

Lugano Airport



CONTEMPORARY MOBILITY

Lugano Airport

Lugano Airport SA

Route Development Incentive Schemes

SUMMMARY

1. Introduction to the incentive schemes
2. General terms and conditions for all incentive schemes
3. Route Support schemes
 - 3.1 Incentive for new strategic destinations
 - 3.2 Incentive for new destinations (non-strategic)
 - 3.3 Incentive for new seasonal flights
 - 3.4 Incentive for home based aircrafts
4. Passenger Growth incentive scheme
5. Application and operation of the incentive schemes

1. INTRODUCTION TO THE INCENTIVE SCHEMES

Lugano Airport SA is committed to encouraging airlines to operate new routes to/from Lugano Airport and to promote the continued development of the existing route network with a fair, transparent and non-discriminatory policy.

2. GENERAL TERMS AND CONDITIONS

- All incentives, except “new seasonal flight”, are available only if the airline operates the eligible flight on a continuous year around basis. The year around basis is described by operating a flight with weekly frequencies throughout a year (however ad hoc cancellations may occur due to external factors like weather & industrial action).
- The incentive scheme is valid for flights launched between the first day of W11 (31 October 2011) and 31 December 2014 unless a new scheme is launched before.
- The discounts will not be available for non scheduled flights.
- In order to take advantage of a discount, the flight operator must submit a request containing all relevant information at the end of each year of operation.
- In order to take advantage of a discount, the flight operator must submit a request containing all relevant information at the end of each year of operation.

- Incentives will be credited by Lugano Airport SA, according to the percentage in the agreement letter and applied to the relevant revenue values.
- The allowance for any incentive scheme will be credited for each period of the operation during the subsequent period. The allowance will be credited against the invoices issued by the airport in the following month of eligibility or at the beginning of the following year in the case of the passenger growth scheme.
- The discount is applied as a percentage reduction on relevant charges; details of these charges are set out in the document entitled “Tariff Regulation” available at www.luganoairport.ch or can be requested at commercial.mrkt@luganoairport.ch
- If, during the course of the incentive period, the operating airline changes the characteristics of or stops the initiative, Lugano Airport SA maintains the right to stop or revise the incentives according to the new situation.
- The incentive agreement is only in force when payment terms of standard invoices are respected and thus when no overdue exists. If the airline has arrears of payment, Lugano Airport SA will defer the issuance of the credit note until the outstanding debt is liquidated.
- Terms of payment for the invoices are 30 days.
- The incentive schemes cannot be combined; in case of eligibility for more than one scheme on the same route, then the scheme with the higher value will be applied.

3. ROUTE SUPPORT SCHEMES

3.1 INCENTIVE FOR NEW STRATEGIC DESTINATIONS

CHARGES	Year 1	Year 2	Year 3
Landing charge	70%	70%	60%
Handling charge	40%	40%	30%
Parking charge	100%	80%	70%
Operating time surcharge A	100%	90%	80%
Operating time surcharge B	100%	90%	80%
GPU	100%	100%	50%

Terms & Conditions:

- “New strategic destination” is an airport or airport system included in Annex 1 where no flights were operating to by any carrier from Lugano during the schedule period preceding the start date.
- The new flight shall operate for at least one year with a minimum of three weekly frequencies (for 365 days from the first day of the flight).
- An airline reinstalling a service to a destination which qualifies for this incentive is only eligible after 2 years of discontinuation of the given service (route).
- In case of “codeshare” operation, if the “codeshare” partners operate their own planes, the allowance shall be provided to the partner having started the operation earlier, with its own planes. In the event that a “codeshare” flight is operated by only one company, but in the meantime – prior to the expiry of the allowance – another partner also launches flights to the same destination, that party shall not be entitled to receive that allowance.

