CITY OF PHILADELPHIA
DEPARTMENT OF COMMERCE, DIVISION OF AVIATION
PHILADELPHIA INTERNATIONAL AIRPORT
REVISED AIR CARRIER INCENTIVE PROGRAM

A. Introduction

The City of Philadelphia (the “City”), the owner and operator of Philadelphia International Airport (“PHL” or the “Airport”), has established a revised Air Carrier Incentive Program (“ACIP”) to attract new entrant air carriers and encourage incumbent air carriers to establish passenger routes between PHL and certain currently unserved or underserved, targeted domestic and international destinations identified in Section D.2. below, titled Tier 2– Targeted Markets. As of February 2019, 25 airlines provide nearly 465 daily departures to over 138 destinations, including nearly 38 nonstop flights to 38 international destinations.

In an effort to increase non-stop domestic and international routes and fill empty gates at PHL, the City, through its Department of Commerce, Division of Aviation (the “DOA”), is offering financial incentives for a period up to twenty-four (24) months (the “Promotional Period”) to all new entrants and similarly situated incumbent air carriers initiating qualifying scheduled service (“Qualified Flight(s)”). PHL’s Chief Executive Officer (“CEO”) shall approve each ACIP incentive, in writing, with offered amounts limited by these ACIP guidelines and the particular fiscal year’s allocation.

This revised ACIP replaces and supersedes the existing ACIP dated November 2017. The City reserves the right to amend, modify, alter or cancel the ACIP at any time without notice. If the ACIP is so amended, modified, altered or cancelled, no qualifying air carrier shall have any continuing property right or other vested interest in the ACIP in force prior to such amendment, modification, alteration or cancellation.

B. ACIP Objectives

The overall objectives of the ACIP are as follows:

- Attract new entrant air carriers
- Stimulate new domestic and international passenger air service at PHL in order to increase traffic at PHL and fill empty gate areas
- Encourage new non-stop air service to PHL
- Increase airport revenues through both additional airline revenues and non-airline revenues (i.e. parking, concessions etc.)
- Over time, reduce the cost per enplaned passenger at PHL
- Assist passengers in the Greater Philadelphia area in reaching their destinations in more direct and efficient ways
- Offer more affordable choices to the traveling public
C. **Program Components**

The ACIP includes the following basic components:

i. **An Operational Incentive**

An air carrier initiating qualifying, scheduled passenger service on or before December 31, 2019 shall qualify for a landing fee credit totaling up to, but not exceeding, Two Million Dollars ($2,000,000.00), equal to, or up to, one hundred percent (100%) of the landing fees incurred by that air carrier for Qualified Flight(s) during the first twelve (12) or twenty-four (24) consecutive months of, or first season of, service, as the case may be based on the applicable Tier and/or Category.

ii. **A Marketing Incentive**

Pursuant to Paragraph G, the City shall reimburse the air carrier for a portion of the cost of advertising and marketing the new route ("Marketing Incentive"), to be matched with an equal amount from the air carrier. The amount of the marketing incentive will be based on the frequency of the Qualified Flight(s) and will be administered through reimbursements to the air carrier via PHL’s normal billing and payment processes. The City shall approve the advertisements or promotions in advance and the Airport logo shall be prominently displayed in all such advertisements and promotions.

D. **Qualifying Passenger Flights**

1. **Tier I - New Entrant Air Carriers**

**Multi-Category Approach.** The City has adopted a three-category approach to offering financial incentives to new entrant carriers offering year-round service from PHL. Incentive offers shall be extended to all similarly-situated new entrant air carriers initiating flights on one or more domestic or international routes not identified as targeted destinations in Section D.2., below, based on the number of daily or weekly flights that carrier offers to and from PHL as follows:

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### Section D. Qualifying Passenger Flights Cont’d.

<table>
<thead>
<tr>
<th>Tier I Category A Eligibility Requirements</th>
<th>Incentive</th>
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</thead>
<tbody>
<tr>
<td>Any new entrant carrier establishing scheduled, year-round service <strong>with at least one</strong> (1) <strong>flight per day</strong></td>
<td>1. <strong>Landing Fee Credit:</strong> The City shall issue a landing fee credit to the new entrant carrier totaling up to, but not exceeding, One Million Dollars ($1,000,000.00) which shall be equal to 100% of the amount that air carrier paid in landing fees for Qualified Flight(s) during the first twelve (12) consecutive months of service.</td>
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<td>to any domestic destination or <strong>with at least three</strong> (3) <strong>flights per week</strong> to any international destination,</td>
<td>2. <strong>Marketing Incentive:</strong> The City shall reimburse the new entrant carrier for a portion of the costs associated with agreed upon advertising and promotional activities to market the Qualified Flight(s) in an amount up to, but not exceeding, Fifty Thousand Dollars ($50,000.00) to be matched dollar for dollar by the air carrier.</td>
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<td>other than those identified in Section D.2, below, for a period of at least two (2) years.</td>
<td>3. <strong>Garage Advertising Banner:</strong> The City shall furnish and install a garage advertising banner highlighting air carrier and its new air service for a period of three (3) months.</td>
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**Note:** Neither the new entrant carrier nor its predecessors, successors, affiliate airlines and/or joint venture partners can have served the market from PHL within the past thirty-six (36) months immediately preceding the commencement of the new service. The amounts specified in the tables reflect the maximum amount of funding available under the ACIP. This is not a guaranteed amount and is subject to approval by the CEO or his/her designee, which approval will not be granted or withheld in an unjustly discriminatory manner.
Section D. Qualifying Passenger Flights Cont’d.

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<tr>
<th>Tier I Category B Eligibility Requirements</th>
<th>Incentive</th>
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<tr>
<td>Any new entrant carrier establishing scheduled, year-round service <strong>with two (2) to four (4) flights per day</strong> to any domestic or international destination, other than those identified in Section D.2, below, for a period of at least two (2) years.</td>
<td>1. <strong>Landing Fee Credit:</strong> The City shall issue a landing fee credit to the new entrant carrier totaling up to, but not exceeding, One Million Dollars ($1,000,000.00) which shall be equal to 100% of the amount that air carrier paid in landing fees for Qualified Flight(s) during the first twelve (12) consecutive months of service.</td>
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2. **Marketing Incentive:** The City shall reimburse the new entrant carrier for a portion of the costs associated with agreed upon advertising and promotional activities to market the Qualified Flight(s) in an amount up to, but not exceeding, Seventy-five Thousand Dollars ($75,000.00) to be matched dollar for dollar by the air carrier.

3. **Garage Advertising Banner.** The City shall furnish and install a garage advertising banner highlighting air carrier and its new air service for a period of three (3) months.

**Note:** Neither the new entrant carrier nor its predecessors, successors, affiliate airlines and/or joint venture partners can have served the market from PHL within the past thirty-six (36) months immediately preceding the commencement of the new service. The amounts specified in the tables reflect the maximum amount of funding available under the ACIP. This is not a guaranteed amount and is subject to approval by the CEO or his/her designee, which approval will not be granted or withheld in an unjustly discriminatory manner.

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Section D. Qualifying Passenger Flights Cont’d.

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<tr>
<th>Tier I Category C Eligibility Requirements</th>
<th>Incentives</th>
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<tbody>
<tr>
<td>Any new entrant carrier establishing scheduled, year-round service with five (5) or more flights per day to any domestic or international destination for a period of at least two (2) years.</td>
<td><strong>1. Landing Fee Credit:</strong> The City shall issue a landing fee credit to the new entrant carrier totaling up to, but not exceeding, One Million Dollars ($1,000,000.00) which shall be 100% of the amount that air carrier paid in landing fees for Qualified Flight(s) during the first twelve (12) consecutive months of service.</td>
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<td></td>
<td><strong>2. Marketing Incentive:</strong> The City shall reimburse the new entrant carrier for a portion of the funds associated with agreed upon advertising and promotional activities to market the Qualified Flight(s) in an amount up to, but not exceeding, One Hundred Thousand Dollars ($100,000.00) to be matched dollar for dollar by the air carrier.</td>
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<td><strong>3. Garage Advertising Banner.</strong> The City shall furnish and install a garage advertising banner highlighting air carrier and its new air service for a period of three (3) months.</td>
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**Note:** Neither the new entrant carrier nor its predecessors, successors, affiliate airlines and/or joint venture partners can have served the market from PHL within the past thirty-six (36) months immediately preceding the commencement of the new service. The amounts specified in the tables reflect the maximum amount of funding available under the ACIP. This is not a guaranteed amount and is subject to approval by the CEO or his/her designee, which approval will not be granted or withheld in an unjustly discriminatory manner.

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Section D. Qualifying Passenger Flights Cont’d.

2. Tier II - Targeted Markets

Eligibility Requirements: The City has adopted a four-category approach to offering financial incentives to air carriers initiating service to certain unserved or underserved, target markets. The target markets have been selected based on demand within the Greater Philadelphia area, ties to the local economy, data derived from industry leakage studies and/or whether the destination is located in an emerging market or establishes connectivity with a targeted geographical area. The City may change or amend its list of targeted destinations at any time. The City will offer the following to any air carrier establishing scheduled year-round passenger service between PHL and targeted routes.

