



NOTICE OF REVISED SERVICE CHARGES

APRIL 2007

GENERAL

Pursuant to Section 36 of the *Civil Air Navigation Services Commercialization Act*, S.C. 1996, c. 20 (the "ANS Act"), the following document provides notice (the "Notice") of **NAV CANADA's proposed revised charges for air navigation services to become effective September 1, 2007, except as otherwise noted.** A document setting out additional details in relation to these proposals, including a justification in relation to the charging principles established under Section 35 of the ANS Act, is available upon request from NAV CANADA.

Persons interested in making representations to NAV CANADA with regard to the proposals set out in this Notice may do so by writing to the address set out under Section 3 so as to be received by NAV CANADA not later than June 22, 2007.

NAV CANADA applies service charges to the following categories of air navigation services: (i) terminal, (ii) enroute, and (iii) oceanic.

Except for the revisions proposed in this Notice, all the existing charges and related terms and conditions, as set out in earlier Announcements pertaining to charges, remain in effect.

This Notice consists of three sections:

- (1) Proposed Change in Service Charges;
- (2) Proposed Service Charges for Jet aircraft weighing three tonnes or less; and
- (3) Additional Information Regarding the Notice and on Making Representations to NAV CANADA.

1. PROPOSED CHANGE IN SERVICE CHARGES

Continued focus on cost control and productivity improvements, while maintaining or improving safety, have enabled the Company to decrease customer service charges. A reduction averaging 1.8% was implemented on September 1, 2006. We are now in a position to propose a further 3% reduction, effective September 1, 2007 (March 1, 2008, for annual and quarterly charges).

The total costs of the Company for fiscal year 2008 are projected at \$1,221 million. The forecast revenue from the proposed reduced rates (\$1,183 million) and from the non-aeronautical sources such as technology sales (\$30 million) totals \$1,213 million. It is proposed to recover the shortfall of \$8 million by a drawdown of this amount from the Rate Stabilization Account (RSA).

As set out in the Announcement of New and Revised Service Charges of April 2006, the target balance for the RSA is 7.5% of total NAV CANADA annual expenses, excluding one-time non-recurring items. The projected costs for fiscal year 2008 of \$1,221 million result in a target balance of \$92 million. As the forecast RSA balance is approximately \$100 million at the end of the current fiscal year (August 31, 2007), the proposed drawdown is appropriate.

As noted above, the proposed effective date for the reduction in customer service charges is September 1, 2007. However, for the annual and quarterly charges, the proposed reduction will be effective March 1, 2008, consistent with the normal date for revisions in the annual fees. The proposed reduction does not apply to the new daily charge of \$10 (maximum \$1,200 per year) at the seven major international airports for aircraft weighing three tonnes or less, which will also be implemented on March 1, 2008, as set out in the Announcement of New and Revised Service Charges of April 2006.

The proposed rates are set out in the following tables:

Movement-Based Charges

Charge	Existing Rates Prior to September 1, 2007	Proposed Rates Effective September 1, 2007
Terminal	\$ 20.23	\$ 19.62
Enroute	\$ 0.03589	\$ 0.03481
North Atlantic	\$ 97.12	\$ 94.21
International Communication		
Data Link	\$ 22.96	\$ 22.27
Voice	\$ 61.00	\$ 59.17

Daily Charges

Aircraft Category and Weight Group* (in metric tonnes)	Existing Rates Prior to September 1, 2007	Proposed Rates Effective September 1, 2007
<i>Propeller Aircraft</i>		
Over 3.0 up to 5.0	\$ 39	\$ 38
Over 5.0 up to 6.2	\$ 79	\$ 77
Over 6.2 up to 8.6	\$ 317	\$ 307
Over 8.6 up to 12.3	\$ 751	\$ 728
Over 12.3 up to 15.0	\$ 1,124	\$ 1,090
Over 15.0 up to 18.0	\$ 1,360	\$ 1,319
Over 18.0 up to 21.4	\$ 1,847	\$ 1,792
Over 21.4	\$ 2,441	\$ 2,368
Maximum for Helicopters	\$ 79	\$ 77
<i>Small Jet Aircraft</i>		
Up to 3.0	N/A	\$ 140**
Over 3.0 up to 6.2	\$ 193	\$ 187
Over 6.2 up to 7.5	\$ 318	\$ 307

* Maximum permissible take-off weight.

** To be introduced March 1, 2008 - see Section 2

Annual Charges for Aircraft Three Tonnes and Less*

Weight Group** (in metric tonnes)	Existing Rates Prior to March 1, 2008	Proposed Rates Effective March 1, 2008
0.617 up to 2.0	\$ 71	\$ 69
Over 2.0 up to 3.0***	\$ 236	\$ 229

* For foreign-registered aircraft, the corresponding Quarterly Charge is equal to 25% of the Annual Charge. Charges are applicable only to propeller aircraft, effective March 1, 2008.

