U.S. Department
of Transportation
Federal Aviation
Administration

800 Independence Ave., S.W.
Washington, D.C. 20591

FEB 1 4 2001

Mr. Jeffrey P. Fegan
Chief Executive Officer
Dallas/Fort Worth International Airport Board
3200 East Airfield Drive
P.O. Drawer 619428
DFW Airport, Texas 75261-9428

Dear Mr. Fegan:

Thank you for your December 18 submittal of the Dallas/Fort Worth International Airport Board's Competition Plan for Dallas/Fort Worth International Airport. We have reviewed your competition plan for conformity with the requirements of section 155 of the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR 21), Pub. L. 106-181, April 5, 2000. However, a final determination is being withheld pending submission of further materials, as outlined below. In addition, we offer some suggestions for your consideration as you implement and update your plan.

Section 155 of AIR 21 enacted 49 U.S.C. 40117(k) and 47106(f). These provisions require the filing of a competition plan for a covered airport seeking FAA approval of a passenger facility charge (PFC) or of an airport improvement program (AIP) grant application, beginning fiscal year 2001. The Secretary of Transportation will review the competition plans to ensure that they meet the statutory requirements and review their implementation from time to time to make sure that they are successfully implemented. The legislative history of the requirement states that "[t]he underlying purpose of the competition plan is for the airport to demonstrate how it will provide for new-entrant access and expansion by incumbent carriers. By forcing the airport to consider this, it would be more likely to direct its AIP and PFC money to that end." H. Rpt. 106-513. The FAA's Program Guidance Letter (PGL) 00-3, May 8, 2000, addressed eight features of an airport's business practices required by section 155 of AIR-21.

As you know, section 155 was enacted after the Department of Transportation published its *Report on Airport Business Practices and Their Impact on Airline Competition* (*Airport Practices* report). That report identified a number of airport business practices that could serve as impediments to new entry or expansion of incumbent carriers at an airport and a number of best practices that airport management have followed to achieve compliance with airport sponsors' obligation to provide access to all aeronautical users on reasonable terms without unjust discrimination.

Your plan indicates the Airport is implementing the following pro-competitive actions:

- Undertaking a major facility expansion program including new terminal construction to alleviate future projected capacity constraints;
- Providing various facility use arrangements for air carriers, consisting of signatory carriers, non-signatory permittees, and non-signatory non-permittees, that allow carriers access to facilities at the airport on terms that suit the needs of each carrier;
- Providing eight common-use gates for use by new entrant and expanding incumbent carriers;
- Constructing nine additional gates with PFC funds for an expanding incumbent air carrier that incorporate recapture and competitive access provisions as required under the PFC assurances; and
- Undertaking a comprehensive marketing program to attract new domestic carriers at DFW.

Your plan also indicates that the Airport plans to implement the following pro-competitive actions in the future:

- Installing a Common Use System (gates, ticket counters, and other facilities), creating additional flexibility to maximize the use of these facilities by multiple air carriers;
- Providing additional common-use gates with the development of terminal D (we note that the use of short-term exclusive use leases is permissible, but discouraged, for PFC funded facilities); and
- Plans to adopt a greater reliance on short-term and preferential use leases in a future Airport Use Agreement (the current Use Agreements expires at the end of 2009), along with provisions that ensure that the Board can undertake and finance capital projects that enhance competition.

The Board is to be commended for undertaking these policies and for planning stronger initiatives, which were identified as best practices to foster opportunities for airport access and competition in the Department's *Airport Practices* report. However, we have identified a number of areas where additional information is needed to support a determination that the plan satisfies the requirements of section 155. We request that you provide the information within 30 days. For your convenience, we have categorized the questions according to the applicable features specified in PGL 00-3.

Availability of gate and related facilities

The plan indicates that nine PFC-funded gates are leased for less than five year periods. In addition, the plan indicates that the Board has no formal gate use monitoring policy at DFW, but rather relies on an information assessment of gate allocation and usage. With regard to this information, please clarify the following:

- Are the PFC-funded gates leased on an exclusive or preferential use basis? If so, to which carriers and under what specific terms?
- If the PFC-funded gates are leased to a signatory air carrier on an exclusive or preferential use basis, how is PFC Assurance 7 enforced if there is no formal gate monitoring policy?
- How has the Board satisfied PFC Assurance 7 with respect to the incumbent signatory carriers who lease the nine existing PFC funded gates.
- Are there any automatic carryover/renewal options associated with the leases for the PFC funded gates?

In addition, please provide a copy of the lease that governs the PFC funded gates.

The competition plan states that new requests for carrier gate access are provided through aeronautical operating permits that provide preferential use of a Board-controlled gate on a month-to-month basis. These carriers are then given priority gate assignment upon submission of their schedules to the Terminal Manager. Other carriers are accommodated on a first-come, first-served basis. In light of the limited gate availability at the Airport, please describe how gate use conflicts for the Board-controlled gates are resolved. What procedures does the Board have regarding reassignment of short-term gates between carriers? Is there a minimum usage criteria to maintain preferential use status? Does the airport notify all carriers operating at the airport as well as carriers that have expressed an interest in operating at DFW of gate availability?

Please provide more information regarding the allocation of the 102 exclusive use gates leased to signatory carriers, along with the each carrier's utilization rates. We note that the fact that most of an airport's gates are leased under exclusive-use terms does not relieve the airport operator of the responsibility to make every reasonable effort to accommodate new entrants and carriers expanding operations. As we found in the *Airport Practices* report, the airport manager has certain rights and obligations to arrange for gate sharing even without a negotiated agreement. In particular, an airport operator may not claim lack of gate availability when in fact gates are not fully used; defer completely to incumbent tenants' determinations on whether or not, and how to accommodate requesting airlines; or deny access based solely on existing lease arrangements.

Leasing and Subleasing

The competition plan states that sublease arrangements can be negotiated directly by an entrant and an incumbent airline. The plan also states that the Airport Real Estate Department will help to facilitate such an arrangement. The plan states that the Board does not have authority to stipulate conditions of the access under the existing Use Agreement. However, under the terms of the use agreement (Appendix B to your plan, section 14.2) a signatory airline "shall not make an assignment of or sublet under this Agreement, without the written consent of the Board, which consent shall not be unreasonably withheld[.]" Moreover, paragraph 9.3(h)(i), which sets forth the conditions for constructing gates to accommodate new entrants without Majority in Interest (MII) approval, specifies that such construction is permitted only after, *inter alia* no signatory carrier has made an offer of a sub-lease "for rates and charges which do not exceed the actual cost (including a reasonable administration fee) of providing facilities[.]" In light of these provisions, please describe the criteria that the Board employs in deciding whether to provide written consent under section 14.2. In addition, has the Board adopted any standards for what constitutes a reasonable administrative fee in applying paragraph 9.3(h)(i) or in providing written consent under section 14.2? Our *Airport Practices* report found that airports that oversee the reasonableness of sublease fees and terms facilitate competitive access at their airports.

