Centre for Asia Pacific Aviation

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CAPA Capital: Aviation Investor Poll

www.centreforaviation.com

A Short History of Indian Aviation
Preface to a Long and Fruitful Future?

In the long term history of aviation in India, we have barely arrived at the threshold. The face of Indian aviation will be unrecognisable in just five years' time. We will have airports of international status; the transport system will connect effectively with the air system; the "undergrowth" of aviation – services, training and others – will have sprouted; and the regulatory structure will be sympathetic to expansion and investment.

But in the meantime, there is much to be done. The path is complex; it requires consensus – but also strong leadership. It requires imagination. And finally, it requires money – lots of it.

For investors, the opportunities are numerous – from airlines (existing and planned), through support activities, general and business aviation, airports and surrounding infrastructure. In view of the likely expansion of the sector, it will be a relatively sound and sometimes highly lucrative area for investment. But it continues to be high risk. This risk is not just due to the highly competitive nature of the industry, but to its exposure to external forces and costs. Fuel is a simple external that can wreak havoc with an industry's success. In India, where fuel prices are 60-70% higher than the global average this risk is even further amplified and has been a major obstacle to industry success.

But a far more important externality is the role of government – or, in India, of government<u>s</u>. Regulation can be helpful, in addressing imbalances in the system. Unfortunately, more often than not it is heavy handed, contradictory, inertial, sometimes greedy (taxes are a constant threat) and distortive. Aviation is particularly susceptible to regulation because it is not a stand-alone industry. It is only one part of a transport chain – and cannot function effectively if the other parts of the chain are held back, either because of dead-handed regulation or lack of funds. The evidence is clear at present, where airline growth is being held back by inadequate surface access and facilities, more than by lack of willing buyers.

To illustrate that point, let me share a quick glimpse with you of one of the surveys we have conducted in the past few weeks, which I think illustrates that inadequacy. We surveyed almost 2,000 domestic passengers at India's major airports including Delhi and Mumbai, arriving from points all over the country. Despite the remarkably low air fares which make it possible for a rapidly increasing proportion of the population to buy, less than one in ten of passengers were traveling for the first time by air – less than 10%.

Given the potential upside, with the increasingly affluent middle class, this is a remarkable finding. Certainly it is early days; there have only been three years experience and it can take some time to change people's travel habits.

But, to put that number into perspective, in my home country, Australia, the low cost airline, Jetstar, boasts a higher proportion of first time travellers on each flight. That, in a so-called mature market.

The most likely reason why the uptake is not higher in this country is that the air travel experience here is still so complicated. It is difficult to get to the airport. Once you get there, the term “managed chaos” often describes the process, with the accent on the “chaos”. This is a challenging and forbidding environment for a first time traveller. Hopping on a train may be slower – and sometimes more expensive – but it is familiar.

That is a great challenge indeed. It is one that governments alone can address, supported by public and private investment, Indian and foreign. A comprehensive transport plan is necessary. Now, in India, that can be a terrifying prospect. Comprehensive planning is political grist to the mill. Committees can labour for years getting the formula right.

(But this finding also contains a message of massive hope. If we have seen such growth domestically in the last two years, yet barely tapped the travel market, what is the upside! More about that in the LCC Summit which follows this Investor Summit.)

The foundations of today’s system

But first, the short history. For, apart from a short and long-overdue burst of activity in the past three years, India’s aviation has been asleep for decades and it is important to recognise the impact of this, so that we don’t slip back into that complacency and disregard for global trends. The growing pains being experienced today are a direct result of the gross neglect of the sector pre-2004 which left it without the capacity to handle growth.

We need to account for the loss that this caused for India and for its economy. In a different 1990s climate, Mumbai and Delhi for example would today have developed into the aviation crossroads between Europe and Asia. Imagine the jobs and other national economic benefits that this would have brought! Instead, to “protect” a national flag carrier (which actually involved starving it of funds and driving it to the edge of oblivion) and its employees, India turned its back on the global trend to liberalisation and privatisation. It is not a mistake that India can afford to make again.

Thus, reviewing the history of the 1990s both helps to explain where we are at present and, more importantly, the mistakes that we must not repeat.

- **Stage One - 1990-1995: The first try**

With the right motives, but a flawed, “half-pregnant” policy, domestic aviation deregulation was introduced, but without adequate preparation. This allowed private airline entry, but without an integrated policy and regulatory structure. Protecting the national carriers remained the central theme and the overwhelming fiscal and other restrictions imposed on the new entrants resulted in almost the entire private airline industry collapsing, except for Jet Airways and Sahara. The airlines that started during this period were grossly undercapitalised and underprepared, a reflection of the low entry barriers.

- **Stage Two - 1995-2003: The dormant period**

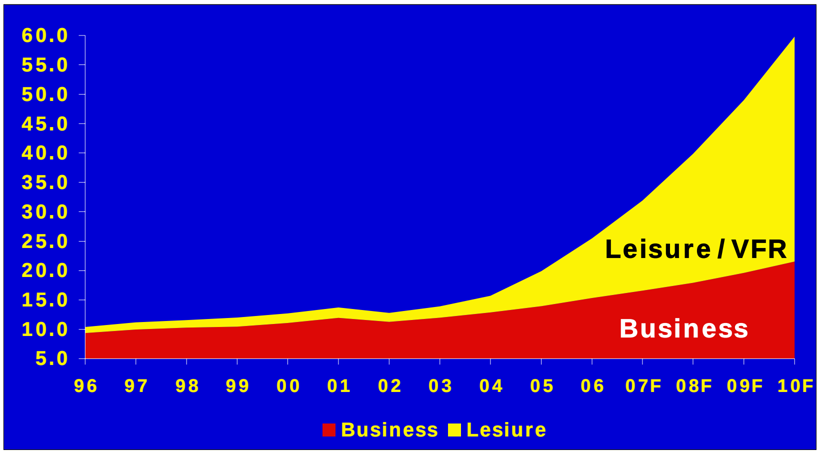
After the “failure” of this experiment with deregulation, there followed years of near-total neglect of the entire industry. It was over-regulated and under managed. No new entrants were permitted domestically, yet the national airlines were starved of capital and suffered because of lack of aircraft. So long as Air India was unable even to operate the international routes it had been granted, the government also pursued internationally a highly restrictive policy, only grudgingly opening access, while the rest of the world surged ahead.

Aircraft purchase orders for the flag carriers were delayed, causing systematic erosion of Air India and Indian Airlines, while selective foreign airlines were allowed to increase operations. There was almost no major airport infrastructure development. An example of a low point was when the Tata-Singapore Airlines domestic airline project, estimated to involve an investment of US$500 million even then, was refused entry after strenuous lobbying by local players. The fact that the Tata Group has returned to he sector with a financial investment in SpiceJet is a reflection of a changed environment.

