

Dallas/Fort Worth International Airport

Competition Plan



“DFW will be the Airport of Choice by creating a competitive environment that exceeds our customers’ expectations.”

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1.0 BACKGROUND

To enhance safety and security, promote competition, and improve service to its customers, Dallas/Fort Worth International Airport (DFW) is in the process of implementing a major Capital Development Program (CDP). The Airport will apply for FAA Airport Improvement Program (AIP) grants and impose a Passenger Facility Charge (PFC) to finance the construction costs for the new facilities and improved infrastructure.

In March of 2000, the United States Congress passed the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR-21). Pursuant to Section 155 of Publication L.106-181, the DFW Airport Board is submitting this Competition Plan in order for new Passenger Facility Charges (PFC) to be approved and for AIP grants to be issued in Fiscal Year 2001.

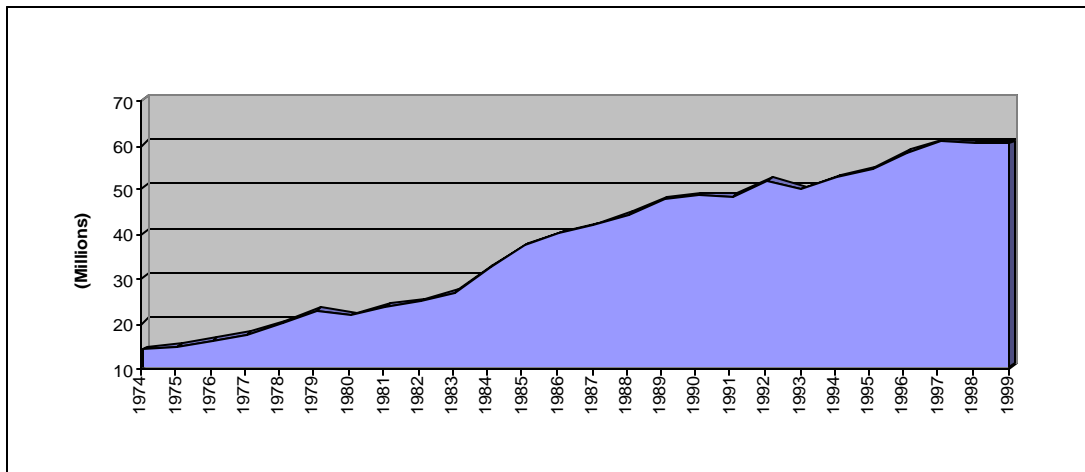
1.01 Airport History: On April 15, 1968, the cities of Dallas and Fort Worth entered into a Contract and Agreement to construct DFW. The agreement defined the powers and duties of the DFW Airport Board, provided for the construction and operation of DFW, and created the Joint Airport Fund of the cities. The Agreement authorized the newly created Board to contract for professional services, enter into contracts, leases, and other arrangements with any person or firm, and to accept, receive, spend, disburse, and repay federal and state monies.

1.02 Airport Growth and Development: Jointly owned by the cities of Dallas and Fort Worth, DFW opened in 1974 with four terminals and three runways. The Airport encompassed 17,638 acres, or 27 square miles, making it, at the time, the world's largest airport. Since its inception, DFW has experienced tremendous success and growth in both passenger and cargo operations. When opened, DFW initially served 13.7 million passengers and handled 196,000 U.S. tons of cargo and 323,000 aircraft operations.

Over its relatively brief 26-year history, passengers at DFW have grown at an annual rate of 6%, cargo tonnage at an annual rate of 6%, and operations at an annual rate of 4%. By 1999, DFW was handling more than 60 million passengers, 922,000 U.S. tons of cargo, and 832,000 aircraft operations. There are nearly 2,300 daily flights serving 124 domestic and 30 international destinations. DFW remains one of only two airports in the world with two major carriers operating hubs at their facilities.

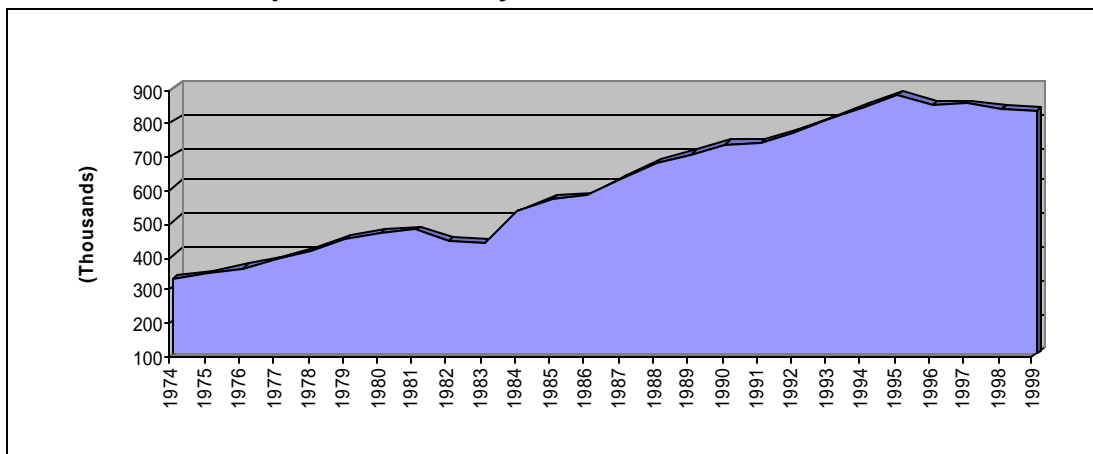
In recent years, DFW's growth rate has slowed due to constrained gate capacity. However, the Airport still experienced higher than average growth rates from its non-hub and low-fare carriers.

Exhibit 1.1 DFW Passenger History



Source: ACI Worldwide Traffic Report

Exhibit 1.2 DFW Operations History



Source: ACI Worldwide Traffic Report

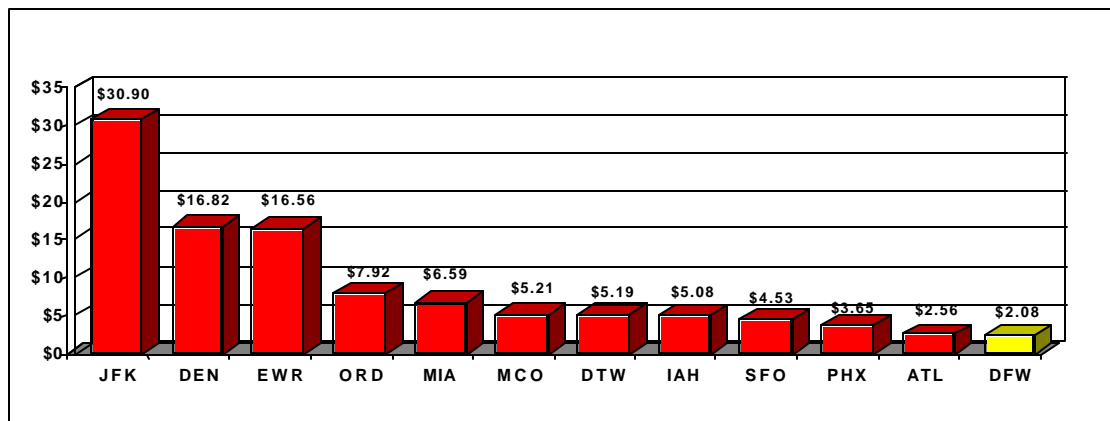
Today, seven low-fare carriers serve more than one million passengers annually at DFW. This diverse group of air carriers provides a wealth of options for air travelers.

In an effort to remain competitive and improve service to its customers, DFW will invest \$2.5 billion in infrastructure development over the next five years. This capital investment includes a consolidated international terminal, a state-of-the-art people mover system, and significant airfield improvements. Given DFW low cost structure (see Exhibit 1.3), the Airport is well-positioned to undertake the additional debt needed to finance the new facilities and infrastructure.

To guide the growth and development process, in May 2000 the Airport published a comprehensive Strategic Plan that outlines the Airport's long-term imperatives and objectives. The Plan identifies three strategic imperatives-- Growing the Business, Positive Competitive and Safe Environment, and Exceed Customer Expectations.

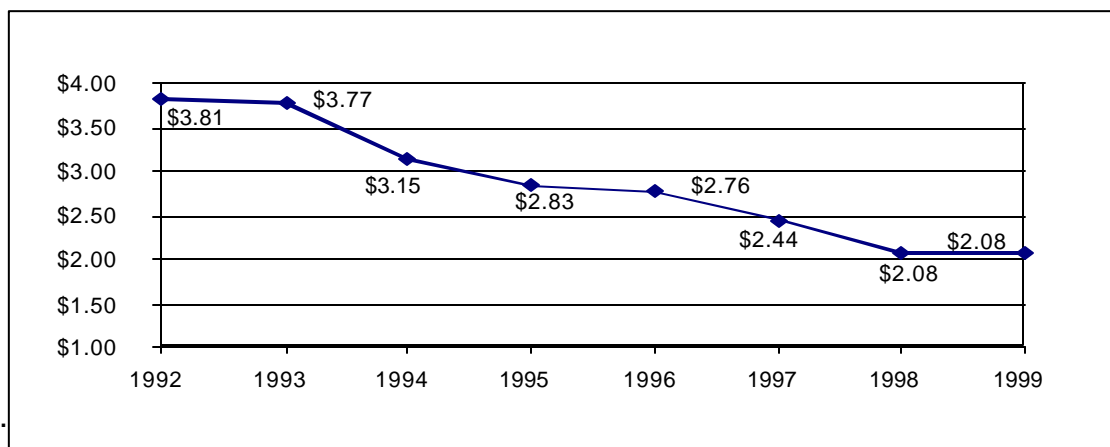
1.03 Airport Cost Structure: DFW currently offers customers one of the most competitive Net Costs Per Enplaned Passenger in the industry making it very attractive for new entrant airlines. Since 1992, DFW Airport's Net Cost Per Enplaned Passenger has declined 45%--from \$3.81 in 1992 to a record low of \$2.08 in 1999. The Signatory¹ Landing Fee is \$1.53 per 1000 lbs.

Exhibit 1.3 Current Net Cost Per Enplaned Passenger Comparison



Source: 1999 DFW Survey

Exhibit 1.4 DFW Signatory Net Cost Per Enplaned Passenger



Source: DFW Finance & Budget Dept.

¹ A Signatory is an airline that has signed the Amended and Restated Use Agreement with DFW Airport.

2.0 DFW 'S FINANCIAL STRUCTURE

2.01 The Bond Ordinance: The 1968 Concurrent Board Ordinance of the Cities of Dallas and Fort Worth, as amended, and supplemented through 32 Supplemental Concurrent Bond Ordinances, authorizes the issuance of DFW Airport Joint Revenue Bonds and other obligations to finance improvements at the Airport. It requires the Airport Board, through the imposition of rates, fees, and charges on Airport users, to annually collect revenue that will be sufficient in each fiscal year to cover the Airport's debt service, coverage, and operation and maintenance expenses. Per the 1968 Ordinance, gross revenues thus generated are irrevocably pledged to payment of such obligations.

2.02 DFW Use Agreement: Most of DFW Airport's certificated air carriers use and occupy the Airport pursuant to a Use Agreement with the DFW Airport Board. In exchange for long-term terminal leases (if desired, and space permitting), reduced landing fees, and majority-in-interest-approval rights over certain Airport capital improvements (See 2.05 below), Use Agreement Signatory Airlines underwrite the Airport's costs by guaranteeing that Airport revenue each fiscal year will be sufficient to pay that year's debt service, coverage, and operation and maintenance expenses.

The DFW Use Agreement is residual in nature. Airport revenues in any fiscal year that exceed the Airport's debt service, coverage, and operation and maintenance costs are returned to the Signatory Airlines, pro rata. Fiscal year-end revenue shortfalls are billed to, and paid by, the Signatory Airlines on the same basis. Although different airlines have become Signatory Airlines at different times, all Airport Use Agreements expire December 31, 2009. There are currently 29 Signatory Airlines at DFW Airport.

The Use Agreement provides formulae for calculating certain airline charges, such as Landing Fees, Terminal Rental and Use Fees, HVAC, Anti-Air Piracy, and Inter-Terminal Baggage and Mail charges. The Use Agreement also provides for the creation of Airport cost centers, such as terminal, airfield, airport services, parking, and transportation.

By virtue of the Rental and Use Fee formula contained in the Use Agreement, a Signatory Airline pays all debt service and operating and maintenance expenses attributable to its assigned portion of an Airport terminal cost center. However, each Signatory Airline that leases terminal space on an exclusive basis also receives a credit against its Terminal Rental and Use Fee for airport-wide terminal concession revenues, allocated among the Signatory Airlines on the basis of enplaned passengers.

The Use Agreement Landing Fee formula is calculated to cover debt service and operating and maintenance expenses attributable to the airfield cost center.

However, profits or losses from other cost centers, like parking and transportation, flow to the airfield cost center to reduce or increase landing fees.

While most Signatory Airlines occupy their passenger terminal space on an exclusive lease basis, some operate out of common use gates under the control of the Airport Board. These "Board Terminal Facilities" are provided for under the Use Agreement in order to accommodate new entrant carriers or carriers that do not wish to use facilities leased to another airline. The Board is obligated under the Use Agreement to use best efforts to secure preferential use lease agreements from users of Board Terminal Facilities and to charge rentals and fees for the use thereof that are no less than would be charged a Signatory Airline that occupied the space under its Use Agreement. Profits or losses from the Board Terminal Facilities cost center are allocated to the Signatory Airline or to the Board's Discretionary Capital Improvement Account based on the percentage of square feet in the cost center that is leased under preferential use lease agreements.

The Use Agreement does permit Signatory Airlines that lease terminal space on an exclusive basis to allow other airlines (including code share and alliance partners) to sublet that space, or to use and be handled in it under handling agreements. Some current examples are as follows:

Exhibit 2.1 Current Tenant/Sub-tenant Relationships at DFW

Terminal	Primary Tenant	Sub-Tenant
A/C	American Airlines	American Eagle, Grupo TACA, Sabena
B	Continental	America West, Frontier
B	TWA	Vanguard
B	US Airways	Midwest Express
E	Delta	Atlantic Southeast, AeroMexico, Canadian Airlines

2.03 Capital Improvement Fund: The Capital Improvement Fund (CIF) was created by Section 7.1 of the 1968 Regional Airport Concurrent Bond Ordinance and continued by Section 5.1 of the 2000 Thirtieth Supplemental Bond Ordinance (30th SBO). Monies deposited to the CIF are derived from the gross revenues of DFW. Among other things, the Airport Board's rates, fees, and charges are calculated to collect a debt service coverage requirement of 25 percent. At the end of each fiscal year, the funds generated from the 25 percent debt service coverage requirement are transferred to the CIF.

By virtue of the Capital Improvement Trust Account Agreement, as amended, between the Board and the Signatory Airlines, the Capital Improvement Fund is divided into accounts for the Airport Board's use and into accounts for the benefit of the Signatory Airlines. The Airport Board's portion of the CIF is split into two

separate accounts--the Airport Board's Capital Improvement Account (301 Account) and the Airport Board's Discretionary Account (302 Account). Revenues are allocated by formula to the 301 and 302 accounts. With limited exceptions, funds in the 301 Account may only be expended with Majority-In-Interest approval (see Sec. 2.05). Expenditures from the 302 Account require no such approval. The Signatory Airlines' portion of the CIF is divided into separate Trust Accounts for the benefit of individual Signatory Airlines and into a common account for the joint benefit of all Signatory Airlines. Allocation among the individual Airline Trust Accounts is based on their percentage of payments in the previous year for landing fees, terminal rentals, and HVAC charges.

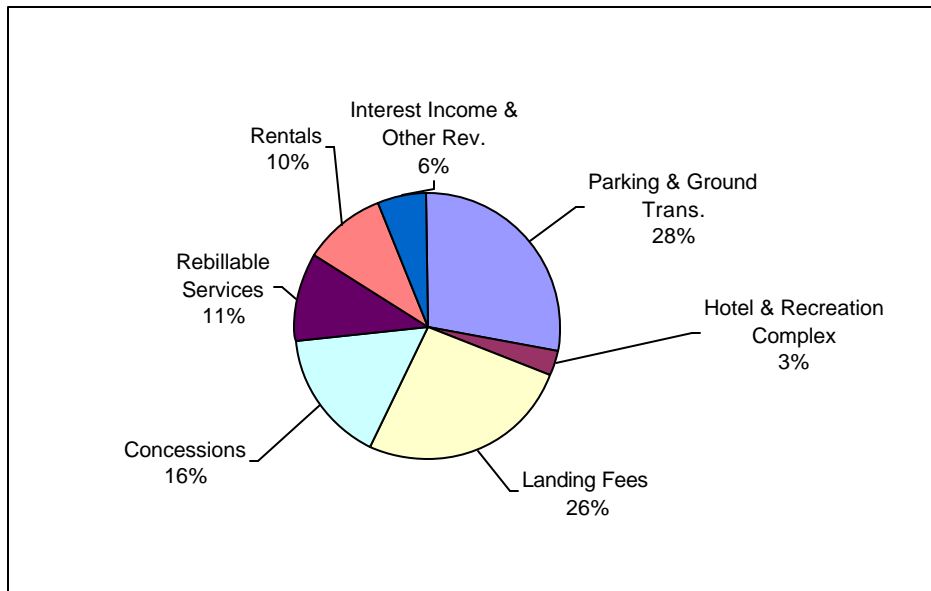
As specified by the 30th SBO, money in the Capital Improvement Fund may be used for the following:

1. to pay any costs of the Airport, or otherwise pay the cost of constructing, acquiring, extending, or improving (or any combination thereof) the Airport or any facilities authorized by law.
2. to pay the cost of extraordinary or major operation and maintenance expenses and repairs, and
3. to pay any bonds or other obligations payable from the Gross or the Net Revenues of the Airport, if such payment be necessary to prevent any default in the payment of such obligations.

At the close of any fiscal year, Capital Improvement Fund money remaining after making provision for the costs described above may be transferred to the Operations Revenue and Expense Fund or used for any other purpose permitted by applicable law.

2.04 Operating Revenue and Expense: The Airport Board and DFW Airport's owner Cities approve an airport operating and maintenance budget for each fiscal year. Airport Board O&M expenditures for that fiscal year must not exceed the authorized budget. Through the Use Agreement and the Board's own *Schedule of Rates, Fees, and Charges*, rentals, fees and charges are set for each year so as to cover the Board's operation and maintenance expenses, debt service, and coverage. As indicated above, the Signatory Airlines guarantee to make up any fiscal year-end revenue shortfall and receive a pro rata allocation of excess year-end revenues. Exhibit 2.2 summarizes airport revenue.

Exhibit 2.2 FY2000 Revenue Allocation by Summary Group



Source: DFW Finance & Budget Dept., July 1999

2.05 Majority-in-Interest (MII): The Airport's Use Agreement provides that, with limited exceptions, the Signatory Airlines have the right to approve Board Capital projects to be funded out of the Board's 301 Account or from the proceeds of bonds of which the debt service is payable from the gross revenues of the Airport. Approval must be granted through Majority-In-Interest (MII) vote. A Majority-In-Interest consists of at least 51% of the Signatory Airlines, which numerical majority must also represent 75% or more of the total enplaned passengers boarded by the Signatory Airlines. Only Signatory Airlines may participate in the MII process.

Among the exceptions to the normal Majority-In-Interest requirement are:

- expenditures from the Board's Discretionary Capital Improvement (302) Account;
- expenditures from the Board's Capital Improvement Account (including the 301 Account) properly categorized according to generally accepted accounting practices as renewals or replacements of existing operation and maintenance equipment, or extraordinary or major operation and maintenance or repair expenses;
- expenditures for preparation of undeveloped areas of the Airport for revenue-producing use such as clearing, rough grading and drainage of the proposed area, and the extension to such area of roadway, sewerage and utilities systems;

- expenditures for construction of passenger terminal (and related heating, ventilation, and air conditioning) facilities which are prudent and necessary to accommodate any additional air carrier at the Airport, provided (1) such facilities are reasonably similar to those constructed for the Signatory Airlines, (2) that any such additional air carrier and the Board first execute a Use Agreement pursuant to which the additional carrier agrees to occupy such facilities for the balance of the Use Agreement term (including payment of all Use Agreement rentals and charges applicable thereto), and (3) that the additional carrier agree to reimburse the Airport Board for all project costs if construction is aborted;
- expenditures for construction of passenger terminal facilities for non-Signatory Airlines where determined by the Airport's owner Cities to be necessary (1) in the interest of public safety, (2) because of overriding public necessity, or (3) because failure to provide such facilities would constitute a failure by the owner Cities to discharge a specific duty or obligation imposed by law. Further, this exception may only be used if (a) no Signatory Airline is willing to accommodate the additional carrier in its terminal complex, (b) the additional carrier is then unwilling to execute the agreements contemplated in the immediately preceding bullet-point, (c) a feasibility study demonstrates that the proposed facilities are necessary to accommodate projected traffic at the Airport and will be economically self-sustaining, (d) the facilities will be similar in quality of construction to those constructed for Signatory Carriers, (e) that such facilities will be operated as a separate cost center, (f) that the initial airline user of such facilities agrees to provide all tenant improvements at its expense and agrees to use, and pay all costs attributable to, the facility for at least five (5) years, and (g) no debt service or operating and maintenance costs of the facility will ever be allocable to a Signatory Airline's cost center as long as the terminal facilities are occupied by any air carrier; and
- expenditures for facilities financed with funds other than the Board's Capital Improvement Fund or the proceeds of bonds, the debt service of which is payable from gross revenues of the Airport.

2.06 Plans to Modify the Use Agreement: Changes to the DFW Use Agreement are achieved by amendments requiring consent of the Signatory Airlines. However, the current Use Agreement expires in the Year 2009. When the agreement expires, DFW will develop and implement a new Use Agreement that will reflect the Board's future operating and business policies.

2.07 New Use Agreement: When DFW develops a new Use Agreement, it will incorporate "lessons learned" and "best practices" from applicable business models in use at that time. The Airport plans to adopt business practices that include greater reliance on short-term and preferential use leases. The Use

Agreement will further seek to ensure that the Board can undertake and finance capital projects that enhance competition and make DFW attractive to new entrant airlines.

3.0 TERMINAL FACILITIES USE AND OCCUPANCY

3.01 Number of Gates, Gate Use, and Monitoring: In its four main terminals and the Terminal E satellite concourse, the Airport has 119 bridge served gates² for mainline jets. There are an additional 50 regional jet/commuter parking positions at the Terminal A and Terminal E satellite concourses. Of these 50 regional jet/commuter positions, 13 are bridge served gates and 37 are non-bridge served gates³.

Exhibit 3.1 DFW Airport Gate Distribution

Terminal/Concourse	Bridge Served Gates	Non-Bridge Served Positions
Terminal A	27	0
Terminal A Temporary Satellite	13	21
Terminal B	31	0
Terminal C	31	0
Terminal E	26	0
Terminal E Satellite	4	16
Total	132	37

While there is currently no formal "Gate Use Monitoring Policy" at DFW, DFW informally assesses gate allocation and usage on a regular basis. Moreover, gate use monitoring will become an even more integral part of future terminal management practices. An analysis of gate use as well as airport operations reveals an acute shortage of gate space at DFW. The Airport's Capital Development Plan addresses gate expansion strategy and is discussed in *Sections 5.02 and 5.03*.

3.02 Common Use Gates: There are currently eight Common Use gates available at DFW. In fact, several carriers serving DFW including British Airways (since 1980), Lufthansa (since 1995), Korean Airlines (since 1994), Sun Country (since 1989), and National Airlines (since 1999) rely exclusively on Common Use gates for their operations.

In all terminals with FIS facilities, international gates are also available for domestic operations. As such, low-fare carrier National Airlines serves its domestic markets from international gates at Terminal B.

3.03 Gate Recapturing and Availability to New Entrants: The Airport has no "use/lose," "use/share," or other policies for recapturing underutilized gates. All exclusive use gates at DFW have a high utilization rate. When DFW constructs new PFC financed gates, the Airport plans to lease all new gates, pursuant to

² A "bridge served" gate provides direct terminal to aircraft access through a boarding bridge.

³ Non-Bridge Served positions are leased exclusively to American and Delta Air Lines.

PFC regulations requiring either preferential use or exclusive use for no more than five years. DFW retains the right to re-assign the gates at the end of the lease period. Furthermore, for PFC financed gates, the Airport will also incorporate Competitive Access provisions, as defined by PFC Assurance 7, into future gate use agreements.

3.04 Airport Gate Use, Assignment Policy, and Access for New Carriers:

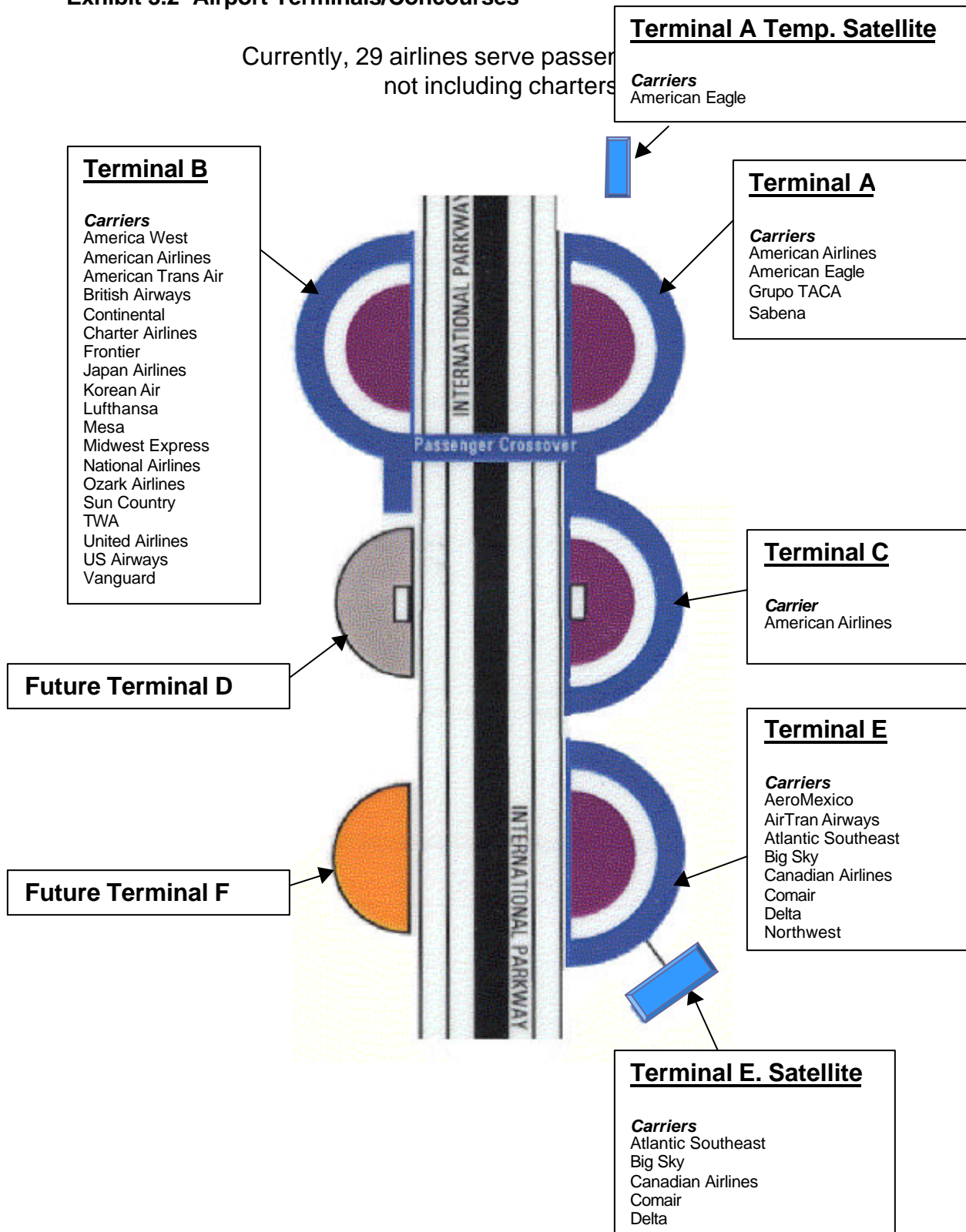
Of the Airport's permanent bridge served gates, 102 are exclusive use gates leased to Signatory Airlines. These leases are based on the 1974 Use Agreement (*Section 2.02*). Nine additional gates, financed in part with Passenger Facility Charge (PFC) Funds, are leased for a less than five-year term. The remaining eight gates are controlled by the Airport Board. As previously mentioned, all Airport controlled gates are located in Terminal B where carriers operate as Signatories, Non-signatory Permittees, and Non-signatory Non-permittees.

A Non-signatory Permittee may sign an Aeronautical Operating Permit that authorizes them to conduct aeronautical activities in and out of this airport on a month-to-month basis. The permit allows "preferential use" of a Board gate and ticket counters by the carrier from 30 minutes prior to scheduled operations to 30 minutes after scheduled operations. The carrier is required to submit a schedule of monthly operations fourteen days prior to the end of each month and a flight activity statement on or before the seventh day of each month certifying the number of landings by day and by type of aircraft. Permittee rates for landing fees are 15% above Signatory rates but 15% below Non-signatory Non-permittee rates. Additional fees may include Employee Transportation, Parking, and Anti-air Piracy.

Other than the stipulations of the Use Agreement and the conditions set forth in leases with individual carriers, there is no "Airport Gate Assignment Policy." Most gates are under exclusive lease until 2009 (*Section 2.02*) making them unavailable for re-assignment. Scheduled airlines and scheduled charters that have submitted their schedules to the Terminal Manager receive priority gate assignment at non-exclusive use space. All other assignments of non-exclusive use space are granted on a first come first serve basis. The Airport has been very accommodating to airlines needing access to Airport Board controlled gates. If there are pending changes in gate use, such as the relinquishing of gates by a carrier, individual airlines would receive notification through the Airport's Airline Representative who is the liaison to the Airline Advisory Board (AAB).

Exhibit 3.2 Airport Terminals/Concourses

Currently, 29 airlines serve passengers
not including charters



3.05 Gate Utilization and Gate Access: Many airports have significantly more gates than DFW. However, DFW's enplanements per gate ratio is one of the highest in the industry indicating very efficient utilization of existing gates. At DFW Airport, there are nearly 2,300 operations per day. This equates to more than eight departures per day per bridge served gate on average. With this high gate utilization, gate space is at a premium.

Nonetheless, the Airport has never turned away a carrier due to lack of gate space. In fact, to date DFW has promptly accommodated requests for gate access at Board controlled facilities. The only exceptions are in those rare situations where facilities must be modified or constructed to meet a carrier's needs. In such instances, it may be several months before all arrangements are finalized. During the past year, one incumbent carrier sought gate expansion. While there were no new gates available, the Airport was able to accommodate that carrier's operational needs at Airport Board controlled facilities.