The competition plan indicates that the DFW Terminal Manager is available to assist in resolving disputes between tenants at the airport. Please describe in more detail what procedures are employed or available to be employed by the Terminal Manager. Is the Terminal Manager similarly available to assist in resolving disputes between signatory carriers and their sub-tenants? Our *Airport Practices* report found that new entrants are more likely to be treated fairly if airports adopt procedures to resolve disputes between carriers.

In addition, please provide information on any complaints about access or subleasing fees that the Board has received and/or disposed of in the prior year, and the steps you could take to implement, monitor, and enforce oversight of reasonable sublease terms. In this regard, we note that the use agreement provides in section 4.7 for signatory carriers to abide by reasonable rules and regulations promulgated by the Board.

Majority-in-interest (MII) clauses on capital projects

With respect to the MII provisions, you indicated that you are considering renegotiating the leases to remove the potential for incumbent airlines to delay necessary capital improvements. Our *Airport Practices* report recommended that airports ensure that MII agreements do not prevent or delay projects that could be beneficial to new entrants or other competitors. Please provide information on any instances in which your current MII arrangements have delayed or otherwise impeded the development of necessary infrastructure--particularly infrastructure needed to accommodate competition. In addition, please provide information on any instances in which a nonsignatory carrier has asked the airport to exercise its rights to construct terminal facilities for non-signatory carriers pursuant to paragraph 9.3(h)(i).

Patterns of air service

The Competition Plan identifies American and Delta as two domestic carriers that have benefited from the carrier support program (CSP) to support new airline service. We note that both American and Delta enjoy a substantial presence at the airport. Please provide more detailed information on the requirements that a carrier must meet to qualify for the CSP. Is the program limited to new first-time service at the airport or is it available to support new competitive service in markets already receiving service?

In light of the best practices identified in the *Airport Practices* report, we have also identified a number of areas for your consideration where additional information would benefit future updates of the competition plan or where changes in airport practice and policy would further enhance competitive opportunities at the airport. For your convenience, we have categorized them according to the applicable features discussed in PGL 00-3.

Availability of gate and related facilities

We suggest you further explore the effect of PFC assurance 7 on existing exclusive-use lease arrangements in the event that current lessees also lease space in the new terminal D, which you contemplate will be financed through PFC revenues.

Your plan does not provide information on whether the Terminal Manager will refer new entrants to carriers known to have unused gate capacity to discuss possible subleasing arrangements. The ability to refer new entrants to possible lessors is dependent on reliable gate use monitoring. Consequently, we encourage you to develop and report on procedures to monitor utilization of exclusive-use gates, even in advance of the need to enforce the terms of PFC Assurance 7.

Gate assignment policy

You may want to consider developing procedures to ensure that all carriers operating at the Airport, and new entrants that have expressed an interest in operating there, are aware of available gates, or gate-sharing opportunities as well as the process and requirements necessary to commence operations at DFW. Our *Airport Practices* report found that entry is assisted when an airport adopts clear guidelines on what air carriers must do to gain access to an airport and expand their operations and makes information on gates and gate sharing available to all such carriers.

We also suggest that you consider developing (if you do not already have one) a formal gate utilization policy including use/lose or use/share provisions for gates and other facilities for Board-controlled gates and, ultimately, for all gates upon the expiration of the existing lease in 2009. Such a policy would allow for the efficient utilization of scarce gates and other facilities as demand by incumbent carriers and new entrants increases.

Leasing and subleasing

Please provide more information on your plans to adopt a greater reliance on short-term and preferential use leases in a future Airport Use Agreement. We request that you address the number of gates affected and how the Board will approach the conversion of exclusive use gates to preferential or common use gates in advance of the new Use Agreement.

MII clauses on capital projects

In light of the findings in the *Airport Practices* report regarding MII clauses, please address any options you may be considering to modify or eliminate the MII clause before the 2009 expiration of your leases.

Finally, because of the interest that members of the traveling public may have in airline competitive issues at your airport, including your policy of ensuring reasonable access for new entrant airlines, we encourage you to put a copy of your competition plan, including this response, on your airport web page.

If you have any questions regarding this letter or the FAA's review of your plan, please contact Mr. Barry Molar, Manager, Airports Financial Assistance Division at (202) 267-3831.

We look forward to reviewing your supplemental information and the future updates of your Competition Plan.

Sincerely,

Catherine M. Lang

Catherine M. Lang
Director, Office of Airport
Planning and Programming

DFW

Jeffrey P. Fegan
Executive Director

Dallas/Fort Worth International Airport

February 23, 2001

Catherine M. Lang, Director
Office of Airport Planning & Programming
US Department of Transportation
Federal Aviation Agency
800 Independence Ave., S.W.
Washington, D.C. 20591

Re: Dallas/Fort Worth International Airport Competition Plan

Dear Ms. Lang:

We have received your letter dated February 14, 2001 concerning the submittal of the Competition Plan for DFW International Airport. We are pleased to provide herein the additional information requested by your office to assist in the determination that DFW Airport's Competition Plan satisfies the requirements of Section 155 of AIR21. Our responses are categorized to address your questions as those questions were presented in your letter.

AVAILABILITY OF GATE AND RELATED FACILITIES

1) **Are the PFC-funded gates leased on an exclusive or preferential use basis? If so, to which carriers and under what specific terms?**

Currently, the only gates at DFW Airport funded with PFC revenues are the eleven (11) gates in Terminal B. Nine (9) of these gates (Gates B2-B10) are leased on a less-than five (5) year, exclusive use basis. Two (2) gates (Gates B11 & B12) are operated by DFW Airport as common use gates.

2) **If so, to which carriers and under what specific terms?**

The nine (9) gates in Terminal B, which were funded with PFC revenues, are currently leased to American Airlines under a lease commencing on January 1, 1999 and terminating four (4) years and 364 days thereafter. The two (2) common use gates in Terminal B, which were funded with PFC revenues, are operated by DFW Airport and airlines utilize the gates on a "per turn" basis. A chart outlining the common use gate fee and a current list of airlines using gates B11 & B12 are attached hereto as Exhibit "A."

