



## PMP PART 3 PRORATE AGREEMENTS

### SECTION B: MULTILATERAL PRORATION AGREEMENT (EFFECTIVE: 01 SEPTEMBER 2008)

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## MULTILATERAL PRORATION AGREEMENT

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### A. SCOPE OF AGREEMENT

Throughout this Manual reference to tickets shall include electronic tickets and reference to flight coupons shall include segments of an electronic ticket.

This Agreement applies to:

- a) The division of
  - i) international through fares and charges, and
  - ii) domestic through fares and charges either sold separately or in conjunction with international fares for passenger transportation and excess baggage. (see Section D for example).
- b) All original and reissued tickets where the ticket issue date is on or after the effective date of this Manual. The ticket issue date pertains to the ticket document and not the issue date of any associated PTA, MCO, v-MPD or EMD. (see Section D for example).
- c) Involuntarily reissued tickets where the issue date of the supporting rerouted ticket is on or after the effective date of this Manual. Where the supporting ticket issue date cannot be determined, the date of ticket reissue shall be used. (see Section D for example).

### B. AMOUNT TO BE PRORATED (ATBP)

#### B1 Effective Date

The ATBP shall be the fare(s)/charge(s) in force on the date of commencement of the journey, except for tickets issued prior to the date of a fare change, the ATBP shall be the fare(s)/charge(s) collected, if based on the correct applicable old fare(s)/charge(s). (see Section D for example).

If the date of commencement of the journey is not available the date of issue of the original ticket shall be used.

#### B2 Applicable Fare(s)

- a) The ATBP shall be the through fare or excess baggage charge covering the flight coupon for which proration is required. This amount shall be based on the applicable fare or charge collected in the currency of country of payment converted in accordance with RAM Chapter A12 - see Section C. (see Section D for example).
- b) Add-on amounts, which are not available for transportation as published but which are used in combination with other fares to establish an unspecified through fare, and which are incorrectly shown separately in the Fare Calculation Area, shall be combined with the relevant fare to determine the ATBP. (see Section D for example).



## MULTILATERAL PRORATION AGREEMENT

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### B. AMOUNT TO BE PRORATED (ATBP) (contd.)

#### B3 Round Trip Fares shown as one amount

Round trip fares shown as one amount on the ticket shall be divided into outbound and inbound fare components to form two equal amounts to be prorated.

- a) Where a point of turnaround is indicated in the Fare Calculation Area, then that will be the point of turnaround;
- b) If the point of turnaround is not indicated in the Fare Calculation Area, and the amount collected is the direct round trip fare to only one point, then that will be the point of turnaround;
- c) If the point of turnaround is not indicated in the Fare Calculation Area and the amount collected is the direct round trip fare to commonrated points, the point of turnaround shall be determined as follows:

- |               |   |
|---------------|---|
| 2 points      | - the 1st is the point of turnaround      |
| 3 or 4 points | - the 2nd is the point of turnaround      |
| 5 or 6 points | - the 3rd is the point of turnaround, etc |
- (see Section D for example)

Commonrated points shall also include any point between such points where the fare is less than the fare collected. (see Section D for example).

This procedure applies whether or not the routing to/from the point of turnaround is permitted at half the round trip fare collected.

#### B4 Circle Trip Special Fares Published as one amount

Special fares published as circle trip fares will be prorated as a single amount.

#### B5 Minimum Fares

Where any or all fare component(s) have been increased to a minimum fare, the increase(s) will be added to the fare(s) to form the ATBP. The entire journey will be straight rate prorated end to end. (see Section D for example).

Note: If different classes of service are used, the fare for the lower class of service will form the ATBP. The differential(s) will form separate amount(s) to be prorated over the relevant segments. (see Section D for example).

#### B6 Surcharge/Differential

- a) Any fare surcharge or differential applicable to a specific class of service shall accrue to the carrier(s) providing that service. If required, the surcharge or differential will be straight rate prorated. (see Section D for example).
- b) Any surcharge for late booking, validity extension, change of reservation, paper ticket fee, shown as separate amounts in the Fare Calculation Area shall accrue to the issuing airline.



