

Marketing Policy for the Development of Naples Airport Network 2015

THREE-YEAR INCENTIVE PROGRAM

to increase traffic at Naples Airport through
the establishment and/or further development
of air-travel routes to be enacted by the end
of the IATA Winter season 2015-16



AEROPORTO INTERNAZIONALE *di* NAPOLI



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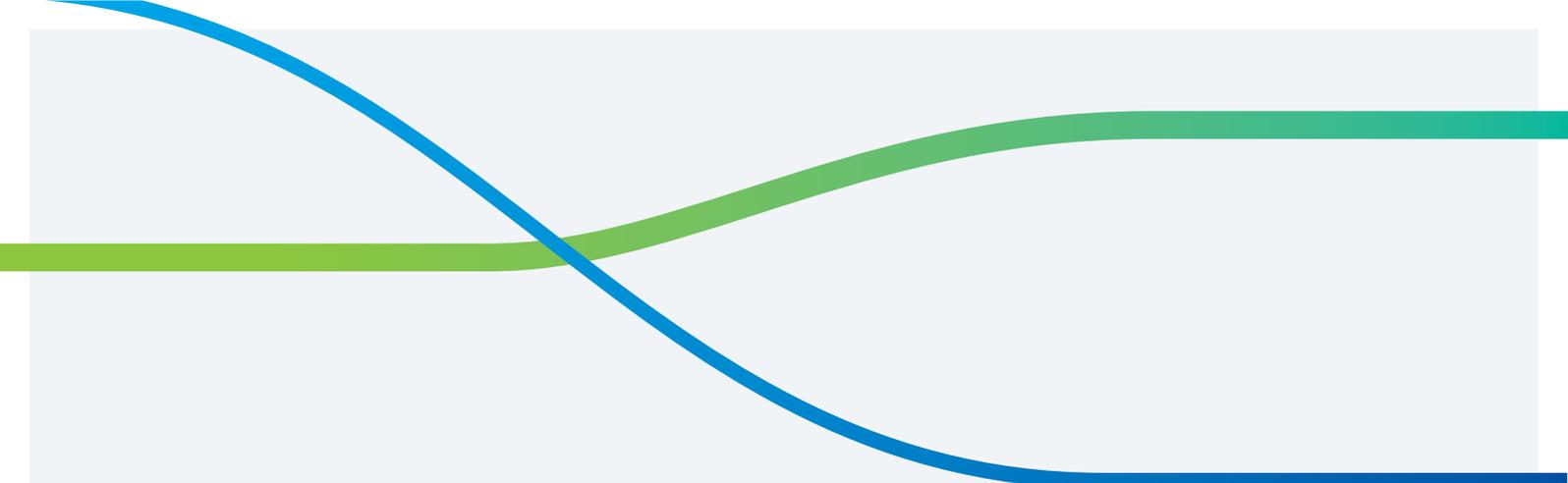
to increase traffic at Naples Airport through the establishment and/or further development of air-travel routes to be enacted by the end of the IATA Winter season 2015-16

In recent years the Italian air transport sector has been subject to a downward trend, due to a number of different factors, in part mutually connected, including the nationwide economic crisis, the difficulties faced by Italian carriers and the newly arrived competition of high-speed rail travel. Furthermore, intensive competitive pressure is exercised by other airports, both in Italy and the rest of Europe. Given this outlook, the Naples Airport must necessarily take whatever initiatives it can to develop air connections to and from Naples, to ensure that its infrastructure is utilised in the most efficient way possible, in order to provide the surrounding territory with an increasingly satisfying service while facilitating the development of new business activities able to contribute to the economic growth of the Campania Region.

The improvement sought could take the form of direct intercontinental routes, flights to the major European hubs that serve all destinations worldwide, an increasing number of short to medium-range destinations in Europe and the Mediterranean, plus remedies for the highly seasonal nature of traffic at Naples Airport.

To this end, in compliance with the Guidelines published on the 2nd of October 2014 by the Italian Ministry of Infrastructures and Transportation, Naples Airport has decided to implement a Three-Year Program of Incentives for the development of air traffic.