Meanwhile however, India was opening its economy and preparing for its major reform process. Unaccountably, the aviation sector was the only one untouched by these reforms. Coincidentally for example, this period coincided with the massive burst of airline travel growth in Europe as low cost airlines transformed the market and as airline deregulation internationally saw traffic boom. Because it quickly became so far out of sync with the rest of the world, this is the period where Indian aviation suffered most drastically. (And, even though airport privatisation was approved in principle in 1996, it was 2004 before any substantive progress occurred.)

During this period Indian aviation operated without focus, leadership and strategic direction. Lack of understanding and knowledge of aviation among policy makers – or a policy of looking the other way - combined with some vested private sector influence, kept the industry grounded. The outcome is graphically illustrated in the graph below.

Indian Domestic Market Forecast:
Business vs Leisure / VFR: 1996-2010F*, mill



Source: Centre for Asia Pacific Aviation * Years ending 31-Mar

- **Stage Three – 2004 -2007: Dramatic change**

During the last few months of the previous government, reforms had been initiated and this importantly, but gently started the ball rolling. Air Deccan was granted approval to start an airline in southern India. At this time too, government made a decision to allow Indian carriers to fly internationally, but this was aborted by cabinet at its final stage. Airport privatisation was further delayed while the 2004 general election was held and then, with the surprise change of government, it appeared that the momentum for change might be lost.

But three years of dramatic changes across every aspect of the aviation value chain are testimony to the progress under the current administration. This has been apparent in action to move in some of the following areas:

- airport privatisation of the major metro airports began;
- greenfield airport development was authorised and encouraged;
- modernisation projects were established for 35 non-metro airports;
- policy under consideration for development of private airports;
- a domestic open skies policy was established;
- there was active encouragement of LCC (and other) new entrance;
- action was at last taken to upgrade, reform and merge the national
- irlines and their long-awaited fleet order was made;
- a liberal international bilateral regime was established and pursued;
- an open skies agreement was established with the US and near-open skies with the UK, allowing Indian carriers to fly overseas and more access by foreign airlines;
- the Foreign Direct Investment level was increased from 40% to 49%;
- Open skies policy in cargo operations.

Lessons for the Future

What can we learn from this short history?

Firstly, that a combination of ingredients in the first two stages created a dysfunctional aviation industry, with underemployment, loss of massive economic benefits and outdated aviation and related infrastructure.
These ingredients included:

- dominance of vested interests;
- lack of any coherent plan or vision;
- absence of leadership;
- lack of transparency in policy formulation and planning;
- disregard of world trends, allowing international competitors to dominate;
- and, with the sector dominated by government, little private sector investment – unfortunately accompanied by negligible government investment.

By contrast, the third stage has attracted global attention, as the fastest metamorphosis of a national aviation industry in history. It has witnessed extraordinary growth and a generational shift in attitude to the role of aviation in the national economy.

This entailed a recognition that the airline industry is a means to an end, and that the true national interest is in ensuring the healthy growth of the sector. Importantly too, that this means the government recognises that a healthy airline sector does not mean protecting incumbents, but rather creating an environment where healthy commercial competition can occur – then stepping back. And if airlines are not viable, the entire value chain from airports to allied services and the investments in them are at risk.

Some of the factors above are reinforced by the results of a survey which the Centre for Asia Pacific Aviation conducted this month with Investors (summary of results are presented at the end of this report).

83% of respondents said their primary concern about investing in India's airport sector was uncertainty – either transparency of selection process, uncertainty about regulation or competing airports policy. The recent decision that Chennai Airport would be modernised by the Airports Authority of India is an example of this. Following the PM's earlier statement that Chennai would be developed using the PPP model employed for Delhi/Mumbai, airport groups and investors from around the world with an interest in this project have been working for months to form consortia and prepare to bid, only to find that there maybe no project.

And, in comparison to the effects of inflexible labour laws, bureaucracy, complex regulations and other environmental reasons were considered to have a much worse impact on investment in India.

These findings send a clear message to the country's leaders that a simplified, predictable and transparent policy and regulatory structure is most likely to stimulate investor activity and encourage higher levels of investment.

Constraint on growth: Airport and ATM congestion crisis

The effects of under-investment are apparent to all, most notably at Mumbai and Delhi Airports.

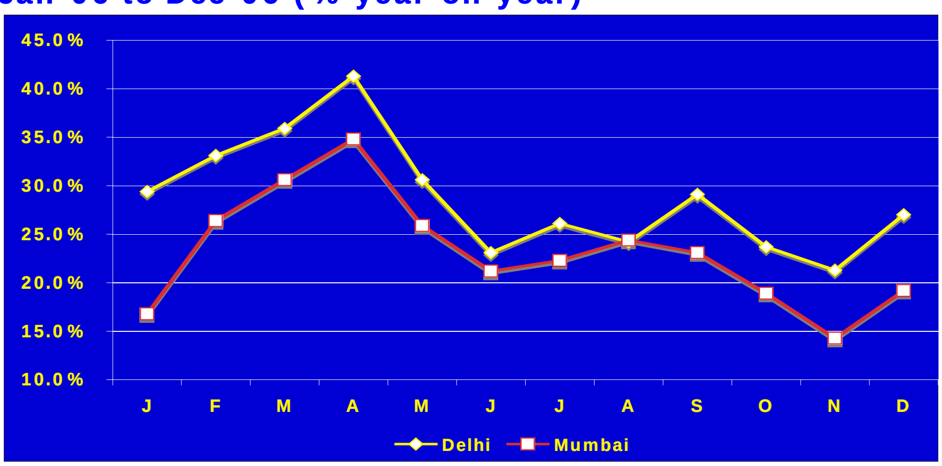
India's aviation system, facing a full-blown capacity crisis this Summer, will see the introduction of some short-term solutions to help the busiest two aviation hubs, Delhi, and particularly Mumbai, cope with the coming traffic peak.

Problems at Delhi and Mumbai airports often spill over into the rest of the system, given the high proportion of airlines and aircraft based there. Congestion at both cities, which are now undergoing long-overdue airport development projects led by the private sector, is already causing costly delays for airlines and inconvenience for passengers. However there appears to be an acceptance by the stakeholders that this is an interim pain that needs to be borne.

But it is a situation that, if repeated next Winter and into 2008, will severely hamper many airlines' growth plans, particularly those targeting premium passengers and therefore needs peak hour slots at the main business hubs.

Growth rates have been slowing at Delhi and Mumbai from the break-neck pace of the start of 2006, in line with the general rise in congestion. Even so, monthly traffic growth, by the end of the year, was still regularly exceeding 20%, with Delhi's growth outperforming (the busier) Mumbai.

