

**WAYNE COUNTY AIRPORT AUTHORITY
AIR SERVICE INCENTIVE PROGRAM
DETROIT METROPOLITAN WAYNE COUNTY AIRPORT
AUGUST 2017**

The purpose of the Wayne County Airport Authority (“WCAA”) Air Service Incentive Program (the “Incentive Program”) is to encourage new non-stop air service at Detroit Metropolitan Wayne County Airport (the “Airport”), and thus increase airport revenues through both additional airline revenues and ancillary revenues (such as parking and concessions), with the result being an overall lower cost per enplaned passenger at the Airport.

The Incentive Program is offered to all scheduled airlines. The program and structure for incentives is presented on the www.metroairport.com website. A qualification questionnaire also is available on the website to be completed by airlines desiring to receive the incentive benefits.

PASSENGER AIRLINES

1 Year Program

1 Year Program Requirements

In order for a passenger airline to qualify for participation in the portion of the Incentive Program that will be available for a one (1) year period (the “1 Year Program”), the following requirements apply:

1. The airline must provide new air service from the Airport to a destination that the airline has not served non-stop from the Airport within the 36 calendar month period immediately preceding the date of commencement of the new service. For the purposes of the Policy, “Domestic” will be defined as service between Detroit Metro Airport (DTW) and any other airport within the 48 contiguous U.S. States. All other services from DTW airports will be considered “International”.
2. The new service must be “scheduled service”. The WCAA will use the Official Airline Guide (the “OAG”) to determine service type and whether the airline has provided such service from the Airport within the past 36 months.
3. The airline must maintain the new service to which the incentive benefits apply for at least the first thirteen consecutive weeks of the 1 Year Incentive Period (defined under “1 Year Program Benefits”, paragraph 1 below).

4. The new service must be scheduled to start and operate with a minimum of one (1) international operation or four (4) domestic operations (as the case may be) each calendar week for thirteen consecutive weeks. If the airline has met the foregoing requirement during the first thirteen (13) weeks of the 1 Year Incentive Period, the airline may suspend the service and resume qualification inside the 1 Year Incentive Period by a) resuming scheduled operation of the service (at least once per calendar week for international flights and four (4) per calendar week for domestic flights) and b) resuming the scheduled service for a minimum of thirteen more consecutive weeks during the 1 Year Incentive Period. Any gaps in service during the 1 Year Incentive Period do not extend the program beyond 1 Year from the initial start of service.
5. Service shifts between destination airports within 50 miles of each other are not eligible for the incentive. Any reduction in scheduled service during the incentive period to a destination within 50 miles of the new incentive destination as compared to the prior 12 month period will render the new destination ineligible for the incentive. For example, if Airline A added new service from the Airport to Ontario, CA with one daily non-stop flight, but reduced service from the Airport to Los Angeles, CA from four (4) roundtrips to three (3) roundtrips according to OAG, the Ontario, CA service would not be considered “new”, and would be ineligible for the incentive.
6. For the purposes 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. For example, if Airline A and Airline B marketed joint service to a destination non-stop and the aircraft operating the flight switched from an Airline A aircraft to an Airline B aircraft, the Airline B service would not be considered “new”, and would be ineligible for the incentive. Similarly, if an Airline A marketed flight to a destination was operated by Airline A (or another affiliate) and then transitioned to a flight operated by Airline B, the Airline B service would not be considered “new”, and would be ineligible for the incentive.
7. The airline must declare its intent to apply for the Incentive Program at least 30 days prior to initiating the new air service, by submitting the standard form qualification questionnaire available at www.metroairport.com. The WCAA will notify the airline in writing within 15 days of receipt of the questionnaire whether it deems the service described on the questionnaire eligible for the Incentive Program.

