 has helped Bahrain Duty Free to achieve a sales figure of BD28.99 million and consolidated gross profits rising to 9.12 million, up 16.4% and 17% respectively as compared with 2005.

Dubai World Central to have Middle East's tallest ATC tower — The tallest air traffic control tower is to be constructed at Dubai's new World Central International Airport. The 91-meters tower costs USD13.6 million and will be operational by the end of 2008.

Dubai World Central International Airport is being built in the Jebel Ali region of the UAE and is being constructed to be the world's largest airport featuring six parallel runways, two terminals, with a capacity to handle 120 million passengers annually.

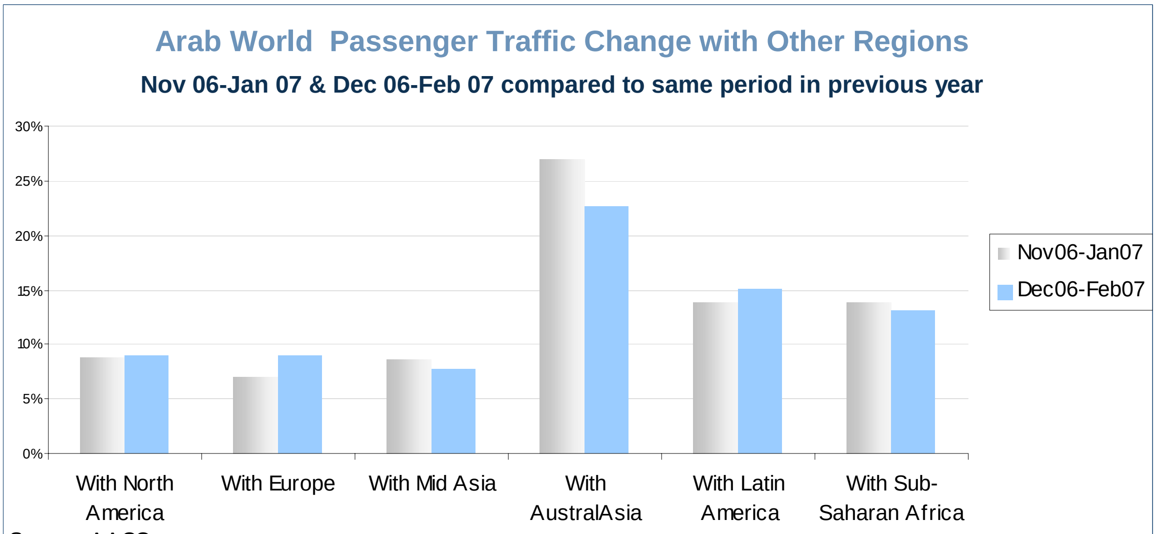
SPREADING OUT

PASSENGER TRAFFIC

Passenger traffic between the Arab World and other regions increased by 11% in February 2007 compared to February 2006. This growth is due to the increase in passenger traffic with all world regions, led by the growth with the Far East and Australia.

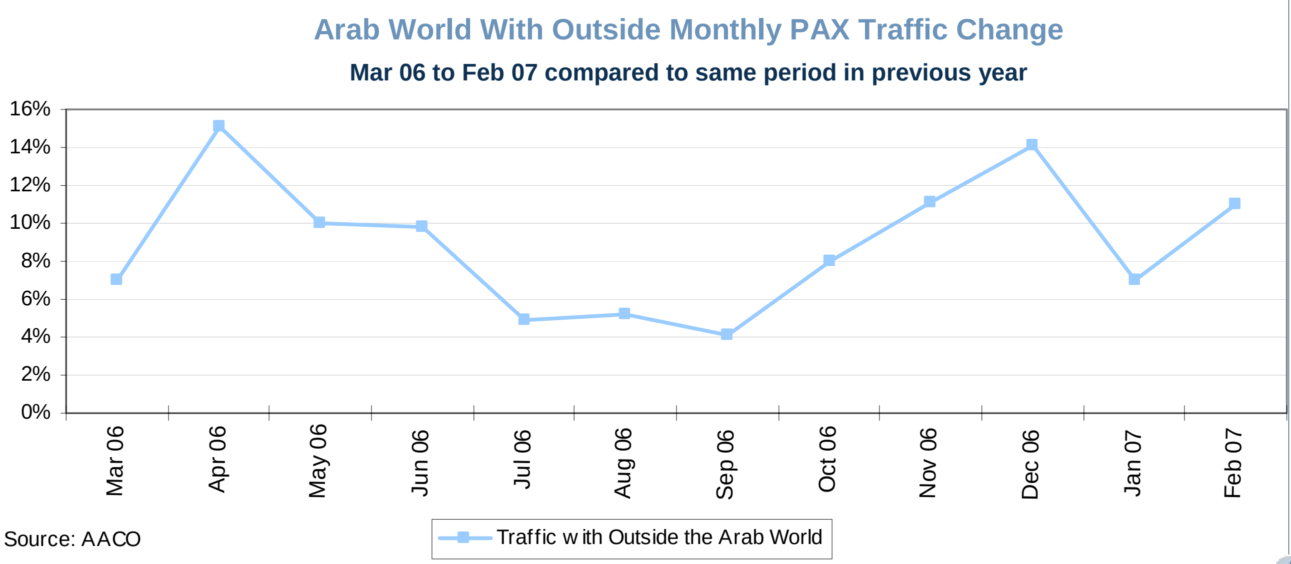
Traffic between Arab World and	Feb 07 / Feb 06
Europe	10.8%
Mid Asia	7.0%
North America	4.6%
Far East and Australia	21.7%
Sub-Saharan Africa	16.1%
Latin America	19.5%

Source: AACO



Source: AACO

The Arab World with outside whole market growth reported a **10.7%** increase between Dec 06 and Feb 07 compared to the same period in the previous year.



Source: AACO

ROUTES

Air Arabia launches Karachi, Peshawar flights — Air Arabia has started flights to Pakistan with two new destinations; Karachi and Peshawar. The frequency of flights to Karachi is three flights a week and to Peshawar is twice a week.

Qatar Airways to fly to Washington — Qatar Airways will start flights to Washington during the summer of 2007. The airline has announced earlier that it will fly to New York from 28 June 2007, and it will start services to Bali on 24 March, Ho Chi Minh City on 25 March and Geneva on 28 June 2007. Also, Qatar Airways has started operating three flights a week to Lagos in Nigeria from 1 March 2007, using an Airbus A330 aircraft configured with business and economy classes.

Etihad Airways to fly Brussels and Toronto — Etihad Airways is to start three weekly non-stop flights from Abu Dhabi to each of Brussels and Toronto, as of 1 June 2007. The airline will operate an Airbus A330-200 to Brussels and an A340-500 to Toronto.