3) **If the PFC-funded gates are leased to a signatory air carrier on an exclusive or preferential use basis, how is PFC Assurance 7 enforced if there is no formal gate monitoring policy?**

DFW Airport is conscientious in its monitoring of airline flight activity. In fact, we publish a monthly report on all such activity. A copy of the most recent report is attached hereto as Exhibit "B." To specifically enforce PFC Assurance 7, a formal gate monitoring policy is in the process of being developed. As you know, DFW Airport has been "gate constrained" for several years, and American Airline's gate utilization has historically exceeded an average of seven (7) turns per gate per day in the long-term exclusive leased facilities in Terminal A and C. Taking into account the flight activity of American Eagle in Terminal A, gate utilization exceeds a daily average of eleven (11) turns per gate.

4) **How has the Board satisfied PFC Assurance 7 with respect to the incumbent signatory carriers who lease the nine existing PFC funded gates?**

The lease with American Airlines for the nine (9) gates in Terminal B includes the language, "...Airline and Board wish and intend this lease to satisfy all applicable provisions of federal law and regulation relating to the use of PFC revenues."

Through the tracking of operations activity and continuous communication with American Airlines with respect to operations at DFW Airport, there has been no instance that would give rise to a concern that American Airlines was not fully utilizing the long-term exclusive gates in Terminals A & C. As a consequence, PFC Assurance 7 has been satisfied. As stated earlier, DFW Airport is in the process of creating a more formal gate monitoring process to document, in detail, gate utilization not only by American Airlines in Terminals A & C, but also gate utilization by all other airlines at DFW Airport.

5) **Are there any automatic carryover/renewal options associated with the leases for the PFC funded gates?**

There are no renewal options associated with the leases for the Terminal B gates. In fact, the Terminal Expansion Agreement dated November 10, 1997 by and between DFW Airport and American Airlines stipulates as follows, "The parties expressly acknowledge that American shall have no right to receive an extension or renewal of the New Lease after the expiration of its 5-year term (less one day), and further acknowledge that the Board shall at that time be entitled to lease the Leased Premises, or any portion thereof, to any other airline, as the Board sees fit."

6) **In addition, please provide a copy of the lease that governs the PFC funded gates.**

A copy of the Terminal B lease with American Airlines is attached hereto as Exhibit "C". The common use gates (B11 & B12) operated by DFW Airport are scheduled by DFW Terminal Management personnel and are governed by operating permits with the airlines. A space permit is issued to airlines using Gates B11 and B12 for required "back office" and operations areas. Actual utilization of the common use gates is accomplished through the aeronautical operating permits which are subject to the provisions contained in DFW Airport's "Schedule of Charges" which is revised annually. Copies of the American Trans Air (ATA) space permit and the aeronautical operating permit are attached hereto as Exhibit "D" for illustrative purposes. A copy of the current Schedule of Charges is attached hereto as Exhibit "E."

7) **Please describe how gate use conflicts for the Board-controlled gates are resolved. What procedures does the Board have regarding reassignment of short-term gates between carriers? Is there a minimum usage criteria to maintain preferential use status?**

DFW Airport has historically resolved all gate use conflicts on DFW Airport operated gates. In fact, all new entrant airlines have been accommodated at the Airport, either by gate use agreements with incumbent signatory airlines or at DFW Airport common use gates. Airport personnel meet with existing airline representatives on a regular basis to review current and proposed flight schedules to ensure that all airlines can be accommodated in the available resources. When potential conflicts arise, Airport personnel review various alternatives with the affected airlines to create a reasonable solution that works for all parties. New entrant airlines are counseled at length by the Airport's Marketing, Real Estate and Terminal Management departments to find the optimum operating scenario for such airlines. Terminal facility modifications are undertaken by DFW Airport, if necessary, to create suitable facilities to meet the new entrant airline's needs. As stated in our Competition Plan, DFW Airport constructed a new 35,000 sq.ft. FIS facility and a common use VIP lounge in addition to other terminal improvements to accommodate new service by Japan Airlines. Over $9M was spent in Terminal A for facility modifications to accommodate Sabena and, just recently, over $1.5M will be spent on facility improvements in Terminal E to accommodate Air France. International foreign flag airlines are not the only beneficiaries of the Airport's efforts to provide adequate facilities. DFW Airport has recently accommodated new domestic service by National and Ozark and expanded domestic service by United.

The DFW Airport operated gates at Terminal B are available for use by an airline on a "per turn" basis only, the "preferential" component for the scheduling of a gate pertains to an actual flight time, not preferential use of the gate for the entire day, week, month or year. This allows DFW Airport the maximum flexibility to resolve conflicts utilizing all DFW Airport operated gates. DFW Airport tries not to reassign gates for scheduled airlines unless there are schedule conflicts or proximity issues that cannot be avoided. However, DFW Airport has the unilateral ability to reassign flights in DFW operated gates as required to accommodate all airlines. Airport personnel follow a procedure whereby scheduled airlines have priority over non-scheduled airlines. Both categories of airlines are accommodated on a first come, first serve basis. Airport Terminal Management personnel also work closely with all airlines to accommodate fluctuations in flight schedules under the established gate assignment procedures. For example, an incumbent scheduled airline that changes a flight time will lose its priority (or "preference") on DFW operated gates over another scheduled airline that currently operates at the new scheduled time requested by the incumbent airline.

There are no minimum usage criteria to maintain utilization of a gate. Gate use is based on a per-flight basis. As stated earlier, DFW Airport has the authority to schedule multiple users to a single gate throughout a given day, under the established priority procedures and to reassign gates to existing scheduled and non-scheduled airlines.

8) **Does the airport notify all carriers operating at the airport as well as carriers that have expressed an interest in operating at DFW of gate availability?**

Gate availability is readily available to any interested party by contacting the Airport Real Estate Department or the Terminal B management personnel. In addition, regularly scheduled meetings are held with local airline personnel and with corporate representatives to discuss all operational issues, including gate availability.

In addition, DFW Airport actively markets to potential new entrant airlines. As part of the marketing program, various facility options are presented to these airlines. For example, facility options in Terminals B & A were presented to Japan Airlines, Sabena and Ozark and facility options in Terminal B & E were presented to Air France.

9) **Please provide more information regarding the allocation of the 102 exclusive use gates leased to signatory carriers, along with each carrier's utilization rates.**

The chart below details the allocation and utilization of DFW's 102 exclusive use gates by signatory carriers with sub-tenants included.

