

MEMORANDUM OF CONSULTATIONS

Delegations representing the United States of America and the Aeronautical Authorities of the Russian Federation met in Moscow on July 21-22, 2008, to discuss civil aviation matters between the two countries.

The talks were cordial and constructive, reflecting the mutual respect and understanding of the two delegations. Delegation lists are attached as Appendix A.

The two delegations discussed and agreed, ad referendum, on the text of Annex V "Co-operative Marketing Arrangements" to replace the Annex V to the 1994 Air Transport Agreement between the Government of the United States of America and the Government of the Russian Federation, attached in Appendix B to the Memorandum of Consultations of January 24, 2008. The initialed Annex V follows in Appendix B.

The U.S. delegation expressed its interest in including in paragraph 2.a. of Section 1 of Annex V airlines of Germany as operating partners of U.S. airlines. The Russian Delegation stated that it is not in a position to include airlines of Germany into Annex V at this time. Both delegations agreed to revert to this issue at the next round of consultations.

The two delegations noted their intention to meet again in November 2008 to discuss frequency levels for subsequent seasons, in light of the Russian experience in handling increased levels of operations in conjunction with the Olympic Games of 2008 and other issues concerning cooperation in civil aviation services between the two countries.

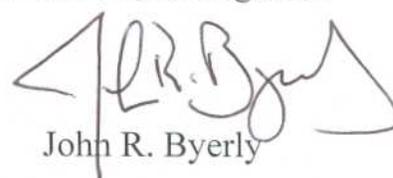
The delegations will recommend to their respective governments to take the actions required to bring Annex V into force at the earliest possible date through the Protocol to amend the 1994 Air Transport Agreement. In the interim, their respective aeronautical authorities intend to implement the provisions of Annex V on the basis of comity and reciprocity as of the date of signing this Memorandum.

Done in Moscow on July 22, 2008.

For the Russian Delegation


Oleg O. Demidov

For the U.S. Delegation


John R. Byerly

U.S. Delegation

1. Mr. John Byerly Deputy Assistant Secretary, Transportation Affairs,
Department of State
2. Mr. Matthew A. Finston Office of Aviation Negotiations, Department of
State
3. Ms. Mary Street Assistant Director for Negotiations, Office of
International Aviation, Department of
Transportation
4. Mr. Steven Hatley Senior Negotiator, Office of International Aviation,
Department of Transportation
5. Mr. Lawrence R. Myers Senior Attorney, Office of International Law
Department of Transportation
6. Mr. Steve Yang U.S. Embassy Moscow
7. Mr. David McCaleb U.S. Embassy Moscow
8. Mr. Brian Staurseth Federal Aviation Administration

Airlines

9. Ms. Sametta Barnett Director-Government Affairs, Delta Air Lines
10. Ms. Cecilia Bethke Managing Director-International Affairs, Air
Transport Association
11. Mr. Robert A. Wirick Director-Regulatory Affairs, American Airlines
12. Mr. David E. Short Senior Counsel, Trade and International Affairs,
FedEx Express
13. Mr. Oracio Marquez Manager, Alliances, International, & Regulatory
Affairs, United Airlines
14. Mr. Kevin Montgomery Washington Representative, Polar Air Cargo
15. Mr. Daniel Weiss Managing Director, International Policy and
Regulatory Affairs, Continental Airlines
16. Mr. Jeffrey Morgan Director, International and Regulatory Affairs,
Northwest Airlines
17. Mr. Benjamin T. Slocum Director and Assistant to General Counsel, US
Airways, Inc.

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Russian Delegation

1. Oleg O. Demidov Deputy Director
Department of State Policy in Civil Aviation
Ministry of Transport of the Russian Federation
2. Elena A. Mikheeva Department of State Policy in Civil Aviation
Ministry of Transport of the Russian Federation
3. Yulia A. Volodina Legal Department
Ministry of Transport of the Russian Federation
4. Artem T. Khutayrov Ministry of Foreign Affairs of the Russian Federation

Airlines

5. Aleksey B. Chugunov Airline "Aeroflot"
6. Marina Mamonova Airline "Aeroflot Cargo"
7. Irina Vasileva Airline "Air Bridge Cargo"
8. Denis E. Savchenko Airline "Transaero"
9. Igor V. Chernushov "Sibir"

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ANNEX V

Co-operative Marketing Arrangements

Section 1

A. Subject to the provisions of subsections B and C of this Section, each Party may authorize its airlines to enter into co-operative marketing arrangements such as block space, code-sharing, or leasing arrangements, and hold out service on aircraft operated by:

1. an airline or airlines of either Party, for services on any of the agreed routes as specified in Sections 2 and 3 of Annex I of the Agreement.

2.a. for airlines of the United States, airlines of the United Kingdom, Belgium, the Netherlands, France, Finland, Switzerland, Hungary, Italy, Denmark, Norway, Sweden, Spain, Romania, Czech Republic, Poland and Austria for services between points authorized in the territories of the Parties, pursuant to Sections 2 and 3 of Annex I of the Agreement via intermediate points in Europe as marketing partners and if operating partners hold appropriate traffic rights.

2.b. for airlines of Russia, airlines of member countries of E.U. (except airlines of Germany), Switzerland, Norway and Iceland for services between points authorized in the territories of the Parties, pursuant to Sections 2 and 3 of Annex I of the Agreement, via intermediate points in Europe (including Latvia, Lithuania, Estonia, Belarus, Moldova, and Ukraine), and Georgia, Armenia, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan as marketing partners and if operating partners hold appropriate traffic rights.

B. Each Party may authorize up to eight code-sharing arrangements, not more than six of which may be for combination (passenger/cargo) airlines on services operated by airlines of third countries, in accordance with subsection A of this Section.

1. Each code-sharing arrangement involving an airline of a third country may serve the territories of the Parties via no more than one intermediate point. Such an intermediate point shall be chosen by each Party on behalf of its airline.

2. A Party may select the same airline to exercise more than one of the eight arrangements provided for in subsection B of this Section. An airline selected to exercise more than one arrangement may use the allocation with the same partners or different partners, subject to the limitation that no more than daily service may be provided to the same city pair.

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3. Each code-sharing arrangement shall be limited to 14 weekly operations, with no more than daily service being provided to the same city-pair, if operating partners hold appropriate traffic rights.

C. Co-operative arrangements shall be subject to the requirements that all airlines in such arrangements: (1) hold the appropriate authority and (2) meet the requirements normally applied by each Party to such arrangements.

Section 2

A. For purposes of the frequency limitations on services stated in Section 4 of Annex I of the Agreement, code-share services between the territories of the Parties shall count for one full frequency for an airline of a Party operating its own aircraft to the territory of the other Party.

B. An airline authorized to provide scheduled services under this Annex may hold out fifth freedom services on such operations, if the airline has also been designated under Annex I of the Agreement.

Section 3

This Annex shall expire on March 29, 2009, unless otherwise agreed prior to that date. The Parties agree to consult not later than six months in advance of the expiration date to determine whether the provisions of this Annex should be continued or modified. This Section does not modify any other provision of the Agreement regarding consultations or termination.

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