Jet4you to serve Lyon and Marseille — Moroccan budget carrier, Jet4you, is planning to launch flights to Lyon and Marseille in France from Casablanca. Marrakech-based Jet4you, which is part-owned by German tour giant TUI, began services last October serving Paris Orly and Brussels Charleroi. Jet4you also links the Moroccan cities of Agadir, Fez, and Marrakech with Paris.

Saudi Arabian Airlines to open Manchester link — Saudi Arabian Airlines is to launch twice-weekly services between Jeddah and Manchester onboard of Boeing 777 aircraft.

Manchester Airport declared that the service will originate in Riyadh, connecting via Jeddah and Geneva, before arriving in Manchester.

Jazeera Airways to Tehran and Shiraz — Jazeera Airways is to begin direct flights to Tehran from March 26 and will launch flights between Kuwait City and Shiraz in Iran as of 29 March 2007. The airline will operate 3 times a week on the Kuwait—Tehran route and twice weekly flights on board of an Airbus A320 on the Kuwait - Shiraz route.

Lufthansa ups Bahrain-Frankfurt — Lufthansa will increase flights between Bahrain and Frankfurt from three to four per week from 1 April 2007. An Airbus A330-300 and A340-300 aircraft is used on the route. The carrier also has three weekly flights out of Dammam to Frankfurt.

SriLankan Airlines to launch Jeddah service on 27 March — SriLankan Airlines has firmed up plans to launch a scheduled service to Jeddah in Saudi Arabia and ha signed a codeshare agreement with Saudi Arabian on the route. The carrier will operate twice-weekly flights on the route. No airlines operate on the route currently except for Saudi Arabian Airlines which has two one-stop flights per week using Boeing 747-200/300s, according to Innovata. Jeddah is SriLankan's third destination in Saudi Arabia and its' ninth in the Middle East.

CAPACITY AND DEMAND

Passenger Air Services to and from the Arab World (Feb 07)

The Arab airlines increased the number of seats offered from and to the Arab World by 17.0%. Other airlines increased the number of seats offered from and to the Arab World by 7.3%.

% of the total Available seats in the Arab World to and	
European Markets	33.2%
Asian Markets	31.0%
North American Markets	1.5%
Other Markets	7.7%

% of International Passenger Traffic in the Arab World to and from	
European Markets	27.2%
Asian Markets	30.6%
North American Markets	3.7%
Other Markets	4.3%

Source: OAG

TOURISM

World Tourism preliminary results for 2006 report 4.5% growth — The tourism industry has enjoyed above average growth in international tourists arrivals in 2006 of around 4.5%. The 842 million arrivals currently estimated represent an additional 36 million over 2005's level. Of the additional 36 million, 17 million were for Europe, 12 million for Asia and the Pacific, 3 million for each Africa and the Americas, and nearly 2 million for the Middle East.

Africa has maintained its annual growth in tourist arrivals at 8%. Asia and the Pacific reported a growth level of 7.6%. Europe achieved its target of 4%. In the Middle East, international tourist arrivals are estimated to have risen by 4% in 2006, in spite of the overall geopolitical situation. The Americas reported 2% estimated growth.

International Tourist Arrivals in the Arab World – Brief	
Country	**% change 06 over 05**
Morocco	9%
Tunis	2.7%
Bahrain	26% (1st half of 2006)
Yemen	17% (Jan 06 – Nov 06)
Jordan	8%
Egypt	6%
Lebanon	-6.7% (49% growth in the 1st 6 months of 2006, then a 59% decline registered in the 3rd quarter due to the Israeli attack on Lebanon)

Region	International Tourist Arrivals	% Change 06 over 05
North Africa	14,721,000	5.8%
Middle East	40,762,000	3.9%

Source: UNWTO World Tourism Barometer

Abu Dhabi visitors up 12% — Abu Dhabi received 1.34 million tourists in 2006, 12% more than the year before, according to Abu Dhabi Tourism Authority data. British nationals comprised 35% of all visitors, followed by Germany with 31%. Hotel guest nights were up 11% to 3.09 million.

Middle East visits to Hong Kong up 41.5% — Overall International arrivals to Hong Kong increased by 8.1% in 2006. The number of visitors from the Middle East increased by 41.5% to around 12,000.

United Arab Emirates ranks 18th in tourism poll — The Travel and Tourism Competitiveness Report 2007 arranged by the World Economic Forum has placed the UAE in 18th place in a global list of nations measuring their tourism development potential. The top ten were Switzerland, Austria and Germany, Iceland, the US, Hong Kong, Canada, Singapore, Luxembourg and the UK.

REGULATORY TONE

EU Ministers agree on transatlantic open skies — The EU transport ministers have confirmed that they have reached an open skies agreement with the USA at a meeting in Brussels on 23 March 2007. However, the ministers have pushed the start date of the agreement back from October 2007 to March 2008. The USA praised the decision of the European Union transport ministers and has declared that a 5 months delay in the start of a transatlantic open skies sought by the European transport ministers will not prevent the USA from adopting the accord.

The EU and US negotiators have reached, on 2 March 2007, a tentative proposed agreement after a month of open skies talks held in Brussels and Washington, after which the EU ministers approved it on 23 March 2007. The agreement proposed to the EU ministers grants the European carriers fifth and seventh freedom rights to serve the USA. The negotiators have also drafted a text to provide for new rights on ownership, investment and control of US airlines by EU investors as well as similar rights for African and non-EU countries. Another key issue drafted is a novel franchising concept, where an EU airline could take over a US carrier's fleet and fly under its own brand, though it remains under US ownership.

Moreover, community airlines of the EU states will be recognized as a unified group rather than nation state entities by the USA. The proposed open skies agreement also calls for the establishment of institutional mechanisms, including a joint committee to settle any dispute arising from the new accord. The EU negotiators have also secured a break-out clause in the draft agreement, which would allow it to suspend its side of the deal if no second stage agreement is reached by mid-2010.

Further details of the approved agreement will be declared soon by the EU and US.

A public consultation launched by the EC on reforming the Code of Conduct for CRSs — The European Commission has launched a formal public consultation into its proposed reform of the Code of Conduct for Computerized Reservations Systems.

Computerized Reservation Systems (CRS) provide customers with instantaneous information about the availability of air transport services and the fares for such services. They permit travel agents to make immediate confirmed reservations on behalf of the consumer. Regulation 2299/89 defines rules of conduct for the various market participants.

The consultation paper gives an overview of the most recent market developments and invites all interested parties to provide their views and comments on the raised questions in order to assess the need for revision of Regulation 2299/89. Replies to the consultation should reach the Commission by 27 April 2007.