1 Year Program Benefits

1. The incentive benefits described below will be available for the first 12 months of new service meeting the above requirements (the “1 Year Incentive Period”).
2. The WCAA will pay for advertising and promotional activities associated with the new service, in an amount up to but not exceeding the total amount of Activity Fees payable by the airline with respect to the new service for the 1 Year Incentive Period. The airline will pay the WCAA’s normally applicable Activity Fees for the qualifying flight during the 1 Year Incentive Period. The WCAA will reimburse the airline for funds spent by the airline for these advertising and promotional activities through a credit applied against the airline’s Activity Fees at the end of each three-month period during the 1 Year Incentive Period (the “Marketing Credit”), provided that the amount of the credit applied at the end of any three-month period will not exceed the amount of Activity Fees payable by the airline with respect to the new service for such three-month period.
3. The WCAA must approve in advance all advertising and promotional activities associated with the new service for which the airline desires to receive the Marketing Credit. All advertising and marketing must meet Federal Aviation Administration (“FAA”) guidelines for the use of airport revenue for such purpose, including promoting the Airport and the new route. The airline will place all advertising directly following receipt of written approval of such advertising from the WCAA.
4. All marketing/advertising must exclusively promote service to and from Detroit Metropolitan Airport and appropriately highlight routes eligible under the Incentive Program.

2 Year Program

2 Year Program Requirements

In order for a passenger airline to qualify for participation in the portion of the Incentive Program that will be available for a two (2) year period (the “2 Year Program”), the following requirements apply:

1. The airline must provide new air service from the Airport to an international destination (as defined in the 1 Year Program) that no airline has served non-stop from the Airport within the 18-month calendar month period from February 1, 2016 to July 31, 2017.

2. The new service must be “scheduled service”. The WCAA will use the OAG to determine service type and whether service from the Airport to the applicable destination was available during the 18-month calendar month period from February 1, 2016 to July 31, 2017.
3. The airline must maintain the new service to which the incentive benefits apply for at least the first 13 consecutive weeks of the 2 Year Incentive Period (defined under “2 Year Program Benefits”, paragraph 1 below).
4. The new service must be scheduled to operate with a minimum of one (1) international operation each calendar week during the first 13 weeks of the 2 Year Incentive Period. If the airline has met the foregoing requirement during the first 13 weeks of the 2 Year Incentive Period, then in order for the airline to continue to qualify for the incentive benefits described below during the remaining 39 weeks of the 2 Year Incentive Period, the service must continue to operate with a minimum of one (1) international operation each calendar week. If at any time during the remaining 39 weeks of the 2 Year Incentive Period, the service no longer operates with a minimum of one (1) scheduled international operation each calendar week, then as of the first calendar week during which the service fails to meet the foregoing operational requirement, the service no longer will qualify for participation in the 2 Year Incentive Program for the balance of the 2 Year Incentive Period.
5. Service shifts between destination airports within 50 miles of each other are not eligible for the incentive. Any reduction in scheduled service during the incentive period to a destination within 50 miles of the new incentive destination as compared to the prior 12 month period will render the new destination ineligible for the incentive. For example, if Airline A added new service from the Airport to Paris-Orly Airport with one daily non-stop flight, but reduced service from the Airport to Paris Charles de Gaulle Airport from two (2) roundtrips to one (1) roundtrip according to OAG, the Paris-Orly Airport service would not be considered “new”, and would be ineligible for the incentive.
6. For the purposes 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. For example, if Airline A and Airline B marketed joint service to a destination non-stop and the aircraft operating the flight switched from an Airline A aircraft to an Airline B aircraft, the Airline B service would not be considered “new”, and would be ineligible for the incentive. Similarly, if an Airline A marketed flight to a destination was operated by Airline A (or another affiliate) and then transitioned to a flight operated by Airline B, the Airline B service would not be considered “new”, and would be ineligible for the incentive.

7. The airline must declare its intent to apply for the Incentive Program at least 30 days prior to initiating the new air service, by submitting the standard form qualification questionnaire available at www.metroairport.com. The WCAA will notify the airline in writing within 15 days of receipt of the questionnaire whether it deems the service described on the questionnaire eligible for the Incentive Program.