102 Exclusive Gate Allocation -- with Sub-Tenants

Carrier	Gates	Location	Operations	Utilization (Operations/Gate/Day)
American	58	A13-A39, C2-C39	158,106	
Aviateca		A19	135	
Sabena		A20	56	
Taca		A19	230	
	58		158,527	7.5
Continental	4	B13-B16	6,891	
America West		B16	2,326	
Frontier		B16	1,108	
	4		10,325	7.1
US Airways	4	B18-B21	3,808	
Midwest Express		B18	1,207	
Mesa		B18	590	
	4		5,605	3.8
TWA	3	B23-B25	3,400	
Vanguard		B25	1,265	
	3		4,665	4.3
United	3	B28-B30	7,537	6.9
Delta	26	E7-E38	44,055	
Canadian		E30	1,295	
AeroMexico		E36-E37	1,357	
	26		46,707	4.9
Northwest	3	E4-E6	5,288	4.8
AirTran	1	E2	2,172	6.0
Total	102		240,826	6.5

Notes:

1. Gate locations based on September 2000 assignments
2. Operations based on Oct. 1999 through Sep. 2000 (FY2000)

10) **The fact that most of an airport's gates are leased under exclusive-use terms does not relieve the airport operator of the responsibility to make every reasonable effort to accommodate new entrants and carriers expanding operations.**

Except for the Airport's common use gates and the nine (9) PFC funded gates in Terminal B leased to American Airlines on a short-term lease, all gates at DFW Airport are leased to signatory airlines on a long-term, exclusive lease basis. The Use Agreement expires in December 2009. Notwithstanding the fact that the majority of the gates are subject to the long-term lease, DFW takes very seriously its responsibility to accommodate new entrant and expanding airline facility needs. No new entrant airline has been turned away for lack of space. In fact, as we described in the Competition Plan, the top twelve (12) domestic airports average seventeen (17) different airline choices to their domestic destinations. DFW Airport, on the other hand, offers twenty-two (22) domestic airline choices. In addition, we have accommodated over seven (7) low-fare airline at the Airport. Recent new entrants such as Sabena, Ozark and Air France have been or will be accommodated in exclusive leased facilities of American Airlines and Delta Air Lines. The direct efforts of DFW Airport personnel facilitated the accommodation of these new entrants in incumbent signatory terminal facilities.

LEASING AND SUBLEASING

11) **Please describe the criteria that the Board employs in deciding whether to provide written consent under section 14.2 of the Use Agreement which provides that a signatory airline "shall not make an assignment of or sublet under this Agreement, without the written consent of the Board, which consent shall not be unreasonably withheld."**

Since the Use Agreement is a contract that is subject to Texas law, DFW Airport follows the criteria provided under Texas case law which stipulates that DFW Airport is not entitled to withhold consent to an assignment or sub-lease unless the assignment or sub-lease materially modifies the terms of the Use Agreement. There have been no instances in a sublease or assignment to date that would have required DFW Airport to withhold its consent.

12) **In addition, has the Board adopted any standards for what constitutes a reasonable administrative fee in applying paragraph 9.3(h)(i) of the Use Agreement (which provides the conditions for constructing gates to accommodate new entrants without Majority in Interest (MII) approval, and specifies that such construction is permitted only after, inter alia no signatory carrier has made an offer of a sub-lease "for rates and charges which do not exceed the actual cost (including a reasonable administration fee) of providing facilities[ ].")**

DFW Airport has accommodated all new entrant airlines. Therefore, there has never been an instance where a new entrant has requested facilities be constructed pursuant to paragraph 9.3 (h)(i) of the Use Agreement and DFW Airport has not had the need to adopt standards for a "reasonable administrative fee" in this regard. However, if needed, in addressing paragraph 9.3 (h)(i) or section 14.2, the criterion applied by DFW Airport would be a percentage fee customary for the industry, such as 15%.

13) **Please describe in more detail what procedures are employed or available to be employed by the Terminal Manager in resolving disputes between tenants at the airport.**

Terminal management personnel handle most operational issues or disputes between airlines on site. There are scheduled "station manager" meetings that are held weekly for all airlines in all terminals which provide the forum for discussing any operational issues. In addition, corporate representatives of the signatory airlines meet monthly with DFW Airport Senior Staff to discuss all issues, including disputes between tenants that need to be addressed at that level. DFW Airport staff is available to any airline, regardless of signatory status, to help facilitate any issue that might arise between two tenants.

14) **Is the Terminal Manager similarly available to assist in resolving disputes between signatory carriers and their sub-tenants?**

While the ability of Terminal Management personnel to resolve disputes between signatory and sub-tenant airlines is somewhat limited by the legal rights between the parties, Terminal Management and Airport Real Estate personnel are available to facilitate and mediate discussions between signatories and sub-tenants if necessary.

15) **Please provide information on any complaints about access or subleasing fees that the Board has received and/or disposed of in the prior year, and the steps you could take to implement, monitor, and enforce oversight of reasonable sublease terms.**

In the event a subtenant becomes dissatisfied with their arrangement (for any reason) with a signatory lessor, DFW Airport attempts to provide for such airline operation in the DFW Airport operated gates. Such an instance arose within the last year when Ozark Airlines requested to relocate from Terminal A (American Airlines) to DFW Airport gates in Terminal B. The choice that airlines have had to sublease gates or operate from DFW Airport gates has made it unnecessary to mandate sublease terms. DFW Airport will review all existing sublease/gate use contracts currently in place to evaluate if any terms appear to be unreasonable.

MAJORITY-IN-INTEREST (MII) CLAUSES ON CAPITAL PROJECTS

16) **With respect to the MII provisions, you indicated that you are considering renegotiating the leases to remove the potential for incumbent airlines to delay necessary capital improvements.**

Section 2.06 of the Competition Plan was intended to indicate that the terms and provisions of the current Use Agreement would be renegotiated at the expiration of the Use Agreement term in 2009. At this time there does not appear to be an opportunity for early re-negotiation. However, DFW Airport will continue diligent efforts to ensure the existing MII provision does not delay necessary capital improvements.

17) **Please provide information on any instances in which your current MII arrangements have delayed or otherwise impeded the development of necessary infrastructure—particularly infrastructure needed to accommodate competition.**

DFW Airport works closely with the signatory airlines to ensure that the MII process does not delay or prevent needed capital projects at the Airport. To date, DFW Airport has had a successful track record in this regard. In fact, attached hereto as Exhibit "F" please find a recent letter from the signatory airlines indicating support for infrastructure improvements needed to accommodate competition. Once the scope of the projects has been determined and a project budget established a formal MII vote will be requested. This advance communication process expedites the formal MII approval process.

18) **In addition, please provide information on any instances in which a non-signatory carrier has asked the airport to exercise its rights to construct terminal facilities for non-signatory carriers pursuant to paragraph 9.3(h)(i).**

There have been no instances where the Airport has exercised its rights under paragraph 9.3(h)(i). All non-signatory airlines have been accommodated in existing facilities.

