

REGULATION

On application of discount coefficients to the Airport charges to be collected at Boryspil International Airport

Grounds: Order of the Ministry of Infrastructure of Ukraine No 745 dated 19.12.2012
«On Amendments to the Airport Charges»

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1 Purpose

This Regulation has been developed to reach the following goals:

- Increasing competitiveness of Boryspil International Airport;
- Increasing traffic at Boryspil International Airport;
- Increasing revenues of Boryspil International Airport;
- Developing air routes network to/from Boryspil International Airport;
- Attracting new Air Carriers to Boryspil International Airport;
- Motivating the airlines as commercial partners of the Airport.

2 Principles of discount coefficients application

This Regulation is based on the following principles recommended by ICAO:

- Transparency means open publication of this Regulation to ensure clear and transparent criteria for the application of discount coefficients;
- Non-discrimination means equal procedure of this Regulation provisions application for all categories of users providing equal or similar air traffic at Boryspil International Airport;
- Non-cross-subsidization is ensured by excess of revenues received from each Air Carrier taking into consideration the norms of this Regulation over the cost price of the services rendered;
- Limitation of this Regulation validity period;
- Airport cost-effectiveness and sharing the economic difficulties faced by the Airport and Airlines when developing air traffic;
- Consultation with Air Carriers on a regular basis.

3 Definitions and Abbreviations

- *An Air Carrier (or an Airline)* is an organization transporting passengers, baggage, cargo and mail by an aircraft.
- *Airport charges comprise the following:*
 - *Passenger charge* means a charge for passenger handling in the airport building collected by the Airport from Air Carriers according to *the Airport Charges for Handling of Aircraft and Passengers at Boryspil International Airport State Enterprise* approved by Order of the Ministry of Transport and Communications of Ukraine No.337 dated 26 March 2008 (hereinafter «the Order 337»).
 - *Landing charge* means a charge for landing/take-off of aircraft collected by the Airport from Air Carriers according to Para. 2.1.2 of the Order 337.
- *The Airport* means Boryspil International Airport State Enterprise, Boryspil International Airport.
- *The Agreement* means an agreement (contract) or an additional agreement hereto according to which the Airport services are rendered and the Airport charges are collected and which is concluded between Boryspil International Airport State Enterprise and an Air Carrier on the terms and conditions of this Regulation. This Agreement shall be executed under the written request of an Air Carrier and shall contain obligations of an Air Carrier to follow the terms and conditions of this Regulation when planning an air ticket price. Conclusion of an Agreement with an Air Carrier on the terms of this Regulation shall be possible only under the condition of making amendments to the existing agreements which concern termination of application of any other discount coefficients to the Airport charges which were effective on the date of this Regulation approval.
- *A marketing year* means a year which starts from the last Sunday of March (the beginning of IATA summer navigation) and ends on the last Saturday of March (the end of IATA winter navigation).
- *Discount coefficient to the Airport charges* means reduction of the amount of Passenger charge and Landing charge by Boryspil International Airport when selling the relevant services to an Air Carrier. Application of discount coefficients shall be carried out on the basis of the Agreement signed, by multiplying the amount of discount coefficients by the amount of the Airport charge.
- *A New international flight* means a scheduled international passenger flight which starts operation (or had started operation within a three year period prior to the date of this Regulation approval) from Boryspil International Airport with a frequency not less than once a week to the Airport to which within 12 sequential calendar months coming prior to the starting date of this flight operation, not more than 15 scheduled international passenger flights have been operated from Boryspil International Airport. An international flight to any airport shall not be deemed to be a New international flight if the shortest distance (orthodromic route) between this airport and any other airport, to which scheduled flights are already being operated from

Boryspil International Airport, reaches less than 100km. In case two Airlines simultaneously (i.e. within 6 calendar months) start operating scheduled international flights meeting the aforementioned criteria for a New international flight, such flights will be deemed to be New international flights for these Airlines and the provisions of this Regulation will be applied to them.

The discount coefficients according to the Table of Item 4.1 will be applied to the New international flights, which started to be operated within a three year period prior to the date of this Regulation approval in the amount, relevant to the period from the date of actual start of each such flight operation in the past.