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### B. AMOUNT TO BE PRORATED (ATBP) (contd.)

#### B6 Surcharge/Differential (contd.)

- c) Any surcharge, except as covered in b) shall accrue to the flight coupon(s) for which the charge has been collected. If required, the surcharge will be straight rate prorated.
- d) One half of the surcharge collected for individual return in respect of group fares between Israel and Canada/USA shall be added to each fare component to form the ATBP.

#### B7 Stopover Charge(s)

- a) One way trip comprising one fare component.

The total amount collected for stopover(s) shall be added to the one way fare to form the ATBP.

- b) One way, round trip/circle trip or open jaw trip comprising more than one fare component.

Where stopover charge(s) are collected and the fare calculation consists of more than one fare component, the total amount for stopover(s) shall be divided equally by the number of fare component(s) comprising more than one flight coupon. The resulting share shall be added to such fare component to form the ATBP. (see Section D for example).

- c) Stopover charge(s) collected on tickets raised to a minimum fare shall be added to the fares and prorated in accordance with Article B5.

### C. METHOD OF PRORATING

The value of each flight coupon shall be calculated by sharing the amount(s) to be prorated in proportion to the prorate factors published in the PMP applicable to the period covering the date of ticket issue.

- a) To establish the quotient to be used to determine the value, the quotient shall be calculated to five decimal places, unrounded and any residual amount shall accrue to the issuing airline. (see Section D for example).

### D. PRORATION DETAILS

#### D1 Passenger Ticket(s)

- a) i) Proration shall be based on the original routing, carrying airlines and fare calculation points shown in the Fare Calculation Area. (see Section D for example).
- ii) Where no carrier or YY is shown in the Good for Passage box but a carrier is shown in the Fare Calculation area this is not considered as contradictory and the carrier shown in the Fare Calculation Area shall be used.



## MULTILATERAL PRORATION AGREEMENT

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### D. PRORATION DETAILS (contd.)

#### D1 Passenger Ticket(s) (contd.)

- b) Information missing from the Fare Calculation Area shall be obtained from the Good for Passage Area, provided such details were entered at the time of issue and no conjunction ticket is involved in the amount to be prorated. (see Section D for example).
- c) Where more than one carrier is shown, the first carrier will be the carrying airline.

#### D2 Sector not travelled by air

Where it is clearly indicated on a flight coupon that a sector of the routing is not good for transportation designated by a flight number (e.g. a "void" or "surface" coupon), no value shall accrue to such sector.

#### D3 Change of Carrying Airline

Where carriage is by an airline other than that originally indicated, proration shall be based on the original information. (see Section D for example).

#### D4 Assumption of Proration Details

In respect of Article D1, where the information on a flight coupon is incomplete or contradictory:

- a) Airline Information:
  - i) Where for a sector no airline or YY is shown in the Fare Calculation Area or in the Good for Passage Area, the Prorate Factor for that sector will apply; (see Section D for example).
  - ii) Where information is contradictory with respect to carrying airlines, the carrier information shown in the Good for Passage Area will apply, provided no conjunction ticket is involved in the ATBP, and such detail was entered at the time of issue. (see Section D for example).

#### b) Incomplete Routing/Fare Calculation Points

Where the passenger ticket is incomplete with respect to the routing and/or fare calculation points shown in the Fare Calculation Area, billing must be in accordance with RAM Chapter A2, Paragraph 1.2.2 - see Section C. (see Section D for example).

Note: Where full ticket details are provided by the issuing airline in accordance with RAM Chapter A2, Paragraph 1.2.2 (see Section C) the carrier and routing information shown in the Good for Passage Area of all conjunction tickets will apply, provided such details were entered at the time of issue.



## MULTILATERAL PRORATION AGREEMENT

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### D. PRORATION DETAILS (contd.)

#### D4 Assumption of Proration Details (contd.)

##### c) Contradictory Routing

Where the passenger ticket is contradictory with respect to the routing, billing must be in accordance with RAM Chapter A2, Paragraph 1.2.2 - see Section C.

To determine if the routing is contradictory, the billing carrier shall refer to the Fare Calculation Area, the Good for Passage Area and the origin/destination boxes.

