

PRESS RELEASE OF 26 NOVEMBER 2005

REGIONAL APPROVAL FOR THE AIRPORT SYSTEM COMPLETION PROJECT CALLING FOR AN INVESTMENT OF 1.4 BILLION AND EXPECTED TO PROVIDE EMPLOYMENT FOR 15,000

The Campania Regional Council, following a proposal by President **Antonio Bassolino** and the Regional Transportation Committee Chairman **Ennio Cascetta**, has approved the Master Plan for the Campania airport system prepared by GESAC, the company currently managing Napoli-Capodichino, the area's only airport.

The Master Plan outlines the investments, budget, financial plan and work schedule for all of the structural required work to satisfy the forecasted growth in traffic via a functional de-localisation of specific activities currently performed by the Capodichino airport.

Delocalisation, was provided for in the order in which the ENAC (Italian civil aviation Agency) licensed GESAC for total management of the Naples airport until 2043. As a consequence, the Master Plan was developed by GESAC.

With today's approval, the Plan - which can be considered as a sort of preliminary project - is to be sent to the Ministry of Infrastructure and Transport and to the ENAC for definitive approval and the start of implementation procedures for the scheduled work which is to be progressively completed until 2012 (the forecasted opening date for the Grazzanise airport), and 2043 (the expiry date for Gesac's total management of Capodichino and the regional airport system).

Thus, another important step towards completing the system, due for almost 40 years, has been made. The idea of developing Campania area air transport by providing for another airport in addition to the Capodichino airport was first conceived in the 60's, but until now, concrete decisions had never been reached as to the de-localisation of the new sites, the amount of financing necessary and how to obtain it, the type of work to be undertaken and the responsible parties, all of course based upon a detailed analysis of traffic forecast and the resulting needs.

The document was approved by the Regional Council inasmuch as it is in keeping with both the feasibility study carried out by the Region and the Agreement between the central Government and the Region dated December 2001 regarding the Objective Law, which provides for a system based on three main airports, thanks to the completion of the Grazzanise International Airport, further updating of the Napoli-Capodichino Airport and enhancement of the Salerno-Pontecagnano Airport.

Like the 2001 Central Government-Regional Agreement and the Regional feasibility study, the Master Plan provides for co-ordinated management of the three airports in order to maximise efficiency of the system and minimise operating and management costs as has been implemented elsewhere in Italy (Aeroporti di Roma manages both the Fiumicino and Ciampino airports) and on an international level (BAA manages the London airports).

Specifically, with reference to the Salerno-Pontecagnano Airport, the infrastructure work and management activities must be executed in conjunction with, and co-ordinated by, the Salerno airport and GESAC.

In brief, (see outline for details), the Master Plan estimates an increase in passenger traffic from the current roughly 5 million passengers at only Capodichino to 6.3 million in 2012 (scheduled opening date for Grazzanise), 10 million in 2020, 15 million in 2030 and to a possible 24 million in 2043.

In order to handle the forecasted increase in demand and to maximise the system's efficiency and production, traffic is to be distributed, in a co-ordinated manner, according to function between the three airports as to develop a single, large regional airport junction with multiple runways.

Specifically:

1. **Capodichino** – in de-localising part of the part of the traffic which will be handled until the Grazzanise opening – Capodichino will focalise on business- oriented, national and international flights and maintain a special role in incoming charter flights (that is, tourists arriving in Campania): it should be noted that no further increases in the current maximum number of movements/hour are expected, although investments aimed at further improvements in technology, efficiency and passenger services will continue;
2. **Grazzanise** must be completed by 2012 and will be a 4E/F category airport, that is, able to accommodate even large aircraft such as Boeing 777s and Airbus A380s: this airport will primarily cater to international-intercontinental traffic and national and European leisure traffic and thus will be able to provide an ideal base for low cost airlines;
3. **Pontecagnano**, lastly, will initially open utilising the current runway and will subsequently – following the additional, scheduled infrastructure work (in particular, the runway extension), - will be able to satisfy the demand for local business, leisure, charter and scheduled flights including low cost flights.