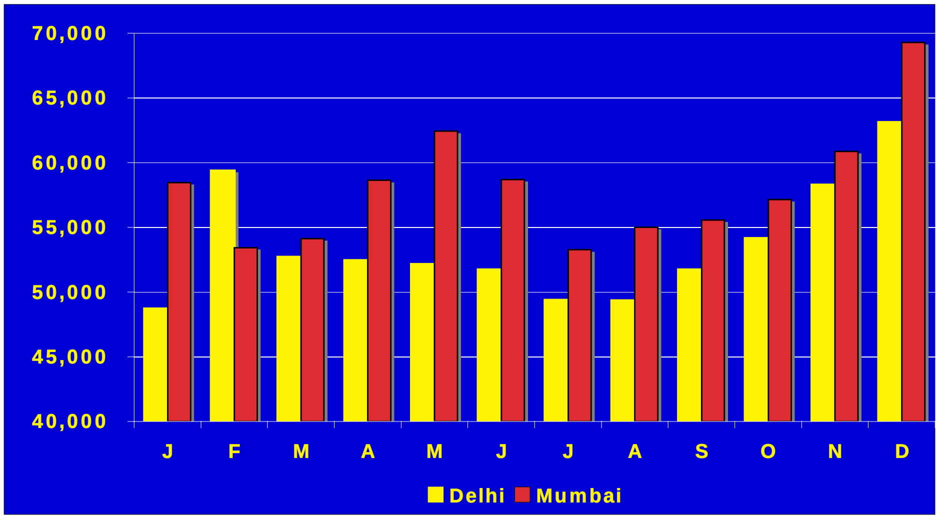
Delhi and Mumbai Monthly Total Passenger Increases: Jan-06 to Dec-06 (% year-on-year)



Source: Centre for Asia Pacific Aviation & AAI

Year-on-year traffic growth rates may be easing, but average daily volumes continue to build steadily at India's main two airports, particularly in the second half of 2006, reaching new peaks in Dec-06.

Delhi and Mumbai Average Daily Total Passenger Numbers: Jan-06 to Dec-06



Source: Centre for Asia Pacific Aviation & AAI

With traffic growth set to continue above 20%, average daily passenger movements at Mumbai could have broken through the 75,000-barrier in May-07 – a level that clearly has the government and airlines worried, especially given the stretched air traffic infrastructure.

The curbs at Delhi and Mumbai are also expected to further spread the development of airline networks to other cities. In calendar year 2006, Coimbatore, Hyderabad, Chennai and Bangalore were consistently among the best performers in terms of passenger traffic growth rates and could be expected to record strong increases again in 2007.

By 2010, India will boast world-class airport infrastructure, not only in the six major metropolitan cities, led by Delhi and Mumbai, but also in several of the 35 non-metropolitan cities slated for upgrades, thanks to investments confirmed and already channelling into the sector. However, there is a possibility that the Phase 1 upgrade of Delhi and Mumbai will be delayed by 6-12 months.

But in the meantime, the poor state of the country's airport infrastructure will continue to be a major bottleneck for the next 12-18 months, placing significant additional constraints on the loss-making airline sector.

The 2007 Summer peak will be the first in a series of tough upcoming periods for the sector, which will test airline and passenger patience alike. Some short-term patches will be devised, mainly centred on disincentives for airlines to operate from Delhi and Mumbai, which will hamper airline expansion plans, but also push new capacity to other less-congested cities in India.

Indian Airport Drive: Who's opening the investment wallet?

India is undergoing a massive airport development spree to build the capacity necessary for its rapidly growing airline sector. By 2010, India expects national airport system investment of some USD8.7 billion.

Indian airport infrastructure development overview: 2006 to 2010

Category	Airport	Cost (USD millions)	Investor(s)
Restructuring & Modernisation	Delhi/Mumbai Stage 1	2,200	PPP (JV involving private consortium and AAI)
	Chennai/Kolkata	1,000	PPP (JV involving private consortium and AAI)
Greenfield airports	Bangalore/ Hyderabad	1,200	PPP (JV involving private consortium and AAI)
	Goa, Pune, Navi Mumbai, Nagpur (cargo hub)	2,000	PPP (JV involving private consortium and AAI)
Upgrades	35 Non-Metro airports (see traffic table below)	1,500	PPP (JV involving private consortium and AAI) – Landside ONLY
Modernisation/Improvement	55 selected airports	700	AAI
Northeast airports development	Selected airports	100	AAI
TOTAL		**7,400**	

Source: Centre for Asia Pacific Aviation

The completion of deals in the past 12 months to modernise and upgrade Delhi and Mumbai airports and develop greenfield airports at Bangalore and Hyderabad were major breakthroughs for India's airport system, after years of inertia.

With the process of upgrading the major hubs under way, plans to redevelop airports across the country are proceeding at pace, providing significant opportunities for willing investors.

The PPP model is gaining acceptance as the best method to upgrade India's under-developed airport infrastructure, even if questions about the transparency of the tender process had temporarily stalled the process. What is unclear though, is the level of investor interest in India's smaller airports. It is possible these airports will need to be bundled with larger, more profitable ones to ensure investment can be attracted.

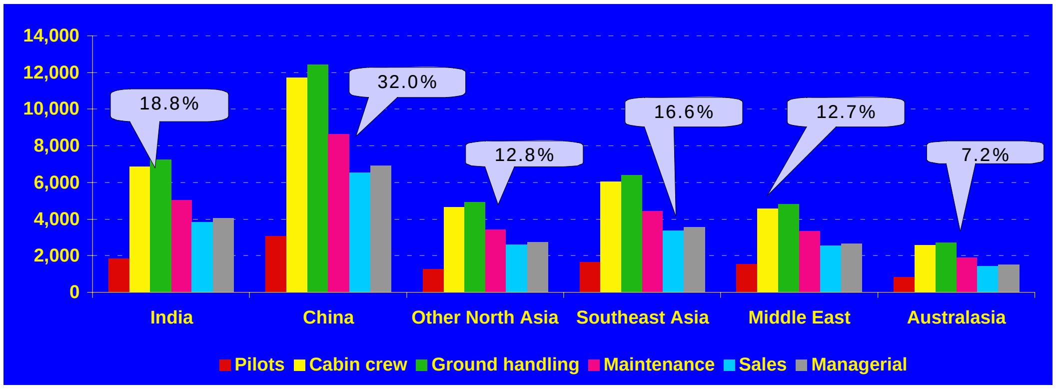
Constraint on growth: Human resources

There is another area of activity which is needs urgent addressing. The high level traffic growth of India will continue to drive substantial demand for airline employees and apply pressure to training and regulatory structures across the Asia Pacific and Middle East in 2007. This will not necessarily affect the nature of deliveries to India, but rather the total number of units that an airline can operate.

The number of aircraft awaiting delivery to carriers in the region has risen by 54% to 1,554 in the past 12 months. Of these, 41% are destined for new entrants and existing airlines in China and India, and a further 12.5% for the Middle East. With most of the current fleet additions due to enter service between now and 2012, the aviation labour pool will struggle to keep pace with requirements, especially in highly-skilled areas such as flight crew and maintenance. This looming scarcity is likely to see pilot wages increase and add pressure to other manpower costs, which will, in turn, make it progressively more difficult for operators to maintain cost controls.

CAPA has estimated requirements for 154,000 employees across the region over the next five to seven years, including 10,200 pilots, 36,400 cabin crew, 26,800 maintenance engineers, and 38,500 ground handlers. A similar exercise undertaken one year ago indicated potential demand for 130,000 employees. This does not include the significant demand that is likely to be created in allied sectors.

