INTRODUCTION

The City of Philadelphia, Department of Commerce, Division of Aviation (the “City”) owner and operator of the Philadelphia International Airport (“PHL”) is pleased to offer this COVID-19 Air Service Recovery and Incentive Program (“CASRIP”). This CASRIP complements the strategies and objectives of PHL’s air service development efforts and accelerates recovery from pandemic-related air service suspensions, while encouraging incumbent air carriers at PHL to consider expansion and new market development.

Greater Philadelphia is the 8th largest metropolitan area in the United States and is located in the middle of one of the largest catchment areas with passport holders. The vibrant hospitality industry, international business community, and variety of world class medical and educational facilities make Philadelphia an attractive market for airlines. However, due to unforeseen circumstances, the need for additional cooperation between airports and airlines is paramount to succeed and have mutual economic benefits.

PHL CASRIP OBJECTIVES

• Increase domestic and international passenger air service at PHL
• Increase international and domestic cargo service at PHL
• Enhance the speed of air service recovery from the COVID-19 crisis
• Support airlines through unprecedented times and risk, while ensuring PHL’s financial viability
• Foster healthy competition among air carriers at PHL
• Reduce costs per enplaned passenger at PHL by increasing nonaeronautical revenues

PHL CASRIP PROGRAM COMPONENTS

The CASRIP is comprised of three categories: New/Expanded International Service Incentives; New Domestic Service Incentives; and New/Expanded Cargo Service Incentives, as summarized below:

1. New/Expanded International Service Incentives
   a. Three levels of new international passenger route incentives
   b. Two levels of new entrant incentives
2. New Domestic Service Incentives
   a. An incentive for new domestic passenger route incentives to targeted markets
   b. An incentive for new entrant carriers
3. New/Expanded Cargo Service Incentives
   a. An incentive for new international cargo routes
   b. An incentive for new entrant cargo carriers
   c. An incentive for increased cargo service frequencies

The PHL CASRIP is a two-year program effective July 1, 2020 through June 30, 2022.
CASRIP PROGRAM ELIGIBILITY AND DETAILS

NEW AND EXPANDED INTERNATIONAL SERVICE INCENTIVES

UNSERVED ROUTES
Eligibility: Any passenger air carrier establishing scheduled, year-round, daily nonstop service to targeted international destinations as outlined below. The targeted destinations must not have been served from PHL by the carrier at any time on or after January 1, 2020. A secondary airport within an international destination city that is already served from PHL is eligible. The incentive for daily service will be reduced proportionately for service that is less than daily or seasonal.

1. **Level 1 Markets:** For service to Athens, Barcelona, Budapest, Dubrovnik, Edinburgh, Lisbon, Prague, Reykjavik, Shannon, or Venice, air carrier is eligible for a waiver of 50% of landing fees, international common use enplaning and deplaning area fees, and FIS area fees incurred during the first 4 months of service and access to the PHL outdoor advertising program for up to 6 months.

2. **Level 2 Markets:** For service to any international destination except (1) Caribbean markets or (2) Level 1 Markets, or (3) Level 3 Markets, air carrier is eligible for a waiver of 100% of landing fees, international common use enplaning and deplaning area fees, and FIS area fees incurred during the first 12 months of service, cooperative marketing funds up to $1,000,000.00, and access to the PHL outdoor advertising program for up to 6 months.

3. **Level 3 Markets:** For service to any international destination in Central America, South America, Africa, India Subcontinent, or East Asia, air carrier is eligible for a waiver of 100% of landing fees, international common use enplaning and deplaning area fees, and FIS area fees incurred during the first 24 months of service, cooperative marketing funds up to $1,500,000.00, and access to the PHL outdoor advertising program for up to 6 months.

NEW ENTRANT CARRIERS
Eligibility: Any passenger air carrier that did not serve PHL on April 1, 2020, or any date thereafter, establishing scheduled, year-round, daily nonstop international service. The incentive for daily service will be reduced proportionately for service that is less than daily or seasonal.

1. **Level 1 New Entrants.** For new entrant carriers that served PHL within the 24 months preceding the initiation of service, but did not serve PHL on or after April 1, 2020:
   a. If the air carrier operates not less than 10 flights prior to October 25, 2020, the air carrier is eligible for a 100% waiver of landing fees, international common use enplaning and deplaning area fees, and FIS area fees incurred during first 6 months in operation.
   b. If the air carrier operates less than 10 flights prior to October 25, 2020, or commences operations after October 25, 2020, the air carrier is eligible for a 50% waiver of landing fees, international common use enplaning and deplaning area fees, and FIS area fees incurred during the first 6 months in operation.