3.06 Carriers Requesting and Receiving Access During the Past Year: In 1999, DFW introduced new service to Tokyo, Japan via a new carrier, Japan Airlines. To accommodate the needs of the new carrier, the Airport constructed a new 35,000 square foot federal inspection service facility and a common use VIP lounge and reconfigured four bridge-served gates to accommodate wide-body aircraft. Additionally, during the past year, DFW accommodated expanded domestic service by United and National Airlines, as well as adding a new low-fare carrier, Ozark Airlines. All these requests for additional capacity were accommodated on time and met the carriers' schedules.

Complaints about access to gates at DFW are infrequent. The Terminal Management Department is responsible for handling complaints. The Board will accommodate any reasonable request for gate access. When necessary, gate space is provided on a "per turn" basis at Airport Board controlled facilities. New entrants seeking gate access are also frequently accommodated at Board controlled facilities.

3.07 Subleasing Arrangements: If a carrier seeks access to a gate controlled by an incumbent, such access may be accommodated by a gate use agreement, handling agreement, sub-lease, or other contract. If a carrier is seeking access to a gate leased to an incumbent, the Airport Real Estate Department will help facilitate the agreement, if needed. However, under the terms of the Use Agreement (*Section 2.02*), the Airport has no legal authority to stipulate the conditions of the gate use. Where contracts exist between the incumbent carrier and a third party, the Airport is not a party to the agreement. All fees, including charges for ground handling and other services, are determined strictly between the carriers. Several carriers currently have arrangements with incumbents at DFW (*Section 2.02*).

Also, the Airport has Airport-controlled gates available for lease. All Airport-controlled gates are located in Terminal B and operated on a “per turn” basis. Currently, carriers operate from Board controlled facilities as Signatories, Non-signatory Permittees, and Non-signatory Non-permittees.

Common Use gates will be available in DFW's next new terminal, Terminal D (*Section 5.02*).

3.08 Common Use System: DFW is preparing to install a \$2 million Common-Use System. The System includes common use terminal equipment that will provide a flexible, multi-access, common platform for airport check-in desks, gates, and etc. The platform will enable multi-users to access their own applications using shared, non-dedicated resources and provide the Airport added flexibility in allocating work station positions to carriers and gate handling agents according to demand. The system will manage 56 ticket counters, 8 departure gates, multiple baggage carousels, special services lounge (V.I.P.), back offices, and other facilities.

3.09 Disputes and Complaints Among Tenants: There is no formal policy for handling disputes arising between parties in exclusive use gates. If there is a dispute, the DFW Terminal Manager helps resolve the differences among tenants.

3.10 Access for Ground Handling, Maintenance, Fueling, Catering, and Support Services: The Airport seeks not to limit the number of independent contractors providing ground handling, maintenance, fueling, catering, and other support services for airlines at DFW Airport. Each carrier is free to contract for services with any independent contractor it chooses. However, due to space limitations, the Airport has restricted the number of ground operators at Terminal B, the Board operated terminal, to three. With the exception of catering and General Aviation, the Airport imposes no fees on independent contractors seeking to enter into business relationships with the carriers.

4.0 AIR SERVICE DEVELOPMENT

4.01 Market Analysis

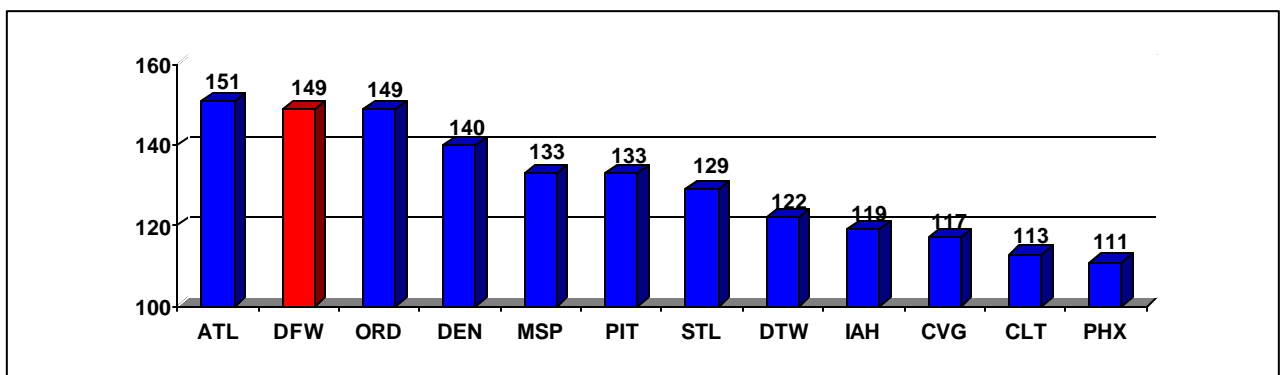
Total Markets

DFW serves 188 markets throughout the world with nonstop or true-direct service, including 149 domestic markets and 39 international markets. Nonstop and true-direct destinations offered at DFW have increased nearly 11% since October 1998. On a nonstop basis, the Airport serves 124 domestic and 30 international markets, totaling 154 nonstop destinations.

Domestic Markets

DFW's domestic service ranks high compared to other U.S. airports. DFW is currently tied for second in terms of nonstop and true-direct domestic destinations offered (see Exhibit 4.1).

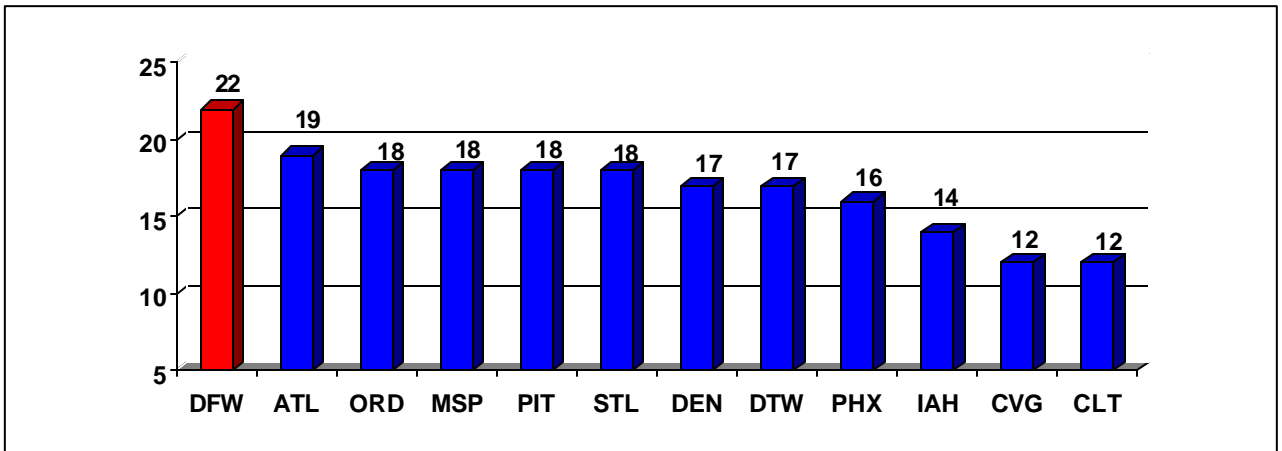
Exhibit 4.1 Domestic Destination Comparison - Nonstop & True-Direct



Source: OAG, Oct. 2000

The top 12 domestic airports average 17 different carrier choices to their domestic destinations. DFW, on the other hand, offers 22 domestic carrier choices, more options than any other U.S. airport. (see Exhibit 4.2).

Exhibit 4.2 Domestic Market Carrier Comparison - Nonstop & True-Direct

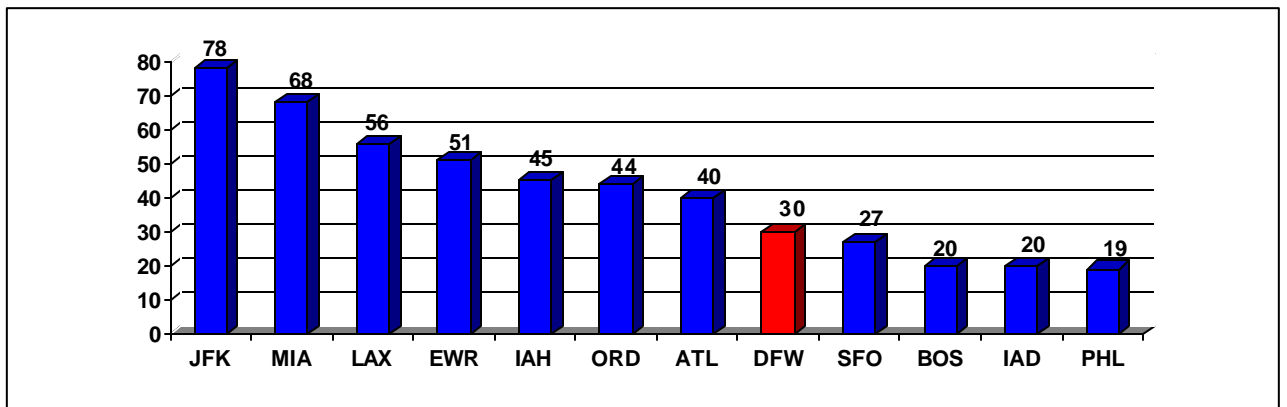


Source: OAG, Nov. 2000

International Markets

Internationally, DFW ranks eighth in terms of nonstop destinations (see Exhibit 4.3). Most recently, DFW has attracted nonstop service to the following new international markets: Brussels, Zurich, Puebla and Belize City. In addition, service to Seoul has been upgraded from true-direct to nonstop.

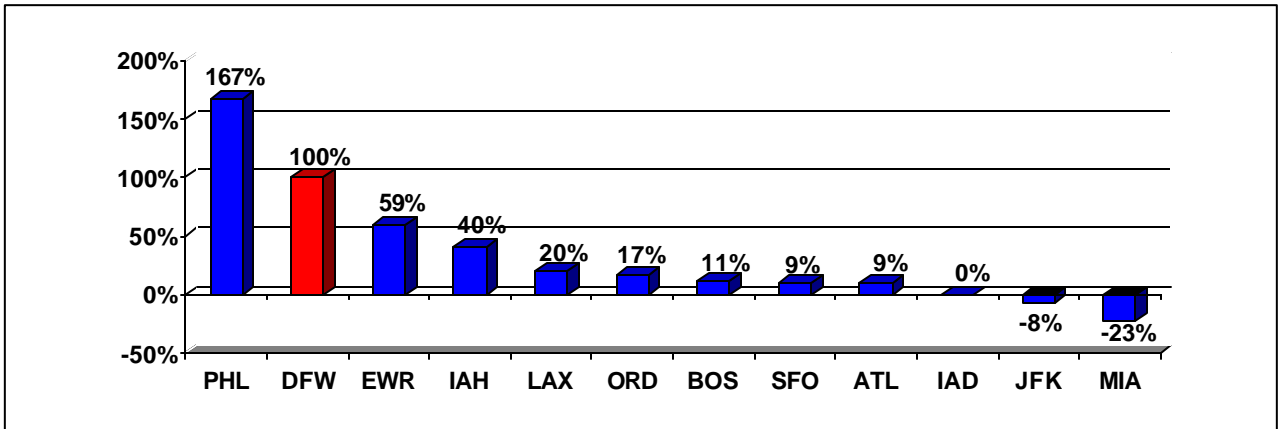
Exhibit 4.3 International Destination Comparison – Nonstop



Source: OAG, Nov. 2000

Similarly, DFW ranks eighth among top international airports in terms of international carrier choices. However, over the last five years, DFW has experienced tremendous growth in international carriers. While on average the top U.S. airports increased international carriers 33%, DFW increased international carriers 100%, more than all top international airports except Philadelphia (see Exhibit 4.4). Realizing the regional economic benefits derived from international service, DFW places a priority on recruitment of both national and foreign flag carriers for international service.

Exhibit 4.4 Growth in International Market Carriers, 2000 vs. 1995

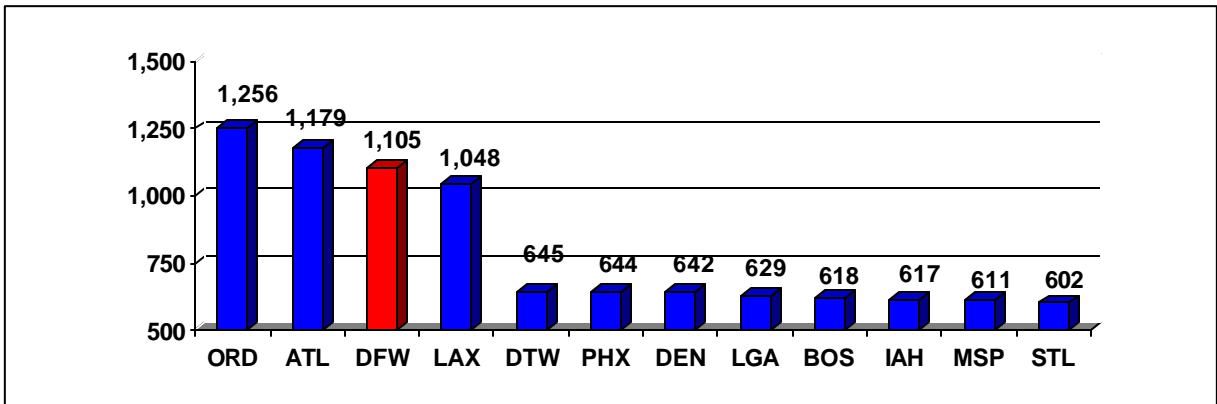


Source: OAG, Nov. 1995, 2000

Total Departures

DFW is a leader among U.S. airports in terms of departures. DFW ranks third among U.S. airports for daily departures offered, with 1,105 scheduled passenger-carrier departures (see Exhibit 4.5).

Exhibit 4.5 Scheduled Daily Departure Comparison

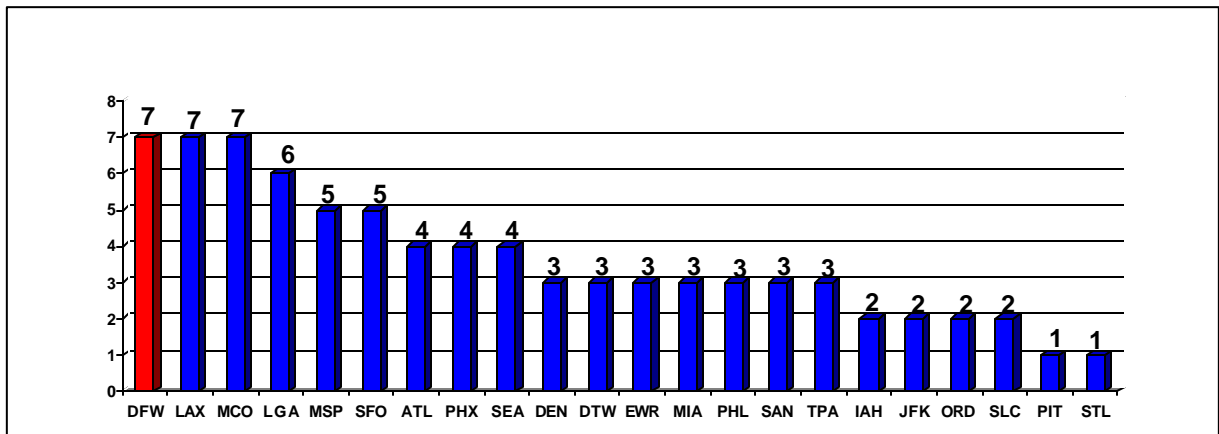


Source: OAG, Nov. 2000

Low-Fare Markets

The Airport has successfully pursued new low-fare service by new entrant airlines. Due to this diligent pursuit, no other airport offers more low-fare carrier options than DFW (see Exhibit 4.6). Over the past two years, DFW has added three new entrant low-fare carriers.

Exhibit 4.6 Low-Fare Carrier Comparison



Source: OAG, Nov. 2000

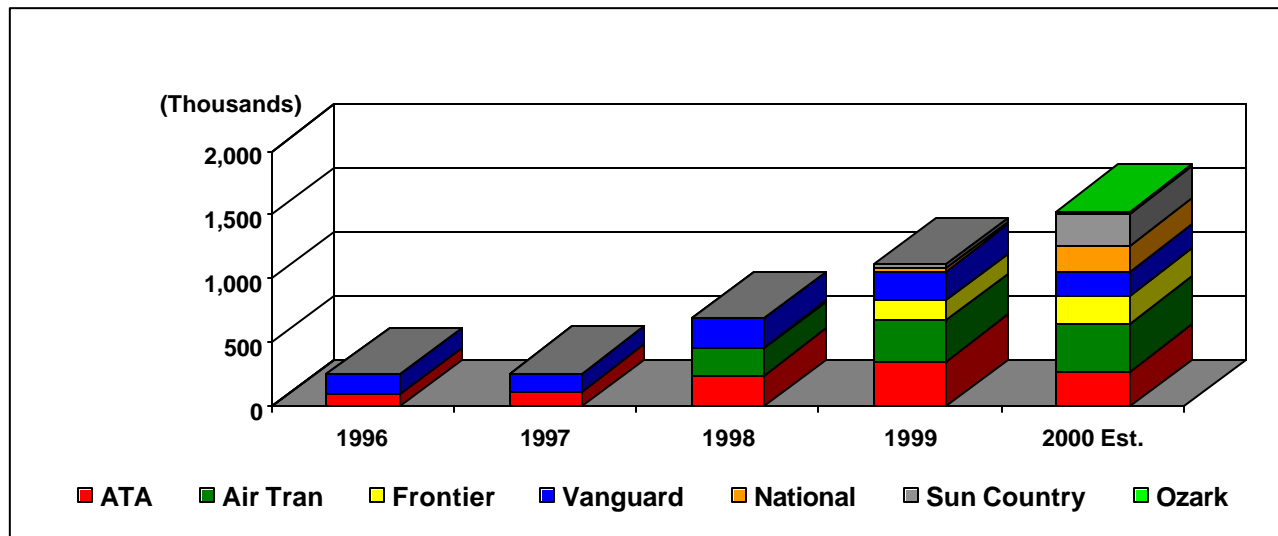
As of November 2000, services from DFW by AirTran, ATA, Frontier, National, Ozark, Sun Country and Vanguard provide connections to more than 50 domestic and international destinations (see Exhibit 4.7).

Exhibit 4.7 Low-Fare Carrier Network



DFW's low-fare carriers operate 25 daily departures, a 45% increase in departures from just one year ago, and will carry an estimated 1.5 million passengers in 2000 (see Exhibit 4.8).

Exhibit 4.8 DFW Low-Fare Passenger Growth



Source: Airline Statistics as Reported to DFW Marketing Dept.

Domestic Markets Served by Multiple Carriers

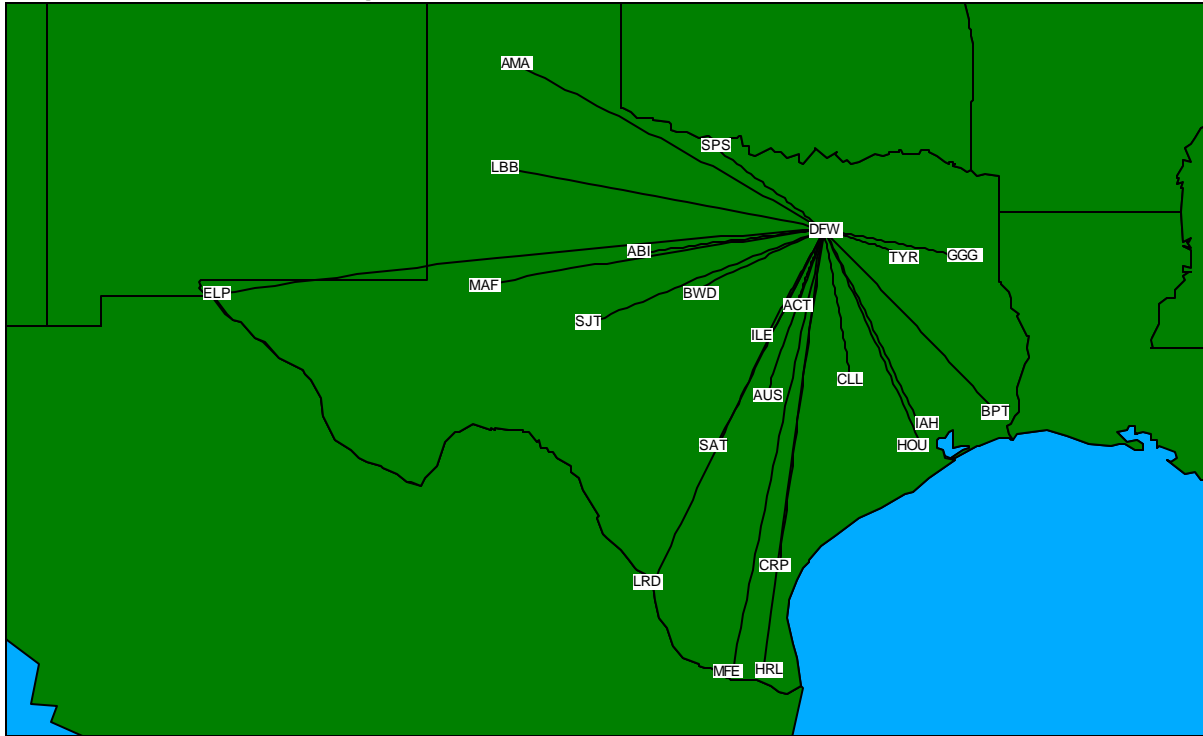
The Airport offers nonstop service to all 50 of its Top 50 domestic destinations. In addition, DFW offers "more than one carrier choice" to 42 of its Top 50 domestic markets, with an average of 2.24 carriers per market.

Small Markets

In addition to all major U.S. markets, DFW serves smaller markets very well. In fact, DFW's domestic destinations not ranked within the "top 50" have an average population of just under 500,000, based on U.S. Census Bureau statistics.

DFW serves the majority of the U.S., with service to 37 states, the District of Columbia, and Puerto Rico. The state of Texas is blanketed by DFW service, with 22 markets enjoying service to DFW (see Exhibit 4.9)

Exhibit 4.9 DFW's Nonstop Service Within Texas



Increased regional jet use by DFW's hub carriers has resulted in significant growth to smaller markets. Over the past year, DFW has announced new RJ service to the following small markets:

- Cedar Rapids, Iowa
- Charleston, South Carolina
- Columbia, South Carolina
- Fort Wayne, Indiana
- Joplin, Missouri
- Madison, Wisconsin
- Savannah, Georgia

4.02 Airport Marketing Initiatives

In order to support DFW's strategic imperative of expanding economic benefits for Dallas, Fort Worth, and the region, the Airport works to aggressively develop and grow DFW's core business of air service. DFW has developed a sophisticated and aggressive marketing program that employs advertising, direct mail, website communications, promotions, and business case presentations. This comprehensive strategy is designed to attract new entrant domestic and international carriers to DFW, encourage existing DFW carriers to enter into new markets, and encourage existing carriers to expand service to markets they currently serve, all in an effort to produce economic impact for the Dallas/Fort Worth Metroplex.

Advertising. DFW markets the Airport through its print advertisement campaign that is executed as two-page spreads in major airline trade publications throughout the world. The advertisements are created with the "More of What You Want" theme to position the DFW Airport as a vibrant, economic gateway that drives big business opportunities for airlines among its target audience of airline decision-makers.

Direct Mail. DFW's direct mail program also concentrates on the "More of What You Want" theme and focuses on top-level airline executives from the target airlines set forth in DFW's Domestic, International, and Cargo Service strategic plans. The direct mail pieces compare DFW to other airports and showcase the numerous operational advantages that place DFW at the top of the list of premier global air transportation facilities. In addition, quarterly air service updates are mailed to a comprehensive passenger and cargo airline list that is maintained by the Marketing Department.

Website Communications. www.dfwairport.com is DFW's global marketing tool that provides the Airport's current and potential customers, tenants, and business associates with timely and comprehensive information about DFW via the world wide web. It provides value to DFW customers by offering real-time flight information, the most up-to-date parking availability, and new air service and customer enhancements that benefit the DFW traveler. DFW looks forward to adding an educational component to the website that will involve the local area children with DFW Airport and build community support.

Promotions. DFW plans for and hosts inaugural events in conjunction with its airlines to welcome new air service to the Airport. DFW builds strong relationships with its airlines prior to their decision to begin or expand service at the Airport through its extensive marketing efforts. The inaugural events are a means of actively promoting the new service to community leaders and the media and also serve to welcome the airline. Airlines that have celebrated new service with DFW Airport with an inaugural event include Sabena, Delta Connection carriers, Ozark, and Korean Air.

Business Case Presentations. The air service development function at DFW has been very aggressive over the past three years and has been recognized within the aviation field as one of the best programs in the industry. Each year, DFW produces a domestic and strategic air service plan that includes top target markets and airlines. These plans form the foundation for DFW's sales call activity.

Last year alone, DFW made more than 40 business case presentations around the world, with an additional 30 presentations to airline representatives at the *Routes 2000* conference, in order to attract new air service. In the current fiscal year, DFW plans to visit with approximately 30 airlines, including 12 existing carriers and 18 potential new entrant carriers. DFW's plan includes visits to a number of low-fare domestic carriers, numerous national carriers, as well as a variety of international carriers. An additional 30 airline presentations will be made at the industry's largest air service conference, for a total of 60 airline visits in the upcoming year.

A relatively large percentage of DFW's marketing resources is dedicated to these airline visits and presentations, including detailed profitability analyses. The presentations involved the latest technology in the industry, including laptop computers and DVD presentations, and DFW contracted expert consultants in the aviation industry to provide domestic and international air service marketing research. Through the presentations, DFW promotes the Airport by highlighting its numerous advantages and world-class facilities, and provides analytical demonstrations of the viability of the DFW market for new airlines and new service.

4.03 Marketing Programs

DFW Airport has also managed various other marketing efforts over the past year, including the design of consumer marketing campaigns and the preliminary research of an Airport Art Program.

Consumer Campaigns. DFW designs consumer marketing campaigns to promote Airport benefits to the local users and create awareness of the value of DFW Airport as the economic engine that drives the North Texas economy.

Airport Art Program. DFW also researched airport art programs around the U.S. to evaluate the option of implementing a similar program at DFW in order to enhance the terminal environment and reduce passenger stress during the upcoming expansion projects at the Airport.

DFW's efforts have been recognized as one of the best in the industry and has won numerous marketing awards in the past year alone. DFW received the top recognition for airport marketing in two categories at the *Routes 2000* conference in Amsterdam in September, earning a Gold Award for Best Advertising Campaign and one for Best Marketing Presentation in the Major Hub Airport category. In addition, DFW received Air Transport World's Silver Award in October 2000 for outstanding advertising. Both the *Routes 2000* and ATW awards highlight the effectiveness of DFW's exceptional marketing programs since the awards were judged by the Airport's target audience, the airlines.

4.04 Carrier Support Program

DFW has implemented a marketing policy known as the Carrier Support Program (CSP) that focuses on ensuring the success of new airline service as well as attracting new air service to the DFW market. The CSP allows the Airport to provide specified incentives for new service in the form of cooperative funds aimed at promoting the new service and DFW Airport through various marketing efforts. The policy is intended to provide airlines with marketing support that is strategically designed to increase their revenues in an attempt to ensure their long-term viability in the DFW marketplace.

Through the Airport's CSP, airlines, in cooperation with DFW, have the opportunity to enjoy the benefit of additional marketing funds to be used for reaching potential customers. These are resources that might not otherwise be available for new air

carriers or service. Specific marketing activities that can be included under the umbrella of the CSP include, but are not limited to:

- Promotional events, including air service inaugural events
- Printed collateral materials, direct mail, and other forms of cooperative marketing; and
- Advertising, banners, and signage.

DFW also benefits greatly from its Carrier Support Program. Through the program, DFW will have the ability to showcase its new services to audiences such as the local community that will increase DFW's recognition as a global gateway. DFW will also have the ability to capitalize on the "halo effect" of having its brand in the same marketing execution of some of the most respected brand names in the airline industry.

Approved marketing efforts will be funded on a cooperative basis. The airline will fund 50% of the program and DFW Airport will fund 50% up to a maximum cap depending on the aircraft type and the type of service being provided.

Since the program's inception in 1999, DFW carriers such as Japan Airlines, American Airlines, Delta Air Lines, and Sabena have taken advantage of the cooperative marketing funds offered by the Airport through the Carrier Support Program. Air France, who recently announced new DFW-CDG service to begin in May 2001, will take advantage of this program as well.

5.0 AIRPORT DEVELOPMENT

5.01 Airport Development Plan: The Dallas/Fort Worth Metroplex and North Texas Region have experienced spectacular growth in business, economics, and population. Projections indicate that this trend will continue for the foreseeable future. The Airport is a significant part of the economic engine of the Metroplex. Therefore, the long-range aviation activity forecast reflects the anticipated growth of the Metroplex.

The 1997 Airport Development Plan (ADP) Update outlines the vision for expansion of Dallas/Fort Worth International Airport for the next 20 years and beyond as well providing a management tool for translating this vision into a strategy. The ADP Update identifies immediate and long-term Airport development needs and provides guidance for future updates as the Airport responds to changes in its business environment. The document was prepared to serve as the basis for a continuous planning process and the foundation by which the Airport can respond promptly to changes in the aviation environment.

A long-range (20-year) capital improvement program that both reflects facility development plans and fully incorporates Airport operational plans was developed. This capital improvement program and its accompanying financial plan (which includes operating and maintenance costs) are now available to guide the Airport Board in future development initiatives.

5.02 Airport Capital Development Program: To support this growth trend, the capacity of the Airport's terminal facilities must parallel the projected increase in passenger traffic. The most significant measure of terminal capacity is the number of passenger boarding gates. Therefore, to meet the projected 2019 passenger forecast, the total number of aircraft boarding gates and parking positions must increase to approximately 250. In addition to terminal boarding gates, other capacity needs such as runways, taxiways, roadways, automated people movers (APM), parking, baggage systems, and related passenger support functions must also meet the projected growth.

Funded projects: The Airport's Capital Development Program is the first phase implementation of the ADP and addresses the need for increased customer service, increased airline competition, and increased safety and security. While most projects in the Program are currently funded, in others such as Runway 16/34 West, funding has been deferred due to revised timing in project implementation. Major elements of the CDP Program include:

- **Airfield Projects**

- Runway 18L extension and NW Holding Apron
- Runway 18R extension & taxiways
- Runway 17C extension & taxiways
- Terminal A, B, and E apron expansion
- Program logistic support
- Terminal D apron paving
- Other airfield projects

- **Automated Secured People Mover** The new bi-directional automatic people mover system will be constructed on the secure airside above the boarding bridges connecting all six terminal areas. The initial capacity will be 5,000 passengers per hour per direction with an ultimate capacity of 8,500 passengers/hour/direction.

- **Terminal D:** This will be a world class international terminal building, consolidating all existing international operations into a single facility. The proposed building will have 1.8 million square feet, with approximately 309,000 square yards of apron, and 23 gates that could be used for both domestic and international flights. The facility will also include centralized federal inspection facilities designed to process 2,800 passengers per hour and a structured parking garage with 8,000 parking spaces. The terminal will be completed during the next five years.