<table>
<thead>
<tr>
<th>Tier II Category A Eligibility Requirements</th>
<th>Incentive</th>
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<tbody>
<tr>
<td>Any new entrant or incumbent air carrier establishing new scheduled year-round service to any of the following for a period of at least two (2) years:</td>
<td>1. <strong>Landing Fee Credit</strong>: The City shall issue a landing fee credit to the new entrant or incumbent carrier totaling up to, but not exceeding, One Million Dollars ($1,000,000.00) which shall be equal to 100% of the amount that air carrier paid in landing fees for Qualified Flight(s) during the first twelve (12) consecutive months of service.</td>
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<tr>
<td>1. Alaska;</td>
<td>2. <strong>Marketing Incentive</strong>: The City shall reimburse the new entrant or incumbent air carrier for a portion of the costs associated with agreed upon advertising and promotional activities to market the Qualified Flight(s) in an amount up to, but not exceeding, One Hundred Thousand ($100,000.00) to be matched dollar for dollar by the air carrier.</td>
</tr>
<tr>
<td>2. Any Hawaiian destination; or</td>
<td>3. <strong>Garage Advertising Banner</strong>: The City shall furnish and install a garage advertising banner highlighting the air carrier and its new air service for a period of three (3) months.</td>
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<tr>
<td>3. Any European destination not currently served by an air carrier from PHL.</td>
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Note: Neither the new entrant or incumbent carrier nor its predecessors, successors, affiliate airlines and/or joint venture partners can have served the market from PHL within the past thirty-six (36) months immediately preceding the commencement of the new service. The amounts specified in the tables reflect the maximum amount of funding available under the ACIP. This is not a guaranteed amount and is subject to approval by the CEO or his/her designee, which approval will not be granted or withheld in an unjustly discriminatory manner.

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### Section D. Qualifying Passenger Flights Cont’d.

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<tr>
<th>Tier II Category B Eligibility Requirements</th>
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<tbody>
<tr>
<td>Any new entrant or incumbent air carrier establishing new scheduled, year-round service to a destination in Latin America for a period of at least two (2) years.</td>
<td>1. <strong>Landing Fee Credit:</strong> The City shall issue a landing fee credit to the new entrant or incumbent carrier totaling up to, but not exceeding, One Million Dollars ($1,000,000.00) which shall be equal to 100% of the amount that air carrier paid in landing fees for Qualified Flight(s) during the first twelve (12) consecutive months of service.</td>
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<td></td>
<td>2. <strong>Marketing Incentive:</strong> The City shall reimburse the new entrant or incumbent air carrier for a portion of the costs associated with agreed upon advertising and promotional activities to market the Qualified Flight(s) in an amount up to, but not exceeding, One Hundred Fifty Thousand Dollars ($150,000.00) to be matched dollar for dollar by the air carrier.</td>
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<td>3. <strong>Garage Advertising Banner.</strong> The City shall furnish and install a garage advertising banner highlighting the air carrier and its new air service for a period of three (3) months.</td>
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</table>

**Note:** Neither the new entrant or incumbent carrier nor its predecessors, successors, affiliate airlines and/or joint venture partners can have served the market from PHL within the past thirty-six (36) months immediately preceding the commencement of the new service. The amounts specified in the tables reflect the maximum amount of funding available under the ACIP. This is not a guaranteed amount and is subject to approval by the CEO or his/her designee, which approval will not be granted or withheld in an unjustly discriminatory manner.

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Section D. Qualifying Passenger Flights Cont’d.

Tier II Category C Eligibility Requirements

Any new entrant or incumbent air carrier establishing new scheduled, year-round service to any of the following destinations for at least two (2) years, if the air carrier selects Option 1, or at least three (3) years, if the air carrier selects Option 2:

1. Any destination in Africa;
2. Any destination in Middle East/Gulf Region;
3. Any destination in Asia, other than those listed in Tier II, Category D, below.

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<th>Incentive</th>
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<tr>
<td><strong>1. Landing Fee Credit:</strong></td>
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<td><strong>Option 1:</strong> The City shall issue a landing fee credit to the new entrant or incumbent carrier totaling up to, but not exceeding, One Million Dollars ($1,000,000.00) which shall be equal to 100% of the amount that air carrier paid in landing fees for Qualified Flight(s) during the first twelve (12) consecutive months of service.</td>
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<tr>
<td><strong>Option 2:</strong> During Year 1, the City shall issue a landing fee credit to the new entrant or incumbent carrier which shall be equal to 100% of the amount that said air carrier paid in landing fees for Qualified Flight(s) during the first twelve (12) consecutive months of service. During Year 2, 100% of the landing fee credit earned by the air carrier in Year 1 shall be applied to landing fees due and payable to the City in Year 2. In addition, the City shall issue a landing fee credit equal to 50% of the landing fees incurred for Qualified Flight(s) operated by the air carrier from PHL during Year 2, such landing fee credit shall be calculated based on flight operations as opposed to actual landing fees paid. The landing fee credit earned during Year 2 shall be applied to landing fees that are due and payable for flights operated during Year 3. The combined landing fee credits issued by the City to the air carrier during Years 1 and 2 shall total up to, but not exceed, One Million Dollars ($1,000,000.00).</td>
</tr>
<tr>
<td><strong>2. Marketing Incentive:</strong> The City shall reimburse the new entrant or incumbent air carrier for a portion of the costs associated with agreed upon advertising and promotional activities to market the Qualified Flight(s) in an amount up to, but not exceeding, Four Hundred Thousand Dollars ($400,000.00) to be matched dollar for dollar by the air carrier.</td>
</tr>
<tr>
<td><strong>3. Garage Advertising Banner:</strong> The City shall furnish and install a garage advertising banner highlighting the air carrier and its new air service for a period of three (3) months.</td>
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</tbody>
</table>
Note: Neither the new entrant or incumbent carrier nor its predecessors, successors, affiliate airlines and/or joint venture partners can have served the market from PHL within the past thirty-six (36) months immediately preceding the commencement of the new service. The amounts specified in the tables reflect the maximum amount of funding available under the ACIP. This is not a guaranteed amount and is subject to approval by the CEO or his/her designee, which approval will not be granted or withheld in an unjustly discriminatory manner.

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<thead>
<tr>
<th>Tier II Category D Eligibility Requirements</th>
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<tbody>
<tr>
<td>Any new entrant or incumbent air carrier establishing new scheduled, year-round service to any of the following destinations for at least three (3) years:</td>
<td>1. Landing Fee Credit:</td>
</tr>
<tr>
<td>1. Beijing, China</td>
<td>During Year 1, the City shall issue a landing fee credit to the new entrant or incumbent carrier which shall be equal to 100% of the amount that said air carrier paid in landing fees for Qualified Flight(s) during the first twelve (12) consecutive months of service. During Year 2, 100% of the landing fee credit earned by the air carrier in Year 1 shall be applied to landing fees due and payable to the City in Year 2. In addition, the City shall issue a landing fee credit equal to 100% of landing fees incurred for Qualified Flight(s) operated by the air carrier from PHL during Year 2, such landing fee credit shall be calculated based on flight operations as opposed to actual landing fees paid. The landing fee credit earned during Year 2 shall be applied to landing fees that are due and payable for flight operations during Year 3. The combined landing fee credits issued by the City to the air carrier during Years 1 and 2 shall total up to, but not exceed, Two Million Dollars ($2,000,000.00).</td>
</tr>
<tr>
<td>2. Shanghai, China</td>
<td>2. Marketing Incentive: The City shall reimburse the new entrant or incumbent air carrier for a portion of the costs associated with agreed upon advertising and promotional activities to market the Qualified Flight(s) in an amount up to, but not exceeding, Four Hundred Thousand Dollars ($400,000.00) to be matched dollar for dollar by the air carrier.</td>
</tr>
<tr>
<td>3. Guangzhou, China</td>
<td>3. Garage Advertising Banner: The City shall furnish and install a garage advertising banner highlighting the air carrier and its new air service for a period of three (3) months.</td>
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<td>4. Tokyo, Japan</td>
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<td>5. Seoul, Korea</td>
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<td>6. New Delhi, India</td>
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<td>7. Mumbai, India</td>
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<td>8. Hong Kong</td>
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</table>

Note: Neither the new entrant or incumbent carrier nor its predecessors, successors, affiliate airlines and/or joint venture partners can have served the market from PHL within the past thirty-six (36) months immediately preceding the commencement of the new service. The amounts specified in the tables reflect the maximum amount of funding available under the ACIP. This is not a guaranteed amount and is subject to approval by the CEO or his/her designee, which approval will not be granted or withheld in an unjustly discriminatory manner.
3. Tier III – New Seasonal Service

Seasonal service shall mean any service that, upon announcement, is operated at least three (3) times per week, for a period of at least one hundred eighty (180) days but less than three-hundred sixty-five (365) days or a minimum of sixty-five (65) times within a one hundred eighty (180) day period in one (1) calendar year. The City will offer the incentives as follows to any new entrant air carrier establishing new scheduled, seasonal passenger service from PHL to a domestic or international destination not currently served by any carrier from PHL or any new or incumbent air carrier establishing new scheduled seasonal service to an international destination listed in Tier II, Categories A, B, C, or D, above.

