

AIRLINE COMPETITION PLAN

Submitted for the
Minneapolis-St. Paul International Airport

On behalf of the
Minneapolis-St. Paul Metropolitan Airports Commission
September 29, 2000

INTRODUCTION

Under recently enacted legislation (the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century, or “AIR-21”), large and medium hub airports that meet a certain threshold of concentration are required to submit competition plans. The Minneapolis-St. Paul International Airport (“MSP” or “Airport”) meets the standards set out in AIR-21, as it is a large hub airport with more than 50% of its traffic served by a single carrier, Northwest. MAC welcomes this opportunity to present its ongoing efforts to expand airport facilities necessary for vibrant competition and to secure competitive air service in its major markets.

This competition plan is filed with regard to the Airport on behalf of the airport sponsor, the Minneapolis-St. Paul Metropolitan Airports Commission (“MAC”). MAC intends to seek both Airport Improvement Program grants and Passenger Facility Charge approval.

MSP is located in Hennepin County, Minnesota, and serves the aviation needs of Minnesota and the Upper Midwest region, as well as serving as a major connecting hub for Northwest Airlines’ worldwide network. The Airport currently is served by 13 major and national, 3 foreign flag, 4 regional and commuter, 6 all-cargo, and approximately 3 charter carriers, as shown below. Approximately 62% of the passenger traffic using MSP is carried by Northwest Airlines, with another 18% carried by privately-held Mesaba, a Northwest affiliate.

Major/ National	Foreign Flag	Cargo	Regional/ Commuter	Charter¹
American	Air Canada	BAX	Comair	Champion Air
America West	IcelandAir	DHL	Cont. Express	Omni International
ATA	KLM	Emery	Great Lakes	Ryan International
AirTran		Fed Ex	Mesaba	
Continental		Kitty Hawk		
Delta		UPS		
Frontier				
Northwest				
United				
TWA				
US Airways				
Sun Country				
Vanguard				

Figure 1

As the governing body of a concentrated hub, MAC has focused its efforts in recent years on obtaining low-fare competitive service to MSP. Recently those efforts have begun to bear fruit in MAC’s top O&D market, Chicago. MAC has secured new MSP-Chicago

¹ Charter carrier numbers are approximate because usage by charter carriers fluctuates.

Midway service with additional beyond markets. AirTran Airways started service from MSP to Chicago Midway on June 10, offering 4 daily round trips, with continuing service to Atlanta. A month later, American Trans Air started service on that route, also with 4 daily round trips, offering continuing service to Philadelphia, LaGuardia, Indianapolis, and Fort Lauderdale.² In addition, MSP passengers have benefited from Sun Country Airlines' decision to convert from charter to scheduled service on June 1, 1999.

The charter market is also an active source of competitive air service at MSP; the Airport is the single largest charter market in the U.S. Of MSP's 510,421 operations in 1999, 10,600, or 2%, were charter flights. As a result of the high level of charter activity, 1,303,627 passengers, or 3.9% of MSP's total passengers, flew on charter operations in 1999. As discussed below, MAC is currently constructing a new Humphrey Terminal, expanding and improving the facilities available to charter air carriers at MSP.

In recent years, MAC's actions as a "competition advocate" have included initiating new contacts with 34 airlines (and continuing contacts with others) to explore possibilities for new air service to MSP. Since February 1998, 4 airlines have begun service, including AirTran and ATA (discussed above), international carrier Icelandair, and Kiwi (since lost to bankruptcy). MAC is in ongoing discussions with numerous domestic and international carriers, and anticipates announcing additional service in December 2000. Finally, recent announcements by Northwest indicate that it will begin winter-season service to Puerto Vallarta, Mexico; Punta Cana, Dominican Republic; and Grand Cayman, West Indies, in December.

MAC's POLICY ON REASONABLE AIR CARRIER ACCESS

MAC strives to accommodate all air carriers because competition benefits the region's economy, enhances employment opportunities connected to aviation, and helps keep per-passenger airport costs at a very reasonable level. In addition, MAC recognizes that, by having accepted Federal grants, it has undertaken a legal obligation to provide reasonable air carrier access at MSP. Accordingly, MAC has made and will continue to make every effort to accommodate all air carriers at MSP. MAC is familiar with the recent U.S. Department of Transportation report entitled "Airport Business Practices and Their Impact on Airline Competition" (September, 1999). While MAC does not necessarily concur in all of the legal conclusions advanced by DOT in Chapter 2 of that report, MAC will continue to be proactive in increasing air carrier competition at MSP.

The following material presents MAC's actions to enhance competition and reduce or eliminate barriers to entry at the Airport in the format suggested by the Federal Aviation Administration ("FAA") Program Guidance Letter on this topic, PGL-003.

² Most recently, Vanguard Airlines announced on September 18, 2000 that it will be discontinuing its service between MSP and Chicago-Midway as of October 11, 2000, due to competition from AirTran, American Trans Air, and Northwest which drove down fares and revenues on the route. However, Vanguard's withdrawal from the Midway market will coincide with the launch of low-fare service by Sun Country Airlines to Chicago's O'Hare International Airport.

I. AVAILABILITY OF GATES AND RELATED FACILITIES

A. Number of gates available at the airport by lease arrangement, i.e., exclusive, preferential or common use

MSP has two terminal buildings, the Lindbergh Terminal and the Humphrey Terminal. Earlier this year, MAC entered into a new Airline Operating Agreement and Terminal Building Lease (“Lease”) with the signatory air carriers serving MSP, a copy of which is attached as Exhibit A.³ The various provisions of that agreement are described, as relevant, in a number of sections below. MAC had forwarded those draft sections of the evolving lease document that related to airline competition to DOT/FAA for review and comment during 1999.

The Lindbergh Terminal: The Lindbergh Terminal has 74 jet gates on four concourses. A graphic depiction of the Lindbergh Terminal showing existing gate assignments is in Exhibit B (*Existing Gate Assignments*, July 10, 2000). In order to make it easier for travelers to find their way around the Airport, MAC has recently renamed its concourses. As of September, 2000, what were formerly the Green (and Green Expansion), Green Pod, Blue, Red, and Gold Concourses are known, respectively, as Concourses C through G. MAC is in the process of expanding the Lindbergh Terminal; four gates have been already added to Concourse C, with eight more Concourse C jet gates and a 30-gate Regional Terminal (which will be Concourses A and B) opening in July 2002.

Of the 74 Lindbergh Terminal jet gates, Northwest Airlines leases 57. The other gates are leased as follows: AirTran (1); USAirways (1); American Trans Air (1); TWA (1); United (3); Continental (2); Delta (3); American (3); Vanguard (1); America West (1). Mesaba and Great Lakes Aviation use the Temporary Regional Terminal, which was financed and constructed by Northwest on land leased from MAC.

There are seven short-term gates in the Lindbergh Terminal. The leases in effect at those gates provide, in ¶IV.H, that MAC may, in its discretion, cancel the lease of a Short Term Gate if an airline not presently leasing a gate directly from MAC or not currently providing air service to the Airport is proposing to add additional air service and desires to lease a gate directly from MAC. MAC would issue a Notice of Cancellation, effective in 90 days, and would work with the leasing airline to accommodate that airline’s scheduled operations elsewhere. Any unamortized costs for improvements would be reimbursed. Airlines that are leasing only a single holdroom from MAC may seek to have the Short Term Gate designation removed (thus converting the gate to a standard preferential use lease) by showing financial regularity and an average daily gate use of seven departures/day for the preceding 12 months.

The Humphrey Terminal: The existing Humphrey Terminal has four gates. Three of those are leased by Sun Country Airlines under a preferential use lease; Sun Country provides both scheduled and charter service from those gates. The fourth gate is a common-use gate. A new and expandable 8-gate Humphrey Terminal will open in May 2001.

³ The Lease, which has a retroactive effective date of January 1, 1999, was signed early in 2000.

B. Gate-use monitoring policy

MAC monitors gate use monthly based on both actual and scheduled operations. This information is provided in the Monthly Air Service Report. A gate utilization forecast plot is prepared based on scheduled operations published in the Official Airline Guide (“OAG”); see Exhibit C, *MSP Gate Utilization Forecast Scheduled Jet Service – August 2000*. This chart enables MAC staff to have a visual overview of available gate capacity. In addition, MAC tracks what types of aircraft, with what seat capacity, are scheduled by the airlines in order to get an overall sense of whether gates are being used efficiently.

C. Differences, if any, between gate-use monitoring policy at PFC-financed facilities subject to PFC assurance #7 and other gates. Has PFC competitive assurance #7 operated to convert previously exclusive-use gates to preferential-use gates or has it caused such gates to become available to other users?

MAC has not funded construction of Lindbergh Terminal gates with PFCs. MAC did use PFCs to finance construction of the International Arrivals Facility, and in that process converted gates that had been previously leased to Northwest on an exclusive-use basis to preferential-use. Those gates are now subject to a priority system for use that was reviewed by FAA before being put into place.

The new 8-gate Humphrey Terminal will be funded with PFCs. The leases for that facility will comply with the requirements of PFC Assurance #7.

D. Gate utilization (departures/gate) per week and month

There are 520 daily scheduled departures from the Lindbergh Terminal jet gates each day, equating to 3640/week and approximately 15,773/month.⁴ See Exhibit D, *MSP Gate Utilization – Scheduled Jet Operations by Airline – August 2000*. This averages out to 7.03 daily departures per gate, equating to 49.2 departures/gate/week and approximately 213.2 departures/gate/month.

A sense of how those operations are distributed across the Lindbergh jet gates can be gained by looking at Exhibit C, the plot of daily scheduled MSP gate utilization. A rough⁵ distribution of departures per airline per leased gate is shown in Figure 2 below.

⁴ These calculations include 71 daily operations by Northwest affiliates’ regional jets. Mesaba and Great Lakes Aviation (dba United Express) operate propeller flights out of the Temporary Regional Terminal that are not included in the scheduled jet departure figures.

⁵ This distribution is approximate because it does not take into account some variation due to signatory airline flights hosted (for operational reasons) on other than those airlines’ leased gates; it also does not take into account 4 departures by non-leasing airlines (Frontier, Icelandair, and KLM) using gates under handling agreements.

Air carrier	Number of gates leased from MAC	Number of daily departures	Approximate daily departures per leased gate
Air Tran Airways	1	4	4
America West	1	4	4
American	3	18	6
American Trans Air	1	4	4
Continental	2	12	6
Delta	3	17	5.67
Northwest	57	405	7.11
TWA	1	10	10
United	3	26	8.67
USAirways	1	8	8
Vanguard ⁶	1	8	8

Figure 2

In addition, there are 18 daily scheduled departures from Humphrey Terminal gates, equating to 126/week and approximately 546/month. This averages out to 4.5 daily departures per gate, equating to 31.5 departures/gate/month and 136.5 departures/gate/month. The four gates at the Humphrey Terminal also handle charter air carrier arrivals at MSP, which are not published in the OAG and thus not included in these calculations.

E. Policy regarding “recapturing” gates that are not being fully used

MAC pursues a practical approach that is intended to maximize the efficient use of airport facilities. There are seven Short Term Gates that are allocated based on air carrier representations about need, and when usage does not reach the predicted levels, those gates may under certain circumstances be reclaimed. Recently, for example, Gate E4 was reclaimed from United Airlines for failure to meet use predictions.

F. Use/lose or use/share policies for gates and other facilities

The Lease includes “use it or share it” provisions (§IV.E) requiring accommodation of other airlines within the leased premises of the signatory airlines.

The process for accommodating an airline needing space (“requesting airline”) has three stages. First, if MAC has space available to lease directly, it will do so. Second, if MAC does not have space available for direct lease, it will accompany the requesting airline in meetings with the incumbent airlines in an effort to negotiate a voluntary sublease or handling agreement. Finally, if neither of these approaches proves fruitful, MAC can unilaterally require an airline to accommodate a requesting airline in its premises “in furtherance of the public interest of having the Airport’s capacity fully and more effectively utilized” in order to comply with any governmental order or grant assurance;

⁶ Vanguard has advised MAC that service levels will fluctuate over the winter months as it adjusts its schedules. MAC will monitor the gate utilization situation closely.

to implement a capital project at the Airport; or to facilitate the providing of new or additional air service at the Airport when no incumbent airline is willing to accommodate the requesting airline's operational needs at reasonable costs or on reasonable terms.

In addition, Northwest Airlines has agreed to make available its leased wide-body or Boeing 757 gates on an as-needed basis for scheduled service by Boeing 757 or larger aircraft.

G. Plans to make gates and related facilities available to new entrants or to air carriers that want to expand service at the airport; methods of accommodating new gate demand by air carriers at the airport (common-use, preferential-use, or exclusive-use gate); and length of time between when an air carrier initially contacts the airport and could begin serving it

New gates will become available at MSP over the next few years, beginning with 8 gates in the new Humphrey Terminal in May 2001. The new Humphrey terminal will be ultimately expandable to 20 gates, with that expansion to be driven by air carrier demand for those facilities. In addition, eight more gates are being constructed on Concourse C of the Lindbergh Terminal; those gates will come into service in July 2002.

Those new gates will be allocated to carriers based on MAC's evaluation of need, including the operational characteristics of carrier operations (for example, service by a wide-body aircraft may occupy two gates). For incumbent carriers seeking additional gate space, allocation will be based on added frequencies or service to new destinations, since the need for additional gates arises when the airline is required to service an additional aircraft on the ground at the same time as preexisting flights.

In general, the gates at MSP are currently fully utilized. As discussed above, any carrier that seeks additional gate space at MSP is invited to enter into fact-specific discussions with the airport staff, who will seek to accommodate the carrier's needs after examining a range of factors including the specific operations planned, and the size and operational requirements of the aircraft to be used.

There is no history of air carriers being refused adequate access at MSP. MAC is prepared to find accommodations for all air carriers requesting facilities without any unreasonable delay.

H. How are complaints of denial of reasonable access by a new entrant or an air carrier that wants to expand service resolved?

There have been no cases in which an air carrier that was ready and willing to begin or expand service to MSP has been unable to do so due to inability to secure reasonable access to needed facilities.

I. Number of carriers in the past year that have requested access or sought to expand, how they were accommodated, and the length of time between any requests and access

Carrier requesting access or expansion	Accommodation provided	Length of time between initial request and beginning of service
Sun Country Airlines	3 Humphrey Terminal Gates	6 months
AirTran Airways	Gate E1	3 months
American Trans Air	Gate E4	2 months
United Airlines	Gate E4	6 months
Vanguard	Gate C8	6 months
American Trans Air	Seasonal accommodation at NW leased gates in Lindbergh Terminal for each charter season	2 months
Ryan International	Seasonal accommodation at NW leased gates in Lindbergh Terminal for each charter season	2 months
Champion Air	Accommodation at the Humphrey Terminal for charter purposes	2 months
Omni International	Accommodation at the Humphrey Terminal for charter purposes	2 months
Northwest Airlines	4 gate expansion on Concourse C	2 years (for construction of new gates)

Figure 3

II. LEASING AND SUBLEASING ARRANGEMENTS (IDENTIFY OR DESCRIBE)

A. Whether a subleasing arrangement with an incumbent carrier is necessary to obtain access

As described above, a subleasing arrangement with an incumbent carrier is one way, and perhaps the simplest way, for a requesting carrier to gain access to the Airport. If a sublease is not available on reasonable terms, other avenues are open to the requesting carrier (such as a request for allocation of a Short Term Gate). MAC's support is

available to the carrier to assist in negotiation of reasonable sublease or groundhandling terms or as needed in pursuing other options.

B. How the airport assists requesting airlines obtain a sublease

MAC will assist a new entrant or expanding air carrier by identifying those incumbent air carriers whose schedules appear to be able to accommodate the additional activity. It will accompany the new entrant or expanding air carrier in its contacts with incumbent air carriers and provide other requested information or support. Also, the Lease requires MAC consent for all subleases. This will assist any new entrant or expanding air carrier in obtaining a fair sublease.

C. Airport oversight policies for sublease fees and groundhandling arrangements

MAC receives and reviews copies of all subleases and groundhandling contracts at the Airport. MAC does not consent to subleases that are not fair. MAC's review assists in keeping the terms of subleases and the prices for ground handling services fair, reasonable and non-discriminatory.

D. Airport policies regarding sublease fees (e.g., no more than 15 percent above the standard airport-determined fee)

The Lease requires that carriers entering into subleases not charge more than 115% of cost to their subtenants, and MAC's consent is required for all subleases. MAC does not consent to subleases that have excessive fees and requirements. MAC's review assists in keeping sublease fees fair, reasonable and non-discriminatory.

E. How complaints by subtenants about excessive sublease fees or unneeded bundling of services are resolved

MAC has received only one formal complaint from a subtenant about excessive sublease fees or unneeded bundling of services. In that case, Vanguard complained that TWA was proposing to charge it an excessive fee for use of TWA's bag belt. Airport staff intervened directly with TWA and negotiated a resolution that was acceptable to Vanguard.

F. How independent contractors who want to provide ground handling, maintenance, fueling, catering or other support services, but have been unable to establish a presence at the airport, are accommodated

Groundhandling services may be provided at the airport by any qualified provider. Currently, two independent contractors, Signature and ATS, provide third-party groundhandling services. In addition, airlines are permitted to provide groundhandling services to other airlines subject to MAC's reasonable rules and regulations.

G. Are formal arrangements in place to resolve disputes among air carriers regarding the use of airport facilities?

The Lease and airport rules and regulations control the types of uses that air carriers may make of airport facilities. If an air carrier is not using its space according to the terms of the Lease and in accordance with the rules and regulations, MAC may direct the air carrier to correct the situation. MAC’s Executive Director is given considerable discretion in resolving conflicts concerning the use of airport facilities.

III. PATTERNS OF AIR SERVICE (IDENTIFY OR DESCRIBE)

A. Number of markets served

As a major hub airport and a spoke for all the major air carriers, MSP has air service to virtually every market in the world. MSP’s top O&D market is Chicago (with service to both O’Hare and Midway) with 1547 daily passengers travelling in that market during 1999 (790 via Midway, and 757 via O’Hare). On an airport-by-airport basis, MSP’s top O&D markets during that quarter are shown below.

1999 Rank	Market/Airport	Daily passengers	Lowfare carrier in market?
1	Chicago-Midway (MDW)	790	Yes
2	Chicago-O’Hare (ORD)	757	Yes (to MDW)
3	Denver (DEN)	751	Yes
4	Phoenix (PHX)	710	Yes
5	Dallas (DFW)	601	Yes
6	San Francisco (SFO)	601	Yes
7	Los Angeles (LAX)	598	Yes
8	Atlanta (ATL)	557	Yes (via MDW)
9	Orlando (MCO)	506	Yes
10	Boston (BOS)	469	Yes
11	Seattle (SEA)	452	Yes
12	New York-LaGuardia (LGA)	427	Yes (to JFK)
13	Kansas City (MCI)	423	Yes
14	Detroit (DTW)	404	Yes
15	Las Vegas (LAS)	395	Yes

Figure 4

In addition, as noted above, MSP has an extensive charter air service market. During the 1999-2000 charter season, charter carriers serving MSP offered flights to a wide range of markets. These included three of MSP’s top O&D markets (Orlando, Phoenix and Las Vegas) as well as Acapulco, Cancun, Cozumel, Fort Lauderdale, Fort Myers, Honolulu, Grand Cayman, Ixtapa, Mazatlan, Montego Bay, Nashville, Puerto Plata, Puerto Vallarta, Reno, and Sarasota.

B. Number of markets served on a nonstop basis; average number of flights per day

As of the date of writing, MSP has nonstop air service to approximately 125 markets. Exhibit E is a map of nonstop passenger service points from MSP, entitled *Jet & Commuter Traffic and Capacity Analysis—Nonstop Service Points*. Exhibit F is a chart listing, for each passenger air carrier, nonstop destinations, average daily departures, and average daily seats, entitled *Jet & Commuter Traffic and Capacity Analysis – Nonstop Service Overview*. As shown in Exhibit E, in the 4th Quarter of 1999, there were approximately 622 daily departures (including both jet and propeller flights by passenger carriers). Currently, there are approximately 673 daily departures.

C. Number of small communities served

MSP has service to 57 non-stop markets located in Metropolitan Statistical Areas with populations under 500,000.

D. Number of markets served by low-fare carriers

On its website (<http://ostpxweb.ost.dot.gov/aviation/>) DOT defines low-fare carriers as Access Air, Air South, AirTran, American Trans Air, Carnival, Frontier, Kiwi, National Airlines, Pro Air, Reno, Southwest, Spirit, Sun Country, Vanguard, and Western Pacific. Using DOT's definitions, DOT's 1999 data show low-fare service from MSP in 18 city-pair markets, 13 long-haul, and 5 short-haul. This includes service by Frontier, Vanguard, and Sun Country (which offers charter service in addition to the scheduled service included in DOT's data). In addition, since DOT's data were compiled, MSP has gained service by AirTran and American Trans Air.

E. Number of markets served by one carrier

Forty-five markets are served nonstop by a single carrier.

F. Number of new markets added or previously served markets dropped in the past year

Four new markets have been added in the past year (Houston Intercontinental (IAH), Lansing (LAN), San Antonio (SAT) and New York-JFK Airport (JFK)) and three markets have been dropped (Oslo, Norway (OSL), Houston-Hobby (HOU), and Ely, MN (LYU)).

IV. GATE ASSIGNMENT POLICY (IDENTIFY OR DESCRIBE)

A. Gate assignment policy and method of informing existing carriers and new entrants of this policy (including standards and guidelines for gate usage and leasing, such as security deposits, minimum usage, if any, fees, terms, master agreements, signatory and nonsignatory requirements)

Gates are assigned based on the review of the various air carriers' requests, their intended use and the physical limitations of the gates. Currently, carriers inquiring regarding new or additional gates meet with MAC staff regarding their operational plans and requirements, and are given a new entrant package that both informs them regarding MAC's gate use policies and requests information from them about their planned operation. The new entrant package includes a copy of the current Lease; information on security deposits, fees, and insurance; an airline service documentation form requesting information about the planned operation (effective date, proposed schedule, aircraft type, passenger estimates, numbers of intended operations, airline headquarters and contact person); and directions regarding contacting the Minnesota Pollution Control Agency for a general stormwater permit.

The number of turns/gate needed to justify lease of a Lindbergh Terminal gate by a carrier from MAC depends on the availability of and demand for gates at the time the decision is being made. MAC has a number of short-term gates available that are, under certain circumstances, subsequently convertible to preferential use. Recently, for example, AirTran was given its gate on a short-term permit based on 4 turns/day. America West also has a short-term gate for 4 turns/day. Approximately 7 turns/gate/day, and evidence of financial regularity, are needed to convert a short-term gate into a preferential use gate.

For a gate assignment policy to be effective, the policy must be kept up to date, and incumbent and new entrant carriers must find it simple to become aware of its provisions. MAC is in the process of updating and consolidating its new entrant informational materials. MAC plans ultimately to publish on its web site all relevant information that an air carrier may wish to know about serving MSP (signatory status, security deposit requirements, etc.).

B. How announcements are made to tenant air carriers when gates become available. Do all tenant air carriers receive information on gate availability and terms and conditions by the same process at the same time?

When gates become available, the process is public and open and equally visible to all interested air carriers. Gates will become available as the construction process for the new Humphrey Terminal progresses, and all carriers are equally aware of that process.

C. New policies that have been adopted or actions that have been taken to ensure that new entrant carriers have reasonable access to the airport and that incumbent carriers can expand their operations

The accommodation language included in the new Lease was designed to improve access to the Airport by new entrants and incumbents wishing to expand their operations. In addition, MAC is expanding its gate use monitoring to identify underused facilities that could be made available.

On August 8, 1997, while MAC was preparing to begin negotiation of the Lease, MAC sent a letter to 66 passenger air carriers (including all domestic passenger carriers) inviting them to participate in the process and asking that they advise MAC if they anticipated needing gate space at MSP. Approximately a dozen carriers responded, enabling MAC to take the information provided by those carriers into consideration during the negotiation process.

V. FINANCIAL CONSTRAINTS (IDENTIFY OR DESCRIBE)

A. The major source of revenue at the airport for terminal projects

The 2010 Plan is MAC's \$2.68 billion long-term capital improvement program to modernize the airport system, increase operational capacity, and improve operational flexibility. \$365 million in terminal projects are among the elements to be financed through the integrated plan. Financing will include \$1.1 billion in GARBs, \$113 million in leveraged Federal grants, \$480 million in leveraged PFCs, MAC funds, pay-as-you-go PFCs, and Federal and state grants.

B. Rates and charges methodology (residual, compensatory or hybrid)

The new Lease provides for compensatory rates and charges at the Lindbergh Terminal and residual rates and charges on the airfield. Fees for nonsignatories are imposed on a per-operation basis at a rate set by ordinance.

C. Past use, if any, of PFCs for gates and related terminal projects

MAC has not used its PFCs for the construction of gates or holdrooms. PFCs have been used its PFCs for terminal improvements, including construction of roadway and ground transportation improvements at MSP's Lindbergh Terminal. Those improvements replaced deteriorated roadways of insufficient capacity in front of the terminal, constructed alternative pedestrian crossings that eliminated dangerous at-grade crossings, and made possible the elimination of rental car shuttles that were taking up needed roadway capacity. PFCs have also been used to relocate security checkpoints in order to improve passenger traffic flow within the Lindbergh Terminal.

VI. AIRPORT CONTROLS OVER AIRSIDE AND GROUND SIDE CAPACITY (IDENTIFY OR DESCRIBE)

A. Majority-in-interest (MII) or “no further rates and charges” clauses covering groundside and airside projects

Majority-in-interest or MII clauses are contractual provisions in Airline Use and Lease Agreements that grant air carriers signatory to those agreements control (in varying degrees) over capital improvements at an airport. The justification for such provisions is that air carriers which have obligated themselves to pay landing fees and terminal rentals at an airport should have some control over the decision to build capital facilities the costs of which will increase those fees. MII clauses vary in the definition of the “majority” and in whether the majority must approve a project, may disapprove a project, or may simply delay a project. They also vary in the degree to which defined classes of projects or projects below threshold amounts are excluded from the approval/disapproval process.

MAC and its signatory carriers recently negotiated a new Airline Operating Agreement and Terminal Building Lease. The term of that Lease runs through December 31, 2010. The Lease includes both a “no other fees and charges” provision (§V.G) and MII review of capital projects (§VII.B).

MAC’s MII provision applies only to capital projects in the airfield cost center with gross project costs exceeding \$1,000,000. The costs of such projects cannot be passed through to the carriers unless the project receives MII approval. MII approval is deemed to be received unless written disagreement is received from the MII directly or the head of the MSP Airport Affairs Committee certifies to MAC that the MII disapprove the project. The MII is defined, in §I.A.31, as “the Signatory Airlines who (a) represent no less than 50 percent in number of the Signatory Airlines operating at the time of the voting action and (b) paid no less than 40 percent of landing fees incurred by Signatory Airlines during the preceding Fiscal Year.”

Under the Lease, MAC’s 2010 Plan Airfield Programs are deemed to be approved by the MII (subject to certain limitations on cost escalation or scope changes for such projects).

In addition, MII review does not apply to projects outside of the airfield cost center; projects needed to comply with orders of jurisdictional agencies or court orders; or projects needed in the airfield cost center to repair casualty damage.

B. List any capital construction projects that have been delayed or prevented because an MII was invoked

Historically, the carriers have used the MII process on rare occasions to delay certain projects in order to encourage MAC to refine the planning for those projects. There has been little use of the MII at MSP for any reason, and, in MAC’s estimation, no use for anti-competitive reasons.

C. Plans, if any, to modify existing MII agreements

Because the MII language in effect at MSP is contained in a newly negotiated agreement running until 2010, there are no current plans to modify that language.

VII. WHETHER THE AIRPORT INTENDS TO BUILD OR ACQUIRE GATES THAT WOULD BE USED AS COMMON FACILITIES (IDENTIFY OR DESCRIBE)

MAC staff is currently considering the possibility of converting some gates at the Lindbergh Terminal to common use.

A. The number of common-use gates available at the airport today

There are no common-use gates available at the Lindbergh Terminal. One of the four gates at the current Humphrey Terminal is a common use gate.

B. The number of common-use gates the airport intends to build or acquire, timeline, and intended financing arrangements for those common-use gates

When the new Humphrey Terminal opens in May 2001, some of the eight gates in that terminal will be common use gates equipped with "Common Use Terminal and Equipment" or "CUTE" systems. The CUTE system permits any airline using the terminal to check in and board its passengers at any ticket counter and gate, maximizing the efficient use of airport facilities. The current expectation is that four of the eight gates will be common use gates, but that number may increase after further consultation with the carriers using the facility.

C. Are any air carriers that have been serving the airport for more than three years relying exclusively on common-use gates?

Champion Air and Omni International operate out of the Humphrey Terminal common use gate. In addition, they may be accommodated at the Sun Country gates in that terminal when capacity is available.

D. Whether common-use gates will be constructed in conjunction with gates leased through exclusive- or preferential-use arrangements

The new Humphrey Terminal, opening May 2001, is currently predicted to have four common-use and four preferential-use gates.

E. Whether gates being used for international service are available for domestic service

Both of the MSP passenger terminals have international arrival facilities. International charters use primarily the Humphrey Terminal.

International scheduled service uses the Lindbergh Terminal International Arrivals Facility, or "IAF". The IAF is served by Gates 1 through 10 and associated passenger loading bridges, ramp access and lobby and baggage facilities currently leased to Northwest Airlines. International use of the gates serving the IAF is carved out of Northwest's leasehold.

MAC has established a system of priorities for use of the IAF gates, as follows: First; International Regularly Scheduled Airline Service; second, Northwest or Northwest Affiliated Airline domestic arrivals and departures; and, third, non-scheduled irregular or delayed international charter arrivals (when the expected delay to use the Humphrey facility will exceed 90 minutes and the use of an IAF gate to speed up handling of that unscheduled flight will not interfere with the scheduled use of that gate.) FAA reviewed MAC's system of priorities for the IAF gates before it was adopted by MAC.

F. Do carriers that only serve domestic markets now operate from international gates?

MSP has international gates at both the Lindbergh and the Humphrey Terminals. At the Lindbergh, domestic service at the international gates (when not needed for international flights) is operated by Northwest. Itinerant carriers that only serve domestic markets may operate from the international gates at the Humphrey Terminal.

VIII. AIRFARE LEVELS COMPARED TO OTHER LARGE AIRPORTS

A. Summarized data for the airport showing each carrier's local passengers, average fares, market share (based on passengers), and average passenger trip length (Source: Table 1 of DOT data)

As the data show, in 1999 Northwest and its affiliated carriers carried the majority (62%) of the local passengers originating at and destined for the area served by MSP. (Northwest and Mesaba's overall market share of 80% includes significant numbers of passengers changing planes at the hub; according to Northwest, approximately 66% of their passengers are connecting, with 34% O&D.)

Low-fare scheduled carriers (as defined by DOT) have thus far made only a small inroad into the local passenger market, with Frontier, Vanguard, and Sun Country carrying a total of 8% of MSP's 1999 local passengers.⁷ (MAC anticipates that low-fare carriers may show growth in 2000, since Sun Country switched to scheduled service mid-way through 1999, and AirTran and American Trans Air are entering the market in 2000.) In addition, 1,303,627 passengers flew on charter air carriers in the MSP market in 1999.

