



INTERNATIONAL
AIRPORT KHARKIV

Kharkiv Airport New Flights Incentive Scheme For Qualifying Destinations

Introduction:

Kharkiv International Airport (HRK) is the regional airport in the Republic of **Ukraine** with scheduled domestic and international traffic. The airport is finishing the complete renovation procedure; during the period of 2008-2012 the following construction was finished: the construction of a new state-of-the-art passenger terminal, modernization of landside facilities, and reconstruction of airfield, including the construction of new runway, taxiways and apron. The availability of new airport facilities, the 24-hours airport operation as well as the catchment area with about 4 Mio inhabitants adds the great opportunity for airlines.

As from April 01, 2008 the 100% management & operation of Kharkiv International Airport is done by New Systems AS.

HRK Airport believes that there is strong potential to add more operations onto the HRK network across Europe where we believe that services are not currently developed, for example: Germany, Italy, Poland, France, Great Britain, Israel, Russian Federation, Montenegro, etc. ***This list is non exhaustive.***

The scheme description at HRK Airport is set out below.

Scheme Description:

The new flights support will be offered ***in form of discounts on regulated airport charges (Passenger fee and Landing fee)*** at HRK Airport used to start new routes to/from HRK to qualifying destinations in regions where no services exist at the moment and/or HRK Airport considers that services are not currently developed, for example: Germany, Italy, Poland, France, Great Britain, Israel, Russian Federation, Montenegro, etc. ***This list is non exhaustive.*** Each flight/destination will be assessed on a number of objective criteria inter alia:

- The new flight/destination improves the network reach at HRK Airport.
- The destination has no service. If the destination has a service, then the level of service is at or below 2 flights a week calculated over a 12-month period, starting from the submission of written proposal by the airline (operator) for the said flight / destination.
- Ukrainian trade and tourism links or market evaluation are showing growth to the targeted destination.

Airport charges (under this scheme) do not include additional charges which may be introduced by HRK Airport to comply with new or amended national legislation, charges, which may additionally be introduced by the State Civil Aviation Administration of Ukraine, or charges relating to separate services offered by HRK Airport, for example; Passengers with Reduced Mobility, Self Service Kiosk (Check In) Charge, Security Charge, Check-in Desk Rental Charges or any environmental-related charge, if introduced.

Level of New Flight/Destination Support:

The following discounts will apply on qualifying new destinations:

Year	Discount on Airport Charges (Passenger Fee and Landing Fee) for qualifying Flight / Destination
1	70% for the 12 months following start-up
2	50% for the subsequent 12 months
3	30% for the subsequent 12 months

After the three years period, all airport charges will be charged at the standard rates current at the time of operation, as published by HRK Airport.

New Flight/Destination qualification Criteria:

A Flight/Destination will qualify as a NEW route under this scheme if it meets the following criteria:

- The proposed flight/destination is promoted and sold as a city/destination that is not served from HRK at the moment of proposal (new route).
- The proposed flight/destination is a non-stop service (HRK is not the transit point on this flight).
- The minimum frequency requirement is return services on two days per week on a year-round basis.
- The flight/destination has not been served within the previous 12 months (starting from the submission of written proposal by the airline (operator) for the said flight / destination) at a frequency higher than 2 services per week on a year-round basis. A flight/destination that has been served within the previous 12 months at a frequency greater than 2 services per week on a year-round basis may be considered as a new flight/destination if the operator (airline) can reach

agreement with HRK Airport that it is an appropriate commercial in the interests of the operator (airline), HRK Airport and passengers.

- The proposed flight/destination is one that will expand the network coverage and traffic base at HRK Airport. This means that the flight/destination must give access to a market not adequately served directly, is expected to increase the overall number of passengers using the airport and is a flight/destination that has a commercial benefit to HRK Airport.

Other conditions:

- Operators must provide written proposals to the HRK Airport using the standard form (attached as Appendix 1 below) no earlier than 6 (six) months in advance of the date of commencement and at least 1 (one) month prior to start-up.
- Continuing support under this scheme is contingent on the full operator cooperation with HRK Airport to assist in increasing operational efficiency at the airport.
- Continuing support under this scheme is contingent on the operator and/or its handling agent complying with operational service standards as set out by HRK Airport from time to time, specifically, but not exclusively the key standards established for check-in, passenger handling and baggage delivery in the terminal.
- HRK Airport reserves the right to refuse to apply this scheme if the flight/destination proposal does not meet the criteria listed above. HRK Airport's decision on these matters is final.
- HRK Airport reserves the right to amend this scheme at any time including in relation to the criteria for eligibility to participate in the scheme. If HRK Airport makes any amendment, it shall publish the amended scheme on its website located at www.hrk.aero

If due to unforeseen and extraordinary circumstances an operator (airline) receiving support under this scheme fails to comply with the terms and conditions of this scheme, HRK Airport may, if it considers that the flight/destination on which such support is being provided is of significant economic or strategic importance to HRK Airport, defer the

flight/destination support for such time as it considers at its sole discretion necessary to ensure the continued viability of such flight/destination. The maximum period of deferral of support shall be 6 (six) months. During the period of deferral the operator (airline) will be obliged to pay full airport charges.