Demand for airline employees in Asia and the Middle East based on aircraft orders, Nov-06



Assumes 30% of aircraft orders are for replacements to existing fleet; normal industry multiples for different employee areas based on ICAO.
Source: Centre for Asia Pacific Aviation

With shortages and consequent likely pressure on wage levels, some airlines will need to reassess their options for expansion. For example, it may be more feasible for airlines to develop alliances, outsource or even consolidate through merger, rather than pursue acquisition-led fleet growth, with the inevitable labour-related problems that approach brings. Advances in technology and training systems may also assist in easing the growth pains.

Planning for the long term future

The current government and the Minister for Civil Aviation have in many ways provided exceptional leadership and vision to date. By allowing market forces freedom to operate, they have permitted us a glimpse of the potential upside for this so far under-cooked market.

Now however, we are in need of a regulatory and policy consolidation – in many ways the harder of the tasks. This requires first the establishment of a clear vision of what is desirable and what is achievable. Then, implementing it, in the often laborious political processes of the Central and State governments is a considerable challenge. But this phase of change is just as important, if not more so for the long term success of the new aviation environment.

In brief, there are three main needs for aviation infrastructure in India:

- An established vision and accompanying road map for the next 10 years;
- Time; and
- Money.

- **The Vision**
- Working with industry, establishing a way forward will be a major aid in developing what is otherwise in danger of becoming a gridlock system. The industry is so complex and multi-faceted that it requires a long lead time for each of the parts to coincide.
- Having a clear and transparent programme to move forward is essential to removing roadblocks;
- CAPA's outlook for the scale of India's aviation sector in 2020 is such that the industry will require a completely transformed approach and way of thinking.

2. Time

- The development of aviation in India is being seriously constrained by drastically inadequate infrastructure – airport, road access and airways systems.
- Solving this issue is important in time, because every day that is lost in developing new infrastructure is worth millions of dollars to India's bottom line;
- The fundamental issue is that the system was allowed to stagnate for decades, so that when the recent growth surge occurred, there were neither hardware nor plans in place;
- The government has done wonders in the past three years – moving to privatisation of airports, merger and restructuring of the once proud national airlines;
- But the system is again at breaking point;
- We need to declare a state of economic urgency - by introducing special procedures to fast-track aviation infrastructure development;
- Otherwise, the current system will simply not be able to deliver fast enough.

3. Money

- For foreign investors, two main problems exist: the restrictive regulations on investment in the aviation sector and the need for certainty of process and policy in airport privatisation;

- The traditional reluctance to admit foreign funds to local entities has had clear outcomes:
  - under-investment in Indian companies;
  - dominance by foreign companies in international markets;
  - shortage of consumer options; and
  - loss of economic opportunities;

- In a sector where government cannot deliver the large levels of funding required – and where that shortfall prevents all the flow-on financial opportunities for tourism and other industries – there is a strong message:
    - admit foreign investors;
    - permit higher levels of foreign investment in aviation enterprises;
- This means relaxing rules on foreign ownership in a structured way, but with a clear path ahead and real, achievable targets for expansion.

There is no simple way ahead. And no other country has before been confronted by such a bottleneck, with an eager travelling public. It is not easy, but, with the will and the vision it can be done.

Improving the industry and investor climate: Agenda for the long term

Some specifics which will assist in improving the investor climate, are:

(1) **in the airport privatisation area**:

- A long term – five year - strategic plan is needed, to govern airport development post 2010;

- Above all, provide a fast track development mechanism for ensuring that airport developers can move ahead quickly to deliver the infrastructure essential to allowing traffic growth;

- Reduce the pre-development risk in airport privatisation. This could involve an incubation period, particularly in light of the delays which are almost inevitable in gaining various clearances and sanctions required (meanwhile working to accelerate the processes);

- Provide tax holidays, preferential interest rates and other financial support, to generate confidence in the market, particularly in sectors such as non-metro airports;

- Install a clear regime for aeronautical and non-aeronautical pricing;

- Provide a transparent bidding process, with clear structuring of the bid process and careful monitoring at all stages;

- Establish a stable revenue regulatory regime. Investors need a predictable investment horizon. This also applies to the airline regulatory system; unless it is possible to predict the growth rate and profile of the airline industry, projecting cash and profit flows for the long term becomes impossible;

- Address short and medium term resources issues. The lack of skilled & experienced manpower is quickly becoming a serious brake on development;

- So that all of the regions can share in the aviation growth, there is a need to fast track the modernisation of 35 non-metro airports. Lack of airport infrastructure is a major issue in developing regional connectivity and providing it quickly will not only bring economic benefits for the receiving regions, but also contribute greatly to social and political integration;

- Air traffic control systems also need to be addressed as a matter of great urgency. Here both human resources and infrastructure are in critical short supply. As a short term measure at least, foreign support should be used as widely as possible;

- As a matter of priority, the Air Navigation Services provider should be corporatised and adequately funded. Procedures and funding should recognise that exceptional one-off measures are needed to give the system a generation leap;

- Safety and security related issues need to be addressed, to ensure a viable longer term environment.

(2) **in the airline sector:**

- Investment by foreign airlines in Indian airlines should be permitted up to 49% (as a first step, permitting 26% would still generate some benefits); this would stimulate growth, financial viability and global connectivity. Several major international airlines have already expressed interest in partnering Indian carriers;

- Regulatory restrictions on international network expansion for domestic airlines should be relaxed, in an accelerated and perhaps phased way;

- A high level procedural group should oversee airport and ATC costs and taxes, until formal regulation is put in place. This would include for example overhaul of industry-negative fiscal features such as withholding tax on aircraft leases;

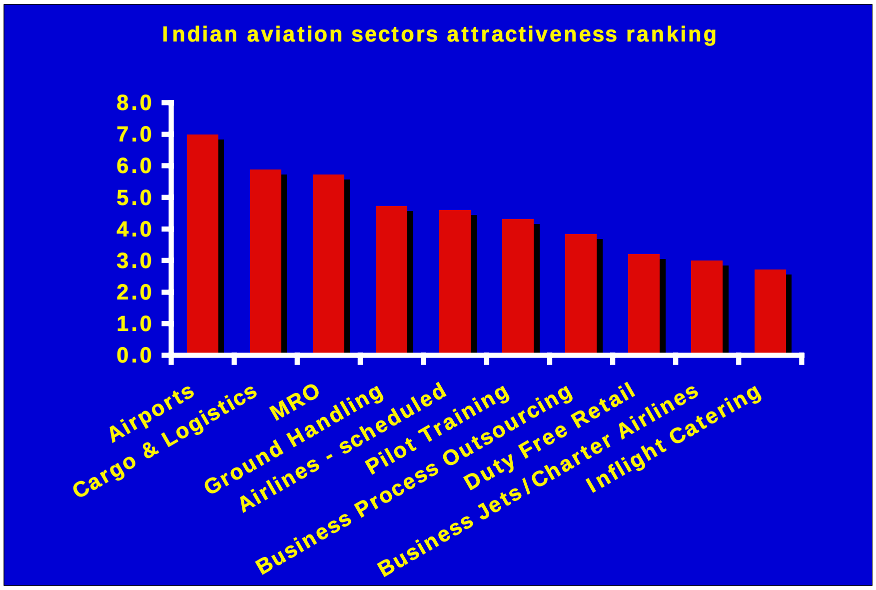
- Tax incentives and other encouragement be provided to help address the constraints/costs imposed by the shortage of industry skilled resources;

- Another area that is slipping under the radar - but which can have serious implications on the economy - is the extreme under-investment in cargo and logistics infrastructure.