⁷ On September 25, 2000, Sun Country released a report (*Predatory Practices by Northwest Airlines: the Monopolization of Minneapolis-St. Paul*, by Prof. Paul Stephen Dempsey (available at <http://www.suncountry.com/about/pressmono.htm>)) critical of Northwest, claiming that Northwest is engaging in predatory behavior intended to drive low-fare competitors from the MSP market. Although MAC understands that Northwest disagrees with Sun Country's assertions, as of the date of submission of this Competition Plan, Northwest had not yet issued a formal response.

Air carrier code	Local passengers	Average fare	Average trip length	Market share
99 (Interline transfers)	304,980	\$275.17	1,171	2%
AA (American)	650,980	\$206.02	913	5%
CO (Continental)	287,820	\$257.88	1,018	2%
DL (Delta)	726,050	\$208.44	1,055	6%
F9 (Frontier)	92,550	\$154.61	1,094	1%
HP (America West)	253,250	\$174.52	1,375	2%
NJ (Vanguard)	342,310	\$101.61	500	3%
NW (Northwest)	7,742,160	\$213.57	949	62%
SY (Sun Country)	485,190	\$130.34	1,219	4%
TW (TWA)	427,570	\$180.14	895	3%
UA (United)	906,200	\$211.49	818	7%
US (US Airways)	306,630	\$223.93	941	2%
Total	12,527,200	\$206.86	957	100%

Figure 5

B. Summarized data for the airport showing local passengers, average passenger trip length, average passenger yield, and number of city-pair markets served disaggregated by distance (markets under and over 750 miles) and depending on whether a low-fare competitor is present (Source: Table 2 of DOT data)

As the 1999 data show, the vast majority of city-pair markets including MSP were served by only traditional air carriers (those not classified by DOT as “low-fare carriers”). Of the 65 identified short-haul city-pairs, only 5 have service from low-fare carriers. Of the 119 identified long-haul city-pairs, only 13 have service from low-fare carriers.

Market Type	Short-Haul (<750 Miles)				Long-Haul (>750 Miles)				All Stage Lengths			
	City Pairs	Passengers	Stage Length	Yield	City Pairs	Passengers	Stage Length	Yield	City Pairs	Passengers	Stage Length	Yield
Non-Low-Fare	60	3,160,300	483	\$ 0.42	106	6,616,340	1,232	\$ 0.19	166	9,776,640	990	\$ 0.22
Low-Fare	5	1,216,900	447	\$ 0.28	13	1,533,660	1,283	\$ 0.14	18	2,750,560	913	\$ 0.17
Total	65	4,377,200	473	\$ 0.38	119	8,150,000	1,241	\$ 0.18	184	12,527,200	973	\$ 0.21

Figure 6

MSP Yields compared to other airports that have similar average passenger trip lengths, for short-haul markets, long-haul markets, and overall: In short-haul markets, 37 airports have an average stage length within 50 miles (plus or minus) of MSP’s average short-haul stage length of 473 miles. Passenger yields in that group range from a low of \$.18/RPM to a high of \$.48/RPM. MSP’s passenger yield of \$.38/RPM places it 33rd in that group. In long-haul markets, 15 airports have an average stage length within 50 miles (plus or minus) of MSP’s average stage length of 1,241 miles. Passenger yields in that group range from a low of \$.11/RPM to a high of \$.19/RPM. MSP’s passenger yield of \$.18/RPM ties it for 13th place in that group. Overall, 10

airports have an average stage length within 50 miles (plus or minus) of MSP's average stage length of 973 miles. MSP's passenger yield of \$.21/RPM ties it for 8th in that group. Supporting statistics for the above analyses are included as Exhibits G through O.

C. Additional information pertinent to particular circumstances at individual airport.

The air carriers serving MSP advise MAC that our market is characterized by a higher-than-average share of business passengers. Our market also benefits from a strong base of charter traffic, the characteristics of which are not included in the summarized numbers provided above.

Exhibits:

- A. Airline Operating Agreement and Terminal Building Lease, Minneapolis-St. Paul International Airport.
- B. Existing Gate Assignments: July 10, 2000
- C. MSP Gate Utilization Forecast: Scheduled Jet Service: August 2000
- D. MSP Gate Utilization Forecast: Scheduled Jet Operations by Airline: August 2000
- E. Jet & Commuter Traffic and Capacity Analysis—Nonstop Service Points: August 2000
- F. Jet & Commuter Traffic and Capacity Analysis – Nonstop Service Overview: August 2000
- G. Comparison of Yields in Low-Fare Short-Haul Markets
- H. Comparison of Yields in Non-Low-Fare Short-Haul Markets
- I. Comparison of Yields in Total Short-Haul Markets
- J. Comparison of Yields in Low-Fare Long-Haul Markets
- K. Comparison of Yields in Non-Low-Fare Long-Haul Markets
- L. Comparison of Yields in Total Long-Haul Markets
- M. Comparison of Yields in Total Low-Fare Markets
- N. Comparison of Yields in Total Non-Low-Fare Markets
- O. Comparison of Yields in Total Markets

AIRLINE OPERATING AGREEMENT AND TERMINAL BUILDING LEASE
MINNEAPOLIS-ST. PAUL INTERNATIONAL AIRPORT

BETWEEN

METROPOLITAN AIRPORTS COMMISSION

AND

«Airline Name»

EFFECTIVE JANUARY 1, 1999

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- N - Illustration of Calculation of Rents, Fees, and Charges
- O - Initial Rentable Square Footage
- P - Maintenance Responsibility Matrix
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- R - FIS Bag Belt Enclosure
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AIRLINE OPERATING AGREEMENT AND TERMINAL BUILDING LEASE

MINNEAPOLIS-ST. PAUL INTERNATIONAL AIRPORT

THIS AGREEMENT (hereinafter referred to as “Agreement” or “Airline Operating Agreement and Terminal Building Lease”), effective as of January 1, 1999, by and between the Metropolitan Airports Commission, a public corporation under the laws of the State of Minnesota (hereinafter referred to as “MAC” or “Commission”), and «Airline Name», a corporation organized and existing under the laws of the State of «State of Incorp» and authorized to do business in the State of Minnesota (hereinafter referred to as “AIRLINE”).

WHEREAS, MAC owns and operates the Airport (as hereinafter defined) and has the power to grant rights and privileges thereto; and

WHEREAS, AIRLINE operates an Air Transportation Business (as hereinafter defined) and desires to use or lease from MAC certain premises and facilities and to acquire from MAC certain rights and privileges in connection with its use of the Airport;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements herein contained, MAC and AIRLINE agree as follows:

I. DEFINITIONS

A. DEFINITIONS

1. “Affiliated Airline” means an Airline other than AIRLINE that (a) operates aircraft of 72 passenger seats or less at the Airport and is party to a code share agreement with AIRLINE applicable to such Airline’s flights to and from the Airport, (b) has signed an Airline Operating Agreement and Terminal Building Lease similar to the form of this Agreement, and (c) has been designated in writing by AIRLINE as an “affiliate” of AIRLINE.
2. “Air Operations Area” and “AOA” shall be interchangeable terms and both terms shall mean any area of the Airport used or intended to be used for landing, taking off, or surface maneuvering of aircraft, including the tug drive and all other areas shown on Exhibit A or as amended by the Executive Director, within that portion of the Airport which is enclosed by fencing, walls, or other barriers and to which access is controlled through designated entry points, but excluding all exclusive leasehold areas.
3. “Air Transportation Business” means the carriage by aircraft of persons or property as a common carrier for compensation or hire, or the carriage of mail by aircraft in commerce, and activities directly related thereto.
4. “AIRLINE” means the entity that has executed this Agreement.
5. “Airline” means an entity (including AIRLINE) that operates an Air Transportation Business at the Airport.

EXHIBIT A

6. “Airport” means Minneapolis-St. Paul International Airport located in Hennepin County, Minnesota, including but not limited to those contiguous and non-contiguous areas shown on Exhibit A attached hereto and incorporated herein, together with any additions thereto, or improvements or enlargements thereof, hereafter made, whether contiguous or not.
7. “Airport Cost Centers” means areas of the Airport and the Airport System to be used in accounting for airport revenues and expenses and for calculating and adjusting certain rents, fees, and charges described herein, as shown in Exhibits B, C, D, E, F and G as such areas now exist or may hereafter be modified or extended, and as more particularly described below. Such Exhibits B, C, D, E, F and G shall be updated periodically to reflect changes to Airport Cost Centers.
 - a. “Airfield” means the runways, taxiways, approach and clear zones, safety areas, infield areas, landing and navigational aids, and other facilities and land areas which are not leased to any entity and are required by or related to aircraft operations (landings, takeoffs, and taxiing) at the Airport and other facilities as generally shown on Exhibit B including, but not limited to, the control tower, roads, tunnels, and collection and processing facilities for deicing agents and shall include on-Airport noise costs and Off-Airport Aircraft Noise Costs, but excluding any areas under lease at any time.
 - b. “Terminal Building” means the passenger terminal buildings known as the Lindbergh Terminal, the Regional Terminal, the Southwest Addition, Red Concourse, Blue Concourse, and Green Concourse as shown on Exhibit C, including the Temporary Regional Terminal and related facilities at the Airport including, but not limited to, underground parking beneath the Lindbergh Terminal, a portion of the auto rental/parking/terminal people mover, the Ground Transportation Center (the “GTC”), skyways, and the Energy Management Center, together with additions and/or changes thereto (but excluding the Gold Concourse, but including the IAF).
 - c. “Terminal Apron” and “Terminal Ramp” shall be interchangeable terms and both terms shall mean the aircraft parking apron serving both the Terminal Complex and the commuter airlines, which latter area is known as the Regional Ramp, as shown on Exhibit D, together with any additions and/or changes thereto.
 - d. “Gold Concourse” means the original Loading Pier A which consists of gates 1-9, the Loading Pier A Extension which consists of the balance of the gates (gates 10 through the end of the concourse), and the Gold World Club, all as more specifically depicted on Exhibit E.

EXHIBIT A

- e. “Humphrey Terminal” means the Hubert H. Humphrey Terminal building located on 34th Avenue South at the Airport or any replacement facility.
 - f. “International Arrivals Facility” or “IAF” shall be interchangeable terms and both terms shall mean the space in the Terminal Complex utilized for the arrival and departure of international flights, all as more specifically depicted on Exhibit C.
 - g. “Reliever Airports” means the general aviation airports owned and operated by Commission, including but not limited to St. Paul Downtown Airport, Flying Cloud Airport, Crystal Airport, Anoka County-Blaine Airport, Lake Elmo Airport, and Airlake Airport.
 - h. “Landside Area” means the upper and lower level terminal roadways, the inbound and outbound terminal roads, the commercial lane, rental car service and storage areas, a portion of the auto rental/parking/terminal people mover, rental car ready/return areas, skyways, and the automobile parking areas (except the underground parking beneath the Lindbergh Terminal) at the Airport as shown on Exhibit F.
 - i. “Equipment Buildings” means the building and ground areas at the Airport provided for the storage of equipment owned and/or rented/leased by MAC including, but not limited to, shops, storage facilities, and vehicle parking areas.
 - j. “ARFF” means the building and ground areas at the Airport provided for aircraft rescue and fire fighting functions.
 - k. “Police” means the building and ground areas at the Airport provided for police functions.
 - l. “Administration” means the building and ground areas at the Airport provided for MAC administration activities including, but not limited to, the general office building and the Terminal Building.
 - m. “Other Areas” means all other direct cost building and ground areas at the Airport provided for general aviation, cargo, aircraft maintenance, and other aviation- and nonaviation-related activities as shown on Exhibit G.
8. “Airport Bonds” means general airport revenue bonds, general obligation bonds, commercial paper, and other forms of indebtedness incurred or assumed by the Commission in connection with the ownership or operation of the Airport System and payable from MAC revenues.

9. "Airport Grants" means those moneys contributed to the Commission by the United States or any agency thereof, or by the State of Minnesota, or any political subdivision or agency thereof, to pay for all or a portion of the cost of a Capital Project.
10. "Airport System" means the Airport and the Reliever Airports.
11. "Capital Cost" (or a phrase of similar import) means the sum of (a) project costs, which includes any expenditures to acquire, construct, or equip a Capital Project, together with related costs such as planning fees, architectural and engineering fees, program management fees, construction management fees, fees for environmental studies, testing fees, inspection fees, impact fees, other direct and allocable fees, and interest during construction, and (b) financing costs, if any, such as capitalized interest, costs of issuance, and funding of mandatory reserves with bond proceeds. In the case of estimates, Capital Costs also include an allowance for contingencies.
12. "Capital Project" means (a) the acquisition of land or easements; (b) the purchase of machinery, equipment, or rolling stock; (c) the planning, engineering, design, and construction of new facilities; (d) the remediation of environmental contamination, including noise mitigation, or expenditures to prevent or protect against such contamination; or (e) the performance of any extraordinary, non-recurring major maintenance of existing facilities that may be acquired, purchased, or constructed by Commission to improve, maintain, or develop the Airport; provided, however, that any single item of the foregoing has a Capital Cost of \$100,000 or more and a useful life in excess of three years.
13. "Capital Outlay" means any item that fails to meet the cost threshold and useful life criterion necessary to qualify as a Capital Project.
14. "Commission" and "MAC" shall be interchangeable terms and both terms shall mean the Metropolitan Airports Commission, a public corporation organized and operating pursuant to Chapter 500, Laws of Minnesota 1943 and amendments thereto.
15. "Common Use Formula" means a formula that prorates the cost of a service or space, excluding the Regional Ramp, among those Airlines actually using the service or space as follows: 20 percent of the cost equally among each such Airline and 80 percent of the cost on the basis of that proportion which the number of each such Airline's Enplaned Passengers at the Airport bears to the total number of Enplaned Passengers of all such Airlines at the Airport; provided, however, that Airlines that only operated aircraft with 40 seats or less during the relevant period will be excluded from the proration of the 20 percent of costs, but included in the proration of 80% of costs.

16. “Current Cost Estimate” means as of the date of the estimate, the total project costs in then current dollars, for one or more or all of the 2010 Plan Airfield Programs, as the context shall determine, as estimated by MAC. The Current Cost Estimate shall reflect actual costs for completed projects, bid amounts when available, and change orders accepted by MAC (including contingencies).
17. “Coverage Account” means the Coverage Account established and maintained pursuant to the terms of the Trust Indenture.
18. “Date of Beneficial Occupancy” or “DBO” means the earlier of (a) the date on which the Commission certifies that Premises or Capital Project are available for beneficial use or (b) the date on which beneficial use is first made of Premises or Capital Project; provided, however, that with respect to land and other non-depreciable assets, the date on which beneficial occupancy occurs is the date of closing.
19. “Deplaned Passenger” means all terminating passengers and online or interline transfer passengers deplaned at the Airport, but excluding Through Passengers and Non-Revenue Passengers.
20. “Executive Director” means Commission’s Executive Director or such other person designated by the Executive Director to exercise functions with respect to the rights and obligations of Commission under this Agreement.
21. “Enplaned Passengers” means all Originating Passengers and connecting passengers boarded at the Airport, including passengers traveling on frequent flyer coupons, but excluding Through Passengers and Non-Revenue Passengers.
22. “Environmentally Regulated Substances” means any elements, compounds, pollutants, contaminants, or toxic or Hazardous Substances, material or wastes, or any mixture thereof, regulated pursuant to any Environmental Law, including but not limited to products that might otherwise be considered of commercial value, such as asbestos, polychlorinated biphenyls, petroleum products and byproducts, glycol and other materials used in de-icing operations.
23. “Environmental Law (or Laws)” means any case law, statute, rule, regulation, law, ordinance or code, whether local, state or federal, that regulates, creates standards for or imposes liability or standards of conduct concerning any element, compound, pollutant, contaminant, or toxic or Hazardous Substance, material or waste, or any mixture thereof, including but not limited to products that might otherwise be considered of commercial value, such as asbestos, polychlorinated biphenyls and petroleum products and byproducts. Such laws shall include, but not be limited to, the National Environmental Policy Act (“NEPA”) 42 U.S.C. Section 4321 et seq., the Comprehensive Environmental Response,

Compensation and Liability Act ("CERCLA"), 42 U.S.C. Section 9601 et seq., the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. Section 6901 et seq., the Federal Water Pollution Control Act ("FWPCA"), 33 U.S.C. Section 1251 et seq. the Federal Clean Air Act ("CAA"), 42 U.S.C. Section 7401 et seq., the Toxic Substances Control Act ("TSCA"), 15 U.S.C. Section 2601 et seq., the Federal Insecticide, Fungicide and Rodenticide Act ("FIFRA"), 7 U.S.C. Section 136 et seq., and any amendments thereto, as are now or at any time hereafter may be in effect, as well as their state and local counterparts, including but not limited to the Minnesota Environmental Response and Liability Act ("MERLA"), Minn. Stat. Section 115B, the Minnesota Petroleum Tank Release Clean Up Act ("MPTRCA"), Minn. Stat. Section 115C, and the Minnesota Environmental Rights Act ("MERA"), Minn. Stat. Section 116B.

24. "FAA" means the Federal Aviation Administration of the U.S. Government or any federal agencies succeeding to its jurisdiction.
25. "Fiscal Year" refers to Commission's fiscal year and means the twelve-month period commencing on January 1 and ending December 31.
26. "Facilities Construction Credit" and "Facilities Construction Credits" shall mean the amounts resulting from an arrangement embodied in a written agreement of the MAC and an Airline pursuant to which the MAC permits such Airline to make a payment or payments to the MAC which is reduced by the amount owed by the MAC to such Airline as a result of such Airline upfronting and paying for the cost of construction of MAC improvements under such agreement, resulting in a net payment to the MAC by such Airline. The "Facilities Construction Credit" shall be deemed to be the amount owed by the MAC under such agreement which is "netted" against the payment of such Airline to the MAC.
27. "Ground Handling" means providing airside services to an aircraft, including, but not limited to, wing walkers, marshalling, lavatory services, aircraft cleaning and maintenance, luggage transfer and providing catering supplies, but not including fueling or any services provided directly to passengers in the Terminal Complex other than baggage handling.
28. "Hazardous Substances" shall be interpreted in the broadest sense to include any and all substances, materials, wastes, pollutants, oils or governmental regulated substances or contaminants as defined or designated as hazardous, toxic, radioactive, dangerous, or any other similar term in or under any of the Environmental Laws, including but not limited to asbestos and asbestos containing materials, petroleum products including crude oil or any fraction thereof, gasoline, aviation fuel, jet fuel, diesel fuel, lubricating oils and solvents, urea formaldehyde, flammable explosives, PCBs, radioactive materials or waste, or any other substance that, because of its quantity, concentration, physical, chemical, or infectious characteristics may cause or threaten a present or potential hazard to human health or the environment when improperly generated,

used, stored, handled, treated, discharged, distributed, disposed, or released. Hazardous Substances shall also mean any hazardous materials, hazardous wastes, toxic substances, or regulated substances under any Environmental Laws.

29. "International Regularly Scheduled Airline Service" means a status of international service as determined by MAC according to Exhibit H.
30. "Maximum Certificated Gross Landing Weight" means the maximum gross landing weight in thousand-pound units based on the current FAA Type Certificate Data Sheet applicable to the particular type, design, and model of aircraft.
31. "Majority-In-Interest" ("MII") means the Signatory Airlines who (a) represent no less than 50 percent in number of the Signatory Airlines operating at the time of the voting action and (b) paid no less than 40 percent of landing fees incurred by Signatory Airlines during the preceding Fiscal Year. No Airline shall be deemed a Signatory Airline for the purpose of determining a Majority-In-Interest so long as the Commission has given written notice of an event of default to such Airline and the event of default is continuing at the time of the voting action.
32. "Non-Revenue Passengers" means passengers from whom the AIRLINE receives no remuneration or only token remuneration, including employees of an airline and others, but excluding passengers traveling on frequent flyer coupons.
33. "Off-Airport Aircraft Noise Costs" means the capital and operating costs (including legal and administrative costs), net of any amounts for off-airport aircraft noise costs received from nonsignatory airlines and/or federal and state grants, connected to the acquiring of land or interests in land within the 2005 DNL 60 contours of the Airport, soundproofing of existing public and private schools and day care facilities, public hospitals, nursing homes, private single- and multi-family residences, and other categories of land use, and implementing other programs to prevent, reduce or mitigate non-compatible land uses within the 2005 DNL 60 contours of the Airport resulting from aircraft noise emissions from turbojet aircraft. Such costs shall also include but not be limited to liabilities or responsibilities imposed upon MAC for noise in connection with the operation or use of the Airport, or from flights to or from the Airport, or from aircraft thereon, or from takings or any other causes of action related to aircraft noise or for settlement of claims based on such causes of action.
34. "Operation and Maintenance Expenses" (or a phrase of similar import) means, for any Fiscal Year, the costs incurred by the Commission to operate, maintain, and administer the Airport System, including but not limited to items a through j listed below, but excluding operation and maintenance reserves and an optional Coverage Account associated with the planned bond issues after January 1, 1999 in connection with the financing of the 2010 Plan as shown on Exhibit I.

EXHIBIT A

- a.** Personnel costs, including salaries and wages of Commission employees and temporary workers (including overtime pay), together with payments or costs incurred for associated payroll expenses such as life, health, accident, and unemployment insurance premiums; contributions to pension funds, retirement funds, union funds, and unemployment compensation funds; vacation and holiday pay; post-retirement benefits; and other fringe benefits;
- b.** Costs of materials, supplies, machinery and equipment, and other similar expenses, which are not capitalized under generally accepted accounting principles as evidenced by a written opinion of MAC's independent auditors;
- c.** Costs of maintenance, landscaping, decorating, repairs, renewals, and alterations, which are not reimbursed by insurance and which are not capitalized under generally accepted accounting principles as evidenced by a written opinion of MAC's independent auditors;
- d.** Costs of water, electricity, natural gas, fuel oil, telephone service, and all other utilities and services whether furnished by the Commission or furnished by independent contractors and purchased by the Commission;
- e.** Cost of operating services, including services for stormwater, airport shuttle bus, service agreements, and other cost of operating services;
- f.** Costs of premiums for insurance covering the Airport System and its operations maintained by MAC pursuant to this Agreement;
- g.** Costs incurred in collecting and attempting to collect any sums for the Commission in connection with the operation of the Airport System and the write-off of bad debts;
- h.** Except to the extent capitalized the compensation paid or credited to persons or firms engaged by the Commission to render advice and perform architectural, engineering, program management, construction management, financial, legal, accounting, testing, or other professional services in connection with the operation of the Airport System;
- i.** Except to the extent capitalized, the fees of trustees and paying agents, and all other fees and expenses incurred in order to comply with the provisions of a master or supplemental trust indenture; and
- j.** All other expenses, which arise out of the operation of the Airport System and which are properly regarded as operating expenses under generally accepted accounting principles, provided,

however, that Operation and Maintenance Expenses shall not include any allowance for depreciation, payments in lieu of taxes, the costs of improvements, extensions, enlargements or betterments, or any charges for the accumulation of reserves for capital replacements.

- 35.** “Original Cost Estimate” means for one or more or all of the 2010 Plan Airfield Programs, as the context shall determine, that were approved by a Majority-In-Interest of the Signatory Airlines, the amount of estimated project costs as specified in Exhibit I. The Original Cost Estimate includes contingencies, but excludes financing costs, interest on bonds or on any interim financing obtained by MAC to finance the 2010 Plan, and other deposits and reserves.
- 36.** “Originating Passengers” means Airline passengers for whom the Airport is the point of origin in their air travel itinerary.
- 37.** “Passenger Facility Charges” or “PFCs” means those charges on AIRLINE’s passengers using the Airport authorized under Section 111 3(e) of the Federal Aviation Act of 1958, as amended by Section 9110 of the Omnibus Budget Reconciliation Act of 1990 (Pub. L. 101-508, 49 U.S.C. App. Section 1513), or any successor program authorized by federal law, and the rules and regulations promulgated thereunder (14 C.F.R. Part 158, hereafter the “PFC Regulations”).
- 38.** “Premises” means the areas at the Airport leased by AIRLINE pursuant to this Agreement, as set forth in Exhibit J.
- 39.** “Rentable Space” means the space in the Terminal Building available for lease to Airlines, concessionaires, and other rent-paying tenants and for public automobile parking. Rentable Airline space is separated into the following categories:

 - a.** “Exclusive Use Space” means space leased by an Airline for its exclusive use and occupancy.
 - b.** “Preferential Use Space” means space leased by an Airline on a preferential basis.
 - c.** “Common Use Space” means space used by an Airline in common with all other Airlines using the space.
- 40.** “Rules and Regulations and Ordinances” means rules, regulations, and ordinances adopted by the Commission pursuant to Minn. Stat. 473.608 et seq. and rules pursuant to such rules, regulations, and ordinances.
- 41.** “Security Area” means the Security Identification Display Area, the Air Operations Area, and any other area defined by the FAA or MAC as an area of restricted access requiring display of appropriate MAC-issued or MAC-approved security identification for unescorted access rights.

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42. “Security Identification Display Area” or “SIDA” (or a phrase of similar import) means that area defined as such in the Master Security Program adopted by MAC, approved by the FAA, and amended from time to time.
43. “Signatory Airlines” means Airlines that have executed agreements with the Commission substantially the same as this Agreement.
44. “Stage 2 Operation” means a landing-and-takeoff cycle conducted using a Stage 2 aircraft. A Stage 2 aircraft is determined in accordance with Section 36.1(f), Title 14, Code of Federal Regulations, and Federal Aviation Administration Advisory Circular 36-3G, Estimated Airplane Noise Levels in A-Weighted Decibels, or successor documents.
45. “Stage 3 Operation” means a landing-and-takeoff cycle conducted using a Stage 3 aircraft. A Stage 3 aircraft is determined in accordance with Section 36.1(f), Title 14, Code of Federal Regulations, and Federal Aviation Administration Advisory Circular 36-3G, Estimated Airplane Noise Levels in A-Weighted Decibels, or successor documents.
46. “Terminal Complex” means the passenger terminal facilities consisting of the Terminal Building, the Gold Concourse, and the International Arrivals Facility.
47. “Through Passengers” means Airline passengers for whom the Airport is an intermediate stop in their itinerary between their point of origin and their point of destination, which intermediate stop does not involve a change of plane.
48. “Total Landed Weight” means the sum of the Maximum Certificated Gross Landing Weight for all aircraft arrivals over a stated period of time. Said sum shall be rounded to the nearest thousand pounds for all landing fees.
49. “Trust Indenture” means the Master Trust Indenture between the Commission and Norwest Bank, Minnesota, N.A., as Trustee, dated as of June 1, 1998 (for purposes of this Agreement, without giving effect to any amendments thereto).
50. “2010 Plan” means the construction, acquisitions, and improvements to the Airport System, as described in Exhibit I, as such may be revised from time to time.
51. “2010 Plan Airfield Programs” means the programs in the 2010 Plan that are subject to and have been approved by a Majority-In-Interest of the Signatory Airlines, as described in Exhibit I.
52. “VIP Club” means an area or areas designated by the Commission which AIRLINE has made available primarily for seating of a select group of members and their guests, as well as members (and their guests) of VIP Clubs of other Airlines under reciprocal agreements with such other

Airlines, for which there is a daily or annual membership fee paid by the users in an amount consistent with industry standards.

B. HEADINGS AND CROSS REFERENCES

References in the text of this Agreement to articles, sections, or exhibits of this Agreement, unless otherwise specified, are for convenience in reference and are not intended to define or limit the scope of any provisions of this Agreement.

II. TERM

The term of this Agreement shall begin as of the effective date of this Agreement and end December 31, 2010, except as expressly provided herein (hereinafter referred to as the "Term"), and the rents, fees, and charges established in this Agreement shall apply to said Term.

III. USE OF THE AIRPORT

A. AIRLINE RIGHTS

AIRLINE shall have the following rights to use the Airfield and the Premises for the conduct of AIRLINE's Air Transportation Business at the Airport. These rights are subject to the terms of this Agreement and to MAC Rules and Regulations and Ordinances. These rights are as follows:

1. To land upon, takeoff from, and fly over the Airport using aircraft operated by AIRLINE in areas designated for such purposes by MAC; provided, however, that effective January 1, 2000, AIRLINE agrees not to conduct any Stage 2 Operation at the Airport.
2. To taxi, tow, and park aircraft operated by AIRLINE in areas designated for such purposes by MAC. Subject to reasonable Rules and Regulations and Ordinances, AIRLINE may operate regional jets on the Terminal Apron, but pursuant to Commission policy AIRLINE may not operate turbo prop aircraft on any portion of the Terminal Apron other than the Regional Ramp.
3. To provide the following services for itself and any Affiliated Airlines and, either directly or through an Airline consortium or an approved handling agreement, for other Airlines, either by itself or in conjunction with other Signatory Airlines:
 - a. Passenger handling services, including enplaning and deplaning passengers, handling reservations, ticketing, billing, manifesting, baggage check-in, interline and lost baggage services, and other services necessary to process passengers and baggage for air travel.
 - b. Ground Handling.
 - c. Aircraft and equipment services, including services to repair, maintain, test, park, and store aircraft and ground support equipment.
 - d. Operational services, including de-icing aircraft and ramp services, dispatching and communication services, and meteorological and navigational services.
 - e. Porter services.
 - f. Security screening services; provided that the level and quality of such services shall meet or exceed the level and quality of such services at comparable airports.
 - g. Mail, freight, and express package services.

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4. To train personnel in the employ, or working under the direction, of AIRLINE or of any other Airline; but only to the extent that such training is incidental to the conduct of AIRLINE's Air Transportation Business at the Airport.
5. To sell, lease, transfer, dispose, or exchange AIRLINE's aircraft, aircraft engines, aircraft accessories, other equipment, and supplies to any other party, but only to the extent that such activities are incidental to the conduct of AIRLINE's Air Transportation Business at the Airport.
6. To acquire by purchase or otherwise any goods or services required by AIRLINE in the conduct of its Air Transportation Business at the Airport from any supplier, contractor, or Signatory Airline subject to the conditions of this Agreement.
7. To install and maintain in AIRLINE's Exclusive and Preferential Use Premises at AIRLINE's sole cost and expense, signs, posters, displays, banners, pamphlets, and other materials that identify and promote AIRLINE's Air Transportation Business or that identify and promote AIRLINE's Air Transportation Business and one or more of AIRLINE's partners in a joint marketing program. Such signs shall be constructed, installed and maintained consistent with professional, first class standards. AIRLINE shall not place such signs, posters, displays, banners, pamphlets and other materials outside of AIRLINE's Exclusive and Preferential Use Premises without MAC's prior written consent. Any signs in violation of this Section may be removed by MAC.
8. To install, maintain and operate at no cost to MAC, alone or in conjunction with any other Signatory Airline, radio communication, computer, meteorological and aerial navigation equipment and facilities on AIRLINE's Premises; provided, however, that any such future installations shall be subject to the prior written approval of MAC (not to be unreasonably withheld).
9. To maintain and operate directly or through a subcontractor a kitchen or other plant without cost to MAC within areas leased to it at the Airport outside of the Terminal Complex for the purpose of preparing and dispensing in-flight food and beverages (for consumption by passengers and crews on board aircraft of AIRLINE or any Affiliated Airline), including alcoholic beverages subject to procuring licenses and insurance therefor.
 - a. To maintain combination lunch and locker rooms in AIRLINE's Exclusive Use Premises for use by AIRLINE's employees.
10. To install, maintain, and operate customer relations, security and holdroom facilities and equipment, administrative offices, crew facilities, ready rooms, operations offices, training facilities, and related facilities, and to install personal property, including furniture, furnishings, supplies, machinery and equipment, in AIRLINE's Exclusive Use Premises.