Notes:

- Discounts applicable for any flight will be based on the level of airport charges applicable when the flight is operated.
- If an operator (airline) alters its ticketed and/or operated scheduled timings, HRK Airport must be notified in writing. Approval may be withdrawn if the operator (airline) does not operate to the scheduled timings as notified by the operator (airline) in its original flight/destination support request.
- HRK Airport will respond to an application made under this scheme no earlier than 4 (four) months prior to start-up for a qualifying flight/destination.
- Operator (airline) applications sent in advance of the 6-month period outlined above will be considered only as expressions of interest in a flight/destination and will not confer any qualifying rights on the operator (airline).
- If two operators (airlines) make an application within the same time frame in relation to the same flight/destination, approval will be given to the operator (airline) with the earliest starting date where the flight/destination proposals are similar in terms of capacity and frequency proposed. Only one operator's (airline's) application will qualify in relation to a specific flight/destination proposal.
- If more than one operator (airline) makes an application within the same time frame in relation to the same flight/destination with the same starting date, approval will be given to the operator (airline) whose application was received first where the flight/destination proposals are similar in terms of capacity and frequency proposed.
- An operator (airline) whose proposal has been accepted by HRK Airport under this Flight/Destination Support Scheme will receive a Flight/Destination Support Approval letter from the Director General of HRK Airport to this effect. This letter will constitute acceptance by HRK Airport of the flight/destination proposal,

subject to the operator's (airline's) operating in full accordance with its flight/destination proposal to HRK Airport. No operator (airline) may be considered to be approved for support under this Scheme until it has received such a letter.

- Once an approval letter has been issued in respect of a particular route, no other operator (airline) will be eligible to receive support under the terms of the Flight/Destination Support Scheme for the flight/destination concerned as long as the approved operator (airline) is compliant with the terms and conditions of the Scheme.
- If an operator (airline) has received a Route Support Approval Letter from HRK Airport fails to commence operations on such flight/destination on the commencement date as set out in the approval letter, such approval shall automatically expire and be invalid unless HRK Airport otherwise consents in writing.
- If an operator (airline) reduces its operating profile on the flight/destination below the minimum requirement specified, approval under this Scheme will be withdrawn immediately.

Any additional charges which may be introduced to comply with new or amended national legislation, charges, which may additionally be introduced by the State Civil Aviation Administration of Ukraine, or charges relating to separate services offered by HRK Airport, for example; Passengers with Reduced Mobility, Self Service Kiosk (Check In) Charge, Security Charge, Check-in Desk Rental Charges or any environmental-related charge, if introduced, will not fall within airport charges under this scheme.

- The new Flight/Destination Support Scheme will apply or continue to apply only as long as an operator (airline) is fully compliant with the published New Flights Support Scheme (available on the airport site located at www.hrk.aero) and executes all obligations under the concluded contracts, specifically with respect to:
 - i. The payment of invoices for all airport charges and any other fees and services provided by HRK Airport to the operator (airline).
 - ii. The provision of quarterly information by the operator (airline) to HRK Airport with passenger, cargo and aircraft movement data.

HRK Airport Marketing Support For Qualifying Destinations

Introduction:

In addition to the Kharkiv Airport New Flights Support Scheme, the following Airport Marketing Support for qualifying flight/destination will be provided with the aim to assist operators (airlines) to establish their presence in the new market.

Marketing and Other Support:

- Joint reception and celebration of inaugural flight in HRK Airport
- Support in advertisement in co-operation with the partner (operator, airline, tour operators or agents) in the catchment area of HRK
- Airport Marketing: every new route (flight/destination) is given two months marketing on airport's own monitors (in new passenger terminal only)
- Banner at the airport website during start-up period of three months
- Promoting flight/destination and operator (airline, carrier) at trade shows and fairs
- Provision of statistical information (on request).

Appendix 1

Application Form for New Flights Support Scheme

KHARKIV INTERNATIONAL AIRPORT (HRK) Application Form for New Flights Incentive Scheme		
Operator Name		
Billing Address		
Flight/Destination Name		
Destination ICAO airport code		
Frequency of Operation (per week)		
Year-round (Y) or Seasonal (S)		
Aircraft Capacity		
Number of stops en-route		
Start-up date		
Aircraft Type	ICAO aircraft type designator	IATA aircraft type designator
Scheduled Timings*	Scheduled times(s) of Arrival at HRK (local time)	Scheduled times(s) of Departure from HRK (local time)
Monday		
Tuesday		
Wednesday		
Thursday		
Friday		
Saturday		
Sunday		
* - any changes of scheduled timings to be notified to HRK Airport		