- A *Transfer passenger* means a passenger who is carried from any airport to Boryspil International Airport to transfer (connection) in accordance with the agreement of air transportation, and then is carried within 24 hours from Boryspil International Airport by a scheduled flight to any other airport (apart from the airport which this passenger arrived to Boryspil International Airport from).

4 Application of discount coefficients to the Airport charges

4.1 Operation of New international flights

When operating New international flights by an Air Carrier, discount coefficients will be applied to these flights to the Passenger charge and the Landing charge (except for Transfer passengers), depending on the period from the beginning of a New international flight operation :

The period starting from the New international flight operation	The amount of the discount coefficient applied to the Passenger charge and the Landing charge *
The 1 st year (the first 12 months)	0.2
The 2 nd year (from the 13 th till the 24 th month)	0.4
The 3 rd year (from the 25 th till the 36 th month)	0.6
The 4 th year (from the 36 th till the 48 th month)	0.8

The coefficients stated above shall be applied to each New international flight separately.

* *Note:* In case within the previous marketing year the increase in passengers on all New international flights of an Air Carrier, to which discount coefficients were applied under this Regulation, amounted to 150 000 or more passengers (including Transfer passengers), the discount coefficient applied within the previous year to each such New international flight, will be applied to each such New international flight within the current marketing year. In such a case for New international flights which started their performance within the current year, the discount coefficient to the amount of 0.2 will be applied.

4.2 Attracting Transfer passengers by an Air Carrier to the Airport

When carrying Transfer passengers, a discount coefficient to the amount of 0,2 will be applied to the Passenger charge for these passengers.

4.3 Providing significant volume of traffic by an Air Carrier

4.3.1. A discount coefficient, which depends on the number of passengers departed by an Air Carrier by scheduled flights*, will be applied to the Passenger charge:

The number of passengers departed by an Air Carrier from the beginning of the marketing year, to the Passenger charge of which a discount coefficient is applied*	The amount of the discount coefficient applied to the Passenger charge
The first 99 999 passengers	N/A
from 100 000 th to 299 999 th passenger	0.90
from 300 000 th to 599 999 th passenger	0.80
from 600 000 th to 1 199 999 th passenger	0.70
from 1 200 000 th to 2 399 999 th passenger	0.60
from 2 400 000 th to 4 799 999 th passenger	0.50
every following passenger exceeding the 4 800 000 th	0.40

**Note:* When calculating the number of Air Carrier's passengers departed from the Airport, all departed by scheduled flights passengers are taken into account apart from Transfer passengers and the passengers of New international flights.

Explanations for the avoidance of double interpretation of this Item. If the Air Carrier departed more than 4 800 000 passengers on scheduled flights during the marketing year (excluding Transfer passengers and passengers of New international flights covered by Item 4.1. and 4.2. hereof), according to Item 4.3. discount coefficients are applied as follows: to the first 99 999 passengers - not applied; to the following 200,000 passengers - at a rate of 0.90; to the following 300 000 passengers – at a rate of 0.80; to the following 600 000 passengers – at a rate of 0.70; to the following 1 200 000 passengers – at a rate of 0.60, to the following 2 400 000 passengers – at a rate of 0.50 and to the following passengers – at a rate of 0.40.

4.3.2. In case of increase of the total number of the departed and the arrived flights of an Air Carrier within the current month compared to the relevant month of the past year and when performing by an Air Carrier more than 1500 scheduled flights within the current month, a discount coefficient of 0.80 shall be applied to the Landing charge when operating scheduled flights. In determining the number of flights, the total number of the departed and the arrived scheduled flights, except for New international flights, shall be taken into consideration.

5 Final Provisions

5.1. This Regulation will come into effect by the Order of the Director General of Boryspil International Airport after consultation with the Air Carriers. The Airport annually analyses the effectiveness of the incentive scheme implemented under this Regulation and consults with the Air Carriers.

5.2. This Regulation shall be effective either by achieving the Airport passenger traffic (passengers who arrive to and depart from Boryspil International Airport) amounting to 20 million passengers a year or until 26.03.2022 year, depending on which comes first.

5.3. Based on economic efficiency, the Airport shall have the right to apply additional discount coefficients on the basis of additional criteria, making the appropriate amendments to this Regulation and complying with the legislation on protection of economic competition.