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11. To have ingress to and egress from the Airport and AIRLINE's Premises for AIRLINE's officers, employees, agents, contractors, passengers, and invitees, including furnishers of goods and services.
12. To use, for the benefit of AIRLINE's employees who perform substantially all of their work at the Airport, vehicular parking areas not leased by AIRLINE designated by MAC, subject to the right of MAC to relocate the same from time to time and to levy reasonable charges for the use thereof.
13. To obtain Garage Parking Cards pursuant to MAC's Guidelines for Administering Validated Airport Parking, which are incorporated herein as Exhibit K.
14. To install soft drink vending machines and snack vending machines in that section of AIRLINE's Premises which are not intended to be open to the general public for the sole use of AIRLINE's officers, employees and agents. Vending machines shall not be within the view of the general public and locations of all vending machines installed after the date of this Agreement are subject to the prior written approval of MAC.
15. To operate a VIP Club or Clubs in areas authorized by this Agreement subject to the following restrictions: (a) AIRLINE may provide food, beverage, newspapers and magazines to Club users provided that it is without charge; provided that alcoholic beverages may be sold if provided by MAC or MAC's concessionaires or, subject to any restrictions contained in the existing agreement between MAC and Host International, Inc. (which rights will not be extended past December 31, 2003 or granted to another party) if a concessions fee is paid to MAC in an amount equal to twelve percent (12%) of gross sales; (b) AIRLINE may provide Club users access to telephones, facsimile machines, copy machines and including computer access and access to the internet via data ports; (c) AIRLINE may rent conference rooms, which are no larger than 300 square feet each and a maximum of 1,000 square feet per Club, to VIP Club users only. AIRLINE may not install cash machines or vending machines, sell merchandise or conduct any other retail business within a VIP Club. No other services may be provided unless prior written approval is obtained from the Executive Director.
16. To install telephones, facsimile machines, and other telecommunications devices and conduit in AIRLINE's Premises that are not accessible to the public.
17. To install one or more of the following: flight information display systems ("FIDS"), baggage information display systems ("BIDS"), or ramp information display systems ("RIDS") in the Premises and other areas approved by the Executive Director at no cost to MAC, provided, however, that MAC may, in connection with its installation of a multiple user flight information display system ("MUFIDS") in the Terminal Complex, purchase the FIDS system currently being developed by Northwest Airlines at a mutually agreed upon price. Northwest agrees

that: (a) this system will interface with other Airlines serving the Airport, (b) this system will utilize a technical approach which provides flight data across a local area network ("LAN") that meets MAC and Northwest requirements, (c) architectural details of the installation of this system must be approved by MAC, and (d) MAC may participate in the supplier selection process for this system.

18. To install self-service ticketing devices ("SSDs") in areas approved by the Executive Director and added to the Premises.
19. To maintain and operate without cost to MAC a reasonable amount of air conditioning equipment, including without limiting the generality thereof the operation of air conditioning truck equipment for the air conditioning of aircraft, either alone or in conjunction with other Signatory Airlines.

B. EXCLUSIONS, RESERVATIONS, AND CONDITIONS

Except as authorized by this Agreement, AIRLINE may conduct no business on the Airport without the prior written consent of MAC.

1. Wherever under this Article III, AIRLINE or AIRLINE in conjunction with other Airlines carries on permitted operations through the agency of third persons or corporations not employees or subsidiaries of AIRLINE or of such other Airlines such third persons or corporations shall first be approved by the Executive Director in writing, which approval will not be unreasonably withheld.
2. MAC reserves the right to contract for the sale to the public of food, beverages (including alcoholic beverages), tobacco, merchandise, personal services, and business services within the Terminal Complex, and to charge for the privilege so to do.
3. MAC reserves the right to assess the following fees and charges to suppliers of goods and services:
 - a. MAC may charge suppliers, including Airlines, of in-flight food and beverages and vending that are supplied to any third party other than an Affiliated Airline but not to any such third party to whom such food and beverage was supplied without charge by MAC as of April, 1998.
 - b. MAC shall have the right to charge suppliers to AIRLINE of goods and services, fees and rentals for exclusive use of MAC property or improvements thereon or, as to suppliers not under contract with AIRLINE, when their use is such as to constitute the performance of a commercial business at the Airport.
 - c. MAC shall have the right to charge ground transportation companies, including AIRLINE, or ground transportation companies under agreement with AIRLINE, if regularly engaged in ground

transportation business, for ground transportation of passengers or others to or from the Airport.

4. AIRLINE shall take all reasonable steps within its control so as not to interfere with the effectiveness or accessibility of the drainage and sewage system, electrical system, air conditioning system, fire protection system, sprinkler system, alarm system, fire hydrants and hoses, if any, installed or located on or within the Premises or the Airport.
5. AIRLINE shall not do or permit to be done any act upon the Airport that will invalidate or conflict with any fire or other casualty insurance policies of MAC covering the Airport or any part thereof.
6. AIRLINE shall not dispose of or permit any other person to dispose of any waste material taken from or products used (whether liquid or solid) with respect to its aircraft into the sanitary or storm sewers at the Airport unless such waste material or products first be properly treated by equipment installed for that purpose or otherwise disposed of pursuant to law. All such disposal shall comply with regulations of the United States Department of Agriculture and shall be in compliance with this Agreement.
7. AIRLINE shall not keep or store, during any 24-hour period, flammable liquids within the enclosed portion of the Premises in excess of AIRLINE's working requirements during said 24-hour period, except in storage facilities and containers especially constructed for such purposes in accordance with standards established by the National Board of Fire Underwriters and approved by a governmental agency with authority to inspect such facilities for safety compliance. Any such liquids having a flash point of less than 100°F shall be kept and stored in safety containers of a type approved by the Underwriters Laboratories.
8. AIRLINE shall promptly remove and dispose of any disabled aircraft that obstruct any part of the Airport, including any parts thereof, subject, however, to any requirements or direction by the National Transportation Safety Board, the FAA, or the Executive Director that such removal or disposal be delayed pending an investigation of an accident. AIRLINE consents that the Executive Director may take any and all necessary actions to effect the prompt removal or disposal of any disabled aircraft that obstructs any part of the Airport; that any costs incurred by or on behalf of the Airport for any such removal or disposal of any aircraft shall be paid by AIRLINE to MAC; that any claim for compensation against MAC, and any of its officers, agents, or employees, for any and all loss or damage sustained to any such disabled aircraft, or any part thereof, by reason of any such removal or disposal is waived; and that AIRLINE shall indemnify, hold harmless, and defend MAC, and all of its officers, agents, and employees against any and all liability for injury to or the death of any person, or for any injury to any property arising out of such removal or disposal of said aircraft.

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9. Unless otherwise authorized by this Agreement, AIRLINE shall not maintain or operate on the Airport a cafeteria, restaurant, bar, or cocktail lounge, stand, or any other facility for the purpose of providing (and AIRLINE shall not otherwise provide) food, beverages, tobacco, or merchandise for sale to the public.
10. MAC has provided for underground aircraft fueling facilities under agreements with Airlines and other users which agreements control as to installation, maintenance, and operation of the fueling facilities on the Terminal Apron and the Airport.
11. MAC may prohibit the use of the Airfield or Terminal Apron by any aircraft operated or controlled by AIRLINE which exceeds the design strength of the paving of the Airfield or Terminal Apron facilities, so long as such prohibition also extends to similar aircraft operated by other Airlines.
12. Except as otherwise authorized by this Agreement, AIRLINE shall not install, maintain or operate in the Terminal Complex, or permit the installation, maintenance, or operation in the Terminal Complex, of any vending machine or device designed to dispense or sell food, beverages, tobacco, or merchandise of any kind.
13. Access to or egress from the Airport and the AIRLINE's Premises shall not be used, enjoyed, or extended to any person engaging in any activity or performing any act or furnishing any service for or on behalf of AIRLINE that is not authorized under the provisions of this Agreement unless expressly authorized by MAC.
14. Subject to AIRLINE's consent, MAC retains the right to install all public telephones, facsimile machines, and other telecommunications devices and conduit in the Premises leased to AIRLINE, and to collect the proceeds therefrom.
15. MAC may designate points at which all-cargo flights may load and unload.
16. Except as otherwise authorized by this Agreement, AIRLINE shall not sell, take orders for, or deliver duty free merchandise and international travel merchandise on any outbound flight from the Airport under a program in which AIRLINE solicits or accepts order for purchase by passengers of duty free merchandise at any time prior to the departure of AIRLINE's aircraft on the outbound flight from the Airport.
17. AIRLINE shall not contract to provide Ground Handling services and shall not permit the use of its Premises through a Ground Handling agreement without the advance written approval of MAC.

C. USE OF THE INTERNATIONAL ARRIVALS FACILITY

MAC will control prioritization and utilization of the IAF and associated gates for international arrivals by Airlines providing International Regularly Scheduled Airline Service and may develop prioritization procedures not inconsistent with the terms of this Agreement. The provisions in this Section C. shall continue through December 31, 2015.

1. In order to use the International Arrivals Facility, AIRLINE must maintain its status as International Regularly Scheduled Airline Service. AIRLINE shall provide MAC a detailed written certification for each numbered element on Exhibit H, upon MAC's request. MAC retains the right to verify the status of AIRLINE and determine whether AIRLINE qualifies as International Regularly Scheduled Airline Service.
2. Gates 1 through 9 and associated passenger loading bridges, ramp access and lobby and baggage facilities on the Gold Concourse currently leased by Northwest Airlines, Inc. (hereinafter referred to as "Northwest" or "Northwest Airlines") shall be made available for access to the International Arrivals Facility based on the following priority of use:
 - a. International Regularly Scheduled Airline Service as defined in Exhibit H.
 - b. Northwest or a Northwest Affiliated Airline domestic arrivals and departures.
 - c. Non-scheduled irregular or delayed international charter arrivals when the expected delay for the flight to use the Humphrey Terminal facility will exceed 90 minutes and the use of an IAF gate will not interfere with the scheduled use of that gate. Such interference shall be defined as the overlap of the non-scheduled use with the scheduled use such that the scheduled flight will have to be relocated to another concourse for its operation or will have to wait for a gate due to the unavailability of any gate. Use of an IAF gate by a non-scheduled flight is subject to Northwest's approval; such approval is not to be unreasonably withheld or delayed. Northwest shall designate an individual on site to give necessary approvals.
3. Northwest shall provide all Ground Handling at the IAF gates subject to air carrier self-handling rights contained in AIP grant assurances, at rates that do not exceed those specified in the Mutual Assistance Ground Service Agreement, and Northwest shall also provide reasonable access for air carriers to data and communications systems at gates 1-9. Northwest shall be responsible for the operation and maintenance of security checkpoints, provided that invoices for third party maintenance of security equipment shall be submitted directly to MAC for payment.

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4. No Airline aircraft will remain on gates 1-9 over two hours if a narrow-body or three hours if a wide-body. Northwest will coordinate any moving of aircraft with MAC's operations department, FAA and appropriate federal inspections agencies. No Airline aircraft will remain on gates 1-9 beyond the times specified above if a gate is needed by another air carrier pursuant to the priority schedule set forth above.
5. AIRLINE, if it self-handles, or Northwest, if it provides Ground Handling to AIRLINE, on gates 1-9, shall handle and dispose of all international waste on AIRLINE's aircraft in accordance with the requirements of the United States Department of Agriculture.
6. Northwest shall be responsible for all maintenance, repair, and operation of MAC jet bridges provided by MAC as part of the IAF. Northwest shall make the MAC jet bridges available for use by all users of the IAF without additional charge.

IV. PREMISES

A. LEASED PREMISES

For the Term of this Agreement, MAC, in consideration of the compensation, covenants, and agreements set forth herein to be kept and performed by AIRLINE, hereby leases to AIRLINE, upon the conditions set forth in this Agreement, the areas in the Terminal Complex as described and identified in Exhibit J and the initial assignment of aircraft parking positions as described and identified in Exhibit D. AIRLINE shall lease these areas on an Exclusive, Preferential, or Common Use basis as follows:

Ground Transportation Center Offices	Exclusive
Ticket counter and office	Exclusive
Baggage make-up area and claim office	Exclusive
VIP Clubs	Exclusive
Operations areas	Exclusive
Enclosed storage areas	Exclusive
Holdroom	Preferential
Aircraft parking positions on Terminal Apron	Preferential
Regional Ramp - MAC	Common
Regional Ramp - Northwest Airlines	Preferential
Tug drive	Common
Inbound baggage area	Common
Baggage claim area	Common
IAF sterile circulation corridor	Common
IAF Inspections Area	Common
IAF baggage claim	Common
IAF ticketing and baggage recheck	Common

In addition, MAC leases space to Northwest Airlines, Inc. in the Gold Concourse and the Temporary Regional Terminal as set forth herein.

MAC and AIRLINE may, from time to time, add, subject to availability, additional space to the various Premises of AIRLINE by jointly executing revised Exhibits J or D as appropriate. Space added to AIRLINE's Premises shall be subject to all of the terms, conditions, requirements, and limitations of this Agreement and AIRLINE shall pay to MAC all rents, fees, and charges applicable to such additional space in accordance with the provisions of this Agreement.

B. EXCLUSIVE/PREFERENTIAL LEASED AREAS

1. MAC will provide existing space to AIRLINE in "as is" condition. MAC will provide the following for any newly constructed space:
 - a. **Terminal Building - Main Floor (ticketing counter and offices behind ticketing areas).**

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- 1) Finished flooring, finished acoustical tile ceiling, entrance doors and walls enclosing gross rental area. The floor immediately behind ticket counter shall be surfaced with terrazzo flooring or an equivalent alternative upon which AIRLINE may install resilient matting.
- 2) Conditioned air for comfortable occupancy (meeting normal standards for offices).
- 3) Standard lighting fixtures installed complete for illumination not less than an average of 30 foot candles measured 30 inches from the floor, and maintenance thereof exclusive of relamping and/or relocation.
- 4) Finished ticket counter shell or sectional unit (front, top, ends and turrets) of plastic laminate, designed to receive AIRLINE inserts.
- 5) Uniform lighting fixture and airline identification signage suspended over ticket counter; letters to be supplied by AIRLINE and subject to MAC approval; maintenance of fixtures including relamping.
- 6) Display framing system and mounting panels on wall directly behind the ticket counter (maintenance by AIRLINE). Material displayed shall be subject to the approval of MAC.
- 7) Electrical service (120V - 208 AC, 3 phase, 4 wire) to panel within lease space; electrical service (120V) through duplex receptacles spaced about 6 feet apart along walls enclosing lease space; single level 3-duct floor system or conduit in offices; conduit an/or ducts from power panel and telephone cabinets to the floor duct system and ticket counter base. All other wiring, conduits, ducts and outlets in this space to be installed by AIRLINE.

b. Terminal Building - Mezzanine Floor.

- 1) Finished flooring, finished acoustical tile ceilings, entrance doors and walls enclosing gross rental area.
- 2) Conditioned air for comfortable occupancy (meeting normal standards for offices).
- 3) Standard lighting fixtures installed complete for illumination not less than an average of 30 foot

candles measured 30 inches above floor and maintenance thereof exclusive of relamping and/or relocation.

- 4) Electrical service (120V-AC) through duplex receptacles about ten feet apart along walls enclosing gross rental area. All other wiring, conduits and fittings to be installed by AIRLINE.

c. Terminal Building - Ground Floor (operations and baggage make-up areas).

- 1) Finished concrete floors, exposed concrete structure above, standard pedestrian and manual overhead doors in unpainted concrete block walls enclosing gross rental area.
- 2) Standard lighting fixtures installed complete for illumination not less than an average of 30 foot candles measured 30 inches from the floor and maintenance thereof exclusive of relamping and/or relocation.
- 3) Electrical service (120V - 208 AC, 3 phase, 4 wire) to panel within or adjoining leased space; 120V electrical service through duplex receptacles about 15 feet apart (48 inches above floor) along walls enclosing gross rental area. All other wiring, conduits and fittings to be installed by AIRLINE.
- 4) Heating and ventilation meeting requirements of the Minnesota Occupational Safety and Health Administration ("OSHA") and Uniform Building Code ("UBC").

d. Concourses - Operations Area.

- 1) Finished concrete floors, exposed structure above, exterior walls, standard pedestrian and manual overhead doors, and unpainted concrete block enclosing leased area.
- 2) Standard lighting fixtures installed complete for illumination not less than an average 30 foot candles measured 30 inches from the floor, lighting fixtures and maintenance thereof exclusive of relamping and/or relocation.
- 3) Electrical service (120V - 208 AC, 3 phase, 4 wire) to panel within or adjoining enclosed leased space;

120V electrical service through duplex receptacles about 15 feet apart (48 inches above floor) along walls enclosing leased space. All other wiring, conduit, duct, fittings and outlets in this space to be installed by AIRLINE.

- 4) Cold and hot water and sanitary sewer service to designated point within gross rental area, to which AIRLINE may connect and install fixtures at AIRLINE's expense.
- 5) Standard fin-tube radiation, unit heaters, VAV boxes and steam and/or hot water for heating gross rental area. Packaged air conditioning units and distribution duct work for previously designated areas.

e. Concourses - Gate Lobbies.

- 1) Finished carpeted floor, finished acoustical tile ceilings, and painted block walls enclosing lobby.
- 2) Conditioned air for comfortable lobby occupancy.
- 3) Standard lighting fixtures installed complete for illumination not less than an average of 30 foot candles measured 30 inches from the floor, and maintenance thereof including relamping.
- 4) Electrical service (120V-AC) through duplex receptacles about 10 feet apart along walls enclosing gross rental area. All other wiring, conduit and fittings to be installed by AIRLINE.

2. AIRLINE will provide the following in both the main terminal building and the concourses, in addition to installation and maintenance left to the AIRLINE under Subparagraph 1 above.

- a. All partitions subject to MAC approval as to materials, methods of attachment and workmanship, such construction to comply with all applicable building standards and codes for type 1 construction (fire resistive).
- b. All utilities, including cost of all roughing-in, and all electrical, mechanical and plumbing fixtures for exclusive use of AIRLINE, except as provided above.
- c. All furniture, equipment and fixtures necessary for the conduct of AIRLINE's business, including ticket counter inserts, jet bridges, scales and baggage handling equipment, including housings and

doors as required, signs and flight schedules, which shall be subject to approval of MAC.

- d. All electrical energy consumed by AIRLINE, excluding lighting in baggage make-up area, gate lobbies, and mezzanine, to be metered separately and paid for by AIRLINE to the utilities company or MAC at rates not exceeding those published for equivalent power consumption at this location.

Electricity for lighting in baggage make-up area, gate lobbies, and mezzanine will be provided by MAC.

- e. All other services and supplies not provided in Paragraph 1 of this Article IV.B. All installations by AIRLINE shall conform with the requirements of applicable local, state and federal building standards, submitted for MAC approval prior to construction, and shall be performed by competent contractors acceptable to MAC.
- f. Subject to MAC approval as required herein AIRLINE may make alterations or additions in and to its leased areas and fixtures and equipment to be installed by it within the terminal building.

C. COMMON BAG CLAIM AREAS

- 1. MAC will provide in the common bag claim area, all on the ground floor, the following:
 - a. Finished carpeted floors, acoustic ceiling, finished walls, for all space excepting porter's toilet.
 - b. Standard lighting fixtures providing illumination of not less than average of 30 foot candles measured 30 inches from the floor, and maintenance thereof including relamping.
 - c. Heating and mechanical ventilation of space.
 - d. Baggage claim carousels.
- 2. AIRLINE and other Airlines will provide the following in the common bag claim area, and shall pay the pro rata share of the cost thereof:
 - a. All furniture, equipment and fixtures necessary from time to time.
 - b. All other services and supplies not provided by MAC under Paragraph 1 above.

D. MEASUREMENT OF SPACE

In calculating the area of space to be added to or deleted from this Agreement, all measurements to determine the area of space leased or used in the Terminal Complex shall be made from the primary interior surface of the exterior walls and from the centerline to centerline of each interior wall, or, in the absence of such interior wall, the point where such said centerline would be located if such interior wall existed.

E. ACCOMMODATION OF OTHER AIRLINES

1. It is recognized by AIRLINE and MAC that from time to time during the term of this Agreement it may become necessary for the AIRLINE to accommodate another Airline ("Requesting Airline") within its Premises or for MAC unilaterally to require AIRLINE to accommodate another Airline(s) within AIRLINE's Premises in furtherance of the public interest of having the Airport's capacity fully and more effectively utilized, as follows:
 - a. To comply with any applicable rule, regulation, order or statute of any governmental entity that has jurisdiction over MAC, and to comply with federal grant assurances applicable to MAC.
 - b. To implement a Capital Project at the Airport.
 - c. To facilitate the providing of new or additional air services at the Airport by a Requesting Airline when no Airline serving the Airport is willing to accommodate the Requesting Airline's operational needs or requirements for facilities at reasonable costs or on other reasonable terms.
2. When responding to Subsection E.1.a. of this Article, MAC will request accommodation through an expedited procedure that will allow compliance with the rule, regulation or order. The request for accommodation will be made based on an evaluation of the most cost effective and least disruptive alternative.

Within ten (10) days of a written notice of its intent to require accommodation, AIRLINE must accept the request or notify MAC that it wishes to meet and show cause why the accommodation should not be made.

If MAC elects to proceed with the accommodation after meeting with AIRLINE, MAC shall give AIRLINE not less than thirty (30) days notice to accomplish the accommodation.

3. In responding to a request for facilities from a Requesting Airline under Subsection E.1.b. or Subsection E.1.c. of this Article, MAC shall:

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- a.** First work with the Requesting Airline to attempt to obtain access to existing Airport capacity through one or more of the following alternatives:
- 1)** To lease vacant space, if any is available, from MAC; or
 - 2)** To use existing Common Use Space, if any is available; or
 - 3)** To enter into a sublease or Ground Handling agreement with an existing Airline other than AIRLINE at the Airport, subject to the approval of MAC.
- b.** When requested so to do by MAC and only if the alternatives set forth in E.3.a. of this Article are not available, AIRLINE agrees to use reasonable efforts to accommodate the Requesting Airline's requirements through joint use of its facilities or through a sublease or passenger handling or Ground Handling agreements. AIRLINE, in offering joint use of its facilities or offering a sublease or Ground Handling agreement to the Requesting Airline, is not required to provide facilities to the Requesting Airline that would be incompatible with AIRLINE's (including an Affiliated Airline's) own reasonable schedule of operations or the operations of any other Airline(s) being accommodated by AIRLINE at the time of the Requesting Airline's request. AIRLINE may, in connection with such accommodation, require the Requesting Airline to remove any of its aircraft or passengers from the relevant gate or holdroom if the aircraft's or passenger's continued presence would be incompatible with AIRLINE's (or an Affiliated Airline's) reasonable requirements for use of the gate or holdroom.
- c.** MAC shall have the right to authorize other Airlines to use: (1) AIRLINE's gates, holdroom areas, and loading bridges when such facilities are not required for AIRLINE's scheduled flight activities (or those of a code share AIRLINE partner not in default of its obligations to MAC) using aircraft with 50 or more seats; and (2) AIRLINE's preferential regional parking positions or regional terminal space when such positions or space are not required for AIRLINE's scheduled flight activities (or those of a code share AIRLINE partner not in default of its obligations to MAC). Subject to a mutually acceptable agreement between MAC and AIRLINE covering such use, AIRLINE shall have the right to charge reasonable fees and to require reasonable advance payment for such use of AIRLINE's gates, holdroom areas, and loading bridges (and any such fees not in excess of 115% of the rates and charges payable by AIRLINE hereunder for such premises shall be deemed reasonable). Also, AIRLINE shall have the right to require the Requesting Airline(s) to indemnify AIRLINE against liability arising out of such use and to provide evidence of insurance at least equivalent to that required of AIRLINE hereunder and naming AIRLINE as an additional insured.

EXHIBIT A

- d. Before MAC is authorized under this Agreement unilaterally to require AIRLINE to accommodate a Requesting Airline, MAC shall first request that all parties holding or requesting access to affected space discuss accommodation with each other and MAC. Only if the parties are unable to or do not reach agreement within thirty (30) days from the time MAC requests such discussions is MAC authorized to make such a decision unilaterally regarding accommodations.
- e. If the Requesting Airline fails to reach agreement with AIRLINE or any other Airline, MAC shall make a determination as to whether any Airline or Airlines have underutilized facilities or capacity available to accommodate the Requesting Airline after taking into consideration the nature and extent of those Airlines' operations at the Airport, including any requirements for spare gates and facilities and whether there are any limitations on the nature, extent, cost, duration and extension of such accommodations.
- f. In making accommodation decisions MAC shall not be arbitrary and capricious. Such determinations by MAC shall take into consideration (1) the then existing utilization of the premises (including all existing accommodation arrangements) and any bona fide plan of AIRLINE or any other Airline for the increased utilization of the premises to be implemented within twelve (12) months thereafter; (2) the need for compatibility among the current schedules, flight times, operations, operating procedures and equipment of AIRLINE or any other Airline (and its Affiliated Airlines) and those of the Requesting Airline, as well as the need for labor harmony; and (3) the effect on scheduled service carriers of accommodating charter carriers at the Terminal Complex. Any non-public information provided by AIRLINE regarding planned or proposed routes, schedules or operations shall be treated as confidential by MAC to the maximum extent permitted by law.
- g. Before MAC accommodates a Requesting Airline within AIRLINE's Premises, MAC must give AIRLINE due notice of its intent. Within ten (10) days, AIRLINE must accept accommodation of Requesting Airline or must notify MAC that it wishes to meet with MAC to show cause why the accommodation should not be made.
- h. If MAC elects to proceed with the accommodation after meeting with AIRLINE, MAC shall give AIRLINE not less than thirty (30) days to accomplish the accommodation.
- i. Whether AIRLINE agrees to accept the accommodation of Requesting Airline, or MAC elects to proceed with accommodation over AIRLINE's protests, the Requesting Airline has the right and the responsibility at its expense to make improvements and alterations necessitated by the accommodation of the Requesting Airline, the scope of which shall be approved by AIRLINE and MAC. If MAC issues a decision requiring accommodation within

AIRLINE's Premises, that decision shall be a final order of MAC; AIRLINE's continued objections may be further pursued by any means available under the law.

- j. The foregoing shall not be deemed to abrogate, change, or affect any restrictions, limitations or prohibitions on assignment, subletting or use of the premises by others under this Agreement and shall not in any manner affect, waive or change any of the provisions thereof.
- 4. In the event of a labor stoppage or other event which results in the cessation or substantial reduction in AIRLINE's flights operations at the Airport, AIRLINE will immediately take all reasonable efforts, including but not limited to, moving of aircraft or equipment, providing access to AIRLINE's holdrooms and jet bridges or anything else in AIRLINE's control, in order to accommodate the operations of other Airlines providing air service to the Airport; provided that: (a) AIRLINE at all times will have access to its premises and equipment for operational reasons and (b) AIRLINE shall not be required to take any action which would interfere with its ability to re-institute service upon cessation of labor stoppage or other event.). Subject to a mutually acceptable agreement between MAC and AIRLINE covering such use, AIRLINE shall have the right to charge reasonable fees and to require reasonable advance payment for such use of AIRLINE's gates, holdroom areas, and loading bridges (and any such fees not in excess of 115% of the rates and charges payable by AIRLINE hereunder for such premises shall be deemed reasonable).
- 5. Each Airline shall provide MAC with each published schedule change with a gate plot showing all times when aircraft are scheduled to be utilizing each gate leased to such Airline, including aircraft type, projected arrival and departure times, and point of origin or destination, including activities by subtenants or airlines being accommodated.

F. WIDE BODY AND BOEING 757 ACCESS

Notwithstanding any other provisions in this Agreement, Northwest Airlines will accommodate the requirements of any Requesting Airline for scheduled wide body or Boeing 757 (or similarly sized aircraft) service at one of its gates within the Terminal Complex, provided that: (1) Requesting Airline must not be able physically to accommodate such wide body or Boeing 757 (or similarly sized aircraft) service on any of its own leased premises; and (2) MAC will take all reasonable efforts to provide access for any narrow body aircraft operated by Northwest which are displaced.

G. ACCESS

MAC shall have the right at any time or times to close, relocate, reconstruct, change, alter, or modify any means of access to or egress from the Airport or AIRLINE's Premises, either temporarily or permanently; provided that MAC provides

reasonable notice to AIRLINE and that a reasonably convenient and adequate means of access, ingress, and egress shall exist or be provided in lieu thereof. This right is subject to the following conditions:

1. There shall not be a net increase in AIRLINE's Leased Area without AIRLINE's consent.
2. MAC must consult with AIRLINE to take area away from AIRLINE.
3. Reasonable replacement facility space shall be provided.
4. Cost of work including Capital Costs associated with reestablishing AIRLINE's facilities, to the extent they are "in kind" replacements, shall be borne by MAC and allocated to the appropriate cost center.
5. MAC shall compensate AIRLINE for the unamortized cost of any leasehold improvements to the extent that such improvements can not be reused.
6. If loss of space is 30 days or less there shall be no rent adjustment. If loss of space is temporary but greater than 30 days, AIRLINE's rent will be proportionately abated and the amount of the rent abatement shall be allocated to the appropriate cost center. If the loss of space is permanent, the Leased Premises and corresponding rent shall be adjusted by lease amendment.

H. SHORT TERM GATES

The holdrooms, aircraft parking positions and operations space associated with Gates 41, 43, 44, 44A, 46, 76 and 77, as shown on Exhibit J (hereinafter referred to as "Short Term Gates") shall be made available to Airlines on the following basis in order to promote Airport access on fair and reasonable terms:

1. AIRLINE shall lease Short Term Gate space under its control on the same basis as provided in this Agreement, except as provided in this Paragraph.
2. MAC may, in its discretion, cancel the lease of a Short Term Gate leased by AIRLINE if an Airline presently not leasing a gate directly from MAC or not currently providing air service to the Airport is proposing to add additional air service and desires to lease a gate directly from MAC. The following procedures shall be followed before a Short Term Gate lease may be cancelled:
 - a. If an Airline presently not leasing a gate directly from MAC or not currently providing air service to the Airport is proposing to add additional air service and desires to lease a gate directly from MAC, MAC may in its discretion issue a Notice of Cancellation. The Notice of Cancellation may become effective after 90 days.

