



PRISHTINA INTERNATIONAL AIRPORT NEW ROUTES INCENTIVE PROGRAM

**By
COMMERCIAL DEPARTMENT**

**2010
Version 2**

ARTICLE 1: OBJECT

This program aims to establish the terms and conditions for PIA New Routes Incentive Program, which is subject to the applicable charging system.

ARTICLE 2: INCENTIVE FOR NEW ROUTE DEVELOPMENT

This incentive program has the purpose of stimulating routes to destinations not currently served directly from our airport. We are aware that airlines take particularly large risks when setting up new routes and that we benefit from successful new routes. Therefore, we share the financial risk via this incentive.

Special Condition

1. Commercial air connection to an airport, which has not been served, in 12 months immediately prior to the application, by flights without stopovers to that airport.
2. For the purpose of this Program, flights operated by aircrafts with a Maximum Take-off Weight of less than 20.000 kg (twenty thousand kilograms) are excluded.
3. The route has to be operated non-stop, i.e. no transfers via other airports. Route with a technical stop, where no revenue passengers leave or embark the flight, is considered as a non-stop route.
4. An airline must fulfil the frequency requirements for a new destination, at least two days per week as per IATA season.

Incentive Scheme

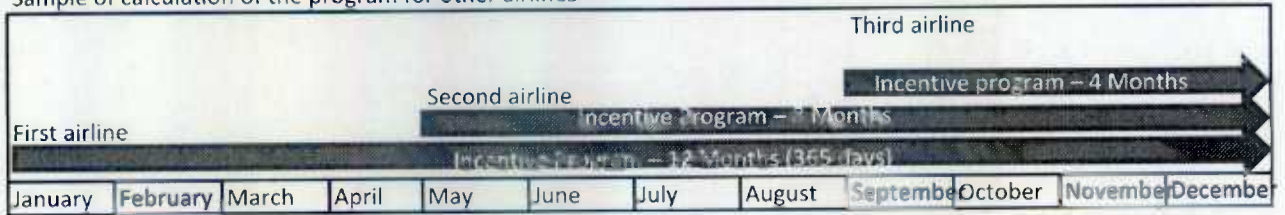
- 1) If an airline introduces a route to a new destination to be served from PIA, the following conditions and charges apply:

INCENTIVE FOR NEW ROUTE			
Year	1	2	3
Landing / Take-off charge	100 %	75 %	50%

- 2) Incentive Program for new routes is effective from the first day of airline's operation in the new route. If another airline commences with operation in new route that has begun

to be operated as per new routes incentive program, new airline is entitled to same conditions as the first airline but only within remained time period of incentive program.

Sample of calculation of the program for other airlines



ARTICLE 3: BENEFICIARIES

1. The incentive program is directed towards all the licensed air carriers carrying passengers and which operates or intends to begin operations at PIA and which fulfils all the requirements and criteria described in this Program.

ARTICLE 4: GENERAL CONDITIONS

1. PIA has the right to non-enforcement of the incentive program for new routes if an airline does not follow defined conditions.
2. PIA has the right to make the final decision whether an airline is eligible for an incentive or not.
3. PIA reserves the right to review and amend the incentive scheme anytime, in accordance with international practices and the applicable rules in Kosovo.
4. The incentives to be granted as per terms of this program shall not imply, at any time, direct discounts on amounts paid and charged by PIA or take the form of credit payments.
5. The new connections and their schedules included in the operating program must have their slots approved by the Slot Coordinator.
6. The equipment used by the airline that applies shall be classified in Chapter 3 or above, in accordance with the definitions and specifications established in Annex 16 of the International Civil Aviation Organisation (ICAO).
7. The routes included in public service tasks are excluded from this program.

8. The Traffic Form is a document that supports the entire process of this program, in particular for the purpose of monitoring the airline and certifying the number of passengers actually carried.
9. This incentive program is new and if any unclear situations regarding the calculations arise, PIA reserves the right to develop additional regulations to ensure achievement of the overall purpose of this programme.

ARTICLE 5: FINAL DECISION IN REGARD TO GRANTING OF THE INCENTIVE

The final decision concerning the eligibility of an airline for this incentive program is solely responsibility of PIA. PIA reserves the right, at any moment, to refuse or suspend granting an incentive for overriding public interests and in the following cases:

- When the airline does not ensure the prompt payment of any outstanding invoices to PIA;
- PIA may suspend the valid incentive program if its capacity has been reached or is at saturation point. However, the contracts already made between the airline and the airport for this incentive program, continue to be in force.

ARTICLE 6: DECISION

1. PIA will analyse the submitted application and will reach a final decision within a period of 15 working days after having received the application.
2. The final decision will be announced to the applicant via registered mail or fax, with confirmation upon reception, to the applicant's head office or to the address stated on the Application Form.
3. If the application and its flight plan are approved, the announcement mentioned in number 2 will include an initial estimate of the incentive amount to be granted.
4. The reception of PIA's final decision by the terms of this article and the Application Form submitted do formalize the mutual acceptance of the conditions determined in this program.
5. Final agreement (Decision) for incentive program will be in a contract form between PIA and the applicant airline.

ARTICLE 7: PAYMENT OF THE INCENTIVE

1. The incentive calculated and approved by the terms will be paid through a bank transfer, based on one debit note to be issued by the airline at the end of the incentive period, or by any other method agreed by both parties.
2. The payment of the incentive will always depend on previous validation, that the airline complied with the operations planned on the Application Form and approved by PIA, and also that at least 80% of the previously approved slots for the period in question were actually used.

ARTICLE 8: SPECIAL CONDITIONS

1. Should the application be approved, the parties will sign a written agreement that regulates the specific conditions of the incentive and that will include at least the following information:
 - Duration of the application;
 - Operating plan;
 - Initial estimate of the incentive amount, calculated in accordance with the proposed operating plan;
 - Method and deadline for granting the incentive.
2. Any changes to the conditions initially established for granting the incentive shall be duly amended and become an integral part of the document mentioned in number 1.

ARTICLE 9: SUPERVISION

1. All incentive plans are subject to investigative audits to ensure the fulfilment of all requirements, defined in the previous article, which are the responsibility of PIA.
2. The Program will be monitored and controlled based on the detailed plan outlining the series of operations covered by the incentive, as well as on the traffic forms mentioned in article 4, number 9.

ARTICLE 10: SANCTIONS

Any airline that manipulates with its flight program for each period either single-handed or as part of a combined effort with other airlines, in order to qualify for the Incentive Program, will be disqualified.

ARTICLE 11: VALIDITY

The present program is exclusively regulated by Kosova's law and is effective from June 1st 2010 until May 31st 2011, unless otherwise advised by PIA.

Airlines interested for this incentive program may apply within one year time frame, from June 1st 2010 until May 31st 2011.

ARTICLE 12: PUBLICATION

The present program shall be published in PIA website throughout its validity period. In addition, PIA Commercial Department will post in the website the list of routes opened under this program and the airlines operating the new route.