### Tier III Eligibility Requirements

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<thead>
<tr>
<th>Tier III Eligibility Requirements</th>
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</thead>
<tbody>
<tr>
<td>1. Any new entrant air carrier establishing new scheduled, seasonal service to a domestic or international destination not currently served by an air carrier from PHL; or</td>
<td></td>
</tr>
<tr>
<td>2. Any new or incumbent air carrier establishing new scheduled seasonal service to an international destination listed in Tier II Categories A, B, C, or D above at least three (3) times per week for a period of at least one hundred eighty (180) days but less than three hundred sixty-five (365) days; or</td>
<td></td>
</tr>
<tr>
<td>3. Any new or incumbent air carrier establishing new scheduled seasonal service to an international destination listed in Tier II, Categories A, B, C, or D above for a minimum of sixty-five (65) times within a one hundred eighty (180) day period in one (1) calendar year.</td>
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</table>

| 1. **Landing Fee Credit**: The City shall issue a landing fee credit to the new entrant or incumbent carrier totaling up to, but not exceeding, One Million Dollars ($1,000,000.00) which shall be equal to 100% of the amount that air carrier paid in landing fees for Qualified Flight(s) during the first season of operation at PHL. |
| 2. **Marketing Incentive**: The City shall provide up to Twenty-five Thousand Dollars ($25,000.00) in matching advertising funds to market the new route. |
| 3. **Garage Advertising Banner**: The City shall furnish and install a garage advertising banner highlighting air carrier and its new air service for a period of three (3) months. |

**Note:** Neither the new entrant or incumbent carrier nor its predecessors, successors, affiliate airlines and/or joint venture partners can have served the market from PHL within the past thirty-six (36) months immediately preceding the commencement of the new service. The amounts specified in the tables reflect the maximum amount of funding available under the ACIP. This is not a guaranteed amount and is subject to approval by the CEO or his/her designee, which approval will not be granted or withheld in an unjustly discriminatory manner.

Reducing frequencies on the route during the incentivized period to less than an agreed upon level will reduce the amount of the financial incentive and/or result in a proportionate reimbursement to the City for dollars already spent.
E. ACIP Requirements

An air carrier must meet the following requirements to qualify for benefits under the ACIP:

1. Qualified Flight(s).

The air carrier must provide:

a) New scheduled, uninterrupted, year-round air service; or

b) New seasonal, domestic, or international service to a destination not currently served by any air carrier from PHL (new entrant carriers); or

c) New seasonal service to a destination in a targeted market as defined in Section D above (new entrant or incumbent air carriers).

Incentives are available per market. The air carrier must not have served the incentivized destination non-stop from PHL within the thirty-six (36) calendar month period immediately preceding the date of commencement of the new service.

For the purpose of determining eligibility, affiliated airlines, joint venture partners and predecessor and successor airlines in an airline merger or acquisition are treated as a single carrier. An air carrier that was acquired by merger or acquisition by another air carrier that has operated at PHL within the thirty-six (36) calendar months prior to the entrance of the new carrier may not be considered a new entrant for ACIP purposes.

Air service that qualifies for consideration under this ACIP includes the following:

a) Year-round scheduled service provided by a new entrant carrier to any domestic or international destination; or

b) New service provided by an incumbent air carrier to an airport destination in a targeted market listed in Section D.2., above; or

c) New seasonal service provided by a new air carrier to an airport destination not currently served by any air carrier from PHL during the first season of service at PHL; or

d) New seasonal service provided by a new entrant or incumbent air carrier to an airport destination designated as a targeted market in Section D.2., above, during the first season of service at PHL.

e) The following are excluded from eligibility under this ACIP:

   i. Repeated seasonal service (i.e. seasonal service that has been offered to and from PHL and a particular destination within the thirty-six (36) month period immediately preceding the date of commencement of the new service);

   ii. An upgrade of equipment type;

   iii. An increase in the number of seats offered on existing flights
iv. Charter operations, including scheduled charters;

v. Increased flights to a specific destination offered by incumbent air carriers; or

vi. The transfer of a flight from one airport to another airport within the same metropolitan area.

The City will determine service type and whether service has been available within the past thirty-six (36) months using the Official Airline Guide (the “OAG”).

2. Frequency of Qualified Flight(s). For air carriers establishing year-round service, the air carrier must offer service from PHL to the eligible destination for a minimum of twenty-four (24) or thirty-six (36) consecutive months, as the case may be, following the inaugural Qualified Flight to receive the maximum allowable incentive benefits. If domestic service is less than daily but three (3) or more times per week, the incentive may be prorated accordingly. If service is less than three (3) times per week the carrier is ineligible for incentives. For air carriers establishing new seasonal, domestic or international service, the air carrier must offer the service at least three (3) times per week, for a period of at least one hundred eighty (180) days but less than three hundred sixty-five (365) days or a minimum of sixty-five (65) times within a one-hundred eighty (180) day period in one (1) calendar year for a minimum of two (2) consecutive years to receive the maximum allowable incentive benefits.

However, the air carrier's cancellation from time-to-time of any flight for any reason including, without limitation, weather, Airport Traffic Control, maintenance or other operational reasons shall not disqualify a Qualified Flight hereunder as long as the Qualified Flight otherwise meets the requirements of the ACIP. In addition, the City will allow an air carrier to substitute destinations as long as that air carrier adds the same number of flights to another destination and continues to operate the same number of daily or weekly round trips previously agreed upon.


a) If a participating carrier that established year-round service reduces the frequency of or terminates the Qualified Flight(s) during the first twelve (12) or twenty-four (24) months of service, as the case may be, the air carrier shall repay the City the total amount of all incentives previously taken by the air carrier for such Qualified Flight(s). If a participating carrier that established new seasonal, domestic, or international service reduces the frequency of or terminates the Qualified Flight(s) during the first one hundred eighty (180) days of service or before it has operated a minimum of sixty-five (65) flights within a one hundred eighty (180) day period in one calendar year, the air carrier shall repay the City the total amount of all incentives previously taken by the air carrier for such Qualified Flight(s).

b) Such repayment by the air carrier as outlined under Sections E.3.a., above, shall be the City’s sole compensation and remedy for the air carrier’s reduction or termination or discontinuation of the Qualified Flight(s) prior to the expiration of such twenty-four (24) or thirty-six (36) month period, as the case may be.

c) The City may consider waiving repayment of incentive benefits received by an air carrier for a Qualified Flight if, after offering that Qualified Flight from PHL for a period of at least twelve (12) months for year-round service, or six (6) months for new seasonal, domestic or
international service, from the date of the inaugural Qualified Flight, that air carrier can provide
the City with documented proof that the incentivized Qualified Flight is not viable.

4. **Good Standing Required.** An air carrier must be in compliance with all agreements
with the City and current on all amounts owed the City in order to qualify for the incentives
described in Sections C and D, above. The City reserves the right to terminate the incentive
benefits if an air carrier is in arrears with regard to rates, charges and other fees due the City
after it has given that air carrier notice and no less than thirty (30) days to pay the arrearage or
cure the failure to comply and includes in such notice a reference to the City's intention to
terminate the incentives under this agreement in the absence of such payment or cure.

5. **Assignment.** Air service incentives may not be transferred or assigned to another air
carrier, except an air carrier that succeeds to substantially all of the incentivized air carrier's
assets by merger or acquisition.

6. **Application Deadline.** The air carrier must apply for the ACIP at least ninety (90) days
prior to starting the new service, by submitting the standard Air Carrier Incentive Program
Application Form attached hereto as "Exhibit A." The City will notify the air carrier within thirty
(30) days of receipt of the application whether it deems the service described as eligible for the
ACIP.

7. **Incentive Agreement Required.** All conditions for receiving benefits will be
documented in an Incentive Agreement between the City and the qualifying air carrier and are
subject to approval by appropriate officials of the City. Incentive Agreements must be signed
within ninety (90) days of the initiation of the new service. Air carriers who fail to sign an
Incentive Agreement within ninety (90) days of the inaugural flight shall forego all incentives
offered.

F. **Guidelines for Use of Landing Fee Credit**

The City assesses landing fees based on the maximum allowable gross landing weight of an
aircraft. Provided an air carrier is not in default and has no rents, rates, charges or fees owing
under any other agreements it has with the City, for all Tiers other than Tier II, Category C
Option 2, and Tier II, Category D, the landing fees for Qualified Flight(s) remitted to the City
during the first twelve (12) months of service or first season of service, up to, but not exceeding,
One Million Dollars ($1,000,000.00), as reflected in the actual Self-Invoice Report forms
submitted by the air carrier to the Airport, will be credited toward landing fees due and payable
to the City for Qualified Flight(s) during months thirteen (13) through twenty-four (24) or during
the second consecutive year of the seasonal service at PHL.

For air carriers that select Option 2 under Tier II, Category C, the City shall issue a landing
fee credit to the new entrant or incumbent carrier which shall be equal to one hundred percent
(100%) of the amount that said air carrier paid in landing fees for Qualified Flight(s) during the
first twelve (12) consecutive months of service (Year 1) as reflected in the actual Self-Report
forms submitted by the air carrier to the Airport. During Year 2 (months 13-24), one hundred
percent (100%) of the landing fee credits earned by the air carrier in Year 1 shall be applied to
landing fees due and payable to the City in Year 2. In addition, the City shall issue a landing fee
credit equal to fifty percent (50%) of the landing fees incurred for the Qualified Flight(s) operated
by the air carrier from PHL during Year 2. The combined landing fee credits issued by the City
to the air carrier during Years 1 and 2 shall total up to, but not exceed, One Million Dollars
($1,000,000.00). Landing fee credits earned during Year 2 shall be applied to landing fees that are due and payable for flights operated during Year 3.