All gates in Terminal D will be leased on a less than five-year exclusive lease or common use basis. Appendix A provides an illustration of Terminal D.

- **Support Infrastructure:** The support infrastructure involves several important replacements and improvements. The Airport will replace the existing Parking Control System, which is 10 years old, and replace airport signage some of which dates back to the Airport's opening 25 years ago. The Airport will also build a centralized Airport Operations Center and upgrade the Aircraft Hydrant Fueling System.

- **Roads and Parking Infrastructure:** This element consists of other roadway and parking structure improvements not directly related to any of the other elements. It includes a new parking garage at Terminal B and major roadway improvements for access to the North and West cargo areas and the South Airport access road. Separate dedicated terminal circulation ramps and buses will be funded to provide intra-terminal transportation on the unsecured side. Additionally, acceleration and deceleration lanes will be added to the service roads.

Un-Funded Project: Runway 16/34 West will be DFW's eighth runway. The construction of this runway will decrease operating delay, and provide a fourth independent parallel instrument approach during inclement weather conditions. Revised timing for the implementation of Runway 16/34 West allows the removal of the Runway from PFC Application 3 and re-programming for a later date.

5.03 Future Phases of the ADP: Future phases of the ADP may include the addition of perimeter taxiways to the north and south ends of the airfield, cross-over taxiway bridges spanning International Parkway, an inter-modal center, expanded cargo facilities, and the development of Terminals F, G and H.

Terminal F is DFW Airport's next opportunity to increase the Airport's gate capacity thereby enhancing the ability for airlines to successfully operate from this airport. Preliminary planning to define the space program and to develop a program budget is currently underway. The Terminal could accommodate between 25 to 29 aircraft gates depending on the aircraft mix. The initial building space program would provide 1.6 million square feet with a 5,000 space parking garage.

Preliminary planning estimates indicate that the facility would handle up to 12 million passengers annually of which 2 million would be international. The majority of these passengers will be O&D. The Terminal will include an FIS facility with the initial capacity to process 1,000 passengers in the peak hour on opening day.

5.04 Past Use of PFC Funds: DFW has submitted four applications for the PFC Program funds. The first application funded the sponsor's share of federal grant eligible costs associated with constructing Runway 17L/35R (formally Runway 16/34E). Included were costs associated with land acquisition, mitigation and insurance costs, and interest on the bonds sold in conjunction with the runway project. This application authorized the collection of the \$3.00 per passenger fee totaling \$132,000,000. The collection period began in May 1994 and ended in May 1996.

The Airport's second application provided \$96,830,051 for six projects:

- Reimbursement of the local share of several Airport Improvement Program (AIP) projects (Automatic Access Control, design and construction of Taxiways N, P, 21, 27, and I, preparation of the Final Environmental Impact Statement for Runway 16/34 East (now 17L/35R), Taxiway C and N extensions, Taxiways L and 27 widening, Aircraft Rescue and Fire Fighting Training Facility, Airfield Capacity Enhancement Study, design and construction of airfield pavement renovation, Storm Water Management and Ground Transportation studies, acquire and install airfield guidance signs, and design and install Permanent Noise Monitoring System)
- Preparation of an update to the Airport Development Plan
- Preparation of an environmental assessment of the proposed extensions of Runway 17C, 18R, and 18L
- Design and construction of the Southeast Hold Pad
- Design and construction of a 2,000 foot extension to Runway 17C
- Design and construction of a 2,000 foot extension to Runways 18R and 18L

The collection period for this application began in February 1997 and extended through April 1998. Two amendments extending the collection period to September 1998 and decreasing the authorized collection to a total of \$72,113,120 were submitted in August 1997.

The third application, approved in December 1997, requested \$249,093,427 in PFC collections and included four new projects. Among these were the expansion of Terminal 2W (currently Terminal B) and the development and construction of Runway 16/34 West. Four subsequent amendments increased the authorized collection for this application to \$261,050,427. A fifth amendment to this application will be submitted to coincide with approval of the Competition Plan. The amendment will remove the 16/34 West Runway project and transfer \$139,638,000 for use in PFC Application 5. Revised timing for the implementation of Runway 16/34 West allows the removal from Application 3 and re-programming for a later date. The final amount authorized for collection in PFC Application 3 is \$118,543,427.

The fourth application, approved in May 1999, requested authorization to use \$24,815,000, previously approved in PFC Application 2, for the extension and associated development of Runways 17C, 18R, and 18L. An amendment was submitted to this application in August 2000 to increase "use" authority for the Runway Extension by \$18,059,000. Approval will automatically increase collection authority in Application 2 by the same amount. The collection period extends through August 2001. The four applications have resulted in total collection authority for DFW's PFC Program of \$465,163,547.

6.0 AIRFARE ANALYSIS

With seven low-fare carriers, representation by almost all national carriers, as well as two hub carriers, DFW's unique environment encourages competitive airfares. DFW conducts airfare comparisons on a regular basis to determine its position relative to other major U.S. airports.

6.01 Fare Yield: Yield measures the average revenue per passenger on a specific route. It is determined by dividing the total revenue by the product of total passengers times miles. Fare yields in the DFW market are generally competitive with fares in other large metropolitan areas of the United States. Fare yields in the Short Haul market vary from 20% to 25% below the national average for large metropolitan areas, while Long Haul fares range between 15% and 40% above the national average (see Exhibit 6.1 & 6.2).

Exhibit 6.1 Short Haul Yield Comparison by Mileage Block

0-250 Miles			250-499 Miles			500-749 Miles		
Rank	Airport	Yield	Rank	Airport	Yield	Rank	Airport	Yield
1	CLE	1.31	1	PIT	0.63	1	CVG	0.38
2	CVG	1.11	2	EWB	0.60	2	CLT	0.37
3	MSP	1.06	3	CLT	0.56	3	PIT	0.34
4	STL	1.03	4	CVG	0.55	4	ORD	0.33
5	PIT	1.02	5	MSP	0.53	5	DTW	0.32
6	CLT	0.98	6	DCA	0.48	6	DFW	0.31
7	DCA	0.94	7	CLE	0.46	7	BOS	0.30
8	ATL	0.85	8	ORD	0.43	8	MSP	0.29
9	EWB	0.83	9	BOS	0.39	9	CLE	0.28
10	LAX	0.77	10	DEN	0.38	10	MIA	0.27
11	BOS	0.73	11	MIA	0.38	11	EWB	0.26
12	BWI	0.67	12	ATL	0.37	12	DEN	0.25
13	DEN	0.63	13	JFK	0.37	All Airports		0.24
14	IAH	0.62	14	STL	0.34	13	STL	0.24
15	MCO	0.61	15	DTW	0.32	14	IAH	0.23
16	DTW	0.58	All Airports		0.31	15	ATL	0.22
17	ORD	0.57	16	IAH	0.31	16	JFK	0.22
18	JFK	0.53	17	DFW	0.30	17	DAL	0.20
19	MIA	0.52	18	BWI	0.27	18	BWI	0.18
All Airports		0.48	19	SFO	0.27	19	MCO	0.18
20	DFW	0.38	20	MCO	0.27	20	SLC	0.17
21	DAL	0.32	21	SEA	0.23	21	LAX	0.16
22	SEA	0.29	22	DAL	0.23	22	SFO	0.15
23	SFO	N/A	23	LAX	0.20	23	DCA	N/A
24	SLC	N/A	24	SLC	N/A	24	SEA	N/A

Source: Developed by DFW Planning Dept. from FAA 1999 data

Exhibit 6.2 Long Haul Yield Comparison by Mileage Block

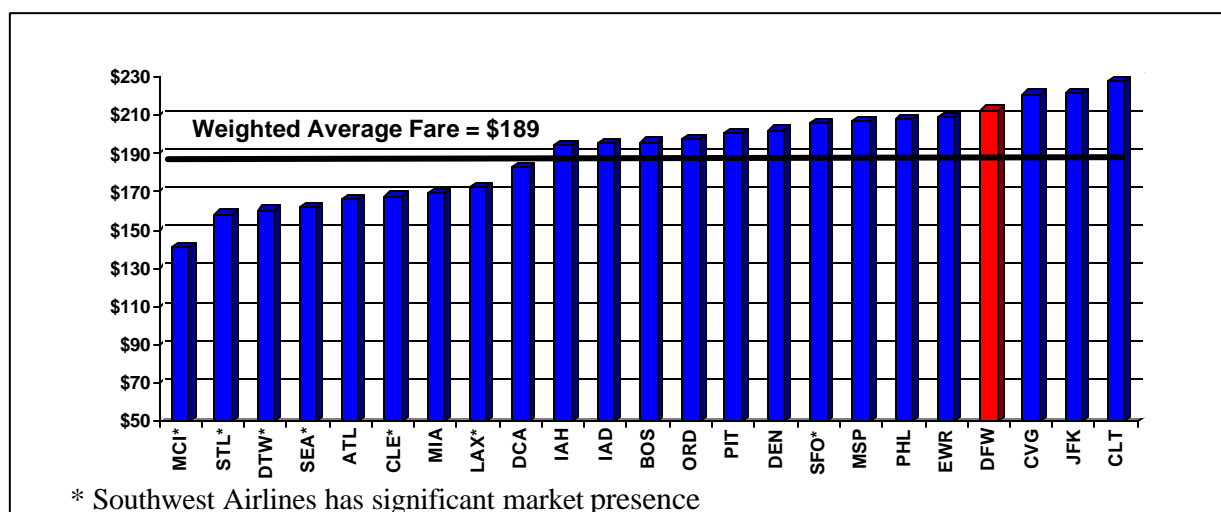
750-999 Miles			1000-1500 Miles			>1500 Miles		
Rank	Airport	Yield	Rank	Airport	Yield	Rank	Airport	Yield
1	CLT	0.29	1	DFW	0.21	1	MSP	0.15
2	BOS	0.26	2	IAH	0.20	2	IAH	0.14
3	MSP	0.25	3	PIT	0.20	3	ORD	0.14
4	DEN	0.24	4	DCA	0.19	4	ATL	0.13
5	ORD	0.24	5	CVG	0.19	5	DFW	0.13
6	SEA	0.23	6	CLE	0.18	6	STL	0.13
7	CVG	0.23	7	DEN	0.18	7	CVG	0.13
8	DFW	0.22	8	CLT	0.18	8	DEN	0.13
9	ATL	0.21	9	MSP	0.17	9	SFO	0.13
10	SLC	0.20	10	ATL	0.17	10	JFK	0.12
11	IAH	0.19	11	EWR	0.16	11	EWR	0.12
	All Airports	0.19	12	SLC	0.15	12	CLT	0.12
12	STL	0.18		All Airports	0.15	13	BOS	0.12
13	DAL	0.18	13	ORD	0.15	14	PIT	0.12
14	MIA	0.17	14	BWI	0.15	15	SEA	0.12
15	DCA	0.17	15	MIA	0.14	16	LAX	0.11
16	PIT	0.17	16	DAL	0.13	17	SLC	0.11
17	CLE	0.16	17	SEA	0.13		All Airports	0.11
18	EWR	0.15	18	BOS	0.13	18	MIA	0.10
19	MCO	0.15	19	DTW	0.13	19	DTW	0.10
20	SFO	0.15	20	LAX	0.13	20	CLE	0.10
21	BWI	0.14	21	JFK	0.13	21	BWI	0.08
22	DTW	0.14	22	SFO	0.12	22	DAL	0.08
23	JFK	0.14	23	STL	0.12	23	MCO	0.08
24	LAX	0.13	24	MCO	0.12	24	DCA	N/A

Source: Developed by DFW Planning Dept. from FAA 1999 data

6.02 Revenue Yield: The Airport's revenue yield approximates the average for all airports. When segmented by block length, DFW's revenue yield is slightly less than the national average for block lengths less than 500 miles and slightly greater than the U.S. average for block lengths greater than 500 miles.

6.03 Average Fare Comparison: Among DFW's major competitors, the weighted average fare was \$189 in 1999 (Exhibit 6.3), compared to \$213 for DFW (see Exhibit 6.4). However, at many of these airports low-fare leader Southwest Airlines holds a significant market presence, thereby reducing average fare for the group. By excluding the airports in which Southwest has a strong market position to give DFW a more relevant comparison group, 1999 average fare for the remaining group rises to \$198. DFW continues to focus on attracting low-fare carriers in an attempt to provide the best service among all fare ranges.

Exhibit 6.3 Average Fare Comparison



Source: Developed by DFW Marketing Dept. from Table 1 FAA 1999 Airport Competition Plans – Airfare Data Information

6.04 DFW Average Fare by Airline: American Airlines holds the largest market share at DFW, with 56% of nonstop domestic passengers traveling on American. American's 1999 average fare was \$224. Delta, DFW's second hub carrier, comprises 17% of DFW's market. In 1999, Delta's average fare was \$195.

Exhibit 6.4 DFW Average Airfare and Trip Length by Airline

Carrier	Non-stop Dom. Passengers	Mkt. Share Non-stop dom. Pax (%)	Average Fare	Trip Length
USAirways	522,070	3	\$242	1,163
United	865,990	4	241	978
Midwest Express	108,460	1	236	861
American	10,992,940	56	224	932
American West	323,290	2	210	1,186
Frontier	149,630	1	195	990
Delta	3,316,740	17	195	955
Northwest	632,340	3	189	936
Continental	821,570	4	189	891
Trans World	441,650	2	182	808
AirTran	297,070	2	141	961
American Trans Air	236,370	1	134	924
Vanguard	217,080	1	91	659
Sun Country	102,090	1	76	1,015
*All Airlines	19,528,570	100	\$213	947

Source: Table 1 FAA 1999 Airport Competition Plans - Airfare Data Information

*Note: The All Airlines number includes a category of passengers, travelling on an interline itinerary, which is not listed. Therefore, the summation of all the airlines is less than the All Airlines number.

DFW serves 188 markets throughout the world with nonstop or true-direct service, including 149 domestic markets and 39 international markets. The Airport has successfully pursued new low-fare service by new entrant airlines, with low-fare carriers operating 25 daily departures and expected to carry a projected 1.5 million passengers in 2000. Service from DFW by AirTran, ATA, Frontier, National, Ozark, Sun Country, and Vanguard provide connections to more than 50 domestic and international destinations.

Tremendous market potential exists at DFW Airport and the Airport's marketing and customer service initiatives (Section 4.02 - 4.03) will lead to new and expanded low-fare service as well as new and expanded international service at DFW. The result will be improved competitiveness in both the domestic and international markets.

Appendix A

TERMINAL D LAYOUT



Appendix B

DFW AIRPORT USE AGREEMENT

DALLAS/FORT WORTH AIRPORT REVISED USE AGREEMENT

By and Between

THE DALLAS/FORT WORTH AIRPORT BOARD

and

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**Dallas/Fort Worth International Airport Board
Revised Use Agreement**

THIS USE AGREEMENT is made by and between the Dallas/Fort Worth International Airport Board, (hereinafter called the "Board"), being the duly and lawfully constituted and operating Board of Directors of the Dallas/Fort Worth International Airport (hereinafter called the "Airport"), belonging jointly to the Cities of Dallas and Fort Worth, Texas (hereinafter called "Cities"), and having an office at 3200 East Airfield Drive, Dallas/Fort Worth Airport, Texas 75261, and _____ (hereinafter called "Airline"), a corporation of the State of _____, having its principal office at _____.

WITNESSETH:

The parties hereto, in consideration of the mutual promises herein contained, do hereby execute, adopt and agree to the following Use Agreement:

ARTICLE I

DEFINITIONS, CONSTRUCTION

SECTION 1.1 DEFINITIONS.

In and throughout this Agreement, the following words shall have the following meanings,

respectively, to-wit:

(a) "AIRCRAFT OPERATOR" means (i) a person owning one or more aircraft which are not leased or chartered to any other person for operation, and (ii) a person to whom one or more aircraft are leased or chartered for operation -- whether the aircraft so owned, leased or chartered are military or non-military or used for private business, pleasure or governmental business, or for carrier or non-carrier operations, or for scheduled or non-scheduled operations or otherwise. Such phrase shall not mean the pilot of an aircraft unless he is also the owner or lessee thereof or a person to whom it is chartered.

(a-1) "AIRCRAFT PARKING RAMP AREAS" means those areas (as shown on Exhibit D and labeled area "V") between (and not including) the Terminal Structures and the Aircraft Circulating Areas, and which are used for loading and unloading passengers, property and mail to and from aircraft, providing aircraft with fueling and lubricants, performing ramp service operations, inspection, maintenance of aircraft as set forth in the rules and regulations of the Board and the parking of mobile equipment used in connection therewith.

(b) "AIRPORT" means the Dallas/Fort Worth International Airport situated in the counties of Dallas and Tarrant in the State of Texas, the boundaries of which, including the initial structures, facilities and improvements, are shown on Exhibit E, attached hereto and made a part hereof.

(c) "AIRPORT SERVICES" means the general administration and operation of the Airport by the Board, including, but not limited to the following functions by the Board at the Airport, to-wit: Airport police, crash, rescue and fire protection, and traffic control; the acquisition of land beyond the initial boundaries of the Airport for use as a part of the Airport; clearing, grading and draining, the costs of which are not charged or chargeable in specific terms to users under other agreements; industrial wastes,

roadway systems, perimeter fencing and utilities systems; the furnishings of communications systems, facilities and tunnels; landscaping; the construction equipment and maintenance of facilities on non-revenue producing land and the maintenance of such land itself, facilities and areas or subdivisions of the Airport necessary in the operation and maintenance thereof, including the Board's administration, maintenance, police, crash, rescue, fire and operations space and facilities.

(d) "AIRPORT SERVICES COMPONENT" means those costs and expenses as determined in accordance with Schedule A attached hereto and made a part hereof.

(e) "AIRPORT SERVICES COSTS" means and shall include the total of (i) the costs, expenses and liabilities of the Board in providing Airport Services, including the Board's operations and maintenance costs and liabilities, however arising, properly charged or chargeable on an accrual basis of accounting to Airport Services; plus (ii) 1.25 times the debt service requirements on any Bonds of the Airport (other than Special Facility Bonds) allocable or chargeable to Airport Services, which allocation or charge shall be in the proportion that the Contract Costs for the construction or development of Airport Services bears to the Contract Costs for the construction or development of those portions of the Airport which are not financed with private capital or Special Facility Bonds; and plus (iii) all other costs, expenses, or liabilities of the Board, however arising (except debt service on Bonds allocable or chargeable to Airport Services and except Professional Fees other than as provided in Section 5.4 hereof), not specifically charged or chargeable in specific terms to the users under other agreements relating to the use of the Airport or any part thereof or of its lands. It is expressly provided that the cost of the premiums of insurance required or permitted to be carried under Section 8.1(b) hereof shall be included in Airport Services Costs.

(f) "AIRTRANS SYSTEM" means the automated transit system being constructed and installed by the Board and shall include vehicles, trucks and other facilities and equipment providing a means of transporting persons, baggage, mail, materials, supplies and trash, to, from and between certain facilities and structures within the Passenger Enplaning and Deplaning Complex.

(g) "ANCILLARY NET REVENUES" means that amount, either positive or negative, derived by subtracting Gross Revenues of the Board (except overdue payments collected pursuant to Section 13.2(b)(iii) hereof), other than Landing Fees, from Gross Expenses of the Board less Landing Fee Elements. As used herein, the phrase "Gross Expenses of the Board less Landing Fee Elements" means the total of (i) operations and maintenance costs of the Airport except those employed directly in the determination of Landing Fees and indirectly in the Airport Services Component allocated to Landing Fees hereunder; (ii) debt service requirement on all outstanding Bonds at 1.25 to 1.0 coverage except those dollar amounts of debt service employed directly in the determination of Landing fees and indirectly in the Airport Services Component allocated to Landing Fees hereunder; and (iii) all other obligations of the Board required to be paid from revenues of the Airport except the dollar amount of such obligations included in the Airport Services Component employed in the determination of Landing Fees hereunder.

(h) "BASE PERIOD" means the period from the Starting Date through the next succeeding 30th day of September, which is the closing day of the Fiscal Year.

(i) "CAPITAL IMPROVEMENT FUND" means a certain fund established by the Cities pursuant to Section 7.4 of the 1968 Concurrent Bond Ordinance.

(j) "CERTIFICATED AIR CARRIER" means a person who conducts Certificated Air Carrier Services. Certificated Air Carrier Services means aircraft operations of the following types when operating on a regular and continuing basis, to-wit:

(i) Interstate services conducted by commercial air carriers according to published flight schedules and holding certificates of public convenience and necessity or similar evidences of authority issued by the Civil Aeronautics Board of the United States of America or any successor agency thereto;

(ii) Services conducted by foreign air carriers according to published flight schedules holding permits or similar evidences of authority issued by the Civil Aeronautics Board or any successor agency thereto or by any other agency or department of the United States of America; and

(iii) Intrastate services conducted by commercial air carriers according to published flight schedules and holding certificates of public convenience and necessity or similar evidences of authority issued by the Texas Aeronautics Commission of the State of Texas or by any successor agency.

It is provided, however, that this term shall not include services provided by commercial "air taxi" operators meeting the requirements for exemption provided from time to time by any rules and regulations of the Civil Aeronautics Board, by the Texas Aeronautics Commission or by any other agency of the United States of America or the State of Texas having jurisdiction to provide such exemptions.

(k) "CONCESSIONAIRE" means a person having a lease, permit, contract or other fee arrangement with the Board entitling him to carry on a business at the Airport, other than the business of transportation by aircraft, or to furnish materials to or to perform services for other persons at the Airport, other than transportation by aircraft at the Airport.

(l) "CONTRACT COSTS" means and shall include the Board's cost for the acquisition of land as provided in Section 1.1(c) hereof, for labor and payments to contractors, suppliers and materialmen in connection with preparing, constructing and otherwise acquiring, replacing, extending and improving the Airport, and the costs, not covered by insurance, of restoring property damaged or destroyed in connection with construction.

(m) "CONSTRUCTION APPLICATION" means the Board's construction request form, a facsimile of such form being shown as Exhibit G, attached hereto and made a part hereof.

(m-1) "COST CENTER" means a separate category of facilities or functions to which are assigned its Contract Costs, operational costs and revenues for the purpose of maintaining separate accountability, controlling cost effectiveness and assigning fiscal responsibility.

(m-2) "DATE OF BENEFICIAL OCCUPANCY" (hereinafter abbreviated as 'DBO') means the earlier of (i) ninety (90) days following the date any new Terminal Complex is certified by the Board's architects and engineers to be complete and ready for occupancy, or (ii) the date any such Terminal Complex is actually occupied by any Signatory Airline for the purpose of conducting its air transportation business

(n) "ENPLANED PASSENGERS" means all originating and on-line and off-line transfer passengers boarded at the Airport on Signatory Airlines' aircraft during the latest twelve (12) consecutive months for which such data are available.

(o) "FEDERAL AVIATION ADMINISTRATION" means the Federal Aviation Administration created under the Federal Aviation Act of 1958, including any amendments thereto, or any appropriate federal agency succeeding to its jurisdiction.

(p) "FIRST PHASE OF THE AIRPORT" means the initial facilities constructed by the Board at the Airport with Bond proceeds pursuant to Section 2.1 hereof.

(q) "FISCAL YEAR" means the Board's fiscal year, which is the twelve- (12) month period commencing each October 1 during the term of this Agreement.

(q-1) "FUTURE AREAS" means those areas (as shown on Exhibit D and labeled Area "L") available for future expansion within a Terminal Complex and adjacent to Terminal Structures which were constructed as a part of the First Phase of the Airport.

(r) "GROSS REVENUES" means all income and revenues derived directly or indirectly by the Board from the operation or ownership of the Airport or any part thereof, whether resulting from improvements, extensions, enlargements, repairs, or betterments to the Airport, additional facilities, or otherwise, and includes all revenues received by the Board or any municipal corporation or entity succeeding to the revenues of the Cities from the Airport; including any amounts expressly made a part thereof by terms of the 1968 Concurrent Bond Ordinance; and further including without limiting the generality of the foregoing all rentals, tolls, rates or other charges for the use of the Airport or any facilities or for the entry upon any part thereof or for any service rendered by the Board or the Cities in the operation thereof, and including the rentals payable under ground leases, but excluding the rentals derived from net rent leases to the extent required to pay Special Facility Bonds and reserves therefor, and excluding further any moneys received as grants or gifts from the United States of America, the State of Texas, or other sources, the use of which is limited by the grantor or donor to the construction or acquisition of capital improvements, additions or extensions to the Airport, except to the extent any such moneys shall be received as payments for the use of the Airport.

(s) "INTEREST AND SINKING FUND" means the fund by that name created and established pursuant to the 1968 Concurrent Bond Ordinance.

(t) "MAJORITY-IN-INTEREST OF AIRLINES" means at least 51% of the Signatory Airlines, which numerical majority must also represent 75% or more of the total Enplaned Passengers boarded on the Signatory Airlines' aircraft.

(u) "MAXIMUM APPROVED LANDING WEIGHT OF AIRCRAFT" means the Federal Aviation Administration certified maximum gross landing weight of any type of aircraft operated by Signatory Airlines at the Airport.

(v) "NON-SIGNATORY AIRLINE" means a Certificated Air Carrier which has not executed a Letter Agreement or an agreement with Board substantially similar to this Agreement.

(w) "PASSENGER ENPLANING AND DEPLANING COMPLEX" (hereinafter sometimes abbreviated as "PEDC") means those Terminal Structures, Aircraft Parking Ramp Areas and Future Areas (as shown on Exhibit D), ramp vehicle stations, and service roads constructed as a part of the First Phase of the Airport which are located within the four (4) Terminal Complexes designated on Exhibit D as Terminal Complex 2W, Terminal Complex 2E, Terminal Complex 3E, and Terminal Complex 4E, exclusive of the Passenger Service Facilities contemplated by the PSF Agreement, the Aircraft Circulating Areas which are allocated to the Runway and Taxiway Complex, and the passenger enplaning and deplaning roads. The portion of the PEDC within each Terminal Complex shall be considered a separate Cost Center, and each may be referred to as, respectively, PEDC-2W, PEDC-2E, PEDC-3E and PEDC-4E.

(w-1) "PASSENGER ENPLANING AND DEPLANING COMPLEX-EXPANSION AREA" (hereinafter sometimes abbreviated as "PEDC-EA") means any terminal buildings, physical structures, Aircraft Parking Ramp Area, ramp vehicle stations, and service roads assigned exclusively to a Signatory Airline within an existing Terminal Complex and outside the PEDC or in the PEDC Future Areas, or in a new Terminal Complex. A PEDC-EA assigned exclusively to a Signatory airline shall be a separate Cost Center applicable to such Signatory Airline and shall be sometimes referred to herein as PEDC-EA-AIRLINE. For purposes of allocating Airport Services Costs pursuant to Section 5.5(c) hereof, the Future Area acreage and the abutting

Aircraft Parking Ramp Area (theretofore a part of the PEDC) that is included within a Terminal Complex or addition thereto constructed after the First Phase of the Airport shall, upon the DBO, become part of the PEDC-EA. Except for Article V, references elsewhere in this Agreement to the PEDC shall be deemed to include the PEDC-EA of all Signatory Airlines.

(x) "PERSON" means a natural person, firm, partnership, corporation or other legal entity.

(x-1) "PROFESSIONAL FEES" means that compensation paid or credited to persons or firms independently appointed or engaged, from time to time, by the Board to render advice and perform architectural, engineering construction management, financial, legal, testing or other consulting services in connection with the operation, expansion, alteration, reconstruction, betterment or other improvement of the Airport or any of its structures or facilities.

(y) "RUNWAY AND TAXIWAY COMPLEX" (hereinafter sometimes abbreviated as "RTC") means such facilities as now exist and shall, from time to time, be constructed, provided and maintained by the Board at the Airport for public and common use by the Signatory Airlines and other Aircraft Operators for the following purposes:

(i) Runways - runways (including aerial approaches and buffer zones and any similar facility required for the effective and safe operation of aircraft as required by the Federal Aviation Administration) at the Airport for the landing and taking off of aircraft;

(ii) Taxiways - taxiways available at the Airport for the purpose of ground movement of aircraft to, from and between runways, Aircraft Circulating Areas, and other non-exclusive paved portions of the Airport;

(iii) Aircraft Circulating Areas (as shown on Exhibit D)-paved areas which are not exclusively leased but which aircraft traverse in gaining access to or egress from passenger terminals, cargo terminals or Taxiways, excluding the Aircraft Parking Ramp Areas;

(iv) Facilities incidental to the runways, Aircraft Parking Ramp Areas, Aircraft Circulating Areas and Taxiways by which is meant facilities for the purpose of controlling and assisting arrivals, departures and operations of aircraft using the

Airport, such as Federal Aviation Administration control towers, signals, beacons, wind indicators, floodlights, landing lights, boundary lights, construction lights, radio and electronic aids or other aids to operations, navigation or ground control of aircraft whether or not a type herein mentioned and even though located away from the runway and taxiway complex or outside the Airport.

(z) "SIGNATORY AIRLINE" means a Certificated Air Carrier, which has executed a Letter Agreement or an agreement with the Board substantially similar to this Agreement.

(aa) "STARTING DATE" means January 13, 1974.

(bb) "SPECIAL FACILITY BONDS" means those bonds which the Cities have issued or may issue pursuant to Section 8.7 of the 1968 Concurrent Bond Ordinance.

(cc) "SQUARE FOOTAGE" means the aggregate of the areas in square feet of enclosed or heated space in the Terminal Structures. This definition may be modified from time to time by a Majority-in-Interest of Airlines with the approval of the Board. In the case of Airline, "Square Footage" means the aggregate of the areas in square feet of enclosed or heated space of the Terminal Structure chargeable to the Airline.

(dd) "TERMINAL COMPLEX" means each separate portion of the PEDC included therein and the associated passenger enplaning and deplaning roads, as shown on Exhibit D as Terminal Complexes 2W, 2E, 3E and 4E and any future PEDC-EA, outside of such existing Terminal Complexes, and associated passenger enplaning and deplaning roads, as shown on Exhibit D.

(ee) "TERMINAL STRUCTURE" means that structural portion of a Terminal Complex, including exclusive and non-exclusive areas therein (but excluding any Passenger Service Facilities as defined in the PSF Agreement), constructed as a part of the PEDC or PEDC-EA.

(ff) "TOTAL DEVELOPED ACREAGE OF THE AIRPORT" means all land within the Airport boundaries (as the same may be changed from time to time) which is revenue producing, including but not limited to all land under lease or permit, land actually developed for a specific use, and all land specifically designated as part of the Runway and Taxiway Complex.

SECTION 1.2 INTERPRETATION; SAVINGS.

This Agreement, except where the context hereof by clear implication shall otherwise require, shall be construed and applied as follows:

- (a) Definitions include both singular and plural;
- (b) Pronouns include both singular and plural and cover all genders;
- (c) This Agreement shall be construed in accordance with the laws of the State of Texas.

In the event any covenant, condition or provision contained in this Agreement is held to be invalid by any court of competent jurisdiction, or otherwise appears to Airline and Board to be invalid, such invalidity shall not affect the validity of any other covenant, condition or provision herein contained, except under circumstances where the invalidity of any such covenant, condition or provision materially prejudices either Board or Airline in its respective rights and obligations contained in the remaining valid covenants, conditions or provisions of this Agreement.