EXHIBIT A

- b. In the event of a decision to cancel a Short Term Gate, MAC will work with AIRLINE to attempt to accommodate AIRLINE's schedule pursuant to the procedures of Article IV.E.3.
 - c. MAC may extend the time periods set forth in this provision for good cause, e.g. the unavailability of replacement jet bridges or other ground equipment.
- 3. In the event MAC cancels the lease of a Short Term Gate pursuant to this Paragraph, it shall compensate AIRLINE for the unamortized cost of improvements made to the leased premises of a Short Term Gate. AIRLINE shall retain and remove AIRLINE property (e.g. jet bridge or other ground equipment, computers, inserts) or may negotiate their sale.
- 4. The appearance of a Short Term Gate shall be "generic" i.e. generic carpet, neutral wall finishes and no distinguishing colors on the podium or backwall except as to improvements existing as of the date of this Agreement. AIRLINE may hang corporate banners or posters and name identification signs so long as they can be detached without significantly damaging the premises or AIRLINE commits to restoring the premises without cost to MAC.
- 5. If AIRLINE is leasing only one holdroom from MAC, it may request that MAC remove the Short Term Gate designation from a holdroom by demonstrating that it has met the following conditions:
 - a. AIRLINE has not been in default on any rental, security deposit, PFC or other financial obligations to MAC for any of the previous twelve consecutive months; and
 - b. AIRLINE has maintained an Average Daily Utilization at least equal to seven departures for each of the previous twelve consecutive months. For purposes of this provision "Average Daily Utilization" shall mean the number of AIRLINE's and an Affiliated Airline's scheduled aircraft departures using the gate with aircraft of fifty or more seats in a calendar month, divided by the number of days in that calendar month; provided, however, that if AIRLINE's or the Affiliated Airline's actual flight activity differs by more than five percent (5%) from its published schedule in any calendar month, MAC shall use AIRLINE's or the Affiliated Airline's actual total departures for purpose of calculating Average Daily Utilization.

I. REGIONAL RAMP

MAC shall:

- 1. Designate parking positions on the Regional Ramp for Preferential Use by AIRLINE in accordance with Exhibit L and shall update this Exhibit to reflect construction changes; provided, however, that during any time in

which a parking position is not required for use by AIRLINE or an Affiliated Airline, MAC may require AIRLINE to accommodate another Airline during any time in which a parking position is not required for use by AIRLINE or an Affiliated Airline, subject to the standards and procedures in Article IV.E.3. (and credit AIRLINE for any rents received from such Airline);

2. Allocate all unassigned parking positions on the Regional Ramp for Common Use and shall assign their use to AIRLINE or an Affiliated Airline upon request or to another Airline on a Preferential Use basis; and
3. Designate support areas on the Regional Ramp for use by ground service equipment.

J. RELINQUISHMENT OF PREMISES

1. NOTICE OF INTENT TO RELINQUISH PREMISES

In the event AIRLINE desires to relinquish any of its Premises, AIRLINE shall provide written notice to MAC thirty (30) days in advance of such relinquishment and shall identify in such notice all areas it wishes to relinquish. MAC shall make its best efforts to lease such areas to another Airline, to the extent the proposed relinquished Premises is suitable for another Airline.

2. NON-WAIVER OF RESPONSIBILITY

AIRLINE shall continue to be solely responsible pursuant to this Agreement for the payment of all rents, charges and fees related to the Premises until another Airline commences payment for Premises as provided below.

3. REDUCTION OF RENTS, FEES, AND CHARGES

AIRLINE's rents, fees and charges related to that portion of the Premises taken by another Airline, pursuant to such Airline's agreement with MAC, shall be reduced in the amount of the rent, fees and charges paid by such other Airline. This reduction shall begin only when the Airline that contracted with MAC for its use of the Premises begins payment for the Premises and shall end if such Airline becomes delinquent in payment for the Premises.

K. MID-TERM RELINQUISHMENT OF PREMISES

As provided below, in the event the actual airline cost per Enplaned Passenger exceeds \$5.16 per Enplaned Passenger (in 1998 dollars) as calculated below, in Fiscal Year 2002, AIRLINE shall be permitted on a one-time basis to relinquish a portion of its Premises pursuant to this Subsection, such relinquishment to be effective January 1, 2004.

1. NOTICE OF INTENT TO RELINQUISH PREMISES

On or before June 30, 2003, MAC shall provide AIRLINE with the actual airline cost per Enplaned Passenger calculation for Fiscal Year 2002. Provided that the airline cost per Enplaned Passenger amount exceeds the amount set forth in this Subsection, AIRLINE shall be permitted to relinquish a portion of its Premises effective January 1, 2004. AIRLINE shall provide written notice to MAC by no later than September 30, 2003 of its intent to relinquish a portion of its Premises pursuant to this Subsection and shall identify in such notice the areas it wishes to relinquish.

2. LIMITATIONS ON RELINQUISHMENT OF PREMISES

The portion of Premises that AIRLINE shall be permitted to relinquish pursuant to this Subsection shall be limited to one-half of its Premises, up to a maximum of two aircraft parking positions with associated holdrooms, and an allocable portion of other AIRLINE Exclusive Use Space. MAC may require that AIRLINE relinquish other Exclusive Use Space proportional to AIRLINE's share of holdrooms that is relinquished.

3. TREATMENT OF RELINQUISHED PREMISES

The square footage of Premises that is relinquished pursuant to this Subsection and is designated as Rentable Space shall not be regarded as Rentable Space until such time as such relinquished space is leased to another Airline.

4. CALCULATION OF AIRLINE COST PER ENPLANED PASSENGER

MAC shall calculate the airline cost per Enplaned Passenger based on actual revenues from rents, fees, and charges paid by all Airlines during Fiscal Year 2002; provided, however, that the number of Enplaned Passengers used to calculate the airline cost per Enplaned Passenger shall be the larger of (a) the actual number of Enplaned Passengers at the Airport for Fiscal Year 2002, or (b) 14,456,000 (the number of Enplaned Passengers at the Airport in Fiscal Year 1997). For the purpose of expressing the cost per Enplaned Passenger in 1998 dollars, MAC will use the Implicit Price Deflator for Gross Domestic Product, or a similar price index, published by the U.S. Department of Commerce, Bureau of Economic Analysis.

L. SURRENDER OF PREMISES

1. Upon termination of this Agreement in its entirety, whether by its terms or by earlier cancellation, AIRLINE's rights to use the Premises, facilities, rights, licenses, services and privileges hereby given shall cease, and AIRLINE shall forthwith surrender possession to MAC.

- 2.** All structures, fixtures, improvements, equipment and other property bought, installed, erected or placed by AIRLINE on the Premises or elsewhere on the Airport, including without limiting the generality thereof storage tanks, pipes, pumps, wires, poles, machinery and air conditioning equipment, shall be deemed to be personal property and remain the property of the AIRLINE, and AIRLINE shall have the right to remove the same if AIRLINE is not then in default; provided that AIRLINE shall remove its property within a period of ninety (90) days after termination, and shall restore the Premises to its condition as of the commencement of the Term hereof, ordinary wear and tear or damage by the elements, fire, explosion and other casualty excepted, but including any environmental restoration.
- 3.** If AIRLINE's property is not so removed and the Premises restored prior to the expiration of the aforesaid period of ninety (90) days, MAC shall thereafter have the right, by giving AIRLINE written notice thereof, to take title to AIRLINE's property located on the Premises, or alternatively, to cause such property to be removed and sold or otherwise disposed of as MAC may elect, and AIRLINE hereby constitutes MAC its agent for the purpose of such removal and sale, and authorizes MAC in its sole discretion to determine the method of disposition. AIRLINE shall be responsible for any and all reasonable costs incurred by MAC in the removal of AIRLINE's property from the Premises and the disposition thereof and for restoration of the Premises. MAC shall pay over to AIRLINE any amount received from disposition of AIRLINE's property in excess of the cost of removal, disposition, and restoration.
- 4.** MAC reserves the right to make a reasonable rental charge covering the period following termination of the Agreement to the date of removal of AIRLINE's property or until MAC gives AIRLINE notice of taking title thereto provided that no charge shall be made for the first thirty (30) days following termination of the Agreement.

V. RENTS, FEES, AND CHARGES**A. GENERAL**

For use of the Premises, facilities, rights, licenses, services and privileges granted hereunder, AIRLINE agrees to pay MAC during the Term of this Agreement the rents, fees and charges as hereinafter described. In addition, AIRLINE agrees to pay MAC applicable fees set forth in Article XIII, Supplemental Agreements.

B. RENTS, FEES, AND CHARGES

1. **Landing Fees.** AIRLINE shall pay to MAC monthly landing fees to be determined by multiplying the number of 1,000-pound units of AIRLINE's Total Landed Weight during the month by the then-current landing fee rate. The landing fee rate shall be calculated according to procedures set forth in Article VI.
2. **Environmental Surcharges.** AIRLINE shall pay to MAC monthly environmental surcharges to be determined by multiplying the number of AIRLINE's Stage 2 and Stage 3 aircraft operations during the month by the then-current environmental surcharge rate. The environmental surcharge rate shall be calculated according to procedures set forth in Article VI. The environmental surcharge will be terminated effective January 1, 2000.
 - a. **Excess Stage 2 Fees.** AIRLINE shall pay to MAC excess Stage 2 fees to be determined by multiplying the number of Stage 2 Operations conducted by AIRLINE during the year by the then-current excess Stage 2 fee rate. The excess Stage 2 fee rate shall be calculated according to procedures set forth in Article VI. The excess Stage 2 fee will be terminated effective January 1, 2000.
 - b. **Stage 3 Credit.** AIRLINE shall receive a Stage 3 credit from MAC against the environmental surcharge and the excess Stage 2 fees, to be determined by multiplying the Stage 3 credit by the proportion that AIRLINE's Stage 3 Operations represents of total Stage 3 Operations of Signatory Airlines at the Airport. The Stage 3 credit shall be calculated according to procedures set forth in Article VI. The Stage 3 credit will be terminated effective January 1, 2000.
3. **Terminal Apron Fees.** AIRLINE shall pay to MAC monthly Terminal Apron fees to be determined by multiplying the number of lineal feet of Terminal Apron under lease to AIRLINE during the month by the then-current Terminal Apron rate. The Terminal Apron rate shall be calculated according to procedures set forth in Article VI.

4. **Regional Ramp Fees.** AIRLINE shall pay to MAC monthly regional ramp fees based upon the regional ramp fee rate then in effect. The regional rate shall be calculated according to procedures set forth in Article VI.
5. **Terminal Building Rents.** AIRLINE shall pay to MAC monthly Terminal Building rentals for its Exclusive (janitored and unjanitored), Preferential and Common Use Space in the Terminal Building. The Terminal Building rental rates shall be calculated according to procedures set forth in Article VI.

Terminal Building rentals for Common Use Space (except the IAF) shall be prorated among Signatory Airlines using the Common Use Formula.

6. **Carrousel and Conveyor Charges.** AIRLINE shall pay to MAC monthly carrousel and conveyor charges based upon maintenance and operating costs and direct depreciation and interest costs. The carrousel and conveyor charges shall be calculated according to the procedures set forth in Article VI and shall be prorated among Signatory Airlines using the Common Use Formula.
7. **IAF Gate Fees.** AIRLINE shall pay to MAC monthly IAF gate fees determined by multiplying the number of arrivals at the IAF by AIRLINE's propeller aircraft, narrow-body jet aircraft, and wide-body jet aircraft by \$400, \$800, and \$1,200, respectively.
8. **IAF Use Fees.** AIRLINE shall pay to MAC monthly IAF use fees determined by multiplying the number of AIRLINE's international passengers arriving at the IAF during the month by the IAF use fee rate. The IAF use fee rate shall be calculated according to procedures set forth in Article VI.
9. **Other Fees and Charges.** AIRLINE shall pay to MAC reasonable fees for the various other services provided by MAC to AIRLINE. These services include, but may not be limited to, the following:
 - a. Use of the Humphrey Terminal and Humphrey ramp at rates established from time to time by MAC.
 - b. Use of Garage Parking Cards by AIRLINE's employees at rates set forth in the Guidelines for Administering Validated Airport Parking.
 - c. Use of designated employee parking facilities by AIRLINE's employees at rates established from time to time by MAC.
 - d. Nonroutine Terminal Apron cleaning and other special services requested by AIRLINE at rates that reflect the costs incurred by MAC.

- e. Security and personnel identification badges for AIRLINE's personnel at rates established from time to time by MAC.
- f. Office services, such as facsimile, photocopying, or telephone provided by MAC. Charges for these services shall be at the rates that MAC customarily charges for such services.
- g. Charges for the cost of separately metered water and sewer and other such utilities not otherwise included in the calculation of rents, fees, and charges.

C. MONTHLY ACTIVITY REPORT

1. CONTENTS AND DUE DATE

Without any demand therefor AIRLINE shall furnish MAC on or before the 10th day of each and every month, the IAF reports and an accurate written report of AIRLINE's operations during the preceding month, setting forth all data necessary to calculate the AIRLINE's fees and charges due under this Agreement. Said report shall be in a format prescribed by MAC and shall include the following: (a) AIRLINE's actual aircraft revenue flight arrivals at the Airport by type of aircraft, Maximum Certificated Gross Landing Weight of each type of aircraft, and Total Landed Weight; (b) the total number of Enplaned, Deplaned, Non-Revenue and Through Passengers of AIRLINE at the Airport, breaking Enplaned Passengers into originating and connecting passengers; (c) the amount of domestic and international cargo, mail, and express packages (in pounds) enplaned and deplaned by AIRLINE at the Airport; (d) the total number of Stage 2 and Stage 3 landings and other landings not otherwise classified as a Stage 2 or a Stage 3 landing; (e) the total number of scheduled and nonscheduled aircraft operations; and (f) a summary reflecting all of AIRLINE's actual flight activity by aircraft type for gates, the regional ramp, and the IAF.

AIRLINE shall also provide to MAC a separate report for each Affiliated Airline unless separately reported to MAC by such Affiliated Airline.

2. FAILURE TO REPORT

If AIRLINE fails to furnish MAC with the monthly activity report by the due date, AIRLINE's landing fees, environmental surcharge, IAF gate fees, and IAF use fees, as provided for hereinafter, shall be determined by assuming that AIRLINE's activity factor, as appropriate for each fee, for such month was one hundred percent (100 percent) of its activity factor, as appropriate for each fee, during the most recent month for which such data are available for AIRLINE. Any necessary adjustment in such fees shall be calculated after an accurate report is delivered to MAC by AIRLINE for the month in question. Resulting surpluses or deficits shall be applied as credits or charges to the appropriate invoices in the next succeeding month.

3. INSPECTION AND MAINTENANCE OF RECORDS

AIRLINE shall maintain records, accounts, books and data with respect to its operations at the Airport sufficient to permit MAC to calculate and verify the rents, fees and charges due under this Agreement, which shall cover a period of not less than three (3) years beyond the end of AIRLINE's fiscal year in which such record was created. Such records shall be subject to inspection and audit by MAC at all reasonable times.

D. SECURITY DEPOSITS

1. Unless AIRLINE has provided regularly scheduled passenger, all cargo or combination flights to and from the Airport for the twelve (12) months immediately prior to AIRLINE's execution of this Agreement (or immediately prior to the assignment of this Agreement to AIRLINE) without an act or omission having occurred that would have been an event of default under Article XIV of this Agreement if this Agreement had been in effect during this period, AIRLINE shall provide MAC upon the execution of this Agreement (or upon the assignment of this Agreement to AIRLINE) with a contract bond, irrevocable letter of credit or other security acceptable to MAC ("Contract Security") in an amount equal to the total of three (3) months' estimated rents, fees and charges payable by AIRLINE under Article V of this Agreement plus three (3) months' estimated PFC collections under this Article V, to guarantee the faithful performance by AIRLINE of all of its obligations under this Agreement and the payment of all rents, fees, and charges due hereunder and of all PFCs due to MAC. Such Contract Security shall be in such form and with such company licensed to do business in the State of Minnesota as shall be acceptable to MAC within its reasonable discretion.
2. AIRLINE shall be obligated to maintain Contract Security in an amount equal to MAC's estimate of three months' rents, fees, and charges plus three (3) months' estimated PFC collections payable hereunder and to maintain this Contract Security in effect until the expiration of twelve (12) consecutive months (including any period prior to AIRLINE's execution of this Agreement during which AIRLINE provided regularly scheduled flights to and from the Airport) during which no event of default under Article XIV of this Agreement (and for any such prior period, no act or omission that would have been such an event of default hereunder) has occurred. If such Contract Security should be canceled, AIRLINE shall provide a renewal or replacement Contract Security for the period required pursuant to this Section. AIRLINE shall provide at least sixty (60) days prior written notice of the date on which any Contract Security expires or is subject to cancellation.
3. If an event of default under Article XIV, A. 1, 2, or 5 of this Agreement shall occur, MAC shall have the right, by written notice to AIRLINE given at any time within ninety (90) days of such event of default, to impose or reimpose the requirements of this Section on AIRLINE. In such event, AIRLINE shall within ten (10) days from its receipt of such written notice provide MAC with the required Contract Security and shall thereafter maintain such Contract

Security in effect until the expiration of the required period during which no event of default under Article XIV of this Agreement occurs. MAC shall have the right to reimpose the requirements of this Section on AIRLINE each time an event of default occurs during the Term of this Agreement. MAC's rights under this Section shall be in addition to all other rights and remedies provided it under this Agreement.

4. To the extent that AIRLINE holds any property interest in PFC funds collected for the benefit of MAC, AIRLINE hereby pledges to MAC and grants MAC a first priority security interest in such funds, and in any and all accounts into which such funds are deposited.

E. PAYMENT PROVISIONS

1. Terminal rentals for Exclusive and Preferential Use Premises, fees per the Common Use Formula, and Terminal Apron Fees shall be due and payable the first day of each month in advance without invoice from MAC.
2. Within ten (10) days following the last day of each month, AIRLINE shall transmit to MAC payment for the amount of landing fees, environmental surcharges, IAF gate fees, and IAF use fees incurred by AIRLINE during said month, as computed by AIRLINE without invoice from MAC.
3. All other rents, fees, or charges set forth herein, including supplemental billings for year-end adjustments, if any, shall be due within thirty (30) days of the date of the invoice therefor.
4. The acceptance by MAC of any payment made by AIRLINE shall not preclude MAC from verifying the accuracy of AIRLINE's report and computations or from recovering any additional payment actually due from AIRLINE.
5. Any payment not received within thirty (30) days of the due date shall accrue interest at the rate of 1.5 percent per month measured from the due date until paid in full.
6. Payments shall be made to the order of the "Metropolitan Airports Commission." Airline agrees to cooperate with MAC in the development of electronic transfer of funds as the method of payment.
7. Payments shall be sent to the following address or such other place as may be designated by MAC from time to time:

Metropolitan Airports Commission

NW-9227

Minneapolis, MN 55485

F. NET AGREEMENT

This is a net agreement with reference to rents, fees, and charges paid to MAC. AIRLINE shall pay all taxes, fees, or assessments of whatever character that may be lawfully levied, assessed, or charged by any governmental entity upon the property, real and personal, occupied, used, or owned by AIRLINE, or upon the rights of AIRLINE to occupy and use the Premises, or upon AIRLINE's improvements, fixtures, equipment, or other property thereon, or upon AIRLINE's rights or operations hereunder. AIRLINE shall have the right at its sole cost and expense to contest the amount or validity of any tax or license as may have been or may be levied, assessed, or charged.

G. NO OTHER FEES AND CHARGES

Except as expressly provided for herein, including but not limited to Article III.B.3., no further rents, fees, or charges shall be charged against or collected from AIRLINE, its passengers, shippers, and receivers of freight and express packages and its suppliers of goods and services, by MAC for the Premises, facilities, rights and licenses granted to AIRLINE in this Agreement.

H. PASSENGER FACILITY CHARGES

MAC expressly reserves the right to assess and collect PFCs in accordance with the PFC Regulations. The following shall apply to the collection of PFCs:

1. AIRLINE shall hold the net principal amount of all PFCs that are collected by AIRLINE or its agents on behalf of MAC pursuant to 49 U.S.C. App. Section 1513 and the rules and regulations thereunder (14 C.F.R. Part 158, herein the "PFC Regulations") in trust for MAC. For purposes of this Section, net principal amount shall mean the total principal amount of all PFCs that are collected by AIRLINE or its agents on behalf of MAC, reduced by all amounts that AIRLINE is permitted to retain pursuant to Section 158.53(a) of the PFC Regulations.
2. In the absence of additional regulations governing the treatment of refunds, any refunds of PFCs due to passengers as a result of changes of itinerary shall be paid proportionately out of the net principal amount attributable to such PFCs and the amount that AIRLINE was permitted to retain under Section 158.53(a) of the PFC Regulations attributable to such PFCs. AIRLINE hereby acknowledges that the net principal amount of all PFCs collected on behalf of MAC shall remain at all times the property of MAC, except to the extent of amounts refunded to passengers pursuant to the preceding sentence (which shall remain the property of MAC until refunded and become the property of the passenger upon and after refund). Other than the amounts that AIRLINE is entitled to retain pursuant to Section 158.53 of the PFC Regulations, AIRLINE shall be entitled to no compensation.

3. In the event AIRLINE fails to remit PFC revenues to MAC within the time limits established in the PFC Regulations, such event shall be an event of default subject to Article XIV of this Agreement.

I. NON-WAIVER

The acceptance of fees by MAC for any period or periods after a default of any of the terms, covenants and conditions herein contained to be performed, kept and observed by AIRLINE, shall not be deemed a waiver of any right on the part of MAC to terminate this Agreement for failure by AIRLINE to perform, keep or observe any of the terms, covenants or conditions of this Agreement.

J. NONSIGNATORY LANDING FEES

The landing fee rate charged to any Airline that is not a Signatory Airline shall be in accordance with the rates established by ordinance from time to time by MAC.

K. AFFILIATED AIRLINE

If AIRLINE is an Affiliated Airline, then AIRLINE is not obligated to pay MAC the fixed (i.e. 20%) portion of the Common Use Bag Claim and Carrousel Charges and the Security Deposit requirement in Article V.D. If AIRLINE has designated an Airline as an Affiliated Airline, AIRLINE hereby unconditionally guarantees all rents, fees and charges including passenger facility charges of any Affiliated Airline so designated by AIRLINE, and upon receipt of notice of default by such Affiliated Airline (with a copy to AIRLINE), AIRLINE will pay such amounts to MAC on demand pursuant to the payment provisions of this Agreement. AIRLINE must give MAC thirty (30) days advance written notice in order to designate an Airline as an Affiliated Airline or to revoke such status.

VI. CALCULATION OF RENTS, FEES, AND CHARGES**A. GENERAL**

Effective January 1, 1999 and for each Fiscal Year thereafter, rents, fees, and charges will be reviewed and recalculated based on the principles and procedures set forth in this Article. The annual costs associated with each of the indirect cost centers shall be allocated to each of the Airport Cost Centers based on the allocations as set forth in Exhibit M, Indirect Cost Center Allocation, which allocations may be amended from time to time by mutual consent of MAC and a Majority-In-Interest of Signatory Airlines. Such consent may not be unreasonably withheld.

B. CALCULATION/COORDINATION PROCEDURES

1. AIRLINE shall provide to MAC: (a) on or before August 1 of each year a preliminary estimate of Total Landed Weight for the succeeding calendar year of AIRLINE and each Affiliated Airline, unless separately reported to MAC by such Affiliated Airline; and (b) on or before October 1 of each year a final estimate of such weight. If the final estimate is not so received, MAC may continue to rely on the preliminary estimate for the MAC budgeting process. MAC will utilize the forecast in developing its preliminary calculation of Total Landed Weight for use in the calculation of rents, fees, and charges for the ensuing Fiscal Year.
2. On or before October 15 of each Fiscal Year, MAC shall submit to AIRLINE a preliminary calculation of rents, fees, and charges for the ensuing Fiscal Year. The preliminary calculation of rents, fees, and charges will include, among others, MAC's estimate of all revenue items, Operation and Maintenance Expenses, depreciation and imputed interest, Capital Outlays, required deposits, including amounts necessary to be deposited in the Coverage Account in order to meet MAC's rate covenant under the Trust Indenture, and Rentable Space. The calculation of depreciation and imputed interest will be based on MAC's determination of the useful life of each asset and the weighted average cost of capital, respectively, under generally accepted accounting principles, except that unless specifically prohibited by generally accepted accounting principles applicable to a particular project, (a) Terminal Building projects involving building or structural changes added to the rate calculation after January 1, 1999 and which would otherwise have been depreciated over 20-25 years shall be depreciated over 30 years, and (b) ramp and runway projects involving replacement concrete or ramp work added to the rate calculation after January 1, 1999 and which would otherwise have been depreciated over 20-25 years shall be depreciated over 30 years.
3. Within fifteen (15) days after receipt of the preliminary calculation of rents, fees, and charges, if requested by the Signatory Airlines, a meeting shall be scheduled between MAC and the Signatory Airlines to review and discuss the proposed rents, fees, and charges.

4. MAC shall then complete a calculation of rents, fees, and charges at such time as the budget is approved, taking into consideration the comments or suggestions of AIRLINE and the other Signatory Airlines.
5. If, for any reason, MAC's annual budget has not been adopted by the first day of any Fiscal Year, the rents, fees, and charges for the Fiscal Year will initially be established based on the preliminary calculation of rents, fees, and charges until such time as the annual budget has been adopted by MAC. At such time as the annual budget has been adopted by MAC, the rents, fees, and charges will be recalculated, if necessary, to reflect the adopted annual budget and made retroactive to the first day of the Fiscal Year.
6. If, during the course of the year, MAC believes significant variances exist in budgeted or estimated amounts that were used to calculate rents, fees, and charges for the then current Fiscal Year, MAC may after notice to Airlines adjust the rents, fees, and charges for future reports to reflect current estimated amounts.

C. LANDING FEES

MAC shall calculate the landing fee rate in the following manner and as illustrated in Exhibit N.

1. The total estimated Airfield Cost shall be calculated by totaling the following annual amounts:
 - a. The total estimated direct and allocated indirect Operation and Maintenance Expenses allocable to the Airfield cost center.
 - b. The estimated direct and allocated indirect depreciation and imputed interest on the net Capital Cost (after grants and PFCs) allocable to the Airfield cost center. MAC agrees to defer the start of recovery through landing fees of depreciation and imputed interest on \$49.683 million of project costs included in the Runway 17/35 Program from their original date of beneficial occupancy to 2006. Carrying costs for such projects during this deferral period shall be calculated with the amount added to the original project cost (which, if debt funded, includes the allocated portion of capitalized interest, debt service reserve funds, issuance costs, and other such cost elements related to such debt) for recovery through the project's depreciation and imputed interest calculations starting in 2006. Depreciation and imputed interest on these projects shall be recovered over the depreciation periods set forth in Article VI.B.2.
 - c. The estimated imputed interest (net of grants and PFCs) on the historical cost of MAC's investment in land.

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- d. The total estimated direct and allocated indirect cost (net of grants and PFCs) of Capital Outlays allocable to the Airfield cost center.
 - e. The amount of any fine, assessment, judgment, settlement, or extraordinary charge (net of insurance proceeds) paid by MAC in connection with the operations on the Airfield, to the extent not otherwise covered by Article X.
 - f. The amounts required to be deposited to funds and accounts pursuant to the terms of the Trust Indenture, including, but not limited to, its debt service reserve funds allocable to the Airfield cost center. MAC agrees to exclude from the calculation of landing fees the amounts which it may deposit from time to time to the maintenance and operation reserve account and the Coverage Account established and maintained pursuant to the Trust Indenture except for such amounts which are necessary to be deposited to the Coverage Account in order for MAC to meet its rate covenant under the Trust Indenture.
 - g. Any amounts required to be collected from landing fees pursuant to 1999 Minn. Laws Chapt. 243-Omnibus Tax Bill (Richfield Bonds) unless such payment is prohibited by applicable federal law.
2. The total estimated Airfield Cost shall be adjusted by the total estimated annual amounts of the following items to determine the Net Airfield Cost:
- a. Service fees received from the military, to the extent such fees relate to the use of the Airfield;
 - b. General aviation and nonsignatory landing fees;
 - c. Off-Airport Aircraft Noise Costs until January 1, 2000; and
 - d. Depreciation and imputed interest on the Capital Cost, if any, disapproved by a Majority-In-Interest of Signatory Airlines.
 - e. Landing Fee Deferral/Addition.
 - i. Unless such amounts are required for MAC to comply with its rate covenant under the Trust Indenture, MAC will defer the collection of \$1.761 million for FY1999 and \$3.753 million for FY2000.
 - ii. Unless such amounts are required for MAC to comply with its rate covenant under the Trust Indenture, with respect to the period from FY2001 through FY2006, MAC will prepare an estimated landing fee rate as follows: Using the amount of landing fees that would result from the estimated landing fee rate, along with the other Airline fees and charges

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normally used to determine Airline payments per enplanement (hereinafter "APPE"), MAC will calculate a projected APPE amount for the upcoming fiscal year using such Airline payments divided by the greater of (a) MAC's projection of enplanements for such fiscal year or (b) the actual enplanement amounts for the prior fiscal year increased for 2 years by 3 percent per year.

If the projected APPE amount for an upcoming fiscal year exceeds the APPE amount for 1998, escalated by 6.85 percent per year (hereinafter "APPE Comparison Amount"), then MAC shall reduce the amount to be recovered from Airlines through landing fees in the upcoming fiscal year to equate to the APPE Comparison Amount; provided, however, that the total amount of any such reduction in any fiscal year shall not exceed the amount shown in the following table:

<u>Fiscal Year</u>	<u>Amount</u>
2001	\$ 5.031 million
2002	\$ 6.790 million
2003	\$ 0.875 million
2004	\$ 7.606 million
2005	\$ 1.917 million
2006	\$ 5.672 million

- iii. Any amounts deferred pursuant to this provision shall be recorded in a deferred revenue account. Balances in such account shall accrue interest at 6.1 percent per annum.
- iv. With respect to FY 1999 through FY2006, the deferred revenue account may be added to landing fees to the extent that the projected APPE amount for that fiscal year is less than the APPE Comparison Amount for that fiscal year. With respect to FY2007 through FY2010, the balance in the deferred revenue account, along with any future interest accruals, shall be recovered in total from the Airlines by adding a portion of the deferred amount, with interest, to landing fees, based upon the following percentage:
- 15 % of the deferred amount in FY2007, plus accrued interest
 - 40% of the deferred amount in FY2008, plus accrued interest
 - 40% of the deferred amount in FY2009, plus accrued interest

- 5% of the deferred amount in FY2010, plus accrued interest

3. The Net Airfield Cost shall then be divided by the estimated Total Landed Weight (expressed in thousands of pounds) of the Signatory Airlines operating at the Airport to determine the landing fee rate per 1,000 pounds of aircraft weight for a given Fiscal Year.

D. ENVIRONMENTAL SURCHARGE

Signatory Airlines operating stage 2 and/or stage 3 aircraft at the Airport shall pay an environmental surcharge and excess stage 2 fee, and shall receive a stage 3 credit, as applicable, for operations of stage 2 and stage 3 aircraft at the Airport until January 1, 2000 at which time the environmental surcharge, excess stage 2 fee, and stage 3 credit will be terminated and the applicable costs shall be included in the landing fees as provided elsewhere in this Agreement. MAC shall calculate the environmental surcharge, excess stage 2 fee, and stage 3 credit in the following manner and as illustrated in Exhibit N.

