

APPROVED by
Order No. 1R – 50
of the CEO of the State
Enterprise Lithuanian
Airports of 01April 2019

KAUNAS AIRPORT INCENTIVE SCHEME

Valid from 1 May 2018 to 1 May 2021

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I. PREAMBLE

1. By this Incentive scheme for promoting the operation of airlines at the Kaunas Airport (hereinafter referred to as the **Incentive Scheme/Scheme**), the State Enterprise Lithuanian Airports seeks to encourage airlines to operate new routes to/from Kaunas Airport and to promote the continued and sustainable development of route network and increase the volume of passengers.

II. DEFINITIONS

2. **Tour operator** – an enterprise which performs pre-agreed charter flight programmes from Kaunas Airport and has concluded a settlement agreement with airlines according to Clause 4.1.2 of the General Terms and Conditions of Use of Airport.
3. **KUN** – Kaunas Airport.
4. **Lithuanian Airports** – State Enterprise Lithuanian Airports.
5. **Airport charges** – airport charges collected for using KUN services and indicated at www.kun.lt, which the airline company, airline group or tour operator must pay the airport.
6. **Airline group** – parent and subsidiary companies, as well as companies whose 50% or more shares (shares, stocks or any other voting rights in a participants' meeting) directly or indirectly belong to the same company that are considered associated airlines.
7. **Application form** – this is a form that must be filled out by the airline or tour operator and submitted to the Lithuanian Airports when appealing regarding the Incentive Scheme at Kaunas Airport according to the conditions set out herein.
8. **Special charge** – charge per departing passenger which includes: aircraft landing charge, departing passenger charge and aircraft security charge payable by an airline, airline group or tour operator based on the thresholds of overall passengers carried as per this Incentive Scheme.

III. INCENTIVE SCHEME

9. According to this Incentive Scheme, the Special Charge based on the thresholds of overall passengers carried is intended to be applied.

**THE FIRST SECTION
INCENTIVE SCHEME BASED ON THE THRESHOLDS OF CARRIED PASSENGERS**

1. Each airline, airline group or tour operator that has carried 5,000 or more passengers (both arriving and departing) during each year of validity of this Incentive Scheme, can benefit from the Special Charge according to the criteria set out below.
2. For the avoidance of doubt , the following charges/levies are not included in the Special Charge:
 - 2.1. Follow me charge
 - 2.2. Aircraft parking charge
 - 2.3. Any other fees and/or charges that may be introduced during the validity of this Incentive.

**THE SECOND SECTION
THRESHOLDS OF OVERALL PASSENGERS CARRIED**

1. The Special Charge shall be applied according to the number of passengers carried during one year:

Number of passengers carried during one year (arriving and departing)	Special Charge per departing passenger
5,000 – 24,999	4.00 EUR
25,000 – 74,999	3.00 EUR
75,000 – 149,999	2.50 EUR
150,000 – 249,999	2.10 EUR
250,000 – 374,999	1.80 EUR
375,000 – 524,999	1.60 EUR
525,000 – 699,999	1.50 EUR
700,000 – 899,999	1.40 EUR
900,000 – and more	1.30 EUR

**THE THIRD SECTION
ELIGIBILITY**

1. Airlines, airline groups or tour operator shall meet all the requirements of this Incentive Scheme.
2. The validity of this Scheme commences on 1st May 2018. The expiration date of this Incentive Scheme is 1st May 2021. The Incentive Scheme may be amended or terminated with a separate notice to airlines and tour operators by the Lithuanian Airports.