UAE signs open skies agreement with Senegal — The United Arab Emirates has signed an open skies air services agreement with Senegal, paving the way for designated airlines to have unlimited capacities, frequencies and routes between the two countries.

Both parties have agreed to designate all UAE airlines as designated airlines of UAE, and Air Senegal as the designated airline of the Republic of Senegal. This agreement is part of the UAE's plans to sign similar agreements with several other African governments.

UAE and India agree to enhance air traffic — The UAE's General Civil Aviation Authority has signed a deal with India's Ministry of Civil Aviation upon which air traffic between the two countries can be increased. According to the MoU both parties agreed to increase 11 frequencies per week to the route Abu Dhabi - India - Abu Dhabi with immediate effect, and additional 7 frequencies per week effective winter 2007/2008 to Kochi and Thiruvananthapuram.

In addition, the designated airlines of both countries are permitted to operate any number of all-cargo services between any points in India and UAE and to any intermediate or beyond points with any aircraft type.

Paraguay and EU sign new aviation deal — Paraguay and the European Union have officially signed an aviation agreement bringing existing bilateral agreements between Paraguay and the EU member states into line with the European law by removing nationality clauses.

Paraguay is the third Latin American country to sign such a 'horizontal' aviation accord with the EU, alongside Chile and Uruguay. The EU has now signed 25 such agreements worldwide.

Canada and the USA ratify open skies accord — Canada and the USA have ratified an open skies accord that was agreed in November 2005.

The new open skies agreement will enable Canadian passengers and cargo carriers to use the US market as a platform to serve a third country and vice-versa. Other potential benefits include the development of new markets, new services, lower prices, and greater competition.

The agreement replaces a bilateral air accord signed in 1995.

Cyprus Airways restructuring plan approved by the EC — European Commission (EC) regulators have approved Cyprus' restructuring plan for its national carrier recognizing that state-aid elements included in the plan are in line with the guidelines of restructuring aid.

ICAO releases global emissions trading scheme guidelines — ICAO's Committee on Aviation Environmental Protection (CAEP) released proposed guidance to the organization's 189 member states for incorporating aviation emissions into national emission trading schemes.

ICAO proposed that member states include the following in their ETS:

- That aircraft operators be the accountable international aviation entity.
- That obligations be based upon total aggregated emissions from all covered flights conducted by each operator included in the ETS.
- That states consider aggregate carbon dioxide emissions and/or aircraft weight as the basis for the application of any inclusion threshold.
- That initial ETS include only CO2.
- That states ensure that aviation emissions are counted separately and not against specific reduction targets identified by the Kyoto Protocol.
- That states address the integration of foreign operators under a mutually agreed basis.

The CAEP also produced many other recommendations covering emissions and noise, plus a framework to begin investigating Nitrogen Oxide emissions.

State-owned Indian airlines to merge

India's cabinet has approved plans to merge India's two main state-owned airlines, Indian Airlines and Air India and expects the merge to be concluded within four months.

The two airlines have a combined fleet of 122 aircraft and over 34,000 employees. Both the airlines have a 20% share of their respective markets in India and abroad and jointly carry 12 million passengers.

WORLD NEWS

China opens up for corporate travel solutions — According to Asia Pacific based on FCm China, a corporate services and solutions provider believes demand for corporate travel management will grow even more strongly in 2007/08 than in recent years, particularly as more companies consolidate their procurement categories throughout Asia Pacific. The key challenges for corporate travel managers during the next two years would be:

- The move to a full electronic ticketing environment in China, which is likely to create further adjustment challenges for some companies during the year.
- Further deregulation of the travel industry in China, which will bring even more suppliers and products to the market during 2007 and 2008. This means corporates need to stay focused on consolidating their travel management and data capture as best possible.
- Traveler security and tracking, which is expected to remain a priority for corporates.
- Dynamic pricing and growing demand for hotel rooms in major cities around China, which will be a primary focus for many businesses in structuring their hotel programs and aiming to balance travel needs with costs.

Travel agencies and TMCs will be challenged by a number of other issues in the short term. These include:

- Recruitment and retention of quality, skilled people. The labour market became increasingly competitive during 2006, and FCm believes the shortage of bi-lingual and knowledgeable travel consultants will remain an issue in 2007/08.
- Deregulation of the travel industry in China will force travel agencies and TMCs to keep abreast of latest policy developments to optimize business development opportunities for their clients.
- Aggressive discounting of travel management fees is likely to remain this year, as the procurement decision is still largely left to office administrators or personal assistants whose primary focus is on the price of a ticket, transactional fees or purchasing incentives.
- Decentralized travel management is also likely to improve this year, but is expected to remain an issue as companies large and small continue to manage their travel inefficiently. Education of the local corporate market on the advantages of travel management and compliance with company travel policies will be essential for driving long-term savings for companies.

FCm China expects the strongest areas of growth to come from increasing demand for 'one-stop shop' corporate travel and MICE services, demand for inbound travel services, good quality executive leisure product and maturing SMEs requiring more sophisticated services. Source: TravelMole

44 airports to be added to China's existing 142 by 2010.

Commercial aircraft fleet will rise to 1,580 in four years.

Source: CAAC

Asian LCCs to take 20% share of Asia Pacific — The Centre for Asia Pacific Aviation forecasts Asia Pacific and Middle East LCCs will expand their seat capacity by over 230% by 2012 over current levels – or around 40-50% capacity growth each year over the next five years.

Airlines in:	Pax Traffic Million – 06	RPK change 06/05	Capacity Million - 06	ASK change 06/05
Asia—Pacific	757,366	6.2%	1,024,115	3.5%
Europe	780,014	5.5%	1,026,370	4.2%
Latin & North America	1,426,356	2.9%	1,803,457	1%

Source: Airline Business

January 2007 airport traffic remain strong — Airports Council International (ACI) reports January 2007 traffic indicate that the first month of the year continues the strong international growth trend from the last quarter of 2006, with less buoyant domestic traffic. Passenger demand remained strong in January 2007 with the world airports' reporting a 5% increase compared to January 2006.

According to ACI, Airports worldwide report passenger traffic increased by 5% and cargo by 4%, in 2006 as compared to 2005. International passenger and freight results rose even more firmly by 7% and 6% respectively.