The purpose of the present policy, therefore, is to make known in transparent way, and in a manner that ensures equal opportunity for all the carriers involved, the Three-Year Program of Incentives that GESAC S.p.A. intends to undertake by the end of the IATA Winter season 2015-16 by signing incentive agreements with carriers that will contribute to a significant extent to the growth of Naples Airport through the introduction of new routes and/or noteworthy increases in existing ones.



Objectives of the three-Year Program of Incentives

In enacting the Three-Year Program of Incentives, GESAC S.p.A. intends to achieve the following benefits:

- **an increase in the level of intercontinental connectivity** of Naples Airport, both through direct flights and by improving the services of the hub carriers to and from their own hubs;
- **an increase in point-to-point flights**, and therefore in the number of European routes served (including domestic routes in Italy);
- **de-seasonalisation** of traffic at Naples Airport.

Categories of flights

The Three-Year Program of Incentives regards the 5 following categories of flights, to be activated by the end of the IATA Winter season 2015-2016:

- **Category 1.** New intercontinental routes;
- **Category 2.** New flights to hubs (by carriers that have a hub at the airport of destination or business agreements that allow passengers to utilise connecting flights);
- **Category 3.** New “strategic” point-to-point European/Mediterranean routes, meaning those of greatest interest to Naples Airport, based on its evaluations of potential traffic demand;
- **Category 4.** New point-to-point European/Mediterranean routes “of interest” to Naples Airport;
- **Category 5.** De-seasonalisation – increase in the number of seats offered during the period October-May on existing routes by carriers that already operate flights on those routes.

Appendix A holds a list of the destinations falling under each of first 4 categories listed above.

Incentives for passenger

For each of the 5 categories of flights indicated above, the forms of incentive illustrated on the table are provided, based on the number of paying passengers departing from Naples.

The minimum traffic thresholds for taking part in the Three-Year Program of Incentives are:

- **Category 1.** 2 flights a week for a minimum of 12 consecutive weeks in the first year and for a minimum of 15 consecutive weeks in the second and third years;
- **Category 2.** at least 200 movements a year;
- **Categories 3 and 4:** 2 flights a week for a minimum of 12 consecutive weeks in the first year and or a minimum of 15 consecutive weeks in the second and third years;
- **Category 5.** increased numbers of seats offered during the period October-May on existing routes by carriers that already operate on those routes: increases of between 20% and 30% in capacity compared to the 12-month period preceding the start of the agreement.

	Type of route	Category		Percentage incentive on the Aerocharge fee ¹		
				Year 1	Year 2	Year 3
CAT. 1	new	Intercontinental		50%	40%	30%
CAT. 2	new	Hub		40%	35%	30%
CAT. 3	new	p-p Europe/Mediterranean	"Strategic" routes	35%	30%	25%
CAT. 4	new	p-p Europe/Mediterranean	Routes "of interest"	30%	25%	20%
CAT. 5	existing	All	De-seasonalisation (Additional passengers Oct-May)	35%	30%	25%

¹The Aerocharge fee includes the following items:

- a. aircraft landing and take-off charges
- b. aircraft layover charges
- c. passenger boarding charges
- d. passenger security fees
- e. hold luggage security fees
- f. PRM (passengers with reduced mobility) fee

The "Aerocharge fee" does not, therefore, include the following items (listed here only as possible examples):

- i. regional and municipal supplements
- ii. accessory security services or of any other services not contemplated in the preceding paragraph

Bonus

In exercising its discretionary power to make business decisions regarding the granting of different forms of incentives and the selection of the respective beneficiaries, GESAC S.p.A. reserves the right to provide carriers with bonuses consisting of additional incentives based on the total number of passengers (new and additional) transported on the routes covered by the agreement and under the following conditions.