In order to structure this complex system the Master Plan has calculated a total investment of over 1.4 billion Euro, of which almost 250 million will be earmarked for road and rail work (to be borne by the Government and the Region), and almost 1.1 billion designated for airport infrastructure including 549 million in public expenditure and 535 million to be borne by GESAC.

It should be noted that the GESAC share of 535 million (private funds) will cover 49% of the construction costs for the new Grazzanise airport and enhancement work for the Salerno-Pontecagnano airport, which represents an indisputable economic advantage for public funding which, in this manner, is to be relieved of almost half of the necessary costs.

Indeed, an estimate of roughly 45 million euro in labour costs has been calculated until 2013 (the opening the Grazzanise airport). The impact of direct, indirect and related activities on employment will be in the area of 15,000 units until 2030 and roughly 22,000 in 2040.

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1. ANTICIPATED FINANCING

The GESAC Master Plan calls for an overall investment of over 1.4 billion euro, of which 896.5 are to be borne by the public sector (State or Region) while roughly 535 are to borne by GESAC, as follows:

WORK	COSTS (in millions of euro)
The costs for infrastructure work at the Grazzanise and Salerno Pontecagnano sites	347, 814 (State and Region)
Accommodation of Capodichino and Salerno-Pontecagnano sites and construction of the new airport at Grazzanise	1,083,820 of which: · 548,705 (State and Region - 51%) · 535,115 (Gesac – 49%)
TOTAL	1,431,634

As can be noted from the table, in addition to being in line with State and Regional planning, the Master Plan has the indubitable economic advantage of dividing the costs for construction of the new Grazzanise airport and enhancement of the Salerno Pontecagnano airport between the public sector (51%) and GESAC a private company (49%).

2. THE FUNCTIONS OF THE THREE AIRPORTS

Following is a division of functions between the three airports:

1. **Capodichino:** is to focus on national and international business traffic and maintain a special role in accommodating incoming charter traffic; with the opening of Grazzanise, traffic should remain stable at nearly 4 million; therefore, this airport's vocation as a city airport is confirmed and further enhancement is scheduled for an expenditure of nearly 272 million euro until 2012. The scheduled work (in part already under way) includes: 9 new aircraft aprons (for a total of 23); 22 new check-in counters (for a total of 58); two baggage conveyer belts (for a total of 5).

2. Grazzanise: will be a category 4E/F airport, that is, able to accommodate even large aircraft such as Boeing 777s and Airbus A380s: this airport will primarily cater to international-intercontinental traffic and national and European leisure traffic and thus will be able to provide an ideal base for low cost airlines. Additionally, Grazzanise will be able to develop long-range, scheduled or charter flights. Construction will amount to 753.7 million euro and the necessary territorial infrastructure (road way and railway connections for which a regional feasibility study is currently under way) will entail costs for 335.8 million euro. Pursuant to its opening, with a passenger capacity of 2.4 million, the new airport is expected to accommodate 5 million passengers by 2012, and increase during the subsequent phases until reaching a capacity of 24 million. This airport will provide a great deal of mid-to long-term traffic development in Campania especially for leisure travel and intercontinental flights. The planned structures include: 18 aircraft aprons, 28 check-in counters and 5 baggage conveyor belts;
3. Salerno-Pontecagnano: will be able to satisfy both local business and local leisure demands for both scheduled and charter (including low-cost) flights thanks to a planned extension of the runway to 2,100 meters and enhancement of the Apron structure (corridors external to the runway) and a Terminal. Investments will be in the area of 53.7 million for enhancement and 12 million for infrastructure work in the territory. Plans call for the construction of 4 aircraft aprons, 16 check-in counters and 2 baggage conveyor belts.

3. ESTIMATED IMPACT ON EMPLOYMENT

Labour costs are expected to be almost 45 million euro per year until 2013 (start up of Grazzanise). The impact of direct, indirect and related activities on employment until 2030 is in the area of 15,000 workers and almost 22,000 in 2040.