



RUSSIA'S AEROFLOT SAYS DROPS PLANS TO ACQUIRE TRANSAERO

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Russian state [airline](#) Aeroflot said on Thursday it would not proceed with the acquisition of struggling competitor Transaero after its rival's shareholders failed to present an offer for the purchase of a 75 percent stake before the deadline.

The decision leaves the future of Transaero, Russia's second-largest airline behind state-controlled Aeroflot, in limbo.

Last month, Aeroflot said it would acquire a 75 percent stake in debt-laden Transaero, throwing a lifeline to the struggling private carrier whose net debt stood at 106 billion roubles (US\$1.63 billion) at the end of last year.

"Aeroflot undertakes that all obligations to Transaero's passengers will be fulfilled. Passengers will be guaranteed transportation or a refund in the event that a flight is cancelled," Aeroflot Chief Executive Officer Vitaly Saveliev said in a statement.

Russian authorities have not ruled out that Transaero may go bankrupt. Transaero increased

passenger numbers by 2.7 percent in the first seven months of this year, but like other Russian carriers it has been hit by the country's economic slowdown.

Maxim Sokolov, the country's Transport Minister, told reporters on Thursday the government had ordered a halt in sales of tickets for Transaero flights.

He said around 650,000 people had bought tickets and that all obligations to passengers would be fulfilled.

"The entire industry has consolidated for this task," he said, adding that other airlines, such as Sibir, UTair and Ural Airlines would take up Transaero passengers.

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