

2003

Confidential
Lufthansa German Airlines
International Incentive Program (IIP)

GP	03
AP03	MTO 01/1094
Iss. Off.	Yr. Type/Cat. #

This International Incentive Program (IIP) Agreement is made between **Lufthansa German Airlines** ("Lufthansa"), having its principal place of business at P.O. Box 610185, DFW Airport, TX 75261 and **International Tours of Houston**, having its principal place of business at **6363 Richmond Suite 200, Houston, TX 77057**

Whereas, Lufthansa German Airlines ("Lufthansa") agrees to offer an incentive program to **International Tours of Houston** at the ARC locations specified in Attachment A. This International Incentive Program is applicable to Lufthansa's transatlantic services to/from the U.S.A. via a German gateway city. All Terms and Conditions of this Agreement are set forth hereunder and in Attachments A through C.

This Agreement commences and is effective for ticketing from April 01, 2003, through March 31, 2004. Either party may terminate this Agreement upon 15 days prior written notice

In order to maintain this Agreement and/or future program extensions International Tours of Houston agrees to meet a minimum IIP LH flown revenue target of **\$150,000.00 (USD)** and any market share requirements specified in Attachment B.

The following Terms and Conditions apply throughout entire IIP Agreement unless otherwise specified in Attachments A through C.

- 1. APPLICATION:** Travel may originate anywhere in the world provided that itinerary contains at least one transatlantic segment to/from the USA via a German gateway city and provided that Lufthansa is the operating carrier on all intercontinental segments.

One-way and open-jaw itineraries are permitted provided Lufthansa is the transatlantic carrier and all terms and conditions required for this Agreement have been met.

To qualify for IIP incentives all travel must be on Lufthansa operated flights, except as stated below in Article 2. "OTHER APPLICABLE CARRIERS".
- 2. OTHER APPLICABLE CARRIERS:** All travel must be on Lufthansa operated flights or on the following additional carriers, which may be included in the itinerary.

U.S. domestic operated by UA, with LH code share flight numbers. City Line (CL) service within Europe with LH flight numbers.

Transatlantic flights operated by PrivatAir and Condor on behalf of Lufthansa with and LH flight number (LH 400 flight number series or respective UA marketing code share flight number) are eligible for IIP incentives.

Segments between Germany and Scandinavia operated by Scandinavian Airlines, booked with a LH flight number, are treated as Lufthansa flights.

Team Lufthansa Member flights operated by Contact Air, Cimber Air (QI), Augsburg Airways (IQ), Rheintalflug (WE), Cirrus Airlines (C9), Eurowings (EW) and Air Dolomiti (EN).

Train services Deutsche Bahn (2A), SNCF (2C) are permitted.

LH Bus service is treated as Lufthansa flights when booked with a LH flight number.

Code shares operated by Lufthansa, with another carrier's marketing flight numbers as a part of international itinerary are eligible under this Agreement.

Intra-continental (as defined by IATA) flights operated by STAR Alliance Partners on Asiana Airlines (OZ), Austrian Airlines (OS), bmi british midland (BD), Tyrolean Airways (VO), Air Canada (AC), Air New Zealand (NZ), ANA (NH), Lauda Air (NG), Mexicana (MX), Singapore Airlines (SQ), Spanair (JK), THAI (TG), United (UA) and Varig (RG) are also permitted.
- 3. INTERLINING:** Itineraries may contain up to two segments, per direction, with carriers other than the carriers mentioned above under Article 2, will qualify for IIP and shall be compensated according to "Interlining" incentive table as specified in Attachment B.

Intercontinental flights must be on Lufthansa.