Preliminary Airport Traffic Results for 2006 are as follows:

Total Passengers: 4.4 billion, +5.1%
Total International Passengers: 1.8 billion, +6.7%
Total Cargo (includes mail): 84.5 million metric tonnes, +3.7%
Total International Freight: 51 million metric tonnes, +6.3%
Total Aircraft Movements: 73 million, +1.2%

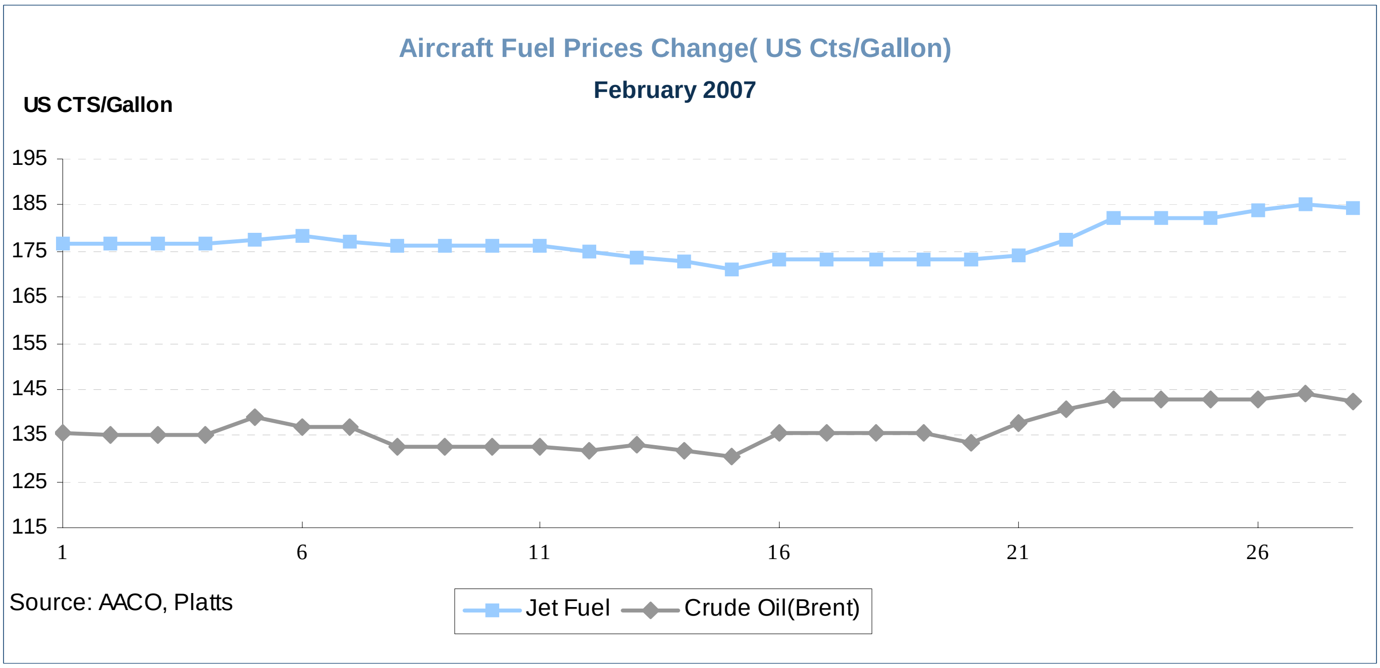
Hong Kong airport to impose new rules on carrying liquids — Hong Kong airport will start screening liquids, gels and aerosols in carry-on baggage in March 2007, to bring it in line with the new guidelines of the International Civil Aviation Organization (ICAO).

All liquids, gels, aerosols in cabin baggages must be carried in containers with a capacity not greater than 100ml and the containers have to fit comfortably in transparent re-sealable plastic bags no larger than one liter, the new rules say. Exceptions will be made for medications, baby milk and food and special dietary requirements subject to verification.

FUEL UPDATE

Worldwide Jet Fuel Prices —Feb 2007

In February 2007, Jet Fuel prices ranged between 171.15 and 185.25 US cent/gallon, scoring an average of 177.37 US cent/gallon, while Crude Oil prices ranged between 130.57 and 144.12 US cent/gallon, averaging 136.73 US cent/gallon



First issue of the Fuel Inspection Manual — The Arab Air Carriers Organization has issued the first Arabic edition of the Fuel Inspection Manual on March 2007. This manual is considered as an operations guide, which should be applied by fuel inspectors to ensure that high level of safety and security are implemented by the fuel agent. The manual has been distributed by the Secretariat General to Ministries of Oil & Gas, Ministries of Transport, CEOs & Presidents of AACO member airlines and fuel companies, to be adopted as basic reference for fuel inspection.

Our Partners News

Airbus delivers its 800th model of the A330/340 family of aircraft to Qatar Airways — March 14th, 2007 marked an important milestone for Airbus' A330/A340 family of aircraft when the 800th model of the Family was delivered to Qatar Airways.

The A330-200 long range jetliner was delivered to Qatar Airways in a brief ceremony at Airbus' Toulouse delivery centre. Airbus has 1,080 of the A330/A340 family aircraft on order and 280 still to be delivered. Production rates are currently seven aircraft per month and this is due to increase to eight per month by the beginning of 2008 and nine per month by the middle of 2009.

Finnair, first airline to sign firm contract for the A350XWB — Finnair signed a firm contract for 11 A350XWBs as well as 7 additional long-range aircraft (a mix of A340-300s and A330s). It is the first airline to convert its order for nine of the initial A350, placed in December 2005, into the new A350XWB, and to simultaneously increase the number of aircraft ordered.

British Airways acquires four more Airbus A320s — British Airways announced on 21st February that it has placed a firm order for four more Airbus A320 aircraft. The new order brings the total number of Airbus aircraft in operation in the British Airways fleet to 66, with 14 on firm order.

Cebu Pacific goes for twenty more A320 aircraft — Cebu Pacific, the Philippines' low fare leader, has signed a contract for the purchase of ten more A320 aircraft, with options on five aircraft and purchase rights on a further five aircraft. The airline placed an initial order for 12 A320 Family aircraft in September 2004, with the last one of these aircraft delivered earlier this month. The new A320 aircraft will be used to further expand Cebu Pacific's network that currently extends to 26 domestic and 10 international destinations.

Airbus details restructuring measures — Airbus presented the details of its Power8 restructuring plan to the Airbus European Works Council and announced the creation of a new industrial and operating structure for the Company.

Airbus declared that the Power8 will enable Airbus to face the very substantial challenge of the US dollar weakness, increased competitive pressure, the financial burden related to the A380 delays as well as meet its other future investment needs. Power8 provides for strong cost-cutting measures, aims at transforming the Airbus business model and the development of a global network of partners. It will allow Airbus to devote its resources to core activities and eliminate inefficiencies within its current structure. The programme aims at the full industrial integration of Airbus by establishing a new industrial organization with transnational Centers of Excellence replacing the existing national structures. This transformation will happen progressively over several years and includes the further extension of Airbus' global footprint.