2 Year Program Benefits

The 2 Year Program provides the same benefits as the 1 Year Program except that the benefits are applicable for the first 24 months of new service meeting the above requirements (the “2 Year Incentive Period”).

CARGO CARRIERS

Cargo Carrier Incentive Program Requirements

In order for a cargo carrier to qualify for participation in the Incentive Program, the following requirements apply:

1. The air carrier must provide new year-round cargo service to a destination greater than 2,200 miles from the Airport and which the air carrier has not served non-stop from the Airport with an all-cargo aircraft within the 36 calendar month period immediately preceding the date of commencement of the new service.
2. For the purposes 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. For example, if Airline A and Airline B marketed joint service to a destination non-stop and the aircraft operating the flight switched from an Airline A aircraft to an Airline B aircraft, the Airline B service would not be considered “new”, and would be ineligible for the incentive. Similarly, if an Airline A marketed flight to a destination was operated by Airline A (or another affiliate) and then transitioned to a flight operated by Airline B, the Airline B service would not be considered “new”, and would be ineligible for the incentive.
3. The service must be scheduled to operate with a minimum of 52 operations during the incentive period and with flights operating in each of the 12 months during the incentive period.
4. Service shifts between destination airports within 50 miles of each other are not eligible for the incentive. Any reduction in scheduled service during the incentive period to a destination within 50 miles of the new incentive destination as compared to the prior 12 month period will render

the new destination ineligible for the incentive. For example, if Airline A added new service from the Airport to Ontario, CA with one daily non-stop flight, but reduced service from the Airport to Los Angeles, CA from four (4) roundtrips to three (3) roundtrips according to OAG, the Ontario, CA service would not be considered “new”, and would be ineligible for the incentive.

5. The airline must declare its intent to apply for the Incentive Program at least 30 days prior to initiating the new air service, by submitting the standard form qualification questionnaire available at www.metroairport.com. The WCAA will notify the airline in writing within 15 days of receipt of the questionnaire whether it deems the service described on the questionnaire eligible for the Incentive Program.

Cargo Carrier Incentive Program Benefits

1. Subject to the provisions of the Section below entitled “Cap on Program Incentive Benefits”, the incentive benefits described below will be available for the first 12 months of new service meeting the above requirements.
2. The WCAA will pay for advertising and promotional activities associated with the new service, in an amount up to but not exceeding 50% of the total amount of the Activity Fees payable by the airline with respect to the new service during the 12-month incentive period. The airline will pay the WCAA’s normally applicable Activity Fees for the qualifying flight during the incentive period. The WCAA will reimburse the airline for funds spent by the airline for these advertising and promotional activities through a credit applied against the airline’s Activity Fees at the end of each three-month period during the 12-month incentive period, provided that the amount of the credit applied at the end of any three-month period will not exceed the amount of Activity Fees payable by the airline with respect to the new service for such three-month period. The provisions of paragraphs 3 and 4 under “PASSENGER AIRLINES – 1 Year Program – 1 Year Program Benefits” above shall apply to the advertising and promotional activities under this paragraph 2.

LIMITATIONS ON PROGRAM INCENTIVE BENEFITS

In any fiscal year of the WCAA (currently October 1 to September 30), the total amount of incentive benefits provided by the WCAA under the Incentive Program shall not exceed \$5,000,000, and shall be available on a “first come, first served” basis

Any incentive offered under this Program is subordinate to WCAA’s federal obligations, including without limitation grant assurances made by WCAA

to the Federal Aviation Administration, and WCAA may amend or terminate this Program to comply with those obligations.

SUNSET PROVISION

The Incentive Program shall not continue in effect after August 31, 2020, unless the WCAA Board approves an extension of the Incentive Program; provided that if an air carrier has declared its intent to apply for the Incentive Program in accordance with the Incentive Program requirements and initiated the new service prior to August 31, 2020, the Incentive Program provisions shall apply to such new service and the air carrier shall be entitled to the incentive benefits described above if it meets the applicable requirements set forth above.

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