For air carriers that qualify under Tier II, Category D, the City shall issue a landing fee credit to the new entrant or incumbent carrier which shall be equal to one hundred percent (100%) of the amount that said air carrier paid in landing fees for Qualified Flight(s) during the first twelve (12) consecutive months of service (Year 1) as reflected in the actual Self-Report forms submitted by the air carrier to the Airport. During Year 2 (months 13-24), one hundred percent (100%) of the landing fee credits earned by the air carrier in Year 1 shall be applied to landing fees due and payable to the City in Year 2. In addition, the City shall issue a landing fee credit equal to one hundred percent (100%) of the landing fees for the Qualified Flight(s) operated by the air carrier from PHL during Year 2, such landing fee credit shall be calculated based on flight operations as opposed to actual landing fees paid. The combined landing fee credits issued by the City to the air carrier during Years 1 and 2 shall total up to, but not exceed, Two Million Dollars ($2,000,000.00). Landing fee credits earned during Year 2 shall be applied to landing fees that are due and payable for flights operated during Year 3.

The process for obtaining landing fee reimbursements during months thirteen (13) through twenty-four (24), or months thirteen (13) through or thirty-six (36), as the case may be, or during the second year of seasonal service shall be as follows:

1. Before air service commences, the Airline shall submit the form titled “Aircraft Used in Philadelphia Service” to the Chief Financial Officer. A copy of the Aircraft Used in Service Form is attached hereto as “Exhibit A” to the Form of Agreement and incorporated herein by reference.

2. During the first twelve (12) months of service for year-round service; or during the first season of new seasonal service, as the case may be, on or before the tenth (10th) day of each calendar month, the air carrier shall file a Self-Invoice Report documenting all flight activity and landing fees for Qualified Flight(s) during the previous month and remit a check to the City for the applicable landing fees. A copy of the Self-Invoice Report Form is attached hereto as “Exhibit B” to the Form of Agreement and incorporated herein by reference.

The air carrier will receive a credit up to, or equal to, one hundred percent (100%) of landing fee payments remitted to the City for Qualified Flight(s), as reflected in the actual Self-Invoice Report forms submitted by the air carrier to the Airport, during the twelve (12) month or twenty-four (24) month Promotional Period, as the case may be, as described above.

3. During months thirteen (13) through twenty-four (24) for year-round service; or during months thirteen (13) through thirty-six (36) for air carriers that select Option 2 under Tier II, Category C, or qualify under Tier II, Category D; or during the second consecutive year of the new seasonal international service, on or before the tenth (10th) day of each calendar month, the air carrier shall file a Self-Invoice Report documenting all flight activity and landing fees for Qualified Flight(s) during the previous month. The City will apply the landing fee credit equivalent to the payment received from the air carrier for the Qualified Flight(s) for an equivalent period during the first twelve (12) or twenty-four (24) months of service, as the case may be, for year-round service, or during the first season of seasonal service.

4. Should the air carrier terminate the qualifying service prematurely all credits granted to
the air carrier during the first twelve (12) months of service for year-round flights; or first twenty-four (24) months of service for air carriers that select Option 2 under Tier II, Category C or qualify under Tier II, Category D; or during the first season of seasonal service, shall be voided.

G. Guidelines for Marketing Incentive

1. The marketing incentive is administered through reimbursements to the air carrier. Marketing related reimbursement requests must be submitted to PHL for processing within six (6) months of the inception of service at PHL.

2. All marketing/advertising must exclusively promote Qualified Flight(s) to and from PHL and appropriately highlight routes eligible under the program.

3. Marketing activities that may be supported under the ACIP include, but are not limited to:
   a) Promotional events (excluding the cost of alcohol) (e.g. Travel Agency Reception, Business Contacts Reception, Product Fair, etc.);
   b) Print advertising, collateral materials, direct mail and other forms of print marketing;
   c) Cooperative multimedia advertising, such as TV, radio and interactive;
   d) In airport advertising (e.g. exterior or gate banners, wall wraps, etc.); and/or
   e) Banners and signage.

4. Air carriers shall allocate at least one percent (1%) of the marketing incentive provided by the City to fund an inaugural event to be planned in cooperation with the Airport.

5. At least fifty percent (50%) of the eligible marketing/advertising funds must be spent in the Greater Philadelphia area and the Airport’s catchment area with the remaining portion spent in the metropolitan area(s) of the destination(s) receiving new service under the program.

6. Air carriers applying for the marketing incentive must agree to editorial oversight by the City.

7. The City must approve in advance all advertising and promotional activities associated with the new service for which the air carrier desires to receive the marketing incentive.

8. All advertising and marketing must comply with FAA regulations and guidelines for use of airport revenue for such purpose.

9. As part of the ACIP agreement, the air carrier will be required to agree to the following:
   a) Provide a comprehensive marketing strategy in writing for approval by the City that shall identify:
      i. The service to be promoted;
      ii. The proposed timeline of planned promotional activities;
iii. The medium to be used in promotion;

iv. The proposed budget for the promotion; and

v. Contact information for a person representing the air carrier.

b) Produce and implement an advertising campaign related to the new service at PHL;

c) Initiate and implement promotional events, advertising campaigns and marketing programs directed toward promoting public and industry awareness of the new service offered by the carrier at PHL;

d) Agree that when printed materials are used, the name “Philadelphia International Airport,” with its logo and Web site address, shall appear prominently in the material;

e) Develop support materials promoting the benefits of PHL to targeted travelers in specific, mutually agreed upon markets;

f) Not place any advertisement created pursuant to this program without the prior written approval of the CEO of the content and placement of the advertisements;

g) Publish the Qualified Flight(s) for sale in the same manner as it publishes its other public flight schedules and work in good faith with the City if the City notifies the air carrier of any legitimate concerns regarding its publication for sale of the Qualified Flight(s).

10. Should the service be suspended prematurely, the air carrier shall be responsible for pro-rated reimbursement of all marketing funds spent.

H. Term

The term of this ACIP is for January 1, 2019 through December 31, 2021. Once proposed air service qualifies under the ACIP, it is assured the benefit during the entire Promotional Period, even if the time span extends beyond the program’s duration. The City reserves the right to amend or cancel the ACIP.

I. Obligations of ACIP Participating Air Carriers

An air carrier commits to the following with its entry into the ACIP:

a) To be responsible for obtaining all necessary permits, licenses and/or approvals relating to its use and/or occupancy of PHL and the service sought to be promoted before ACIP authorization is granted.

b) To operate the Qualified Flight(s) throughout the Promotional Period.

c) Offer service resulting in a net increase in the air carrier’s total number of flights from PHL to the city pair, as compared to the same month of the previous year.

d) Report any changes to the number of frequencies, aircraft type and/or series at least thirty (30) days in advance of any change during the entire Promotional Period.
J. **Air Carrier Compliance**

The City will conduct an ACIP audit of the air carrier’s compliance with the terms of the program on an annual basis. Air carriers participating in the ACIP may be required to provide periodic operational reports to show it is meeting the applicable requirements.

K. **Funding**

This program is intended to satisfy the standards for airport incentive programs for the promotion of air carrier service set forth in the Federal Aviation Administration’s Statement of Policy and Procedures Concerning the Use of Airport Revenue and may be amended to comply with that statement. Financial benefits conferred through this ACIP shall not exceed Five Million Dollars ($5,000,000.00) for the Promotional Period. If necessary, the available annual funding shall be prorated among the ACIP participants. Once the budgeted funds for the ACIP have been expended, the ACIP will be suspended until additional funds are approved.

L. **Application Process**

1. At least ninety (90) days prior to commencement of the qualifying air service, an air carrier must complete and submit the ACIP application form attached hereto as “Exhibit A” and available on www.phl.org to:

   James Tyrrell, Chief Revenue Officer  
   Division of Aviation  
   Philadelphia International Airport  
   Executive Office, Terminal D/E, Third Floor  
   Philadelphia, PA 19153  
   Facsimile Number: (215) 863-3998  
   E-mail: James.Tyrrell@phl.org  

Applications may be submitted via mail, e-mail or facsimile.

2. An air carrier shall include the following in the application:

   a) The days and times of operation for the new service, including the annual frequency for the new service;

   b) Whether the flight is domestic or international;

   c) The starting date of such new service;

   d) Proof of publication if passenger service is proposed;

   e) The aircraft to be operated;

   f) The number of seats on the aircraft; and

   g) Contact information for the person representing the air carrier.

3. Prior to considering the ACIP application, the CEO or his/her designee may request
additional information as may be deemed necessary for the proper, non-discriminatory application of the ACIP policy.

4. The CEO or his/her designee will review the application against the qualification criteria and inform the air carrier in writing of his/her decision within thirty (30) days. An air carrier must receive written approval from the CEO before it is eligible to participate, and its flights qualify for participation in the ACIP.

5. The CEO may reject an application if the CEO determines that:
   
a) The air carrier is not eligible to participate in the ACIP;

   b) The proposed service does not qualify for an incentive; or

   c) The proposed service does not meet the ACIP’s goals.

Any questions regarding the ACIP should be directed to James Tyrrell, Chief Revenue Officer at James.Tyrrell@phl.org.

M. Retroactive Repayment of Incentives Funds Expended

If the eligibility of a participating air carrier is terminated by the CEO for failure to meet or maintain the requirements for participation, including withdrawal of service prior to completion of any commitment period, such air carrier shall pay the City an amount equal to the applicable marketing funds paid in accordance with the ACIP.

N. Subordination to Applicable Laws and Agreements with the United States

The terms and implementation of this ACIP shall be subject and subordinate to applicable City, state and federal laws, rules and regulations, including, but not limited to, Federal Aviation Regulations set forth in Title 14 of the United States Code of Federal Regulations, and the provisions of any existing or future agreement between the City and the United States relative to the operation or maintenance of the Airport; required as a condition precedent to the transfer of federal rights or property to the City for Airport purposes; the expenditure of federal funds for development of the Airport; or to impose or use passenger facilities charges.