As part of Power8, the Airbus management will implement strong cost reduction and cash generating efforts leading to EBIT contributions of € 2.1 billion from 2010 onwards and additional € 5 billion of cumulative cash flow from 2007 to 2010. A large part of the cost savings will be achieved through reducing the total Airbus overhead workforce (including temporary and on-site supplier workforce) by 10,000. The envisaged measures to reduce overhead costs, and specifically headcount, require a provision of € 680 million to be taken in the first quarter of 2007. Airbus has put in place a robust tracking system with tangible matrix regarding cost and cash impact up to their materialization in the financial statements.

Airbus confirms CIT order for five A330s, 10 A320s — Airbus confirmed a firm order from CIT for five A330 and 10 aircraft from its A320 family. This deal brings the lessor's firm order total with Airbus to 142 aircraft, of which 112 come from the A320 family. A further 25 are A330s while the remaining five are for A350s.

Airbus– AACO Partner since 1997

Adnoc creates oil rig training centre with Schlumberger — Schlumberger, the multinational oilfield services company, and Abu Dhabi National Oil Company (Adnoc), launched a USD100 million joint initiative, the "Schlumberger Middle East Learning Centre", in Abu Dhabi.

Secretary-General of the Supreme Petroleum Council (SPC) and Chief Executive Officer of Adnoc, Schlumberger's Chairman and Chief Executive Officer, inaugurated the first phase, with an investment of USD40 million, in addition to USD 60 million to be invested with the completion of phase two towards mid-2007. Phase three will include accommodation for the trainees. The centre will be built to provide essential advanced training for the oil and energy industry and is complete with state-of-the-art facilities and equipment including a custom-built training rig. The land on which the centre was built was donated by Adnoc.

ADNOC expects two digit growth in 2007, especially after its record 30% growth in the Middle East and Asia in 2006, Whereby Adnoc's revenues in 2006 were USD19.3 billion.

Adnoc to invest USD 7 billion in gas liquids programme — Abu Dhabi is planning to invest more than USD 7 billion by 2009 to expand its natural gas liquids production. An adviser to the Abu Dhabi National Oil Company (Adnoc) said that Adnoc will be the world's biggest NGL producer by 2010, where Adnoc will double its current natural gas liquids production from 5.3 billion standard cubic feet to 10.5 billion in 2010, when the construction of the projects is completed.

ADNOC– AACO Partner since 2002

Amadeus revenues up 10.9% in 2006 — Amadeus announced its business results for the year 2006; total bookings grew by 5.5% to 499.5 million. Online air bookings grew by 25.5% and now represent 16.2% of total air bookings. Amadeus had 31% of the market in travel agency air bookings in 2006, up 1.74 percentage points year-on-year. Total revenue grew by 10.9% to EUR 2,683 million.

In 2006, Amadeus migrated a further four airlines to Amadeus Altéa Customer Management Solution, to take the total number of airlines using our next generation customer management technology to 29. Amadeus also expanded its portfolio of travel agency technology with the acquisition of TravelTainment, a German company which develops sophisticated pricing, search and dynamic packaging technology for online leisure travel companies selling direct to consumers.

In 2006, Amadeus made significant progress in bringing crucial low-cost carrier content into the system. Travel agents can now book a total of 48 low-cost carriers in Amadeus, which is 42% of the low-cost carriers in the world. Similarly, Amadeus continues to sign full-content agreements with full-service carriers. By 31 December, 2006, Amadeus had agreements with over 100 airlines around the world, including US majors America West, Northwest Airlines, US Airways and Continental. In the European market, 68 airlines have signed up to Amadeus Full Content Option.

Kuwait Airways upgrades Amadeus distribution agreement — Amadeus has extended its distribution agreement with Kuwait Airways whereby travel agencies will be able to book seats on Kuwait's national carrier in real time through Amadeus.

Kuwait Airways has upgraded its participation to the highest level of connectivity in the Amadeus System.

Amadeus– AACO Partner since 2000

Aon Acquires Valley Oak Systems — Aon Corporation announced it has completed the acquisition of Valley Oak Systems of San Ramon, California. The terms of the transaction were not disclosed.

Valley Oak Systems (VOS), a leader in claims management software, services, and support for the insurance industry, will operate under the Aon eSolutions Group as an independent subsidiary. Its flagship product, iVOS, the "one-system" claims management solution, will integrate with RiskConsole, Aon's risk management information system (RMIS), to share information and provide a comprehensive analysis of claims, policy, and exposure data.

Aon Reports Fourth Quarter 2006 Results — Fourth quarter revenue grew 7% to USD 2.4 billion and EPS increased to USD 0.68 — Aon Corporation reported results for the fourth quarter and full year ended December 31, 2006. Net income for the fourth quarter was USD 224 million or USD 0.68 per share, compared to USD 224 million or USD 0.65 per share for the prior year quarter. Net income from continuing operations was USD 189 million or USD 0.58 per share, compared to USD 102 million or USD 0.30 per share for the prior year quarter.

AON– AACO Partner since 2007

ARINC Focuses on Expanding the Market for Remote Check-Ins — ARINC Incorporated announced the formation of a new Remote Passenger Services Group to manage and market its Internet-enabled remote passenger check-in technologies in the Americas.

ARINC's remote check-in systems use the Internet to provide convenient and popular check-ins at locations such as hotel lobbies, convention centers, cruise ships, and many other off-airport locations. ARINC pioneered remote Internet check-in with its iMUSE ExpressTM service, which is now widely deployed by such major international airlines as Air Canada, Virgin Atlantic, and Singapore Airlines.

Baltimore Washington International Airport Expands IT — ARINC Managed Services (AMS) announced that Baltimore Washington International Airport (BWI) has renewed its contract to support and maintain the common use passenger processing system and flight information displays for the International Terminal at BWI.

Japan's Airport, Centrair at Chubu, to Install ARINC SelfServTM Kiosks for International Passengers -- Japan's newest major airport has selected the ARINC SelfServTM common-use kiosk technology to enhance its international passenger check-in operations. Centrair, Central Japan International Airport located at Chubu, recently accepted the common-use (CUSS) kiosk proposal of ARINC Incorporated.

ARINC– AACO Partner since 2002

ATR

ATR Receives Prize at the 45th Air Press Awards — On the occasion of the 45th edition of the Italian magazine Air Press Awards, ATR has been awarded with the prize "Trofeo AIR". With this award, Air Press recognizes the success of ATR and its main role in the recovery of the turboprop market as well as in the growth of the Italian aeronautics industry worldwide.