PATTERNS OF SERVICE – CARRIER SUPPORT PROGRAM

19) **Please provide more detailed information on the requirements that a carrier must meet to qualify for the Carrier Support Program (CSP). Is the program limited to new first-time service at the airport or is it available to support new competitive service in markets already receiving service?**

The Carrier Support Program is not just limited to new first-time service at the Airport. The eligibility requirements are detailed below and the entire carrier support program policy is attached for your reference (Exhibit "G").

As mentioned in the Competition Plan, Japan Airlines, American Airlines, Delta Air Lines and Sabena have participated in the program. Ozark Airlines was eligible for the program in February 2000 when they introduced Joplin, Missouri service. Big Sky is currently eligible after introducing new service to Carlsbad, New Mexico. Furthermore Air France will participate in the program with new service to Paris.

AVAILABILITY OF GATE AND RELATED FACILITIES

20) **We suggest you further explore the effect of PFC Assurance 7 on existing exclusive-use lease arrangements in the event that current lessees also lease space in the new Terminal D, which you contemplate will be financed through PFC revenues.**

All future tenants at Terminal D who also retain exclusive gate facilities at other DFW Airport terminals will have the obligation to comply with all PFC assurances, including PFC Assurance 7. Language to this effect will be specifically stated in Terminal D leases. Also, the formal gate monitoring processes will be in place to insure compliance of PFC Assurance 7.

21) **We encourage you to develop and report on procedures to monitor utilization of exclusive-use gates, even in advance of the need to enforce the terms of PFC Assurance 7.**

As mentioned earlier, DFW Airport has procedures in place to track and monitor airline activity at the terminal level for the exclusive lease unit terminals. With respect to Terminal B, Terminal Management personnel are personally familiar with, and track, all airline schedules (and therefore individual gate capacity) in Terminal B. The new gate monitoring process will formally track gate utilization of all gates at the Airport, including the exclusive lease, unit terminals well in advance of the need to enforce the terms of PFC Assurance 7.

GATE ASSIGNMENT POLICY

22) **You may want to consider developing procedures to ensure that all carriers operating at the Airport, and new entrants that have expressed an interest in operating there, are aware of available gates, or gate-sharing opportunities as well as the process and requirements necessary to commence operations at DFW.**

DFW Airport currently has a process established to inform new entrants of the requirements to commence operations at the Airport. A team of representatives from the Airport's Marketing, Real Estate and Terminal Management departments meet with airline representatives to provide all necessary marketing information, facility information, including gate availability, operating procedures and legal documentation. Tours of facilities are conducted and, if desired, joint meetings with signatory airlines for gate use/sublease options are arranged. Whether it is a new entrant airline or an incumbent airline wishing to expand service, DFW Airport staff is there to assist the airline. By way of example, attached hereto as Exhibit "H" is a letter used by DFW Airport to explain the legal documentation associated with operating at the Airport.

23) **We also suggest that you consider developing (if you do not already have) a formal gate utilization policy including use/lose or use/share provisions for gates and other facilities for Board-controlled gates and, ultimately, for all gates upon the expiration of the existing lease in 2009.**

DFW Airport has already commenced a study to update the existing policy for the common use gates operated by DFW Airport. Gate utilization policies at other airports are currently under review. This updated policy is desired for implementation at current DFW Airport operated gates as soon as it is finalized and will be in effect for DFW Airport controlled gates in Terminal D (open in 2005). An expanded gate utilization policy for all gates (post 2009) will be developed as part of the strategy for the re-negotiation of the Use Agreement.

24) **Please provide more information on your plans to adopt a greater reliance on short-term and preferential use leases in a future Airport Use Agreement. We request that you address the number of gates affected and how the Board will approach the conversion of exclusive use gates to preferential or common use gates in advance of the new Use Agreement.**

Upon re-negotiation of the Use Agreement, the Board intends to adopt terminal leasing strategies addressing gate utilization and rate-making methodologies that will reflect the diverse needs of the airlines serving DFW Airport. DFW Airport has two (2) hubbing airlines, the full complement of major domestic O&D airlines, an expanding base of low cost operators, charters and foreign flag airlines. A deliberate analysis of the best combination of short-term exclusive, preferential and common use gates will be undertaken. All existing gates in all Terminals and satellite facilities will be included in the analysis. The goal is to provide the product desired by this diverse group of airlines while providing for flexibility and capacity for expansion of existing airline service and the accommodation of new service.

25) **In light of the findings in the Airport Practices report regarding MII clauses, please address any options you may be considering to modify or eliminate the MII clause before the 2009 expiration of your leases.**

There are limited options to modify or eliminate the MII provision prior to Use Agreement expiration of 2009. In the event an early re-negotiation is required, the MII provision will be addressed and either eliminated or modified.

DFW Airport's tremendous growth in international airlines, in addition to service from seven low-fare airlines, representation by almost all national airlines, as well as two hub airlines, illustrates DFW Airport's unique, competitive environment. DFW Airport is committed to providing the facilities and the operational plans to support the Airport's continued growth in airline operations and passenger traffic.

We look forward to your review of the supplemental information to the DFW Airport Competition Plan provided for herein. Please do not hesitate to contact me if you have any questions regarding this information.

Sincerely,

Jeffrey P. Fegan

Jeffrey P. Fegan
Chief Executive Officer

Cc: K. Cox

C. TERMINAL B, BOARD OPERATED SPACE - USE CHARGES

The following charges are levied on a per-use basis:

TERMINAL USE CHARGES

Type Aircraft	Scheduled	Charter	Tech Stop[1]
A300	$1,325	$1,525	$370
A310	$565	$650	$265
A320	$430	$500	$265
A340	$1,325	$1,525	$370
B727 – 100/200	$430	$500	$265
B737 – 100/500	$430	$500	$265
B747 – 200/400	$1,325	1,525	$370
B757 – 200	$565	$650	$265
B767 – 200/300	$565	$650	$265
B777	$1,325	$1,525	$370
DC8	$565	$650	$265
DC9 – 10/50	$430	$500	$265
DC10 – 10/30	$1,325	$1,525	$370
L1011	$1,325	$1,525	$370
MD11	$1,325	$1,525	$370
MD – 80/90	$430	$500	$265

Gate Utilization for:

Gate	Airline	Frequency
B11	American	3
B11	Continental	1
B12	ATA	4

EXHIBIT "A"