The City may, without incurring any liability to participating air carriers, amend or terminate the ACIP if necessary to comply with the requirements of applicable law, regulations, or agreements with the United States or any assurance made by the City to the United States Government as a condition precedent to the receipt of federal funds for the improvement of the Airport or the approval of Passenger Facility Charges.

[INTENTIONALLY LEFT BLANK]
EXHIBIT A

CITY OF PHILADELPHIA
DEPARTMENT OF COMMERCE, DIVISION OF AVIATION
AIR CARRIER INCENTIVE PROGRAM APPLICATION FORM

Air Carrier: _______________________________________________________________________

Address: ________________________________________________________________________

City: ____________________________ State: ________________________ Zip: _______________

Contact Person Name: _____________________________ Title: _____________________________

Phone: ___________________________: FAX: __________________ E-Mail: ___________________

Proposed Route(s): __________________________________________________________________

Check all that Apply:

Incentive Program: □ Domestic □ International □ Seasonal □ Year-round

New Carrier: □ Yes □ No

<table>
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<tr>
<th>Service Start Date</th>
<th>Aircraft Type and Series</th>
<th>Aircraft Seating Capacity</th>
<th>Days/Times of Operation</th>
<th>Annual Frequencies</th>
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AIR CARRIERS ARE REQUIRED TO REPORT ANY CHANGES OF AIRCRAFT TYPE AND/OR SERIES AT LEAST 30 DAYS IN ADVANCE DURING THE INCENTIVE PROGRAM.

FOR DIVISION OF AVIATION USE ONLY

Evaluated by: _________________________________ Date: ______________________________

□APPROVE □REJECT

Comments: _________________________________________________________________

_______________________________________________________________

Signed by: _________________________________ Date: _____________________

Chief Executive Officer

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EXHIBIT B
FORM OF AGREEMENT
INCENTIVE AGREEMENT

THIS AGREEMENT (“Agreement”) is hereby made this ___ day of __________, 20__, by and among the CITY OF PHILADELPHIA, a Municipal Corporation of the Commonwealth of Pennsylvania and City of the First Class, acting by and through its DEPARTMENT OF COMMERCE, DIVISION OF AVIATION, which operates Philadelphia International Airport (the “Airport”) and __________________, a ______ with its principal office at __________________________ (the “Airline”).

RECITALS

WHEREAS, the Airport has undertaken an active marketing campaign with the goal of inducing new and expanded (i.e. increased frequency) air service by existing and new air carriers at Philadelphia International Airport (the “Airport”); and

WHEREAS, to further such goal, the Airport has developed a program for providing incentives, in the form of certain fee credits, marketing support and other incentives for a limited period of time to induce such new and expanded air service; and

WHEREAS, the current Air Carrier Incentive Program (“ACIP”) became effective on January 1, 2017;

WHEREAS, the Federal Aviation Administration (“FAA”) has generally approved the offer of air service incentives for the purpose of increasing incremental air traffic at airports without violating any restrictions relating to economic discrimination among air carriers; and

WHEREAS, the Airline desires to provide new scheduled air service to the Airport by operating roundtrip flights, ___ times per day/week, between the Airport and ________________ (“Qualified Airports”) commencing on or about _____________________; and

WHEREAS, the Airline desires to provide new scheduled air services to the Airport under ACIP Eligibility Tier__________;

NOW THEREFORE, in consideration of the mutual covenants and conditions herein contained, and intending to be legally bound thereby, the parties hereto agree as follows:

IF APPLICABLE:

1. **FEE Credit** (For new entrant year-round service: Tier I, Categories A, B, and C)

   A. **Landing Fee Credit.** Landing fees are based on rates assessed by weight of aircraft. The Airport agrees to provide the Airline a credit of up to _____ Dollars equal to one
hundred percent (100%) of the landing fees paid by that air carrier for Qualified Flight(s) (as defined below) during the first twelve (12) consecutive months of service up to, but not exceeding, One Million Dollars ($1,000,000.00).

B. **Qualified Flight(s).** "Qualified Flight(s)" means scheduled air service between the Airport and ______________________ for the first twelve (12) consecutive months of service; provided, however, the Airline’s cancellation from time-to-time of any Flight for any reason including, without limitation, weather, Airport Traffic Control, maintenance or other operational reasons shall not disqualify a Qualified Flight hereunder as long as the Qualified Flight otherwise meets the requirements of this Paragraph. In addition, the Airport agrees to allow the Airline to substitute destinations as long as the Airline adds the same number of flights to another destination and continues to operate at least _________ round trips from the Airport each [day][week].

C. **Applicable Fee Rate.** The applicable credit will be to the fees in effect at the time of the Qualified Flight(s).

D. **Process for Use of Landing Fee Credit.** Provided the Airline is not in default and has no rents, rates, charges or fees owing under any other agreements it has with the Airport or the City of Philadelphia, the landing fees for Qualified Flight(s) remitted to the City during the first twelve (12) months of service, up to, but not exceeding, One Million Dollars ($1,000,000.00), will be credited toward landing fees due and payable to the Airport for Qualified Flight(s) during months thirteen (13) through twenty-four (24).

The process for obtaining landing fee reimbursements during months thirteen (13) through twenty-four (24) shall be as follows:

i. Before air service commences, the Airline shall submit the form titled “Aircraft Used in Philadelphia Service” to the Chief Financial Officer, a copy is attached hereto as “Exhibit A” and incorporated herein by reference.

ii. During the first twelve (12) months of service, on or before the tenth (10th) day of each subsequent calendar month during the term of this Agreement, Airline shall file a Self-Invoice Report documenting all flight activity and landing fees for Qualified Flight(s) during the previous month and remit a check to the Airport for the applicable landing fees. A copy of the Self-Invoice Report Form is attached hereto as “Exhibit B” and incorporated herein by reference. The Airline will receive a credit for one hundred percent (100%) of landing fee payments remitted to the Airport for Qualified Flight(s) during the twelve (12) month Promotional Period, up to, but not exceeding, One Million Dollars ($1,000,000.00) for a maximum total of ___________ dollars as reflected in the actual Self-Invoice Report Form submitted by the Airline to the Airport.

iii. During months thirteen (13) through twenty-four (24), on or before the tenth (10th) day of each calendar month, Airline shall file a Self-Invoice Report documenting all flight activity and landing fees for Qualified Flight(s) during the previous month. The Airport will apply the landing fee credit to the payment received from the Airline for the Qualified Flight(s) for an equivalent period during the first twelve (12) months of service.

iv. Should the air carrier terminate the qualifying service prematurely all credits granted to the air carrier during the first twelve (12) months of service shall be voided.
IF APPLICABLE:

1. **FEE Credit** (For new year-round targeted destination service: Tier II, Categories A, B, and C, Option 1)

A. **Landing Fee Credit.** Landing fees are based on rates assessed by weight of aircraft. The Airport agrees to provide the Airline a credit of up to _____ Dollars equal to one hundred (100%) of the landing fees paid by that air carrier for Qualified Flight(s) (as defined below) during the first twelve (12) consecutive months of service up to, but not exceeding, One Million Dollars ($1,000,000.00).

B. **Qualified Flight(s).** "Qualified Flight(s)" means scheduled air service between the Airport and ______________________ for the first twelve (12) consecutive months of service; provided, however, the Airline’s cancellation from time-to-time of any Flight for any reason including, without limitation, weather, Airport Traffic Control, maintenance or other operational reasons shall not disqualify a Qualified Flight hereunder as long as the Qualified Flight otherwise meets the requirements of this Paragraph. In addition, the Airport agrees to allow the Airline to substitute destinations as long as the Airline adds the same number of flights to another destination and continues to operate at least ________ round trips per________ from the Airport.

C. **Applicable Fee Rate.** The applicable credit will be to the fees in effect at the time of the Qualified Flight(s).

D. **Process for Use of Landing Fee Credit.** Provided the Airline is not in default and has no rents, rates, charges or fees owing under any other agreements it has with the Airport or the City of Philadelphia, the landing fees for Qualified Flight(s) remitted to the City during the first twelve (12) months of service, up to, but not exceeding, One Million Dollars ($1,000,000.00), will be credited toward landing fees due and payable to the Airport for Qualified Flight(s) during months thirteen (13) through twenty-four (24).

The process for obtaining landing fee reimbursements during months thirteen (13) through twenty-four (24) shall be as follows:

i. Before air service commences, the Airline shall submit the form titled “Aircraft Used in Philadelphia Service” to the Chief Financial Officer, a copy is attached hereto as “Exhibit A” and incorporated herein by reference.

ii. During the first twelve (12) months of service, on or before the tenth (10th) day of each subsequent calendar month during the term of this Agreement, Airline shall file a Self-Invoice Report documenting all flight activity and landing fees for Qualified Flight(s) during the previous month and remit a check to the Airport for the applicable landing fees. A copy of the Self-Invoice Report Form is attached hereto as “Exhibit B” and incorporated herein by reference. The Airline will receive a credit for one hundred percent (100%) of landing fee payments remitted to the Airport for Qualified Flight(s) during the twelve (12) month Promotional Period, up to, but not exceeding, One Million Dollars ($1,000,000.00) for a maximum total of ________ dollars as reflected in the actual Self-Invoice Report Form submitted by the Airline to the Airport.

iii. During months thirteen (13) through twenty-four (24), on or before the tenth (10th)
day of each calendar month, Airline shall file a Self-Invoice Report documenting all flight activity and landing fees for Qualified Flight(s) during the previous month. The Airport will apply the landing fee credit to the payment received from the Airline for the Qualified Flight(s) for an equivalent period during the first twelve (12) months of service.

iv. Should the air carrier terminate the qualifying service prematurely all credits granted to the air carrier during the first twelve (12) months of service shall be voided.