Australia's MacAir to get first ATR in March — Australian regional carrier MacAir has purchased a second-hand ATR 42-500, which will be the first ATR aircraft in commercial service in Australia in 20 years.

Vietnam Airlines seeks to buy five more ATR 72s — Vietnam Airlines plans to buy five additional ATR 72s and has already notified the aircraft manufacturer. Vietnam Airlines already has seven ATR 72-200s and three newer-model ATR 72-500s.

ATR and Air Deccan Open Joint Training Center in Bangalore -- On the occasion of the Aero India Airshow 2007, ATR and the Indian carrier Air Deccan announced the opening of a new joint Training Center in Bangalore in order to prepare future pilots for the ATR fleet of the airline. This center counts a Full Flight Trainer (FFT), the latest generation of flight simulators, developed jointly by ATR and Canada-based Mechtronix.

ATR– AACO Partner since 1998

BAE SYSTEMS

BAE SYSTEMS REGIONAL AIRCRAFT leases a further BAe 146-200 to Romavia — BAE Systems Regional Aircraft announced the long-term lease of a further BAe 146-200 to Romanian air carrier, Romavia. The aircraft was delivered at the beginning of March.

BAE SYSTEMS REGIONAL AIRCRAFT reports USD 350 million of lease and support business in 2006 — BAE Systems Regional Aircraft reported that it had brought new business across all its portfolios worth nearly USD 350 million during 2006.

During 2006 Regional Aircraft secured lease transactions on its BAe 146/Avro RJ and ATP portfolios involving 81 aircraft, worth USD185 million while the Jetstream 32 and 41 portfolios showed 50 sales and leases, worth a further USD24 million.

Also during the year, Regional Aircraft customised and re-delivered 27 BAe 146/Avro RJ, ATP and Jetstream 41 aircraft through 12 different completion centres.

BAE– AACO Partner since 1999

Boeing reaches agreement with express cargo operator DHL on an order for six 767-300ER freighters — Boeing declared that it reached an agreement with express cargo operator DHL on an order for six 767-300ER freighters valued at USD894 million. It chose GE CF6-80C2B7Fs valued at more than USD 120 million to power the aircraft. The aircraft will be delivered beginning in 2009 and likely will be dedicated to US routes.

Kuwait's ALAFCO becomes Middle East's first 787 customer — Kuwaiti lessor Aviation Lease and Finance Company (ALAFCO) has ordered 18 Boeing aircraft including a dozen 787-8s, becoming the first Middle Eastern customer for the twin-jet. ALAFCO's order, which the airframer values at USD 2.26 billion, also covers six Boeing 737-800s.

Boeing and Continental announce deal for more 787s — Boeing and Continental Airlines announced an order for five 787-9 Dreamliners. This order, combined with the Houston-based airline's earlier announced orders, brings Continental's total firm 787 order to 25 aircraft. The airline also has contracted to convert 12 previously ordered 787-8 jetliners to the larger 787-9s.

Continental was the first airline in the Americas to order the 787 Dreamliner, placing its initial order for 10 airplanes in 2004.

Boeing sets records for airplane orders in 2006 — Boeing recorded 1,044 net commercial airplane orders during 2006, and for the second year in a row set a Boeing record for total orders in a single year. The 2006 total surpasses the previous Boeing record of 1,002 net orders in 2005.

Boeing– AACO Partner since 1998

ALAFCO places USD100 million CFM56-7B engine order — ALAFCO Aviation Lease and Finance Company (KSCC) has announced it will purchase six firm, six option CFM56-7B-powered Boeing Next-Generation 737 aircraft. The engine order is valued at approximately USD100 million at list price, including spare engines.

New CFM56 engine maintenance training center to open in India — CFM International has announced that it will open its fourth aircraft engine maintenance training school in New Delhi, India in 2010.

The new training school, which will mirror the facilities already operating in China, France, and the United States, will initially provide advanced courses in line maintenance and borescope inspection for CFM56-7B and CFM56-5B engines, which power respectively Boeing 737s and a majority of Airbus A320 series aircraft.

Indian Airlines and CFM sign MRO joint venture agreement — Indian Airlines, Ltd. and CFM International have signed a Memorandum of Understanding (MoU) proposing to establish a joint venture maintenance, repair, and overhaul (MRO) facility in India for CFM56 engines.

This MoU defines the principles of a joint venture that will combine Indian Airlines experience in engine overhaul with that of CFM and its parent companies, to create a world-class maintenance and overhaul facility. The MRO shop will perform the full spectrum of services, from engine disassembly to piece parts and in-house component repairs for CFM56-5B and CFM56-7B engines.

CFM– AACO Partner since 1998

Engine Lease Finance Corporation

ELFC– AACO Partner since 2003

British Airways reaches three-year, full-content deal with Galileo — British Airways signed a new three-year agreement with Galileo, the GDS unit of Travelport. The new deal, which goes into effect April 10, is basically a continuation of Galileo's travel agency opt-in program that was launched in 2004. The program gives Galileo subscribers in the U.K. and Ireland access to all publicly available fares, provided they opt in to the program.

Galileo Signs Distribution Agreement With Oasis Hong Kong Airlines -- Oasis Hong Kong Airlines has signed a new agreement with Galileo for Oasis' fares and inventory to be added to the Galileo GDS.

This development will allow Galileo-connected travel agents, in particular those based in the United Kingdom and Hong Kong, to book exclusive Oasis content in the GDS.

Oasis has agreed to make available to all Galileo-connected travel agents its fares, booking classes, associated inventory and other data that Oasis currently offers other distribution channels, including internet websites.

Oasis has also agreed to enter into an agreement with another Travelport brand, eBookers by providing its fares to its travel channels as well.

Galileo– AACO Partner since 2000

CIT Aerospace placed a USD 200 million engine order — CIT Aerospace placed a USD 200 million engine order for GEnx-1B64s to power three 787s and CF6-80E1s to power four A330s.

North American selects GE for CF6 maintenance, overhaul — GE Aviation signed a five-year On-Point Solutions maintenance agreement with North American Airlines covering CF6-80C2s powering five 737-300ERs. Deal is valued at more than USD 20 million.

ALAFCO picks GEnx engine to power 787s — Kuwaiti lessor Aviation Lease and Finance Company (ALAFCO) has selected General Electric’s GEnx engine to power the 12 Boeing 787-8s it has on firm order. The engine order is valued at more than USD 530 million.

Emirates signs an agreement with GECAS — Emirates has signed an agreement with GE Commercial Aviation Service (GECAS) to lease five more Boeing 777-300ER aircraft.

All five aircraft, scheduled for delivery in the second half of 2008.

