

Keflavik International Airport

Discounts for new routes

Valid from 1st January 2016

Introduction

Isavia the operator of Keflavik International Airport (KEF), believes that there is a potential to add more points onto the KEF network in the markets where Isavia considers that services are not currently developed. In addition, Isavia wants to share the financial risk of establishing new routes with customers who contribute to passenger growth. Therefore Isavia offers a discount on landing and departure charges for new routes.

Route Support on new routes to new destinations

An airline that initiates a new route which is not presently connected by regular flights from KEF, in accordance with the route criteria set by Isavia, will benefit from discounts on the **Landing Charge and Departure Charge**. The proposed route is one that will increase the network coverage and passenger traffic volumes and is one that has a commercial benefit to KEF. This Route Support Scheme applies to scheduled traffic only.

Current Airport Charges for KEF are available on the airports website

<http://b2b.kefairport.is/English/Airlines/Airport-Facts/Charges/>

Level of Route Support on new routes to new destinations

The following discounts will apply on all qualifying new destinations. ***It should be noted that it is unlikely that slots will be available during the following peak hours; from 0600-0800 and 1600-1800 Local time.***

Table 1: Reduction on Landing & Departure Charges

| Year | Winter Season (Nov-Mar) | Summer Season (Apr-Oct) |
|------|----------------------------------|----------------------------------|
| 1 | 100% for the first Winter Season | 75% for the first Summer Season |
| 2 | 75% for the second Winter Season | 50% for the second Summer Season |
| 3 | 50% for the third Winter Season | 25% for the third Summer Season |

After the 3 year discount period, the Landing Charge and Departure Charge will be charged at the standard rates current at the time of operation, as published by Isavia.

Route Criteria

A route will qualify as a new route under this scheme if it meets the following criteria:

- An airline commencing an eligible new scheduled route must operate;
 - A minimum of 2 weekly frequencies for a complete Summer Season (Apr-Oct).
 - A minimum of 8 rotations during the Winter Season (Nov-Mar).
- The route has to be operated non-stop, i.e. no transfer via other airports.
- Only new routes with point to point passengers will be applicable for full discount according to table 1. Routes with transfer passengers are entitled to discounts in the same proportion as the percentage of point to point passengers on the route.
- Isavia reserves the right to evaluate each market based on recent growth, slot availability and ticket prices available in the market, in order to decide whether a new destination is to be discounted.
- The new route cannot have been served by any airline within the 12 months prior to the commencement date at a greater frequency than 2 return services per week for the period of 5 months or longer. Where a route has been served within the 12 months prior to the commencement date at a frequency greater than 2 return services per week for longer than 5 months on a year-round or seasonal basis this route may be considered for approval under the scheme if Isavia considers that the new route provides a significant commercial benefit to KEF.
- In cases where an operator re-enters a route previously abandoned by the same operator within the previous 12 months in order to gain commercial advantage, the route will not be considered a new route for the purpose of this Route Support Scheme.
- If two operators make an application within the same time frame in relation to the same route, approval will be given to the operator with the earliest starting date, where the route proposals are similar in terms of capacity and frequency proposed and Isavia considers the financial strength of the operators at the same level. If the proposals differ in terms of capacity, approval will be given to the operator which provides the most benefit to KEF. Only one operator's application will qualify in relation to a specific route proposal.
- The schedule timings proposed and operated have been reviewed and approved by KEF's slot coordinator, and any slot change requests issued by the slot coordinator have been fully complied with. Operators who are deemed to be operating off slot by the coordinator will not qualify for the Route Support Scheme.
- Operators must lodge written proposals in Isavia standard format (attached as Appendix 1 below).

Crediting terms

- The discount for a new route is evaluated and credited monthly.
- The new route support scheme will apply or continue to apply only as long as an operator is fully compliant with the criteria decided on by Isavia.
- Should a carrier receiving new route discounts subsequently reduce frequency or cease to comply with the terms of the scheme in some other way then Isavia reserves the right to reclaim any discounted fees awarded retrospectively.

**Disclaimer**

In case where Isavia suspects that an airline is manipulating its flight programme either independently or together with another airline in order to qualify for the Route Support Scheme, the airline will be disqualified from receiving the discounts. If the airline fails to meet its other obligations to Isavia with regard to the payment of invoices or other matters, Isavia reserves the right to cancel any discounts. Any dispute arising from this agreement to be settled in Icelandic Court by Icelandic law.

Isavia reserves the right to amend this scheme at any time including in relation to the criteria for eligibility to participate in the scheme. If Isavia makes any amendment, it shall publish the amended scheme on its website located at www.kefairport.com

Keflavik International Airport

Marketing assistance

Valid from 1st January 2016

The aim is to participate in connection with the start up of new routes or other special activities at the airport, that are leading to an increase in volume and income on Isavia behalf or to an increase in the service for the local travellers.

- Special activities at the gate in connection with the first flight
- Press conference at the airport
- Internet support (news, direct internet links between airports and airlines)
- Coverage in the airport magazine
- Press release to the airport's press contacts
- Assistant on coverage in local magazines and newspapers



Appendix 1: Application

Form for Route Support for routes to/from qualifying destinations:

| Isavia Application Form for Route Support for new qualifying destinations | | |
|---|--|---|
| Operator Name | | |
| Billing Address | | |
| Route Name | | |
| Destination ICAO airport code | | |
| Frequency of Year-round operation (per week) | | |
| Frequency of Seasonal operation (per week) | | |
| Aircraft Capacity | | |
| Start-up date | | |
| Aircraft Type | ICAO type designator | IATA type designator |
| | | |
| | | |
| Scheduled Timings* | Scheduled time(s) of Arrival at KEF | Scheduled time(s) of Departures from KEF |
| Monday | | |
| Tuesday | | |
| Wednesday | | |
| Thursday | | |
| Friday | | |
| Saturday | | |
| Sunday | | |

*Any changes of times to be notified to Isavia.