- a. At the time of the signing of the incentive agreements, the per-passenger incentive percentages listed on the table can be increased by a maximum of 25%, taking into consideration:
 - the number of routes covered by the agreement, as proposed in the overall Development Plan for Naples presented by the carrier to GESAC S.p.A. (hereinafter, "**Development Plan**");
 - the overall number of additional seats offered on the route covered by the agreement, based on the carrier's **Development Plan for Naples**;
 - the level of market penetration, meaning the number of routes served from the new airport(s) to be connected with Naples, as indicated in the carrier's Development Plan, demonstrating the business potential of the carrier in that specific market;
 - the seasonality concentrations of the routes proposed under the Development Plan;
 - the type of aircraft that the carrier intends to utilise in implementing the Development Plan;
- b. The incentive agreement reached with a given carrier can be extended by an additional year, should the carrier transport on the routes covered by the agreement, in the third year in which the agreement is in effect, a number of passengers – who are both new and additional, compared to the benchmark year – equal to at least 200 thousand units. Should the agreement be extended, the contractual conditions applied shall be the same as those for the third year;
- c. At the time of the signing of the incentive agreements, GESAC S.p.A. may decide to provide the carriers with "soft marketing" support, to be spent by GESAC S.p.A. for initiatives in the local territory (such as advertising campaigns, press conferences, roll-out events etc.), should the Development Plan be of particular interest to Naples Airport.

Admission to the Three-Year Program of Incentives

To request admission to the Three-Year Program of Incentives, the carriers must send to the e-mail address aviation_business@gesac.it, no later than 30 November 2014, a Development Plan that indicates the new routes, from among the destinations listed in Appendix A, that they propose to activate by the end of the IATA Winter season 2015-16, and/or the existing routes on which they propose to increase the number of flights by the end of the IATA Winter season 2015-16, with separate descriptions, for each route:

- of the start-up date
- of the period of operation
- of the weekly frequencies
- of the types of aircraft planned for use

Within 30 days following the above deadline (30 November 2014), GESAC S.p.A., in exercising its discretionary power to make business decisions regarding the granting of different forms of incentives and the selection of the respective beneficiaries:

- shall examine the Development Plans received from the carriers, doing so by the date of 30 November 2014;
- shall select the carriers that have presented the Development Plans most likely to satisfy the needs of GESAC S.p.A. itself, taking into consideration the overall added value generated for the airport by the sum total of flights to and from Naples Airport.

In addition to the obligation of GESAC S.p.A. to comply with the provisions of point 5.b.3 of the Guidelines approved by the Ministry of Infrastructures and Transportation on the date of 2 October 2014, any incentive agreements reached with the carriers, and which call for the granting of incentives under the conditions described above, shall be confidential in nature and may not, under any circumstances, have a cumulative effect with any other agreements already in place between the selected carrier and GESAC.

Should more than one carrier present Development Plans for the same route, then the decision on which carrier is to benefit from the incentives shall be made under the following criteria of evaluation:

- the overall number of routes covered by the agreement and proposed in the Development Plan;
- the overall number of additional seats offered on the routes covered by the agreement, based on the carrier's Development Plan for Naples;

- market penetration, meaning the number of routes served from the new airport(s) to be connected with Naples, as indicated by the carrier in its Development Plan, demonstrating the business potential of the carrier in that specific market;
- the seasonality of the routes proposed in the Development Plan;
- the type of aircraft that the carrier intends to utilise in implementing the Development Plan;

GESAC reserves the right to evaluate any Development Plans that arrive at the e-mail address aviation_business@gesac.it later than 30 November 2014, should these Plans regard routes, from among the destinations listed in Appendix A, for which no Development plans held to be valid were received within the stipulated deadline.

The agreements signed by the carriers and GESAC shall contain a clause expressly calling for their termination, in the events that tickets are not placed on sale for the planned flights at least 60 days in advance of the planned start-up date.

The signing of agreements with carriers that are to benefit from the incentives shall depend on confirmation that they meet the requirements of anti-mafia legislation, and that they have properly fulfilled their tax and social security obligations, as required under the legislation of the state in which the particular air carrier has its registered office.

The list of destinations covered by the incentives shall be updated, enlarged or reduced, in response to any interruptions of routes previously served or to the start-up of new routes.