GECAS– AACO Partner since 2003

globalcollect™
International Payment Services

E4X in Alliance with GlobalCollect to simplify international sales — E4X, Inc., a provider of online multicurrency services, announced an agreement with GlobalCollect, to incorporate GlobalCollect's payment methods into an expanded portfolio for international services.

Patented technology from E4X enables international shoppers to browse and pay for products in their own currencies while eliminating the risk of foreign exchange fluctuations for e-tailors and shoppers alike. The company is focused on expanding the scope of its services to provide a more complete solution for international vendors.

E4X will take advantage of GlobalCollect's strengths in online local payment methods worldwide, in particular local bank transfers in over 50 countries. As a result, shoppers purchasing from vendors using E4X's services will be able to make payments using bank transfers in as many as 50 markets.

GlobalCollect– AACO Partner since 2007

مركاتور
Mercator

JAT AIRWAYS AWARDS MULTIPLE CONTRACTS TO MERCATOR — Serbia's JAT Airways has awarded multiple contracts to Mercator, selecting its RAPID revenue accounting solutions and Oracle ERP implementation services.

Jat Airways has opted for both the passenger and cargo versions of Mercator's RAPID to fully cover all the airline's revenue accounting requirements. The solution takes data from used air tickets and air waybills and extracts the crucial financial and strategic details needed to compete effectively and profitably.

Benefits for JAT Airways will include increased revenue, heightened productivity, greatly reduced accounting costs and streamlined processes. The system will also deliver timely and accurate information, improving strategic planning and tactical reaction.

JAT Airways has also signed up for the consulting services essential to its rollout of Oracle's E-Business Suite, laying solid foundations for its future growth. The Oracle applications centralize and streamline core airline business functions and Mercator specialists will implement the key modules of finance, human resources and procurement.

Mercator's consulting professionals have already implemented Oracle applications at Emirates, SriLankan, Air Malta, and Virgin Atlantic and this work is now bringing them major benefits. The family of RAPID customers is large and varied, including major names such as Air New Zealand, British Airways, Emirates, Malaysia Airlines, Qantas, Singapore Airlines, South African Airways and SriLankan Airlines.

Mercator– AACO Partner since 2003

Sabre Airline Solutions

Kingfisher Airlines selects more than 20 enterprise applications — Kingfisher Airlines, India's fastest-growing airline, has engaged Sabre Airline Solutions, the global leader of software and services for the airline industry from planning to execution, to provide a full suite of more than 20 enterprise applications to enhance its guest processing functions, as the airline continues its rapid expansion of its operations.

With the implementation of Sabre Airline Solutions' passenger reservations and departure control systems, the SabreSonic Passenger Solutions, Kingfisher Airlines will be able to manage its reservations, pricing, ticketing and reporting efficiently.

Sabre Airline Solutions– AACO Partner since 2002

Sabre Travel Network

Sabre Travel Network opens Oman office — Sabre Travel Network Middle East has expanded its regional operations with the opening of a new office in Muscat. It is located in the Al Qurum district. Sabre has also inked a three-year contract with local firm National Travel and Tourism.

Sabre re-signs full content deals with 13 airlines — Sabre Travel Network has re-signed new full-content travel marketing agreements with 13 airlines operating from Europe, Africa and the Middle East.

The most recent agreements have been signed with Air Algeria, Air Austral, Air Berlin, Air Europa, Air Malta, Arkefly, Condor, Croatia, Ethiopian Airlines, Malev Hungarian Airlines, Polish Airlines, Syrian Arab Airlines and Tunisair. Five other airlines, Zanair, KDAvia, Antrak Air Ghana, Zambian Airways and Zambian Skyways have started distributing through the Sabre GDS for the first time.

This means that 343 airlines now have a full range of published fares and inventory on the Sabre global distribution system. This includes published fares that airlines sell through any third-party web site or their own website and reservations offices.

Sabre takes share in Polish firm — Sabre Travel Network has acquired at 40% stake in Polish technology provider ESS. ESS is described as one of the leading providers of leisure travel solutions for tour operators and travel agencies in Poland. Sabre is to consider opportunities to expand the ESS business into other Eastern European countries.

Sabre Travel Network– AACO Partner since 2003

Shell Aviation

SHELL– AACO Partner since 2002

SALE
Singapore Aircraft Leasing Enterprise

SALE wins deal of the year award — Singapore Aircraft Leasing Enterprise (SALE) has won the Editor's Award in the latest Airfinance Journal Deal of The Year Awards. The award is in recognition of the successful sale of the company to Bank of China in December 2006. This saw SALE achieve an enterprise value of USD 3.25 billion, making it the most prized of several major aircraft leasing company acquisitions in recent years.

SALE has a current portfolio of 74 aircraft in service with 28 airlines worldwide. The company also has 66 aircraft on firm order with Airbus and Boeing for delivery through to 2012.

SALE's successful sale to Bank of China was arranged by Citigroup and completed on 15 December 2006. The enterprise value of USD 3.25 billion is based on total debt of USD 2.28 billion and purchase price for equity of USD 965 million.

Singapore Aircraft Leasing Enterprise – AACO Partner since 1998

SITA

Africa's airlines upgrade to VPN — Cameroon Airlines has become the first SITA customer in Central and West Africa to migrate its data network to IP VPN. SITA successfully provided the airline with a cost effective solution tailored to its budget and operational needs.

Security tops the airport agenda — Airports surveyed in the annual Airport IT Trends Survey, carried out by SITA with Airports Council International and Airline Business magazine, report that security will be the main priority for IT investment across the industry in 2007.

The headline spent by airports on IT and telecommunications, as a proportion of revenue, dipped slightly in 2006. It fell from 4.6% in 2005 to 4.4%. But increasing revenues means in absolute terms it has remained stable, at approximately USD 3 billion. This is some 40% higher than when the survey was first conducted in 2004. It reflects a changed environment, in which higher levels of technology investment are required to balance the growing demand for air travel with managing greater security risks.

64% of airports received an increased budget for 2006. When weighted according to the size of the airport's revenues, to give an overall industry perspective, this becomes equivalent to 75%– reflecting the extent to which the larger airports are investing more, while smaller airports are remaining constant or decreasing their spend. Expectations for 2007 are similar. Two thirds of respondents to the survey expect greater investment, with only 10% expecting a decrease (compared to the 22% of airports that received one this year).

SITA– AACO Partner since 1998

Swissport Cargo Services becomes the industry's first ground handling company to gain "Cargo 2000" quality certification — Swissport announced its successful certification as a fully-compliant Cargo 2000 company. Swissport's internal management processes and quality-driven improvement programmes have been accepted by the Cargo 2000 Board. This certification underlines Swissport's active endeavors to fully comply with all agreed industry standards.