Note: Where full ticket details are provided by the issuing airline in accordance with RAM Chapter A2, Paragraph 1.2.2 (see Section C) the carrier and routing information shown in the Good for Passage Area of all conjunction tickets will apply, provided such details were entered at the time of issue.

#### D5 Voluntary Rerouting

##### a) When reticketed due to voluntary rerouting:

- i) the carrying airlines shall prorate the reissued ticket on the basis of the information shown on the flight coupon of such ticket;
- ii) the reticketing airline shall receive the prorate value of the flight coupon(s) withdrawn on the basis of the information shown on such coupon(s).

b) Any difference resulting from the reissue shall accrue to or be absorbed by, the reticketing airline.

c) Where an under/over collection is made on the original ticket(s), the amount to be billed shall be determined in accordance with RAM Chapter A2 Paragraph 2.2 - see Section C. (see Section D for example).

#### D6 Involuntary Re-routing

a) In case of involuntary re-routing the carrying airline shall receive, over the revised portion of the routing, the value that would have accrued to the original carrying airline(s) calculated in accordance with the MPA-P.

b) Where more than one airline is involved in the involuntary re-routing, the value that would have accrued to the original carrying airline(s) shall be shared on the basis of straight rate proration. (see Section D for example)

Note 1: "The revised portion of the routing" means the portion where the re-routing begins to the point where the original routing recommences. Any sector(s) from the original routing which is (are) entered in the new ticket and is (are) not rerouted shall not be part of the revised portion. (see Section D for example).



## MULTILATERAL PRORATION AGREEMENT

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### D. PRORATION DETAILS (contd.)

#### D6 Involuntary Re-routing (contd.)

Note 2: In the case of billing disputes, if the issuing airline cannot supply an official tariff reference (Tariff Handbook, CRS system or electronic source such as ATPCO, SITA, Genesis etc.), the uplifting airline will bill on the basis of the lowest applicable official fare of the original carrying airline(s).

#### D7 Infant Fares

Infant fares of 10% or less will be straight rate prorated.

#### D8 Excess Baggage Ticket(s)

Excess baggage ticket(s) will be straight rate prorated on the basis of the original information. In case of incomplete routing, billing must be in accordance with RAM Chapter A2, Paragraph 1.2.2 - see Section C. (see Section D for example).

### E RULES WITH REGARD TO A PROVISO

#### E1 General Rules

Provisos for any sector that exceeds 1750 statute miles (TPM) will be ignored.

##### a) Application

- i) Proviso shares shall be deducted on a sector by sector basis from the ATBP and the balance will be straight rate prorated;
- ii) In case of Code-share Arrangements the Base Amounts of the ticketed carrier must be used;
- iii) The PMP shall be taken as the sole source for the application of Article E1 a).
- iv) The Proviso share, exclusive of any fare surcharge/differential collected separately, must not exceed the F, C, Y Base Amount published in the PMP for the sector concerned relative to the fare basis of the ATBP. (see Section D for example).
- v) A Proviso will only be recognised between points in the fare calculation for which a prorated is required. Where more than one Proviso applies between any two points the lowest amount will apply.

##### b) Effective Date

- i) Base Amounts published in the Prorate Manual in effect on the date of ticket issue must be used to determine the value of the Proviso. (see Section D for example).



## MULTILATERAL PRORATION AGREEMENT

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### E RULES WITH REGARD TO A PROVISO (contd.)

#### E1 General Rules (contd.)

ii) A Proviso shall apply to tickets on which the date of ticket issue is on or after the effective date of the Manual in which such Proviso is published.

#### c) Currency Conversion

In deducting a Proviso share(s) the conversion of the Proviso amount shall be made in accordance with RAM Chapter A12 - See Section C. (see Section D for example)

#### d) Discounts (see Section D for example)

##### i) Mandatory Discounts:

a) A Proviso will be reduced by the appropriate percentage in respect of the following discounted fares:

- i) children (CH)
- ii) sales agency employees (AD) (RG)
- iii) ships' crews (SC) (GS)
- iv) tour conductors (CG)

b) for the above categories the Proviso to be applied shall be that applicable to the fare on which the discount is based.