ARTICLE II FIRST PHASE OF THE AIRPORT

SECTION 2.1 CONSTRUCTION AND COMPLETION.

(a) The Board has completed the construction of the First Phase of the Airport as shown generally on Exhibit E, which consists of the projects constructed substantially with Bond proceeds as listed on Exhibit E-1, attached hereto and made a part hereof.

(b) During any period of construction in the PEDC, Airline and its authorized representatives shall have full right of inspection. Additionally, during any such period of construction of facilities that Airline has agreed to occupy, Airline shall have the right at all reasonable times to enter its assigned portions thereof for the purpose of constructing and installing its fixtures and equipment, and performing tenant finish work; provided Airline agrees to exercise due care and agrees not to interfere unreasonably with the work of the Board's contractors.

SECTION 2.2 CONSTRUCTION OF UTILITY DISTRIBUTION SYSTEMS.

For the benefit of Airline and other users, the Board shall extend to any Terminal Complex supply lines for high temperature water to be used for heating purposes and for chilled water to be used for air conditioning purposes, water supply lines, storm and sanitary sewers and facilities for trash collection and disposal. In addition, the Board shall arrange for the extension of electrical and communications systems to each such Terminal Complex by the appropriate utility or governmental agency.

SECTION 2.3 AIR CONDITIONING AND HEATING SYSTEM.

(a) The Board shall provide, maintain and operate an Air Conditioning and Heating system for the production and distribution of high temperature and chilled water. The Board shall make available to Airline high temperature water, for heating purposes only, and chilled water, for air conditioning purposes only, through supply lines running from the Central Utilities Plant to Airline's Terminal Structure. The Board shall supply and install two (2) meters in each Terminal Structure, one for recording the consumption of BTU's of heat drawn from the high temperature water system and the other for recording the absorption of BTU's of heat by the chilled water system. The Board shall provide and install such heat exchangers and other equipment, in the quantity, capacity and quality necessary to adequately heat and air condition the Terminal Structures.

(b) Airline agrees to take from the Board all of its requirements of such high temperature water for heating and chilled water for air conditioning its Terminal Structure.

SECTION 2.4 EMPLOYEE PARKING.

Board shall construct, operate and maintain (either itself or through a Concessionaire) during the term hereof, parking facilities for the employees (airline and non-airline) working in the PEDC, and may levy a reasonable charge for the use of such parking facilities.

SECTION 2.5 UTILITY SERVICES.

(a) Airline shall arrange with the appropriate utility or service companies, or municipalities, or Board, or other suppliers, for the supply of electrical, telephone and natural gas service required by it on the Airport. Airline shall arrange with the Board for the supply of potable water and trash removal, and may arrange for other services offered by the Board from time to time.

(b) No failure to furnish, delay or interruption in any service or services, whether such service or services shall be supplied by the Board or by others, shall relieve or be construed to relieve Airline of any of its obligations hereunder, or shall be construed to be an eviction of Airline by the Board, or shall constitute grounds for any diminution or abatement of the rentals, fees or charges payable under this Agreement (except as otherwise provided to the contrary herein), or grounds for any claim by Airline for damages, consequential or otherwise, except when resulting from the negligence of Board or from its willful failure to furnish or supply such services, if any.

ARTICLE III DURATION; CERTIFICATED AIR CARRIER SERVICES

SECTION 3.1 DURATION; SUSPENSION.

(a) This Agreement shall become effective upon execution and delivery hereof by the Board and by Airline, and the rights of use and occupancy granted herein shall commence on the Starting Date and subject to the other provisions hereof, this Agreement shall expire at midnight on December 31, 2009. Coincident with the effective date of this Agreement, the Letter Agreement between the Board and Airline shall be suspended, except as recited in Section 3.1(b) hereof. Such suspension shall continue until the execution and delivery of agreements substantially similar to this Agreement between the Board and Air Canada, American Airlines, Inc., Braniff Airways, Inc., Delta Air Lines, Inc., Eastern Air Lines, Inc., The Flying Tiger Line, Inc., Frontier Airlines, Inc., Mexicana de Aviacion, Ozark Air Lines, Inc., Piedmont Aviation, Inc., and Texas International Airlines, Inc., individually, at which time the Letter Agreement between the Board and Airline shall be cancelled in its entirety.

(b) During such period of suspension:

- (i) The Letter Agreement between the Board and Airline shall be superseded by this Agreement in every respect, except that Paragraph C of the said Letter Agreement shall remain in effect until the said Letter Agreement has been cancelled pursuant to Section 3.1(a) hereof;
- (ii) Section 5.1(a) and 5.9 hereof shall not be effective; and
- (iii) Signatories to the Letter Agreement shall be considered Signatory Airlines under this Agreement for all purposes.

SECTION 3.2 CERTIFICATED AIR CARRIER SERVICES.

Airline agrees that it shall conduct its Certificated Air Carrier Services serving the Dallas/Fort Worth area to, from, and at the Airport, to the extent required by the terms of the 1968 Regional Airport Concurrent Bond Ordinance.

ARTICLE IV

USE, QUIET ENJOYMENT, RESTRICTIONS, CARE, MAINTENANCE AND REPAIR, RULES, OTHER AGREEMENTS

SECTION 4.1 USE OF AIRPORT

From and after the Starting Date, Airline shall have the right to use the Airport for any lawful, reasonable and appropriate activity in connection with Airline's business of transportation by aircraft, including but not limited to the following:

(a) Airline shall have the right to use, operate and occupy its areas of the Terminal Structure as specified on Exhibits A, B, and C, attached hereto and made a part hereof.

(b) Airline shall have the exclusive right to use the Aircraft Parking Ramp and Hardstand Area of its Terminal Complex shown in diagonal hatch, and of the Future Expansion Area of the Terminal Complex as shown in stipple, on Exhibit D, attached hereto and made a part hereof.

Airline shall further have the right to use in common with others authorized by the Board areas shown in cross hatch on Exhibit D, including Ramp Vehicle Service Stations, identified as "V-2" on Exhibit D.

(c) Airline shall have the right to use, at any time, in common with other authorized Aircraft Operators, the RTC for or in connection with aircraft operated or controlled by Airline for purposes for which such facilities are provided, and all service roads, roadways and other means of access to or from the RTC, and all other common and public areas, space, facilities and conveniences on the Airport as they may from time to time be provided by the Board. Without limiting the generality of the foregoing, Airline's right to use the RTC shall include training and other non-scheduled flights, subject, however, to Section 4.5(h) hereof.

(d) Airline shall have the right to operate in its Terminal Structure a customer service lounge or lounges to be used for any reasonable, lawful and appropriate activity including the serving of beverages to persons authorized to use the lounge or lounges.

SECTION 4.2 QUIET ENJOYMENT.

Upon payment of rentals, fees and charges herein provided for and the performance of the covenants and agreements on the part of Airline to be performed hereunder, airline shall peaceably have and enjoy the premises, appurtenances, facilities, licenses and privileges granted herein.

SECTION 4.3 INGRESS AND EGRESS.

Airline, its officers, employees, passengers, customers, invitees, guests and suppliers of materials and furnishers of services, shall have the right of ingress and egress between its Terminal Complex and a public way outside the Airport, and between its Terminal Complex and the RTC, and between and among all other facilities on the Airport in which Airline has a contractual interest.

SECTION 4.4 SIGNS.

(a) Without the prior written approval of the Board, Airline shall not erect, maintain or display any signs or any advertising at or on the exterior of its Terminal Structure, or inside of or on portions of such Terminal Structure as may be visible from outside of the Terminal Structure. Exterior signs affecting public safety and security shall be in accordance with established Board standards. Notwithstanding the foregoing, prior written approval will not be required for the placing of appropriate signs on the wall behind the ticketing areas.

(b) In the case of any signs, inside or outside of Airline's Terminal Structure, if the Board has not given approval when required, as aforesaid, Airline shall upon receipt of written notice from the board, remove, obliterate or paint out any and all such non-approved advertising, signs, posters and similar devices placed by Airline in or on such Terminal Structure. In the event of a failure on the part of Airline so to remove, obliterate or paint out each and every such sign or piece of advertising so as to restore such Terminal Structure, the Board may perform the necessary work and Airline shall pay the cost thereof to the Board on demand.

SECTION 4.5 RESTRICTIONS.

The foregoing rights of Airline are subject to the following specific restrictions:

(a) The Board may, from time to time, temporarily or permanently close or consent to or request the closing of any roadway and any other area at the Airport presently or hereafter used as such, so long as a reasonably equivalent means of ingress and egress, as provided in Section 4.3 hereof, remains available. Airline hereby releases and discharges the Board, its successors and assigns, of and from any and all claims, demands or causes of action which Airlines may have arising from such closing of such roadway or areas. The use of such roadways or ramp areas shall be subject to the rules and regulations of the Board now in effect or which may hereafter be promulgated for the safe and efficient operation of the Airport.

(b) The Board may prohibit the use of the RTC by any aircraft operated or controlled by Airline which exceeds the design strength of the paving of the Runway and Taxiway Complex, provided that such prohibition extends also to similar aircraft operated by other Aircraft Operators.

(c) Unless otherwise expressly permitted to do so, Airline shall not install, maintain or operate, or permit the installation, maintenance or operation in its Terminal Structure of any vending machine or device designed to dispense or sell food, beverages, tobacco, tobacco products or merchandise of any kind, except in operational areas which are not available to the public and then only on a non-profit basis to Airline.

(d) Airline shall not do or permit to be done anything which may interfere with the effectiveness or accessibility of the drainage and sewerage system, water system, communications system, fire protection system, or any other part of the utility, electrical or other systems installed or located from time to time at the Airport.

(e) Airline shall not do or permit to be done any act or thing at the Airport (i) which will invalidate or conflict with any fire insurance policies covering its Terminal complex or any part thereof, or other contiguous premises at the Airport, or (ii) which may constitute an extra-hazardous condition so as to increase the risks normally attendant upon operations permitted by this Agreement. If, by any reason of any failure on the part of the Airline to comply with the provisions of this subsection, any fire insurance or extended coverage on such Terminal

Complex or any part thereof, or on the Airport or any part thereof, shall at any time be higher than it otherwise would be, then Airline shall, at its option, (i) provide an approved equivalent insurance policy or (ii) pay the Board that part of all premiums paid by the Board which shall have been charged because of such violation or failure by the Airline.

(f) If required by the Federal Aviation Administration, Airline shall not operate any vehicle or permit persons doing business with it to operate any vehicle in the Aircraft Parking Ramp and Aircraft Circulating Areas unless such vehicle is equipped with a radio receiver tuned to Airport control tower frequencies and is adequately manned.

(g) Airline shall not perform any maintenance of aircraft, vehicles or equipment at its Terminal Complex which violates the Board's fire or building codes or which is unreasonably unsightly, offensive or annoying to the public. Otherwise, Airline may perform such maintenance at such Terminal Complex subject to the control of the Board's reasonable rules and regulations.

(h) Airline's training and other non-scheduled flight activities shall not interfere with scheduled flight activities of the Signatory Airlines. Such non-scheduled flight activities shall be subject to the Board's reasonable rules and regulations.

(i) The Board, by its officers, employees, agents, representatives, contractors and furnishers of utilities and other services shall have the full right at all reasonable times to enter Airline's Terminal Complex for the purpose of inspecting the same, for emergency repairs to utilities systems, and for the doing of any act or thing which the Board may be obligated to do or have the right to do under this Agreement, provided that in the exercise of such rights the Board shall not unreasonably interfere with Airline's use and occupancy of the Terminal Complex pursuant to the provisions of this Agreement.

(j) The AIRTRANS System right-of-way and stations in the nonexclusive portions of Airline's Terminal Structure are shown on Exhibit A. The Board reserves the right to use such right-of-way and stations for the operation and maintenance of the AIRTRANS System with necessary and reasonable means of ingress and egress to and from such areas; provided that in the exercise of such rights the Board shall not unreasonably interfere with Airline's use and occupancy of such Terminal Structure.

SECTION 4.6 CARE, MAINTENANCE AND REPAIR, OPERATING PROVISIONS

(a) Except as otherwise provided in this Section 4.6(a), the Board shall assume the responsibility for, and shall perform or cause to be performed, by agreement or otherwise, all maintenance, replacement and repair of all facilities and systems on the Airport, including, without limiting the generality of the foregoing, the AIRTRANS System, its component parts and their housing, and all landscaping (feeding, plant replacement, mowing, edging, setting, trimming, spraying and irrigation - from existing systems) in the Passenger Enplaning and Deplaning Complex. With respect to Airline's Terminal Structure, the Board's obligation shall be confined to the maintenance and cleaning of all transformer rooms and shafts and to the performance of all extraordinary and structural maintenance and repair. Airline shall assume the responsibility for, and shall perform or cause to be performed, all other maintenance, replacement and repair, including janitorial services, in accordance with the Standards and Specifications attached hereto as Exhibit I, as may be amended by mutual agreement from time to time, for Airline's assigned portion of its Terminal Structure, as well as the cleaning of the Aircraft Circulating and Aircraft Parking Ramp Areas. In the event any Concessionaire shall agree with the Board and Airline in writing to perform such maintenance, replacement and repair with its own employees in its own areas, the Airline shall be relieved of those obligations with respect to such areas during the performance of and to the extent of such agreements. Subject to the foregoing, Airlines shall, with respect to its assigned portions of its Terminal Complex:

- (i) Keep all fixtures, equipment and personal property, which are open to or visible to the general public, in a clean and orderly condition and appearance at all times;
- (ii) Take good care of and maintain the same in good condition (reasonable wear and tear excepted) and perform all ordinary repairs, replacements and painting (inside and outside), such repairs, replacements and painting by Airline to be of a quality and class not inferior to the original material and workmanship;
- (iii) Provide and maintain (except for mobile fire fighting equipment) all fire protection and safety equipment of every kind and nature required by any law, rule, order, ordinance, resolution or regulation of the type and nature described in Section 4.7 hereof;

(iv) Provide, at its sole expense, all personnel necessary to provide adequate security protection either by itself or by an independent contractor (which independent contractor shall be willing to accept a Permit from the Board, the issuance of which shall not be unreasonably withheld by the Board), provided that, in the event Airline fails to discharge its obligation as aforesaid, the Board shall provide all such personnel necessary, and Airline shall be liable to the Board for all costs and expenses made or incurred by the Board for the supplying of such personnel (Board, however, shall have the sole obligation to provide all necessary personnel to provide adequate security protection elsewhere on the Airport, except in tenant leased areas);

(v) Control the conduct and demeanor of its employees and shall require its employees (except management personnel) to wear uniforms where appropriate or carry badges where appropriate or other suitable means of identification;

(vi) Control all vehicular traffic in and among the Aircraft Parking Ramp, Aircraft Circulating and Ramp Vehicle Service Station Areas (exclusive of public roadways), take all precautions reasonably necessary to promote the safety of its passengers, customers, business visitors and other persons, and employ such means as may be necessary to direct the movement of vehicular traffic in such areas;

(vii) Either itself or by an independent contractor (which independent contractor shall be willing to accept a Permit from the Board, the issuance of which shall not unreasonably be withheld), deposit its garbage, debris and other waste materials in containers provided by the Board located at appropriate areas of Airline's Terminal Complex. Garbage, debris and waste materials from aircraft shall be placed in compactors or other containers provided by the Board on the Aircraft Parking Ramp Area. Airline shall adequately train or cause to be so trained its employees or contractors engaged in the use of any such trash containers and in systems used to dispose of such garbage, waste or debris.

(b) It is specifically understood and agreed above that upon Airline's failure to fulfill its obligations under Section 4.6(a)(i) above, the Board shall have the right and obligation to perform such tasks and/or to provide such services; and it is further provided that upon the assumption of such obligation(s), the Board shall automatically withhold from Airline any credit that Airline might otherwise receive pursuant to Section 6.1(d) hereof, to the extent that such

credit shall pay the reasonable costs of the tasks to be performed or the services to be provided, and if such credit is not adequate to pay the costs so incurred by the Board, Airline shall pay such difference to the Board upon demand; provided, that prior to taking any action under this Section 4.6(b) the Board shall comply with the following:

(i) The Board shall notify Airline in writing that Airline is in default of its obligations pursuant to Section 4.6(a)(i) and shall specifically set forth the events of such default (it being understood and agreed that any default as to the provisions of Section 4.6(a)(i) shall not be construed as a "default" within the meaning of Section 13.1(b) hereof unless the Board in such notice specifically declares the events as such);

(ii) airline shall have thirty (30) days within which to cure such event(s) of default; and,

(iii) if, at the end of such thirty (30) day period any such event of default is continuing, then the Board shall, after giving an additional thirty (30) days written notice, have the right and obligation to assume the tasks and/or to provide the services which shall have been the subject of any such event of default.

(c) if the performance of any of the foregoing maintenance, repair, replacement or painting obligations of Airline requires work to be performed near an active taxiway or where safety of operations is involved, Airline agrees that it will, at its own expense, post guards or erect barriers or other safeguards approved by the Executive Director of the Board at such locations so as to provide for the safety of the work performed.

(d) in the event that any damage or destruction to the Airline's Terminal Complex is covered by Board's insurance, the obligation of Airline as set forth in this Section 4.6 is hereby released.

(e) Board shall make all repairs and replacements necessary to remedy defects occurring within one (1) year after the DBO of any Terminal Complex, when such defects result from the workmanship performed and/or materials used in the construction by the Board. Any warranties contained in any construction contract entered into by the Board (other than those financed by Special Facility Bonds or private capital) in which Airline has a justifiable or contractual interest shall be for the benefit of the Board, Airline and Signatory Airlines; provided,

however, that the Board is not relieved hereby of any of its obligations under this Section 4.6. Board agrees to act in a prudent manner with respect to the enforcement of its contractual rights and where prudent, diligently to pursue and enforce all legal remedies for the benefit of the Board, Airline and Signatory Airlines.

SECTION 4.7 RULES AND REGULATIONS.

Airline covenants and agrees to observe and obey (and to require its officers and employees to observe and obey and to exercise its best efforts to require its passengers, guests and invitees and those doing business with it, to observe and obey) the reasonable rules and regulations of the Board (including amendments and supplements thereto) for the government of the conduct and operations of Airline and others on the Airport, and to so obey such future reasonable rules and regulations as may from time to time during the term of this Agreement be promulgated by the Board for reasons of safety, health, sanitation and good order; provided, however, that such rules and regulations shall not be inconsistent with the reasonable exercise by Airline of any right or privilege expressly granted hereunder or under any other agreement between Airline and the Board relating to the Airport or any part thereof, nor inconsistent with the mandatory and valid rules and regulations of any Federal agency having jurisdiction with respect to Airline or its operations. With respect to this Agreement, the obligation of Airline to use its best efforts to require such observance and obedience on the part of its passengers, guests, invitees and business visitors shall obtain only while such persons are in Airline's Terminal Complex.

SECTION 4.8 INSTALLATIONS BY AIRLINE.

(a) Airline may, from time to time, install additional facilities and modify or expand existing facilities, installations and additions thereto in its Terminal Structure. Prior to entering into any contract for such work, Airline shall first submit or cause to be submitted to the Executive Director of the Board for his approval, a Construction Application together with complete plans and specifications of the proposed work and the name of the contractor to whom Airline proposes to award the contract for such work. The Board agrees that any indemnity contained in such Construction Application shall not be effective as to Airline. Airline further agrees that if requested by the Executive Director of the Board, it shall require the contractor to furnish a "Performance Bond" and "Payment Bond," approved as to form, substance and surety by the Executive Director of the Board. The approval of the Construction Application, plans and specifications and the contractor shall not be unreasonably withheld.

(b) Airline shall include in all construction contracts entered into by it in connection with any or all of the construction work aforesaid, a provision requiring the contractor, or in the alternative, Airline, except for the negligence of the Board, to indemnify, hold harmless and defend the Board, the Cities, any successor-in-interest, as their interests may appear, their directors, officers, agents and employees against losses occasioned by death, injury to persons or damage to property, arising out of or in connection with the performance of any or all of such construction work, against the risk of loss or damage to the construction prior to the completion thereof, and against the losses resulting from claims and demands, by third persons arising out of the performance of the construction work; and Airline shall provide or require the contractor to furnish liability insurance in such amounts as may be lawfully required. Airline shall also include or cause to be included in any construction contract such provisions as may be reasonably required by the Board relating to the operation of the contractor at the Airport.

(c) Airline agrees that all work to be performed by it or its contractor, including all workmanship and materials, shall be of first-class quality and shall be performed in full compliance and in accordance with the plans and specifications approved by the Executive Director of the Board, and such work shall be subject to his inspection during the performance thereof and after it is completed. Airline shall assume the risk of loss or damage to all such work prior to the completion thereof. Airline shall repair or replace any such loss or damage without cost to the Board.

(d) Airline, when reasonably requested by the Board, shall deliver to or cause to be delivered to the Executive Director of the Board, "as-built" transparencies of the work performed by it and shall at all times during the term of this Agreement keep such drawings current showing thereon any changes or modifications made in or to its Terminal Structure.

(e) Airline shall discharge all obligations to contractors, subcontractors, materialmen, workmen and/or other persons for all work performed and for materials furnished for or on account of Airline as such obligations mature. Nothing in this Agreement shall limit the right of Airline to contest any claims of any contractor, subcontractor, materialmen, workmen or other person without being considered in breach hereof. Nothing contained in this Agreement shall be deemed to constitute a consent to the making or the attempt to make any claim or lien

against Airline's assigned portions of the Terminal Complex; the creation, noticing or filing or the attempt to create, notice or file any claims against the same is prohibited, and Airlines agrees that any such claim or lien filed, noticed or created against the same shall be removed and discharged.

SECTION 4.9 LICENSES AND PERMITS.

Airline hereby agrees that it shall, at its own cost and expense, procure and obtain all lawfully required licenses and permits, certificates and other authorizations required by any governmental authority in connection with or covering the operations or activities permitted to be performed by it under the provisions of this Agreement.

ARTICLE V RENTALS, FEES AND CHARGES

SECTION 5.1 GENERAL COMMITMENT.

(a) For and in consideration of the Board's constructing, developing and equipping the Airport with funds derived from the sale of Bonds, Airline, notwithstanding any covenant, term or condition contained elsewhere in this Agreement, agrees to pay rentals, fees and charges for its use, operation (or right to operate) and occupancy of the Airport premises and facilities, and the services appertaining thereto, in an amount which, together with rentals, fees and charges paid by other airlines and others using the Airport premises and facilities, will be sufficient to produce total Gross Revenues in each Fiscal Year required to satisfy the Board's obligation under the first sentence of Section 9.4B of the 1968 Concurrent Bond Ordinance.

(b) In order to minimize the general commitment of Airline under subsection (a) next above, the Board agrees through the application and imposition of rentals, fees and charges to promote and develop revenues from other users of the Airport.

(c) The Board further agrees to include in any agreement substantially similar to this Agreement that is executed with any other Signatory Airline, Non-Signatory Airline, or aircraft operator all of the provisions of Articles III, V, IX, X and XIII of the Use Agreement.

SECTION 5.2 SPECIFIC USE PAYMENTS BY AIRLINE.

(a) The Board agrees that so long as Airline is not in default hereunder, or so long as the Board is not in default in its obligation under the first sentence of Section 9.4B of the 1968 Concurrent Bond Ordinance, the Board will, from and after the Starting Date, bill, and Airline hereby agrees to pay, the following specific rentals, fees and charges at the times, for the purposes and calculated in the manner specified in the succeeding provisions of this Article V, to-wit: (i) Rental and Use Fee for the right (on the part of Airline and non-airline users authorized by the Board) to use and occupy the Airline's Terminal Complex; plus (ii) Landing Fees for the use of the Runway and Taxiway Complex; plus (iii) a charge for the use of the Air Conditioning and Heating System, and plus (iv) other charges pursuant to this Agreement.

(b) If the Starting Date or the DBO (as defined in Subsection 1.1(m-2) hereof) shall be other than the first day of the month, the rentals, fees and charges payable by Airline hereunder shall be prorated on a daily basis for the period from the Starting Date or the DBO to the end of the month in which the Starting Date or the DBO shall occur.

(c) To the extent that it is prudent, considering the requirements attached to the acceptance of such funds, the Board shall apply for and make use of Federal and State funds for the development of the Airport. Except when otherwise provided by law or by the terms of this Agreement, any Federal or State funds received shall first be used for the development and operation of the Airport for aviation-related purposes.

(d) The Board shall, unless precluded by superior authority from doing so, collect a charge at the control plazas for vehicles utilizing the Airport.

(e) The Board shall collect compensatory fees and charges from Aircraft Operators utilizing the facilities of the Airport, taking into account the degree of utilization of airfield and airspace capacity by such Aircraft Operators in reasonable relationship to the Airport investment.

SECTION 5.3 ADJUSTMENT OF FEES.

The Rental and Use Fee and Landing Fee rate payable hereunder shall be established by the Board for the Base Period and adjusted after the close of each Fiscal Year thereafter,

using the latest available data relating to changes in the variable components of the formula recited in Sections 5.6 and 5.7 hereof. Each such adjustment shall consist of two elements:

(a) A prospective adjustment to determine the Preliminary Rental and Use Fee and Preliminary Landing Fee rate payable in the next succeeding Fiscal Year; and

(b) A retrospective adjustment to determine the Actual Rental and Use Fee and Actual Landing Fee rate that should have been paid in the Fiscal Year immediately preceding the date of adjustment.

Overpayments or deficiencies shall be handled in accordance with Sections 5.6(d) and 5.7(d) hereof. The Board may, with the prior approval of a Majority-In-Interest of Airlines, make an interim adjustment of the Landing Fee rate, Rental and Use Fee or any other rate, fee or charge at any time within any Fiscal Year hereafter.

SECTION 5.4 ALLOCATION OF DEBT SERVICE AND PROFESSIONAL FEES.

Debt service requirements, Professional Fees and costs other than Contract Costs shall be allocated on the basis of the ratio that the Contract Costs of each Cost Center (such as the Passenger Enplaning and Deplaning Complex Cost Centers, the Runway and Taxiway Complex, the Air Conditioning and Heating System, Airport Services and all other Cost Centers), individually bears to total Contract Costs of the Airport which are not financed with private capital, the Capital Improvement Trust Account, the Board's Discretionary Account, Special Facility Bonds or Facility Improvement Corporation (a debt-issuing corporation established by the Board) obligations (herein "FIC funds"). The Bond debt service attributable to Fees will be deemed to be allocated to each Cost Center in the same proportion as the Contract Costs.

SECTION 5.5 ALLOCATION OF AIRPORT SERVICES.

The Airport Services Component of each rate, fee or charge shall be determined in accordance with the following procedures:

(a) The preliminary rate per acre per annum shall be computed by the Board not less than ten (10) days prior to the close of each Fiscal Year and shall be applicable during the next succeeding Fiscal Year, which preliminary rate per acre per annum shall be determined in accordance with the following formula:

$$\frac{A}{B} = C$$

- A - Airport Services Costs projected to be incurred by the Board during the next succeeding Fiscal Year.
- B - Average Total Developed Acreage on the Airport projected the next succeeding Fiscal Year.
- C - Preliminary rate per acre per annum to be used during the next succeeding Fiscal Year.

(b) The actual rate per acre per annum for the Fiscal Year shall be computed by the Board at the close of each Fiscal Year, which actual rate per acre per annum shall be determined in accordance with the following formula:

$$\frac{A}{B} = C$$

- A - Airport Services Costs incurred by the Board during the Fiscal Year just closed.
- B - Average Total Developed Acreage on the Airport during the Fiscal Year just closed.
- C - Actual rate per acre per annum for the Fiscal Year just closed.

(c) The Airport Services Component shall be determined by multiplying "C" in the above formula by the average number of acres allocated to a particular Cost Center in calculating rentals, fees and charges pursuant to this Agreement.

SECTION 5.6 RENTAL AND USE FEE.

The PEDC within each Terminal Complex shall be a separate Cost Center, or as otherwise agreed to by the affected parties. For the right to use and occupy its assigned portion in each Terminal Complex, Airline shall pay a Rental and Use Fee, computed as an annual amount and due and payable in monthly installments upon presentation of an invoice.

(a) The Preliminary Rental and Use Fee shall be computed by the Board for each separate PEDC Cost Center not less than ten (10) days prior to the close of the Fiscal Year and shall be applicable during the succeeding Fiscal Year, which Preliminary Rental and Use Fee shall be determined in accordance with the following formulae:

$$(i) \quad \frac{A + B + C}{D} = E$$

$$(ii) \quad (E \times F) - (E \times G) - \frac{(H \times J)}{I} = K$$

- A - Airport Services Component for each PEDC Cost Center projected to be incurred by the Board during the next succeeding Fiscal Year.
- B - Operations and maintenance costs for each PEDC Cost Center projected to be incurred by the Board during the next succeeding Fiscal Year.
- C - Debt service requirement for Joint Revenue Bonds, excluding Special Facility Bonds, private financing, FIC funds, or funds from the Discretionary Account and the Capital Improvement Trust Account for each PEDC Cost Center at 1.0 to 1.0 coverage projected to be incurred by the Board during the next succeeding Fiscal Year.
- D - Square Footage, excluding Airline square footage financed by Special Facility Bonds, private financing, FIC funds or funds from the Discretionary Account and the Capital Improvement Trust
- E - Projected gross rate per square foot in each PEDC Cost Center for the next succeeding Fiscal Year.
- F - Projected Square Footage in each PEDC Cost Center chargeable to Airline, including Terminal Structure Concessionaire space, for the first day of the Fiscal Year.

- G - Projected Square Footage in each PEDC Cost Center of Terminal Structure Concessionaire space chargeable to Airline for the first day of the next succeeding Fiscal Year.
- H - Projected number of Airline's Enplaned Passengers, and those of its sublessees and other airlines using its PEDC ("Contracting Airlines"), at the Airport during the next succeeding Fiscal Year.
- I - Projected total number of Enplaned Passengers of all Signatory Airlines, and of their sublessees and Contracting Airlines, at the Airport during the next succeeding Fiscal Year.
- J - Projected total of rents and/or fees to be paid by Terminal Structure Concessionaires (excluding rental car concession fees) during the next succeeding Fiscal Year, less the aggregate of "E x G" for all PEDC's.
- K - Preliminary Rental and Use Fee chargeable to Airline during the next succeeding Fiscal Year before credit for reasonable operating and maintenance costs collected from Terminal Structure Concessionaires, as set forth in Section 6.1(d) hereof.

1/12 -

Preliminary Rental and Use Fee as computed hereinabove shall be due and payable in equal monthly

installments of 1/12 of the annual rent.