Air carriers under this category are also eligible for access to PHL outdoor advertising program for up to 6 months, regardless of start date.
2. **Level 2 New Entrants.** For new entrant air carriers that have not served PHL during the 24 months preceding the initiation of service, the air carrier is eligible for a waiver of a 100% of landing fees, international common use enplaning and deplaning area fees, and FIS area fees incurred during the first 12 months of service, cooperative marketing funds up to $1,000,000.00, and access to the PHL outdoor advertising program for up to 6 months.

NEW DOMESTIC SERVICE INCENTIVES

**UNSERVED ROUTES**

*Eligibility:* Any passenger air carrier establishing scheduled, year-round, daily nonstop service to a targeted domestic destination as outlined below. The targeted destination must not be served from PHL at the time service is initiated, or have been served at any time on or after January 1, 2020. A secondary airport within a domestic destination city that is already served from PHL is eligible. The incentive for daily service will be reduced proportionately for service that is less than daily or seasonal.

1. For service to any market in Washington, Oregon, California, Alaska, Hawaii, air carrier is eligible for a 100% of waiver of landing fees for the first 12 months of service, and access to the PHL outdoor advertising program for up to 3 months.

**NEW ENTRANT CARRIER**

*Eligibility:* Any passenger air carrier that did not serve PHL on April 1, 2020, or any date thereafter, establishing scheduled, year-round, daily nonstop service to any domestic destination. The incentive for daily service will be reduced proportionately for service that is less than daily or seasonal.

1. A new entrant air carrier establishing domestic service is eligible for a 100% of waiver of landing fees for the first 12 months of service, cooperative marketing funds up to $50,000.00 per route (up to $250,000.00 total), and access to the PHL outdoor advertising program for up to 3 months.

**NEW AND EXPANDED CARGO SERVICE INCENTIVES**

**UNSERVED ROUTES**

*Eligibility:* Any all-cargo air carrier establishing scheduled, year-round, nonstop service to a destination not served from PHL within the prior 12 months, as outlined below.

1. **New Domestic Routes.** Any all-cargo carrier establishing and operating at least one flight per week to an unserved domestic route for a period of at least 12 months is eligible for a 100% waiver of landing and parking fees for the first 12 months, associated with such flights, applied as a credit of fees payable by the carrier in the second year.
2. **New International Routes.** Any all-cargo carrier establishing and operating at least one flight per week to an unserved international route for a period of at least 12 months is eligible for a 100% waiver of landing and parking fees for the first 12 months, associated with such flights, applied as a credit of fees payable by the carrier in the second year; and a 50% waiver of landing and parking fees incurred in months 13 to 24 for such flights, applied as a credit of fees payable by the carrier in its third year.

**NEW ENTRANT CARRIERS**

*Eligibility: Any all-cargo air carrier that has not operated from PHL within the prior 12 months that establishes scheduled, year-round, nonstop service to any destination.*

1. Any new entrant all-cargo carrier is eligible for a 100% waiver of landing and parking fees for first 12 months, applied as a credit of fees payable by the carrier in the second year.

**INCREASED LANDED WEIGHT**

1. Any all-cargo carrier who increases total monthly landed weight by at least 5% or greater compared to the same month in the previous year is eligible for a 100% waiver of landing fees on the additional landed weight, for a cumulative period not to exceed 12 months.