1. MAC shall calculate the environmental surcharge prior to the beginning of the Fiscal Year based on the estimated Off-Airport Aircraft Noise Costs and shall recalculate the environmental surcharge following the end of the Fiscal Year based on procedures in Section J of this Article. MAC shall calculate the excess stage 2 fee and stage 3 credit following the end of the Fiscal Year based on actual costs and operations.
2. MAC shall calculate the environmental surcharge rate by dividing the estimated annual Off-Airport Aircraft Noise Costs, net of environmental surcharges paid by nonsignatory airlines, by the total number of Stage 2 and Stage 3 Operations of Signatory Airlines at the Airport to produce a rate per aircraft operation.
3. MAC shall calculate the excess stage 2 fee rate by multiplying the annual environmental surcharge rate by thirty (30) percent to produce an excess stage 2 fee rate per Stage 2 Operation.
4. The stage 3 credit shall be equal to the total excess stage 2 fees paid by the Signatory Airlines at the Airport in a given Fiscal Year.
5. Credits under this Section shall not exceed fees under this Section for any Signatory Airline in a given Fiscal Year.

E. TERMINAL APRON FEES

MAC shall calculate the terminal apron rate in the following manner and as illustrated in Exhibit N.

1. The total estimated Terminal Apron Cost shall be calculated by totaling the following annual amounts:

- a. The total estimated direct and allocated indirect Operation and Maintenance Expenses allocable to the Terminal Apron cost center.
 - b. The estimated direct and allocated indirect depreciation and imputed interest on the net Capital Cost (after grants and PFCs) allocable to the Terminal Apron cost center (excluding hydrant fueling repairs and modifications).
 - c. The total estimated direct and allocated indirect cost (net of grants and PFCs) of Capital Outlays allocable to the Terminal Apron cost center.
 - d. The amounts required to be deposited to funds and accounts pursuant to the terms of the Trust Indenture, including, but not limited to, its debt service reserve funds allocable to the Airfield cost center. MAC agrees to exclude from the calculation of landing fees the amounts which it may deposit from time to time to the maintenance and operation reserve account and the Coverage Account established and maintained pursuant to the Trust Indenture except for such amounts which are necessary to be deposited to the Coverage Account in order for MAC to meet its rate covenant under the Trust Indenture.
2. The Terminal Apron Cost shall then be divided by the total estimated lineal feet of Terminal Apron, to determine the terminal apron rate per lineal foot for a given Fiscal Year. For the purposes of this calculation, lineal feet of Terminal Apron shall be computed as the sum of the following:
- a. Lineal feet of Terminal Apron excluding the lineal feet of Regional Ramp; and
 - b. Weighted lineal feet of Regional Ramp, which MAC shall compute as the lineal feet of Regional Ramp weighted by the ratio of the average depth of the Regional Ramp to the average depth of other areas of the Terminal Apron.

F. REGIONAL RAMP FEES

MAC shall calculate the regional ramp fee for Preferential and Common Use parking positions in the following manner and as illustrated in Exhibit N.

1. The total estimated Regional Ramp Cost shall be calculated by multiplying the terminal apron rate per lineal foot by the weighted lineal feet of Regional Ramp.
2. The Regional Ramp Cost shall be divided by the total number of aircraft parking positions on the entire Regional Ramp to compute the fee per Preferential Use parking position.

3. The Common Use Regional Ramp Cost shall be calculated by multiplying the fee per Preferential Use parking position by the number of Common Use parking positions.
4. The Common Use Regional Ramp Cost shall, to the extent feasible, be fully recovered through a use fee established by MAC taking into consideration Common Use Regional Ramp Cost and expected utilization of Common Use parking positions on the Regional Ramp.
5. MAC shall assess no additional charges for areas on the Regional Ramp designated by MAC for Airline ground service equipment.

G. TERMINAL BUILDING RENTS

MAC shall calculate the terminal building rental rate for unjanitored and janitored space in the Terminal Building as set forth in Subsections 1 and 2 of this Section.

1. MAC shall calculate the terminal building rental rate for unjanitored space in the Terminal Building in the following manner and as illustrated in Exhibit N.
 - a. The total estimated Terminal Building Cost shall be calculated by totaling the following annual amounts:
 - 1) The total estimated direct and allocated indirect Operation and Maintenance Expenses allocable to the Terminal Building cost center.
 - 2) The estimated direct and allocated indirect depreciation and imputed interest on the net Capital Cost (after grants and PFCs) allocable to the Terminal Building cost center. MAC agrees to defer the start of recovery through terminal building rents of depreciation and imputed interest on \$121.574 million of project costs included in the Green Concourse Extension Program from their original date of beneficial occupancy to 2006. Carrying costs for such projects during this deferral period shall be calculated with the amount added to the original project cost (which, if debt funded, includes the allocated portion of capitalized interest, issuance costs, and other such cost elements related to such debt) for recovery through the project's depreciation and imputed interest calculations starting in 2006. Depreciation and imputed interest on these projects shall be recovered over the depreciation periods set forth by in Article VI. B. 2.
 - 3) The total estimated direct and allocated indirect cost (net of grants and PFCs) of Capital Outlays allocable to the Terminal Building cost center.

- 4) The amounts required to be deposited to funds and accounts pursuant to the terms of the Trust Indenture, including, but not limited to, its debt service reserve funds allocable to the Airfield cost center. MAC agrees to exclude from the calculation of landing fees the amounts which it may deposit from time to time to the maintenance and operation reserve account and the Coverage Account established and maintained pursuant to the Trust Indenture except for such amounts which are necessary to be deposited to the Coverage Account in order for MAC to meet its rate covenant under the Trust Indenture.

 - b. The total estimated Terminal Building Cost shall be reduced by the total estimated annual amounts of the following items to determine the Net Terminal Building Cost:
 - 1) Reimbursed expense for steam and chilled water on the Gold Concourse;
 - 2) Carrousel and conveyor Capital Cost and Operation and Maintenance Expense; and
 - 3) Janitorial Operation and Maintenance Expenses, as determined by MAC.

 - c. The Net Terminal Building Cost shall then be divided by the total estimated Rentable Space in the Terminal Building to determine the terminal building rental rate per square foot for unjanitored space for a given Fiscal Year. (See Initial Rentable Square Footage, Exhibit O).
2. MAC shall calculate the terminal building rental rate for janitored space by totaling the following rates and as illustrated in Exhibit N:
 - a. The terminal building rental rate per square foot for unjanitored space for a given Fiscal Year, as calculated in this Section; and
 - b. An additional rate per square foot, the janitored rate, calculated by dividing the total estimated direct janitorial Operation and Maintenance Expenses, as determined by MAC, by the total janitored space in the Terminal Building (excluding MAC and mechanical space).

H. CARROUSEL AND CONVEYOR CHARGE

1. MAC shall calculate the carrousel and conveyor charge, as illustrated in Exhibit N, by totaling the following annual amounts: equipment charges associated with the carrousel and conveyor, including annual depreciation and imputed interest, maintenance expense, and service charge.

2. MAC shall prorate the carousel and conveyor charge among the Signatory Airlines using the Common Use Formula.

I. IAF USE FEES

The IAF use fee for use of the IAF and any associated gates shall be effective through December 31, 2015 and shall be based upon:

1. The cost of the maintenance and operation of the International Arrivals Facility which may include, but is not limited to:
 - a. utilities;
 - b. cleaning;
 - c. maintenance (including the costs of maintaining the security equipment that existed as of April 1998), repair and replacement cost allocation;
 - d. police, fire, and administrative cost allocation;
 - e. costs of providing passenger baggage carts, if any;
 - f. costs of providing staff parking for federal inspections agency staff; and
 - g. \$4.17 per square foot recoupment for lost rental area in the Gold Concourse.
2. Costs associated with the operation of dual international arrivals facility locations at the Airport, based on the appropriate allocation of costs between the two facilities, not otherwise funded by the federal inspections agencies including, but not limited to additional personnel and equipment used by those agencies; and
3. Excess construction and financing costs, if any; and
4. Costs of improvements (defined as \$0.32 (32 cents) per international arriving passenger) at the Humphrey Terminal that would have been paid by the Airlines who will now use the International Arrivals Facility until such time as this fee is no longer collected at the Humphrey Terminal.

Items (1) through (3) above, for which AIRLINE will be billed monthly, shall be set annually at an estimated charge through MAC's budget process and then adjusted at year end for actual costs pursuant to certified audit by MAC's external auditors and such difference shall be charged or credited to AIRLINE and paid by AIRLINE or MAC within thirty (30) days thereafter.

J. YEAR-END ADJUSTMENTS OF RENTS, FEES, AND CHARGES

1. As soon as practical following the close of each Fiscal Year, but in no event later than July 1, MAC shall furnish AIRLINE with an accounting of the costs actually incurred and revenues and credits actually realized during such Fiscal Year with respect to each of the components of the calculation of the rents, fees, and charges calculated pursuant to this Article broken down by rate making Cost Center.
2. In the event AIRLINE's rents, fees, and charges billed during the Fiscal Year exceed the amount of AIRLINE's rents, fees, and charges required (as recalculated based on actual costs and revenues), such excess shall be refunded or credited to AIRLINE.
3. In the event AIRLINE's rents, fees, and charges billed during the Fiscal Year are less than the amount of AIRLINE's rents, fees, and charges required (as recalculated based on actual costs and revenues), such deficiency shall be charged to AIRLINE in a supplemental billing.

VII. CAPITAL EXPENDITURES**A. GENERAL**

1. Subject to the provisions of Sections B and D of this Article, MAC may incur costs to plan, design, and construct Capital Projects to preserve, protect, enhance, expand, or otherwise improve the Airport System, or parts thereof, at such time or times as it deems appropriate, and may recover through airline rents, fees, and charges the costs of such Capital Projects.
2. Subject to the provisions of this Article, MAC may pay the Capital Cost associated with any Capital Project using funds lawfully available for such purposes as it deems appropriate, and may issue Airport Bonds in amounts sufficient to finance any Capital Project.
3. MAC will use its best efforts to obtain and maximize: (a) federal and state grants, including MNDOT and AIP grants; (b) one hundred eighty six million dollars (\$186,000,000) in federal letter of intent ("LOI") and side agreements; and (c) fifty million dollars (\$50,000,000) in additional entitlement/discretionary money for a total of two hundred thirty six million dollars (\$236,000,000). In the event MAC decides to issue debt to interim finance project costs otherwise chargeable to cost centers affecting airline rates and charges expected to be paid from the future receipt of LOI discretionary grants it will include interest and issuance costs associated with this debt in the calculation of airline rates and charges.
4. This Agreement shall not be interpreted: (a) to impair the authority of MAC to impose a Passenger Facility Fee or to use the Passenger Facility revenue as required by the PFC legislation or PFC Regulations; (b) to restrict MAC from financing, developing or assigning new capacity at the Airport with Passenger Facility revenue if and to the extent such restriction would violate the PFC legislation or PFC Regulations; (c) to preclude MAC from funding, developing, or assigning new capacity at the Airport with PFC revenue in any manner required by the PFC legislation or the PFC Regulations; or (d) to prevent MAC from exercising any other right it is required to retain by the PFC legislation or PFC Regulations if and to the extent it is so required to be retained by the PFC legislation or PFC Regulations. Subject to these provisions, however, MAC and AIRLINE agree as follows:
 - a. AIRLINE and MAC agree that MAC may impose a PFC throughout the Term of this Agreement.
 - b. MAC will use all PFC revenue, including PFCs attributable to increases in the PFC collection rate, collected during the Term of this Agreement to pay the Capital Costs of the 2010 Plan, as the same may be amended pursuant to the terms of this Agreement, and any associated debt service, except that to the extent that

PFC's are not legally authorized to be used for such purpose under applicable law, they may be expended for the purposes for which they are legally authorized.

- c. Actual PFC revenue from the lesser of ninety percent (90%) of Originating Passengers or forty-five percent (45%) of Enplaned Passengers for the period from 2011 to 2030 will be applied to fund Capital Costs associated with the 2010 Plan before being applied in any other manner. A portion (as defined below) of the PFC's expected to be collected for the period from 2011 to 2030 will be used to structure a bond issue to fund Capital Costs associated with the 2010 Plan. Such Capital Costs will not be charged to airline cost centers, however debt service not actually paid with PFC's may be recovered from the Airlines through a special charge to the appropriate airline cost center. This "portion" shall be determined by MAC, after consultation with its financial advisors in conjunction with the issuance of debt associated with the 2010 Plan, based upon its projections of the amount of PFC revenue which will be generated from the lesser of ninety percent (90%) of the projected Originating Passengers or forty-five percent (45%) of the projected Enplaned Passengers for the period from 2011 to 2030, based upon MAC's forecasts of passenger growth and an assumed \$5.00 per passenger PFC collection rate.

- 5. MAC agrees to structure debt so that MAC's construction fund balance will not exceed one hundred twenty-five million dollars (\$125,000,000) on December 31, 2010. Any excess beyond this amount will be applied to reduce debt.

- 6. Annually MAC shall submit to each Signatory Airline a report on the Capital Projects that MAC plans to commence during a Fiscal Year. MAC may from time to time amend or supplement such report for the then-current year by providing supplementary notice to each Signatory Airline. The report (or supplemental report) shall contain the following information:

- a. A description of each Capital Project, together with statement of the need for and benefits to be derived from each Capital Project.
- b. A schedule of estimated project costs and proposed funding sources for each Capital Project.
- c. A notice requesting MII approval of the Capital Projects, if any, that are subject to MII review under Section B of this Article.

B. CAPITAL PROJECTS SUBJECT TO MII REVIEW

MAC may not recover through airline rents, fees, or charges the Capital Costs, including the Off-Airport Aircraft Noise Costs, of any Capital Project in the Airfield

Cost Center whose gross project costs exceed one million dollars (\$1,000,000) without the prior approval of a Majority-in-Interest of Signatory Airlines.

1. Each Capital Project, which is subject to this Section B, shall be deemed to be “Approved by a Majority-In-Interest of Signatory Airlines” unless MAC receives, within forty-five (45) days of mailing the report specified in Section A of this Article, either: (a) written responses from a Majority-In-Interest of Signatory Airlines and such responses signify that a Majority-In-Interest of Signatory Airlines disapprove such Capital Project or (b) a certificate from the chair of the MSP Airport Affairs Committee, with supporting documentation establishing that a Majority-In-Interest of Signatory Airlines disapprove such Capital Project.
2. MAC may proceed with any Capital Project that was disapproved by a Majority-In-Interest of Signatory Airlines; provided, however, that MAC may not recover through airline rents, fees, or charges the Capital Costs, including the Off-Airport Aircraft Noise Costs, of any disapproved Capital Project.
3. Notwithstanding the foregoing and subject to the limitations described below, the 2010 Plan Airfield Programs shall be deemed to be Approved by a Majority-in-Interest of Signatory Airlines.

C. CAPITAL PROJECTS NOT SUBJECT TO MII REVIEW

Without the prior approval of a Majority-In-Interest of Signatory Airlines, MAC may incur costs to plan, design, and construct at such time or times as it deems appropriate, and may recover through airline rents, fees, and charges the costs of the following Capital Projects:

1. Any Capital Project that is not in the Airfield Cost Center except as set forth in D. below.

MAC plans to undertake a program of improvements to the Airport System known as the 2010 Plan. The 2010 Plan, which is described in Exhibit I, includes Capital Projects that are not in the Airfield Cost Center as well as the 2010 Plan Airfield Programs. Such Capital Projects are so identified in Exhibit I.
2. Any Capital Project in the Airfield Cost Center that is necessary to comply with a rule, regulation, or order of any governmental agency, other than an ordinance of MAC, that has jurisdiction over the operation of the Airport.
3. Any Capital Project in the Airfield Cost Center that is necessary to satisfy a final judgment against MAC rendered by a court of competent jurisdiction.
4. Any Capital Project in the Airfield Cost Center that is necessary to repair casualty damage, the cost of which exceeds the proceeds of applicable

insurance; provided that the MAC may recover the Capital Cost of such repair only to the extent that the cost of reconstruction or replacement exceeds the insurance proceeds available for such purposes.

D. 2010 PLAN AIRFIELD PROGRAMS

1. Subject to the limitations described below, MAC has the right to incur costs to plan, design, and construct at such time or times as it deems appropriate and to recover through airline rents, fees, and charges the costs of the 2010 Plan Airfield Programs, which are identified in Exhibit I.
2. MAC may add, delete, or otherwise modify components of the 2010 Plan Airfield Programs; provided, however, that no such modifications may materially change the scope of any of the 2010 Plan Airfield Programs without the prior approval of a Majority-In-Interest of Signatory Airlines. MAC shall provide Signatory Airlines with annual updates on the progress of the 2010 Airfield Programs including modifications to the 2010 Plan Airfield Program in reasonable detail.
3. MAC will use its best efforts to obtain a letter of intent for AIP discretionary grants to fund eligible costs of the Runway 17/35 Program.
4. The Original Cost Estimate (stated in 1998 dollars) of each 2010 Plan Airfield Program is presented in Exhibit I. MAC may not exceed the Original Cost Estimate of any 2010 Plan Airfield Program except as set forth in this Section.
5. MAC may revise the Original Cost Estimate of a 2010 Plan Airfield Program as follows:
 - a. From time to time to reflect material scope changes approved by MAC and by a Majority-In-Interest of the Signatory Airlines; and
 - b. Annually in accordance with changes in inflation. Such revision shall be calculated by adjusting the Original Cost Estimate (as revised to reflect material scope changes) by changes in the *Engineering News Record* Construction Cost Index for Minneapolis.
 - c. To reflect increases in the cost of the Noise Mitigation Program caused by increases in the size of the approved 65 DNL noise contour, as documented in the FAR Part 150 Program.
6. MAC shall develop and maintain Current Cost Estimates for each of the 2010 Plan Airfield Programs.
7. In the event the Current Cost Estimate of any of the 2010 Plan Airfield Programs exceeds the Original Cost Estimate, as revised, for such Program, then the MAC at its sole discretion shall do one or more of the following:

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- a.** After consultation with Airlines, modify or defer until after 2010 a sufficient number of projects contained in such Program so that the Current Cost Estimate does not exceed the Original Cost Estimate, as revised in accordance with Paragraph D.5. of this Section; or
- b.** Fund the amount of the excess and exclude depreciation and interest on such amount from the calculation of rents, fees, and charges; or
- c.** Obtain approval for additional costs from a Majority-In-Interest of Signatory Airlines. The Majority-In-Interest approval is required only on the portion of the Current Cost Estimate that exceeds the Original Cost Estimate, as revised in accordance with Paragraph D.5. of this Section.

VIII. INSTALLATION, MAINTENANCE AND UTILITIES

A. OBLIGATIONS OF MAC

1. MAC shall maintain and operate the Airport in conformance with all rules and regulations of the FAA and any other governmental agency having jurisdiction thereof, provided that nothing herein contained shall be deemed to require MAC to enlarge the Airport, to make expansions or additions to the landing areas, runways or taxiways, or other appurtenances of the Airport. In limitation of the foregoing, it is expressly agreed that if funds for the provision, maintenance and operation of the control tower, instrument landing system, ground control approach and/or other air navigation aids or other facilities required or permitted by the United States and needed by AIRLINE for AIRLINE's operation at the Airport, which are now, or may hereafter be furnished by the United States, are discontinued MAC shall not be required to furnish such facilities.
2. Except as otherwise specifically provided herein, MAC during the Term of this Agreement shall, in accordance with acceptable FAA standards, and other applicable statutes or regulations, operate, maintain, and keep in good repair the Airport, including the Terminal Complex, vehicular parking spaces, and all appurtenances, facilities and services therein, including, without limiting the generality hereof, all field lighting and other appurtenances, facilities and services which MAC is to furnish hereunder, and Common Use Premises. MAC shall make repairs thereto, though occasioned by negligence of AIRLINE or its employees, agents, or invitees. MAC may recover from AIRLINE such portion of the cost of such repairs as is not recoverable through MAC's insurance on such damaged or destroyed structures or facilities.
3. It is further agreed that nothing in this Agreement shall prevent MAC from making such commitments to the Federal Government or to the State of Minnesota as may be required in order to qualify for the expenditure of Federal or State funds on the Airport. Such commitments shall be without prejudice to AIRLINE's right to claim damages therefrom. In furtherance of the foregoing, MAC shall:
 - a. Keep the Airport reasonably free from obstructions, including the removal and clearing of snow, grass, stone, or other foreign matter as necessary and with reasonable promptness from the runways, taxiways and loading areas, and areas immediately adjacent thereto in order to insure the safe, convenient, and proper use of the Airport by AIRLINE and others.
 - b. Keep public areas of the Terminal Complex adequately supplied, equipped, furnished and decorated, and operate and maintain a public address system and adequate directional signs in the Terminal Complex and throughout the Airport, including but not limited to signs indicating the location of public restaurants,

restrooms, newsstands, telephones, telegraph, baggage counters, and all other facilities for passenger or public use in the Terminal Complex or elsewhere on the Airport.

4. MAC shall:
 - a. Provide and supply adequate heat, conditioned air, water and adequate lighting for the Terminal Complex and loading ramps, and adequate field lighting on or for the Airport (See Article IV.B.).
 - b. Provide reasonable access to existing sewer, water, heating/cooling, electrical and other available utilities in the Terminal Complex, with cost of connection to be borne by Airlines.
 - c. Provide janitors and other cleaners necessary to keep the areas outlined in Exhibit P, the unleased Rentable Space, and the field and runway areas of the Airport at all times safe, clean, neat, orderly, sanitary, and presentable. AIRLINE may janitor its Preferential Use holdroom areas if in the judgment of MAC's Executive Director the level of cleaning meets MAC's consistently applied standards.
 - d. Provide space in the Terminal Building and arrange for the professional operation of restaurants for the purpose of selling food, beverages, and merchandise to the public.
5. MAC shall perform maintenance in the Terminal Complex and surrounding areas in compliance with Exhibit P and as further defined in this Article. Any changes to that responsibility must be incorporated as an amendment to this Agreement.
6. MAC by its authorized officers, employees, agents, contractors, subcontractors, or other representatives, shall have the right (at such times as may be reasonable under the circumstances and with as little interruption of AIRLINE's operation as is reasonably practicable) to enter AIRLINE's Exclusive, Preferential, or Common Use Premises for the following purposes:
 - a. To inspect such space to determine whether AIRLINE has complied and is currently in compliance with the terms and conditions of this Agreement.
 - b. Upon reasonable notice to perform such maintenance, cleaning, or repair as MAC's Executive Director deems necessary, if AIRLINE fails to perform its obligations under this Article VIII, and to recover the reasonable cost of such maintenance, cleaning, or repair from AIRLINE.
7. With regard to the IAF, MAC shall:

- a. Operate, maintain, and keep the IAF space in good repair and shall keep it adequately supplied, equipped, furnished and decorated, and operate and maintain adequate directional signs.
- b. Provide janitors and other cleaners reasonably necessary to keep the IAF space, including Federal office space, safe, clean, neat, orderly, sanitary, and presentable.

B. OBLIGATIONS OF AIRLINE

- 1. AIRLINE shall, in accordance with Exhibit P, attached hereto, be responsible for and shall perform or cause to be performed janitorial, maintenance, and repair of the Exclusive Premises in a neat and orderly condition and shall repair or replace as needed all improvements, installations, fixtures and equipment to be initially installed by it hereunder. Where damage is caused by negligence of MAC, its officers, agents, or employees, AIRLINE may recover from MAC the cost of repairs to the extent but only to the extent that the cost of such repairs is not recoverable through insurance of AIRLINE on such improvements, installations, fixtures and equipment. AIRLINE shall not commit nor permit any waste of or to the Premises or to apron areas adjacent to AIRLINE's holdroom. Explicitly in furtherance of the foregoing the AIRLINE shall:
 - a. Whether alone or in conjunction with other Airlines at the Airport provide sufficient porter service and common bag claim service in the area designated for the convenience of AIRLINE's passengers, and
 - b. Not permit the accumulation in the Premises or on the apron area adjacent to its holdroom of rubbish, debris, waste material, or anything detrimental to health or unsightly or likely to create a fire hazard, but shall make prompt disposition thereof.
- 2. Subject to MAC's Rules and Regulations and Ordinances, AIRLINE may, from time to time, install additional facilities and improvements and modify or expand existing facilities or improvements in its Exclusive and Preferential Use Premises. Before entering into any contract for such work, or commencing work with its own personnel, AIRLINE shall first submit to MAC for its prior written approval a request (in a form prescribed by MAC) accompanied by a set of complete construction plans and specifications for the proposed work. The work shall not interfere with the operation of the Airport and flights to and from the same on a 24 hours per day, 7 days per week basis. In completing the work approved the AIRLINE shall:
 - a. If requested by MAC (but only to the extent required by law), require the contractor and any subcontractor to furnish a performance bond and payment bond, approved as to form and substance by MAC.
 - b. Deliver to MAC "as built" drawings of the work actually performed by it and shall keep such drawings current showing any changes

or modification made in or to its Exclusive and Preferential Use Premises.

3. With regard to the IAF, AIRLINE is responsible for handling and disposing of all international waste on AIRLINE's aircraft in accordance with the requirements of the United States Department of Agriculture.

IX. DAMAGE OR DESTRUCTION OF PREMISES

A. DAMAGE OR DESTRUCTION

1. If any building of MAC in which AIRLINE occupies Premises hereunder shall be partially damaged by fire, explosion, the elements, the public enemy, or other casualty, but shall not be rendered thereby untenable, the same shall be repaired with due diligence by MAC. If the damage shall be so extensive as to render such building untenable in whole or in part but capable of being repaired in ninety (90) days, the same shall be repaired with due diligence by MAC and the rent payable hereunder with respect to the portion of AIRLINE's Premises so rendered untenable shall be proportionately paid up to the time of such damage and shall thence forth cease and be abated until such time as such untenable portion of such building shall be fully restored to tenable condition.
2. In case any such building is completely destroyed by fire, explosion, the elements, the public enemy, or other casualty, or be so damaged that the same cannot reasonably be repaired with due diligence by MAC within ninety (90) days of such casualty, MAC shall, within sixty (60) days of such casualty give AIRLINE written notice that it intends or does not intend to repair or reconstruct such building, as follows:
 - a. In the event MAC elects to repair and reconstruct the building, then the same shall be repaired with due diligence by MAC and the rent payable hereunder with respect to the portion of AIRLINE's Premises rendered untenable as a result of such casualty shall be proportionately paid up to the time of such casualty and shall thenceforth cease and be abated until such time as such untenable portion of such building shall be restored to tenable condition.
 - b. In the event MAC determines not to repair or reconstruct such building (whether by delivery of notice to said effect or by deemed notice as hereinafter described), then this Agreement shall be deemed terminated as to the portion of the AIRLINE's Premises rendered untenable as a result of such casualty with respect to such portion, and rent payable hereunder with respect to such portion shall be proportionately paid through the date of such casualty and shall thenceforth cease.

If no written notice of intention to repair and restore is timely received by AIRLINE within the above-referenced sixty (60) day period, then MAC shall be deemed to have elected not to repair or reconstruct the building. Except as expressly set forth in this Article IX, MAC shall have no obligation to repair or rebuild any of the facilities at the Airport in the event of damage by the elements, fire, explosions or other casualty or causes beyond the control of MAC.

- c.** Proceeds of any insurance maintained by MAC payable with respect to such casualty shall be applied to such repair or reconstruction or shall be credited to the appropriate Airport Cost Centers.

B. FORCE MAJEURE

Except as expressly provided in this Agreement, neither MAC nor AIRLINE shall be deemed to be in default hereunder if either party is prevented from performing any of the obligations, other than payment of rents, fees and charges hereunder, by reason of strikes, boycotts, labor disputes, embargoes, shortages of energy or materials, acts of the public enemy, prolonged unseasonable weather conditions and the results of acts of nature, riots, rebellion, sabotage, or any other similar circumstances for which it is not responsible or which are not within its control.

X. INDEMNITY AND LIABILITY INSURANCE

A. INDEMNIFICATION

1. AIRLINE agrees to indemnify, defend, save and hold harmless MAC and its Commissioners, officers, and employees (collectively, "Indemnitees") from and against any and all liabilities, losses, damages, suits, actions, claims, judgments, settlements, fines or demands of any person other than an Indemnitee arising by reason of injury or death of any person, or damage to any property, including all reasonable costs for investigation and defense thereof (including but not limited to attorneys' fees, court costs, and expert fees), of any nature whatsoever arising out of or incident to (a) the use or occupancy of, or operations of AIRLINE at or about the Airport, or (b) the acts or omissions of AIRLINE's officers, agents, employees, contractors, subcontractors, licensees, or invitees, regardless of where the injury, death or damage may occur, unless such injury, death or damage is caused by (i) the negligent act or omission of an Indemnitee whether separate or concurrent with negligence of others, including AIRLINE or (ii) the breach by an Indemnitee of this Agreement. MAC shall give AIRLINE reasonable notice of any such claims or actions. In indemnifying or defending MAC, AIRLINE shall use legal counsel reasonably acceptable to MAC and shall control the defense of such claim or action.

2. AIRLINE further agrees that if a prohibited incursion into the Air Operations Area occurs, or the safety or security of the Air Operations Area, the Airfield, or other sterile area safety or security is breached by or due to the negligence or willful act or omission of any of AIRLINE's employees, agents, or contractors and such incursion or breach results in a civil penalty action being brought against the MAC by the U.S. Government, AIRLINE agrees to reimburse MAC for all expenses, including attorney fees, incurred by MAC in defending against the civil penalty action and for any civil penalty or settlement amount paid by MAC as a result of such incursion or breach of airfield or sterile area security. MAC shall notify AIRLINE of any allegation, investigation, or proposed or actual civil penalty sought by the U.S. Government for such incursion or breach. Civil penalties and settlement and associated expenses reimbursable under this Paragraph include but are not limited to those paid or incurred as a result of violation of FAR Part 107, "Airport Security," FAR Part 108, "Airplane Operator Security," or FAR Part 139, "Certification and Operations: Land Airports Serving Certain Air Carriers."

3. The provisions of this Article shall survive the expiration of this Agreement with respect to matters arising before such expiration or before early termination or before relinquishment of Premises.

B. LIABILITY INSURANCE

1. AIRLINE shall provide, without cost or expense to MAC, and maintain in force throughout the full Term hereof the following insurance coverages as appropriate, insuring AIRLINE and MAC against the liabilities set forth in Subsection A next above:
 - a. Aircraft liability insurance and comprehensive general public liability insurance for claims of property damage, bodily injury, or death allegedly resulting from AIRLINE's activities into, on, and leaving any part of the Airport, in an amount not less than three hundred million dollars (\$300,000,000) per occurrence for Airlines operating aircraft over one hundred (100) seats, and not less than two hundred million dollars (\$200,000,000) for Airlines operating aircraft with ninety-nine (99) or fewer seats, and not less than one hundred million dollars (\$100,000,000) for Airlines operating aircraft with fifty-nine (59) or fewer seats. For purposes of this Section, the number of seats is determined based upon the largest aircraft in AIRLINE's fleet.
 - b. Liquor liability insurance for any facility of AIRLINE serving alcoholic beverages on the Airport in an amount not less than ten million dollars (\$10,000,000).
 - c. Hangarkeepers liability insurance in an amount adequate to cover any non-owned property in the care, custody and control of AIRLINE on the Airport, but in any event in an amount not less than five million dollars (\$5,000,000).
 - d. Automobile liability insurance in an amount adequate to cover vehicles operating on the Airport in an amount not less than five million dollars (\$5,000,000) combined single limit.
2. Notwithstanding anything to the contrary in this Article, MAC may allow the insurance coverage required herein to be provided through a self-insurance plan established by AIRLINE. The self-insurance plan may consist of a combination of primary, excess umbrella insurance and self-insurance protection and must be no less than the limits stated in the Article. The self-insurance plan must be approved in writing by MAC prior to becoming effective at the Airport. If AIRLINE requests MAC's approval of a self-insurance plan, it must submit a copy of its self-insurance plan, current financial statements annually showing the limits of its established self-insurance retention and proof of the primary and excess umbrella insurance. If the self-insurance plan is approved by the MAC and becomes effective, AIRLINE shall not increase the self-insurance retention levels stated in the self-insurance plan approved by MAC.
3. MAC, in operating the Airport, will carry and maintain comprehensive general liability insurance in such amounts as would normally be maintained

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by public bodies engaged in carrying on similar activities. MAC presently carries three hundred million dollars (\$300,000,000) of comprehensive general liability insurance.