(b) The Actual Rental and Use Fee for the preceding Fiscal Year shall be computed by the Board for each PEDC Cost Center at the close of each Fiscal Year thereafter, which Actual Rental and Use Fee shall be determined in accordance with the following formulae:

- A - Actual Airport Services Component for each PEDC Cost Center incurred by the Board during the Fiscal Year just completed.
- B - Actual operations and maintenance costs for each PEDC Cost Center incurred by the Board during the Fiscal Year just completed.
- C - Actual debt service requirement, excluding debt service for Special Facility Bonds, private financing, FIC funds or funds from the Discretionary Account and Capital Trust Account, for each PEDC Cost Center at 1.0 to 1.0 coverage incurred by the Board during the Fiscal Year just completed.
- D - The average total Square Footage, excluding square footage financed by Special Facility Bonds, private financing, FIC funds or funds from the Discretionary Account and the Capital Trust Account, in each PEDC Cost Center during the Fiscal Year just completed.
- E - Actual gross rate per square foot in each PEDC Cost Center for the Fiscal Year just completed.

$$(i) \quad \frac{A + B + C}{D} = E$$

(ii)

- F - Actual average Square Footage in each PEDC Cost Center chargeable to Airline, including Terminal Structure Concessionaire space, during the Fiscal Year just completed.
- G - Actual Square Footage in each PEDC Cost Center of Terminal Structure Concessionaire space chargeable to Airline during the Fiscal Year just completed.
- H - Actual number of Airline's Enplaned Passengers and of its sublessees and Contracting Airlines at the Airport during the Fiscal Year just completed.
- I - Actual total number of Enplaned Passengers of all Signatory Airlines, and of their sublessees and Contracting Airlines, at the Airport during the Fiscal Year just completed.
- J - Actual total of rents and/or fees paid by Terminal Structure Concessionaires (excluding rental car concessions) during the Fiscal Year just completed, less the aggregate of "E x G" for all PEDC's.
- K - Actual amount of Preliminary Rental and Use Fee paid by Airline during the Fiscal Year just completed.
- L - Actual amount of Airline's operations

$$(ExF) - (ExG) - (HxJ) - (K+L) = M$$

and maintenance expenses
collected

I

from all Terminal Structure
Concessionaires in Airline's portions
of the Terminal Structure during the
Fiscal Year just completed, as set
forth in Section 6.1(d) hereof.

M - Amount due from or credit due to
Airline for Actual Rental and Use
Fee for the Fiscal Year just
completed.

(c) For the use and occupancy of any PEDC-EA assigned exclusively to Airline (hereinafter called "PEDC-EA-Airline"), Airline shall pay a Supplemental Rental and Use Fee computed as an annual amount and due and payable in monthly installments upon presentation of an invoice. The Preliminary and Actual Supplemental Rental and Use Fee shall be computed in the same manner and pursuant to the same formula as set forth in Subsections 5.6(a) and 5.6(b), except that where the term PEDC appears in such formulae the term PEDC-EA-Airline shall be substituted and except that if Airline also has assigned space in the PEDC the third calculation

"(H x J)" in formula (ii) shall be omitted so that formula (ii)

I

of Subsection 5.6(a) shall read "(ExF)-(ExG) = K" and formula (ii) of Subsection 5.6(b) shall read "(ExF)-(ExG)-(K+L) = M". Additionally, the provisions of Subsection 5.6(d) shall apply to the Supplemental Rental and Use Fee provided for under this Subsection. Reference elsewhere in this Agreement to Rental and Use Fee shall be deemed to include the Supplemental Rental and Use Fee provided for in this Subsection.

(d) In the event the Actual Rental and Use Fee as above determined:

- (i) Shows an overpayment by Airline during the Fiscal Year just completed, then the Board shall forward a refund in the amount of the overpayment to Airline,
or the Board shall credit Airline for such overpayment in such manner as the Board and Airline may mutually agree;
- (ii) Shows a deficiency in payments by Airline during any preceding Fiscal Year, then the Board shall invoice Airline for such deficiency and Airline shall pay such deficiency in full as additional Rental and Use Fee.

(e) Inasmuch as the Rental and Use Fee required by this Section 5.6 includes allocable charges for the use of the lands described in the Passenger Service Special Facilities Agreement, dated as of April 1, 1972 (hereinafter called the "PSSF Agreement"), as to Airline, the Ground Rent requirements of Section 4.1 of the PSSF Agreement are hereby rescinded as to Airline, and no separate or additional Ground Rent shall be due from Airline under the PSSF Agreement.

(f) In the event Airline fails, neglects or refuses to perform or fulfill any of the covenants or obligations of this Agreement (including the obligations set forth in Section 4.6(a) hereof) on Airline's part to be performed or fulfilled (other than the payment of rentals, fees and charges), the Board may, on thirty (30) days written notice to Airline, perform or fulfill such covenants or obligations of Airline, and Airline agrees to pay as additional Rental and Use Fee the reasonable sums paid or reasonable expenses incurred by the Board in such performance, including all applicable interest, damages and penalties. Where a covenant or obligation requires performance of a continuing nature, Airline's commencement to perform such covenant or obligation and continued diligent prosecution shall be sufficient. Where a covenant or obligation cannot reasonably be completed within the foregoing notice period, the Board shall take no further action hereunder if Airline commences performance of such covenant or obligation within the notice period and diligently prosecutes the work to completion.

(g) Board operation and maintenance costs chargeable to the PEDC and PEDC-EA and as shown in the Rental and Use Fee formula set forth above in Section 5.6, shall be allocated to each PEDC and PEDC-EA Cost Center for which the cost is incurred.

SECTION 5.7 LANDING FEES.

From and after the Starting Date, for each and every landing of each and every aircraft landed by Airline at the Airport, Airline shall pay Landing Fees as established by the Board pursuant to this Section 5.7. As used herein, the term "Landing Fees" shall mean the product of the Landing Fee rate times Airline's total Maximum Approved Landing Weight of Aircraft landed at the Airport in any month. The term "Landing Fee rate" shall mean a unit fee expressed in cents-per-thousand pounds of Maximum Approved Landing Weight of Aircraft adjusted to the nearest hundred pounds.

(a) The Preliminary Landing Fee rate shall be computed by the Board not less than ten (10) days prior to the close of each Fiscal Year and shall be applicable during the next Fiscal Year, which Preliminary Landing Fee rate shall be determined in accordance with the following formulae:

$$\frac{A+B+C+D}{E} = F$$

- A - Airport Services Component for RTC projected to be incurred by the Board during the next succeeding Fiscal Year.
- B - Operations and maintenance costs for RTC projected to be incurred by the Board during the next succeeding Fiscal Year.
- C - Debt service requirement for RTC at 1.1 to 1.0 coverage projected to be incurred by the Board during the next succeeding Fiscal Year.
- D - Ancillary Net Revenues projected to be collected or incurred by the Board during the next succeeding Fiscal Year.
- E - Total Maximum Approved Landing Weight of Aircraft at the Airport in thousand pound units for all Signatory Airlines projected for the next succeeding Fiscal Year.
- F - Preliminary Landing Fee rate per thousand pounds of Maximum Approved Landing

Weight of Aircraft at the Airport for Signatory Airlines.

(b) The Actual Landing Fee rate for the preceding Fiscal Year and actual landing fees due from Airline shall be computed by the Board at the close of each Fiscal Year, which Actual Landing Fee rate shall be determined in accordance with the following formula:

(i)

$$\frac{A + B + C + D}{E} = F$$

A - Actual Airport Services Component for RTC incurred during the Fiscal Year just completed.

B - Actual operations and maintenance costs for RTC incurred by the Board during the Fiscal Year just completed.

C - Actual debt service requirement for RTC at 1.1 to 1.0 coverage incurred by the Board during the Fiscal Year just completed.

D - Actual Ancillary Net Revenues collected or incurred by the Board during the Fiscal Year just completed.

E - Actual total Maximum Approved Landing Weight of Aircraft at the Airport in thousand pound units for all Signatory Airlines during the Fiscal Year just completed.

F - Actual Landing Fee rate per thousand pounds of Maximum Approved Landing Weight of Aircraft at the Airport for all Signatory Airlines for the Fiscal Year just completed.

(ii)

$$(F \times G) - H = I$$

G - Actual total Maximum Approved Landing Weight of Aircraft in thousand pound units for Airline at the Airport for the Fiscal Year just completed.

- H - Actual amount of Preliminary Landing Fees paid by Airline during the Fiscal Year just completed.
- I - Amount due from or credit due to Airline for Actual Landing Fees during the Fiscal Year just completed.

(c) In the event the Actual Landing Fees as above determined:

- (i) Shows an overpayment by Airline during the Fiscal Year just completed, then the Board shall forward a refund in the amount of the overpayment to Airline, or Board shall credit Airline for such overpayment in such other manner as the Board and Airline may mutually agree;
- (ii) Shows a deficiency in payments by Airline during any preceding Fiscal Year, then the Board shall invoice Airline for such deficiency and Airline shall pay such deficiency in full as additional Landing Fees.

(d) In the event the computations of Actual Landing Fee rates pursuant to this Section 5.7 produce negative Landing Fees, then the Board shall credit to Airline its share of the amounts of such negative Landing Fees in the ratio that Airline's total Maximum Approved Landing Weight of Aircraft at the Airport bears to the total Maximum Approved Landing Weight of Aircraft of all Signatory Airlines at the Airport in the adjustment period. Such credit shall first be applied to Airline's Landing Fees, if any, and then to Airline's Rental and Use Fees or any other rate, fee, or charge until exhausted.

(e) To enable the Board to perform the computations required of it hereunder Airline shall furnish to the Board:

- (i) not later than the seventh (7th) day of each month, a flight activity statement, in a form to be mutually agreed upon and in conformity with FAA requirements, signed by an authorized representative of Airline, certifying the actual number of landings

by type and model of aircraft landed by Airline at the Airport during the preceding month;

(ii) not later than the Starting Date, and annually thereafter, a schedule of Maximum Approved Landing Weights of Aircraft operated by Airline at the Airport and Airline shall promptly notify the Board of any subsequent changes or additions thereto or deletions therefrom;

(iii) not later than the seventh (7th) day of each month, a report, signed by an authorized representative of Airline, certifying the number of Enplaned Passengers by Airline in the preceding month. In addition, Airline shall use its best efforts to provide the number of total pounds of cargo and mail boarded and the total number of deplaning passengers;

Upon receipt of the foregoing data, the Board shall promptly furnish Airline an invoice for Landing Fees based on Airline's activity during the preceding month. Such Landing Fees are due and payable on presentation of such invoice. In the event Airline fails to furnish the flight activity statement as required herein, the Board may invoice Airline for Landing Fees based on the most recent flight activity statement received from Airline. Upon receipt of such required statement, the Board shall adjust the invoice accordingly to reflect Airline's actual Landing Fees due the Board.

SECTION 5.8 AIR CONDITIONING AND HEATING CHARGE.

For the use of the Airport's Air Conditioning and Heating System, Airline shall pay the monthly Air Conditioning and Heating Charge, which Charge is due and payable upon presentation of the monthly invoice.

(a) Commencing on the first day of the month following that in which the Starting Date occurs, and on the first day of each succeeding month throughout the balance of the term of this Agreement, the Board shall compute the Air Conditioning and Heating Charge for the Air Conditioning and Heating System in accordance with the following formula, which formula may be modified by mutual agreement of the Parties, to-wit:

- A - Airport Services Component for the Central Utilities Plant projected to be incurred by the Board during the month.
- B - Debt service requirement for the Air Conditioning and Heating System at 1.1 to 1.0 coverage projected to be incurred by the Board during the month.
- C - Revenues collected from other users, including revenues collected for pre-conditioned air.
- D - Total heated or enclosed area in square feet served by the Air Conditioning and Heating system, less the area in square feet served on a fixed-rate or other basis as of the first day of the month.
- E - Total heated or enclosed area in square feet in the Terminal Structure served by the Air Conditioning and Heating System chargeable to Airline as of the first day of the month.
- F - Operations and maintenance costs for the Air Conditioning and Heating System projected to be incurred by the Board during the month plus or minus an adjustment, if necessary, for actual costs for the prior month.
- G - Meter reading BTU's - total cooling system.*
- H - Meter reading BTU's - total heating system.*
- I - Meter reading BTU's - for cooling system chargeable to the Airline's Terminal Structure.*
- J - Meter reading BTU's - for heating system chargeable to the Airline's Terminal Structure.*

$$\frac{A+B-C}{D} \times E + F \times \frac{3 I+J}{3 G+H} \times \frac{E}{K} = L$$

K - Total heated or enclosed area in square feet in the Terminal Structure served by the Air Conditioning and Heating System as of the first day of the month.

L - Monthly Air Conditioning and Heating Charge due from Airline.

* In the event of meter failure, the average monthly use of the meters over the last twelve (12) months or available lesser period shall be used until such meter shall be placed in proper working order.

SECTION 5.9 FINAL AUDIT.

(a) At the end of the Base Period and at the end of each Fiscal Year (after the determination of Actual Rental and Use Fees and Actual Landing Fees), the Board shall cause an audit to be accomplished by an independent Certified Public Accountant to determine whether the Gross Revenues of the Airport were sufficient to pay the operation and maintenance expenses of the Airport, plus 1.25 times the amount required that Fiscal Year to be deposited into the Interest and Sinking Fund and plus an amount equal to any other obligations required to be paid from Gross Revenues of the Airport, as calculated by the Board. The Board shall provide Airline with a copy of such audit.

(b) Airline shall pay a pro rata share of any deficiency evidenced by such audit (hereinafter called the "Final Audit Charge") to the Board on demand. Upon request, the Board shall credit to Airline a pro rata share of any surplus evidenced by such audit. For the purposes of this Section 5.9(b), Airline's "pro rata share" shall be determined by the relationship that the number of pounds of Maximum Approved Landing Weight of Airline's aircraft landed at the Airport in the Base Period, or in the Fiscal Year just completed, bears to the total number of pounds of Maximum Approved Landing Weight of all aircraft landed at the Airport by all Signatory Airlines in that period.

(c) In the event any Signatory Airline fails to pay such Final Audit Charge on demand, the Board shall declare such Signatory Airline in default, invoke the provisions of Section 13.2(a) hereof (in addition to any other remedy it may have) and shall, after reasonable written notice to Airline, allocate to Airline a pro rata share of such defaulted Final Audit Charge and any other overdue payments of such defaulting Signatory Airline, which pro rata share shall

be paid by Airline on demand. For the purposes of this Section 5.9(c), Airline's "pro rata share" shall be determined by the relationship that the number of pounds of Maximum Approved Landing Weight of Airline's aircraft landed at the Airport in the Fiscal Year just completed, bears to the total number of pounds of Maximum Approved Landing Weight of all aircraft landed at the Airport by the non-defaulting Signatory Airlines in that period. Amounts recovered by the Board from such a defaulting Signatory Airline shall be paid over to Signatory Airlines in accordance with Section 13.2(b)(iii) hereof.

SECTION 5.10 LATE PAYMENT .

(a) Rentals, fees and charges assessed pursuant to this Agreement are due and payable upon presentation of monthly invoices for each such rental, fee or charge. The Final Audit Charge and deficiency charges assessed pursuant to Sections 5.6(d)(ii) and 5.7(d) are due and payable upon presentation of invoices thereof. A late payment charge shall be computed and applied to payments received by the Board after twenty (20) days from the date of the invoice for which payment is being made. All invoices shall be dated no earlier than the date on which they are mailed and for purposes of this Section, the date payments are received by the Board shall be the postal service cancellation date on the envelope transmitting the payment.

(b) The amount due hereunder as liquidated damages for late payment is due and payable upon presentation of an invoice and shall be determined in accordance with the following formula:

$$A \times B \times \frac{C}{D} = E$$

- A - Annual rate of interest, which rate shall be eight (8) percentage points above the rediscount rate charged memberbanks of the Federal Reserve Bank in Dallas Texas, but, not to exceed Texas legal rate of interest, in effect on the first business day of the calendar quarter, including the month for which the payment is due.
- B - Amount of the invoice due the Board.
- C - Number of days the payment is late.
- D - Number of days in the calendar year.
- E - Liquidated damages for late payment.

(c) In the event of a dispute as to the amount to be paid, the Board may accept without prejudice the sum tendered and, if a deficiency is determined, the foregoing late payment charge shall apply only to such deficiency. The Executive Director of the Board or his designee may waive, for good cause, any late payment upon written application of Airline.

SECTION 5.11 BAGGAGE AND MAIL CHARGE.

(a) For the receipt and delivery of interline baggage and mail, Airline shall pay its pro rata share of the total "Baggage and Mail Charge." The total Baggage and Mail Charge shall be allocated on the basis of twenty percent (20%) shared equally among all airlines using the Interline Baggage and Mail System, and eighty percent (80%) apportioned according to each using airline's relative share of interline bags delivered to the system by the airlines. This allocation of the Baggage and Mail Charge may be revised from time to time by mutual agreement of the airlines using the interline baggage and mail system. The operator of the Interline Baggage and Mail System shall keep records of the using airlines and of the number of interline bags per month of each using airline and shall report such statistics to the Board monthly, together with its invoice for the total Interline Baggage and Mail Charge.

(b) For the receipt and delivery of Air Mail Facility Mail (hereinafter called "AMF Mail"), Airline, including those airlines being handled, shall pay its pro rata share of the total "AMF Mail Charge." The total AMF Mail Charge shall be allocated on the basis of twenty percent (20%) shared equally among the Terminal Structures (e.g., 2W, 2E, 3E, 4E, are the currently existing Terminal Structures for the purpose of this Section 5.11[b]) and that share allocated to each Terminal Structure shall be further allocated equally to each airline within that Terminal Structure receiving AMF mail through the AMF mail system, and eighty percent (80%) apportioned according to each using airline's relative share of AMF mail gondolas or pods processed through the AMF mail system. The operator of the AMF mail system shall keep records of the number of AMF mail gondolas or pods of each airline and shall report such statistics to the Board monthly together with its invoice for the total AMF Mail Charge. This allocation of the Air Mail Facility Mail Charge may be revised from time to time by the airlines using the AMF mail system.

(c) For purposes of this Section 5.11, the phrase "its pro rata share" shall mean Airline's pro rata share plus the pro rata shares of all the Non-Signatory Airlines for whom Airline subleases or performs ground-handling services. Airline shall be responsible for any unpaid

invoices for any airline being handled by or subleasing from Airline. In the event that the Board is responsible for Square Footage, the Board shall be charged with its pro rata shares of the baggage and mail charge of all of the Signatory and Non-Signatory Airlines for whom the Board performs, directly or indirectly, ground-handling services.

SECTION 5.12 CHARGES FOR SERVICES.

For other services provided by the Board pursuant to Section 2.5(a) hereof, Airline shall pay charges computed by the Board as follows:

(a) A "potable water and sewer charge" shall be assessed on the basis of consumption to recover the cost of the Board allocable to the Airport water and sewer system, taking into account an Airport Services Component, debt service requirement at 1.25 to 1.0 coverage and maintenance and operating costs.

(b) A "trash removal charge" shall be assessed on the basis of the quantity and size of trash containers serviced to recover the costs of the Board allocable to the removal and disposal equipment and facilities, taking into account an Airport Services Component, if applicable, debt service requirement at 1.25 to 1.0 coverage and maintenance and operating costs.

(c) Other charges may be assessed Airline by the Board for specific services rendered from time to time at the request of Airline, such charges to be computed in substantial conformity with the method for the potable water and sewer, and trash removal charges referred to in subsections (a) and (b) above.

SECTION 5.13 FUELING SYSTEM CHARGE.

For the use of the Fueling System, as that term is defined in the Special Facility Fueling System Lease Agreement, dated April 1, 1971, as amended (hereinafter called "the Fueling System Lease"), Airline shall pay a monthly charge, provided Airline is a signatory to the Fueling System Lease calculated according to the formula contained in the Fueling System Lease and consisting of the Airport Services Component for land occupied by the Fueling System, debt service requirement at 1.1 to 1.0 coverage on the Contract Cost of expenditures made from the proceeds of Bonds or the Capital Improvements Fund, plus Maintenance and Operating costs of the Board. Maintenance and Operating costs of the Board shall be deemed to equal the Net

Rent payable pursuant to Section 5.2 of the Fueling System Lease. To the extent that Airline's pro rata share of Ground Rent and Net Rent payable pursuant to the Fueling System Lease is paid hereunder, Airline's obligation to pay said pro rata share pursuant to the Fueling System Lease is discharged.

SECTION 5.14 ANTI-AIR PIRACY CHARGE.

Airline shall pay the Board a monthly charge for anti-air piracy services, such charge to be computed and allocated to each PEDC or PEDC-EA based on the Board's actual cost of providing such services after giving credit for collections from Non-Signatory Airlines pursuant to the Board's rules and regulations. In cases where a PEDC or PEDC-EA is occupied by more than one Signatory Airline, including airlines who are being handled, then Airline shall pay such charge based upon its pro rata share of Enplaned Passengers of all airlines, including airlines being handled, within such PEDC or PEDC-EA.

SECTION 5.15 EMPLOYEE TRANSPORTATION CHARGE.

Airline shall pay the Board a monthly charge for the availability of the AIRTRANS System for use by Airline employees assigned to the PEDC. Such charge shall be reasonable, giving due consideration to the number of such employees and the number of working days per month.

Airline shall certify and submit periodically to the Board the number of its employees regularly working in PEDC categorized as full-time, part-time or flight crew, and the Board shall furnish Airline an invoice based on such submission giving Airline credit for special decals and/or devices purchased for employees assigned to the PEDC. The rate for flight crews based at the Airport shall be one-half the full-time rate. Airline shall notify Board any time its number of employees change by more than 25 percent from its most recent certification.

SECTION 5.16 AIRLINE AUDIT.

If, after receipt and review of the annual audits required by Section 5.9 hereof and Section 9.12(b) of the 1968 Concurrent Bond Ordinance, Airline shall disagree with same, Airline shall have the right to employ, either independently or in conjunction with other Signatory Airlines, at no expense to the Board, a recognized independent Certified Public Accountant to conduct an audit of the books and records of the Board for the period. The Board shall make available the books and records upon reasonable notice and any such audits shall be conducted during normal business hours, not more frequently than annually and in such a

manner as to cause minimal disruption of the Board's normal operations. During the period of such disagreement, Airline shall continue to pay rates, fees and charges in accordance with the other requirements of Article V.

SECTION 5.17 PEDC OR PEDC-EA FACILITIES IN POSSESSION OF THE BOARD.

It is recognized that the Board has possession of certain terminal facilities not chargeable to any Signatory Airline pursuant to the Use Agreement, for the purpose of operating (through a third party or otherwise) such facilities (hereinafter called "Board Terminal Facilities," which shall initially include the following portions of PEDC-2WC: the 2WC Operations Cost Center and the 2WC Federal Inspection Station Cost Center) in order to provide facilities to new entrant airlines or to airlines who do not wish to use facilities leased by another airline. All costs associated with the modification and/or expansion of Board Terminal Facilities shall be funded from the Discretionary Account or from other sources as mutually agreed to by the Parties. The Board shall use its best efforts to secure preferential-use lease Agreements with airline users of Board Terminal Facilities. Preferential-use lease agreements are lease documents in which the Board retains secondary use of certain facilities under the lease. A Preferential-Use Lease Agreement with a Signatory Airline (herein called "PULA-SA"), shall provide a term to end on December 31, 2009. Rents, fees and charges of a PULA-SA shall be as reflected hereinbelow, with conditions and covenants concurrent with the Lessee's Use Agreement. Non-Signatory Preferential-Use Lease Agreements (herein called "PULA-NSA") shall reflect a term of twelve (12) months, renewable year to year, with the parties' mutual right to terminate without cause upon sixty (60) days' advance notice. Rents, fees and charges of a PULA-NSA shall be as provided in this Article V.

The rentals, fees and charges attributable to Board Terminal Facilities shall be determined in accordance with Article V hereof, just as those rentals, fees and charges are calculated for similar PEDC or PEDC-EA facilities chargeable to Signatory Airlines, pursuant to their Use Agreements:

(a) The Board shall calculate the Preliminary Rental and Use Fee, and other charges applicable to Board Terminal Facilities as if the Board were a Signatory Airline. The resulting Rental and Use Fee shall be assessed any Signatory Airline operating at Board's Terminal Facilities. Rentals, fees and charges assessed a Non-Signatory Airline operating at Board's Terminal Facilities pursuant to a PULA-NSA as herein defined, shall, to the extent reasonably possible, be fully compensatory and in no event less than, the rentals, fees and charges assessed to a Signatory Airline for the use of such facilities. To the extent that a deficit exists or is likely to exist, Board shall make reasonable adjustments from Fiscal Year to Fiscal Year or sooner if required, to the rentals, fees and charges for the use of Board Terminal Facilities in order to minimize or eliminate, to the extent possible, such deficit. Any profits (excess revenues over expenses) or losses (deficit) from the operations of Board Terminal Facilities shall be calculated as shown on Schedule C.

(b) Board Terminal Facilities shall be segregated into two sections: the 2WC Operations and the 2WC FIS.

(i) 2WC Operations

2WC Operations facilities may be let in whole or part by Board permits, PULA-SA or PULA-NSA leases. Any non-signatory airline user in the 2WC operations facility under a permit or a PULA-NSA shall be assessed rental or use fees that are fully compensable and at a minimum of 15% greater than the Rentals and Use Fees paid by Signatory Airlines leasing space pursuant to this Agreement. Any deficit or surplus from Fiscal Year to Fiscal Year in the 2WC Operations Cost Center shall be allocated to Ancillary Net Revenues and to the Board's Discretionary Account based on the amount of space leased under Preferential-Use Lease Agreements in the PEDC-2WC Board Terminal Facilities based on the following table:

<u>% of Sq. Ft. Leased</u>	<u>Ancillary Net Revenues</u>	<u>Discretionary Account</u>
0% to 20%	20%	80%
20% to 40%	40%	60%
40% to 60%	60%	40%
60% to 80%	80%	20%
80% to 100%	100%	

Notwithstanding the allocations of deficits or surpluses as outlined above, any shortfall in rentals from Fiscal Year to Fiscal Year as a result of bankruptcy or other tenant default shall be charged to landing fees in accordance with Section 5.9 of this Agreement.

It is recognized that the Board needs flexibility in the operation of 2WC Operations facilities to accommodate potential users. Thus, any or all of 2WC Operations facilities, which are leased, to any party may be leased as preferential space. Any space, preferential or otherwise, will be treated as "leased" for the purpose of this section as long as that space is part of a user's Square Footage, pursuant to this Agreement.

(ii) 2WC FIS

The parties mutually agree and acknowledge that the break-even rate for 2WC FIS facility is estimated at \$9.00 per passenger in Fiscal Year 1990, and that the market rate in Fiscal Years 1990 and 1991 shall be at \$6.00 per passenger. Market rate, as used herein, shall be determined by surveying comparable FIS facilities in comparable airports across the country and averaging FIS charges of those airports surveyed. Notwithstanding market rate, the parties recognize and agree that the Fiscal Year 1990 rate to be charged to airline users is \$4.00 per passenger and is less than market rate as surveyed by the Parties.

Deficits created by the differences between the break-even rate and the market rate charged shall be allocated fifty percent (50%) to Ancillary Net Revenues and fifty percent (50%) to the Discretionary Account.

Deficits created by the difference between market rate and the then current billing rate shall be recovered directly or indirectly through the Board's Discretionary Account.

Any surplus (excess revenues over expenses) in any fiscal year shall be allocated fifty percent (50%) to Ancillary Net Revenues and fifty percent (50%) to the Discretionary Account.

The parties agree that at the end of Fiscal Year 1991, and every two years thereafter on the anniversary date of this Agreement, a new market rate shall be established by mutual agreement of the parties with the Airlines assenting by a Majority-In-Interest vote.

(c) Cumulative deficits existing as of October 1, 1989, shall be apportioned fifty percent (50%) to Ancillary Net Revenues and fifty percent (50%) to the Discretionary Account over the remaining term of the Use Agreement on a level basis or other method as mutually agreed to by the Parties.

(d) notwithstanding any of the provisions of this Section 5.17, should the Board come into possession of additional Terminal facilities as a result of Airline default, bankruptcy, abandonment or for any other reason than to occupy and operate such facilities for the Board's benefit, those facilities shall not be treated as Board Terminal Facilities but will be treated as any other facilities available at the Airport pursuant to all terms, covenants and conditions of the Use Agreement. Board shall use its best efforts to mitigate any losses by reletting or providing other services to users of those facilities. Except for increases in utilities, janitorial or emergency repairs in the operation or reletting thereof, Board shall not increase operating expenses in excess of revenues generated without a Majority-In-Interest approval of the airlines. Without the specific approval of a Majority-In-Interest of the Airlines, the Board may not expend non-discretionary capital funds on Board Terminal Facilities, including the 2WC FIS.

SECTION 5.18 ALLOCATION OF CERTAIN COSTS.

Notwithstanding anything to the contrary in the Cover Agreement, dated as of October 1, 1981, between the Board and certain Signatory Airlines regarding the provisions of this Agreement, all costs attributable to the aborted construction of the 2W-3W Connector Building, and associated Aircraft Ramp and Circulating Area, and the Terminal Complex 3W Parking Ramp Area and future Terminal Structure 4W shall be allocated in accordance with this Section 5.18.

(a) Debt service requirements attributable to Contract Costs of \$1,383,457.00 for the aborted construction of the 2W-3W Connector plus debt service requirements attributable to Contract Costs of \$1,323,935.61 for the reconstruction of Aircraft Parking Ramp Area and Aircraft Circulating Area at that site and any Airport Service Costs and operations and maintenance costs attributable thereto shall be apportioned among the five (5) PEDC cost centers as follows: twenty-five percent (25%) each to PEDC-2W, PEDC-3E and PEDC-4E, and thirteen percent (13%) to PEDC-2E and twelve percent (12%) to PEDC-2EC until the reconstructed Aircraft Parking Ramp Area or a portion thereof is exclusively used by any Airline or other user (at which time the subject costs, or portion thereof, shall be allocated to such Airline or other user).

(b) Debt service requirements attributable to Contract Costs of \$3,180,897.68 for the construction of the Terminal Complex 3W Aircraft Parking Ramp Area and any Airport Services Costs and operations and maintenance costs attributable thereto shall be treated by the Board in the same fashion as Professional Fees, until that portion of Terminal Structure 3W, or other facility, abutting and using said Aircraft Parking Ramp Area is constructed (at which time the subject costs will be allocated to PEDC-3W or other appropriate Cost Center).

(c) The aforesaid costs of that portion of the projects cited in Sections 5.18 (a) and (b) above which properly lie within the RTC shall be allocated to the RTC unless subsequently leased to a third party. Also, the Total Contract Costs for the construction of the aircraft circulating area associated with the future Terminal Complex 3W Airport Parking Ramp Area is \$3,586,959.73, which shall be allocated to the RTC.

(d) The Board shall charge prorated aircraft parking and storage fees for the use of the Terminal Complex 3W Aircraft Parking Ramp Area, pursuant to the Board's Schedule of Charges as modified from time to time, that would, to the extent feasible, recover the Board's Bond debt service requirements, Airport Services Costs and operations and maintenance expenses attributable to such area. All such fees shall be considered as Ancillary Net Revenues.