EXHIBIT B
TERMINAL MARKET SHARE REPORT
DECEMBER, 2000

Please contact the Airport Real Estate Department
(972) 574-3121

EXHIBIT C
TERMINAL B LEASE AGREEMENT
AMERICAN AIRLINES

Please contact the Airport Real Estate Department
(972) 574-3121

EXHIBIT D
EXAMPLE: AIRLINE PERMIT

Please contact the Airport Real Estate Department
(972) 574-3121

EXHIBIT E
SCHEDULE OF CHARGES

Please contact the Finance Department
(972) 574-8413

Kelley A. Brown Consulting, LLC

3033 Shenandoah Drive
Bedford, TX 76021

817-581-8402
FAX 817-581-1774

February 23, 2001

Mr. Jeffrey P. Fegan
Chief Executive Officer
Dallas Fort Worth International Airport Board
Post Office Drawer 619428
Dallas/Fort Worth Airport, TX 75261-9428

Dear Jeff:

The DFW Airport Board wants to provide terminal facilities sufficient to accommodate potential new international carriers at DFW. The airlines recognize this Board goal, and are committed to working with the Board so that the necessary cost-effective and timely facilities can be developed.

With the support of the airlines, the Board is undertaking the development of Terminal D, which is expected to roughly double the capacity of common-use terminal facilities available for international service. However, Terminal D will not be completed until approximately 2005, and the Board is concerned that it does not have the facilities to accommodate new international entrants prior to the opening of Terminal D. The airlines also support the Board's goal of accommodating new international carriers prior to the opening of Terminal D, as well as a process structured to achieve that goal.

Based on the preliminary discussions to date, the Board and the airlines agree that the concern of accommodating additional international carriers prior to the opening of Terminal D can best be addressed by developing additional international facilities in Terminal B. Recently, the Board has funded with the Discretionary Account (302 Fund) certain improvements in Terminals A and E, as well as Terminal B, to accommodate new entrant foreign flag carriers. The airlines will not pursue the development of additional international facilities in the Terminal A or Terminal E at this time, unless they were to be funded solely by the tenants of those terminals.

While the Board and the airlines have had preliminary discussions about the projects that might provide additional international

EXHIBIT "F"

facilities in Terminal B, it is premature for the airlines to be asked to approve any of the projects until the scope and cost of each project is further defined. The airlines are committed to working with the Board in defining the most economical projects that can be accomplished in a timely enough manner to address the Board's concern. At this time, it appears that there will be three projects that warrant further evaluation:

1. As part of the Terminal D program, the Board is planning to install a common-use terminal equipment (CUTE) system. The first project would to install the CUTE system in Terminal B prior to the opening of Terminal D, insuring that the system could be used in Terminal D when it does open. The project would also include the installation of common-use terminal equipment at the ticket counters and gates in that part of Terminal B serving international carriers.

2. The second project would include the development of a remote holdroom facility at the Terminal B north hardstand, along with jetbridges and connections to the hydrant fueling system. Also included would be the integration of a bus gate at the Terminal B international facilities.

3. The third project would be the development of additional international gates in Terminal B. This project is dependent on the outcome of certain proposed airline acquisitions and the impact of those acquisitions on the gate inventory in Terminal B.

The airlines acknowledge that the Board estimates the overall project will cost in the $10 to $15 million range.

The airlines understand that the Board is developing a financial plan in conjunction with the definition of the projects. The airlines further understand that, based on information currently available, the Board desires to fund these projects from joint revenue bonds and allocate the costs in accordance with Use Agreement to the Board-controlled gates of Terminal B. Also, any costs associated with the operation of the CUTE system would be charged directly to the users. The airlines agree to review in good faith the proposed projects as they become defined and the associated financial plan, and will support an appropriate and fair allocation of the costs.

The airlines also recognize that any projects that the Board undertakes to provide additional international facilities in Terminal B prior to the opening of Terminal D would not be part of the Capital Development Program (CDP) and must be funded separately from the CDP.

Finally, the Board and the carriers expect that the development of additional international facilities in Terminal B would be sufficient to accommodate new international carriers prior to the opening of Terminal D. However, to the extent that additional international facilities are developed, and at some point prior to the opening of Terminal D the Board feels that there may be additional international carriers that cannot be accommodated, the Board and the airlines would reevaluate the situation at that time.

Sincerely,

Kelley A Brown

Kelley A. Brown
President

cc. Chris Collison, American
Liza Littrell, Delta

EXHIBIT G

DALLAS/FORT WORTH INTERNATIONAL AIRPORT BOARD'S POLICY ON THE *CARRIER SUPPORT PROGRAM*

MISSION STATEMENT

> **DFW will be the *Airport of Choice* by creating a positive, competitive, and safe environment that exceeds our customer's expectations, thereby expanding economic benefits for Dallas, Fort Worth and the Region.**

BACKGROUND

The Dallas/Fort Worth International Airport Board directed the aggressive pursuit of new international and domestic passenger and cargo air services. This direction was based on the recognition that new air service provides a tremendous amount of economic benefit to the DFW Airport, the North Texas region and the entire State of Texas.

In response to that directive, the Marketing Department has developed a sophisticated and aggressive marketing program that employs advertising, direct mail, promotions, business case presentations and government affairs initiatives. The Airport's marketing program has been recognized as one of the best in the industry, winning various marketing awards since its inception.

Given the huge economic stakes and the competitive nature of the aviation industry, other airports around the world have also undertaken aggressive and full-dimensional marketing programs. In an effort to remain competitive, the Marketing Department is constantly collecting competitive intelligence on other airport marketing programs. This intelligence revealed that a growing number of airports provide financial incentives to attract new airline service into their respective airports. During the DFW Airport Board of Directors retreat in 1998, the Marketing Department was given the charge of evaluating marketing incentives that are provided by competitive airports. Marketing commissioned a study that was conducted by Global Aviation, Washington, D.C. aviation consulting firm. The purpose of the "Study" was to substantiate the degree to which incentives are used and to specifically identify the types of incentives provided by other airports.

STUDY RESULTS

The Study indicated that the use of incentives was fairly widespread among the more aggressive airports vying for new air service. The incentives took many forms including:

- Direct Subsidies – Smaller communities that are unable to sustain non-stop air services will commit to ensure that a new airline will not sustain losses on the route by guaranteeing revenues or subsidizing any losses incurred. (Note: The Department of Transportation's final Policy concerning use of airport revenue now prohibits an airport from providing a direct subsidy of air carrier operations; however, waivers of fees or discounted landing or other fees during a promotional period are not prohibited).

- Community Payments – These are generally lump sum incentive payments that are funded by sources other than the airport and usually include economic development agencies and major corporation commitments.