01 JULY 2003

This supercedes all prior issues of MTO 01/1094

2003

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Lufthansa German Airlines
International Incentive Program (IIP)

GP	03
AP03	MTO 01/1094
Iss. Off.	Yr. Type/Cat. #

Terms and Conditions (continued)

4. **INCENTIVES:** Incentives must be claimed at time of ticketing and must reflect the entire applicable incentive. Retroactive claims will not be honored.
The IIP incentive is applicable to revenue passengers only. Industry reduced fares such as ID or AD tickets are specifically excluded.
All incentives must be calculated against the applicable fare prior to any taxes, applicable fees and surcharges.
The IIP incentive shall not be used for the resale of Lufthansa's products to sub International Tours of Houston
5. **ELIGIBLE FARES:** Eligible fare types include fare basis codes beginning with 'F', 'A', 'C', 'D', 'Z', 'Y', 'B', 'M', 'H', 'Q', 'V' or 'W'. The incentive levels are specified in Attachment B. Tickets including fare basis codes beginning with 'S' is excluded from this Agreement. IIP applicable fares must be constructed per fare rules based on normal fare construction. In the event that an itinerary includes more than one fare type, the type used on the transatlantic segment in each direction will determine the incentive level for that direction respectively. If itinerary includes a non-eligible fare in one of the transatlantic segments, no incentives will apply.
6. **TICKETING:** Incentives apply to tickets plated on Lufthansa (220) unless otherwise specified in Attachments A through C. Tickets must be paid for in the United States. Tickets must be issued in the U.S.A, except pre-paid tickets issued overseas.
7. **TICKETING CODES:** The IIP incentive applies only to tickets with assigned tour codes and ticket designators. Tickets lacking sufficient information such as the designated tour code and ticket designator provided under this Agreement will be excluded from the IIP with no exceptions, a debit memo will be issued for incentives taken on tickets issued incorrectly.
8. **COMBINATION:** The IIP incentive **is not** combinable with any other front-end incentives or discounts. Tickets issued under this program will not be eligible for any other up-front compensation and/or discount and/or promotions, unless specifically allowed in writing by Lufthansa. In the event commissions/compensations are paid on a ticket that were compensated under another program, International Tours of Houston will promptly refund to Lufthansa any overpayment upon receipt of an invoice from Lufthansa. (see below – special conditions)
9. **DEBIT MEMOS:** Agency is responsible for International Tours of Houston Debit Memos issued by Lufthansa German Airlines according to the Terms and Conditions specified under this Agreement.
10. **EXCLUSIONS:** The IIP incentive program does not apply to MCO's. The IIP incentive is not applicable to the 'status' fares such as: embassy, emigrant, group, student, senior citizen fares, missionary, journalist fares, infant fares, etc.
11. **PREPAIDS:** The IIP incentive program does not apply to service charges on PTA's. The IIP incentive may apply to PTA's, as long as all terms of this Agreement are met. The Lufthansa PTA desk must be contacted, 1-800-634-7930, in order to have a PTA processed. Be prepared to provide the Agency's ARC #, tour code and ticket designator.
12. **OVERLAPPING AGREEMENTS:**
N.A.

2003

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GP	03
AP03	MTO 01/1094
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ATTACHMENT A: International Tours of Houston and Authorized Additional Ticketing Locations

Incentives will be based on the account structure on record. ARC location changes made during the contracted period will be eligible for incentives only for that period during which they were included in the Agreement. ARC changes must be notified to Lufthansa in writing via letter or electronic format (email) by the 10th day of the prior month of application, changes will be effective for the following month (i.e. ARC updates sent by the 10th of July 2003 will be eligible for incentives as of August 01, 2003.)

AGENCY NAME: **International Tours of Houston**

AGENCY ADDRESS: **6363 Richmond Suite 200**
Houston, Tx 77067

AGENCY IATA/ARC #: **45 67426.3**

Other Applicable ARC #'s: N.A.