IF APPLICABLE:

1. **FEE Credit** (For new year-round targeted destination service: Tier II, Category C, Option 2)

   A. **Landing Fee Credit.** Landing fees are based on rates assessed by weight of aircraft. The Airport agrees to provide the Airline a credit of up to _____ Dollars equal to one hundred percent (100%) of the landing fees paid by that air carrier for Qualified Flight(s) (as defined below) during Year 1 and fifty percent (50%) of the landing fees due based on the number of Qualified Flight(s) operated during Year 2 for a combined total of up to, but not exceeding, One Million Dollars ($1,000,000.00).

   B. **Qualified Flight(s).** "Qualified Flight(s)" means scheduled air service between the Airport and ______________________ for the first twenty-four (24) consecutive months of service; provided, however, the Airline's cancellation from time-to-time of any Flight for any reason including, without limitation, weather, Airport Traffic Control, maintenance or other operational reasons shall not disqualify a Qualified Flight hereunder as long as the Qualified Flight otherwise meets the requirements of this Paragraph. In addition, the Airport agrees to allow the Airline to substitute destinations as long as the Airline adds the same number of flights to another destination and continues to operate at least _________ round trips per _______ from the Airport.

   C. **Applicable Fee Rate.** The applicable credit will be to the fees in effect at the time of the Qualified Flight(s).

   D. **Process for Use of Landing Fee Credit.** Provided the Airline is not in default and has no rents, rates, charges or fees owing under any other agreements it has with the Airport or the City of Philadelphia, the City shall issue a landing fee credit equal to one hundred percent (100%) of the landing fees for Qualified Flight(s) remitted by air carrier to the City during Year 1. During Year 2, one hundred percent (100%) of the landing fee credits earned by the air carrier in Year 1 shall be applied to landing fees due and payable to the City in Year 2. In addition, the City shall issue a landing fee credit equal to fifty percent (50%) of the landing fees for the Qualified Flight(s) operated by the air carrier from PHL during Year 2 as based on flight operations. The combined landing fee credits issued by the City to the air carrier during Years 1 and 2 shall total up to, but not exceed, One Million Dollars ($1,000,000.00). Landing fee credits earned during Year 2 shall be applied to landing fees that are due and payable for flights operated during Year 3.

The process for obtaining landing fee reimbursements during months thirteen (13) through thirty-six (36) shall be as follows:
Before air service commences, the Airline shall submit the form titled “Aircraft Used in Philadelphia Service” to the Chief Financial Officer, a copy is attached hereto as “Exhibit A” and incorporated herein by reference.

i. During the first twelve (12) months of service, on or before the tenth (10th) day of each subsequent calendar month during the term of this Agreement, Airline shall file a Self-Invoice Report documenting all flight activity and landing fees for Qualified Flight(s) during the previous month and remit a check to the Airport for the appropriate landing fees. A copy of the Self-Invoice Report Form is attached hereto as “Exhibit B” and incorporated herein by reference. The Airline will receive a credit for one hundred percent (100%) of the landing fee payments remitted to the Airport for the Qualified Flight(s) during the twelve (12) months of the Promotional Period and fifty percent (50%) of the landing fees due and payable as based on flight operations for the Qualified Flight(s) operated by the air carrier from PHL during months thirteen (13) through twenty-four (24). The combined credits shall be up to, but not exceeding, One Million Dollars ($1,000,000.00) as reflected in the actual Self-Invoice Report Form submitted by the Airline to the Airport.

ii. During months thirteen (13) through twenty-four (24), on or before the tenth (10th) day of each calendar month, Airline shall file a Self-Invoice Report documenting all flight activity and landing fees for Qualified Flight(s) during the previous month. The Airport will apply the landing fee credit to the payment received from the Airline for the Qualified Flight(s) for an equivalent period during the first twelve (12) months of service.

iii. During months twenty-five (25) through thirty-six (36), on or before the tenth (10th) day of each calendar month, Airline shall file a Self-Invoice Report documenting all flight activity and landing fees for Qualified Flight(s) during the previous month. The Airport will apply the landing fee credit during months thirteen (13) through twenty-four (24) to the landing fees that are due and payable.

iv. Should the air carrier terminate the qualifying service prematurely all credits granted to the air carrier during the first twenty-four (24) months of service shall be voided.

IF APPLICABLE:

1. **FEE Credit** (For new year-round targeted destination service: Tier II, Category D)

   A. **Landing Fee Credit.** Landing fees are based on rates assessed by weight of aircraft. The Airport agrees to provide the Airline a credit of up to _____ Dollars equal to one hundred percent (100%) of the landing fees paid by that air carrier for Qualified Flight(s) (as defined below) during Year 1 and one hundred percent (100%) of the landing fees due based on the number of Qualified Flight(s) operated during Year 2 for a combined total of up to, but not exceeding, Two Million Dollars ($2,000,000.00).

   B. **Qualified Flight(s).** "Qualified Flight(s)" means scheduled air service between the Airport and _____________ for the first twenty-four (24) consecutive months of service; provided, however, the Airline’s cancellation from time-to-time of any Flight for any reason including, without limitation, weather, Airport Traffic Control, maintenance or other operational reasons shall not disqualify a Qualified Flight hereunder as long as the Qualified Flight otherwise meets the requirements of this
Paragraph. In addition, the Airport agrees to allow the Airline to substitute destinations as long as the Airline adds the same number of flights to another destination and continues to operate at least ________ round trips per _______ from the Airport.

C. **Applicable Fee Rate.** The applicable credit will be to the fees in effect at the time of the Qualified Flight(s).

D. **Process for Use of Landing Fee Credit.** Provided the Airline is not in default and has no rents, rates, charges or fees owing under any other agreements it has with the Airport or the City of Philadelphia, the City shall issue a landing fee credit to the new entrant or incumbent carrier which shall be equal to 100% of the amount that said air carrier paid in landing fees for Qualified Flight(s) during the first twelve (12) consecutive months of service. During Year 2, one hundred percent (100%) of the landing fee credits earned by the air carrier in Year 1 shall be applied to landing fees due and payable to the City in Year 2. In addition, the City shall issue a landing fee credit equal to one hundred percent (100%) of the landing fees incurred for Qualified Flight(s) operated by the air carrier from PHL during Year 2, such landing fee credit shall be calculated based on flight operations as opposed to actual landing fees paid by the air carrier. The landing fee credit earned during Year 2 shall be applied to landing fees that are due and payable for flight operations during Year 3. The combined landing fee credits issued by the City to the air carrier during Years 1 and 2 shall total up to, but not exceed, Two Million Dollars ($2,000,000.00).

The process for obtaining landing fee reimbursements during months thirteen (13) through thirty-six (36) shall be as follows:

Before air service commences, the Airline shall submit the form titled “Aircraft Used in Philadelphia Service” to the Chief Financial Officer, a copy is attached hereto as “Exhibit A” and incorporated herein by reference.

i. During the first twelve (12) months of service, on or before the tenth (10th) day of each subsequent calendar month during the term of this Agreement, Airline shall file a Self-Invoice Report documenting all flight activity and landing fees for Qualified Flight(s) during the previous month and remit a check to the Airport for the appropriate landing fees. A copy of the Self-Invoice Report Form is attached hereto as “Exhibit B” and incorporated herein by reference. The Airline will receive a credit for one hundred percent (100%) of the landing fee payments remitted to the Airport for the Qualified Flight(s) during the twelve (12) months of the Promotional Period and one hundred percent (100%) of the landing fees due and payable as based on flight operations for the Qualified Flight(s) operated by the air carrier from PHL during months thirteen (13) through twenty-four (24). The combined credits shall be up to, but not exceeding, Two Million Dollars ($2,000,000.00) as reflected in the actual Self-Invoice Report Form submitted by the Airline to the Airport.

ii. During months thirteen (13) through twenty-four (24), on or before the tenth (10th) day of each calendar month, Airline shall file a Self-Invoice Report documenting all flight activity and landing fees for Qualified Flight(s) during the previous month. The Airport will apply the landing fee credit to the payment received from the Airline for the Qualified Flight(s) for an equivalent period during the first twelve (12) months of service.

iii. During months twenty-five (25) through thirty-six (36), on or before the tenth (10th)
day of each calendar month, Airline shall file a Self-Invoice Report documenting all flight activity and landing fees for Qualified Flight(s) during the previous month. The Airport will apply the landing fee credit during months thirteen (13) through twenty-four (24) to the landing fees that are due and payable.

iv. Should the air carrier terminate the qualifying service prematurely all credits granted to the air carrier during the first twenty-four (24) months of service shall be voided.

IF APPLICABLE:

1. **FEE Credit** (For new seasonal service: Tier III)

   A. **Landing Fee Credit.** Landing fees are based on rates assessed by weight of aircraft. The Airport agrees to provide the Airline a credit of up to _____ Dollars equal to one hundred percent (100%) of the landing fees paid by that air carrier for Qualified Flight(s) during the first season at PHL up to, but not exceeding, One Million Dollars ($1,000,000.00).