Investor Poll Results - Summary

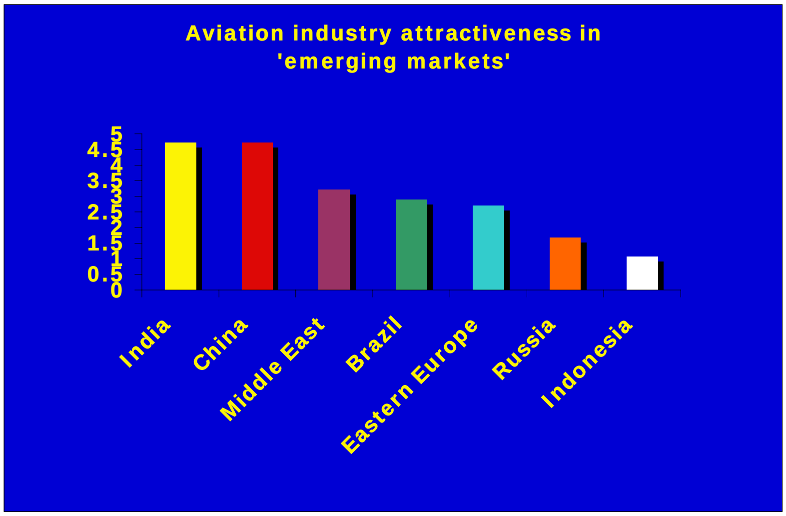
The following is a summary of the highlights.

- **Airports are most attractive investments:** Of India's aviation entities, airports are seen as by far the most attractive investments, scoring an average of 7 out of 10. Cargo and logistics and MRO scored well also, with 5.9 and 5.7 respectively. Airline investments were less favoured, scoring 4.6. Duty free retail (3.2), Business Jets (3.0) and inflight catering (2.7) were least favoured.



86% of respondents viewed airport investment opportunities in India positively, with a similar proportion (82%) favouring greenfield metro sites such as Navi Mumbai as of greatest interest.

- **India is highly favoured emerging market:** Along with China, India is considered the most attractive emerging nation in which to invest, considerably ahead of the Middle East, then Brazil and Eastern Europe.



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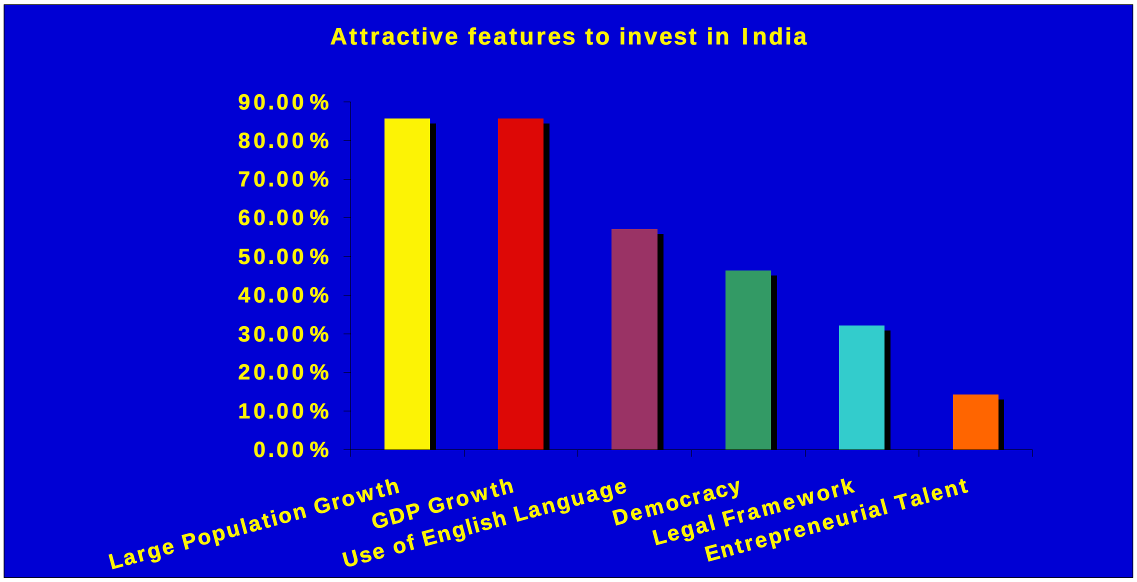
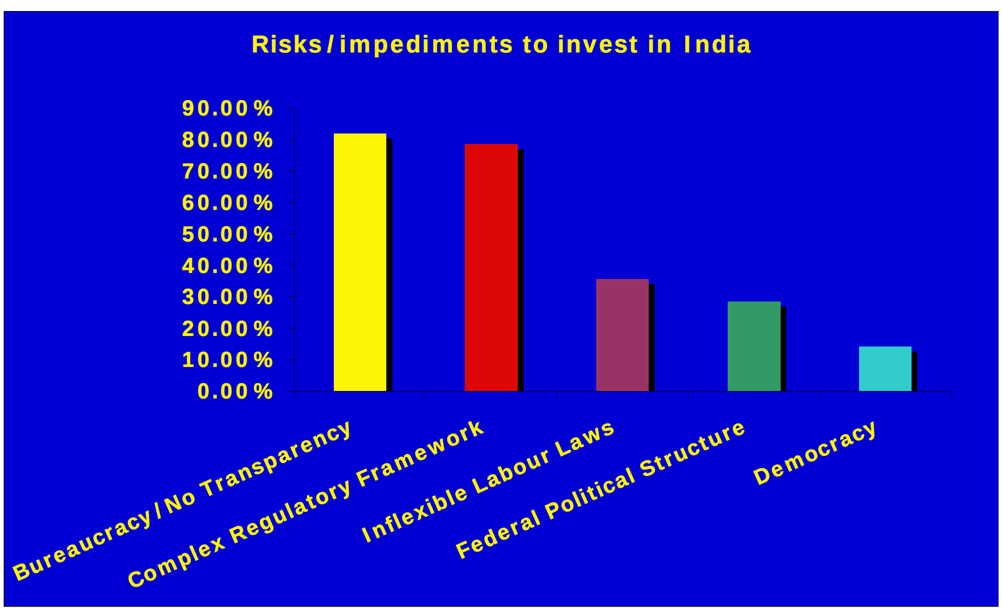
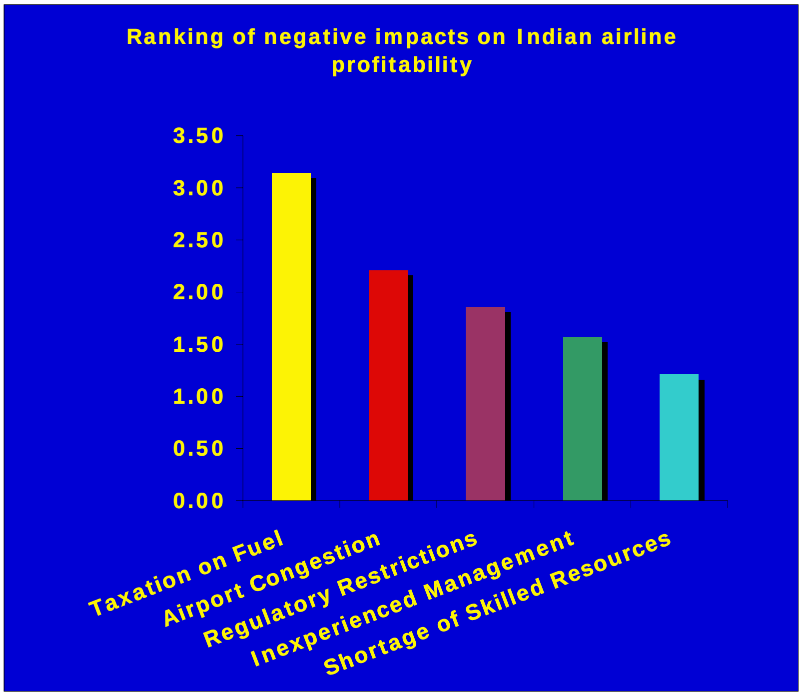
- **Large population and high GDP growth important:** India's widespread use of English is considered a strong positive feature in making India attractive as a destination for investment, with 57% considering this a key feature. But the most important features making India attractive are its large population and high GDP growth (85%). Nearly one third also cited India's legal framework as a significant feature.