##### ii) Additional Discounts:

Where an Additional Discount is granted for specific categories of passenger and is included in a Proviso, the Proviso to be applied shall be that applicable to the fare on which the discount is based. The Proviso will be reduced by the appropriate percentage. (see Section D for example).

##### iii) Other Discounts:

Where a discount is granted for specific categories of passenger and is not included in a Proviso, the applicable Special Fare Proviso shall be applied. (see Section D for example)

iv) With respect to paragraphs i) and ii) above if the fare on which the discount is based is a Normal Fare as defined in Section C, the discounted fare will also be considered a Normal Fare

#### e) Minimum Prorate Rules:

i) Where the total of carriers' Provisos exceeds the ATBP, straight rate proration applies; (see Section D for example).

ii) Where a carrier receives less than the Minimum Prorate Rule percentage of the prorate factor, straight rate proration applies; (see Section D for example).



## MULTILATERAL PRORATION AGREEMENT

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### **E RULES WITH REGARD TO A PROVISO (contd.)**

#### **E1 General Rules (contd.)**

##### **e) Minimum Prorate Rules: (contd.)**

- iii) Where Provisos are applicable on all sectors of the ATBP and the total of such Provisos is less than the ATBP the residual value shall accrue to the issuing airline.

Note 1: When applying the provisions of this paragraph, the comparison will be made in USD.

Note 2: For children, sales agency employees, ships' crews or tour conductors, this rule shall be applied in proportion to the discounted fare. (see Section D for example).

Note 3: The Minimum Prorate Rule Percentage will be the percentage amount published on the front cover of the applicable issue of the PMP.

#### **E2 Assumption Rules**

- a) Base Amounts not published in the PMP (see Section D for example).

For Base Amounts not published in the PMP for the sector concerned, the following shall apply:

- i) Where the carrier concerned does not publish a Base Amount applicable to the fare type of the ATBP, then the next lower Base Amount for that carrier shall be used. If no lower Base Amount is published, the Proviso shall be ignored for that sector.
- ii) Where no Base Amount is published by the carrier concerned, the Proviso shall be ignored for that sector.

- b) Incomplete/Contradictory Information

In respect of Article D1 where the information on a flight coupon is incomplete or contradictory, or D4 a) i) where no airline or YY is shown for a sector, an airline requiring a Proviso shall receive such Proviso subject to Article E1 through E4. The issuing airline shall not reject billings calculated on this basis. (see Section D for example).

#### **E3 Exceptions**

- a) Fare Surcharge/Differential

A fare surcharge or differential applicable to transportation in a specific class of service will be straight rate prorated. (see Section D for example).

## MULTILATERAL PRORATION AGREEMENT

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### **E RULES WITH REGARD TO A PROVISO (contd.)**

#### **E3 Exceptions (contd.)**

b) Involuntary Re-routing

The value arising from involuntary re-routing will be straight rate prorated. The Proviso shall not apply for sectors covering the revised routing.

c) Excess Baggage

Excess baggage charges will be straight rate prorated.

d) Infant Fares

Infant fares of 10% or less will be straight rate prorated.

e) ID Discounted Fares

ID discounted fares will be straight rate prorated.

#### **E4 Filing Procedure**

a) Restrictions on a Proviso Request

- i) A carrier shall not be permitted to request revenue derived from a Proviso or from straight rate proration, whichever is the higher;
- ii) A carrier physically operating a sector without full traffic rights shall not be permitted to file a Proviso for such sector;
- iii) In respect of Code-share Arrangements the filing procedure shall be in accordance with the standard Rules for the Presentation of a Proviso.

b) Acceptance of a Proviso

A Proviso shall be submitted to, and published by, the Prorate Agency. Such Proviso will be reviewed by the Prorate Manual Review Group (PMRG); (see Part 3 Section F-9).

c) Effectiveness of a Proviso

The following rules apply to the effective date, amendment and withdrawal of Provisos:

- i) A Proviso can only become effective from 01 March, 01 June, 01 September, 01 December. The effective date of such Proviso will be determined by the date of receipt by the Prorate Agency (See the Production Schedule on the inside back cover of this Manual). A carrier may request a later effective date, provided the above dates are respected.