   B. **Qualified Flight(s).** "Qualified Flight(s)" means scheduled air service, at least three (3) times per week, between the Airport and __________________ for a period of at least one hundred eighty (180) days in a calendar year or a minimum of sixty-five (65) times within a one hundred eighty (180) day period in one calendar year during the first season at PHL; provided, however, the Airline’s cancellation from time-to-time of any Flight for any reason including, without limitation, weather, Airport Traffic Control, maintenance or other operational reasons shall not disqualify a Qualified Flight hereunder as long as the Qualified Flight otherwise meets the requirements of this Paragraph. In addition, the Airport agrees to allow the Airline to substitute destinations as long as the Airline adds the same number of flights to another destination and continues to operate at least three (3) round trips from the Airport each week.

   C. **Applicable Fee Rate.** The applicable credit will be to the fees in effect at the time of the Qualified Flight(s).

   D. **Process for Use of Landing Fee Credit.** Provided the Airline is not in default and has no rents, rates, charges or fees owing under any other agreements it has with the Airport or the City of Philadelphia, the landing fees for Qualified Flight(s) remitted to the City during the first season at PHL, up to, but not exceeding, One Million Dollars ($1,000,000.00), will be credited toward landing fees due and payable to the Airport for Qualified Flight(s) during the second consecutive year of seasonal service.

The process for obtaining landing fee reimbursements during the second year of seasonal service shall be as follows:

i. Before air service commences, the Airline shall submit the form titled “Aircraft Used in Philadelphia Service” to the Chief Financial Officer, a copy is attached hereto as “Exhibit A” and incorporated herein by reference.

ii. During the first six (6) months of service, on or before the tenth (10th) day of each subsequent calendar month during the term of this Agreement, Airline shall file a Self-Invoice Report documenting all flight activity and landing fees for Qualified Flight(s) during the previous month and remit a check to the Airport for the applicable landing fees. A copy of the Self-Invoice Report Form is attached hereto as “Exhibit B” and incorporated herein by reference.
The Airline will receive a credit for one hundred percent (100%) of landing fee payments remitted to the Airport for Qualified Flight(s) during the first season of new seasonal service, up to, but not exceeding, One Million Dollars ($1,000,000.00) as reflected in the actual Self-Invoice Report Form submitted by the Airline to the Airport.

iii. During the second consecutive year of the new seasonal service, on or before the tenth (10th) day of each calendar month, Airline shall file a Self-Invoice Report documenting all flight activity and landing fees for Qualified Flight(s) during the previous month. The Airport will apply the landing fee credit to the payment received from the Airline for the Qualified Flight(s) for an equivalent period during the first twelve (12) months of service.

iv. Should the air carrier terminate the qualifying service prematurely all credits granted to the air carrier during the first season of service shall be voided.

IF APPLICABLE:

2. MARKETING INCENTIVE

A. In return for the Airline’s operation of the Qualified Flight(s), the Airport agrees to reimburse the Airline for up to ________________ Dollars in qualified marketing related expenses incurred to promote the Qualified Flight(s) during the first twelve (12) months of service for year-round flights, or the first season of new seasonal service (the “Marketing Incentive”) to be matched dollar for dollar by the air carrier. The Airport shall reimburse Airline for the goods and services reasonably approved by the Airport and in each case only via the Airport’s normal billing and payment processes for such services in accordance with standard Airport policies and procedures as outlined in Section 2.E. below. Airline acknowledges and agrees that all requests for reimbursement of marketing related expenses must be submitted to the Airport for processing within six (6) months of the inception of service at PHL.

The goal of the Marketing Incentive is to increase awareness of the Qualified Flight and the Airport, and ridership on the flight. The Marketing Incentive can be used for (but not limited to) the following types of marketing/promotions:

- Advertising (e.g. television, radio, newspaper, outdoor, magazine, etc.);
- Cooperative television and media promotions;
- Special events (excluding the cost of alcohol) (e.g. Travel Agency Reception, Business Contacts Reception, Product Fair, etc.);
- Direct mail (e.g. to frequent flier database, targeted lists, etc.);
- In-airport advertising (e.g. exterior or gate banners, wall wraps, etc.); and
- Fees for creative development and media placement.

B. Program Guidelines:

i. All promotional activities, including without limitation print activities,
advertising, and the use of logos and trademarks of the Airport or the Airline require the prior written approval of the Airport and the Airline;

ii. At least fifty percent (50%) of the marketing incentive amount must be spent on advertising/promotions done in the Greater Philadelphia area and within the Airport’s catchment area with the remaining portion spent in the destination market to promote Philadelphia as a destination; and

iii. Philadelphia International Airport must be listed and its logo prominently displayed within all media print advertisements.

C. Requirements of Airline:

i. Airline will provide the Airport with a copy of its marketing program.

ii. Airline will publish for sale the Qualified Flight(s) in the same manner as Airline publishes its other public flight schedules which will include the Airline’s website. Airline agrees to work in good faith with the Airport if the Airport notifies Airline of any legitimate concerns regarding Airline’s publication for sale of the Qualified Flight(s);

iii. Airline will provide all necessary logos, etc. required for the advertising;

iv. Airline will identify one person authorized to coordinate all marketing with the Airport marketing and development staff;

v. Airline will promptly submit proof of marketing expenses in the form of invoices, “tear sheets” for advertisements (where applicable) or other proof of advertising. Advertisements will be credited to the program at their actual cost.

D. Requirements of Airport:

i. Airport will promptly review and reasonably approve Airline’s proposed marketing program;

ii. After approval, Airport will pay or reimburse qualified expenses in accordance with the Airport’s normal payment process.

E. Marketing Reimbursement

i. Airline will submit a marketing plan and budget to the Airport for review and approval.

iii. After the launch date of Airline’s flights to _________ scheduled for on or about ____________, Airline shall submit a packet including, all bills, invoices and proof of marketing expenses including, but not limited to, receipts; copies of placements, tear sheets, newspaper and other advertisements; verification of online postings; a detailed bill for the inaugural event to:

Division of Aviation
The reimbursement amount requested by Airline may not exceed the total dollar amount of all bills, invoices and other supporting documents submitted with the request.

iv. Processing of invoice(s) will be as follows:

   a) Approval of the invoice by the Chief Administrative Officer or his/her designee;
   b) Approval of the invoice by the Chief Financial Officer or his/her designee;
   c) Submission of the invoice to the City’s Accounting Bureau for review;
   d) Approval for payment by the City Controller;
   e) Approval for payment by Central Finance; and
   f) Issuance of check (or wire transfer) by the City Treasurer’s Office to the Airline.

**IF APPLICABLE:**

3. **GARAGE ADVERTISING BANNER.** In addition to the __________ Dollar Marketing Incentive, Airport shall furnish and install a garage advertising banner highlighting Airline and its new air service for a period of three (3) months, the dates of such three (3) month period to be mutually agreed upon by the Airport and the Airline. Philadelphia International Airport must be listed and its logo prominently displayed on the banner. The design of such banner shall be subject to the prior written approval of the City.

4. **MARKET REDUCTION/TERMINATION.**

   A. The incentives described in Sections 1-3 above will be terminated at such time as the Airline reduces or ceases the service for the Qualified Flight(s).

   B. Should the air carrier reduce or terminate the Qualified Flight(s) within the first twelve (12) or twenty-four (24) months of service, as the case may be, for year-round service or during the first season of new seasonal service, the Airline shall repay the Airport for all incentives previously taken by the Airline for such Qualified Flight(s).

   C. Such repayment by the Airline shall be the City’s sole compensation and remedy for the Airline’s reduction, termination or discontinuation of the Qualified Flight(s) prior to the expiration of such twenty-four (24) or thirty-six (36) month period, as the case may be.

   D. Notwithstanding the provisions of Sections 4.A. - C. above, the Airport shall not require the Airline to repay incentive benefits received for Qualified Flight(s), if after offering such Qualified Flight(s) from PHL for a period of at least twelve (12) months from the date of the
inaugural Qualified Flight(s) for year-round flights or a period of six (6) months from the date of the inaugural Qualified Flight(s) for new seasonal service, the Airline provides the Airport with documented proof that the incentivized Qualified Flight(s) is/are not viable.

5. **GOOD STANDING.** In order to continue to qualify for the credits and other incentives described in Sections 1-3 above, the airline must be in compliance with all other agreements with the Airport and current on all amounts owed the Airport. In the event the Airline is in arrears with regard to rates, charges and other fees due the Airport, the Airports have the right to terminate the credits and other incentives set forth in Sections 1-3 above, provided the Airport first gives the Airline notice of such arrearage or failure to comply, allows the Airline no less than thirty (30 days) to pay the arrears or cure the failure to comply, and includes in such notice a reference to the Airport’s intention to terminate the credits under this Agreement in the absence of such payment or cure. If the Airline disputes any airport charge or fee and gives the Airports notice of such dispute, the Airports agree to thoroughly discuss and attempt to resolve the dispute before determining the Airline is not in good standing. If the Airline has executed the Airport-Airline Use & Lease Agreement the parties shall resolve disputes regarding amounts owed the Airport in accordance with the applicable provisions of Airport Use & Lease Agreement.

6. **ASSIGNMENT.** Neither party hereto shall have the authority to assign its rights or obligations under this Agreement without the prior written consent of the other party hereto.

7. **NOTICES.** All notices, requests, demands, and other communications under this Agreement shall be in writing and shall be deemed given (i) when received, if delivered personally, (ii) on the next business day, if sent by overnight service prepaid with instructions for next business day delivery, or (iii) on the day of transmission, if faxed, (transmission confirmed) during the receiving party’s normal business hours, or on the next business day if sent pursuant to this Section 7 after the receiving party’s normal business hours, in each case to the applicable party at the address indicated for Notice in the Airport-Airline Use & Lease Agreement.