4. MAC reserves the right to periodically review any and all policies of insurance and to reasonably adjust the limits of coverage required hereunder from time to time throughout the period of this Agreement. In such event, MAC shall provide AIRLINE with written notice of such adjusted limits and AIRLINE shall comply within sixty (60) days of receipt thereof to the extent such coverage is available on commercially reasonable terms.
5. All policies of insurance required herein shall be in a form and with a company or companies reasonably satisfactory to MAC and shall name MAC as an additional insured to the extent AIRLINE is required to indemnify MAC pursuant to Subsection A above. Each such policy shall provide that such policy may not be materially changed (e.g., coverage limits reduced below the minimum specified in this Agreement) or otherwise materially altered, or cancelled by the insurer during its term without first giving at least thirty (30) days written notice to MAC. Policies or certificates of valid policies of insurance with required coverages shall be delivered to MAC.
6. Before the expiration of any then current policy of insurance, AIRLINE shall deliver to MAC evidence that such insurance coverage has been renewed.
7. If at any time AIRLINE shall fail to obtain or to maintain in force the insurance required herein, MAC may notify AIRLINE of its intention to purchase such insurance for AIRLINE's account. If AIRLINE has not delivered evidence of insurance to MAC before the date on which the current insurance expires, MAC may provide such insurance by taking out policies in companies satisfactory to it. Such insurance shall be in amounts no greater than those stipulated herein or as may be in effect from time to time. The amount of the premiums paid for such insurance by MAC shall be paid by AIRLINE upon receipt of MAC's billing therefor, with interest at the prime interest rate announced by a major money center bank.
8. MAC shall cause the Terminal Complex including the loading piers, but exclusive of improvements, facilities and fixtures constructed or installed by AIRLINE and concessionaires as their separate leasehold improvements, to be insured throughout the Term of the Agreement for not less than 90 percent of its and their full insurable value against perils of fire, extended coverage, vandalism, and malicious mischief. MAC shall also carry boiler and pressure vessel explosion, sprinkler leakage and glass breakage insurance. AIRLINE shall be relieved from liability under this Article X and Commission waives all right of recovery from AIRLINE hereunder for damage or destruction of its property insured hereunder to the extent but not beyond the extent that such cost of repair is recoverable through such insurance provided, however, that AIRLINE shall reimburse the Commission for any increase in premium resulting from inclusion therein of a waiver of subrogation endorsement.

9. AIRLINE shall cause all improvements, installations, fixtures and equipment installed by it hereunder to be insured throughout the Term of the Agreement for not less than 90 percent of their full insurable value against perils of fire, extended coverage, vandalism and malicious mischief, and with pressure vessel coverage.

C. OTHER INSURANCE

MAC may carry additional insurance in such amounts and of such types as would normally be maintained by public bodies engaged in carrying on similar activities.

D. ENVIRONMENTAL LIABILITY

1. INDEMNIFICATION

AIRLINE hereby indemnifies and agrees to defend, protect, and hold harmless, MAC and its Commissioners, officers, employees and agents, and their respective successors, as well as successors in title to any interest in the Premises (hereafter "Environmental Indemnitees"), from and against any and all losses, liabilities, fines, damages, injuries, penalties, response costs, or claims of any and every kind whatsoever paid, incurred or asserted against, or threatened to be asserted against, any Environmental Indemnitee, ("Environmental Claims"), including, without limitation: (a) all consequential damages; (b) the reasonable costs of any investigation, study, removal, response or remedial action, as well as the preparation and implementation of any monitoring, closure or other required plan or response action; and (c) all reasonable costs and expenses incurred by any Environmental Indemnitee in connection therewith, including but not limited to, reasonable fees for attorney and consultant services; which Environmental Claims arise out of or relate to (i) the presence on, in or under, or the escape, seepage, leakage, spillage, discharge, deposit, disposal, emission or release of Environmentally Regulated Substances on, in or from the Premises or AIRLINE's use of the Airport pursuant to this Agreement, not in full accordance with Environmental Law arising out of AIRLINE's past or present operations during the Term of this Agreement or (ii) any inaccuracy, incompleteness, breach or misrepresentation under Subsections D.2. of this Article and Article XVI.B.4. of this Agreement. If any indemnified claim or action shall be brought against any Environmental Indemnitee hereunder, then after such Environmental Indemnitee notifies AIRLINE thereof, AIRLINE shall be entitled to participate therein as a party, and shall assume the defense thereof at the expense of the AIRLINE with counsel reasonably satisfactory to such Indemnitee and AIRLINE shall be entitled to settle and compromise any such claim or action; provided, however, that such Environmental Indemnitee may elect to be represented by separate counsel, at such Environmental Indemnitee's sole expense, and if such Environmental Indemnitee so elects, such settlement or compromise shall be effected only with the consent of such Environmental Indemnitee, which shall not be unreasonably withheld and shall be granted if such settlement or

compromise provides for a complete release of such Environmental Indemnitees. This indemnification, and AIRLINE's obligations hereunder, shall survive the cancellation, termination or expiration of the Term of this Agreement with respect to matters arising prior thereto.

2. CLAIMS RELATING TO ENVIRONMENTALLY REGULATED SUBSTANCES

AIRLINE represents and warrants that subsequent to November 1, 1989, to the best of AIRLINE's actual knowledge, except as previously disclosed to the MAC or any applicable regulatory body as required, (a) no enforcement, investigation, cleanup, removal, remedial or response action or other governmental or regulatory actions have been asserted against AIRLINE with respect to the Premises, pursuant to any Environmental Laws or relating to Environmentally Regulated Substances; (b) no violation or noncompliance with Environmental Laws has occurred with respect to AIRLINE's past or present operations conducted on the Premises; (c) no claims have been made or been threatened by any third party against the AIRLINE with respect to the Premises relating to Environmental Laws or Environmentally Regulated Substances, including by any governmental entity, agency or representative (collectively "Governmental Entity").

3. TESTING AND REPORTS

AIRLINE shall provide to MAC within ten (10) days of request, a copy of any notice regarding violation of any Environmental Law arising out of AIRLINE's past or present operations on the Premises, a copy of any inquiry regarding environmental matters by any Governmental Entity, a copy of any reports required by the Environmental Laws regarding violation of any Environmental Law arising out of AIRLINE's past or present operation of the Premises, or a copy of any notice of the emission or release of Environmentally Regulated Substances in violation of any Environmental Law arising out of AIRLINE's past or present operations on the Premises. If MAC has a reasonable basis to believe that AIRLINE is not meeting the obligations of Article XVI.B.4. of this Agreement, MAC may by notice require AIRLINE to conduct a reasonable review of its records for such documents as MAC reasonably believes have not been provided and submit any such documents as required.

4. NOTIFICATION

AIRLINE shall notify MAC in writing within fifteen (15) business days of any matter that AIRLINE obtains knowledge of that may give rise to an indemnified claim under Subsection D.1. of this Article or that constitutes any emission or release or any threatened emission or release of any Environmentally Regulated Substance in, on, under or about the Premises arising out of AIRLINE's past or present operations which is or may be in violation of the Environmental Laws.

5. RIGHT TO INVESTIGATE

Subject to Subsections D.3. and D.6. of this Article, upon reasonable notice to AIRLINE, MAC shall have the right, but not the obligation or duty, at any time from and after the date of this Agreement, to investigate, study and test the Premises (at MAC's own expense, unless otherwise provided herein) during normal business hours, except under emergency circumstances, to determine whether Environmentally Regulated Substances are located in, on or under the Premises, or were emitted or released therefrom, which are not in compliance with Environmental Laws, provided that such investigation, study and testing shall not unreasonably interfere with AIRLINE's operations on and use of the Premises. AIRLINE shall be entitled to have a representative present during such investigation.

6. RIGHT TO TAKE ACTION

MAC shall have the right, but not the duty or obligation, to take whatever reasonable action it deems appropriate to protect the Premises from any material impairment to its value resulting from any escape, seepage, leakage, spillage, discharge, deposit, disposal, emission or release of Environmentally Regulated Substances from the Premises which is not in full accordance with any Environmental Law and arises out of AIRLINE's past or present operations during the Term of this Agreement. The MAC shall notify the AIRLINE of its intention to take such action in writing thirty (30) days before proceeding under this Subsection D.6. Within that thirty (30) day period, AIRLINE shall have the opportunity to take whatever reasonable action is deemed appropriate by MAC or provide MAC a binding commitment to do so within a reasonable time. If AIRLINE does not take such action or provide a binding commitment within the thirty (30) day period, MAC may proceed under the terms of this Subsection D.6. All costs associated with any action by the MAC in connection with this provision, including but not limited to reasonable attorneys' fees, shall be subject to Subsection D.1. of this Article.

XI. ASSIGNMENT, SUBLETTING, AND GROUND HANDLING

A. ADVANCE APPROVAL

Except as provided in this Article, and except with respect to arrangements in effect on the date of execution of this Agreement for which the consent of MAC has previously been obtained, AIRLINE shall have no right to assign or sublease this Agreement, or enter into any Ground Handling agreement, without the prior written consent of MAC, which rights of consent are granted to MAC by MAC Ordinance No. 58 §11(a), and which rights are absolute and expressly reserved to the MAC hereby.

1. AIRLINE, when requesting an approval of an assignment, sublease, or Ground Handling agreement under this Article, shall include with its request a copy of the proposed agreement, if prepared, or a detailed summary of the material terms and conditions to be contained in such agreement. Any proposed agreement or detailed summary thereof shall provide the following information:
 - a. The Premises to be assigned, sublet or used under a Ground Handling agreement;
 - b. The terms;
 - c. If a sublease, the rentals and fees to be charged; and
 - d. All material terms and conditions of the assignment, sublease, or Ground Handling agreement that MAC may require.

If the agreement is subsequently executed, AIRLINE shall submit a fully executed copy of such agreement to MAC promptly upon the execution thereof.

2. MAC shall have the right to examine the terms of any agreement or arrangement submitted to it for approval pursuant to this Article and determine whether such agreement or arrangement is most appropriately characterized as an assignment, sublease, or Ground Handling agreement, regardless of AIRLINE's characterization of such agreement or arrangement.
3. If AIRLINE fails to obtain written approval from MAC prior to the effective date of any such assignment, sublease, or Ground Handling agreement, MAC, in addition to the rights and remedies set forth in Article XIV, shall have the right to refuse to recognize such agreement, and the assignee, sublessee or "handled" Airline shall acquire no interest in this Agreement or any rights to use the Premises.

B. ASSIGNMENT

1. AIRLINE shall not assign this Agreement, in whole or part, without the advance written approval of MAC.
2. It shall not be unreasonable for MAC to disapprove or condition an assignment of the Agreement under any or all of the following circumstances, among others:
 - a. MAC determines that the proposed assignee is not substantially as creditworthy as the AIRLINE, unless AIRLINE agrees to guarantee the obligations of the proposed assignee.
 - b. The proposed assignment is either (1) for less than the entire Premises or (2) for less than the remainder of the Term, or both (1) and (2).
 - c. The proposed assignment does not require the assignee to accept and comply with all provisions of the Agreement, including but not limited to accepting Signatory Airline status.
3. Notwithstanding the foregoing, this Section shall not be interpreted to preclude the assignment of this Agreement in whole and AIRLINE's rights and obligations hereunder to a parent, subsidiary, or merged company; provided that, such parent, subsidiary, or merged company conducts an Air Transportation Business at the Airport and that such parent, subsidiary, or merged company assumes all rights and obligations hereunder. Written notice of such assumption shall be provided by the parent, subsidiary, or merged company prior to the effective date of such assignment.

C. SUBLEASE AGREEMENT

1. AIRLINE shall not sublet its Premises, except to an Affiliated Airline, in whole or part, without the advance written approval of MAC.
2. It shall not be unreasonable for MAC to disapprove or condition a sublease of AIRLINE's Premises if the proposed sublessee is not an Air Transportation Company and MAC reasonably concludes that the space can be used by another Air Transportation Company.
3. AIRLINE may, subject to a sublease approved by MAC, charge a sublessee of its Premises:
 - a. A reasonable charge for any services provided by AIRLINE;
 - b. A reasonable charge for any AIRLINE-owned property provided by AIRLINE or actual costs other than rentals incurred by AIRLINE; and

- c. Reasonable rentals not to exceed one hundred fifteen percent (115%) of AIRLINE's rentals for such portion of the Premises.
4. AIRLINE shall remain fully and primarily liable during the Term of this Agreement for the payment of all rents, fees, and charges due and payable to MAC for the Premises that are subject to a sublease agreement, and the AIRLINE shall remain fully responsible for the performance of all the other obligations hereunder, unless otherwise agreed to by MAC.

D. GROUND HANDLING AGREEMENT

1. AIRLINE shall be entitled to provide Ground Handling services to other Airlines in the Terminal Complex and Terminal Ramp, subject to MAC's reasonable rules and regulations except as provided in Article III.C.
2. AIRLINE shall not contract with other companies, excluding Signatory Airlines for Ground Handling services in the Terminal Complex and Terminal Ramp for AIRLINE's aircraft, without advance written approval of MAC.
3. AIRLINE shall remain fully and primarily liable during the Term of this Agreement for the payment of all rents, fees, and charges due and payable to MAC for the Premises that are subject to a Ground Handling agreement, and the AIRLINE shall remain fully responsible for the performance of all the other obligations hereunder, unless otherwise agreed to by MAC.
4. MAC reserves the right to charge third parties other than Airlines a reasonable Ground Handling fee not to exceed 5% of gross receipts and a reasonable annual administrative fee, for their right to provide Ground Handling services to AIRLINE.
5. Ground Handling rights outside the Terminal Complex will be addressed in separate agreements between MAC and the affected airlines.

E. BANKRUPTCY

Any receiver, trustee, custodian, or other similar official appointed pursuant to any proceeding relating to bankruptcy, reorganization, or other relief as set forth in Article XIV.A.8., herein shall agree to:

1. Perform promptly every obligation of AIRLINE under this Agreement until this Agreement is either assumed or rejected under the Federal Bankruptcy Code;
2. Pay on a current basis all rents, fees and charges set forth in this Agreement;

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3. Reject or assume this Agreement within sixty (60) days of filing a petition under the Federal Bankruptcy Code;
4. Cure or provide adequate assurance of a prompt cure of any default of the AIRLINE under this Agreement;
5. Provide to MAC such adequate assurance of future performance under this Agreement as may be requested by MAC, including the procurement of a bond from a financially reputable surety covering any costs or damages incurred by MAC in the event that MAC, within five (5) years after assumption or assignment of this Agreement, exercises its rights to relet the Premises.

XII. ARBITRATION

With respect to any dispute arising under or in performance of the provisions hereof which cannot be adjusted by and between the parties hereto, MAC on the one hand or the AIRLINE (or, where the matter in dispute applies to all Airlines operating at the Airport under leases having the same terms as this Agreement, Airlines representing an MII) on the other hand may elect to submit such matter or dispute to arbitration, such election to be by written notice to the other party. Upon service of such notice, the matter or dispute shall be submitted to a board of three persons chosen in the following manner:

- A.** Each party within ten (10) days after service of the notice shall name an arbitrator, and the two thus chosen shall select a third arbitrator. If the two arbitrators chosen fail to name the third arbitrator within ten (10) days after the selection of the last of such arbitrators, such third arbitrator shall be chosen within fifteen (15) days thereafter by the Chairman of MAC and a duly authorized officer or representative of the AIRLINE or MII Airlines as the case may be.
- B.** It is understood and agreed that the decision of a majority of the arbitrators on any matter or dispute submitted thereto shall be final, conclusive and binding upon the parties hereto.

XIII. SUPPLEMENTAL AGREEMENTS

A. GOLD CONCOURSE

1. GENERAL

The terms, covenants, conditions and provisions of this Agreement shall apply to the lease of the Gold Concourse to Northwest Airlines, provided that in the event the terms of this Article conflict with any other provision of this Agreement, this Article shall control.

No amendment, waiver or other modification of this Agreement shall apply to this Article unless specifically so stated therein.

2. TERM

Occupancy of the Gold Concourse by Northwest shall continue pursuant to the provisions contained in this Article through December 31, 2015.

3. USE OF THE GOLD CONCOURSE

a. Subject to the understanding and agreement of Northwest that the Gold Concourse is for the use of the traveling public incident to operation of aircraft and incidental Airport operations to, at and from the Gold Concourse, Northwest hereby leases that area of the Terminal Complex identified as the Gold Concourse and shall have the right to operate in such area and/or sublease to others space and/or concessions for the sale of food and beverages, newsstand and other vending operations normally carried on and conducted in air passenger terminals, provided that consent of MAC shall first be procured for any such subleasing agreements to ensure that such concessions shall not violate the rights of concessionaires within the Terminal Building and area under agreement with MAC. Northwest shall file with MAC copies of agreements entered into with any such sublessee/concessionaires covering such operations.

1) All revenues from such subleasing and/or concessions may be retained by Northwest, and the foregoing rights of Northwest within the Gold Concourse shall be in addition to Northwest's operating rights pursuant to this Agreement, subject, however, to the following provision:

2) Northwest, upon application of the rental auto, parking and/or insurance concessionaires at the Airport, or upon application of other ground transportation operators, shall furnish and rent to such applicants at a fair per square foot rental rate, adequate and sufficient floor space within the Gold Concourse for the conduct of such concessionaire's

business for the air-travelling public making use of the Gold Concourse, but concession revenues from such operations shall not be retained by Northwest but shall be paid to MAC by Northwest.

- b.** The Gold Concourse, as a facility for use by the travelling public, shall be subject to laws, rules, regulations and ordinances having application elsewhere within the Terminal Building, and Northwest hereby authorizes the presence of the Airport police within said Gold Concourse and upon the loading ramp area fronting on the same for purposes of police control and enforcement of such laws, rules, regulations or ordinances.
- c.** Except as otherwise provided in A.3.a. of this Section, Northwest shall not at anytime assign, transfer, convey, sublet, mortgage, pledge, or encumber its interest under this Article, or any part of the associated Terminal Ramp, or any other right granted under this Article to any party other than a wholly owned subsidiary of Northwest or a successor of Northwest by merger or acquisition, without first offering to assign or sublet such interest to MAC.
- d.** MAC and Northwest shall mutually agree on the type, material business terms and location of new permanent concessions that are placed in the Southwest Addition and in the gate 1-9 area of the Gold Concourse, in accordance with commercially reasonable standards at regional shopping malls, except for permanent concessions consisting of Caribou Coffee; six to eight carts, kiosks or wall stores; McDonalds expansion into mechanical space; or kiosks or temporary facilities, which shall not require, respectively, Northwest's or MAC's consent or input.

4. MAINTENANCE, REPAIR AND ADMINISTRATIVE COSTS

- a.** Northwest shall pay all costs of operations to, at or from the Gold Concourse, including, without limiting the foregoing, cost of utilities, custodial services, repair, maintenance, police, fire and administrative expense allocable to the facility (based upon gross square footage in the Terminal Complex) and that portion of the premium on MAC's property insurance insuring the Terminal Building and equipment therein against fire with extended coverage, malicious mischief, boiler and machinery and glass damage, as relates to the Gold Concourse as a part thereof, proceeds of such insurance to be applied to repair. The allocation of all such expenses shall be made by MAC according to generally accepted accounting principles. In addition, Northwest shall procure and pay for, or shall endorse the insurance covering its operations to, at or from the Terminal Building under this Agreement so as to cover operations on the Gold Concourse.

- b.** Northwest may make alterations to or install fixtures, equipment and improvements on the Gold Concourse, as required to meet its operating needs, provided consent of MAC is first obtained, which consent shall be granted unless MAC determines that such alterations, or such fixtures, equipment and improvements are inconsistent with the overall Terminal Building operation or with MAC's operation at and control of the Airport. It is understood that Northwest may and is hereby authorized to further improve and develop at its cost and expense the unenclosed lower level space under lease to it, subject to MAC approval of plans and specifications therefor.

5. RENTALS, FEES AND CHARGES

Northwest shall pay rent for its use and occupancy of the Gold Concourse, not on a compensatory basis, and not subject to annual recalculation of Terminal Building rentals as provided in this Agreement, but rather as follows:

- a.** Until July 1, 1999, on a monthly basis, \$173,140.19 as rent for the portion of the Gold Concourse excluding the Gold World Club and Gates 1-9. Beginning July 1, 1999, on a monthly basis, \$132,738.20 as rent for the portion of the Gold Concourse excluding the Gold World Club and Gates 1-9.
- b.** On a monthly basis, \$35,063.79 as rent for Gates 1-9, including the area identified as the Gold World Club and the parts storage building.
- c.** On a monthly basis, police, fire and administrative charges and cost of utilities.
- d.** Until July 1, 1999, on a monthly basis, an amount equal to 15% of the gross revenue Northwest derives from all concessions operated on Gates 1-9 on the Gold Concourse, and a corresponding monthly report of the gross receipts by unit. Beginning July 1, 1999, on a monthly basis, an amount equal to 15% of the gross revenue Northwest derives from all concessions operated on the Gold Concourse, including any future extensions, and a corresponding monthly report of the gross receipts by unit. For purposes of this provision "gross revenue" means all monies or rental payments paid or payable to Northwest whether by cash, credit or otherwise and is based upon the assumption that the division of expenses (such as license fees, utilities, taxes) between Northwest and its concessionaires shall remain substantially the same as under the previous agreement covering the Gold Concourse.

- e. On a monthly basis, in compensation for the loss of space on the Gold Concourse due to construction of the International Arrivals Facility, MAC shall pay to Northwest 35% of the concession fees paid to MAC from the Southwest Addition.
- f. On a monthly basis for compensation for use of Gates 1-9 for scheduled international aircraft arrivals, MAC shall pay Northwest, \$400, \$800 and \$1200, for each arrival by, respectively, propeller aircraft, narrow-body jet aircraft or wide-body aircraft at the IAF.

6. FUTURE EXTENSION

MAC and Northwest agree that upon written notice from Northwest, MAC and Northwest will amend this Agreement and the lease between MAC and Northwest for the Northwest Main Base - Building B, so as to permit Northwest, at its own cost and subject to MAC approval of plans and specifications as set forth herein, to construct an extension to the Gold Concourse to add additional gates and aircraft parking positions designed for narrow body aircraft. Upon beneficial occupancy of any such Gold Concourse extension, rent for Building B shall be reduced by an agreed upon amount, provided that an equivalent amount shall be added to Gold Concourse rent and that rental of such Gold Concourse extension and use of associated aircraft parking positions shall be on the same basis as provided in this Article.

7. DELEGATION

By letter agreements, Northwest and MAC may jointly provide for the provision of maintenance or concessions on the Gold Concourse, subject to such terms and conditions mutually agreed upon by MAC and Northwest.

B. TEMPORARY REGIONAL TERMINAL

1. GENERAL

The terms, covenants, conditions and provisions of this Agreement shall apply to the lease of the Temporary Regional Terminal to Northwest Airlines, provided that in the event the terms of this Article conflict with any other provision of this Agreement, this Article shall control.

2. TERM

Occupancy of the Temporary Regional Terminal by Northwest shall continue under these rates, terms and conditions until such time as a replacement facility for the Temporary Regional Terminal is identified by MAC and available for use.

3. USE OF THE TEMPORARY REGIONAL TERMINAL

- a.** Northwest hereby leases from MAC the ground area necessary for a temporary regional/commuter passenger holdroom facility. The demised premises shall include an area extending 20 feet beyond the exterior walls. MAC will maintain an easement across the property for Airport operational access and maintenance purposes.

- b.**

 - 1)** The temporary regional/commuter passenger holdroom facility is not large enough to accommodate the passengers, ticketing, baggage handling functions and small package services of all regional/commuter air carriers. Therefore, these airlines will lease ticket counter space in this facility directly from MAC at the prevailing rates and lease terms or be accommodated by their airline partners.

 - 2)** Due to the increased number of operations on the aircraft ramp and the distance certain aircraft may be parked from the temporary regional/commuter passenger holdroom facility, an airside busing operation may be required by MAC and instituted to transport passengers to and from all regional/commuter aircraft for safety, convenience and service purposes consistent with reasonable standards of safety. Northwest is responsible for operating the airside busing operation. MAC reserves the right to regulate the busing operation for operational and safety purposes.

 - 3)** Great Lakes Airlines, Bemidji Airlines or any new entrant may, as determined by MAC, operate from the existing Regional Terminal until its demolition to make way for the Green Concourse extension or they may choose to operate from the new temporary regional/commuter passenger holdroom facility.

 - 4)** MAC's operating budget will be impacted through the increased costs of maintaining the new building space and apron.

 - 5)** Therefore, it is agreed that:

 - a)** Northwest shall make the temporary regional/commuter passenger holdroom facility available for access as set forth in Article IV.E.3. "Accommodation of other Airlines", provided, however, that Northwest shall accommodate Great Lakes Airlines in the Temporary Regional Terminal under arrangements previously agreed upon

between MAC and Northwest. Costs for such accommodation of Great Lakes Airlines shall be established as set forth in Article IV.E.3.

- b)** Initial allocations of both aircraft apron and podiums, as set out in Exhibits L and Q respectively, are to be made by agreement between Northwest and the regional/commuter airlines. The initial allocation may change by future agreement and must be included as an amendment to this Agreement. In the event of dispute, MAC will serve as the final arbiter in directing final resolution.
- c)** MAC will be responsible for providing janitorial services to the temporary regional/commuter passenger holdroom facility.
- d)** MAC will be responsible for providing maintenance on the Green Concourse Extension portion of the project.
- e)** Northwest will be responsible for providing facility maintenance at the temporary regional/commuter terminal.
- f)** MAC will be responsible for maintaining the apron areas dedicated to regional/commuter use.
- g)** The airside busing operation will be operated by Northwest on a reasonable and nondiscriminatory basis.

4. RENT AND OPERATIONS FUNDING

- a.** Ground rent for the Temporary Regional Terminal will be at a rate of \$.19 per square foot per annum as shown on Exhibit Q. Payment shall be made on a monthly basis to MAC. Northwest Airlines shall pay all real estate and personal property taxes and assessments of any nature levied against Northwest's interest in the Temporary Regional Terminal or against any improvements or equipment on the premises without deduction or set-off to aforesaid rental payment.
- b.** MAC will charge the applicable users for the costs of providing janitorial services and utilities to the temporary passenger holdroom facility through normal and customary space rental charges.

Costs associated with Northwest's Airlink partners will be charged directly to Northwest.

Northwest will be solely responsible for the costs associated with the airside busing operation.

5. TITLE TO IMPROVEMENTS

Following termination of occupancy rights to the Temporary Regional Terminal, the land and improvements, except the airline furniture, fixtures and equipment, shall revert back to MAC with no further obligation by Northwest.

6. REGIONAL/COMMUTER APRON & AUTO RENTAL SERVICE SITE MODIFICATION COST RECOVERY

The construction costs associated with 602 lineal feet of temporary regional/commuter apron and the auto rental service sites modification costs will be charged to the Terminal Apron cost center.

The operational costs associated with 602 lineal feet of temporary regional/commuter apron will be charged to the Terminal Apron cost center.

7. CONCESSIONS

Northwest and MAC will jointly determine appropriate concessions to be offered in the temporary regional/commuter passenger holdroom facility. Northwest will be responsible for coordinating design and construction of all concessions in the new temporary regional/commuter passenger holdroom facility. All revenues received from the concessions in the facility will be reported fully to MAC and Northwest on a monthly basis but will be retained by Northwest.

C. FIS BAG BELT ENCLOSURE

1. Northwest Airlines hereby leases from MAC the portion of the FIS Bag Belt Area that has been enclosed for Northwest tug and vehicle storage, as shown on Exhibit R. Northwest shall allow other Airlines to use this area without charge to access the baggage belts. In addition, MAC may access this area without charge to maintain the baggage belts.
2. Northwest shall install and maintain protective equipment designed to protect the bag belt from damage and shall be responsible for any damage to the bag belts caused by Northwest or its agents.
3. Beginning July 1997, Northwest shall pay MAC ground rent for this area at a rate of nineteen cents (\$.19) per square foot per annum. Payment shall be made on a monthly basis to MAC.

D. TERMINAL BUILDING

1. If MAC determines that it is in the Airport's interest to purchase improvements, equipment or to make other capital expenditures which are outside the scope of this Agreement but which may benefit an airline, MAC may enter into a supplemental agreement with the affected airline to provide for the payment of the costs of such purchase.
2. AIRLINE agrees that the projects listed on Exhibit S attached hereto are projects which have been completed by MAC with AIRLINE's concurrence and shall not be included in airline rates and charges, but rather shall be paid by AIRLINE to MAC as set forth in Exhibit S.
3. MAC shall issue up to one hundred thirty million dollars (\$130,000,000) in Special Facility Obligations, as defined in the Trust Indenture, to be supported by Northwest Airlines credit contingent upon agreement between MAC and Northwest with respect to the projects to be financed thereby.

E. MONTH TO MONTH PREMISES

AIRLINE agrees that the Leased Premises shown on Exhibit T attached hereto are leased to AIRLINE on a month-to-month term; and that all of the terms and conditions of this Agreement, other than Article II.A. "Term" apply to these month-to-month premises.

XIV. EVENTS OF DEFAULT; REMEDIES

A. EVENTS OF DEFAULT

The occurrence and continuation of any one or more of the following shall constitute an event of default:

1. AIRLINE fails to make payment in full when due of any rents, fees, charges or any other amount payable hereunder within 5 business days after notice thereof from MAC;
2. AIRLINE shall fail to make any PFC remittance to MAC in a timely fashion, or shall fail to timely comply with its PFC reporting requirements to the MAC, or any other entity, in connection with PFCs collected on behalf of MAC;
3. AIRLINE fails to submit a Monthly Activity Report to MAC on or before the 10th day of each month;
4. AIRLINE shall make or permit any unauthorized assignment or transfer of this Agreement, or any interest herein, or of the right to use or possession of the Premises, or any part thereof;
5. Any insurance required by the terms hereof shall at any time not be in full force or effect;
6. Failure of AIRLINE to perform, comply with, or observe, in any material respect, any other term, condition or covenant of this Agreement not identified elsewhere in Section A of this Article within thirty (30) days after receipt of notice from MAC of such failure, or for such longer period of time as may be reasonably necessary to cure the event of default, but only for such longer period if: (a) AIRLINE is reasonably capable of curing the event of default and (b) AIRLINE promptly and continuously undertakes to cure and diligently pursues the curing of the event of default at all times until such event of default is cured;
7. Any representation or warranty of a material fact made by AIRLINE herein or in any certificate or statement furnished to the MAC pursuant to or in connection with this Agreement proves untrue in any material respect as of the date of issuance or making thereof;
8. (a) AIRLINE shall commence any case, proceeding or other action (i) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to AIRLINE, or seeking to adjudicate AIRLINE a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, liquidation, dissolution, composition or other relief with respect to AIRLINE or any of its debts, or (ii) seeking appointment of a receiver, trustee, custodian or other similar

official for AIRLINE or for all or any substantial part of any of its property; or (b) AIRLINE shall make a general assignment for the benefit of its creditors; or (c) there shall be commenced against AIRLINE any case, proceeding or other action of nature referred to in clause (a) above or seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of any of its property, which case, proceeding or other action results in the entry of an order for relief or remains undismissed, unvacated, undischarged and unbonded for a period of sixty (60) days; or (d) AIRLINE shall take any action consenting to or approving of any of the acts set forth in clause (a) or (b) above; or (e) AIRLINE shall generally not, or shall be unable to, pay its debts as they become due or shall admit in writing its inability generally to pay its debts as they become due;

9. Any money judgment, writ or warrant of attachment or similar process, or any combination thereof, involving an amount in excess of \$25,000,000 shall be entered or filed against the AIRLINE or any of its assets and shall remain undischarged, unvacated, unbonded and unstayed for a period of sixty (60) days or in any event later than five (5) days prior to the date of any proposed sale or execution thereunder;
10. Any act occurs that deprives AIRLINE permanently of any material right, power or privilege necessary for the conduct and operation of its Air Transportation Business; or
11. If AIRLINE ceases to provide scheduled air service at the Airport for a period of thirty (30) consecutive days or abandons or fails to use its Exclusive Use Space for a period of thirty (30) consecutive days, except when such cessation or abandonment is due to the default of MAC or the circumstances described in Article IX.B.