For any further information, please contact the Aviation Business Development Department at the e-mail address: aviation_business@gesac.it

Any modifications to the present Three-Year Program of Incentives shall be published by GESAC S.p.A., in accordance with the provisions of the Guidelines approved by the Ministry of Infrastructures and Transportation on the date of 2 October 2014.

APPENDIX A

List of NEW destinations to which incentives apply

1. **Intercontinental** Destinations in the following areas

U.S.A. (excluding New York City, which is already served), **Canada, Latin America, China, Japan, the Persian Gulf**

2. **Hubs** flights to hubs meant for connecting traffic

Hubs in Europe or the Mediterranean Basin not served from NAP with connecting operations (excluding Berlin and Geneva): for example, **Lisbon, London Heathrow, Prague, Vienna** etc.

3. **Point-to-point connections** on “strategic” European/Mediterranean routes:

Alghero, Copenhagen, Lisbon, Malaga, Marrakech, Oslo, St. Petersburg, Seville, Stockholm, Toulouse, Valencia, Warsaw

4. **European/Mediterranean point-to-point connections** “of interest”

(destinations excluded because already covered under point 3 are in **bold**)

ALBANIA all destinations

ALGERIA all destinations

ARMENIA all destinations

AUSTRIA all destinations, excluding Vienna

AZERBAIGIAN all destinations

BELGIUM all destinations, excluding Brussels (all airports)

BELARUS all destinations

BULGARIA all destinations, excluding Sofia

CROAZIA all destinations excluding Dubrovnik and Split

CYPRUS all destinations

CZECH REPUBLIC all destinations, excluding Prague

DENMARK all destinations, excluding **Copenhagen**

EGYPT all destinations

ESTONIA all destinations

FINLAND all destinations, excluding Helsinki

FRANCE all destinations, excluding Bordeaux, Carcassonne, Lille, Nantes, Nice, Paris, **Toulouse**

GEORGIA all destinations

GERMANY all destinations, excluding Berlin, Cologne, Düsseldorf, Frankfurt, Friedrichshafen, Hamburg, Hannover, Karlsruhe-Baden Baden, Lubeck, Memmingen, Munich, Münster, Nuremberg, Stuttgart

GREECE all destinations, excluding Athens, Corfu, Crete, Mykonos, Santorini, Skiathos

HUNGARY all destinations, excluding Budapest

ICELAND all destinations

APPENDIX A

List of NEW destinations to which incentives apply

IRELAND all destinations, excluding Dublin

ISRAEL all destinations excluding Tel Aviv

ITALY all destinations, excluding **Alghero**, Bergamo, Bologna, Cagliari, Catania, Comiso, Genoa, Milan (all airports), Olbia, Palermo, Rome (all airports), Trapani, Treviso, Trieste, Turin, Venice, Verona

JORDAN all destinations

LATVIA all destinations

LEBANON all destinations

LITHUANIA all destinations

MOLDAVIA all destinations

MONTENEGRO all destinations

MOROCCO all destinations, excluding Casablanca and **Marrakech**

NETHERLANDS all destinations, excluding Amsterdam, Maastricht, Rotterdam

NORWAY all destinations, excluding **Oslo**

POLAND all destinations, excluding Krakow, Katowice, **Warsaw**

PORTUGAL all destinations, excluding **Lisbon**

ROMANIA all destinations, excluding Bucharest

RUSSIA all destinations, excluding Moscow and **St. Petersburg**

SERBIA all destinations

SIRIA all destinations

SLOVACCHIA all destinations

SLOVENIA all destinations

SPAIN all destinations, excluding Barcelona, Ibiza, Madrid, **Malaga**, Palma de Mallorca, **Seville**, **Valencia**

SWEDEN all destinations, excluding **Stockholm**

SWITZERLAND all destinations, excluding Basel, Geneva, Zurich

SYRIA all destinations

TUNISIA all destinations, excluding Tunis

TURKEY all destinations, excluding Istanbul

UKRAINE all destinations, excluding Kiev and Lvov

UNITED KINGDOM all destinations, excluding Belfast, Bristol, Edinburgh, Glasgow, Leeds Bradford, Liverpool, London (all airports), Manchester