8. **ENTIRE AGREEMENT; AMENDMENT; WAIVER.** This Agreement contains the entire agreement of the parties hereto with respect to the subject matter hereof, and merges and supersedes all prior discussions, agreements and understandings concerning the subjects covered by this Agreement. No amendment or waiver of any provision of this Agreement shall be effective unless the same shall be in writing and signed by both parties hereto, and any such waiver shall only be effective in the specific instance and for the specific purpose for which it is given.

9. **DIRECTOR, OFFICER, AGENTS, EMPLOYEES.** No director, officer, agent or employee of either party shall be charged personally or held contractually liable by or to the other party under any term or provision of this Agreement or any supplement, modification or amendment to this Agreement or because of any breach hereof or thereof.

10. **FORCE MAJEURE, ETC.** Neither party shall be liable to the other for any loss, injury, damage or delay whatsoever resulting, directly or indirectly, from one or more of the following: an Act of God; seizure under legal process, governmental sanctions, quarantine restrictions; fire, fog, flood or other weather-related reason; failure or refusal on the part of any government or governmental agency to grant or issue approvals, clearances,
exemptions, permits or operating authority or recession or revocation thereof by any
government or governmental agency; damage or destruction of aircraft or other flight
equipment; mechanical difficulties or breakdowns; unavailability of fuel; riots or civil
commotion; strikes, lockouts or labor disputes (whether resulting from disputes between
either party and its employees or between other parties); U.S. military or airlift
emergency or substantially expanded U.S. military airlift requirements as determined by
the U.S. government; an airlift emergency as determined by the United States Secretary
of Defense or his/her designee or by the Commander of the United States Military Airlift
Command, or if the United States Civil Reserve Air Fleet is activated by order of the
Secretary of Defense; activation of the U.S. Civil Reserve Air Fleet; war or hazards or
dangers incident to a state of war; or any other acts, matters or things, whether or not of
a similar nature, which are beyond the control of such party and which shall directly or
indirectly prevent, delay, interrupt, or otherwise adversely affect the performance of
such party's obligations hereunder, including in the case of the Airline, the furnishing,
operation or performance of air transportation services, (each an “Event of Force Majeure”).
The Airline shall have the right to suspend performance of the terms of this Agreement
forthwith in the event of and for the duration of an Event of Force Majeure. Each party
will promptly advise the other party regarding any Event of Force Majeure, as described
above, that may affect its performance hereunder and will keep the other party
apprised of efforts made to remedy the problem.

11. CONSTRUCTION, SEVERABILITY, NO THIRD PARTY BENEFICIARY.
This Agreement shall not be construed against the party preparing it, but shall be construed
as if both parties jointly prepared it and any uncertainty or ambiguity shall not be interpreted
against either party. In the event that any one or more of the provisions of this Agreement shall
be determined to be invalid, unenforceable or illegal, such invalidity, unenforceability or illegality
shall not affect any other provision of this Agreement and the Agreement shall be construed as
if such invalid, unenforceable or illegal provision had never been contained herein. NO
PERSON OR ENTITY, OTHER THAN AIRLINE OR THE AIRPORT, SHALL HAVE ANY
RIGHTS, CLAIMS, BENEFITS OR POWERS UPON ANY THIRD PARTY. THERE ARE NO
THIRD-PARTY BENEFICIARIES OF THIS AGREEMENT.

12. RELATIONSHIP BETWEEN THE PARTIES. Each party, in its performance
under this Agreement, is and shall be engaged and acting as an independent contractor in its
own separate business. Each party shall retain complete and exclusive control over its
personnel and operations and the conduct of its business. Neither party nor its officers,
employees or agents shall in any manner make any representation or take any actions which
may give rise to the existence of any employment, agency, partnership or other like relationship
between the parties hereto. The employees, agents and independent contractors of each party
shall be and remain employees, agents and independent contractors of such party for all
purposes, and under no circumstances shall be deemed to be employees, agents or
independent contractors of the other party. Neither party shall have supervisory power or control
over any employees, agents or independent contractors employed or engaged by the other
party.

13. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and
shall inure to the benefit of the parties hereto and their respective successors and, to the extent
permitted hereunder, assigns.

14. HEADINGS; COUNTERPARTS. The section headings of this Agreement are
inserted for convenience of reference only and shall not be deemed to constitute a part hereof.
This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which shall constitute one Agreement.

15. **TERM, TERMINATION AND DEFAULT.**

A. This Agreement shall be effective on the date first set forth above and shall continue thereafter for twenty-four (24) months [thirty-six (36) months for Tier II, Category C, Option 2 or Tier II, Category D] following the commencement of the Qualified Flight(s) unless terminated earlier pursuant to the terms hereof. Any termination or expiration of this Agreement shall not affect outstanding rights and obligations.

B. Either party may terminate this Agreement upon the occurrence of an "Event of Default" by the other party. For purposes of this Agreement an “Event of Default” shall be defined as a party's failure to comply with the material terms of this Agreement within thirty (30) days after receipt of written notice from the non-defaulting party.

C. Upon termination of this Agreement by the Airport due to any Event of Default by the Airline, the Airline shall be required to repay all marketing incentive expense payments and garage advertising banner expense payments previously provided to Airline pursuant to Sections 2 and 3 of this Agreement for the Qualified Flight(s) during the twelve (12) month period prior to the date that such termination occurs.

16. **CONFIDENTIALITY/PUBLICITY.** The parties agree that this Agreement and the terms and conditions of this Agreement are confidential, and, except as required by law, neither party shall disclose the Agreement or its terms and conditions to anyone other than its employees, directors, advisors, agents and representatives, without the prior written consent of the other party. Airline acknowledges, however, that the Airport is a public entity and is bound to comply with requests for copies of documents in accordance with the Pennsylvania Right-To-Know Law. Prior to issuance of any press release, public statement or announcement ("Public Statement") in connection with the Qualified Flight(s), the party that desires to issue such Public Statement shall provide an advance copy to the other party and such Public Statement shall not be issued without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed.

17. **FEDERAL REQUIREMENTS.** This Agreement is intended to satisfy the standards for airport incentive programs for promotion of air carrier service set forth in the Federal Aviation Administration's ("FAA") Statement of Policy and Procedures Concerning the Use of Airport Revenue, 64 FR 7696, February 16, 1999, as amended. In the event the Department of Transportation, the Federal Aviation Administration, and/or a court of competent jurisdiction determine that the City's ability to perform any obligations under this agreement would violate any such law or policy, the City shall be immediately excused from performing such obligation. All other terms and obligations shall remain in full force and effect.

18. **GOVERNING LAW; JURISDICTION.** This Agreement shall be construed, governed and enforced in accordance with the laws of the Commonwealth of Pennsylvania. The Parties agree to submit to the jurisdiction of courts located in Philadelphia, Pennsylvania.

19. **AGREEMENTS WITH SIMILARLY SITUATED AIRLINES.** In accordance with FAA requirements and the Airport’s Air Service Incentive Policy, the Airport shall provide the same incentives to all similarly situated airlines based on the number of routes and daily or weekly flights such airlines offer to and from the Airport. The Airport agrees that it shall not
enter into any Incentive Agreement containing more favorable terms and incentives than contained in this Agreement with any other similarly situated airline offering the same number of daily or weekly flights as the Airline. If another similarly situated airline receives better terms and incentives than included in this Agreement, the Airline shall be entitled to receive the same terms and incentives.

[INTENTIONALLY LEFT BLANK; SIGNATURE PAGE Follows]
IN WITNESS WHEREOF, and intending to be legally bound, the Parties hereto subscribe their names to this Agreement by their duly authorized officers on the date first above written.

Approved as to Form
City Solicitor’s Office

By: _________________________

THE CITY OF PHILADELPHIA
acting by and through its Department of Commerce, Division of Aviation

By: ____________________________

Date: _________________________

AIRLINE

By: ____________________________

Attest: __________________________

Date: _______________
# EXHIBIT A

## AIRCRAFT USED IN PHILADELPHIA SERVICE FORM

| Aircraft Used in Philadelphia Service Form | Mr. Ernst-Jean-Jacques, Jr. |
| 1. Please Type | City of Philadelphia Aviation Division |
| 2. Please Return Completed Original To >>>>>>>> | Philadelphia International Airport |
| | Terminal D1E, 3rd Floor, Finance Unit |
| | Philadelphia, PA 19153 |

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**Completed By**

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**Signature**

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DOA Form 72-109
EXHIBIT B
SELF-INVOICE REPORT FORM

Philadelphia International Airport
Department of Commerce - Division of Aviation
Philadelphia, Pennsylvania 19153

Self-Invoicing Format - Landing Fees and Terminal A Facilities Charges
Effective July 1, 20XX

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<th>Revenue Operations</th>
<th>FAA Certified Maximum Gross Landing Weight</th>
<th>Rate $X.XX Per '000' lbs. unit</th>
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Total Landing Fees (PHL Revenue Code XXXX) 

$ 

Charges for Use of Terminal A Facilities

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<th>Revenue Code</th>
<th>Terminal A Charges</th>
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Total Passenger Charges for Use of Terminal A Facilities

$ 

Total Self-Invoice Amount Due

$ 

Prepared By: ____________________________

Please Print Name: ____________________________

Signature: ____________________________

Date: ____________________________