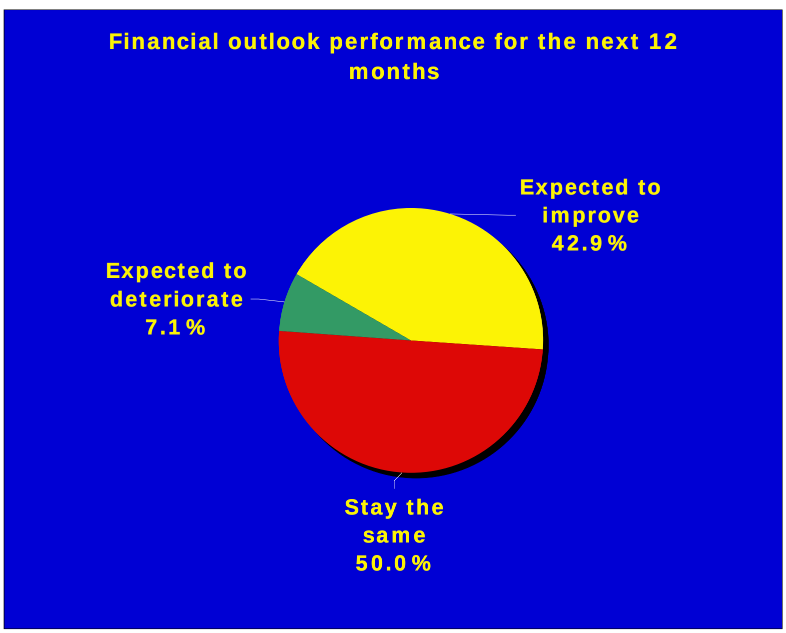
- **Complexity and bureaucracy are major negatives:** In comparison to the effects of inflexible labour laws, bureaucracy, lack of transparency and complex regulations were considered to have a much worse impact on investment in India. 82% of investors see bureaucracy and lack of transparency as significant impediments to investment, while 76% felt the complex regulatory framework was a significant concern. 36% were concerned by the labour environment.



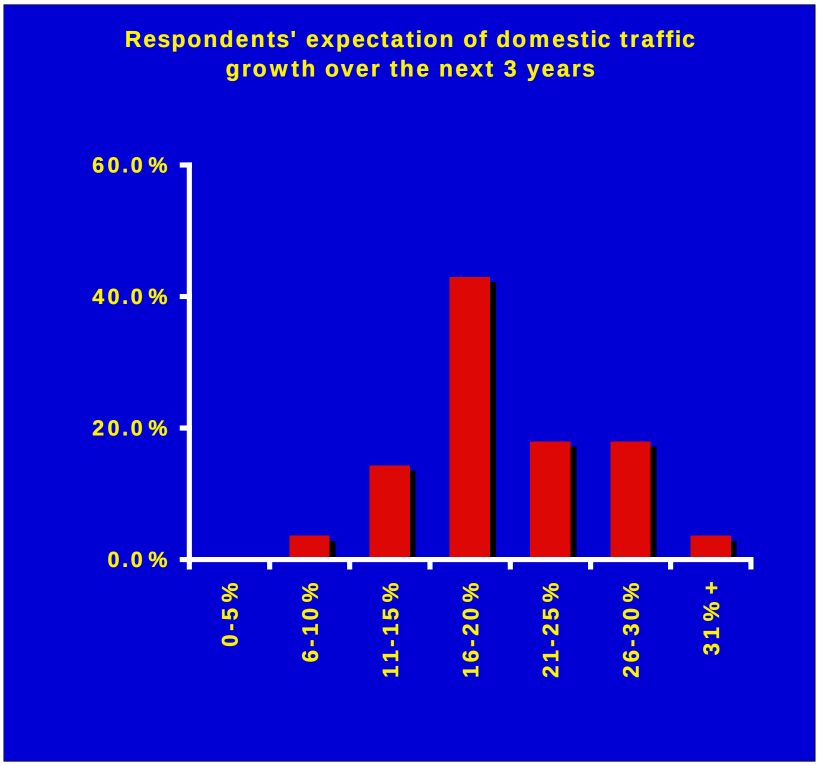
- **Fuel taxes seen as biggest hindrance to airlines:** Far and away the greatest negative impact on the sector's profitability (averaging over 3.1 out 5 on a negative ranking) is seen to be fuel taxes, with airport congestion (2.2). Regulatory restrictions (1.9) were seen as having less of an impact.



- **Financial outlook is optimistic say investors:** There is a relatively strong feeling of optimism about the aviation sector. 43% expect financial performance to improve over the next year, 50% that it will stay the same and only 7% expecting a deterioration.