B. REMEDIES

If an event of default occurs hereunder, MAC, at its option, may at any time thereafter, do one or more of the following as MAC in its sole discretion shall elect, to the extent permitted by, and subject to compliance with any mandatory requirements of, applicable law then in effect:

1. Declare all rents, fees and other charges payable hereunder, whether currently or hereafter accruing, to be immediately due and payable;
2. Proceed by appropriate court action or actions, either at law or in equity, to enforce performance by AIRLINE of the applicable covenants and terms of this Agreement or to recover damages for the breach thereof;
3. Enter and take possession of the Premises and/or the rights of the AIRLINE hereunder without such re-entry terminating AIRLINE's obligations for the full Term hereof, which remedy shall be in addition to all other remedies at law or in equity, including action for forcible entry and lawful detainer, for ejection or for injunction;

- 4.** Terminate all rights of AIRLINE under this Agreement (without terminating the continuing obligation of AIRLINE to fulfill its past and future obligation hereunder) and in such case AIRLINE further agrees to indemnify and hold harmless MAC against all loss in rents, fees, and charges and other damages which MAC shall incur by reason of such termination, including, without limitation, costs of restoring and repairing the Premises and putting the same in rentable condition, costs of reletting the Premises to another Airline (including without limitation AIRLINE improvement costs and related fees), loss or diminution of rents and other damage which MAC incurs by reason of such termination, and all reasonable attorneys' fees and expenses incurred in enforcing the terms of this Agreement;
- 5.** In the event of any default hereunder, AIRLINE shall reimburse MAC for all reasonable fees and costs incurred by MAC, including reasonable attorneys' fees, relating to such default and/or the enforcement of MAC's rights hereunder; and
- 6.** Apply all Contract Security granted by AIRLINE to any unpaid obligations of AIRLINE hereunder.

XV. TERMINATION

A. TERMINATION BY MAC

This Agreement may be terminated by MAC pursuant to the provisions of Article XIV above and as otherwise specified in this Agreement.

B. TERMINATION BY AIRLINE

1. If MAC shall fail to perform, comply with, or observe, in any material respect, any term, condition or covenant of this Agreement within thirty (30) days after receipt of notice from AIRLINE of such failure, or for such longer period of time as may be reasonably necessary to cure the event of default but only for such longer period if: (a) MAC is reasonably capable of curing the event of default and (b) MAC promptly and continuously undertakes to cure and diligently pursues the curing of the event of default at all times until such event of default is cured, then AIRLINE, if not then in default, may, without limiting any of its other rights and remedies against MAC, at its option cancel this Agreement and thereby terminate this Agreement.
2. It is further understood and agreed that, at any time when AIRLINE is not then in default, it may cancel this Agreement on sixty (60) days' notice in writing to MAC upon the happening of any one of the following events:
 - a. Issuance by any court of competent jurisdiction of an injunction in any way preventing or restraining the use of the Airport or any part thereof essential for AIRLINE's operations hereunder and the remaining in force of such injunction for a period of at least ninety (90) days.
 - b. Inability of the AIRLINE to use the Airport or any part thereof essential for AIRLINE's operations hereunder for a period of not less than ninety (90) days because of fire, explosion, earthquake, or other casualty or acts of God or the public enemy, unless within sixty (60) days of the casualty, MAC gave AIRLINE written notice of its intention to repair or reconstruct, as provided in Article IX.A. herein.
 - c. The lawful assumption by the United States of America or any authorized agency thereof of the operation, control, or use of the Airport and the facilities thereon or any substantial part or parts thereof, in such manner as substantially to restrict AIRLINE for a period of not less than ninety (90) days from operating thereon for the carrying of passengers, cargo, express, property, and United States mail.

- d. Termination or the suspension or substantial modification for a period of not less than ninety (90) days of the operating authority of the AIRLINE to serve the Minneapolis-St. Paul metropolitan area through the Airport by final order of the DOT or other governmental agency, federal or state, having jurisdiction over the AIRLINE.
- 3. If any of the foregoing continues for a period of less than ninety (90) days, AIRLINE shall have the right upon written notice to MAC to abatement of rents, fees and charges to the extent and for the period that AIRLINE is unable to carry on its operations hereunder.

C. TERMINATION BY GOVERNMENT TAKING

In the event the Premises shall be taken by governmental authority through exercise of its power of eminent domain or other authority justifying such taking, the Agreement shall terminate and the rents, fees and charges in respect to said premises shall cease as of the date possession is taken by the taking authority, and MAC shall be entitled to all damages payable by reason of taking, subject to the claim of AIRLINE for the value of its leasehold, which claim or claims as to validity and amount shall be a matter for determination between AIRLINE and MAC, and if AIRLINE and MAC cannot reach a determination, then by the court having jurisdiction of such proceeding, provided that nothing herein contained shall preclude AIRLINE from asserting any claims or rights it may have against such governmental authority as to its separate property, leasehold improvements, and trade fixtures.

XVI. GENERAL PROVISIONS

A. INTERPRETATION

Nothing herein shall be construed or interpreted in any manner whatsoever as limiting, relinquishing or waiving MAC's right of control over the operation of the Airport, and it is understood and agreed that this Agreement is entered into in recognition of the aforesaid rights and functions of MAC. Subject to the foregoing, this Agreement and the rights of the parties hereunder shall be interpreted in the light of the following:

1. SEPARABILITY

In the event any covenant, condition or provision herein is held to be invalid, illegal, or unenforceable by any court of competent jurisdiction, such covenant, condition or provision shall be deemed amended to conform to applicable laws so as to be valid or enforceable or, if it cannot be so amended without materially altering the intention of the parties, it shall be stricken. If stricken, all other covenants, conditions and provisions of this Agreement shall remain in full force and effect provided that the striking of such covenants, conditions or provisions does not materially prejudice either MAC or AIRLINE in its respective rights and obligations contained in the valid covenants, conditions or provisions of this Agreement.

2. ENTIRE AGREEMENT

This Agreement represents the entire contract between the parties and, except as otherwise provided herein, may not be amended, changed, modified, or altered without the written consent of the parties hereto. This Agreement incorporates all of the conditions, agreements, and understandings between the parties concerning the use and occupancy of the Airfield, Terminal Apron, Terminal Complex, and other facilities at the Airport, and all such conditions, understandings, and agreements have been merged into this written instrument.

B. COMPLIANCE WITH LAW

1. AIRLINE shall not use the Airport or any part thereof, or knowingly permit the same to be used by any of its employees, officers, agents, subtenants, invitees, or licensees for any illegal purposes. AIRLINE shall, at all times during the Term of this Agreement, comply with all applicable regulations, ordinances, and laws of any Municipal, County, or State government or of the U.S. Government, and of any political division or subdivision or agency, authority, or commission thereof which may have jurisdiction to pass laws or ordinances or to make and enforce rules or regulations with respect to the uses hereunder of the Premises (and, to the extent not in conflict with the foregoing, MAC's Rules and Regulations and Ordinances).

2. At all times during the Term of this Agreement, AIRLINE shall, in connection with its activities and operations at the Airport:
 - a. Comply with and conform to all present and future statutes and ordinances, and regulations promulgated thereunder, of all Federal, State, and other government bodies of competent jurisdiction that apply to or affect, either directly or indirectly, AIRLINE or AIRLINE's operations and activities under this Agreement. AIRLINE shall comply with all applicable provisions of the Americans with Disabilities Act of 1990, 42 U.S.C. Section 12101 and federal regulations promulgated thereunder 28 C.F.R. parts 35, 36, and 37.
 - b. Make, at its own expense, all non-structural improvements, repairs, and alterations to its Exclusive and Preferential Use Premises (subject to prior written approval of MAC), equipment, and personal property that are required to comply with or conform to any of such statutes and ordinances.
 - c. Reimburse MAC for AIRLINE's proportional share of all non-structural improvements, repairs, and alterations to its Common Use Premises that are required to comply with or conform to any of such statutes and ordinances.
 - d. At all times during the Term of this Agreement, AIRLINE shall be an independent contractor.
3. AIRLINE agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations in the event any future structure or building is planned for the Premises, or in the event of any planned modification or alteration of any present or future building or structure situated on the Premises.

4. COMPLIANCE WITH ENVIRONMENTAL LAWS

AIRLINE shall keep and maintain and shall conduct its operations on the Premises in full compliance with all applicable Environmental Laws. AIRLINE shall further ensure that its employees, agents, contractors and subcontractors occupying or present on the Premises and any other invitees or persons conducting any activities on the Premises under the control of AIRLINE comply with all applicable Environmental Laws. By virtue of its operational control of the Premises, AIRLINE shall be fully responsible for obtaining all necessary permits or other approvals under the Environmental Laws and shall have full responsibility for signing and submitting any necessary applications, forms, documentation, notifications or certifications relating thereto. Upon request of MAC, AIRLINE shall provide copies to MAC of any such applications, forms, documents, notifications or certifications.

5. FEDERAL STORMWATER REGULATIONS

- a. Notwithstanding any other provisions or terms of this Agreement, AIRLINE acknowledges that the Airport is subject to Federal Stormwater Regulations, 40 C.F.R. part 122, for vehicle maintenance shops (including vehicle rehabilitation, mechanical repairs, painting, fueling and lubrication), equipment cleaning operations, and/or deicing operations that occur at the Airport as defined in said regulations. AIRLINE further acknowledges that it is familiar with these stormwater regulations; that it may conduct or operate from time to time “vehicle maintenance” (including vehicle rehabilitation, mechanical repairs, painting, fueling and lubrication), equipment cleaning operations, and/or deicing activities as defined in the Federal Stormwater Regulations; that AIRLINE may be obligated to obtain its own stormwater or other NPDES permit; and that it is aware that there are significant penalties for submitting false information, including fines and imprisonment for knowing violations.
- b. AIRLINE acknowledges that MAC's stormwater discharge permit and any subsequent renewals, is incorporated by reference into this Agreement. AIRLINE agrees to be bound by all applicable portions of said permit.
- c. Notwithstanding any other provisions or terms of this Agreement, including AIRLINE's right to quiet enjoyment, MAC and AIRLINE both acknowledge that close cooperation is necessary to insure compliance with any stormwater discharge permit terms and conditions, as well as to insure safety and to minimize costs. AIRLINE acknowledges that it may be necessary to undertake to minimize the exposure of stormwater to significant materials generated, stored, handled or otherwise used by AIRLINE as defined in the Federal Stormwater Regulations, by implementing and maintaining “Best Management Practices.”
- d. MAC shall provide AIRLINE with written notice of those stormwater discharge permit requirements arising from MAC's permit that AIRLINE shall be obligated to perform from time to time, including collection of stormwater samples; preparation of stormwater pollution prevention or similar plans; implementation of “good housekeeping” measures or Best Management Practices; and maintenance of necessary records. Such written notice shall include applicable deadlines.
- e. AIRLINE agrees to undertake at its sole expense, unless otherwise agreed to in writing between MAC and AIRLINE, those stormwater discharge permit requirements arising from MAC's permit applicable to a stormwater discharge for which AIRLINE has responsibility for which it has received written notice from

MAC. AIRLINE warrants that it shall meet any and all deadlines that may be imposed on or agreed to by MAC and AIRLINE.

- f. AIRLINE, within thirty (30) days of receipt of such written notice, shall notify MAC in writing if it disputes any of the stormwater discharge permit requirements it is being directed to undertake. If AIRLINE does not provide such timely notice, it is deemed to assent to undertake such requirements. If AIRLINE provides MAC with written notice, as required above, that it disputes such stormwater discharge permit requirements, MAC and AIRLINE agree to negotiate a prompt resolution of their differences. AIRLINE warrants that it will not object to MAC notices required pursuant to this Paragraph for purposes of delay or avoiding compliance.
- g. In order to maintain compliance with 40 C.F.R. part 122, if resolution of any dispute between MAC and AIRLINE regarding stormwater discharge permit requirements is not achieved within ninety (90) days, MAC reserves the right to undertake whatever action is necessary to comply with said permit requirements and the reasonable cost thereof shall be allocated based on each party's legal responsibility for undertaking the action in question.
- h. MAC and AIRLINE agree to provide each other upon request, with any non-privileged information collected and submitted to any government entity(ies) pursuant to applicable stormwater regulations.
- i. AIRLINE agrees that the terms and conditions of MAC's stormwater discharge permit may change from time to time.
- j. AIRLINE agrees to participate in any MAC organized task force or other work group established to coordinate stormwater activities at the Airport.
- k. All such remedies of MAC with regard to environmental requirements as set forth herein shall be deemed cumulative in nature and shall survive termination of this Agreement.

C. CIVIL/HUMAN RIGHTS LAWS

- 1. AIRLINE assures that it will comply with pertinent legal requirements as are promulgated to assure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or disability be excluded from participating in any activity conducted with or benefiting from federal assistance.

2. AIRLINE agrees that it will practice nondiscrimination in its activities and will provide Disadvantaged Business Enterprise participation in their leases as required by MAC, in order to meet the sponsor's goals, or required by the FAA in order to obtain an exemption from the prohibition against long-term exclusive leases.
3. AIRLINE for itself, its heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree, as a covenant running with the land, that in the event facilities are constructed, maintained, or otherwise operated on the said property described in this Agreement for a purpose for which a DOT program or activity is extended or for another purpose involving the provision of similar services or benefits, AIRLINE shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.
4. AIRLINE for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree, as a covenant running with the land, that: (a) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities; (b) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination; and (c) that AIRLINE shall use the Premises in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.

D. ECONOMIC NONDISCRIMINATION

AIRLINE agrees to furnish service on a reasonable, and not unjustly discriminatory basis to all users thereof, and to charge reasonable, and not unjustly discriminatory prices for each unit or service, provided that AIRLINE may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

E. GRANTING OF MORE FAVORABLE TERMS

MAC covenants and agrees not to enter into any lease, contract, or agreement with any other Airline making use of the Airport which unjustly discriminates against AIRLINE's use of the Airport, unless the same rights, privileges, and concessions are concurrently and automatically made available to AIRLINE. Without limiting the generality thereof, the foregoing shall not be construed to limit the right of MAC to enter into agreement with any other Airline at varying terms, rates, and conditions for leasing hangars and ground areas.

F. CONSENTS, APPROVALS, AND NOTICES

1. Wherever in this Agreement the consent or approval of MAC or AIRLINE is required, such consent or approval shall mean the consent or approval of the Executive Director on behalf of MAC and a representative designated by AIRLINE in writing on behalf of AIRLINE.
2. All notices required by this Agreement shall be in writing and shall be given by registered or certified mail by depositing the same in the U.S. mail in the continental United States, postage prepaid, return receipt requested, or by personal or courier delivery. Either party shall have the right, by giving written notice to the other, to change the address at which its notices are to be received. Notice shall be given to:
 - a. **MAC:**

Executive Director

Metropolitan Airports Commission

28th Avenue South

Minneapolis MN 55450
 - b. **AIRLINE:**

[as set forth below

in AIRLINE's

signature hereto]
 - c. If notice is given in another manner or place, it shall also be given at the place and in the manner specified above.
 - d. The effective date of such notice, consent, or approval shall be the date of the receipt as shown by the U.S. Postal Service Return Receipt or the courier receipt, or the date personal delivery is certified, unless provided otherwise in this Agreement.

G. WAIVER

1. Waiver of any provision of this Agreement by either party shall not be deemed binding unless such waiver is in writing, signed by the party making the waiver and addressed to the other party, nor shall any custom or practice which may evolve between the parties in the administration of the terms of this Agreement be construed to waive or lessen the right of either party to insist upon the performance of the other party in strict accordance with the terms of this Agreement.

2. Waiver by either party of breach of any covenant, condition, or agreement herein by the other party shall not operate as a waiver of any subsequent breach by such other party or release such other party from its obligation under the terms of the Agreement.

H. APPLICABLE LAW AND FORUM SELECTION

1. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Minnesota, and the laws, rules and regulations of MAC.
2. Any cause of action, claim, suit, demand, or other case, or controversy arising from or related to this Agreement shall only be brought in a state district court located in the county of Hennepin, Minnesota or in a federal district court located in Minnesota. The parties irrevocably admit themselves to, and consent to, the jurisdiction of either or both of said courts. The provisions of this Section shall survive the termination of this Agreement.

I. SUCCESSORS

All covenants, stipulations, and agreements in this Agreement shall extend to and bind the legal representatives, successors, and assigns of the respective parties hereto.

J. INSPECTION

1. MAC shall have the right, but not the obligation or duty, to inspect AIRLINE's operations at all reasonable times for any purpose connected with this Agreement, in the exercise of MAC's governmental functions, for the purpose of determining whether AIRLINE is fulfilling the obligations imposed on it under the provisions of this Agreement.
2. If inspection reveals that AIRLINE is not fulfilling such obligations or any thereof, and MAC has sent AIRLINE written notice to that effect, and AIRLINE has not within thirty (30) days proceeded to the fulfillment thereof, MAC may proceed to do the work necessary to such fulfillment, and AIRLINE shall reimburse MAC in the amount of the cost thereof plus a 15 percent administrative charge.
3. The failure of MAC to inspect or monitor or give AIRLINE notice of a default or a notice of a hazardous or unsafe condition with respect to AIRLINE's operations under this Agreement shall not release AIRLINE from its liability to perform its obligations under this Agreement or impose any liability on MAC.
4. AIRLINE shall have the right to inspect the Airport or any part thereof at any reasonable time, upon request to the Executive Director and the granting of such request by the Executive Director, such request not to be unreasonably denied, and the Executive Director or the Executive

Director's representative shall accompany AIRLINE's representative on any and all inspections.

K. QUIET ENJOYMENT

So long as AIRLINE is not in default in its obligations hereunder, MAC covenants and agrees that AIRLINE shall have, hold and enjoy peaceful and uninterrupted possession of all of the Premises and of its rights to operate in, to and from the Airport as hereby granted.

L. NON-LIABILITY OF AGENTS AND EMPLOYEES

1. No member, officer, agent, director, or employee of MAC or AIRLINE shall be charged personally or held contractually liable by or to the other party under any term or provision of this Agreement or because of any breach thereof or because of its or their execution or attempted execution.
2. AIRLINE expressly agrees that MAC shall not be liable to AIRLINE, its contractors, agents, officers, employees, passengers, or invitees for personal injury or for any loss or damage to real or personal property occasioned by flood, fire, earthquake, lightning, windstorm, hail, explosion, riot, strike, civil commotion, aircraft, smoke, vandalism, malicious mischief, or acts of civil authority, or other casualty.
3. MAC expressly agrees that AIRLINE shall not be liable to MAC, its contractors, agents, officers, employees, or invitees for personal injury or for any loss or damage to real or personal property occasioned by flood, fire, earthquake, lightning, windstorm, hail, explosion, riot, strike, civil commotion, aircraft, smoke, vandalism, malicious mischief, or acts of civil authority, or other casualty.
4. The provisions of this Section shall survive the termination of this Agreement.

M. NO PARTNERSHIP OR AGENCY

Nothing contained in this Agreement is intended or shall be construed in any respect to create or establish any relationship other than that of lessor and lessee, and nothing herein shall be construed to establish any partnership, joint venture or association or to make AIRLINE the general representative or agent of MAC for any purpose whatsoever.

N. SECURITY

In conjunction with AIRLINE's operations at Airport, reasonable access shall be made available for both persons and vehicles to AIRLINE's aircraft parked in designated parking areas via Terminal Complex doors, field access gates, passenger loading bridges, and the ramp gates to the Security Identification Display Area ("SIDA"), Air Operations Area ("AOA"), or other defined security

area. In order to maintain the security of restricted areas on Airport, AIRLINE will be responsible for the control of persons and vehicles entering the SIDA via the ramp gates to and from AIRLINE's aircraft. AIRLINE agrees to implement and maintain security measures with respect to access control to and from AIRLINE's aircraft and with respect to the use of the SIDA, as required by federal regulations. Such security measures shall be reduced to writing and be provided to the Airport Security Coordinator ("ASC"). AIRLINE agrees to implement and maintain, as a minimum, the following security measures concerning access control to and from the SIDA:

1. During all hours, access points to the SIDA shall be secured and locked.
2. AIRLINE and its agents shall challenge any persons not recognized as being authorized to have access to the SIDA from AIRLINE's operations.
3. AIRLINE and its agents shall restrict the activities of its employees who are authorized to be in the SIDA to that portion of the SIDA in which AIRLINE is authorized to operate.
4. AIRLINE and its agents are responsible for ensuring that personnel are trained in the security procedures described in this Agreement and in all other security procedures, rules, and ordinances developed by MAC. MAC may require attendance at courses conducted by MAC or MAC may elect to allow AIRLINE and its agents to conduct such training. Whenever AIRLINE conducts such training, the Airport Security Coordinator or designee will have the right to audit.
5. AIRLINE and its agents shall not allow any unescorted person into the SIDA unless that person has a valid Airport identification badge. Identification badges shall not be considered valid unless the color code of the badge corresponds with the location in which such person may enter, as designated by MAC. People who do not have valid identification badges to be present on the SIDA shall be escorted at all times they are present on the SIDA by a person with a valid identification badge. Issuance of ramp or SIDA identification badges shall be made only by MAC and shall be at the sole discretion of MAC. Ramp and other identification badges shall be denied to people not meeting security requirements.
6. AIRLINE and its agents shall abide by the Airport's security program and comply with applicable security procedures including, but not limited to, the wearing of security identification badges by AIRLINE's and its agents' personnel and clearly identifying each of AIRLINE's vehicles by placing AIRLINE's company or agent's name on each vehicle, or fully comply with any vehicle identification or licensing system adopted by MAC.
7. AIRLINE and its agents shall immediately notify the Airport Police of any suspicious activities observed in or about the SIDA.

8. Any unresolved questions concerning Airport security shall be directed to the Airport Security Coordinator.
9. AIRLINE further agrees to reimburse MAC for any penalties or fines levied against MAC by the FAA due to AIRLINE's or its agents' failure to abide by any applicable security measures.
10. The Airport Security Coordinator or his designated alternate will periodically evaluate compliance with this Section. Failure of AIRLINE to fully comply with the procedures set forth in this Section shall be sufficient grounds for MAC to immediately take any and all necessary corrective measures until security that is acceptable to MAC is restored. AIRLINE shall pay any costs of such corrective measures, plus a fifteen percent (15 percent) administrative charge.
11. AIRLINE must immediately return each MAC-issued security identification badge to the airport badging office upon expiration of badge or upon termination of badgeholder's employment or contract. Further, AIRLINE must promptly report any loss or theft of an individual's MAC-issued security identification, the termination of any badgeholder whose security identification is not recovered; or the suspension of any badgeholder.
12. AIRLINE must comply within established timelines with any security audits conducted by the MAC including audits of airport-issued security badges.

O. SUBORDINATION TO AGREEMENTS WITH THE U.S. GOVERNMENT

This Agreement shall be subordinate to the provisions of and requirements of any existing or future agreement between MAC and the United States, relative to the development, operation, or maintenance of the Airport.

This Agreement and all the provisions hereof shall be subject to whatever right the United States Government now has or in the future may acquire affecting the control, operation, regulation, and taking over of said Airport or the exclusive or non-exclusive use of the Airport by the United States during the time of war or national emergency.

P. NO EXCLUSIVE RIGHT

Nothing herein contained shall be deemed to grant to AIRLINE any exclusive right or privilege within the meaning of Section 308 of the Federal Aviation Act for the conduct of any activity on the Airport.

Q. CONCERNING DEPRECIATION AND INVESTMENT CREDIT

Neither AIRLINE nor any successor of AIRLINE under this Agreement may claim depreciation or an investment credit under the Internal Revenue Code of 1954, as amended, with respect to the Premises. AIRLINE represents that it has made an election under Proposed Treasury Regulations Sections 1.103(n)-1T through

1.103(n)-6T not to claim such depreciation or investment credit with respect to the Premises and agrees that it will retain copies of said election in its records and will not claim any such depreciation or investment credit. MAC acknowledges receipt of a copy of said election and agrees that it will retain copies of said election in its records.

R. ATTORNEY'S FEES

In any action brought by either party for the enforcement of any provisions of this Agreement, the party prevailing in said action shall be entitled to recover reasonable attorney's fees from the other party.

S. SAVINGS

MAC and AIRLINE acknowledge that they have thoroughly read this Agreement, including all exhibits thereto, and have sought and received whatever competent advice and counsel was necessary for them to form a full and complete understanding of all rights and obligations herein. MAC and AIRLINE further acknowledge that this Agreement is the result of extensive negotiations between them and that this Agreement shall not be construed against either party by reason of that party's preparation of all or part of this Agreement.

T. MASTER TRUST INDENTURE

1. SUBORDINATION OF FACILITIES CONSTRUCTION CREDITS.

The obligations of MAC under this Agreement, if any, which constitute Facilities Construction Credits, are made subject and subordinate to the terms and provisions of the MAC revenue obligations issued pursuant to Minnesota Statutes, § 473.608, Subd. 12a., including the terms and provisions of master trust indenture which controls the issuance of such obligations.

2. AIRLINE COOPERATION.

- a.** The AIRLINE agrees that it will cooperate with MAC, the underwriters and their counsel to satisfy any ongoing disclosure requirements necessary under applicable law in order to market the MAC revenue obligations, including provision of annual reports of AIRLINE or any parent.
- b.** AIRLINE shall cooperate with MAC and the underwriters of MAC's revenue obligations so that the provisions of Rule 15(c)2-12 of the Securities Exchange Act of 1934, as amended, are complied with.
- c.** At the time of issuance of MAC revenue obligations, AIRLINE agrees that a duly authorized officer of AIRLINE shall execute a certificate stating that the information relating to AIRLINE, if any, contained in the official statement is accurate in all material respects (except as otherwise set forth in such certificate) on and

as of the date thereof, provided, however, that no such certification need be made with respect to the completeness of such information.

U. TERMINATION OF PRIOR AGREEMENTS

All prior agreements between MAC and AIRLINE covering the use and occupancy of the Airfield, Terminal Building, Terminal Apron, Gold Concourse or International Arrivals Facility, but excluding any agreements between MAC and AIRLINE covering Other Areas on the Airport, and excluding any required agreements between MAC and AIRLINE covering mobile lift devices, are hereby cancelled.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers on the dates below.

In Presence Of:

METROPOLITAN AIRPORTS COMMISSION

By:

Gordy Wennerstrom

It's:

Dir. Commercial Management & Airline Affairs

Date:

In Presence Of:

«Airline_Name»

By:

«Sal» «Name_of_Officer_Signing_Doc»

It's:

«Title_of_Officer_Signing_Doc»

Date:

Address:

«Airline_Name»

«Complete_Address_for_Final_Page_of_Doc»

«Address_Part_2»

«City_State__Zip»

EXHIBIT A

STATE OF MINNESOTA)
)SS
COUNTY OF _____)

This instrument was acknowledged before me on the _____ day of _____, 20____,
by _____ as the authorized representative of the Metropolitan Airports
Commission.

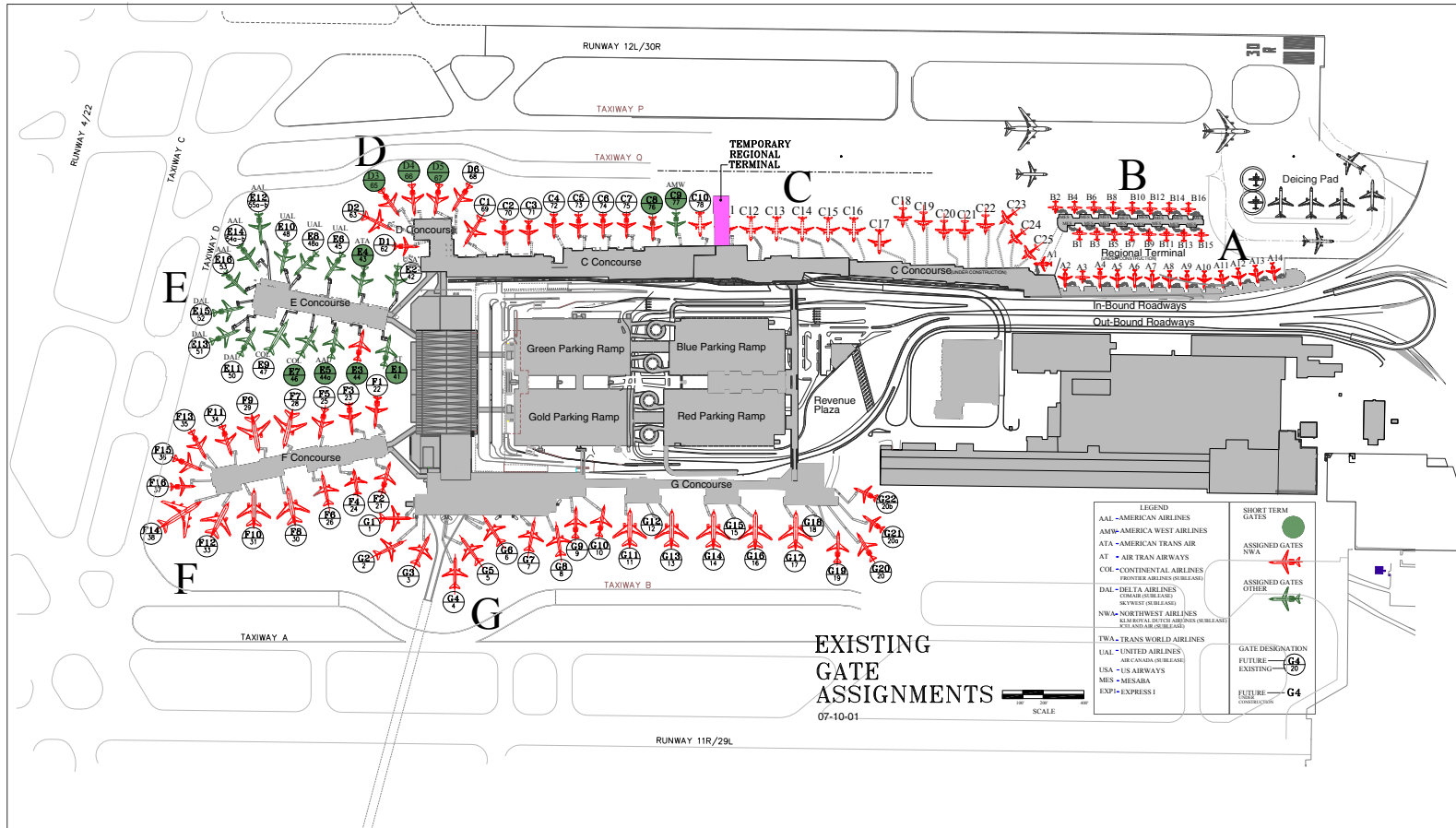
(Notary Seal) _____
Notary Public

STATE OF _____)
)SS
COUNTY OF _____)

This instrument was acknowledged before me on the _____ day of _____, 20____, by
_____ the _____ of _____.