## MULTILATERAL PRORATION AGREEMENT

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### E RULES WITH REGARD TO A PROVISIO (contd.)

#### E4 Filing procedures (contd.)

##### c) Effectiveness of a Proviso (contd.)

ii) A Proviso cannot be filed, amended or withdrawn by use of the Addendum.

iii) In instances where a Proviso is withdrawn by a carrier as a result of currency depreciation/devaluation, such amendment will become effective immediately. This exception may only be invoked if the carrier concerned has increased its fares by a margin which recovers not less than 75% of the actual currency depreciation/devaluation.

##### d) Presentation of a Proviso

Presentation and content of Provisos in the PMP shall be in accordance with the Standard Rules, and must not conflict with the rules of the MPA.

### F. PRORATE MANUAL PASSENGER (PMP)

#### F1 Frequency of Publication/Periods of Applicability

The PMP will be published four times per year and shall apply for three months until the effective date of the next issue.

<b>Effective Date of the Prorate</b>	<b>Applicable Period Manual</b>
1 March	1 March - 31 May
1 June	1 June - 31 August
1 September	1 September - 30 November
1 December	1 December - 28/29 February

#### F2 Addendum to the PMP

An Addendum shall only be used for:

- correcting clerical errors made by the Contractor in processing data,
- adding Prorate Factors for new services.

It shall be issued with the same effective date as the PMP concerned.

#### F3 Contents

The PMP, Part 2 contains:

- a) Prorate Factors derived from industry agreed weighted mileage formulas in accordance with Section F.
- b) Base Amounts applicable from the country of origin based on fare levels exclusive of taxes (e.g.VAT), which have received all necessary approvals and are effective no later than the cut-off date established for each issue of the PMP - see Production Schedule in each issue of the PMP.



## MULTILATERAL PRORATION AGREEMENT

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### F. PRORATE MANUAL PASSENGER (PMP) (contd.)

#### F3 Contents (contd.)

- i) Base Amounts must not exceed the full local fare that would be charged had the sector been a complete journey.
- ii) When carriage is on a sector where different fare levels exist which are dependent on day of the week travelled, the Base Amounts will be calculated at 96% of the higher fare level.
- iii) When carriage is on a sector where different seasonal fare levels exist, the Base Amounts will be calculated as the average of the seasonal levels.
- c) Replicated Base Amounts for a Code-share Arrangement will only be applicable if the Code-share arrangement for the sectors concerned is available for sale at the cut-off date established for each issue of the PMP (see Production Schedule).
- d) Base Amounts will be audited by the Base Amount Audit Group (BAAG) (see PMP Part 3, Section F-13).

#### F4 Base Amounts

- a) Base Amounts will only be published provided there is a corresponding Proviso.
- b) In accordance with Article E1, Base Amounts for any sector which exceeds 1750 statute miles (TPM) miles will not be published.

#### F5 Submission/Application of PMP, Part 2

Airlines agreeing to apply the terms of this Agreement must:

- a) submit Base Amounts where applicable, provided:
  - i) fares annotated such as 'for construction purposes only', 'for proration purposes only', 'only to be used for calculation and construction purposes' etc, shall not be used.
  - ii) in respect of Code-share Arrangements the responsibility for submitting Base Amounts rests with the operating carrier who must submit Base Amounts for the applicable Code-share sectors and also advise for which Code-share partners the Base Amounts must be replicated. The non operating carrier (the ticketed carrier) must not submit Base Amounts.
  - iii) Base amounts for North America are selected automatically according to the procedure published in PMP section F-11 / F-13.
- b) apply Factors and Base Amounts published.



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### F. PRORATE MANUAL PASSENGER (PMP) (contd.)

#### F6 Missing Factors

- a) Where a Prorate Factor is missing for any sector in both directions of travel, such factor must be requested from the Prorate Agency. Such request shall be made by email, fax or telex and shall contain the following information:
- i) the sector concerned showing both the city/country pair
  - ii) Name of carrier operating the sector
  - iii) Date of ticket issue
  - iv) All known carriers on itinerary
  - v) Issuing airline

Note: When a carrier requests a missing factor which is to be applied for services operating prior to the effective date of the current PMP, documentation of actual scheduled operations must be submitted to the Prorate Agency to substantiate such request in addition to information required in i) through v) above.