**FUNDING THE PROGRAM**

The City will fund the CASRIP through PHL’s Discretionary Account (as defined in the Airport-Airline Use and Lease Agreement effective July 1, 2015), and with grant funding provided by the Commonwealth of Pennsylvania Department of Community and Economic Development. Total incentive program funding will be capped at $6 million, based on a first come, first served basis, until the cap is exhausted.
<table>
<thead>
<tr>
<th>TYPE OF SERVICE</th>
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<th>LEVEL 1 MARKETS</th>
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<tbody>
<tr>
<td>New and Expanded International Service Incentives</td>
<td>Unserved Routes</td>
<td>Any passenger air carrier establishing scheduled, year-round, daily nonstop service to a targeted international destination. The destination must not have been served from PHL by the carrier at any time on or after January 1, 2020. A secondary airport within an international destination city that is already served from PHL is eligible. The incentive for daily service will be reduced proportionately for service that is less than daily or seasonal.</td>
<td>Athens, Barcelona, Budapest, Dubrovnik, Edinburgh, Lisbon, Prague, Reykjavik, Shannon, or Venice. 50% of landing fees, international common use enplaning and deplaning area fees, and FIS area fees incurred during the first 4 months of service and access to the PHL outdoor advertising program for 6 months.</td>
<td>Any international destination except (1) Caribbean markets or (2) Level 1 Markets, or (3) Level 3 Markets. 100% of landing fees, international common use enplaning and deplaning area fees, and FIS area fees incurred during the first 12 months of service, cooperative marketing funds up to $1,000,000.00, and access to the PHL outdoor advertising program for up to 6 months.</td>
<td>Any international destination in Central America, South America, Africa, India Subcontinent, or East Asia. 100% of landing fees, international common use enplaning and deplaning area fees, and FIS area fees incurred during the first 24 months of service, cooperative marketing funds up to $1,500,000.00, and access to the PHL outdoor advertising program for up to 6 months.</td>
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<td>New Entrant Carrier</td>
<td>Any passenger air carrier that did not serve PHL on April 1, 2020, or any date thereafter, establishing scheduled, year-round, daily nonstop international service. The incentive for daily service will be reduced proportionately for service that is less than daily or seasonal.</td>
<td>Carriers that served PHL within the 24 months preceding the initiation of service, but did not serve PHL on or after April 1, 2020: (a) if the air carrier operates not less than 10 flights prior to October 25, 2020, 100% waiver of landing fees, international common use enplaning and deplaning area fees, and FIS area fees incurred during the first 6 months in operation. (b) if the air carrier operates less than 10 flights prior to October 25, 2020, or commences operations after October 25, 2020, 50% waiver of landing fees, international common use enplaning and deplaning area fees, and FIS area fees incurred during the first 6 months in operation.</td>
<td>Air carriers under this category are also eligible for access to the PHL outdoor advertising program for up to 6 months, regardless of start date.</td>
<td>New entrant air carriers that have not served PHL during the 24 months preceding the initiation of service. 100% of landing fees, international common use enplaning and deplaning area fees, and FIS area fees incurred during the first 12 months of service, cooperative marketing funds up to $1,000,000.00, and access to the PHL outdoor advertising program for up to 6 months.</td>
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<td>New Domestic Service Incentives</td>
<td>Unserved Routes</td>
<td>Any passenger air carrier establishing scheduled, year-round, daily nonstop service to a targeted domestic destination. The destination must not be served from PHL at the time service is initiated, or have been served at any time on or after January 1, 2020. A secondary airport within a domestic destination city that is already served from PHL is eligible. The incentive for daily service will be reduced proportionately for service that is less than daily or seasonal.</td>
<td>Washington, Oregon, California, Alaska, Hawaii. 100% of waiver of landing fees for the first 12 months of service, and access to the PHL outdoor advertising program for up to 3 months.</td>
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<td>New Entrant Carrier</td>
<td>Any passenger air carrier that did not serve PHL on April 1, 2020, or any date thereafter, establishing scheduled, year-round, daily nonstop service to any domestic destination. The incentive for daily service will be reduced proportionately for service that is less than daily or seasonal.</td>
<td>100% of waiver of landing fees for the first 12 months of service, cooperative marketing funds up to $50,000 per route (up to $250,000 total), and access to the PHL outdoor advertising program for up to 3 months.</td>
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PHILADELPHIA INTERNATIONAL AIRPORT COVID-19 AIR SERVICE RECOVERY AND INCENTIVE PROGRAM (CASRIP)