Special Conditions:

None

2003

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Lufthansa German Airlines
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GP	03
AP03	MTO 01/1094
Iss. Off.	Yr. Type/Cat. #

ATTACHMENT B: International Incentive

Lufthansa German Airlines (Lufthansa) agrees to pay **International Tours of Houston** an up-front International Incentive at time of ticketing, based on fare basis code. All Terms and Conditions specified on pages 1 and 2 and Attachments A, through C apply:

For Lufthansa and Team Lufthansa and others as listed under Articles 1 and 2, the International Incentive applies to the fare basis codes beginning with the following Booking Codes:

	Booking Code	% Incentive	Ticket Designator	Tour Code
Full Fare Codes	F/A/C/D/Z/Y	15%	IIP15	814VW
Promotional Fare Codes	B/M/H/Q/V/W	15%	IIP15	814VW

For tickets including **interlining** with other carriers other than the exceptions listed under Articles 1 and 2, the International Incentive applicable shall be 3% less than the above. The International Incentive applies to the fare basis codes beginning with the following Booking Codes:

	Booking Code	% Incentive	Ticket Designator	Tour Code
Full Fare Codes	F/A/C/D/Z/Y	12%	IIP12	814VW
Promotional Fare Codes	B/M/H/Q/V/W	12%	IIP12	814VW

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International Incentive Program (IIP)

GP	03
AP03	MTO 01/1094
Iss. Off.	Yr. Type/Cat. #

Attachment C – Standard Terms and Conditions

Page 1

1. Entire Agreement:

This Agreement, including its Attachments, constitutes the entire Agreement and understanding of the parties on the subject matter hereof, and supersedes all prior Agreements, whether oral or written, between the parties hereto concerning the subject matter hereof. This Agreement may be modified or amended only by further written Agreement signed by both parties hereto.

2. Independent Contractor:

This Agreement creates a contractual relationship, but is not intended to nor shall it be construed to create or establish any employment, agency, partnership, or joint venture relationship between the parties.

3. Governing Law and Jurisdiction:

This Agreement and any dispute arising under or in connection with this Agreement, including any action in tort, will be governed and construed by the laws of the State of New York, U.S.A., without regard to any conflict of laws, principles which may direct the application of laws of any jurisdiction.

4. Non-Waiver:

The right of either party to require strict performance and observance of any obligations hereunder shall not be affected in any way by any previous waiver, forbearance or course of dealing. Exercise by either party of this right to terminate hereunder will in no way affect or impair its right to bring suit for any default or breach of this Agreement.

5. Severability:

In the event any one or more of the provisions of the Agreement shall for any reason be held to be invalid, illegal or unenforceable, the remaining provisions of the Agreement shall be unimpaired, and the invalid, illegal or unenforceable provisions shall be replaced by a mutually acceptable and valid provision which comes closest to the intention of the parties underlying the invalid, illegal or unenforceable provision.

6. Delay or Prevention of Performance:

LH will not be responsible for any failure to perform its obligations under this Agreement, resulting from, but not limited to, any delay or cancellation of flights, acts of governmental authority, strikes, work stoppages or labor disputes, war or terrorism, fire, acts of God, mechanical difficulties, or any other acts, matters, or things, whether or not of a similar nature, beyond the control of LH.

7. Indemnity:

Each party agrees to indemnify and hold the other party harmless from and against all claims, liabilities, and damages, including reasonable attorneys' fees, which may be suffered by the other party resulting from such other party's failure to perform its obligations under this Agreement or such other party's negligence or willful misconduct.

This indemnity provision shall survive the expiration or termination of this Agreement.

Confidential
Lufthansa German Airlines
International Incentive Program (IIP)

GP	03
AP03	MTO 01/1094
Iss. Off.	Yr. Type/Cat. #

Attachment C – Standard Terms and Conditions

Page 2

8. Exclusion of Consequential Damages:

Neither party will be liable for any indirect, special, incidental or consequential damages, including lost revenues, lost profits, or lost prospective economic advantage, whether or not foreseeable and whether or not based on contract, tort, or warranty claims or otherwise, arising from any performance or failure to perform under this Agreement, and each party hereby releases and waives any claims against the other party regarding such damages.