Cargo 2000 brings together major airlines, freight forwarders and their suppliers with the unique goal of implementing standardized quality management systems. The objective in doing so is to implement processes, backed by industry-specific standards that are measurable and are supported by data, thereby improving the efficiency of air cargo, enhancing customer service levels and reducing operational cost. Based on detailed customer research and with the assistance of leading IT companies, the Cargo 2000 group has re-engineered the transportation process from shipper to consignee through a master operating plan.

Having obtained Cargo 2000 certification at the headquarters level, Swissport will be conducting a carefully-designed implementation programme over the next few months to adapt these rules and procedures to all the cargo destinations throughout its global network. While Swissport already has its own internal quality and tracking tools, Cargo 2000 certification will further enhance the efficiency and visibility of the entire supply and value chain, to the benefit of all industry partners.

The Swissport Cargo Services business line is in good commercial shape. Revenues for 2006 were some 11% up on the previous year, significantly above the industry average.

Swissport– AACO Partner since 2001

Unisys Completes Sale of Media Business to Atex — Unisys Corp. announced that it has completed the sale of its media business to Atex Group Limited, a U.K.-based provider of software solutions and services to the global media industry. The agreement to sell the business was disclosed in November 2006 as part of previously announced plans by Unisys to divest businesses that are not central to its core strategy. The terms of the transaction were not disclosed.

Unisys– AACO Partner since 2005

AACO UPCOMING EVENTS

Event / Meeting	Date	Place
Executive Committee	24/03/2007	Jeddah
Commercial Committee	03/04/2007	Damascus
IT Committee	09/04/2007	Cairo
Joint AACO/ACAC/EC	18/04/2007	Brussels
Joint Fuel Purchase Group	30/04/2007	Beirut
Services Committee	30/04/2007	Amman
Customer Systems Task Force	14-15/05/2007	Damascus
Arabi Board and NDC Heads	16-17/05/2007	Damascus
Arabesk Technical Coordination	23-24/05/2007	Cairo
Joint Fuel Purchase Group—Tender II 2007	4-9/06/2007	Amman
Arabesk Executive Board	20/06/2007	Sanaa
AACO 40th AGM	23-25/10/2007	Damascus

REGIONAL TRAINING CENTER UPCOMING COURSES

Course Title	Date	Place
Fraud Prevention	26-29/03/2007	Cairo
Cargo Marketing & Business Development	1-5/04/2007	Amman
Station Management	8-12 /04/2007	Beirut
Hostage Negotiation	15-19/04/2007	Tunis
Route analysis & Market Research	16-19/04/2007	Amman
Air Transport Management	22-26/04/2007	Cairo
Flight Operations Management	24-26/04/2007	Amman
Communication Skills for Managers	28-30/04/2007	Amman

About AACO

The Arab Air Carriers Organization "AACO", established in 1965 within the framework of the Arab League of States, is the Regional Association of the Arab Airlines who have their home-base in countries members of the Arab League.

AACO's mission is to promote cooperation amongst Arab airlines and to serve their common interests through service excellence.

AACO's Objectives:

To promote the highest safety standards.

To provide a framework for a better economic environment for airline operations.

To promote high standards of consumer driven services.

To provide high quality and cost effective framework for human resources development.

To invest in the synergy of interaction between members through establishment of joint projects.

AACO Homebase & Airlines

AACO's homebase comprises the following countries:

Democratic Republic of Algeria, Morocco, United Arab Emirates, Bahrain, Republic of Iraq, Republic of Yemen, Kuwait, Libyan Arab Jamahiriya, Lebanon, Arab Republic of Egypt, Qatar, Syrian Arab Republic, Hashemite Kingdom of Jordan, Republic of Sudan, Kingdom of Saudi Arabia, Tunisia, Oman, Palestine, Somalia, Mauritania, Djibouti and Comoros.

الاتحاد العربي للنقل الجوي

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AACO member airlines were established in the following sequence:

1. EgyptAir (1932)
2. Iraqi Airways (1945)
3. Middle East Airlines (1945)
4. Saudi Arabian Airlines (1945)
5. Syrian Arab Airlines (1946)
6. Sudan Airways (1946)
7. Tunis Air (1948)
8. Gulf Air (1950)
9. Air Algerie (1953)
10. TransMediterranean Airways (1953)
11. Kuwait Airways (1954)
12. Royal Air Maroc (1957)
13. Yemen Airways (1962)
14. Royal Jordanian (1963)
15. Libyan Airways (1964)
16. Emirates (1985)
17. Oman Air (1993)
18. Qatar Airways (1995)
19. Palestinian Airways (1995)
20. Jordan Aviation (2000)
21. Afriqyah Airways (2001)
22. Etihad Airways (2003)
23. Air Arabia (2003)

References:

The news included in this bulletin are collected from various sources as follows:

- AACO
- OAG
- ACI
- EC
- UNWTO
- Airlines' websites
- Various newspapers
- ATI
- ATW
- Gulf-Daily-News
- Arab News
- ArabianBusiness
- MENAFN
- AME Info
- UAE Interact
- Bahrain Tribune
- Trade Arabia
- Others

Where the news item was not based on various sources, AACO clearly mentions the source.
When the source is AACO, other parties may publish the information provided by AACO, but with reference to the source.

Definitions:

1. **Geographical Areas:**
   - **North America**: Includes the following countries: USA, Canada.
   - **Mid Asia**: Includes the following countries: Bangladesh, India, Iran, Afghanistan, Turkey, Pakistan, Sri Lanka.
   - **Australasia**: Includes the following countries: China, Hong Kong, Malaysia, Philippines, Singapore, Thailand, Japan, Indonesia, Australia.
   - **Latin America**: Includes the following countries: Argentine, Peru, Mexico, Brazil, Paraguay, Venezuela, Cuba, Nicaragua, Puerto Rico, Chile.
   - **Europe**: Includes the European countries.
   - **Arab World**: Includes the Arab countries.
   - **Sub-Saharan Africa**: Includes the African countries except Arab countries in North Africa which are: Egypt, Sudan, Libya, Tunisia, Algeria, and Morocco.

2. **Abbreviations:**
   - **RPK**: Revenue Passenger Kilometer
   - **ASK**: Available Seat Kilometer.
   - **PLF**: Passenger Load Factor.
   - **RTK**: Revenue Tonnes Kilometer.
   - **ATK**: Available Tonnes Kilometer.
   - **WLF**: Weight Load Factor.

3. **All statistics in this bulletin represent the absolute number of passengers unless mentioned otherwise.**