The Prorate Agency will circulate the new Factor to all known carriers and ensure publication in the next Addendum or PMP.

- b) Factors calculated in respect of FIMs (Flight Interruption Manifests) will be advised to all involved carriers, but will not be published in the Prorate Manual.
- c) When the Prorate Factor is not published and no service is operated on that sector;
- i) a factor shall be established by taking the Maximum Permitted Mileage for the sector and dividing it by 1.20 ignoring decimal places. Where there is more than one Maximum Permitted Mileage the lower/lowest Maximum Permitted Mileage shall be used.
  - ii) where no Maximum Permitted Mileage is available the procedures set out in Article F6 a) shall apply. Such Prorate Factor shall be the Shortest Operated Mileage (SOM) and the notification procedures set out in Article F6 b) shall apply.
  - iii) this procedure shall not apply for sectors covered by Article D2

#### F7 Arbitration Board

Disagreements concerning Prorate Factors or Base Amounts may be referred to the Prorate Agency and resolved in accordance with the following procedures:

- a) The Prorate Agency will attempt to determine the validity of such Factor or Base Amount and if necessary establish an Arbitration Board.

## MULTILATERAL PRORATION AGREEMENT

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### F. PRORATE MANUAL PASSENGER (PMP) (contd.)

#### F7 Arbitration Board (contd.)

- b) The members of the Arbitration Board will be three in number, one of whom shall be an accountant. They shall be appointed by the Prorate Agency from carriers, Signatories to this Agreement and not parties to the disagreement.
- c) The decision of the Prorate Agency or Arbitration Board will be circulated to all carriers involved in the disagreement as well as subscribers to the PMP.
- d) The decision of the Prorate Agency or the Arbitration Board shall be binding on all airlines agreeing to apply the terms of this Agreement.

#### F8 Clarification Procedures

Should application of any decision taken at a Prorate Meeting prove to be:

- a) not, in practice, achievable, or
- b) disruptive to the production of the PMP,

the following procedures shall apply:

- i) IPAC shall resolve such matters by majority vote and shall advise the Prorate Agency;
- ii) the clarification shall be published as an Interpretation in Section E;
- iii) the issue will automatically be included in the Agenda for resolution at the next Prorate Meeting;
- iv) the clarification will be published in the PMP unless/until rescinded or modified at a Prorate Meeting.

### G INFORMAL INTERPRETATIONS

In the event of a dispute caused by conflicting interpretations of the rules contained in this Agreement not being settled between carriers in an exchange of correspondence subsequent to the third rejection, such dispute may be directed to the Prorate Agency by the airlines involved requesting an informal interpretation should they fail to reach a bilateral agreement.

On receipt of such request the Prorate Agency in consultation with the IPAC will try to settle the dispute by correspondence and decide whether or not an informal interpretation will be issued and published in Part 3 - Section E.

Should an informal interpretation be issued, it will be published in Part 3 – Section E and will be placed on the Agenda of, and be subject to ratification by, the next Prorate Meeting.



## MULTILATERAL PRORATION AGREEMENT

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### H WITHDRAWAL FROM AGREEMENT

Withdrawal from this Agreement may be effected by notification to all other Signatories to the Agreement. At least three months notice must be given and then the withdrawal shall become effective on the first day of any month.

### I. PARTICIPATION IN AGREEMENT

Participation in this Agreement is limited to those airlines which are Signatories to the Prorate Agency Agreement.

This Agreement applies to airlines Signatory to this Agreement, including any airline(s) - Signatory or not to this Agreement - which are owned 50% or more by any airline(s), Signatory to this Agreement.

The undersigned airline agrees to divide the amounts to be prorated (as defined in Article B) in accordance with the terms of this Agreement with any airline that also agrees to apply these terms in respect of such amounts.

_____	_____
Name of Airline	Signature
_____	_____
Witness	Typed or Printed Name of Signatory
_____	_____
Date	Title or Capacity
_____	_____
Contact details	Email address