(e) The Contract Costs for the aborted construction of future Terminal Structure 4W, in the amount of \$379,750.54, shall be apportioned among each of the existing five (5) PEDC Cost Centers in the same proportions as identified in Section 5.18 (a). At such time as any part

of the area heretofore designated by the Board as Terminal Complex 4W is utilized for the construction of facilities for the use of one or more Signatory Airlines, the Board's Bond debt service requirements attributable to the Contract Costs for such aborted construction shall be reallocated, prospectively, from the existing five (5) PEDC Cost Centers, future PEDC's, or other appropriate Cost Centers, to the separate PEDC-EA Cost Center applicable to such new construction and chargeable to such Signatory Airline(s) under the provisions of the Use Agreement. Such reallocation shall be effective when such Signatory Airline(s) begins payment pursuant to the provisions of the Use Agreement for the use and occupancy of the applicable PEDC-EA. In the event that more than one Signatory Airline utilizes the aborted construction site, the Bond debt service requirements related thereto shall be equitably prorated among them in accordance with the provisions of Article V hereof.

(f) The Board's Bond debt service requirements attributable to the Contract Costs for the aborted construction of Terminal Complex 2EC shall be allocated entirely to PEDC-2EC, with the exception of \$226,700.00, which shall be apportioned among each of the five (5) PEDC Cost Centers, in the same proportions as identified in Section 5.18(a).

RTICLE VI CONCESSION SERVICES AND AGREEMENTS, GROUND TRANSPORTATION, VALET AND PUBLIC PARKING RATES

SECTION 6.1 CONCESSION SERVICES.

Airline and Board recognize the importance of installing qualified Concessionaires at key locations throughout the Passenger Enplaning and Deplaning Complex for the convenience and benefit of the public. Airline and Board, therefore, agree as follows:

(a) After consultation with Airline, Board shall from time to time enter into agreements with Concessionaires for all concession services in Airline's Terminal Structure, such Concessionaires to operate and maintain such services in a first-class manner.

(b) Airline hereby authorizes the Board to permit and license Concessionaires (as part of its agreement with Concessionaires) to use and occupy the areas, including storage

areas, shown on Exhibits A and B. Future areas for Concessionaires within Airline's Terminal Structure shall be mutually agreed upon by Board, Airline and Concessionaires.

(c) After the date of this Agreement, the Board's agreements with Concessionaires will provide that such Concessionaires will furnish and install, repair and replace, at their expense, all finishes, equipment and utilities, trade fixtures, furniture and personal property required for an efficient and satisfactory operation. After the date of this Agreement, the Board's agreements with Concessionaires will also provide that such Concessionaires will furnish and maintain in effect liability insurance sufficient to protect Airline and Board from liability arising from such Concessionaires' operations and provide further that such Concessionaires shall hold harmless, defend and indemnify the Board and Airline from any and all claims, damages or other liability arising from the Concessionaires' use, occupancy or operations in Airline's Terminal Complex. In addition, such agreements will provide that such Concessionaires will conduct their operations in an orderly manner and will assume the expense for cleaning and janitorial services for their areas (including the removal of trash and debris). Airline and Concessionaires will cooperate so as to avoid interference with each other's operations and service.

(d) In accordance with the provisions of Section 5.6 hereof, Board agrees to credit against Airline's Rental and Use Fees payable hereunder, all rentals and/or fees collected by Board from Terminal Structure Concessionaires, plus reasonable operations and maintenance expenses (including the Air Conditioning and Heating Charge pursuant to Section 5.8 hereof) allocable or chargeable to space occupied by such Concessionaires in Airline's Terminal Structure. Airline shall advise the Executive Director of the Board of Airline's operations and maintenance expenses allocable to space occupied by such Concessionaires.

(e) Board agrees to consult with Airline regarding the decor of Concessionaires' areas so that such areas will be in reasonable harmony with Airline's assigned areas in its Terminal Structure.

SECTION 6.2 GROUND TRANSPORTATION.

(a) Board shall arrange for the ground transportation to and from the Airport of passengers and baggage directly by contract with a surface carrier or carriers; provided, that

such carrier or carriers qualify for a Board Permit and agree to pay Board a fee for the ground transportation of passengers and baggage.

(b) Airline may, without payment of a fee to Board, arrange for the ground transportation to and from the Airport of its officers and employees, baggage, freight or other property either directly or by contract; subject, however, to the prior and continuing approval by Board of such contractor, which approval shall not be unreasonably withheld.

SECTION 6.3 ADMINISTRATION OF CONCESSIONAIRE AGREEMENTS.

Board shall administer all contracts and agreements with persons operating or performing Concessionaire or consumer services at the Airport. All such contracts and agreements shall contain provisions providing that such persons shall:

(a) take all reasonable measures in every proper manner to maintain, develop and increase their business;

(b) not divert, cause or allow to be diverted any business from the Airport;

(c) maintain and make available in accordance with accepted accounting practice, records and books of account recording all transactions at, through or connected with the concession, and permit, in ordinary business hours during such time, the examination and audit by the officers, employees and representatives of Board of such records and books of account;

(d) permit in ordinary business hours the inspection by the officers, employees and representatives of Board of any equipment used by the Concessionaire including but not limited to cash register and recording tapes;

(e) furnish on or before the twentieth (20th) day of each month following the commencement date of the operation, a sworn statement of gross receipts arising out of the operations of the Concessionaire for the preceding month;

(f) install and use such cash registers, sales slips, invoicing machines and other equipment or devices as approved by Board for recording orders taken or services rendered as

may be appropriate to the business and necessary or desirable to keep accurate records of gross receipts;

(g) furnish good, prompt and efficient service, adequate to meet all demands therefor; furnish such service at fair, equitable and nondiscriminatory prices for all items and/or services which it is permitted to sell and/or render; and

(h) comply with and execute the provisions of any and all present and future governmental laws, rules, regulations, requirements, orders and directions which may pertain and apply to its operations or the use and occupancy of its space.

SECTION 6.4 COLLECTION OF CONCESSIONAIRE RENTALS AND/OR FEES.

Board does not guarantee the payments of rentals and/or fees required to be paid by any persons operating or performing Concessionaire or other consumer services pursuant to the provisions of Section 6.1 and 6.2 hereof and shall have no obligation to Airline to make any credits to Airline until such rentals and/or fees are actually collected by the Board. Board will use its best efforts to collect such rentals and/or fees punctually, will advise Airline of all accounts remaining delinquent for more than sixty (60) days and will consult with Airline as to the total appropriate steps to be taken to effect collection.

SECTION 6.5 PUBLIC PARKING RATES.

(a) The Board agrees to charge compensatory rates for public parking of vehicles (hereinafter in this Section 6.5 referred to as "Parking") on the Airport, which rates shall include:

- (i) 1.25 times the annual debt service requirement for the Contract Costs to construct or expand Parking facilities on the Airport;
- (ii) Operations and maintenance costs for Parking facilities;
- (iii) Airport Services Component as provided for in Schedule A hereof;
- (iv) The management fee and costs of the parking lot operators; and
- (v) Adjustment of debt service requirements pursuant to Article V hereof.

(b) The Board further agrees to make periodic changes in the Parking rates in effect to reflect increases or decreases in the value of the dollar throughout the term hereof.

(c) It is understood and agreed, however, that the rates to be charged for Parking shall be no lower than the mean average rate charged for comparable service at large hub airports, as defined by the Federal Aviation Administration.

(d) It is further understood and agreed that all of the above is subject to the overall economic welfare of the Airport.

ARTICLE VII NO OTHER FEES OR CHARGES, AIRLINE SUPPORT SERVICES, IN-FLIGHT FOOD AND BEVERAGE SERVICES

SECTION 7.1 NO OTHER FEES OR CHARGES.

(a) Except as specifically provided herein, no further rentals, fees, licenses, excise or operating taxes, tolls or charges (except those reasonable tolls and charges levied at Airport control plazas and for the use of AIRTRANS System) shall be charged or collected by the Board from Airline, its passengers, shippers and receivers of freight and express, suppliers of materials, contractors, or furnishers of services for the use or enjoyment of the facilities, rights, licenses or privileges granted to Airline in this Agreement. It is understood, however, that in no event shall a Signatory Airline be responsible to pay any rental, fee or other charge with respect to the Board's Bond debt service requirements on Contract Costs attributable to facilities constructed for the exclusive use of any other Signatory Airline, except to the extent provided in this Agreement in the event of a default in the payment of a Rental and Use Fee by such other Signatory Airline with respect to such exclusive use facilities.

(b) Except as otherwise specifically provided herein, Airline shall not be required by the Board to collect any rental, fee or charge from any third party.

(c) A Majority-In-Interest of Airlines may agree to waive subsection (a) above in any instance and under such conditions as they may determine.

SECTION 7.2 AIRLINE SUPPORT SERVICES.

Airline shall have the right to perform for itself, or any other Certificated Air Carrier, without the payment of a fee, ramp services in the Aircraft Parking Ramp Area, porter, janitorial, cleaning and other approved services in Airline's Terminal Structure or may have the same

performed for it by an independent contractor of its choice (which may be one of the Signatory Airlines) without the payment of a fee, which contractor shall be subject to the approval of Board, provided such contractor is or agrees to become thereupon a Board permittee. Airline may also enter into arrangements with one or more Signatory Airlines, in the PEDC for the performance of such services through a collective contractor chosen by Airline and such other Signatory Airlines, which contractor shall also be subject to the approval of Board, provided such contractor is willing to become a Board permittee. Permits required under this Agreement shall not unreasonably be withheld and shall be substantially similar to the sample attached hereto as Exhibit H.

SECTION 7.3 IN-FLIGHT FOOD AND BEVERAGE SERVICES.

Airline shall have the right to provide its own in-flight food and beverage services or to have such services provided by its wholly-owned or majority-owned subsidiary, all without payment of a fee; or by an on-Airport independent contractor (including one of the Signatory Airlines) of its choice, in which case a fee shall be charged by Board, the proceeds of which shall be credited to Airline against the rentals, fees and charges payable by it pursuant to Article V hereof. It is understood that in each case the person performing such services must be willing to accept a Permit from Board. Any such person providing food and beverage services to users other than the Signatory Airlines shall be charged a fee therefor.

ARTICLE VIII INSURANCE, DAMAGE, ABATEMENT, INDEMNITY

SECTION 8.1 INSURANCE BY BOARD.

(a) Board shall insure or cause to be insured at all times during the term of this Agreement, with a responsible insurance company, companies or carriers authorized and qualified under the laws of the State of Texas to assume the risk thereof, to the extent insurable, all of the Board's buildings, structures, fixtures and equipment on the Airport (unless such are insured by others under the terms of Special Facilities Lease Agreements or other agreements) against direct physical damage or loss from fire and against the hazards and risks covered under so-called extended coverage in an amount not less than ninety percent (90%) of the replacement value of the property so insured; provided, however, if at any time Board shall be unable to obtain such insurance to the extent above required, Board shall maintain such insurance to the extent reasonably obtainable.

(c) Additionally, Board shall at all times during the term of this Agreement maintain reasonably obtainable liability insurance in amounts reasonably necessary to protect it from the normal insurable liabilities that may be incurred in the operation of an airport the size of the Airport (except to the extent that such insurance is required to be carried by others or that such liabilities are protected against by sovereign immunity). Said insurance shall include, to the extent reasonably obtainable coverage of the Board's indemnity obligation under Section 8.5 hereof.

(d) If necessary to comply with Board's extended coverage insurance policies, Airline shall conduct reasonable and appropriate tests of the fire extinguishing system and apparatus which constitute a part of Airline's Terminal Structure as reasonably required by the Board. Airline shall notify Board prior to conducting such tests and, if required by Board's extended coverage policies, shall furnish Board with written reports of such tests.

(d) Airline shall be named an additional insured under the coverage required in Section 8.1(a) above.

SECTION 8.2 INSURANCE BY AIRLINE.

As of the Starting Date and during the balance of this Agreement, Airline shall maintain reasonably obtainable liability insurance in amounts reasonably necessary to protect it from the normal insurable liabilities that may be incurred in its operation at the Airport.

SECTION 8.3 INSURANCE CERTIFICATES.

As of the Starting Date each party hereto shall furnish the other with proper certification that insurance required by this Article VIII is in force and will from time to time thereafter during the term of this Agreement furnish additional certification as evidence of renewals or changes in such insurance.

SECTION 8.4 DAMAGE, DESTRUCTION, ABATEMENT.

(a) In the event that a casualty causes destruction of or damage to any portion of the Terminal Complex assigned to Airline, the Board shall rebuild, replace or repair such portion of such Terminal Complex with due diligence, within the amount of funds available therefor, unless Airline and the Board find that such rebuilding, replacement or repair would be imprudent under

the circumstances. Insurance proceeds, if any, shall be applied as specified in Section 9.13(B) of the 1968 Concurrent Bond Ordinance.

(b) If such destruction or damage to any portion of Airline's Terminal Complex renders any portion of the Terminal Structure assigned to Airline untenable in whole or in part, and such destruction or damage is not the result of Airline's negligence or willful act, then Airline's Rental and Use Fee and Air Conditioning and Heating Charge shall be abated from the date of such destruction or damage and continue until such portion of such Terminal Complex is rebuilt, replaced or repaired. Any such abatement shall be made on an equitable basis, giving consideration to the amount of area and character of the Terminal Complex, the use of which is denied to Airline.

(c) In the event the Board and Airline find it imprudent to rebuild, replace or repair such damage, and no repair, replacement or rebuilding is undertaken by the Board within ninety (90) days from the date of such damage, then this Agreement shall be automatically amended as of the date of such damage to delete the affected portions of the Terminal Complex assigned to Airline.

(d) If the Board shall, for safety or other reasons, prohibit the use of the RTC or any substantial part thereof for scheduled air transport operations for a period of at least sixty (60) consecutive days, and if, as a direct result thereof, Airline shall be prevented from conducting its normal operations in its Terminal Complex, then and in such event, Airline shall be entitled to an abatement of its Rental and Use Fee and its Air Conditioning and Heating Charge. Such abatement shall be made on an equitable basis, giving consideration to the amount of area and character of the Terminal Complex, the use of which is effectively denied to Airline.

SECTION 8.5 INDEMNITY.

Board and Airline shall each indemnify the other, their directors, officers, agents and employees, against and hold the other harmless from all claims and demands by third persons arising out of damage or injury to persons (including death) or property, resulting from the tortious acts or omissions of the indemnifying party or its employees or resulting from any breach or default by the indemnifying party of any of the obligations or duties assumed by or imposed upon such party by this Agreement.

**ARTICLE IX
AIRPORT DEVELOPMENT, CAPITAL PROJECTS, CAPITAL IMPROVEMENT,
TRUST ACCOUNT AGREEMENT**

SECTION 9.1 ULTIMATE EXPANSION.

Exhibit E shows the proposed ultimate facilities of the Airport, including the Passenger Enplaning and Deplaning Complex, consisting, inter alia, of thirteen (13) Terminal Structures, the Runway and Taxiway Complex and other areas.

SECTION 9.2 AIRPORT DEVELOPMENT.

(a) Subsequent to the Starting Date, the Airport may be further improved, developed or expanded through the use of the Capital Improvement Fund, the issuance of Bonds, or through the use of proceeds of Bonds, the debt service of which is payable from the Gross Revenues of the Airport (hereinafter called "Capital Projects") only when and as mutually agreed between the Board and a Majority-In-Interest of Airlines; provided, however, that no agreement shall be required in the following cases:

- (i) A Capital Project, the Contract Cost of which does not exceed \$25,000; provided, that such cost can lawfully be paid from funds then in the possession of the Board; and further provided that expenditures pursuant to this Section 9.2(a)(i) do not exceed \$250,000 in any Fiscal Year.
- (ii) Capital Projects enumerated in Sections 9.3 and 9.4 hereof, provided all requirements of those Sections are met.
- (iii) Expenditures provided for in Section 9.6 hereof.

Notwithstanding the provisions of this Section 9.2 (a), no PEDC-EA, passenger enplaning or deplaning facilities or other facilities for the exclusive use of a Signatory Airline or any other air carrier shall be designed or constructed unless the provisions of Section 9.4(b), 9.3(a) or 9.3(h) have been complied with, whether or not a Majority-In-Interest of Airlines has approved such design or construction.

(b) No approval by a Majority-In-Interest of Airlines shall be required in the case of other expenditures from the Capital Improvement Fund properly categorized (according to generally accepted accounting practices) as renewals or replacement of existing operations and

maintenance equipment, or extraordinary or major operation and maintenance expenses and repair; provided that the cost thereof can lawfully be paid from funds then in the possession of the Board.

(c) The Executive Director of the Board shall give Airline reasonable advance written notice of any action proposed to be taken pursuant to this Article IX; provided, however, that no such notice shall be required in the case of expenditures for renewals or replacements pursuant to Section 9.2(b) hereof.

(d) In any case of a Capital Project requiring approval by a Majority-In-Interest of Airlines, the Executive Director of the Board shall submit the proposed Capital Project to the Signatory Airlines in sufficient detail (including cost estimates, source of funds, impact of cost on rentals, fees and charges, operating cost changes anticipated as a result of such project and preliminary drawings, if appropriate) to permit the Signatory Airline to make an informed decision thereon. A Capital Project shall be deemed approved: (i) upon the affirmative vote of a Majority-In-Interest of Airlines as certified in writing by the Chairman of the Airline Advisory Board, or (ii) upon the passage of sixty (60) days from the date of submission of such project by said Executive Director during which time the Signatory Airlines shall have failed to vote on such project or shall have failed to notify said Executive Director of the result of such vote.

SECTION 9.3 CAPITAL PROJECTS INITIATED BY THE BOARD.

The Board may construct, equip and acquire capital items, projects and facilities and finance the same from any lawful source including, but not limited to the Capital Improvement Fund or the issuance of Bonds, when and as the same may be required for or by reason of any of the following improvements, facts, projects or circumstances, to-wit:

(a) Any passenger terminal and heating, ventilation and air conditioning facilities which are prudent and necessary to accommodate any additional air carrier at the Airport; provided (i) such facilities are reasonably similar to those constructed for the Signatory Airlines in quality of construction and, provided further, (ii) that, prior to the initiation of preliminary planning, design or construction of such project or the commission of any funds, including those derived from the Capital Improvement Fund or from the issuance of Bonds, such additional air carrier and the Board shall first execute and deliver an agreement substantially similar to this Agreement and which shall include, with respect to such facilities, the same terms and

conditions applicable to facilities constructed for any Signatory Airline under Section 9.4(b) of this Agreement;

(b) The construction or acquisition of Special Facilities which are to be constructed, acquired and/or equipped solely from the proceeds of Special Facility Bonds and the construction or acquisition of any other facilities which are financed with funds derived from any source other than the Capital Improvement Fund or the proceeds of Bonds, the debt service of which is payable from Gross Revenues of the Airport;

(c) The preparation of undeveloped areas of the Airport for further development and revenue-producing use by Airport users, such as clearing, rough grading and drainage of the proposed area, and the extension to such area of roadway, sewerage and utilities systems;

(d) Lawful orders or requirements of other authorities which are pertinent to the Signatory Airlines' aircraft operations or are related to the issuance to the Board of Federal Grants or loans in aid of the Airport;

(e) Orders issued by a court of competent jurisdiction requiring the acquisition by the Board of additional lands or making of compensation to owners of adjoining lands for the taking thereof or where a constructive taking has been found or threatened;

(f) All costs, expense, damages and judgments incurred by or imposed upon the Board by reason of the ownership, operation, maintenance and/or use of the Airport;

(g) Casualty damage requiring new capital expenditures to the extent that such damage is not covered by insurance; and

(h) Expenditures for facilities required within the boundaries of the Airport in (i) the interest of Airport safety, (ii) overriding public necessity, or (iii) by reason of other duties and obligations imposed by law on the Board and Cities relating to the ownership and control of the Airport (except that facilities necessary for Airport safety, Airport sewage, drainage and waste, and Airport pollution abatement may be constructed outside the boundaries of the Airport); provided that, in any case, however, the Cities shall each make an express finding that such facilities are required in the interest of Airport safety, overriding public necessity or by reason of

such other duties and obligations relating to such ownership and control of the Airport, and that the failure to provide such facilities would otherwise constitute a failure by the Cities to discharge a specific duty or obligation imposed on them by law.

Notwithstanding the provisions of this subsection 9.3(h), the Board and the Cities shall not use this subsection to provide any passenger enplaning or deplaning facilities or other facilities (exclusive of RTC facilities) for use by a Signatory Airline, and the Board and the Cities shall not use this subsection to provide any passenger enplaning or deplaning facilities (exclusive of RTC facilities) for use by a Non-

Signatory Airline unless the following conditions number (i), (ii), (iii), and (vi) are met prior to the initiation of preliminary planning, design or construction of such enplaning or deplaning facilities or other facilities (exclusive of RTC facilities) and the following conditions number (iv), (v) and (vii) are met thereafter:

- (i) that after diligent effort by any such Non-Signatory Airline, the Board and the Cities, no Signatory Airline or other air carrier operating at the Airport has, within sixty (60) days of the date written notice was given by the Board to the Signatory Airlines of such Non-Signatory Airline's intent to commence operations at the Airport, made a bona fide offer in writing to accommodate such Non-Signatory Airline in its Terminal Complex at reasonable times and for rates and charges which do not exceed the actual cost (including a reasonable administration fee) of providing facilities to such Non-Signatory Airline;
- (ii) that any such Non-Signatory Airline has stated in writing that it is unable or unwilling to comply with the provisions of, and execute the agreements required by, Section 9.3(a) or 9.4(b) hereof and, until it is able, willing and so executes such agreements, has waived in writing any claim that it may have or assert to become a signatory to, or enjoy the benefits of, the PSF Agreement, the Capital Improvement Trust Account Agreement, the Fueling System Lease Agreement or any similar agreement then in effect between the Board and one or more Signatory Airlines;
- (iii) that the Board and the Cities have obtained a financial feasibility study from a nationally recognized airport consultant (specializing in traffic forecasts and financial feasibility studies) demonstrating that the proposed facilities are necessary to accommodate projected traffic at the Airport and that such facilities will be economically self-sustaining at all times after the construction of such

facilities is completed on the basis of rentals, fees and charges which would cover the Board's Bond debt service requirements for such facilities, plus 25% (1.25 to 1.0 coverage), and all costs of operating and maintaining such facilities;

(iv) that such facilities will be reasonably similar in quality of construction to those constructed for the Signatory Airlines, and, in no event, shall such facilities include construction, installation or furnishing of Tenant Improvements, as defined in Section 9.4(c) hereof;

(v) that such facilities will be operated as a separate Cost Center including the imposition of rentals, fees and charges for the use thereof which will cover the Board's Bond debt service requirements for such facilities, plus 25% (1.25 to 1.0 coverage), and all costs of operating and maintaining such facilities (less any credits for Terminal Structure Concessionaires rents and/or fees, excluding rental car concessions, actually accruing to such facilities), so long as there is any carrier using such facilities;

(vi) that the Non-Signatory Airline who is to be the initial user of such facilities has entered into a written agreement with the Board to provide, at its sole cost and expense, Tenant Improvements to such facilities, to use such facilities and to pay the rentals, fees and charges therefor computed in accordance with preceding paragraph (v) for a period of at least five (5) years from the date of completion of such facilities; and

(vii) that no Bond debt service for such facilities or costs of operating and maintaining such facilities shall be allocable to any Cost Center chargeable to any Signatory Airline so long as there is any air carrier using such facilities and during any period when no air carrier is using such facilities, the Board shall allocate the Bond debt service (but no coverage) and costs of operating and maintaining such facilities among the Signatory Airlines as if the Cost Center was a PEDC-EA Cost Center and there was a default in payment of rentals, fees and charges payable by the Signatory Airline assigned thereto, provided that during any such period maintenance and operating costs shall be reduced to the minimum consistent with avoiding damage to the facilities.

SECTION 9.4 CAPITAL PROJECTS INITIATED BY AIRLINE OR SIGNATORY AIRLINES.

Subject to the availability of funds from the Capital Improvements Fund and/or from Bonds and commensurate with the prudent operation of the Airport, the Board shall provide:

(a) Reasonably suitable facilities for the common use of the Signatory Airlines when and as such facilities are requested by a Majority-In-Interest of Airlines.

(b) Reasonably suitable passenger terminal and heating and air conditioning facilities for the exclusive use of any Signatory Airline, in order to accommodate increased traffic needs at the Airport, provided that such facilities are reasonably similar to those constructed for other Signatory Airlines in quality of construction. Prior to the initiation of preliminary planning, design or construction of such project or the commission of any funds, including those derived from the Capital Improvements Fund or from the issuance of Bonds, such Signatory Airline and the Board shall first execute and deliver an agreement which provides that such Signatory Airline agrees:

(i) To occupy and use such facilities, including Aircraft Parking Ramp Areas (which shall be shown on a revised Exhibit D attached thereto), for the remaining term of this Agreement and to pay a Supplemental Rental and Use Fee for such facilities under Section 5.6(c-1) of its Use Agreement, and other appropriate fees or charges under its Use Agreement, for the remaining term of this Agreement; and

(ii) To reimburse the Board for the cost of any incomplete or partial construction of any project undertaken pursuant to this Section 9.4(b) which is not actually completed for occupancy and use by such Signatory Airline, and for the cost of any Professional Fees related to such project; provided, however, that the failure to complete such project must not have resulted from any of the events described in Section 15.3 hereof under the handling "Force Majeure" and said Section shall be fully applicable to projects covered under this Section 9.4(b); and provided further, that the incomplete or partial construction or Professional Fees for which reimbursement is sought shall have been either requested or not specifically objected to in writing by such Signatory Airline before the construction or work was undertaken. To the extent funds have been

expanded from the Capital Improvement Fund for any such aborted project, Signatory Airline shall agree to reimburse the Board in cash within one hundred eighty (180) days after work has ceased on the design, study or construction of such project, or by the close of the then current Fiscal Year, whichever is earlier. In the event the aborted project was financed by Bonds, all of the unexpended proceeds of the issue of bonds issued to finance such project for that part of the issue of bonds allocated by the Board to finance such project shall be used by the Board (A) to extent permissible under the ordinance authorizing the issuance of the same, to call such bonds for redemption prior to stated maturities, (B) to purchase such bonds from the holders thereof at prices no greater than the par value thereof plus the premium payable thereon, if any, on the next succeeding call date, or (C) to set aside for such call or purchase at the earliest permissible date or dates, and such Signatory Airline shall agree either (1) to pay to the Board an amount sufficient to retire the remainder of the Bonds issued to finance the aborted project, taking into account the anticipated earnings, if any, on the proceeds held by the Board in accordance with the above, or (2) to pay when due the debt service, including coverage of 1.25 to 1.0, on the remaining Bonds not retired. In the event such Signatory Airline pays the debt service on Bonds not retired, such Signatory Airline shall receive credit equal to the sum of (1) the interest earned by so much of the Reserve Fund and Interest and Sinking Fund as is attributable to the Bonds issued to finance the aborted project, (2) the full amount of the twenty-five percent (25%) coverage attributable to such Bonds to the extent compatible with the requirements of the 1968 Concurrent Bond Ordinance and (3) interest at the Board's actual rate earned on proceeds of such Bonds not expanded for the aborted project and not used to retire such Bonds. In the event such aborted project is subsequently completed for the use and occupancy of another party, such Signatory Airline shall be fully reimbursed by such other party for any expenditures made by such Signatory Airline pursuant to this Section 9.4(b)(ii), or other arrangements satisfactory to such Signatory Airline shall be made for such reimbursement before such party is permitted by the Board to occupy and use the completed facilities. The costs of any such aborted project shall not become a factor allocable to any Cost Center chargeable to any other Signatory Airline, except to the extent provided in this

Agreement in the event of a default in the payment of rentals, fees or charges with respect to such project by such Signatory Airline.

(c) at the request of any Signatory Airline, Tenant Improvements to be constructed or installed by such airline in its assigned portion(s) of any Terminal Structure constructed as a part of any PEDC-EA, subject to the following conditions and limitations:

- (i) such airline must lease directly from the Board definable Square Footage in its Terminal Complex within which the subject Tenant Improvements are to be constructed or installed;
- (ii) such airline must not be in default in any of its obligations to the Board;
- (iii) such airline must demonstrate to the Board its ability to assume and discharge the financial obligations contemplated by this Section 9.4(c), such demonstration to include a written report to the Board from a nationally recognized business credit rating and information service and a written report to the Board from its financial advisor;
- (iv) such airline shall execute and deliver to the Board a supplemental agreement pursuant to which it shall pay the Board as an additional Rental and Use Fee all amounts necessary to pay when due 1.25 times the principal and interest attributable to Bonds sold to finance such Tenant Improvements and pursuant to which such airline shall assume the total maintenance, operation and repair responsibility for such Tenant Improvements;
- (v) as used herein, "Tenant Improvements" means those items of personal property or fixtures that are commonly in use at the Airport or at other airports of comparable size (in terms of enplanements and operations) and that are not primarily identified with or usable by such airline to the exclusion of other air transportation companies;
- (vi) the maximum Contract Cost of Tenant Improvements, plus Professional Fees associated therewith, that may be financed by the issuance of Bonds pursuant to this Section 9.4(c) shall not exceed twenty per cent (20%) of the Contract Cost, plus Professional Fees associated therewith of such Signatory Airline's Terminal Structure portion of the PEDC-EA; and
- (vii) notwithstanding any other provision of this Section 9.4 to the contrary, Tenant Improvements may be financed by the Board under this Section 9.4(c) only through the proceeds of Bonds, and not from funds in the Capital Improvement Fund other than a Signatory Airline's allocation in the Capital

Improvement Trust Account, but in no event shall the costs of any such Tenant Improvements become a factor allocable to any Cost Center chargeable to any other Signatory Airline, except to the extent provided in this Agreement in an event of default in the payment of the additional Rental and Use Fee by a Signatory Airline with respect to such Tenant Improvements. Nothing in this Section is intended to prohibit financing of Tenant Improvements with Special Facility Bonds payable solely by the airline requesting such improvements or any other financing which does not impact other Signatory Airlines.

SECTION 9.5 TRUST ACCOUNT AGREEMENT.

It is expressly understood and agreed by Signatory Airlines and Board that the Capital Improvement Trust Account Agreement, dated as of April 1, 1972, as amended, shall be and hereby is incorporated herein by reference.

SECTION 9.6 BOARD DISCRETIONARY ACCOUNT.

There shall be created, within the Capital Improvement Fund, an account to be known as the Board Discretionary Account (the "Discretionary Account"). At the close of business on September 30, 1981, and at the close of business on each September 30 thereafter during the term of this Agreement, the Board shall, after making the required segregation and credit pursuant to the Capital Improvement Trust Account Agreement, dated as of April 1, 1972, as amended, segregate within the Capital Improvement Fund and credit to the Discretionary Account the amount of Four Million Dollars (\$4,000,000), plus an amount equal to Twenty-Five Cents (\$.25) per Enplaned Passenger at the Airport over ten million (10,000,000) Enplaned Passengers in the preceding Fiscal Year; provided that the total amount so segregated and credited to the Discretionary Account shall not exceed in any Fiscal Year the amount segregated and credited to the Capital Improvement Trust Account in that year, but shall in no event be less than Four Million Dollars (\$4,000,000) in any Fiscal Year.