3. Operations under this Incentive Scheme shall be non-stop services from Kaunas Airport. Services operating with a technical stop may in certain circumstances be subject to the Incentive Scheme.
4. The Incentive Scheme will not be applied together with the Lithuanian Airports' Network Incentive Scheme .
5. With regard to code-sharing flights, only the operating carrier is eligible. The decisive factor therefore will be the flight number (not marketing carrier).
6. An airline, airline group or tour operator that ceases operations at KUN will be eligible to the Scheme rebate depending on the number of carried passengers based on the official KUN statistics and, if there is a basis, shall be issued an invoice or a credit invoice pursuant to Clauses 3-4 of Section IV of this Incentive Scheme. If an airline, airline group or tour operator ceases operations at KUN without achieving the minimum threshold of the passenger number indicated in Clause 1 of Section II of this Incentive Scheme, no discounts of the Incentive Scheme shall be applied, and an invoice shall be issued under the procedure set out in Clause 3 of Section IV of this Incentive Scheme.
7. This Incentive Scheme shall not be applied to those airlines, airline groups or tour operators which have repeatedly breached the payment terms of the Airport Charges to Lithuanian Airports.
8. The Lithuanian Airports reserve the right not to grant the benefits provided for in the Incentive Scheme, if an airline, airline group or tour operator is benefiting from other special commercial agreements with the Lithuanian Airports.

THE FOURTH SECTION APPLICATION OF THE INCENTIVE

1. Airlines or tour operators willing to use the Incentive Scheme, each year of validity of the Incentive Scheme, at least 15 business days before the first planned flight, shall submit an Application Form (see Annex No. 1 to the Incentive Scheme). The Application Form shall be sent to the Lithuanian Airports by e-mail avia@ltou.lt. Upon submission of the application by an airline, the Incentive Scheme shall be applied with respect to all airlines of the airline group. Upon submitting of the application by a tour operator, the Incentive Scheme shall be applied with respect to all airlines with whom the tour operator has concluded a settlement agreement and which are indicated in the application of the tour operator.

A forecast of the number of passengers planned to be carried a month must be indicated in the Application Form. Without having submitted an Application Form, an airline, airline group or a tour operator shall not have the right to request the incentive under the Incentive Scheme.

2. The level of the Special Charge shall be applied by issuing an invoice according to the number of passengers planned to be carried indicated in the Application Form by the airline, airline group or tour operator.
3. If during the period indicated in the Application Form the number of passengers indicated by the airline, airline group or tour operator, based on the official KUN statistics is smaller than the one indicated in the submitted Application Form, the airline, airline group or tour operator may ask to extend the period of flights in order to achieve the number of passengers undertaken to be carried and

indicated in the Application, however for not more than for a calendar year from the first flight (during following years – from the preceding year of applying the Incentive Scheme to a respective airline, airline group or tour operator). If an airline, airline group or tour operator does not achieve the threshold of the passenger numbers indicated in the Application and for which the Special Charges were applied, an invoice to cover the difference in the amount of the Special Charge shall be issued (i.e. the amount payable according to the number of actually carried passengers shall be recalculated).

4. If during the period indicated in the Application Form the number of passengers actually carried by the airline, airline group or tour operator, based on the official KUN statistics, is bigger than the one indicated in the Application Form, a credit invoice shall be issued. Such a credit invoice shall not have cash value.

THE FIFTH SECTION AMENDMENT AND TERMINATION OF THE SCHEME

1. Measures of the Incentive Scheme applicable (or will continue to be applicable) with respect to the airline, airline group or tour operator as long as the airline, airline group or tour operator complies with all respects of the Scheme and the published General Terms and Conditions of Use of Airport (www.kun.lt).
2. Should the airline, airline group or tour operator fail to pay invoices in due time for all airport charges, also other fees and/or levies for services provided by Kaunas Airport, or fail to comply with the General Terms and Conditions of Use of Airport (www.kun.lt), the airline, airline group or tour operator may be subject to early termination of the approved Incentive Scheme by the decision of Lithuanian Airports.
3. Upon existence of objective circumstances, the Lithuanian Airports shall have the right to amend this scheme or separate parts thereof. The Lithuanian Airports shall inform airlines, airline groups and tour operators on any change in this Scheme and shall indicate the circumstances that determined the necessity of amending this Scheme or a part thereof.

Annex No. 1
APPLICATION FORM

To be sent by e-mail: avia@ltou.lt

Kaunas Airport Incentive Scheme														
Airline /Tour Operator:														
IATA/ICAO codes:														
Contact details:														
Invoice submission address:														
E-mail address:														
Routes and number of passengers planned to be carried per route a month:														
IATA/ICAO code	Route	Planned number of passengers												IN TOTAL
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Schedule:		Provided in this document or enclosed to this document												
Application date:														