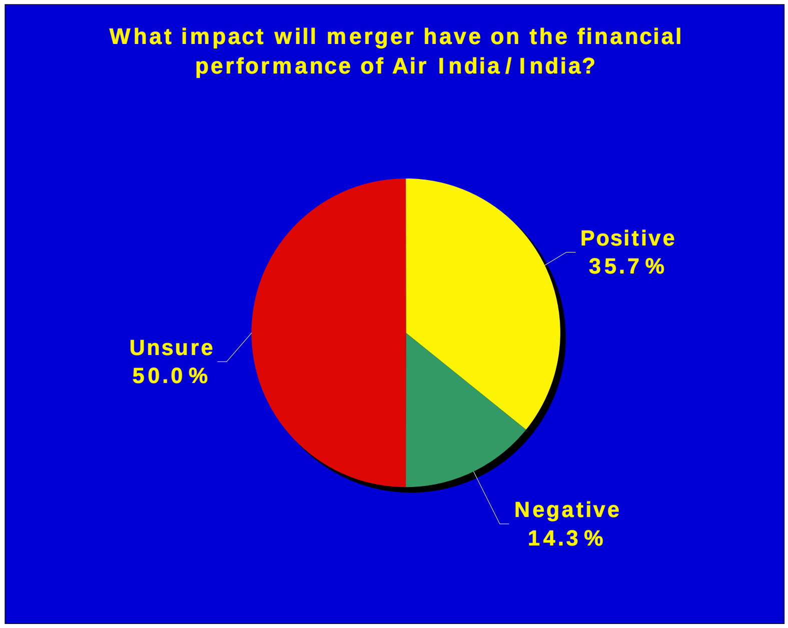


And over 82% of those surveyed expected the market to grow at a rate of higher than 15% for each of the next three years.

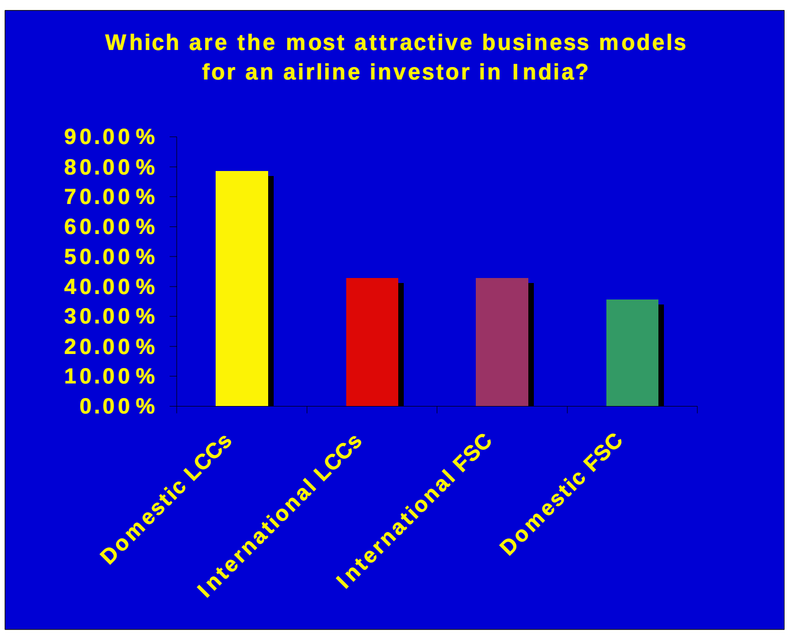


- **Airline entry capital requirements should be raised:** 64% of the survey group believe the capital entry level requirements for new airline entrants (approx USD12 million) are too low, with the balance considering it about right – none considered this too high.

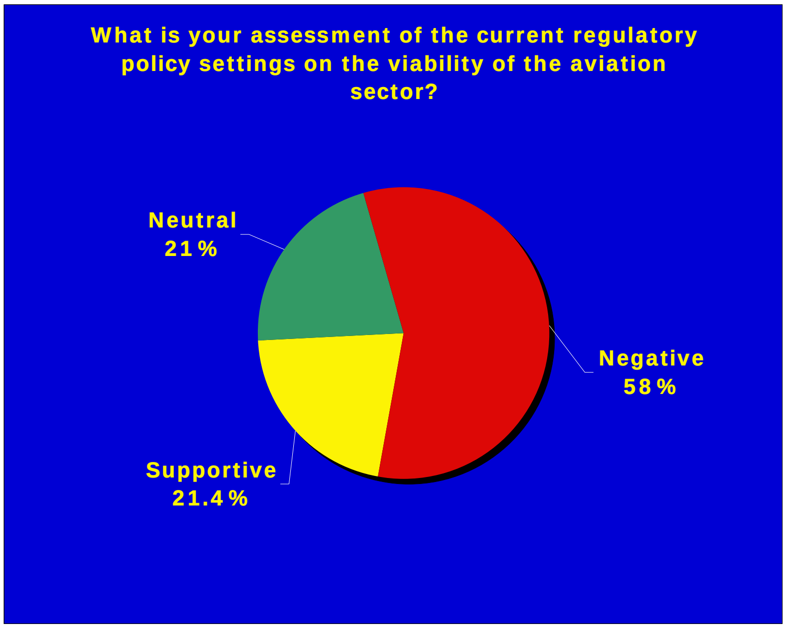
- **Air India-Indian Airlines merger viewed as challenging:** The merger of Air India and Indian Airlines is viewed with uncertainty by half of the survey group. Just over a third were positive about the prospects, with the balance unsure or negative. This suggests the need for a high level of transparency and for attention to making the product of the merger a viable competitive company.



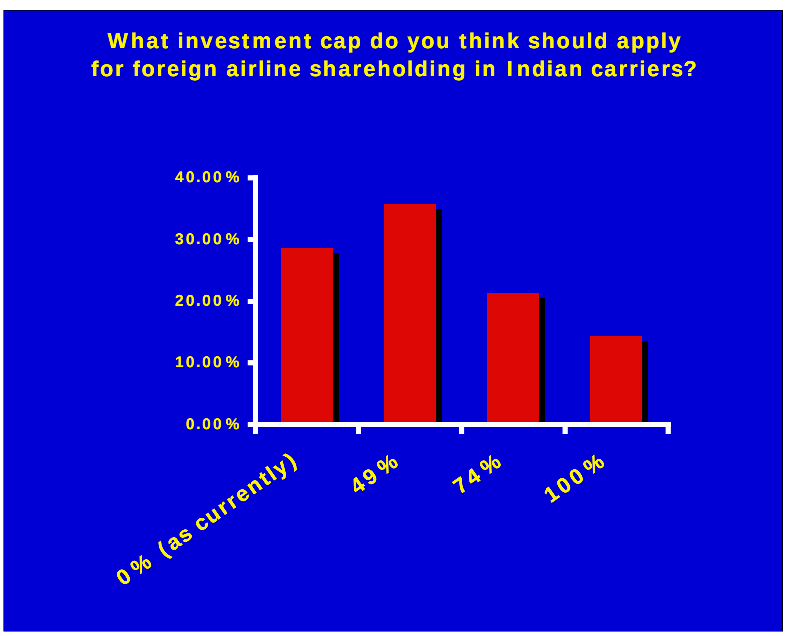
- **LCC investments seen as most attractive-despite losses:** Interestingly, despite the heavy losses being suffered by LCCs in the Indian market, nearly 8 out of 10 investors favoured that airline sector for investment. Less than half favoured international airlines or domestic FSCs as an investment. Unsurprisingly, in this light – but of some concern – only 14% of investors will view a partial IPO of Air India in a positive light. The remainder, the remainder were equally divided between being unsure or would view it negatively.