The funds in the Discretionary Account may be used by the Board for Capital Projects and other Costs of the Airport, as that term is defined in the 1968 Concurrent Bond Ordinance, subject to the following conditions:

(a) The provisions of Section 9.2(c) hereof shall be fully applicable to this Section 9.6 and any expenditure to which a Majority-In-Interest of Airlines shall object (as certified in writing by the Chairman of the Airline Advisory Board prior to the meeting of the Board at which such expenditure is to be considered) shall not be considered by the Board without disclosure of the

Signatory Airlines' objection or objections and the reasons therefor as set forth by the Chairman of the Airline Advisory Board.

(b) Each Fiscal Year the Board shall use an amount within the Discretionary Account, not to exceed the gross amount of debt service payable in such Fiscal Year on the Passenger Service Special Facilities Bonds referred to in the Capital Improvement Trust Account Agreement, to reimburse the Cities of Dallas and Fort Worth (the "Cities") for land purchased by the Cities for the Airport, provided the total amount of such reimbursement shall in no event exceed Thirty Million Dollars (\$30,000,000) in the aggregate and further provided that the Board agrees:

- (i) that it will not apply for any federal or state grants-in-aid with respect to reimbursement for the Airport land if such grants would reduce other grants available to the Cities or the Board for the Airport, and it is provided, however, that the Thirty Million Dollar (\$30,000,000) principal amount referred to above shall be reduced by the amount of any specific grants for land actually received;
- (ii) that such reimbursement in the amount of Thirty Million Dollars (\$30,000,000) shall be the only reimbursement or payment of any kind by the Board and the Signatory Airlines to the Cities with respect to such land;
- (iii) that in consideration of such land reimbursements as provided in Subsection 9.6(b)(ii) above, the Board agrees that should the amount in the Capital Improvement Fund ever exceed Twenty-Five Million Dollars (\$25,000,000), moneys remaining unexpended and not required to be retained in the Operating Revenue and Expense Fund, as defined in the 1968 Concurrent Bond Ordinance, after having made all transfers required to be made by said Ordinance and supplements thereto, shall be deposited to the credit of the Capital Improvement Fund and utilized and devoted solely to pay for Capital Projects or other costs or expenses of the Airport; and
- (iv) that the Board warrants and represents that it has obtained a commitment whereby the Cities and the Board are bound by the terms and provisions of this Subsection 9.6(b).

(c) The amounts held in the Discretionary Account shall be invested and shall accrue interest on the same basis as amounts in the Capital Improvement Trust Account.

ARTICLE X DEFERRAL OF CAPITAL PROJECTS

SECTION 10.1 DEFERRALS, GENERALLY.

In keeping with the intent of Article X hereof, the Board may defer the construction of additional projects anticipated in Article IX hereof, provided the Board determines that the services or functions creating the demand for additional facilities can be accommodated within the confines of existing facilities on the Airport, giving due consideration to overall Airport development, economy, efficiency and adequacy of facilities. Airline, if requested, shall use its best efforts to cooperate with the Board as it makes the foregoing determination.

SECTION 10.2 JOINT OCCUPANCY OF TERMINAL COMPLEX.

In the event Board decides to defer a capital project and such deferral necessitates the joint occupancy of a certain Terminal Structure by two or more of the Signatory Airlines, or in the event any other circumstances result in the joint occupancy of a certain Terminal Structure by two or more of the Signatory Airlines, such joint occupancy shall be governed by the covenants, terms and conditions of Exhibit F, attached hereto and made a part hereof.

ARTICLE XI COOPERATION AND APPROVALS

SECTION 11.1 COOPERATION.

The Board and the Airline, through the Airline Advisory Board, agree to cooperate in the planning, development and operation of the Airport.

SECTION 11.2 COVENANT TO BE PRUDENT.

In recognition of the agreement of Airline, together with that of other Signatory Airlines, to adjust their rentals, fees and charges to defray the costs of operating the Airport pursuant to the provisions hereof, the Board covenants and agrees to exercise prudence when making decisions (such exercise to be commensurate with that of a reasonably prudent airport operator) involving (a) assessing charges on other users of the Airport, including Non-Signatory Airlines, (b) the expenditure of Airport funds, and (c) the development, expansion, maintenance or operation of the Airport.

SECTION 11.3 AIRLINE ADVISORY BOARD.

With respect to all matters required or permitted hereunder to be approved by the Signatory Airlines or by a Majority-In-Interest of Airlines, and further with respect to any other matter arising pursuant to this Agreement, Airline hereby appoints and will continue to permit a representative to act in its behalf. Initially, such representative is the person identified in the preamble to this Agreement. Such person is and shall be a member of the Airline Advisory Board hereby established to implement the covenant contained in Section 11.1 hereof.

SECTION 11.4 APPROVALS BY SIGNATORY AIRLINES.

Whenever in this Agreement approval of act, thing or document is required or permitted by only a "Majority-In-Interest of Airlines," such act may be taken, such thing may be done or such document shall be considered approved for the purposes hereof upon the receipt of the approval of a Majority-In-Interest of Airlines, as certified by the then Chairman of the Airline Advisory Board, and Board, Signatory Airlines and all affected third parties may rely upon such approval as conclusively binding on Airline.

SECTION 11.5 APPROVALS, GENERALLY.

Whenever in this Agreement approval by either the Board or Airline is required or contemplated, such approval shall not unreasonably be withheld.

ARTICLE XII GENERAL AVIATION

SECTION 12.1 GENERAL AVIATION.

(a) If Airline so elects, general aviation aircraft and helicopter operators furnishing services to Airline (which operators shall have obtained a permit from Board) shall be permitted privileges of access to and egress from the Aircraft Parking Ramp Area; provided, however, that such operators shall meet and comply with all rules and regulations of Airline including communication procedures, taxiing, aircraft parking, passenger and baggage handling and gate utilization. Airline hereby assumes all responsibility for the collection of fees and payment to the Board (as stated in Board's schedule of charges) from such operators; provided, however, Airline shall not be responsible for the collection of landing fees or other charges from commuter or other Aircraft Operators that have executed an operating agreement with the Board providing

for such payments directly to the Board. Airline may perform maintenance as defined in the Board's rules and regulations on general aviation aircraft.

(b) Board hereby reserves the right to cancel for cause the general aviation or helicopter aircraft privileges herein granted for the discharge of or picking up of passengers by such aircraft on behalf of Airline at any time, on ten (10) days written notice to Airline.

(c) Airline shall not be responsible for the collection of fees and charges from Aircraft Operators using that portion of Terminal Complex 2E designated as the General Aviation Facility.

ARTICLE XIII

DEFAULT, TERMINATION

SECTION 13.1 EVENTS OF DEFAULT DEFINED.

The following shall be "events of default as to Airline" under this Agreement and the term "events of default as to Airline" shall mean, whenever used in this Agreement, any one or more of the following events:

(a) Failure by Airline to pay when due any payment required of it to be paid hereunder or under the terms of the PSF Agreement.

(b) Failure by Airline to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder or under the PSF Agreement for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to Airline by the Board, unless the Board shall agree in writing to an extension of such time prior to its expiration.

(c) The dissolution or liquidation of Airline or the filing by Airline of a voluntary petition in bankruptcy, or failure by Airline within sixty (60) days to lift any execution, garnishment or attachment of such consequence as will impair its ability to carry on its operations at the Airport, or the adjudication of Airline as a bankrupt, or general assignment by Airline for the benefit of its creditors, or the entry by Airline into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to

Airline in any proceedings for its reorganization instituted under the provisions of the general bankruptcy act, as amended, or under any similar act which may hereafter be enacted. The term "dissolution or liquidation of Airline," as used in this paragraph, shall not be construed to include the cessation of the corporate existence of Airline resulting either from a merger or consolidation of Airline into or with another corporation, or a dissolution or liquidation of Airline following a transfer of all or substantially all of its assets as an entirety, under the conditions permitting such actions contained in Section 14.2 hereof.

(d) The portion of the Passenger Enplaning and Deplaning Complex assigned to Airline hereunder is deserted or abandoned by Airline.

SECTION 13.2 REMEDIES ON DEFAULT.

(a) Whenever any event of default as to Airline, referred to in Section 13.1 hereof, shall have happened and be subsisting, the Board may take any one or more of the following remedial steps as against Airline:

(i)A If Airline is occupying Square Footage pursuant to the provisions of Sections 4.1 and 5.6, and Exhibits A, B, and C hereof, after ten (10) days written notice to Airline, the Board may declare all payments of the amounts payable under component "C" (Bond debt service) of the formula as set forth in Section 5.6(a)(i) for the remainder of the term of this Agreement to be immediately due and payable. The amount payable under Section 5.6(a)(i), component C, for the remainder of the term of this Agreement shall be computed by multiplying the monthly amount of component C of the Preliminary Rental and Use Fee payable by or chargeable to Airline in the month immediately preceding the event of default times the number of months remaining in the term of this Agreement from the date of such event of default. Such amount shall be due and payable thirty (30) days after the receipt of notice hereunder.

(i)B If Airline does not occupy or have the right to use Square Footage pursuant to Section 4.1(a) and 5.6, and Exhibits A, B and C hereof, after ten (10) days written notice to Airline, Airline shall pay to the Board thirty (30) days after receipt of notice hereunder as a reasonable compensation for such default the sum of Five Hundred Thousand Dollars (\$500,000.00) current money of the United States of America.

(ii) The Board may reenter and take possession of the interest of Airline in and to the Passenger Service Facilities under the PSF Agreement, and any applicable portion of the Passenger Enplaning and Deplaning Complex assigned to Airline hereunder, including the land thereunder, without terminating this Agreement and sublease the interest of Airline to any party, or operate the same on behalf of Airline, in either case holding Airline liable for the difference, if any, between the rents and other amounts payable by Airline hereunder and the rents and other amounts payable by such sublessee in such subleasing.

(iii) After ten (10) days written notice to Airline, the Board may terminate this Agreement, exclude Airline from possession of the applicable Passenger Service Facilities and the assigned portion of the Passenger Enplaning and Deplaning Complex, including the land thereunder, and use its best efforts to lease Airline's interest therein to another party for the account of Airline, holding Airline liable for all rents and other amounts due under this Agreement and not paid by such other party.

(iv) The Board may take whatever other action at law or in equity that may appear necessary or desirable to collect any amounts then due and thereafter to become due from Airline, or to enforce performance and observance of any obligation, agreement or covenant of Airline under this Agreement and/or the PSF Agreement.

(v) The Board may suspend Article V hereof as to Airline and thereafter Airline shall be considered a Non-Signatory Airline for purposes of rentals, fees and charges, such suspension to be lifted only upon correction of the event of default causing such suspension.

(b) In view of the fact that a default by any Signatory Airline(s) in any payment due under this Agreement, any agreement substantially similar to this Agreement, or under the Board's schedule of specific rates and charges to be applied pursuant to Section 5.1(b) hereof will, if not rectified by the end of the then current Fiscal Year, cause a Final Audit Charge to be levied against the non-defaulting Signatory Airlines pursuant to Section 5.9 hereof, it is understood and agreed that:

(i) Board shall diligently pursue any or all of its remedies against such defaulting Signatory Airline(s) in order to recover the amount of the defaulted

payment(s), (plus charges levied pursuant to section 5.10 hereof and any other applicable penalties), as soon as possible.

(ii) Amounts so recovered by the Board (without the defaulted payment(s) having caused a Final Audit Charge to be levied against the non-defaulting Signatory Airlines pursuant to Section 5.9 hereof) shall be handled as Gross Revenues.

(iii) Amounts so recovered (after the defaulted payment(s) shall have caused a Final Audit Charge to be levied against the non-defaulting Signatory Airlines pursuant to Section 5.9 hereof) shall be paid over by the Board to each non-defaulting Signatory Airline in the proportion that the amount so paid by each non-defaulting Signatory Airline bears to the total amount paid by all non-defaulting Signatory Airlines with respect to the default for which recovery is made. Amounts so recovered by the Board shall not be included in the calculation of Ancillary Net Revenues.

(c) The Board further agrees and covenants that it will not bring any action or suit, or make any claim or demand against Airline under Section 5.1(a) hereof without at the same time and on the same basis bringing the same or similar action or suit, or making the same or similar claim or demand against all other Signatory Airlines.

(d) Whenever any event of default as to Airline referred to in Section 13.1 hereof, shall have happened and be subsisting, the term "Majority-In-Interest of Airlines" shall not include Airline for the duration of such event of default.

SECTION 13.3 NO REMEDY EXCLUSIVE.

No remedy herein conferred upon or reserved to the Board or Airline is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or hereafter existing under law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Board or Airline to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

SECTION 13.4 AGREEMENT TO PAY ATTORNEYS' FEES AND EXPENSES.

In the event there should be a default under any of the provisions of this Agreement and the Board should retain attorneys or incur other expenses for the collection of rent or the enforcement of performance or observance of any obligation or agreement on the part of Airline herein contained, Airline agrees that it will, upon demand therefor, pay to the Board the reasonable fees of such attorneys and such other reasonable expenses incurred.

SECTION 13.5 WAIVER.

No waiver by either party hereto of any default on the part of the other in performance of any of the terms, covenants or conditions hereof shall be or be construed to be a waiver of any other or subsequent default by the same defaulting party in performance of any of the said terms, covenants and conditions.

SECTION 13.6 TERMINATION BY AIRLINE.

(a) Airline shall not have the right to terminate this Agreement while any Bonds are outstanding, except under the circumstances provided in subsection (c) below.

(b) After all Bonds are finally and fully paid, Airline may terminate this Agreement in the event of the happening of any of the following circumstances, to-wit:

(i) In the event of the suspension, cancellation or termination of Airline's Certificate(s) of Public Convenience and Necessity issued by the Civil Aeronautics Board, or its successor, granting the right to serve the Cities of Dallas and Fort Worth;

(ii) Airline shall be prevented from operating its air transportation system to and from the Airport by reason of its inability to use a substantial part or all of the Runway and Taxiway Complex:

(A) For a period of longer than thirty (30) consecutive days resulting from any condition of the Airport not due to the fault of Airline; or

(B) For a period of longer than ninety (90) consecutive days, resulting from a permanent injunction issued by any court of competent jurisdiction; or

(C) For a period of longer than ninety (90) consecutive days, resulting from any order, rule or regulation of the Federal Aviation

Administration, Civil Aeronautics Board, or other governmental agency having jurisdiction over the operations of Airline, with which Airline is unable to comply at reasonable cost or expense; or

(iii) Board shall fail to perform any of its obligations under this Agreement within twenty (20) days after receipt of notice of default thereunder from Airline (except where fulfillment of its obligation requires activity over a period of time and Board shall commence to perform whatever may be required for fulfillment within twenty (20) days after the receipt of notice and continues such performance without interruption, except for causes beyond its control.)

(c) Airline may terminate this Agreement at any time, upon twenty (20) days' written notice, in the event that all of Airline's Certificates of Public Convenience and Necessity granting the right to serve the Cities of Dallas and Fort Worth are cancelled or revoked by the Civil Aeronautics Board, or its successor, and such cancellation or revocation action is not taken at the instigation of Airline.

(d) The payment of rentals, fees, charges or other payments, in whole or in part, by Airline for any period or periods after Airline shall have a right to terminate under this Section 13.2, but before any default of any kind in the terms, covenants and conditions hereof to be performed, kept or observed by Board has been cured, shall not be or be construed to be a waiver by Airline of any right to terminate this Agreement.

(e) To the extent rights of termination are granted above, such rights shall be in addition to any other rights and remedies that Airline would have at law or in equity upon breach of this Agreement by Board, and the exercise by Airline of any right of termination shall be without prejudice to any other such rights and remedies.

SECTION 13.7 REMEDIES OF AIRLINE.

If the Board fails to perform or observe any obligation, covenant, condition or agreement on its part to be observed or performed hereunder or under the PSF Agreement, Airline may, without waiving any of its other rights or remedies, bring, in any court having jurisdiction, such action at law or in equity against the Board as may be appropriate to compel or enforce performance or observance by the Board of such obligation, covenant, condition or agreement.

ARTICLE XIV
ASSIGNMENTS, SUBLETTING

SECTION 14.1 ASSIGNMENT BY BOARD AND CITIES.

The Board and the Cities may transfer or assign this Agreement to any successor-in-interest of Board and Cities to whom Airport may be sold or assigned; provided, however, that the successor-in-interest shall execute and deliver to Board, with copy to Airline, an instrument assuming the lawful obligations of Board and Cities under this Agreement.

SECTION 14.2 ASSIGNMENT AND SUBLETTING BY AIRLINE.

(a) Airline shall not make an assignment of or sublet under this Agreement without the written consent of Board, which consent will not be unreasonably withheld; provided, however, so long as Airline's obligations under this Agreement are assumed by the assignee, this Agreement may be assigned without such consent to any successor-in-interest of Airline with or into which Airline may merge or consolidate, or which may succeed to the assets of Airline or a major portion of its assets related to its air transportation system.

(b) If Airline assigns, sells, conveys, transfers, mortgages, pledges, or sublets its interest in this Agreement or if Airline's assigned portions of its Terminal Structure are occupied by anyone other than Airline, except as hereinbefore permitted, Board may collect rent therefrom and Board shall apply the net amount collected to the rentals, fees and charges herein reserved; but no such collection shall be deemed a waiver by Board of the covenants contained herein or an acceptance by Board of any such assignee, sublessee, claimant or occupant as the successor, nor a release of Airline by Board from the further performance by Airline of the covenants imposed upon Airline herein.

ARTICLE XV
MISCELLANEOUS PROVISIONS

SECTION 15.1 EMPLOYEE PARKING CHARGE.

For the use of the employee parking facilities pursuant to Section 2.4 hereof, employees working in the Passenger Enplaning and Deplaning complex shall pay a reasonable monthly charge established by the Board, which charge is due and payable as of the Starting Date and

on the first day of each month thereafter. Not less than thirty (30) days prior to the Starting Date, Board shall establish the actual charge to be assessed and shall review such charge not less often than once each Fiscal Year.

SECTION 15.2 REMOVAL OF PROPERTY.

All of the Airline's personal property and all property installations (including trade fixtures) owned by Airline, which are installed by Airline in or on Airline's assigned portions of its Terminal Structures, shall be deemed to be and remain the property of Airline. All such property and installations may, at Airline's option, be removed by Airline from its Terminal Structure at any time during the term of this Agreement and, unless otherwise agreed in writing by the parties, shall be removed by Airline at or before the expiration or other termination of this Agreement. Airline shall repair any damage to its Terminal Structure resulting from such removal. Any such property remaining in such Terminal Structure beyond thirty (30) days thereafter shall be deemed to be abandoned by Airline.

SECTION 15.3 FORCE MAJEURE.

Neither Board nor Airline shall be deemed in violation of this Agreement if it is prevented from performing any of its obligations hereunder by reason of strikes, boycotts, labor disputes, embargoes, shortages of material, acts of God, acts of the public enemy, acts of superior governmental authority, weather conditions, floods, riots, rebellions, acts of sabotage, or any other circumstances for which it is not responsible or which are not in its control; provided, however, that this Section 15.3 shall not apply to failures by Airline to pay the rentals, fees and charges specified in Article V hereof.

SECTION 15.4 NON-DISCRIMINATION.

Without limiting the generality of any of the provisions of this Agreement, Airline, in its operations at the Airport, or the use of any space and the exercise of any privileges under this Agreement, shall not on the grounds of race, creed, color or national origin discriminate or permit discrimination against any person or group of persons in any manner whatsoever and, as a part of the consideration hereof, the Lessee shall maintain and operate any of its facilities and provide any of its services in compliance with and pursuant to Title 49, Part 21 (Nondiscrimination in Federally-assisted programs of Department of Transportation - Effectuation of Title VI of the Civil Rights Act of 1964), and as said Regulations may be amended, and any other present or future laws, rules, regulations, orders or directions of the

United States of America with respect thereto which from time to time may be applicable to Airline's operation at the Airport, whether by reason of agreement between Board and the United States Government or otherwise.

Airline shall indemnify and hold harmless Board from any claims and demands of third persons including the United States of America resulting from Airline's noncompliance with any of the provisions of this Section 15.4 and Airline shall reimburse Board for any loss or expense incurred by reason of such noncompliance.

SECTION 15.5 BROKERAGE.

Airline represents and warrants that no broker has been concerned on its behalf in the negotiation of this Agreement and that there is no such broker who is or may be entitled to be paid a commission in connection therewith. Airline shall indemnify and save harmless Board of and from any claim for commission or brokerage made by any such broker when such claim is based in whole or in part upon any act or omission by Airline.

SECTION 15.6 PLACE OF PAYMENTS.

All payments required of Airline by this Agreement shall be made at the office of the Director of Finance, Dallas-Fort Worth International Airport Board, Post Office Drawer DFW, Dallas-Fort Worth Airport, Texas 75261, or to such other officer or address as may be substituted therefor.

SECTION 15.7 NON-LIABILITY OF INDIVIDUALS.

No director, officer, agent or employee of either party shall be charged personally or held contractually liable by or to the other party under any term or provision of this Agreement, or of any supplement, modification or amendment to this Agreement, or because of any breach thereof, or because of its or their execution or attempted execution.

SECTION 15.8 COMPLIANCE WITH GOVERNMENTAL REQUIREMENTS.

Airline shall comply with all laws, ordinances and governmental rules, regulations and orders during the term of this Agreement, without prejudice to the right of Airline to undertake appropriate legal action to contest any such requirements and Airline shall not be considered in breach hereof during the course of any such contest.

SECTION 15.9 NOTICES.

Notices provided for in this Agreement shall be sufficient if sent by registered or certified mail, postage prepaid, addressed, if to Airport Board: "Dallas-Fort Worth International Airport Board, P.O. 619428, Dallas-Fort Worth Airport, Texas 75261, Attention: "Senior Executive Officer"; and if to Airline, as set forth in the preamble of this Agreement, or to such other respective address as the parties may designate in writing from time to time. Notices shall be deemed completed when mailed unless otherwise herein required.

SECTION 15.10 ENTIRE AGREEMENT.

This Agreement consists of the following: Articles I through XV inclusive, Exhibits, A, B, C, D, E, E-1, F, G, H, and I, and Schedules A, B, and C. The Agreement and the Exhibits constitute the entire agreement of the parties to this Agreement on the subject matter hereof and may not be changed, modified, discharged or extended except by written instrument duly executed by Board and Airline. The parties agree that no representations or warranties shall be binding upon Board or Airline unless expressed in writing in this Agreement.

SECTION 15.11 BOND REQUIREMENT.

If Airline does not occupy or use Square Footage in a Terminal Structure at the Airport pursuant to this Agreement, Airline shall execute and deliver to the Board prior to commencing operations at the Airport a surety bond in the penal sum of Five Hundred Thousand Dollars (\$500,000.00) with the Board as obligee and with a corporate surety approved by the Board conditioned on the full performance of the obligations of Airline hereunder, which bond shall be in a form approved by the Board. Such bond shall be returned to Airline and its surety after the expiration of two (2) years from the date of such commencement of operation if Airline has not defaulted in its obligations hereunder during such two (2) year period. Notwithstanding the foregoing bond requirement to the contrary, this Section 15.11 shall not be applicable to any airline which has continuously operated at the Airport as a Board permittee for a period of at least two (2) years immediately prior to becoming a Signatory Airline.

DALLAS-FORT WORTH INTERNATIONAL
AIRPORT BOARD

By: _____

Printed Name: Kevin Cox

Title: Senior Executive Vice President

Date: _____

ATTEST:

Staff Secretary to Board

APPROVED AS TO FORM:

Legal Counsel for Board

COMPANY

By: _____

Printed Name: _____

Title: _____

Date: _____

ATTEST:

EXHIBIT A

EXHIBIT B

EXHIBIT C

EXHIBIT D

EXHIBIT E-1

FIRST PHASE CONSTRUCTION OF THE AIRPORT
Contracts Completed as of 12/06/73

<u>CONTRACT NO.</u>	<u>PROJECT</u>	<u>CONTRACTOR</u>
C-001-68	Grading & Drainage, Phase I	Holloway Construction Company
C-030-70	Grading & Drainage, IA	Cullum Construction Company
C-033-70	Grading & Drainage, Phase II	Dahlstrom Corporation
C-034-70	Construction Access Roads	Mid-County Asphalt Company
C-035-70	Water Supply Pump Units	Smith Pump Company
C-038-70	Pump Stations & Reservoirs	Talon Construction Company
C-040-71	Access Highways, Phase I	Mid-County Asphalt Company
C-041-71	Water Distribution System	Paul N. Howard Construction
C-042-71 Company	Administration Building	Cadenhead Construction
C-043-71	East Boundary Fence, I	U. S. Steel
C-044-71	West Boundary Fence	U. S. Steel
C-049A-71	Crash & Rescue Vehicles	Y-W Corporation
C-049B-71	Crash & Rescue Vehicles	Y-W Corporation

EXHIBIT E-1

FIRST PHASE CONSTRUCTION OF THE AIRPORT
Contracts Completed as of 12/06/73

<u>CONTRACT NO.</u>	<u>PROJECT</u>	<u>CONTRACTOR</u>
C-056-71	Removal of Radio Tower	Dahlstrom Corporation
C-056-71	Airfield Subgrade Stabilization	Dahlstrom Corporation
C-060-71	Phase II Power & Comm. Ducts	H. B. Zachry
C-061-72	Structural Fire Vehicles	Ward La France
C-063-72	Phase III Water & Sewer Line	Steele Construction Company
C-066-72	Control Plaza Facilities	Bateson-Cook Construction
C-120-70	Grading & Drainage, Phase III	Mid-County Asphalt Company
C-121-70	Terminal Foundations; 2W, 2E, 4E	O'Rourke Construction Co.
C-122-70	Terminal Foundations; 3E & 4W	Walker Construction Company
C-123-70	Precast 2W	Texas Industries
C-124-70	Precast Terminal 2E	Trinity Division Gen. Portland
Cement		
C-126-71	Terminal 4E Precast	Texas Industries
C-131-71	Terminal 4W Precast	U.S. Industries, Inc., Con-
	Plex Div.	
C-192-72	Medical Facility	Cain-Brogdon & Cain, Inc.
C-193-72	AIRTRANS Maintenance Building	Robert A. Kalkruth
C-212-72	Graphics Pylon Signs	Federal Sign & Signal
C-224-73	WFAA/WBAP Demolition	Cleveland Wrecking
Company		

EXHIBIT E-1**FIRST PHASE CONSTRUCTION OF THE AIRPORT**

Contracts Uncompleted as of 12/04/73

<u>CONTRACT NO.</u>	<u>PROJECT</u>	<u>CONTRACTOR</u>
C-031-70		Water Chillers Carrier Corporation
C-032-70	Steam Generating Units	Combustion Engr. Corp.
C-125-71	Terminal Building 2W	Hensel Phelps Construction Co.
C-127-71	Terminal Building 2E	Manhattan Construction Co.
C-037-71	Utility Tunnel	Guy H. James Construction Co.
C-128-71	Spine Roadway	Austin Bridge Company
C-130-71	Precast-Terminal 3E	U. S. Industries
C-129-71	Terminal Building 4E	Hensel Phelps Const. Co.
C-050-71	Ph. 2 Access Highways	H. B. Zachry Co.
C-048-71	Taxiway Bridges	Guy H. James Const. Co.
C-054-71	Waste Lines	Steele Construction Co.
C-052-71	H.V.A.C. Plant	Manhattan Construction Co.
C-133-71	Terminal Building 3E	J. W. Bateson Company
C-138-71	Enplaning/Deplaning Roads	Guy H. James Construction Co.
C-150-70	AIRTRANS	LTV Aerospace Corporation
C-047-71	Ph. 1 Power & Comm. Ducts	Wilcon, Inc.

EXHIBIT E-1

FIRST PHASE CONSTRUCTION OF THE AIRPORT

Contracts Uncompleted as of 12/04/73

<u>CONTRACT NO.</u>	<u>PROJECT</u>	<u>CONTRACTOR</u>
C-065-72	Remote Parking & Sec. Roads	Mid-County Asphalt
C-198-72 Association	Solid Waste Disposal	Combustion Equipment
C-180-71	180A Landscaping 180B 180C	Morrow Landscape Newsome Tree & Landscape Lesco, Inc.
C-188-72	Fire Alarm System	Ling-Oliver-O'Dwyer/Autocall
C-189-72	Communications System	Communications Industries
C-190-72	Valet Parking-Spine Median	Hensel Phelps Const. Co.
C-064-72	Fire-Security/Maint. Fac.	C & L. Stone Builders
C-197-72	AIRTRANS Stations	Cain-Brogdon & Cain
C-062-72	Parking Control	General Automated Systems
C-067-72	Access Highway Lighting	Delta/Loyd Electric
C-068-72	Access Highway Signs	Arlington Equipment Co.
C-135-72	Spine Road & Apron Lighting	Howard/Chamblee/McAfee
C-136-72	Information Pylons	Walker Construction Company
C-138-72	Spine Road & Infield Signs	Mica Corporation
C-202-72	Trash Dump & Wash Facility	Cain, Brogdon & Cain
C-070-72	Access Highway Irrigation	Superior/Bartex
C-137-72	Spine Road Irrigation	Eagle/Formost

EXHIBIT E-1

FIRST PHASE CONSTRUCTION OF THE AIRPORT
Contracts Uncompleted as of 12/04/73

<u>CONTRACT NO.</u>	<u>PROJECT</u>	<u>CONTRACTOR</u>
C-209-72	Waste Collection System	Peabody Galion
C-211-73	Central Clock System	Johnson Service
Company		
C-071-73	Ph. III Boundary & Airfield Fencing	U. S. Steel Corp.
C-218-73	Info/Directory Signing in Terminals	Federal Sign & Signal
C-220-73	Valet Parking Check-in Booths	Stevens Engineering
C-237-73	Fire Training Facility	Not Yet Awarded
C-238-73	Sanitary Landfill Site Imp.	Not Yet Awarded
C-235-74	Terminal 4E Expansion	Not Yet Awarded
C-236-74	Terminal 3E Auto Shop	Not Yet Awarded

EXHIBIT F**JOINT OCCUPANCY OF TERMINAL COMPLEXES**

During the initial planning and development of the First Phase of the Airport, the Signatory Airlines and the Board contemplated that Braniff would use and occupy Terminal Complex 2W, Ozark and Texas International would use and occupy Terminal Complex 2E, American would use and occupy Terminal Complex 3E, Continental, Eastern and Frontier would use and occupy Terminal Complex 4W, and Delta would use and occupy Terminal Complex 4E. Subsequently by letters of agreement, dated May 20, 1971 and August 2, 1971, the parties agreed to defer the construction of Terminal Complex 4W and provide for the temporary accommodation of Continental, Eastern and Frontier (hereinafter in this Exhibit F collectively called the "Relocating Airlines") by those Signatory Airlines not theretofore assigned to use and occupy Terminal Complex 4W, pending the future construction and completion of adequate terminal facilities elsewhere at the Airport for the use and occupancy of the Relocating Airlines. Accordingly, Continental has been accommodated at Terminal Complex 4E in areas previously assigned to Delta, Eastern has been accommodated at Terminal Complex 3E in areas previously assigned to American, and Frontier has been accommodated at Terminal Complex 2E in areas previously assigned to Ozark (American, Delta and Ozark being hereinafter in this Exhibit F collectively called the "Receiving Airlines"). This Exhibit F is, therefore, entered into pursuant to Article X hereof and is responsive to the above understanding and agreement of the parties appertaining to the joint use and occupancy and future expansion of said Terminal Complexes, inter alia, to-wit:

1. **JOINT USE AND OCCUPANCY.**

(a) The Relocating Airlines and Receiving Airlines anticipate (i) that additional passenger terminal facilities and aircraft parking positions will be constructed at the Airport in the future (pursuant to Article IX hereof) to provide for the use and occupancy of the Relocating Airlines and other Certificated Air Carriers, (ii) that, therefore, the Relocating Airlines' use and occupancy of any Terminal Complex will be pro tempore, and (iii) that the Receiving Airlines' use and occupancy of the Terminal Complex assigned to them will be for the full term of this Agreement.