- Marketing Support Programs – These programs are designed to ensure that the new airline attracts the maximum revenue for its new service through various cooperative marketing efforts between the airport and the airline.

RECOMMENDATION

The Study confirmed the varying degrees to which airports use incentives to attract new air service. In general, the degree of incentives was dependent upon the relative strength and position of the airport and community pursuing the service. DFW Airport is, fortunately, in a position of relative strength vis-à-vis some of the competitors that are currently employing incentives. The inherent economic strength of the DFW Metroplex and its catchment area is the predominant factor in an airline choosing to serve DFW Airport; therefore, significant financial subsidies are unnecessary for DFW Airport to continue to attract new air service.

After careful review of the Study's findings, and in contrast to direct financial subsidies or inducements, DFW staff is recommending that the Airport Board approve a new marketing support policy, hereinafter known as the Carrier Support Program (CSP), that would focus on supporting the success of new airline service, as well as helping to attract new service into the market. The CSP would allow the Airport to provide limited incentives for new services in the form of cooperative marketing funds aimed at promoting the new service and DFW Airport through various marketing efforts. In short, this policy is intended to provide airlines with a moderate level of marketing support that is strategically designed to increase their revenues in an attempt to ensure their long-term viability in the DFW marketplace.

PROGRAM BENEFITS

This Carrier Support Program is intended to provide benefits to DFW Airport and the airline.

DFW Benefits

DFW will have the ability to showcase its new services and the competitive choices that are available at the Airport. DFW will also have the ability to capitalize on the "halo effect" of having its brand in the same marketing execution of some of the most respected brand names in the airline industry. This cooperative effort will enhance DFW's image as a sophisticated airport offering very high brand services.

Airline Benefits

Airlines will enjoy the benefit of additional funds for reaching potential customers in cooperation with DFW Airport. These are resources that would not otherwise be available for the carrier, and will serve to support the viability of the new service.

ELIGIBILITY REQUIREMENTS

To qualify for the CSP, an Airline must meet all of the following criteria in at least one scenario below:

International Passenger Service

SCENARIO 1 – Any Airline meeting all of the following criteria:

- Adding non-stop round-trip international passenger service at DFW Airport,
- Published to operate for twelve (12) consecutive months after commencement of the service,
- Scheduled to operate at minimum three times a week,
- So long as the Applicant Carrier or its Parent Airline or Subsidiary Airline has not served the market from DFW Airport within the past year, and
- So long as the Applicant Carrier or its Subcontractor Airline has not served the market from DFW Airport within the past year.

Domestic Passenger Service

SCENARIO 2 – Any New Entrant Airline meeting all of the following criteria

- Adding daily non-stop round-trip domestic passenger service at DFW Airport,
- Published to operate for twelve (12) consecutive months after commencement of the service,
- So long as the New Entrant Airline's Parent Airline or Subsidiary Airline has not served the market from DFW Airport within the past year, and
- So long as the New Entrant Airline or its Subcontractor Airline has not served the market from DFW Airport within the past year in that capacity.

All Cargo Service

SCENARIO 3 – Any Airline meeting all of the following criteria:

- Adding non-stop or direct all cargo service at DFW Airport,
- Published to operate for twelve (12) consecutive months after commencement of the service,
- Scheduled to operate at minimum two times a week,
- To a market for which DFW Airport does not already have direct or non-stop all cargo service, or to an existing DFW Airport international cargo market, but only if that market is the first international cargo point on the route being flown from DFW Airport.
- So long as the Applicant Carrier or its Parent Airline or Subsidiary Airline has not served the market from DFW Airport within the past year, and
- So long as the Applicant Carrier or its Subcontractor Airline has not served the market from DFW Airport within the past year.

SPECIFIC PROGRAM GUIDELINES

Upon qualifying for the CSP, as outlined above, the Applicant Carrier must conform to the following specific program guidelines in order to receive CSP funds from DFW Airport:

1. Should the Applicant Carrier cease operating a service qualifying for CSP funds, all requests for reimbursement of promotional activities taking place after the date of the disqualifying change in service will be denied.

2. The Applicant Carrier must submit to DFW Airport schedule information to support the proposed full-year service pattern.

3. An airline seeking Program support for a particular service shall submit a written application (hereafter, a "Carrier Support Program Application") to the Chief Executive Officer or his/her designee. As part of the application, the Applicant Carrier must submit a marketing plan that shall identify the service to be promoted, the date or dates on which the service is to be promoted, the medium to be used in the promotion, the proposed budget for the promotion, and a contact person from the carrier. The Chief Executive Officer or his designee may request additional information as may be necessary for the proper, non-discriminatory application of this policy. The marketing plan must be approved by the Chief Executive Officer, or his designee and forwarded to the Airport Board for its funding approval consistent with the terms of this policy.

4. Marketing activities that may be supported under the CSP include, but are not limited to:
   - Promotional Events
   - Printed Collateral Materials, Direct Mail & Other Forms of Cooperative Marketing
   - Advertising, Banners and Signage

5. The Applicant Carrier shall be responsible for obtaining all necessary permits, leases, and/or approvals relating to its use and/or occupancy of DFW Airport and the service sought to be promoted before Program permission is granted.

6. All CSP copy and creative material shall be furnished at the sole cost of the Applicant Carrier (subject to reimbursement of 50% of eligible costs) and comply with the specifications of the Airport Board. The specifications shall prescribe, among other things determined to be necessary by the Chief Executive Officer or his designee, or as elsewhere stated herein; DFW Airport logos, plus colors, fonts, designs and graphic standards. DFW will review all copy and creative material prior to their approval, installation or placement in order to ensure compliance with the terms of this Policy.

7. Promotional efforts permitted hereunder shall not also promote service to or from another airport.

8. (a.) All promotional materials eligible for participation hereunder must display the DFW logo for each instance in which the Applicant Carrier's logo appears. Logo size, placement and dimensions must be approved by the Chief Executive Officer or his designee.
   (b.) To be eligible hereunder, advertisements, or other promotional material containing significant amounts of copy shall, mention DFW Airport in the copy. This mention of DFW must be consistent with the Airport's current marketing or image strategy, as determined by the Chief Executive Officer or his designee.

9. Approved marketing efforts will be funded on a cooperative basis with the Applicant Carrier funding 50% of the program and the Airport funding (through reimbursement) 50% of the program, not to exceed the amounts specified in Schedule A. DFW Airport funding will depend on the aircraft type and the type of service being provided.

10. The Chief Executive Officer or his designee must review and approve all marketing executions and expenditures before they will be qualified for reimbursement under the CSP. The Applicant Carrier must provide proof of all expenditures to be reimbursed.