** Maximum permissible take-off weight.

*** The existing provision regarding private aircraft used exclusively for recreational purposes (regardless of aircraft weight) will apply only to propeller aircraft effective March 1, 2008. The existing provision for aircraft restricted to aerial agricultural spraying remains.

Annual Minimum Charge*

Aircraft Category	Existing Rates Prior to March 1, 2008	Proposed Rates Effective March 1, 2008
Annual Minimum for Aircraft over 3.0 Metric Tonnes**, and, effective March 1, 2008, also for Jet Aircraft Weighing 3.0 Metric Tonnes or Less	\$ 236	\$ 229

* Applicable to aircraft not subject to the Annual Charge or the Quarterly Charge. For foreign-registered aircraft, the corresponding Quarterly Minimum Charge is equal to 25% of the Annual Minimum Charge.

** Except for aircraft over 3 metric tonnes (maximum permissible take-off weight) restricted to Agricultural Spraying, for which the existing provisions remain.

2. PROPOSED SERVICE CHARGES FOR JET AIRCRAFT WEIGHING THREE TONNES OR LESS

A new type of jet aircraft, referred to as Very Light Jets (VLJs), are now being produced. While it is expected that VLJs initially will be operating predominantly in the United States, they will also be in service in Canada.

The maximum permissible take-off weight (MTOW) is less than three (metric) tonnes for some of the VLJs. For aircraft in this weight category, only the modest Annual (and Quarterly) charges apply, along with the new Daily Charge of \$10, maximum \$1,200 per year being introduced at seven major international airports, effective March 1, 2008. These charges were developed on the basis of aircraft weighing three tonnes or less being propeller aircraft largely operating VFR. Given the different operating characteristics of jet aircraft, which typically operate IFR, the existing charges need to be modified to reflect the entry of jet aircraft in this lower weight category.

It is proposed to extend the charging methodology for jet aircraft above three tonnes to those weighing three tonnes or less. Currently, a separate Daily Charge applies to jet aircraft over three tonnes up to 7.5 tonnes. The charge for such aircraft is the lesser of the movement-based charges (Terminal and Enroute) and the Daily Charge.

For jet aircraft weighing three tonnes or less, it is proposed to implement a new Daily Charge of \$140 and to extend the movement-based charges to such aircraft, effective March 1, 2008. The charge for jet aircraft in this weight category will be the lesser of

the proposed Daily Charge of \$140 and the movement-based charges. For comparison purposes, it is noted that the existing Daily Charge for the next higher weight category of jet aircraft (over 3 up to 6.2 tonnes) is \$193. With this change, the application of the Annual (and Quarterly) charges and the above-noted \$10 Daily Charge will be limited to propeller aircraft.

3. ADDITIONAL INFORMATION REGARDING THE NOTICE AND ON MAKING REPRESENTATIONS TO NAV CANADA

Further details of this proposal, including a justification for the proposal in relation to the charging principles, are provided in a document entitled *Details and Principles Regarding Proposed Revised Service Charges* ("Details and Principles") which is available on request. The Notice and the Details and Principles documents are posted on NAV CANADA's Internet site (www.navcanada.ca).

Information on the existing charges is provided in NAV CANADA's announcements on service charges and *Customer Guide to Charges*, which are also available on the Internet site.

A hard copy of the Details and Principles document may be obtained by contacting NAV CANADA:

in writing: NAV CANADA
P.O. Box 3411, Station "D"
Ottawa, Ontario
Canada K1P 5L6
Attention: Director, Customer Relations

by e-mail: service@navcanada.ca
by facsimile: 1 - 613 - 563 - 3426
by telephone: 1 - 800 - 876 - 4693

Pursuant to Section 36 of the ANS Act, persons interested in making representations to NAV CANADA with regard to the proposals contained in this Notice may do so in writing to the following address:

NAV CANADA
P.O. Box 3411, Station "D"
Ottawa, Ontario
Canada K1P 5L6
Attention: Assistant Vice-President,
Revenue and Performance Indicators

By facsimile 1 - 613 - 563 - 7994

Note: Representations must be received by NAV CANADA not later than the close of business on June 22, 2007.



Caution Concerning Forward-looking information

Certain statements made in this document are of a forward-looking nature and are subject to risks and uncertainties. The results indicated in these statements may differ materially from actual results. The forward-looking information contained in this document represents NAV CANADA's expectations as of April 12, 2007, and are subject to change after such date. However, NAV CANADA disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.