



ANNOUNCEMENT OF REVISED SERVICE CHARGES

JULY 21, 2003

GENERAL

NAV CANADA hereby announces revised service charges, pursuant to Section 37 of the *Civil Air Navigation Services Commercialization Act*, S.C. 1996, c. 20 (ANS Act). This Announcement sets out the revised charges that apply to three categories of air navigation services: (i) Terminal, (ii) Enroute, and (iii) Oceanic. These revised charges will become effective on August 1, 2003, except where otherwise indicated. All other service charges provisions not amended by this Announcement remain in effect.

Pursuant to Section 42 of the ANS Act, persons wishing to appeal the within revisions to charges may do so by making an application to the Canadian Transportation Agency within 30 days after the day the Announcement required by Section 37 in respect of the charge that is the subject of the appeal was filed with the Agency. The filing date of the said Announcement is July 21, 2003. An appeal may only be made on one or more of the grounds set out in Section 43 of the ANS Act.

This Announcement consists of two sections:

- (1) Increase in Service Charges; and
- (2) Other Modifications to Service Charges.

1. INCREASE IN SERVICE CHARGES

The revised charges will be effective August 1, 2003, except for the annual and quarterly charges which will be effective March 1, 2004.

The following tables set out the revised rates. The revised rates have two components:

- Base rates, which are set to achieve breakeven for fiscal year 2003/04.
- An additional rate adjustment related to recovery of the past shortfall and replenishment of the Rate Stabilization Account.

The rate increases vary by charge, depending on how far each charge is currently below its breakeven level. It will also be noted that the rate of \$0.45 for the Airport Surface Detection Equipment (ASDE) Charge at L.B. Pearson International Airport (LBPIA) will remain unchanged. This charge was put in place on March 1, 2000, to recover the capital cost of the ASDE over an estimated period of four years at a fixed rate, and will be terminated once the total cost has been recovered.

Movement-Based Charges

Charge	Base Rates Effective August 1, 2003	Additional Rate Adjustments Effective August 1, 2003
Terminal	\$ 14.65	\$ 0.28
ASDE – LBPIA	\$ 0.45	Nil
Enroute	\$ 0.03406	\$ 0.00065
North Atlantic	\$ 91.00	\$ 3.35
International Communication		
Data Link	\$ 24.85	Nil
Voice	\$ 49.18	Nil

Daily Charges

Category and Weight Group* (in metric tonnes)	Base Rates Effective August 1, 2003	Additional Rate Adjustments Effective August 1, 2003
<i>Propeller Aircraft</i>		
Over 3.0 up to 5.0	\$ 32	\$ 1
Over 5.0 up to 6.2	\$ 64	\$ 1
Over 6.2 up to 8.6	\$ 262	\$ 5
Over 8.6 up to 12.3	\$ 632	\$ 12
Over 12.3 up to 15.0	\$ 949	\$ 18
Over 15.0 up to 18.0	\$ 1,156	\$ 22
Over 18.0 up to 21.4	\$ 1,582	\$ 30
Over 21.4	\$ 2,128	\$ 40
Maximum for Helicopters	\$ 64	\$ 1
<i>Small Jet Aircraft</i>		
Over 3.0 up to 6.2	\$ 158	\$ 3
Over 6.2 up to 7.5	\$ 262	\$ 5

* Maximum permissible take-off weight (MTOW).

Annual Charges*

Weight Group** (in metric tonnes)	Base Rates Effective March 1, 2004	Additional Rate Adjustments Effective March 1, 2004
0.617 up to 2.0	\$ 64	\$ 1
Over 2.0 up to 3.0***	\$ 213	\$ 4

* For foreign-registered aircraft, the corresponding Quarterly Charge is equal to 25% of the Annual Charge.

** Maximum permissible take-off weight (MTOW).

*** The existing provisions regarding private aircraft used exclusively for recreational purposes (regardless of aircraft weight) and for aircraft restricted to aerial agricultural spraying remain, with the exception of the increased rates.

Annual Minimum Charge*

Aircraft Category	Base Rate Effective March 1, 2004	Additional Rate Adjustment Effective March 1, 2004
Annual Minimum for Aircraft over 3.0 Metric Tonnes **	\$ 213	\$ 4

* 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, with the exception of the increased rates.

2. OTHER MODIFICATIONS TO SERVICE CHARGES

Some modifications to Terms and Conditions will be made effective August 1, 2003. The following conditions will be added to the Company's existing billing and payment terms and other credit terms:

- a) The amount of outstanding charges, including both amounts billed and amounts accrued for unbilled charges, for any one customer or group of affiliated companies shall not exceed \$4 million at any time. When NAV CANADA determines that the maximum of \$4 million may be exceeded, it shall advise the customer that its billing and/or payment frequency shall be increased and/or a refundable deposit may be required as necessary to ensure the maximum is not exceeded. Where the customer elects to make a refundable deposit, the amount must remain on deposit for a minimum of six (6) months and NAV CANADA will remit to the depositor every six (6) months the interest earned based on the six (6) month Canadian Dollar Offered Rate (CDOR) or similar market rate at time of deposit or renewal. In appropriate circumstances NAV CANADA may also require advance payments or deposits on account of charges.
- b) If a customer's credit is rated and its credit rating is below or falls to below B as determined by Standard & Poors' and/or B2 as determined by Moodys', or if it is not rated and NAV CANADA otherwise determines that the customer's financial position and/or payment history require more frequent billing and payment, the customer shall be placed on weekly billing and payment terms, such that payment will be received on the basis of estimates of charges based on prior period usage levels.
- c) If a customer is under creditor protection (e.g., Companies' Creditors Arrangement Act (CCAA) in Canada or Chapter 11 in the United States) or any other form of financial restructuring in accordance with applicable insolvency legislation or the customer has publicly announced that it may file for creditor protection, the customer shall be placed immediately on weekly billing and payment terms, such that payment will be received in advance of the provision of services, on the basis of estimates of charges based on prior period usage levels, subject to or in accordance with any applicable insolvency legislation or court orders made thereunder.

Failure by a customer to adhere to these terms may result in immediate denial of service with 24 hours notice (see paragraph F7 of the Customer Guide to Charges, effective January 1, 2003, and Section 3.3 of the Announcement of Revised Service Charges dated December 21, 2001).