9. Termination:

a) In the event that either party defaults in the performance of the Terms and Conditions of this Agreement, and such default continues for a period of five (5) days following written notice thereof from the non-defaulting party, then the non-defaulting party may terminate the Agreement and/or pursue any remedy available to it in law or equity.

b) Either party may terminate this Agreement upon written notice to the other if any third party acquires control of or a controlling interest in the other party or if the Agency merges with or acquires control of or a controlling interest in any third party.

c) In the event that the Agency violates any applicable law or regulation or in the event of upon suspension or termination of Agency's appointment as an approved ARC International Tours of Houston, this Agreement may be terminated immediately by LH without notice.

d) In the event of a termination of this Agreement by LH pursuant to Article 9(a) or (c), LH will have no further liability or obligation to the Agency under this Agreement. If this Agreement is terminated by LH or Agency pursuant to Article 9(b), or by the Agency pursuant to 9(b), the Agency will be entitled to all commissions earned through the effective date of termination.

10. Non-Assignment:

Neither party will assign this Agreement or any right or obligation hereunder without the prior written consent of the other party. Any assignment in violation of this provision will be null and void.

11. Confidentiality:

The parties agree that all Terms and Conditions of this Agreement and any proprietary information or data, either oral or written, received from the other party, are confidential and may not be publicized or disclosed to any third party, either directly or indirectly, without the prior written consent of the other party except as may be required by law. Breach of the foregoing non-disclosure requirement will permit the non-breaching party to terminate this Agreement with immediate effect.

This confidentiality provision shall survive the expiration or termination of this Agreement.

12. Performance Calculations:

All performance calculations under this Agreement shall be based upon data contained in Lufthansa's records, which shall take precedence over the data in any other records. Both parties in good faith shall resolve any discrepancies in data.

2003

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International Incentive Program (IIP)

GP	03
AP03	MTO 01/1094
<small>Iss. Off.</small>	<small>Yr. Type/Cat. #</small>

Attachment C – Standard Terms and Conditions

Page 3

13. Use of Trademarks, Service Marks or Logos:

Neither party will use any logos, trade names or service marks of the other party in any manner without first obtaining the prior written approval of the other party.

14. Commission Limitations:

Agency understands that Agency will lose any right to incentives if it fails to comply with any of the Terms and Conditions of this agreement.

In witness whereof, the parties have read and executed this Agreement, including targets, validity, all Terms and Conditions and Attachments A through C, as of the date first date stated on page 1 of this Agreement:

International Tours of Houston

Lufthansa German Airlines

Signature

Signature

Name (Print)

Name (Print)

Title

Title

Date

Date

CONTACT INFORMATION

Lufthansa Account Manager: **Richard Molloy**

Sales Office: DFWGP

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Attachment D
American Express 2 for 1 Terms and Conditions

DFWGP	03
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Offer: For American Express Platinum Card* holders, purchase one full fare published Business Class ticket and get a free companion ticket.

Travel Dates: Beginning September 1, 2002 and completed by August 31, 2004.

Class of Service: Business Class only

Conditions: Valid on LH only itineraries. **One-way itineraries originating in the USA and Round-trip itineraries, originating and terminating USA.** All Lufthansa US gateways are permitted, including: **ATLANTA (ATL) - BOSTON (BOS) - CHICAGO (ORD) - DALLAS (DFW) - DETROIT (DTW) - DENVER (DEN) HOUSTON (IAH) - LOS ANGELES (LAX) - MIAMI (MIA) - NEW YORK (JFK) - NEWARK (EWR) - PHILADELPHIA (PHL) PHOENIX (PHX) - PORTLAND (PDX) - SAN FRANCISCO (SFO) - WASHINGTON (IAD)**

*Certain Platinum cards are excluded from this program. Other super-premium cards as designated by Amex may apply. Contact American Express for information.

LH BOOKING INSTRUCTIONS:

A. Booking Code: "D" inventory for Business Class, limited to **3 transfers** on the entire journey, with a maximum of **6 coupons** per ticket for both the **revenue and companion** ticket (more than 3 transfers or 6 coupons = separate fares on separate ticket).