Effective Date: July 1, 2020

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<td>New Domestic Cargo Services</td>
<td>Unserved Routes</td>
<td>Any all-cargo air carrier establishing scheduled, year-round, nonstop service with at least one flight per week to a unserved domestic destination for a period of at least 12 months. Destination must not have been served from PHL within the prior 12 months.</td>
<td>100% waiver of landing and parking fees for the first 12 months, applied as a credit of fees payable by the carrier in the second year.</td>
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<td>New Domestic Cargo Services</td>
<td>New Entrant Carrier</td>
<td>Any all-cargo air carrier that has not operated from PHL within the prior 12 months that establishes scheduled, year-round, nonstop service to any domestic destination.</td>
<td>100% waiver of landing and parking fees for the first 12 months, applied as a credit of fees payable by the carrier in the second year.</td>
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<td>New International Cargo Services</td>
<td>Unserved Routes</td>
<td>Any all-cargo air carrier establishing scheduled, year-round, nonstop service with at least one flight per week to an unserved international route for a period of at least 12 months. Destination must not have been served from PHL within the prior 12 months.</td>
<td>100% waiver of landing and parking fees for the first 12 months, applied as a credit of fees payable by the carrier in the second year; AND 50% waiver of landing and parking fees incurred in months 13 to 24 for such flights, applied as a credit of fees payable by the carrier in its third year.</td>
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<td>New International Cargo Services</td>
<td>New Entrant Carrier</td>
<td>Any all-cargo air carrier that has not operated from PHL within the prior 12 months that establishes scheduled, year-round, nonstop service to any international destination.</td>
<td>100% waiver of landing and parking fees for the first 12 months, applied as a credit of fees payable by the carrier in the second year.</td>
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<td>Increased Frequency on Cargo Services</td>
<td>Recently Added Services</td>
<td>Any all-cargo carrier who increases total monthly landed weight by at least 5% or greater compared to the same month in the previous year.</td>
<td>100% waiver of landing fees on the additional landed weight, for a cumulative period not to exceed 12 months.</td>
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- Minimum service for incentive for all categories other than increased frequencies defined as a minimum of 16 operations during an IATA Summer or Winter season.
- Total incentive packages can not exceed the value of $6 million over term of program.
- Cooperative marketing funds are defined as funds that are approved in advance and paid for by the airport.
- PHL outdoor advertising program refers to the banner on PHL Airport’s exterior parking garage, however, the marketing incentive can also be transferred to any of PHL’s contracted billboards the current marketing and advertising program.
PROGRAM REQUIREMENTS

To receive any incentive under the CASRIP, the air carrier must commit to the following:

- To operate the qualifying passenger or cargo flight(s) throughout the promotional period indicated in the requisite category. An air carrier that voluntarily suspends or terminates such service before the end of the promotional period will be required to repay any incentives received under this CASRIP. To meet this requirement, an air carrier will not be permitted to substitute one qualifying flight for another.

- Provide the City with a letter of credit for the total estimated amount of fees to be credited under this CASRIP prior to the commencement of service.

- Report any changes to the number of frequencies, aircraft type and/or series at least 30 days in advance of any change during the entire applicable promotional period.

- For all incentive categories, operate a minimum of 16 qualifying flights during an IATA Summer or Winter season.

ADDITIONAL CONDITIONS

- For the purpose of determining eligibility, affiliated airlines, and predecessor and successor airlines in an airline merger or acquisition are treated as a single carrier.

- An air carrier must be in compliance with all agreements with the City and current on all amounts owed to the City in order to qualify for the incentives described herein. 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 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 CASRIP in the absence of such payment or cure.

- 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.

- All conditions for receiving incentives will be documented in a written 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 prior to the initiation of the new service. Air carriers who fail to sign an Incentive Agreement prior to the inaugural flight shall forego all incentives offered. The Incentive Agreement will be subordinate to the terms of the City’s grant agreements with the United States.

- Air carriers that meet the eligibility criteria under more than one category may elect to receive the incentive package available under the more favorable category but are not eligible to receive incentive packages under both categories.

- Air carriers subject to one or more government travel restriction(s) that prohibit the ability of the air carrier to operate service at PHL may qualify for Level 1 New Entrant subcategory (a) incentives if the air carrier initiates service within 30 days of the government travel restriction(s) being lifted.
DURATION OF INCENTIVE PROGRAM

- The CASRIP is a two-year program effective July 1, 2020 through June 30, 2022. This CASRIP replaces and supersedes the City's existing Air Carrier Incentive Program dated March 2019.

- Once proposed air service qualifies under the CASRIP, it is assured the benefit during the entire applicable promotional period, even if the time span extends beyond the program’s duration.

- The City reserves the right to amend, modify, alter or cancel this CASRIP at any time without notice. If the CASRIP is so amended, modified, altered or cancelled, no qualifying air carrier shall have any continuing property right or other vested interest in the CASRIP in force prior to such amendment, modification, alteration or cancellation.

APPLICATION PROCESS:

- The air carrier must apply for the CASRIP at least 30 days prior to starting the new service, by submitting a signed copy of the attached application form to:

  Stephanie Wear  
  Email: stephanie.wear@phl.org  
  Address: Terminal D, Executive Offices, 3rd Fl.  
  8500 Essington Avenue  
  Philadelphia, PA 19153

- The City will notify the air carrier within 15 days of receipt of the application whether it deems the service described as eligible for the CASRIP.