

DIARY DATES

**EUROPEAN AVIATION CLUB - IIASL
Conference on the Revision
of EU Regulation 261/2004**

17 October 2013
Brussels, Belgium
Laura Pierallini, Speaker

**EUROPEAN AIR LAW ASSOCIATION
25th annual Conference in Madrid**

7 – 8 November 2013
Hotel Ritz, Madrid
Madrid, Spain

**INTERNATIONAL INSTITUTE OF
AIR&SPACE LAW**

Air Law Workshop
28 – 29 November 2013
Leiden, The Netherlands

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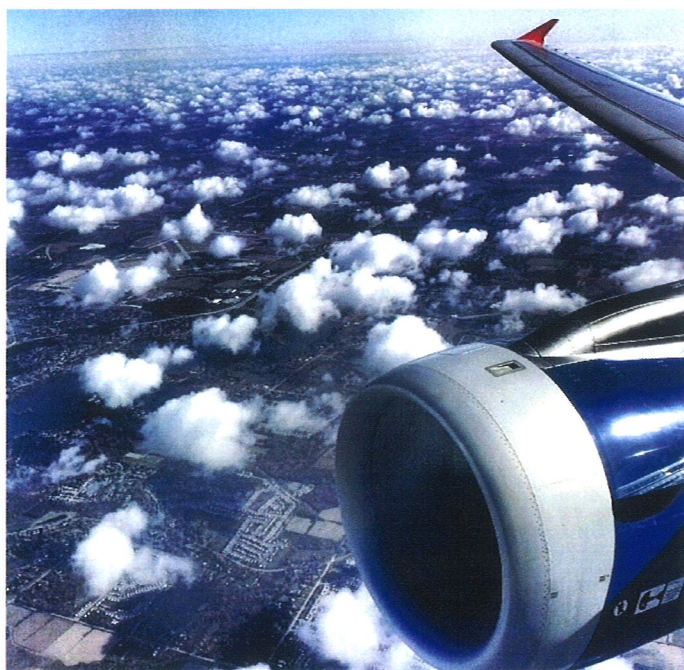
**RECENT INCREASE OF ALITALIA'S SHARE
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**CONFERENCE ON THE REVISION OF EU
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**RECENT INCREASE OF ALITALIA'S SHARE
CAPITAL**

By Francesco Grassetti

Alitalia's BoD meeting took place on 11 October 2013 and resolved financial measures in the amount of Euro 500 million, meant to solve the financial troubles recently suffered by the airline and face the challenges given by the air transport industry worldwide. Namely the following was

planned: (i) an increase of share capital up to Euro 300 million; and (ii) new lines of credits by the banks up to Euro 200 million. The said increase of share capital is reserved pro quota to the current shareholders, to be subscribed within 30 days from 16 October 2013. Should some of the shareholders not exert their first refusal rights on the new shares, the BoD resolved that Poste Italiane (the Italian provider of postal services wholly owned by the Ministry of Economy and Finance) will then come into the share capital of the airline by injecting Euro 75 million (equal to 25% of the stock) and, also, that Intesa San Paolo and Unicredit (the two main Italian banks and Alitalia's shareholders as well) will guarantee a subscription up to Euro 100 million, if needed in order to reach the intended increase of Euro 300 million. Afterwards, on 15 October 2013, the shareholders' meeting approved (on unanimous basis) the increase of share capital up to Euro 300 million. On 18 October 2013, Alitalia issued a press release on the status of the share capital increase previously approved, informing that certain shareholders injected funds equal to Euro 130 million, as follows: (a) Intesa San Paolo, Atlantia S.p.A. and Immsi S.p.A. subscribed their quotas of the share capital increase and paid, respectively, Euro 26 million, Euro 26 million and

Euro 13 million; (b) the remaining Euro 65 million were paid by Intesa San Paolo and Unicredit out of the guarantee issued to cover (up to Euro 100 million) any unsubscribed quotas of the share capital increase.

ENAC'S DECISION TO GRANT "FIFTH FREEDOM RIGHTS" TO QATAR AIRWAYS CHALLENGED BY CARGOLUX ITALIA S.P.A.

By Lorenzo Sperati

Qatar Airways has requested to the Italian Civil Aviation Authority (ENAC) slots and traffic rights in order to be granted the right to extend its three weekly cargo flights from Doha to Milan Malpensa onwards to Chicago. On 14 June 2013, ENAC has authorized the proposed services on an extra bilateral and temporary basis. This long-haul route, which allows Qatar Airways to operate cargo flights from Doha to Italy and onwards to the U.S. can be defined as an expression of the "fifth freedom" provided by the Chicago Convention of 1944. On 25 September 2013, Cargolux Italia – an Italian air carrier operating cargo flights – has challenged the authorization given by ENAC to Qatar Airways before the Administrative Court of Lazio (Rome), arguing that the above decision is in breach of the provisions set forth by EC Regulation No. 847/2004 and other Italian provisions. The hearing for resolving upon the request of Cargolux Italia to suspend the ENAC's authorization pending the challenge will be held on 14 November 2013.

MISCELLANEOUS MATERIAL OF INTEREST:

ALITALIA IS LOOKING FOR NEW PARTNERS: SURVEYS WITH CHINA'S HAINAN AIRLINES

By Marco Marchegiani

During the past days, rumors leaked about Air France, claiming that the French carrier might take into consideration the hypothesis of diluting its stake in Alitalia: the Paris-based company currently owns a 25% stake in the main Italian airline, and according to rumors collected by the Paris-based newspaper it might decide to fall to 11%, therefore not taking part in the 300-million-Euro capital increase, for which it however provided its approval during the shareholders' meeting on 15 October

2013. Even if Air France has neither confirmed nor denied rumors, Alitalia's top management is looking for a possible new partner in case of a divestment of the French carrier. According to sources close to the airline, as reported by the Italian media, exploration talks were started with China's Hainan Airlines, in addition to the ones which are already known with Etihad Airways and Aeroflot. Hainan Airlines is China's largest privately-owned company, which operates with a fleet of 119 aircraft to fly to/from 90 destinations worldwide. It is one of the only seven 5-star airlines according to "Skytrax". Despite of a worldwide network, the only three European destinations of the carrier to date are Moscow, Saint Petersburg and Berlin: the partnership with Alitalia would enable Hainan to expand significantly its business in the old continent. However, on 23 October 2013, Hainan Airlines denied rumors regarding a possible negotiation with Alitalia: a spokesperson of the carrier has stated that possible talks for a merger would be normally led by parent company HNA Group.

CONFERENCE ON THE REVISION OF EU REGULATION 261/2004 – BRUSSELS, 17 OCTOBER 2013

By Giuditta Gori

On 17 October 2013, the European Aviation Club (EAC) and the International Institute of Air & Space Law (IIASL), Leiden University, organized (in cooperation with EU Commission and EU Parliament) a conference on the revision of EU Regulation 261/2004. The proposal of revision is meant to offer clarifications and prospective amendments to the existing Regulation and introduce a bundle of new passengers' rights with the main purpose of ensuring the fulfilment of the air carriers' obligations in case of flight cancellations and/or denied boarding. In addition, the proposal contains measures aimed at reducing the most costly aspects for the airlines as resulting from the said Regulation, considering their financial capacities and a proportional principle between the price of the flight tickets and the compensations to be paid for passengers' damages.