Offer not valid for First Class, no exceptions and no upgrading into First Class allowed.

B. Reservations: Reservations must be ticketed 30 days prior to departure date on all IAP records. If booking is made within the 30 day window, reservation must be put on 72 hour auto cancel ticketing time limit from the date of booking. Reservations for both passengers must be made on the same PNR. All flights **MUST BE CONFIRMED** at time of booking. **No waitlists allowed.**

C. OSI Messages Required: Must be included in every IAP reservation: **3OSI LH AX 2FOR1**

D. Code Share Flights: Not permitted. Travel is limited to flights operated by Lufthansa booked with LH flight number. Transatlantic flights operated by Condor/PrivatAir, with LH400 flight number series, on behalf of Lufthansa and LH5000 flight number series operated by City Line are permitted. This promo does NOT apply on LH-Train or LH-Bus services.

E. PREPAIDS/ETIX: Not Permitted.

LH TICKETING INSTRUCTIONS:

A. Fare Basis/Ticket Designator:

Revenue Passenger: Published Business Class Fare Basis Codes beginning with "C" **COXCN**

Companion: Published Business Class Fare Basis Codes beginning with "C" **COXCP00**

B. Base Fare for revenue ticket must be the full published C class fare. Cannot be combined or used in conjunction with any other promotion or discount. Companion ticket must be \$0.00, yet all applicable taxes and fees **must** be collected.

C. Endorsement Box: (Must be included on both passenger tickets) **LH ONLY**

NONEND/NONTRANSF/AX241 MUST TRV WI (other passenger name) / LH ***** (a 5-digit tracking number issued by AMEX.)

VERY IMPORTANT: AFTER TICKETING, OBTAIN MANDATORY TRACKING NUMBER from Platinum Card Travel Agency Services Desk (ASD). ASD will supply the mandatory, unique tracking number, which **MUST** be manually handwritten on both auditor/agency coupons (otherwise debit memos will be issued).

D. Tour Code Box "814VW" must be entered in the tour code box of both the revenue and companion tickets.

Commission: 10%.

Freq. Flyer Mileage: Only the Revenue passenger may accrue miles in LH Miles & More or in Star Alliance Partner programs.

Involuntary Misconnect/Flight Interruption: LH agrees to apply its existing flight interruption policies to the IAP. Every effort

will be made to transport the IAP passengers to their final destination as expeditiously as possible. LH will provide a **maximum of**

(1) room for (1) night only per IAP booking (for 2 passengers) for the entire journey. Contact LH.

Additional Options: Both the full revenue and free companion passenger may purchase the Star Alliance European Air Pass or the LH Discover Europe Fare in conjunction with this promo, provided the conditions of the fare are met. Contact LH for details.

01 JULY 2003

This supercedes all prior issues of MTO 01/1094

2003

--

Confidential
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International Incentive Program (IIP)

DFWGP	03
AP03	MTO 01/1094
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Attachment D
American Express 2 for 1 Terms and Conditions

IMPORTANT STEPS TO OBTAIN MANDATORY TRACKING NUMBER

1. Call Platinum Travel Service *Agency Services Department* (ASD), 800-443-7672, prompt 5, during 9AM - 8PM ET, Mon-Fri. with the required information for promotional tracking, including ticket numbers.
 2. ASD representative will assign unique tracking number once Card member verification is established.
 - Tracking number must be handwritten on both auditor/agency coupons in the LH Endorsement Box.
 - Number is assigned to one specific IAP transaction and cannot be duplicated/repeated.
 - **Assignment of tracking number DOES NOT** imply ASD approval or validation of the travel agency booking.
- PLEASE NOTE:** American Express may incur a service fee. Contact Amex for information. If any detail provided to the IAP carrier via ASD tracking differs from the reservations or tickets used for travel, the participating travel agency will be subject to debit memos issued by the IAP carrier. **The travel agency is solely responsible for meeting all terms and conditions relating to the IAP.**