3.2 INCENTIVE FOR NEW DESTINATIONS (NON STRATEGIC)

CHARGES	Year 1	Year 2	Year 3
Landing charge	55%	45%	30%
Handling charge	25%	20%	15%
Parking charge	80%	70%	60%
Operating time surcharge A	80%	65%	55%
Operating time surcharge B	80%	65%	55%
GPU	80%	60%	40%

Terms & Conditions:

- New destination is an airport or airport system where no flights were operating to by any carrier from Lugano during the schedule period preceding the start date.
- The new flight shall operate for at least one year with a minimum of three weekly frequencies (for 365 days from the first day of the flight).
- An airline reinstalling a service to a destination which qualifies for this incentive is only eligible after 2 years of discontinuation of the given service (route).
- In case of “codeshare” operation, if the “codeshare” partners operate their own planes, the allowance shall be provided to the partner having started the operation earlier, with its own planes. In the event that a “codeshare” flight is operated by only one company, but in the meantime – prior to the expiry of the allowance – another partner also launches flights to the same destination, that party shall not be entitled to receive that allowance.

3.3 INCENTIVE FOR NEW SEASONAL FLIGHTS

CHARGES	Year 1	Year 2	Year 3
Landing charge	50%	40%	25%
Handling charge	22%	18%	12%
Parking charge	70%	60%	50%
Operating time surcharge A	70%	60%	50%
Operating time surcharge B	70%	60%	50%
GPU	70%	60%	40%

Terms & Conditions:

- Seasonal flights are all flights that are operated in one schedule period, defined as at least 5 months per schedule.
- New seasonal destination is a city where no flights were operating to or from Lugano by any carrier during the same schedule periods preceding the start date. If there is more than 1 airport in a city the airport will only qualify if it is not part of the given city's airport network.

3.4 INCENTIVE FOR HOME BASED AIRCRAFTS

CHARGES	Year 1	Year 2	Year 3
Landing charge	40%	35%	15%
Handling charge	15%	12%	8%
Parking charge	55%	45%	30%
Operating time surcharge A	55%	45%	35%
Operating time surcharge B	55%	45%	35%
GPU	50%	40%	25%

Terms & Conditions:

- “Home based” is an airline basing at least two aircrafts at Lugano Airport.
- An eligible airline must be operating all year round at Lugano Airport.
- The “Home based” incentive scheme may be combined with the Frequency Increase incentive only.

4. PASSENGER GROWTH SUPPORT SCHEME

If an airline company increases its frequency on a route operated from Lugano in a way that it results in a real incremental increase in passengers for that particular route, either via an increase in frequency or by operating an aircraft type with more capacity, a three year passenger growth incentive scheme is available.

The scheme combines a retrospective rebate on the passenger charge together with a discount on airport charges and will be applied as follows:

1) Adjustment according to passenger volume

Charge for the company = basic charge * (1 - c), where $c = \frac{xx}{xy}$ * (departing passengers)/(xy), c being limited to xx for a departing passenger volume over xy passengers

xx = level of discount in CHF to be agreed between the airport and the carrier depending on the target number of departing passengers;

xy = target number of departing passengers to be agreed between the airport and carrier;

2) Discount on airport charges

A 5% discount will be applied on the following charges:

CHARGES
Landing charge
Handling charge
Parking charge
Operating time surcharge A
Operating time surcharge B
GPU

Terms & Conditions:

- The Passenger Growth scheme has a three year validity and the reference period for the calculation of the passenger volume is January – December of each year. If the scheme starts at any other date during the year other than the 1st January, then the incentive will still be calculated the following January applying the formula on a prorata basis for the months in question.
- The scheme applies only for routes starting with 35,000 departing passenger per year.
- The basis for the calculations will be the number of departing passengers as charged by Lugano Airport SA.

ANNEX 1 – LIST OF STRATEGIC DESTINATIONS

- PARIS
- LONDON
- VIENNA
- BERLIN
- DUSSELDORF
- BARCELONA
- MOSCOW
- NICE
- AMSTERDAM
- BUDAPEST
- BRUXELLES
- CATANIA
- FRANKFURT
- MUNICH