11. Where a Carrier Support Program Application has been approved, the Airport will reimburse the airline only after the completion of the marketing effort. Payment will be as specified in the approved CSP application up to the limits shown in Schedule A. Any expenses that were incurred without prior approval will be ineligible for reimbursement. Under no circumstances shall an airline be entitled for reimbursement above the amounts specified in Schedule A. In the event of marketing or codeshare agreements, only the Applicant Carrier will be reimbursed.

12. This Program is intended to support the launch phase of new services. The supported marketing activity may precede and/or follow the commencement of the new service but shall in no event continue more than twelve (12) months following commencement of the service or otherwise for more than twelve (12) months in duration.

13. Carrier Support Program applications shall be approved on a first-come, first-serve basis, considering media availability and fund availability, and within the guidelines as outlined in this policy.

14. Should an airline discontinue service to an international market, that airline shall not be eligible for CSP funds for that destination within a twelve (12) month period, should service resume. In such a case that an airline resumes service to an international market after a twelve (12) month period, that service may not be eligible for funds more than two times.

FUNDING

The CSP will be funded solely through the Airport Board's annual operating and maintenance budget. Funding of the program shall be discretionary.

DEFINITIONS

All Cargo Service
Service for the sole purpose of transporting freight and mail

Applicant Carrier
An Airline applying for CSP funds

Domestic Market
A market within the United States or its possessions

International Market
A market outside the United States and its possessions

Narrowbody Aircraft
Aircraft with single aisles in a typical passenger configuration

New Entrant Airline
Any Airline new to the DFW Airport in the last twelve (12) months

Parent Airline
An Airline that wholly owns a Subsidiary Airline

Passenger Service
Service for the purpose of transporting travelers

Subcontractor Airline
An Airline hired by an Applicant Carrier or by an Applicant Carrier's subcontractor to operate a service on behalf of the Applicant Carrier

Subsidiary Airline
An Airline that is wholly owned by a Parent Airline

Widebody Aircraft
Aircraft with twin aisle in a typical passenger configuration

Schedule A

International Passenger Service	**Widebody (Daily)**	**Narrowbody (Daily)**	**Widebody (Min. 3x / wk)**	**Narrowbody (Min. 3x / wk)**
QUALIFYING UNDER SCENARIO 1	$ 100,000	$ 75,000	Pro-rated	Pro-rated

Domestic Passenger Service	**Widebody**	**Narrowbody**
QUALIFYING UNDER SCENARIO 2	$ 50,000	$ 25,000

All Cargo Service	**Widebody**	**Narrowbody**
QUALIFYING UNDER SCENARIO 3	$ 25,000	$ 10,000

Note: The amounts specified in these tables reflect the maximum amount of funding available under the policy. This is not a guaranteed amount and is subject to approval by the Chief Executive Officer and final approval by the Airport Board.

Schedule B

Analysis of Cost of Implementing Carrier Support Program Versus Revenues Generated in New Landing Fees in Year 1

New International Market				
PASSENGERS	**AIRCRAFT**	**LANDING/FEES/YR**	**CSP**	**%**
Narrowbody	757	$ 113,464	$ 75,000	66%
Widebody	747	$ 335,234	$ 100,000	30%

New International Market				
CARGO	**AIRCRAFT**	**LANDING/FEES/YR**	**CSP**	**%**
Narrowbody (2/week)		$ 32,418	$ 10,000	31%
Widebody (2/week)		$ 95,781	$ 25,000	26%

New Domestic Market–New Airline				
PASSENGER	**AIRCRAFT**	**LANDING/FEES/YR**	**CSP**	**%**
Narrowbody	727	$ 85,958	$ 25,000	29%
Widebody	767	$ 177,646	$ 50,000	28%

The first year cost/revenue ratios will vary by aircraft type and by type of services being offered. As reflected above, the ratios can range from as high as 66% for new international service on a narrowbody aircraft to 22% for new cargo services. The variation in rates is primarily due to the following factors:

<u>Passenger Service</u>

Cost/Revenue ratios are higher for passenger service than for cargo service because the main target audience for new passenger service is the traveling public. Since the target audience is so broad, a consumer-marketing program will need to be executed. Consumer marketing programs include newspapers, magazines, radio, and will require relatively high levels of spending to be effective.

<u>Cargo Service</u>

Cost/Revenue ratios are relatively low for new cargo service due to the fact that the primary target for these campaigns will be the trade. The marketing program will be very targeted towards freight forwarders and shippers; therefore it will not require the level of spending of a consumer campaign.

<u>Note</u>: This comparison applies FY 1999 Published landing fees for a Signatory Carrier.

Date

Address

Dear :

As a result of your interest in becoming a Signatory Airline, one copy and three additional sets of signature pages of the Dallas/Fort Worth International Airport Use Agreement, as well as copies of the Capital Improvement Trust Account Agreement and the Special Facility Fueling System Lease Agreement have been enclosed for your review and signature. The following information is a brief overview of the responsibilities and benefits of Signatory status at DFW.

Airlines operating at Dallas/Fort Worth International Airport that elect to execute the Use Agreement are responsible each fiscal year for paying rates, fees and charges for the use of the Airport that together with rates, fees and charges paid by other Airport users (including other Signatory Airlines), would be sufficient to cover the Airport's operation, maintenance, debt service and coverage requirements for that fiscal year. If at fiscal year end the amount collected from all Airport users is not sufficient to pay such costs, the Signatory Airlines are responsible for their pro rata share of the shortfall. However, because the Airport, through its rates, fees and charges process, estimates total expenses at the beginning of each fiscal year and sets preliminary rates to adequately cover these expenses with mid-year landing fee adjustments if necessary, the risk of our Signatory Airlines having to pay additional fees at the end of a fiscal year is minimal.

Execution of the Use Agreement allows for Signatory Airlines to pay the lower landing fee for operation of its aircraft and any aircraft wet leased by Signatory Airlines.

Each Signatory Airline is assigned a Capital Trust Account which is funded annually through a portion of the coverage component on joint revenue bond debt service. Signatory Airlines can utilize this account for individual capital projects at DFW Airport.

In addition, Signatory Airlines operating out of Airport operated Gates in Terminal B pay a lower rental rate for exclusive office space.

Should you elect to execute the Dallas/Fort Worth International Airport Use Agreement, the Capital Improvement Trust Account Agreement, and the Special Facility Fueling System Lease Agreement, please return all documents to my attention so that Airport Board approval and subsequent signatures may be obtained. One fully executed document for each Agreement will be returned to you for your files.

Sincerely,

EXHIBIT "H"