

Said regional traffic will be distributed in three equal parts, as follows:

- $\frac{1}{3}$ for Chilean companies,
- $\frac{1}{3}$ for companies of adjacent nations,
- $\frac{1}{3}$ for the foreign companies of third countries.

The total of the regional traffic will be calculated periodically on the basis of statistics.

In order to assure good service both Chilean companies and the companies of adjoining countries will be required to offer an adequate seating capacity for the regional traffic assigned to them.

In the event that the companies designated by Chile or by the adjacent countries do not offer the capacity required by the Board, they shall not have the right to their respective quota of one-third which will be reduced by an amount corresponding to their capacity.

In these circumstances, that part of the quota not utilized shall pass with priority to the companies designated by the adjoining countries, and if not taken by them, shall subsequently pass to the companies of third countries, by express disposition of the Board.

Notwithstanding the foregoing, there will be reserved in all cases, to the companies of Chile and of the adjoining country the right for each one to transport at least 20 percent of the total traffic.

The one-third corresponding to the companies of third countries is a maximum global quota which may not be exceeded without the express disposition of the Board but which may be reduced by an amount which the companies of neighboring countries may win in free competition, possibly being able to absorb it completely.

Those companies operating their services with a minimum frequency of two weekly trips in either direction over the route shall have the right to participate in this global quota.

In order to determine the theoretical quota of regional traffic corresponding to each of the companies of third countries meeting the requirement as to number of frequencies required, in conformity with the one-third which has been assigned to them, a co-efficient shall be calculated based upon the following characteristics of the service operated:

- a) Weekly frequency of flights on the route;
- b) Time of the flight, that is to say, the actual elapsed time for making the flight from terminal to terminal;
- c) The price per passenger kilometer between terminals.

When a plane is mixed first and economy class, the average price will be calculated as follows:

Average Price:

$$\frac{\text{No. of 1st Cl. seats} \times \text{fare} - \text{No. of Economy Class Seats} \times \text{fare}}{\text{Total No. of Seats}}$$

The sum of these theoretical quotas shall be equal to the one-third of the traffic assigned to companies of third countries.

Nevertheless, a company may exceed its theoretical quota without impairment of those assigned to the other companies, but without exceeding the global one-third.

In the event that the companies of third countries transport more than the global one-third, a reduction and an appropriate sanction will be applied, which will be applicable only to those companies