(Name) (Title) (Corporation)

(Notary Seal) _____
Notary Public



EXISTING GATE ASSIGNMENTS
07-10-01

<p>LEGEND</p> <p>AAL - AMERICAN AIRLINES</p> <p>AMW - AMERICAN WEST AIRLINES</p> <p>ATA - AMERICAN TRANS AIR</p> <p>AT - AIR TRAN AIRWAYS</p> <p>CVL - CONTINENTAL AIRLINES (FUTURE AIRLINES (OR RELEASE))</p> <p>DAL - DELTA AIRLINES (FUTURE (OR RELEASE)) (SUNWEST (OR RELEASE))</p> <p>NWA - NORTHWEST AIRLINES (FUTURE (OR RELEASE)) (WEST AIR (OR RELEASE))</p> <p>TWA - TRANS WORLD AIRLINES (AIR CANADA (OR RELEASE))</p> <p>UAL - UNITED AIRLINES</p> <p>USA - US AIRWAYS</p> <p>MES - MESA AIR</p> <p>EXP - EXPRESS 1</p>		<p>SHORT TERM GATES</p> <p>ASSIGNED GATES NWA</p> <p>ASSIGNED GATES OTHER</p> <p>GATE DESIGNATION</p> <p>FUTURE - G4</p> <p>EXISTING - G26</p> <p>FUTURE - G4</p> <p>CONSTRUCTION</p>
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MSP GATE UTILIZATION
Forecast Scheduled Jet Service - August 2000

Time	2400	0100	0200	0300	0400	0500	0600	0700	0800	0900	1000	1100	1200	1300	1400	1500	1600	1700	1800	1900	2000	2100	2200	2300		
Gate																										
CONCOURSE G	G1												*		*											
	G2														KL											
	G3																				FI		*			
	G4																									
	G5														BLOCK									BLOCK		
	G6																									
	G7																									
	G8																									
	G9																									
	G10																									
	G11														*		*									
	G12																									
	G13														*		*									
	G14																									
G15																										
G16														*		*										
G17																										
G18																										
G19																										
G20														*		*										
G21																										
G22																										
CONCOURSE F	F1																									
	F2																									
	F3																									
	F4																									
	F5																									
	F6																									
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	F9													*		*										
	F10																									
F11																										
F12																										
F13																										
F14																										
F15														*		*										
F16																										
E1-FL														FL												
E2-US															US											
E3																										
E4-TZ																										
E5-TW																										
E6-UA																										
E7-CO																										
E8-UA																										
E9-CO																										
E10-UA																										
E11-DL																										
E12-AA																										
E13-DL																										
E14-AA																										
E15-DL																										
E16-AA																										
CONCOURSE D	D1																									
	D2																									
	D3																									
	D4																									
	D5																									
	D6																									
	D7																									
CONCOURSE C	C1																									
	C2																									
	C3																									
	C4																									
	C5																									
	C6																									
	C7																									
	C8-NJ																									
	C9-HP																									
	C10																									
	C23																									
	C24																									
C25																										
C26																										
C27																										
C28																										
HHH	1																									
	2-SY																									
	3-SY																									
	4-SY																									

- American Airlines (AA)
- American Trans Air (TZ)
- America West (HP)
- Air Canada (AC)
- Air Tran Airways (FL)
- Canadian Airlines (CP)
- Continental Airlines (CO)
- Delta Air Lines (DL)
- Frontier Airlines (F9)
- Icelandair (FI)
- KLM Royal Dutch Airlines (KL)
- Northwest Airlines (NW)
- Sun Country Airlines (SY)
- Trans World Airlines (TW)
- United Airlines (UA)
- US Airways (US)
- Vanguard (NJ)

Notes:

The designation "-T" following an airline code indicates either an aircraft towed off a gate to another parking position at night or an aircraft towed onto a gate in the morning.

Block indicates that aircraft on neighboring gate precludes an aircraft being assigned to the blocked gate.

The asterisks (*) represent those instances in which there was a gap of less than 10 minutes between the departure of one aircraft and the arrival of another on that same gate. In some cases a gap of 10 minutes cannot be represented on the chart (ie. 10:01 - 10:19) and these instances are also represented with asterisks.

**MSP Gate Utilization
Scheduled Jet Operations By Airline - August 2000**

Northwest			
Equip	Operations	Seats per Operation	Seats
RJ-85	71	82	5822
DC9	11	100	1100
D9S	256	110	28160
D95	57	122	6954
D10	34	270	9180
A320	173	150	25950
A319	20	130	2600
72S	80	156	12480
757	103	184	18952
747	6	400	2400
Total	811		113598

Delta			
Equip	Operations	Seats per Operation	Seats
M80	14	147	2058
72S	8	149	1192
CRJ	10	50	500
733	2	128	256
Total	34		4006

American			
Equip	Operations	Seats per Operation	Seats
100	32	97	3104
M80	4	134	536
Total	36		3640

Frontier			
Equip	Operations	Seats per Operation	Seats
73A	2	115	230
733	2	138	276
Total	4		506

KLM			
Equip	Operations	Seats per Operation	Seats
747	2	400	800
Total	2		800

Icelandair			
Equip	Operations	Seats per Operation	Seats
757	2	189	378
Total	2		378

Continental			
Equip	Operations	Seats per Operation	Seats
735	18	107	1926
ERJ	4	50	200
733	2	128	256
Total	24		2382

America West			
Equip	Operations	Seats per Operation	Seats
320	6	150	900
733	2	134	268
Total	8		1168

**MSP Gate Utilization
Scheduled Jet Operations By Airline - August 2000**

Sun Country				
Equip	Operations	Seats per Operation	Seats	
727	29	170	4930	
D10	7	360	2520	
Total	36		7450	

USAirways				
Equip	Operations	Seats per Operation	Seats	
733	12	126	1512	
319	4	120	480	
Total	16		1992	

TWA				
Equip	Operations	Seats per Operation	Seats	
M80	8	150	1200	
D9S	6	110	660	
717	6	117	702	
Total	20		2562	

Vanguard				
Equip	Operations	Seats per Operation	Seats	
73S	16	122	1952	
Total	16		1952	

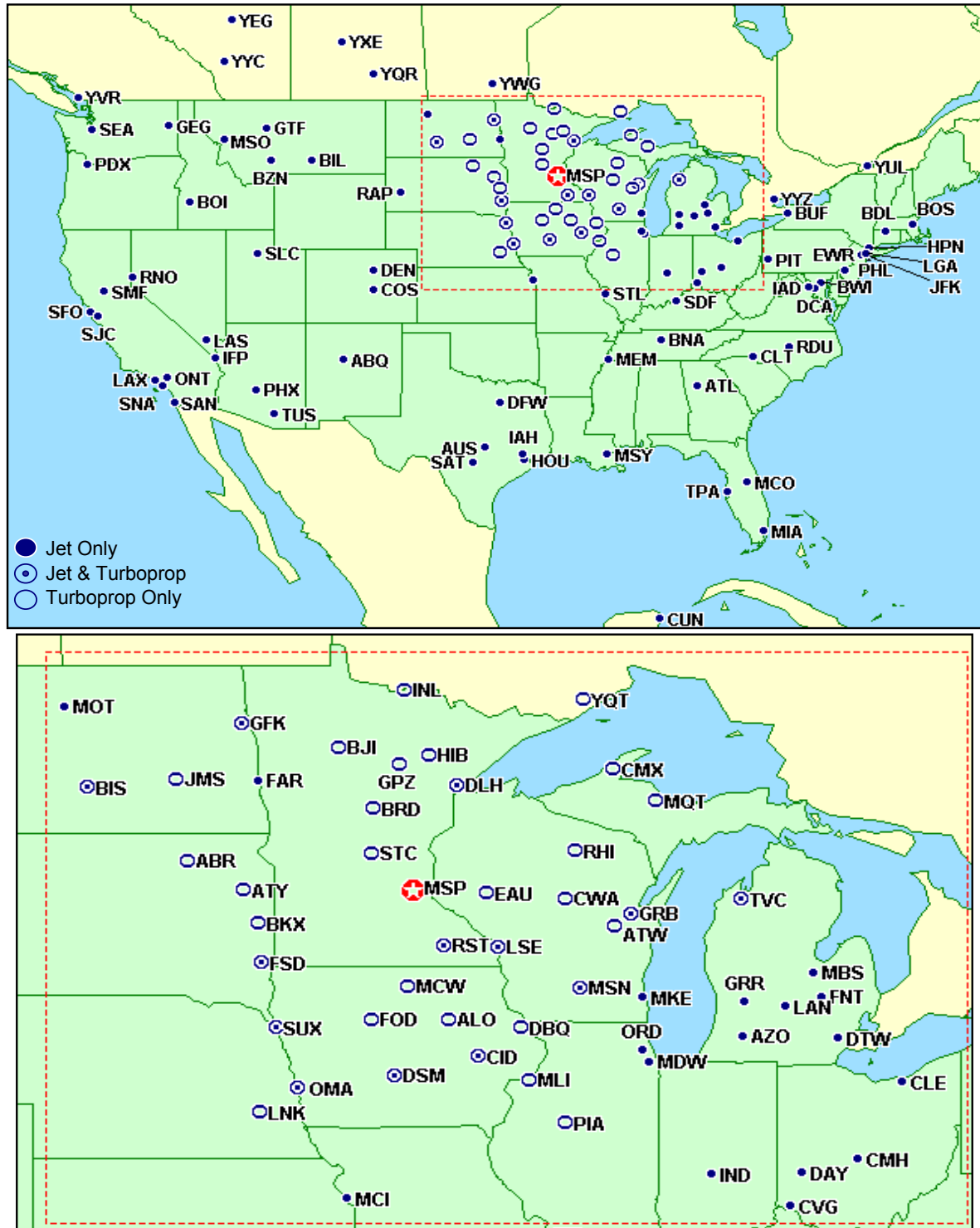
American Trans Air				
Equip	Operations	Seats per Operation	Seats	
72S	8	173	1384	
Total	8		1384	

Air Tran				
Equip	Operations	Seats per Operation	Seats	
717	8	106	848	
Total	8		848	

United				
Equip	Operations	Seats per Operation	Seats	
319	2	112	224	
320	2	140	280	
757	4	188	752	
733	8	134	1072	
732	24	109	2616	
72S	6	147	882	
F28	6	55	330	
Total	52		6156	

Jet & Commuter Traffic and Capacity Analysis

Nonstop Service Points



Note: Points shown have both inbound and outbound service from MSP (May 2000).

EXHIBIT F

Nonstop Service Overview

May-00		Average Daily Departures			Average Daily Seats		
Carrier	Destination	Jets	Props	Total	Jets	Props	Total
AA	DFW	7.1		7.1	855		855
	ORD	9.5		9.5	993		993
AC	YYZ	2.9		2.9	144		144
CH	BJI		0.7	0.7		8	8
CO	CLE	4.4		4.4	219		219
	EWR	3.5		3.5	408		408
	IAH	3.7		3.7	414		414
DL	ATL	6.0		6.0	912		912
	CVG	7.9		7.9	705		705
	SLC	3.0		3.0	440		440
F9	DEN	1.9		1.9	215		215
FI	KEF	0.9		0.9	177		177
HP	LAS	0.9		0.9	140		140
	PHX	3.8		3.8	576		576
KL	AMS	1.0		1.0	400		400
NJ	MCI	2.8		2.8	346		346
	MDW	4.7		4.7	571		571
NW	ABQ	2.0		2.0	312		312
	ABR		4.7	4.7		141	141
	ALO		5.7	5.7		170	170
	AMS	1.0		1.0	413		413
	ANC	3.0		3.0	552		552
	ATL	6.0		6.0	808		808
	ATW	1.0	4.8	5.8	82	144	226
	ATY		1.0	1.0		30	30
	AUS	1.8		1.8	202		202
	AZO	2.0		2.0	199		199
	BDL	3.0		3.0	335		335
	BIL	3.0		3.0	316		316
	BIS	4.0	1.0	5.0	460	30	490
	BJI		6.0	6.0		181	181
	BNA	3.1		3.1	398		398
	BOI	2.0		2.0	310		310
	BOS	6.9		6.9	1,229		1,229
	BRD		2.0	2.0		61	61
	BUF	2.0		2.0	222		222
	BWI	4.8		4.8	758		758
	BZN	3.0		3.0	317		317
	CID	2.9	5.6	8.5	241	167	408
	CLE	4.9		4.9	555		555
	CLT	2.9		2.9	291		291
	CMH	3.9		3.9	507		507
	CMX		2.9	2.9		86	86
	COS	2.0		2.0	316		316
CUN	0.1		0.1	19		19	
CVG	4.7		4.7	418		418	
CWA		7.0	7.0		209	209	
DAY	1.9		1.9	202		202	

EXHIBIT F

Nonstop Service Overview - Continued

May-00		Average Daily Departures			Average Daily Seats		
Carrier	Destination	Jets	Props	Total	Jets	Props	Total
NW (Cont.)	DBQ		2.7	2.7		82	82
	DCA	7.7		7.7	1,107		1,107
	DEN	6.0		6.0	941		941
	DFW	6.9		6.9	790		790
	DLH	4.9	3.9	8.8	509	116	625
	DSM	3.9	4.7	8.6	358	142	500
	DTW	15.0		15.0	2,467		2,467
	EAU		5.8	5.8		174	174
	EWR	6.9		6.9	984		984
	FAR	8.8		8.8	935		935
	FNT	2.0		2.0	167		167
	FOD		2.0	2.0		60	60
	FSD	5.9	2.7	8.6	638	82	720
	GEG	2.0		2.0	312		312
	GFK	3.8	2.8	6.6	386	85	471
	GPZ		1.0	1.0		30	30
	GRB	4.6	2.2	6.8	487	67	554
	GRR	5.0		5.0	666		666
	GTF	2.0		2.0	220		220
	HIB		2.9	2.9		86	86
	HOU	2.0		2.0	216		216
	HPN	2.0		2.0	164		164
	IAD	3.9		3.9	461		461
	IAH	4.0		4.0	440		440
	IND	4.9		4.9	700		700
	INL		2.0	2.0		60	60
	JFK	1.0		1.0	110		110
	LAN	1.1		1.1	117		117
	LAS	5.0		5.0	913		913
	LAX	6.0		6.0	1,329		1,329
	LGA	7.6		7.6	1,177		1,177
	LGW	1.0		1.0	270		270
	LNK		5.8	5.8		174	174
	LSE	3.8	4.6	8.4	317	139	456
	MBS	2.0		2.0	198		198
	MCI	7.8		7.8	989		989
	MCO	5.0		5.0	822		822
	MCW		2.9	2.9		86	86
	MDW	8.8		8.8	1,154		1,154
	MEM	9.9		9.9	1,152		1,152
	MIA	2.0		2.0	297		297
	MKE	6.8		6.8	1,195		1,195
	MLI		5.7	5.7		172	172
	MOT	3.0		3.0	335		335
MQT		1.0	1.0		30	30	
MSN	5.0	1.0	6.0	715	29	744	
MSO	2.0		2.0	224		224	
MSY	2.0		2.0	221		221	
NRT	1.3		1.3	509		509	
OMA	5.8	1.9	7.7	765	56	821	

EXHIBIT F

Nonstop Service Overview - Continued

May-00		Average Daily Departures			Average Daily Seats			
Carrier	Destination	Jets	Props	Total	Jets	Props	Total	
NW (Cont.)	ONT	2.0		2.0	300		300	
	ORD	14.5		14.5	1,761		1,761	
	PDX	4.0		4.0	674		674	
	PHL	4.9		4.9	618		618	
	PHX	6.9		6.9	1,137		1,137	
	PIA			2.7	2.7		82	82
	PIT	4.6		4.6	460		460	
	RAP	4.0		4.0	439		439	
	RDU	3.0		3.0	326		326	
	RHI			3.0	3.0		90	90
	RNO	2.0		2.0	300		300	
	RST	5.8		3.0	8.8	509	90	599
	SAN	4.2		4.2	630		630	
	SDF	2.3		2.3	251		251	
	SEA	6.9		6.9	1,434		1,434	
	SFO	6.0		6.0	1,360		1,360	
	SJC	3.0		3.0	440		440	
	SLC	3.0		3.0	450		450	
	SMF	2.0		2.0	300		300	
	SNA	3.0		3.0	420		420	
	STC			5.7	5.7		172	172
	STL	6.6		6.6	669		669	
	SUX	2.0		6.5	8.5	210	196	406
	TPA	3.0		3.0	478		478	
	TUS	1.0		1.0	150		150	
	TVC	1.0		1.0	2.0	110	30	140
	YEG	3.0		3.0	372		372	
YQR	2.0		2.0	171		171		
YQT			2.0	2.0		60	60	
YUL	2.0		2.0	220		220		
YVR	2.5		2.5	416		416		
YWG	5.0		5.0	548		548		
YXE	2.0		2.0	229		229		
YYC	3.0		3.0	388		388		
YYZ	3.0		3.0	381		381		
SY	BOS	0.9		0.9	144		144	
	DFW	0.6		0.6	106		106	
	DTW	1.7		1.7	365		365	
	IAD	0.9		0.9	144		144	
	IAH	0.4		0.4	59		59	
	IFP	-		-	5		5	
	JFK	1.3		1.3	218		218	
	LAS	2.0		2.0	330		330	
	LAX	1.0		1.0	165		165	
	MCO	1.0		1.0	226		226	
	MKE	1.9		1.9	309		309	
	PHX	1.0		1.0	200		200	
	SAN	0.5		0.5	75		75	
SAT	0.8		0.8	128		128		

EXHIBIT F

Nonstop Service Overview - Continued

May-00		Average Daily Departures			Average Daily Seats		
Carrier	Destination	Jets	Props	Total	Jets	Props	Total
SY	SFO	1.0		1.0	165		165
(Cont.)	SEA	1.0		1.0	165		165
TW	STL	9.5		9.5	1,174		1,174
UA	BKX		1.7	1.7		32	32
	DEN	8.7		8.7	1,141		1,141
	JMS		1.7	1.7		32	32
	ORD	12.3		12.3	1,576		1,576
US	CLT	2.0		2.0	269		269
	PHL	2.9		2.9	375		375
	PIT	3.0		3.0	408		408
Grand Total		497.6	124.3	621.9	66,632	3,681	70,313

Exhibit G

COMPARISON OF YIELDS IN LOW-FARE SHORT-HAUL MARKETS¹

Airport	City-Pairs	Passengers	Stage Length	Yield
PDX	7	2,426,310	486	\$ 0.16
TUS	10	1,233,280	467	\$ 0.16
RNO	17	3,168,890	409	\$ 0.17
BWI	14	4,040,690	459	\$ 0.17
SMF	11	4,551,610	450	\$ 0.17
SAN	12	5,747,880	418	\$ 0.18
OAK	14	7,008,060	432	\$ 0.18
SJC	14	6,605,580	426	\$ 0.18
PHX	18	8,125,830	438	\$ 0.18
SFO	5	4,678,390	420	\$ 0.20
STL	19	3,124,500	426	\$ 0.20
SDF	19	1,348,240	465	\$ 0.20
ABQ	21	2,303,450	492	\$ 0.21
MDW	35	5,742,170	408	\$ 0.21
MSY	26	2,778,330	464	\$ 0.22
OMA	15	756,190	480	\$ 0.22
MCI	26	3,761,370	486	\$ 0.22
MCO	12	2,032,980	459	\$ 0.23
CLE	16	1,973,760	410	\$ 0.23
FLL	12	1,998,410	403	\$ 0.23
JAX	16	1,357,150	410	\$ 0.23
OKC	22	961,590	412	\$ 0.24
ATL	27	7,773,380	468	\$ 0.24
TPA	14	2,200,360	414	\$ 0.24
DTW	13	1,984,890	437	\$ 0.26
IND	14	829,990	399	\$ 0.26
RDU	18	1,448,600	441	\$ 0.27
MSP	5	1,216,900	447	\$ 0.28
CVG	4	294,530	494	\$ 0.31

¹ Data from DOT Air Fare Data Table 2. Short-haul markets are defined as those of 750 nonstop miles or less. The comparison airports included in this chart are those with average stage lengths for these markets of plus or minus 50 miles of MSP's.

Exhibit H

COMPARISON OF YIELDS IN NON-LOW-FARE SHORT-HAUL MARKETS²

Airport	City-Pairs	Passengers	Stage Length	Yield
SFO	23	3,029,220	507	\$ 0.20
SEA	32	1,838,990	492	\$ 0.23
SJC	9	67,980	453	\$ 0.25
MCO	36	1,203,220	509	\$ 0.26
OAK	7	35,000	460	\$ 0.26
MCI	46	938,110	485	\$ 0.28
DFW	70	4,922,340	475	\$ 0.29
MSY	27	869,210	468	\$ 0.29
SNA	11	590,190	466	\$ 0.29
MIA	29	842,410	433	\$ 0.31
TPA	35	938,310	442	\$ 0.32
TUL	20	641,470	468	\$ 0.32
RDU	65	3,086,060	491	\$ 0.32
OKC	21	445,350	495	\$ 0.32
ORD	106	12,954,060	510	\$ 0.35
BWI	65	2,556,510	453	\$ 0.35
EWR	65	6,758,050	519	\$ 0.36
STL	72	2,761,100	468	\$ 0.38
MKE	60	2,043,590	498	\$ 0.38
BNA	78	1,816,320	506	\$ 0.38
MEM	53	1,510,240	517	\$ 0.39
SDF	48	949,770	499	\$ 0.40
PHL	84	5,626,420	469	\$ 0.40
IND	67	2,007,070	463	\$ 0.41
BDL	42	1,363,430	467	\$ 0.41
OMA	13	403,410	442	\$ 0.41
CMH	66	2,109,040	436	\$ 0.42
MSP	60	3,160,300	483	\$ 0.42
CLT	93	3,927,830	481	\$ 0.45
CVG	52	1,922,110	441	\$ 0.50

² Data from DOT Air Fare Data Table 2. Short-haul markets are defined as those of 750 nonstop miles or less. The comparison airports included in this chart are those with average stage lengths for these markets of plus or minus 50 miles of MSP's.

Exhibit I

COMPARISON OF YIELDS IN TOTAL SHORT-HAUL MARKETS³

Airport	City-Pairs	Passengers	Stage Length	Yield
TUS	21	1,420,120	476	\$ 0.18
OAK	21	7,043,060	432	\$ 0.18
SMF	25	4,836,510	448	\$ 0.18
SJC	23	6,673,560	426	\$ 0.18
PDX	36	3,468,910	457	\$ 0.19
PHX	30	8,585,900	436	\$ 0.19
SFO	28	7,707,610	454	\$ 0.20
ABQ	30	2,570,620	507	\$ 0.21
FLL	30	2,368,460	439	\$ 0.23
MSY	53	3,647,540	465	\$ 0.24
MCI	72	4,699,480	486	\$ 0.24
MCO	48	3,236,200	477	\$ 0.24
BWI	79	6,597,200	456	\$ 0.24
JAX	47	2,142,400	465	\$ 0.25
MIA	33	1,503,670	509	\$ 0.25
IAD	54	3,549,130	456	\$ 0.26
TPA	49	3,138,670	423	\$ 0.27
OKC	43	1,406,940	438	\$ 0.27
BNA	96	4,156,230	509	\$ 0.27
TUL	40	1,647,510	423	\$ 0.28
DFW	75	6,174,930	494	\$ 0.28
OMA	28	1,159,600	467	\$ 0.28
STL	91	5,885,600	445	\$ 0.29
SDF	67	2,298,010	479	\$ 0.29
RDU	83	4,534,660	475	\$ 0.30
DTW	104	7,668,250	431	\$ 0.34
ORD	106	12,954,060	510	\$ 0.35
EWR	67	6,984,360	519	\$ 0.36
MEM	60	2,048,590	480	\$ 0.37
IND	81	2,837,060	444	\$ 0.37
CMH	73	2,750,260	426	\$ 0.37
MKE	61	2,050,210	499	\$ 0.37
MSP	65	4,377,200	473	\$ 0.38
PHL	86	5,759,070	473	\$ 0.40
BDL	43	1,485,420	452	\$ 0.41
CLT	93	3,927,830	481	\$ 0.45
CVG	56	2,216,640	448	\$ 0.48

³ Data from DOT Air Fare Data Table 2. Short-haul markets are defined as those of 750 nonstop miles or less. The comparison airports included in this chart are those with average stage lengths for these markets of plus or minus 50 miles of MSP's.

EXHIBIT J

COMPARISON OF YIELDS IN LOW-FARE LONG-HAUL MARKETS⁴

Airport	City-Pairs	Passengers	Stage Length	Yield
MKE	6	674,210	1,297	\$ 0.10
DTW	21	3,297,110	1,314	\$ 0.11
MDW	46	4,551,290	1,235	\$ 0.11
SLC	18	689,680	1,294	\$ 0.12
MSP	13	1,533,660	1,283	\$ 0.14
LGA	13	2,588,050	1,316	\$ 0.16

⁴ Data from DOT Air Fare Data Table 2. Long-haul markets are defined as those of more than 750 nonstop miles. The comparison airports included in this chart are those with average stage lengths for these markets of plus or minus 50 miles of MSP's.

Exhibit K

COMPARISON OF YIELDS IN NON-LOW-FARE LONG-HAUL MARKETS⁵

Airport	City-Pairs	Passengers	Stage Length	Yield
MCO	114	11,677,320	1,212	\$ 0.12
RSW	85	2,811,840	1,191	\$ 0.13
PBI	89	4,286,830	1,188	\$ 0.13
JAX	55	1,784,150	1,252	\$ 0.14
MSY	65	2,759,020	1,215	\$ 0.15
OMA	53	1,205,180	1,187	\$ 0.15
LGA	99	8,129,780	1,248	\$ 0.16
MCI	63	1,966,250	1,198	\$ 0.17
SAT	69	1,754,630	1,254	\$ 0.17
BNA	25	643,950	1,247	\$ 0.17
OKC	44	683,930	1,211	\$ 0.17
TUL	37	490,920	1,260	\$ 0.17
DEN	144	8,481,500	1,259	\$ 0.18
IAH	130	7,418,410	1,233	\$ 0.18
MSP	106	6,616,340	1,232	\$ 0.19
MEM	43	1,296,430	1,199	\$ 0.19
AUS	66	1,961,900	1,261	\$ 0.19
STL	46	2,149,430	1,232	\$ 0.19
DFW	136	12,371,240	1,199	\$ 0.21

⁵ Data from DOT Air Fare Data Table 2. Long-haul markets are defined as those of more than 750 nonstop miles. The comparison airports included in this chart are those with average stage lengths for these markets of plus or minus 50 miles of MSP's.

Exhibit L

COMPARISON OF YIELDS IN TOTAL LONG-HAUL MARKETS⁶

Airport	City-Pairs	Passengers	Stage Length	Yield
MDW	48	4,560,150	1,235	\$ 0.11
FLL	117	9,539,460	1,244	\$ 0.12
IND	60	3,515,940	1,281	\$ 0.12
HOU	72	2,192,090	1,201	\$ 0.13
MSY	90	4,190,050	1,263	\$ 0.13
BUR	35	807,480	1,195	\$ 0.14
JAX	70	2,188,870	1,205	\$ 0.14
SAT	99	3,723,670	1,222	\$ 0.15
TUL	59	1,219,670	1,191	\$ 0.15
STL	72	4,542,690	1,222	\$ 0.16
LGA	112	10,717,830	1,265	\$ 0.16
AUS	94	3,713,140	1,221	\$ 0.16
MSP	119	8,150,000	1,241	\$ 0.18
DEN	157	12,479,400	1,208	\$ 0.18
IAH	131	7,536,540	1,230	\$ 0.19

⁶ Data from DOT Air Fare Data Table 2. Long-haul markets are defined as those of more than 750 nonstop miles. The comparison airports included in this chart are those with average stage lengths for these markets of plus or minus 50 miles of MSP's.

Exhibit M

COMPARISON OF YIELDS IN TOTAL LOW-FARE MARKETS⁷

Airport	City-Pairs	Passengers	Stage Length	Yield
FLL	47	6,494,870	953	\$ 0.13
MCO	48	8,211,790	939	\$ 0.13
TPA	53	5,726,850	900	\$ 0.13
BNA	48	4,012,680	885	\$ 0.13
MIA	13	2,001,070	922	\$ 0.15
BOS	7	969,830	940	\$ 0.16
MSP	18	2,750,560	913	\$ 0.17
DEN	21	6,810,540	877	\$ 0.21

⁷ Data from DOT Air Fare Data Table 2. The comparison airports included in this chart are those with average stage lengths for ALL markets of plus or minus 50 miles of MSP's.

EXHIBIT N

COMPARISON OF YIELDS IN TOTAL NON-LOW-FARE MARKETS⁸

Airport	City-Pairs	Passengers	Stage Length	Yield
MSY	92	3,628,230	1,036	\$ 0.16
CMH	110	4,012,740	993	\$ 0.18
OMA	66	1,608,590	1,000	\$ 0.18
MCI	109	2,904,360	967	\$ 0.18
BWI	117	4,482,470	974	\$ 0.19
IAH	171	10,018,480	1,023	\$ 0.19
ATL	182	15,039,860	946	\$ 0.20
DFW	206	17,293,580	993	\$ 0.22
MSP	166	9,776,640	990	\$ 0.22

⁸ Data from DOT Air Fare Data Table 2. The comparison airports included in this chart are those with average stage lengths for ALL markets of plus or minus 50 miles of MSP's.

EXHIBIT O

COMPARISON OF YIELDS IN TOTAL MARKETS⁹

Airport	City-Pairs	Passengers	Stage Length	Yield
OGG	49	4,449,550	1,017	\$ 0.10
TPA	172	12,728,960	991	\$ 0.14
SLC	138	8,323,230	994	\$ 0.15
SJC	120	10,111,570	934	\$ 0.15
CMH	125	5,663,080	933	\$ 0.17
MKE	121	4,605,960	955	\$ 0.19
IAH	177	10,633,350	990	\$ 0.20
ORD	220	26,658,610	937	\$ 0.21
MSP	184	12,527,200	973	\$ 0.21
DFW	218	19,528,570	964	\$ 0.22

⁹ Data from DOT Air Fare Data Table 2. The comparison airports included in this chart are those with average stage lengths for ALL markets of plus or minus 50 miles of MSP's.