(b) In the event that any Receiving Airline or Relocating Airline has a future requirement for additional passenger terminal facilities or aircraft parking positions to accommodate increased traffic demands, any such Receiving Airline or Relocating Airline hereby covenants and agrees to use its best efforts and good faith to accommodate such requirement within the confines of the Terminal Complex assigned to it as such then exists.

(c) In the event that any Receiving Airline or Relocating Airline has a future requirement for additional passenger terminal facilities or aircraft parking positions to accommodate increased traffic demands and having exhausted all efforts as provided in subparagraph (b) above, the Receiving Airline and Relocating Airline involved conclude that such requirement cannot be accommodated within the confines of the Terminal Complex assigned to them as such then exists, then the provisions of Section 4.8 and Article IX hereof shall apply.

(i) If, in accordance with this subsection (c) above and Article IX hereof, additional passenger terminal facilities and aircraft parking positions are constructed by the Board to meet the stated requirements of the Relocating Airline elsewhere at the Airport, then such Relocating Airline shall occupy and use such and pay rentals, fees and charges therefor and simultaneously surrender and vacate the premises theretofore used and occupied by it, and the Receiving Airline in such Terminal Complex shall as soon as practicable occupy and use the premises so surrendered and vacated and pay rentals, fees and charges therefor. The Airport Use Agreements of such parties with the Board shall be appropriately amended to reflect such occupancy and use, including the payment of rentals, fees and charges therefor.

(ii) In the event that any Relocating Airline surrenders and vacates premises pursuant to the foregoing, it shall have the right to remove all of its personal property and those fixtures, furnishings and items of equipment that were installed by such Relocating Airline at its sole cost and expense. Effective as of the date the Receiving Airline in such Terminal Complex occupies the premises so surrendered, it shall purchase from such Relocating Airline those fixtures, furnishings and items of equipment that were installed by such Relocating Airline at its sole cost and expense but which such Relocating Airline does not desire to

remove, provided that such fixtures, furnishings and items of equipment are deemed by the Receiving Airline to be usable by it. Such purchases shall be at a price to be agreed upon by the parties, taking into account the unamortized book value of such fixtures, furnishings and items of equipment. In the event the parties fail to agree on such purchase price, the dispute shall be resolved by the Executive Director of the Board. None of the rights, privileges, obligations or liabilities of this sub-paragraph (ii) shall apply to those properties, facilities, structures and equipment acquired, constructed, fabricated or installed with the proceeds of those certain Passenger Services, Series 1972 Bonds dated as of April 1, 1972 (as defined in the PSF Agreement), or to any replacement properties, facilities, structures and equipment therefor required by the provisions of the PSF Agreement. Any fixtures, furnishings or items of equipment that were installed by any such Relocating Airline at its sole cost and expense, but which are deemed not to be usable by such Receiving Airline, shall be removed and the premises restored by the Relocating Airline.

(iii) In the event that any such Relocating Airline surrenders and vacates the premises pursuant to the foregoing, the appropriate Receiving Airline in that Terminal Complex shall, by separate agreement and in accordance with the provisions of the PSF Agreement, assume all of the rights, privileges, obligations and liabilities of such Relocating Airline with respect to (A) properties, facilities, structures and equipment acquired, constructed, fabricated or installed with the proceeds of those certain Passenger Service, Series 1972 Bonds, dated as of April 1, 1972, including any replacements therefor, and (B) the PSF Agreement.

2. PLANS AND SPECIFICATIONS, APPROVALS, ALTERATIONS.

The Relocating Airlines shall deliver to the appropriate Receiving Airline copies of all plans and specifications providing for improvements, modifications, alterations or additions to the portion of Terminal Complexes used and occupied by the Relocating Airlines at the same time such plans and specifications are submitted to the Board for approval. The appropriate Receiving Airline shall thereafter have a reasonable period of time in which to review such plans and specifications and make any comments or recommendations to the appropriate Relocating Airline and the Board prior to the Board's granting its approval. The Board and the Receiving Airlines agree that such proposed improvements, modifications, alterations or additions to the

portion of the Terminal Complexes used and occupied by the Relocating Airlines will be designed, and when approved, constructed or installed so as to be compatible with (a) the Board's and the appropriate Receiving Airlines' current construction plans and specifications for the Terminal Complexes, and (b) the appropriate Receiving Airline's current and future use and occupancy of the balance of the Terminal Complex assigned to it prior to the deferment of Terminal Complex 4W as referred to in the preambles of this Exhibit F.

3. OBLIGATIONS, RIGHTS.

Nothing in this Exhibit F shall be deemed or construed as amending, altering, repealing, modifying or otherwise reducing the obligations of the Signatory Airlines or the Board contained in this Agreement including Article IX hereof, or the rights of any party hereunder.

4. SPECIAL PROVISIONS RELATING TO RELOCATING AND RECEIVING AIRLINES.

Special provisions, if any, governing the relationship of the Relocating and Receiving Airlines occupying a particular Terminal Complex (e.g., American and Eastern in Terminal Complex 3E) shall be set forth in a separate agreement, which agreement shall be subject to the approval of the Board and which agreement shall incorporate by reference Exhibit F of this Agreement.

APPENDIX TO EXHIBIT F

WHEREAS, Terminal Structure 3E was intended for exclusive use and occupancy by American and was therefore designed to afford maximum utilization of space and equipment according to American's method of operating; and

WHEREAS, the resulting configuration of Terminal Structure 3E does not conduce to a customary physical division of space and equipment between American and Eastern (hereinafter sometimes referred to in this Appendix as the "Parties"), but rather requires extensive joint use of such space and equipment; and

WHEREAS, such extensive joint use by American and Eastern imposes on the Parties an obligation not only to share the cost burden associated with Terminal Complex 3E, but also to cooperate closely with each other to achieve smooth continual functioning of Terminal Complex 3E as an integral passenger-handling component of the Airport;

NOW, THEREFORE, American and Eastern agree as follows:

A. DURATION. This Appendix shall become effective upon execution by the Parties and approval by the Board, it being contemplated that such execution shall be coincident with execution by the Parties of their respective Airport Use Agreements. Upon such execution and approval, this Appendix shall be attached to the Airport Use Agreements of each of the Parties and shall continue in full force and effect so long as the Airport Use Agreements of both the Parties remain in full force and effect, unless sooner terminated pursuant to the provisions of Exhibit F.

B. TERMINAL STRUCTURE 3E OCCUPANCY. In addition to the right to use, operate and occupy areas of Terminal Structure 3E recited in Section 4.1(a) of Eastern's Airport Use Agreement and shown on Exhibits A, B and C attached hereto, it is agreed that Eastern shall have the right to use, operate and occupy jointly with American all areas shown on Exhibit B that are available for use by the public, and Section 4.1(a) and Exhibit B of American's Airport Use Agreement are hereby modified to that extent. It is further agreed that Eastern shall have the right to use, operate and occupy the area between column lines B to D and 57 to 58 of A-24, Baggage Room, shown on Exhibit A of the Airport Use Agreements of the Parties.

C. AIRCRAFT PARKING RAMP AREA. In modification of the provisions of Section 4.1(b) and Exhibit D of the Airport Use Agreements of the Parties, Eastern shall have the preferential use of Gate 8 as its primary aircraft parking position and of Gate 9 as its secondary aircraft parking position. American may use either or both of such gates at any time that either or both are not in use for Eastern's Certificated Air Carrier Services. During the prevalence of extraordinary operating conditions, American and Eastern covenant to use their best efforts to accommodate their Certificated Air Carrier Services at Terminal Complex 3E in the most efficient manner possible under the circumstances, even though a different allocation of gates temporarily results.

D. RENTAL AND USE FEES, AIR CONDITIONING AND HEATING CHARGES. Because exclusive use, operating and occupancy areas of Terminal Structure 3E do not accurately reflect the relative overall use, operation and occupancy of Terminal Structure 3E by Eastern and American, the Parties agree to apportion the Square Footage of Terminal Structure 3E ninety per cent (90%) to American and ten per cent (10%) to Eastern. The Parties further agree that the foregoing apportionment shall be used in the computation of Rental and Use Fees and Air Conditioning and Heating Charges pursuant to Article V of the Airport Use Agreements of the Parties. In the event that Terminal Structure 3E is expanded, the Parties agree to review the foregoing apportionment to determine the relative overall use, operation and occupancy of the expanded Terminal Structure 3E.

E. MAINTENANCE AND OPERATION OF TERMINAL STRUCTURE 3E; COSTS THEREOF. American shall undertake on behalf of Eastern the obligations imposed on Eastern pursuant to Sections 4.6(a) (except 4.6(a)(v) and 4.6(b) of the Airport Use Agreement. In consideration thereof, Eastern shall pay American a share of American's actual cost of maintaining and operating Terminal Complex 3E (including the Potable Water Charge and the Trash Removal Charge pursuant to Sections 5.12(a) and 5.12(b), respectively), plus fifteen per cent (15%) for administration. Eastern's share of such costs will be computed in accordance with the terms of Paragraph G below and will be due and payable within fifteen (15) days of American's billing therefore.

F. TERMINAL STRUCTURE 3E TENANT IMPROVEMENTS: COSTS THEREOF. The terminal finishes and tenant improvements to Terminal Structure 3E that are subject to joint uses and occupancy pursuant to this Appendix were, in part, financed with the proceeds of special facility bonds issued pursuant to American Airlines Special Facilities Lease Agreement, dated October 1, 1972, and American Airlines Supplemental Special Facilities Agreement, dated February 1, 1973. Eastern shall pay American a share of American's average annual debt service on special facility bonds attributable to terminal finishes and tenant improvements. Eastern's share of such debt service will be computed in accordance with the terms of Paragraph G below and is due and payable within fifteen (15) days of American's billing therefor. That portion of American's average annual debt service on special facility bonds attributable to terminal finishes and tenant improvements shall be determined in accordance with the terms of Paragraph H below.

G. DETERMINATION OF EASTERN'S SHARE. Eastern's share of Terminal Complex 3E maintenance and operating costs (including the Potable Water Charge and the Trash Removal Charge) and of average annual debt service on American's special facility bonds attributable to terminal finishes and tenant improvements shall be based on Eastern's Enplaned Passengers as a percentage of total Enplaned Passengers of American and Eastern.

H. DETERMINATION OF AVERAGE ANNUAL DEBT SERVICE ATTRIBUTABLE TO TERMINAL STRUCTURE 3E. As of the date hereof, it is estimated that approximately \$7,000,000 will have been expended on terminal finishes and tenant improvements from the total net available proceeds of American's Special Facility Bonds (\$12,999,951 including interest earned). American's total debt service on such Special Facility Bonds (exclusive of interest escrowed from bond proceeds) amounts to \$32,421,144 over the 29-year debt service pay-back period, producing a total average annual debt service of \$1,117,970. The average annual debt service attributable to Terminal Structure 3E shall be in the same proportion to total average annual debt service as the amount expended on terminal finishes and tenant improvements bears to total net available proceeds of American's Special Facility Bonds. During the Base Period, the average annual debt service attributable to Terminal Structure 3E shall be \$601,458 ($\$1,117,970 \times 53.8\%$). At the close of the Base Period, the amount actually expended on terminal finishes and tenant improvements to Terminal Structure 3E and the total net available proceeds of American's Special Facility Bonds (including interest earned) shall be

predetermined as of that date and Eastern's payments to American during the Base Period shall be adjusted by means of a credit to Eastern's share over the next succeeding six-month period in the case of an overpayment, or by a surcharge to Eastern's share over the next succeeding six-month period in the event of a deficiency. The redetermination made at the close of the Base Period shall fix the average annual debt service attributable to Terminal Structure 3E for the balance of the duration of this Appendix to Exhibit F.

I. USE OF AMERICAN'S PERSONNEL. Any use of American's agents or employees in the operation of facilities or equipment for Eastern in Terminal Complex 3E, or in providing services requested by Eastern shall be the subject of a separate agreement between the Parties.

J. INDEMNITY. Eastern shall indemnify and hold American, its officers, employees and agents harmless from any and all claims, demands, actions and liability that may arise from Eastern's negligent acts or omissions (or the negligent acts or omissions of its officers, employees, agents, suppliers and invitees) in Eastern's use and occupancy of Terminal Complex 3E. American shall endeavor to give Eastern notice of any claims as promptly as possible. Eastern will maintain during the duration of this Appendix comprehensive general liability insurance in respect to its use, operation and occupancy of Terminal Complex 3E.

K. MEANING OF TERMS. As used in this Appendix, words and phrases have the same meanings as like words and phrases of the Airport Use Agreements of the Parties.

EASTERN AIR LINES, INC.

By

AMERICAN AIRLINES, INC.

By _____

ACCEPTED AND APPROVED:

DALLAS/FORT WORTH INTERNATIONAL AIRPORT BOARD

By _____

EXHIBIT G

EXHIBIT H
DALLAS-FORT WORTH INTERNATIONAL AIRPORT BOARD
3200 East Airfield Drive
DFW Airport, Texas 75261

PERMIT

The Dallas-Fort Worth International Airport Board (herein called "Airport Board") hereby grants to Permittee the hereinafter described privilege at the Dallas-Fort Worth International Airport (hereinafter called the "Airport") in accordance with the terms and conditions hereof; and said Permittee agrees to perform all other obligations imposed upon it in said terms and conditions.

(1) PERMITTEE:

(2) PERMITTEE'S ADDRESS:

(3) PRIVILEGE:

(4) FEES:

(5) EFFECTIVE DATE:

(6) TERMINATION DATE:

**DALLAS-FORT WORTH
INTERNATIONAL AIRPORT BOARD**

ATTEST:

By

Executive Vice President

APPROVED AS TO FORM:

ATTEST:

By

(Title)

TERMS AND CONDITIONS

(1) Permittee agrees to indemnify, hold harmless, defend and insure the Airport Board, the Cities of Dallas and Fort Worth, their directors, officers, permittees, agents and employees from all claims and demands of third persons for personal injuries (including death) or property damages arising out of the operations of permittee hereunder

(2) The permit shall not be assigned, sold, conveyed, mortgaged, or pledged (other than to an affiliated or related company) without the prior written approval of Airport Board;

(3) Permittee, its employees, invitees, and those doing business with it shall conduct its operations in such a manner so as not to annoy, disturb or be offensive to others at the Airport;

(4) Permittee shall promptly repair or replace any property of Airport Board damaged by Permittee's operations hereunder;

Any property of Permittee permitted to be placed on or kept at the Airport by virtue of this permit shall be removed on or before the expiration or earlier termination of the permit;

(5) Permittee takes the premises as he finds them and any further improvements thereto required shall be at the expense of the Permittee, Permittee shall file and Alteration Application with the Deputy Executive director, Engineering, for approval to make such improvements;

(6) Airport Board shall have the right at any reasonable time to inspect Permittee's premises;

(7) Permittee, its employees, invitees and those doing business with it shall have the right of ingress and egress to the Airport;

(8) Permittee shall pay all taxes, licenses, certifications, permits and examination fees and excises which may be assessed, levied, exacted or imposed on its property or operations hereunder;

(9) Permittee shall promptly observe, comply with, and execute the provisions of any and all present and future governmental laws, rules, regulations, requirements, orders and all present and future governmental laws, rules, regulations, requirements, orders and directions which may pertain to or apply to Permittee's operations at the Facility;

(10) Permittee's obligations to comply with governmental requirements are provided herein for the purpose of assuring proper safeguards for the protection of persons and property and are not to be construed as a submission by Airport Board of the application to itself of such requirements or any of them; and

(11) Permittee shall obey the Rules and Regulations of the Airport Board.

TERMINAL MAINTENANCE

A. EXTERIOR CONCRETE - CURB, SIDEWALKS, EXITS, SKYCAP, STAIRWAY ENTRANCES, ESCALATOR ENTRANCES - Daily (7 Days Per Week)

First Shift

1. Police curb, sidewalks, exits, entrances and skycap areas three times.

Second Shift

1. Police curb, sidewalk, exits, entrances, and skycap areas three times.

Third Shift

1. Hand sweep door, escalator, elevator and stairway entrances and any exterior concrete areas, which are not accessible with a power sweeper.
2. Power sweep remaining exterior concrete areas.
3. Spot clean spillage, gum and other foreign matter.

B. TRANSIT STATIONS - PASSENGER - Daily (7 Days Per Week)

First Shift

1. Police passenger stations two times.

Second Shift

1. Police passenger stations two times.

Third Shift

1. Sweep floors, vacuum carpet and entries and stairways, spot clean spillage, gum and other foreign matter.
2. Empty all trash and ash receptacles.
3. Dust and spot clean all seating furnishings.
4. Spot clean glass in public passenger stations to hand height.

Third Shift - Periodic

1. Sweep and damp mop floors, entries and stairways once each week.
2. Damp wipe all seating furnishings once each week.
3. Dust light fixtures once every two weeks.
4. Sweep and power scrub floors and entries. Hands sweep and scrub stairs and flooring not accessible to the power scrubber once every four weeks.
5. Clean and wax wooden seating furnishings once every four weeks.
6. Wash interior and exterior of all trash receptacles once every four weeks.
7. Vacuum carpeting, spot clean daily and shampoo carpeting every four weeks.

C. ELEVATORS - Daily (7 Days Per Week)

First Shift

1. Police interiors three times each shift.

Second Shift

1. Police interior three times each shift.

Third Shift

1. Vacuum carpet or damp mop composition floor. Spot clean spillage, gum and other foreign matter.
2. Damp wipe walls and interior and exterior of doors.
3. Dust ceiling.
4. Damp wipe all controls, panels and railings to remove fingerprints or marks.
5. Clean door tracks.

Third Shift - Periodic

1. Wash and wax composition flooring or clean carpeting once each week.
2. Wash walls and interior and exterior of doors once per week.

3. Clean and polish bright metal fixtures once per week.
4. Strip and refinish composition flooring or clean carpet once every week.
5. Dust light fixtures, ceiling and adjacent walls once every four weeks.

D. ESCALATORS - Daily (7 Days Per Week)

First Shift

1. Police terminal plates and treads three times per shift.

Second Shift

1. Police terminal plates and treads three times per shift.

Third Shift

1. Vacuum to remove dust and debris.
2. Clean separations between steps with a small brush and remove gum or other foreign matter from treads.
3. Spot clean steel and interior of canopy.
4. Damp wipe handrails and housing between handrail and canopy.

Third Shift - Periodic

1. Polish all metal trim once per week.
2. Wash hand rails with soap and water. Do not apply finish to handrails.
3. Damp wipe perforated metal interior sidings once every two weeks.

E. DUMBWAITERS - Daily (7 Days Per Week)

First Shift

1. No effort required.

Second Shift

1. No effort required.

Third Shift

1. Vacuum or sweep cab floors.

2. Spot clean glass, doors and framing.

Third Shift - Periodic

1. Sweep and damp mop cab floors once each week.
2. Clean glass, doors and framing once each week.
3. Clean and polish bright metal surfaces once each week.

F. LOADING BRIDGES - Daily (7 Days Per Week)

First Shift

1. Police interior three times per shift.

Second Shift

1. Police interior three times per shift.

Third Shift

1. Dust all sills and ledges to hand height.
2. Spot clean walls, sills and windows.
3. Vacuum and spot clean carpeted passageway.
4. Damp wipe railings.

Third Shift - Periodic

1. Clean carpet once every two weeks.
2. Clean interior of windows once every two weeks.
3. Dust light fixtures once every four weeks.
4. Dust high sills and ledges and remove cobwebs from ceiling and adjacent walls once every four weeks.
5. Wash walls top to bottom once every four weeks.

G. WINDOW CLEANING - Daily (7 Days Per Week)

ALL SHIFTS

1. Spot clean interior of airside and landside windows to hand height.
2. Spot clean interior and exterior of glass in entrance to hand height.
3. Squeegee wash entrance glasses and interior windows weekly.

H. PUBLIC AREAS - CERAMIC TILE FLOORING - Daily (7 Days Per Week)

Third Shift

1. Sweep floor and spot clean to remove any spillage, gum or other foreign matter.
2. Spot clean walls and panels to hand height.
3. Sweep and wet mop floor.

Third Shift - Periodic

1. Power scrub floor once per week.
2. Clean painted walls and wood paneling once every 13 weeks.
3. High dust all walls, air intakes and outlets, light fixtures, sills and ledges once every 13 weeks.
4. Refinish wood paneling once every 26 weeks.

I. EMPLOYEE OPERATIONS AREAS

1. Where visible by public must be maintained as public areas.

J. PUBLIC AREAS - Carpeted - Daily (7 Days Per Week)

First Shift

1. Police Baggage Claim Areas following flights.

Second Shift

1. Maintain the concourse in all areas.

Third Shift

1. Vacuum carpeting and spot clean to remove any spillage, gum and other foreign matter.
2. Empty and clean all waste receptacles, ash trays and sand urns.
3. Dust or damp wipe all furniture, fixtures, displays, telephones, ledges, baseboards, railing and permanent fixtures to hand height.
4. Clean and sanitize drinking fountains.
5. Clean tops and facings of ticket counters. Spot clean walls and paneling.
6. Damp wipe metal trim of ticket counters, baggage conveyor housings, railings, etc.
7. Clean Carousels.

Third Shift - Periodic

1. Clean and polish metal trim on ticket counters, luggage carousels, baggage conveyors, railings, etc., once per week.
2. Clean and sanitize all public telephones once per week.
3. Remove fingerprints and spot clean partitions, paneling, etc., once per week.
4. Clean carpeting in all elevator lobbies, entrances, concourses, passageways and other heavy foot traffic areas once every week.
5. High dust above hand height all walls, air intakes and outlets, light fixtures, sills, ledges and partitions. Clean all baseboards once every four weeks.
6. Damp wipe flight information screens and racks once every four weeks.
7. Shampoo all carpeting once every two weeks.
8. Clean painted walls and wood paneling and wax wood paneling every thirteen weeks.
9. Spot clean windows and glass partition each night.
10. Wash glass partitions once per week.
11. Water extract clean all carpeting quarterly.
12. Squeegee wash windows and glass partitions monthly.

K. RESTROOMS - Daily (7 Days Per Week)

First Shift

1. Clean and restock Restrooms as traffic demands.

Second Shift

1. Perform hard cleaning and restock Restrooms.

Third Shift

1. Sweep and wet mop floors and remove any gum or other foreign matter.
2. Clean, sanitize and polish all vitreous fixtures including toilet bowls, urinals and hand basins.
3. Clean and sanitize all flush rings, drain and overflow outlets, and toilet seats.
4. Clean and polish all glass, mirrors and bright metal fittings.
5. Empty all trash and other disposal receptacles, replace damaged liners and wash and sanitize the exterior surfaces. Sanitize the interior of sanitary napkin disposal receptacles.
6. Refill all dispensers to normal limits - soap, paper goods and sanitary napkins.
7. Empty and damp clean ash trays.
8. Wash and sanitize metal partitions, walls and all furniture.
9. Remove spots, stains and splashes from walls adjacent to urinals and hand basins. Clean hand basin counter tops and spot clean walls.
10. Remove fingerprints from light switches, doors and frames. Clean door handles and pushes and spot clean kick plates.

Third Shift - Periodic

1. Machine scrub ceramic tile floors once per week. Strip and refinish composition floors once per week.
2. Dust all sills, moldings, ledges, ducts and vents once per week.
3. High dust above hand height all sills, moldings, ledges, etc., once every four weeks. Damp clean all air intakes and outlets and adjacent wall and ceiling areas once every four weeks.
4. Spot clean glass, doors and framing.

Third Shift - Periodic

1. Sweep and damp mop cab floors once each week.
2. Clean glass, doors and framing once each week.
3. Clean and polish bright metal surfaces once each week.

F. LOADING BRIDGES - Daily (7 Days Per Week)

First Shift

1. Police interior three times per shift.

Second Shift

1. Police interior three times per shift.

Third Shift

1. Dust all sills and ledges to hand height.
2. Spot clean walls, sills and windows.
3. Vacuum and spot clean carpeted passageway.
4. Damp wipe railings.

Third Shift - Periodic

1. Clean carpet once every two weeks.
2. Clean interior of windows once every two weeks.
3. Dust light fixtures once every four weeks.
4. Dust high sills and ledges and remove cobwebs from ceiling and adjacent walls once every four weeks.
5. Wash walls top to bottom once every four weeks.

SCHEDULE A

Cost Center Acreage Assignments and Debt Service Coverage Requirements

(a) For historical reference, the Total Developed Acreage on the Airport and the Cost Center Acreage Assignments for the period ended September 30, 2000 projected for Fiscal Year 2001 are as follows:

<u>COST CENTER</u>	<u>Acres</u>
Passenger Enplaning and Deplaning Complex - 2E (Terminal A)	48.350
Passenger Enplaning and Deplaning Complex – Terminal A – Satellite	23.665
Passenger Enplaning and Deplaning Complex - 3E (Terminal C)	40.229
Passenger Enplaning and Deplaning Complex - 4E (Terminal E)	47.136
Passenger Enplaning and Deplaning Complex - 2WA (Terminal B)	34.476
Terminal Expansion – 2WB (Terminal B)	5.310
Terminal 2WC (Terminal B) Federal Inspection	2.139
Air Conditioning and Heating Plant	2.560
Runway and Taxiway Complex	4,654.445
General Aviation Complex	6.082
Potable Water and Sewer System	9.960
East Cargo Area	53.538
Ground Transportation Regulation	6.188
Hotel and Recreation Complex	340.936
Parking System	289.043
Transit System	14.425
Fueling System	36.486
ARFF Training Facility Center	21.861
Net Leased Ground Rentals	678.900
Rental Car Facility	145.0
	<hr/>
Total Developed Acreage	6,460.729

Cost Center Acreage will vary based on expansion, relocation or other amendment of leased acreage or to specific cost center assignments.

- (b) The Cost Center Bond debt service coverage requirements for the purpose of calculating rentals, fees and charges pursuant to Article V of this Amendment are as follows:

<u>Cost Center</u>	<u>Coverage Requirement</u>
Airport Services Component	1.25 to 1.00
PEDC-2E/2EC (Terminal A)	1.00 to 1.00
PEDC-3E (Terminal C)	1.00 to 1.00
PEDC-4E (Terminal E)	1.00 to 1.00
PEDC-2W (Terminal B)	1.00 to 1.00
Terminal 2W FIS (Terminal B)	1.25 to 1.00
Terminal 2WA Improvements (Terminal B)	1.25 to 1.00
Terminal 2WB Improvements (Terminal B)	1.25 to 1.00
Terminal 2WC Improvements (Terminal B)	1.25 to 1.00
Air Conditioning and Heating Plant	1.10 to 1.00
Runway and Taxiway Complex	1.10 to 1.00
Potable Water and Sewer System	1.25 to 1.00
Trash Collection System	1.25 to 1.00
East Cargo Area	1.25 to 1.00
*Hotel and Recreation Complex	1.25 to 1.00

Parking Complex	Balance
Transit System	1.25 to 1.00
Fueling System	1.10 to 1.00
Net Leased Ground Rentals	1.25 to 1.00
Parkway Plaza	1.25 to 1.00
General Aviation Complex	1.25 to 1.00
ARFF Training Facility Center	1.25 to 1.00

*Actual Debt Service and Coverage at 1.25 to 1.00 on only the Series 1978 Joint Revenue Bond

SCHEDULE B
Passenger Enplaning and Deplaning Complex
Square Footage Allocations
Fiscal Year 2002

	Term B	"B-FIS"	"B- Extension	Total "B"	Term A	Term A (Satellite)	Term C	Term E Sec A	Total "E" Sec B/C	Total "E"	Total
American	127,254		147,165	274,419	813,084	28,275	606,999			1,694,502	
Continental	75,741			75,741							75,7
U.S. Air	59,369			59,369							59,3
TWA											
United	47,141			47,141							47,141
Northwest								50,615			50,615
Delta								85,857	628,485	714,342	714,342
Airtran								16,864		16,864	16,864
DFW	152,429	65,810		218,239							218,239
	<u>461,934</u>	<u>65,810</u>	<u>147,165</u>	<u>674,909</u>	<u>813,084</u>	<u>28,275</u>	<u>606,999</u>	<u>153,336</u>	<u>628,485</u>	<u>781,821</u>	<u>2,876,813</u>

Square footage allocation is subject to adjustment from time to time as space footage is field measured or reallocated among the various users.

For the purpose of calculation of rents, in accordance with Section 5.6 of this Agreement (unless otherwise mutually agreed in writing), the total PEDC square footage reflected above for Terminals will be reduced by the amount of that square footage finance by Special Facility Bonds, private financing, FIC bonds or funds from the Discretionary Account and the Capital Improvement Trust Account.

The breakout of the Square Footage for each terminal is as follows:

	Term B	"B-FIS""B-Extension		Term A	Term A (Satellite)	Term C	Term E Gates 1-6	Term E Gates 7-38
Total Square Footage	461,934	65,810	147,165	813,084	28,275	606,999	153,336	628,485
Less:								
Private Finance Sq. Ft.								
Section 5.6 Sq. Ft.	461,934	65,810	147,165	488,314	-0-	519,627	153,336	553,165

SCHEDULE C

Board Terminal Facilities Calculations of Net Profits and/or Losses (Deficit) for the period ended
September 30, 2000 (Projected)

<u>COSTS</u>	<u>Terminal B Operations</u>	<u>FIS</u>
Terminal Rent	\$1,929,818	\$633,276
Improvement Rent	424,444	161,876
HVAC Charges	350,823	152,511
Sky Cap Services	233,126	---
Anti-Air Piracy Charges	<u>44,148</u>	<u>---</u>
 Total Cost	 <u>\$2,982,360</u>	 <u>\$947,663</u>
 <u>REVENUES</u>		
Terminal Use	\$3,807,305	0
Other Rental Use Fees	455,818	0
FIS Fees	<u>0</u>	<u>\$1,939,085</u>
 Total Revenues	 <u>\$4,263,123</u>	 <u>\$1,939,085</u>
 NET GAIN (LOSS)	 <u>\$1,280,763</u>	 <u>(\$991,422)</u>

NOTE: CALCULATION OF FIS BREAK EVEN RATE:

TOTAL COST	\$947,663
PROJECTED FIS PASSENGERS	387,817
BREAK EVEN RATE	\$2.44