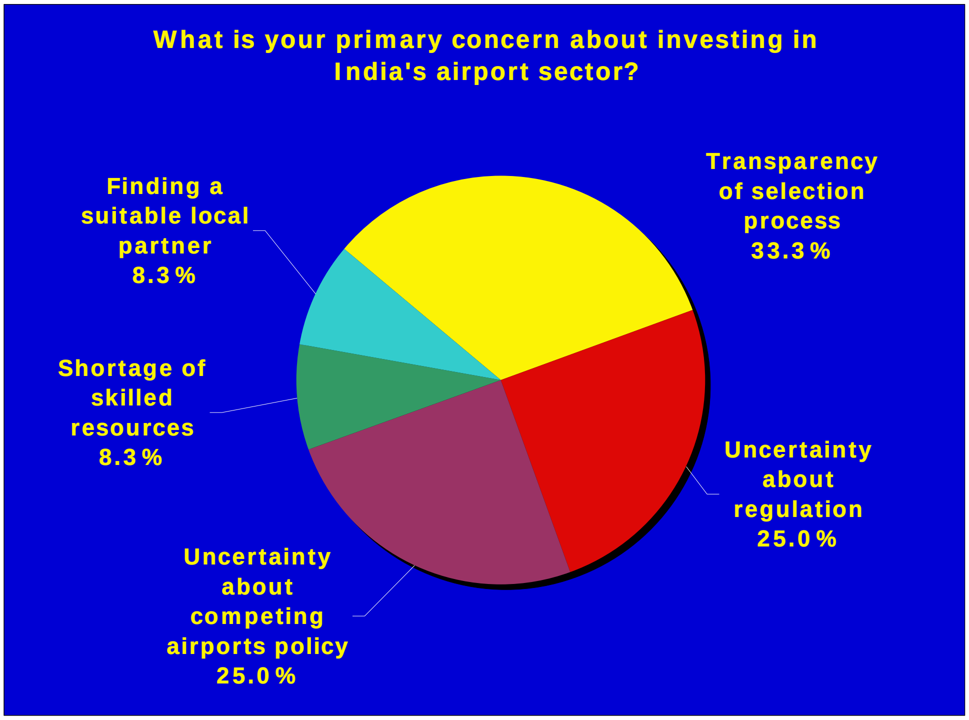
- **Airline regulatory policy attitudes vary:** Attitudes on the effects of the current regulatory policy settings are relatively divided. A majority (57%) of investors believe that the current regulatory policy settings are having a negative effect on the viability of the airline sector, with the remainder either considering it supportive or neutral in its impact. (Note: this is limited to regulation of the domestic airline sector).

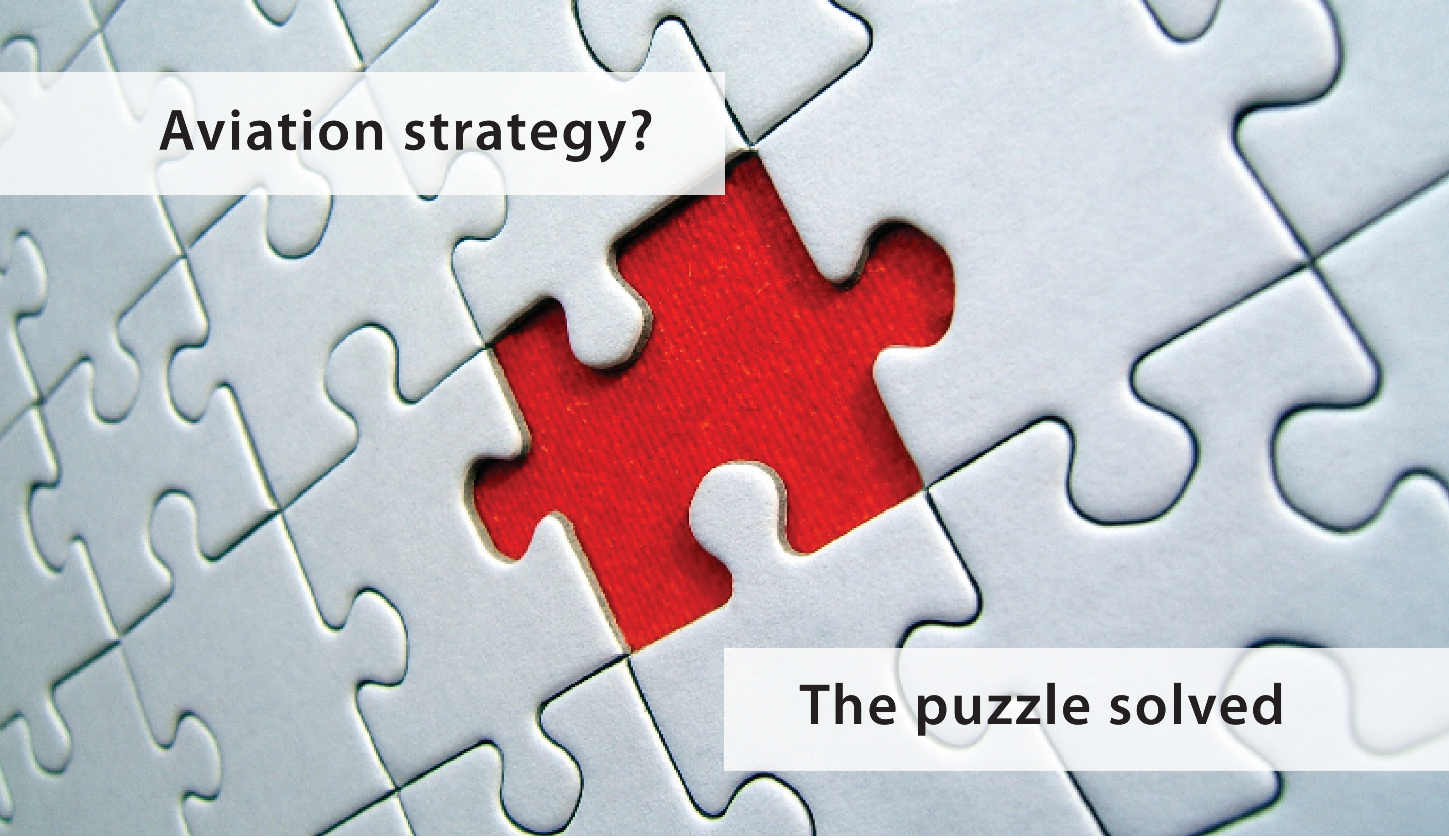


- **Foreign airlines should be able to invest in Indian carriers:** Over 70% of respondents believed that the foreign investment cap on foreign airline shareholding in Indian carriers should be 49% or more, with half of that number preferring 49%. 29% favoured the status quo – no investment.



- **Uncertainty of process a major concern:** 83% of respondents said their primary concern about investing in India's airport sector was uncertainty – either transparency of selection process, uncertainty about regulation or competing airports policy. Noone was concerned about growth potential!





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