

RATE AGREEMENT

This RATE AGREEMENT (this "Agreement") is made and entered into as of _____, 20____, by and between THE CITY OF LOS ANGELES DEPARTMENT OF AIRPORTS, a municipal corporation ("City"), acting by order of and through its Board of Airport Commissioners (the "Board"), and _____ ("Airline"). Airline and City are collectively referred to as "Parties." Capitalized terms used in this Agreement without definition shall have the meanings given to such terms in the New Rate Methodology (as defined below).

RECITALS

The Parties hereby acknowledge and agree that their respective decisions to enter into this Agreement are premised on the following recitals:

- A. City is the owner of Los Angeles International Airport (the "Airport") and operates the Airport for the promotion, accommodation and development of air commerce and air transportation.
- B. City has undertaken construction projects to refurbish and renovate certain Terminals at the Airport and expects to continue to make significant investments in all the Terminals over the next ten (10) years to improve and modernize the Airport and accommodate additional passengers. City and Airline desire to communicate regularly on the status of Capital Improvements to the Terminals.
- C. Airline (i) is or will be using space in a Terminal at the Airport pursuant to the Los Angeles International Airport Passenger Terminal Tariff (the "Tariff") or (ii) is using space in a Terminal at the Airport pursuant to a lease and desires to have the rates and charges for its use of Terminal space at the Airport calculated in accordance with this Agreement.
- D. The Board adopted a new methodology (the "New Rate Methodology") for the calculation of rates and charges for the use of Terminal space at the Airport on _____, 2012, which Board-approved rates and charges methodology is attached to this Agreement as Exhibit A.
- E. Airline understands that the New Rate Methodology was developed in anticipation of future Terminal construction projects and is intended as a self-financing mechanism to recover the costs of constructing, acquiring, operating and maintaining the Terminals at the Airport.
- F. City and Airline desire predictable rates and charges for use of Airport facilities.
- G. City and Airline desire to avoid continuing disputes about the methods used to calculate rates and charges for use of Terminals at the Airport.

H. City will make this Agreement available to all Airlines that are operating at the Airport, and all Airlines that execute this Agreement will be "Signatory Airlines" under this Agreement. City will also make this Agreement available to airline consortiums that have been formed to manage specified Terminal facilities at the Airport and have been approved by City for this purpose, but nothing in this Agreement shall be construed to impose an obligation upon City to approve any new airline consortiums.

AGREEMENT

NOW THEREFORE, in consideration of the foregoing recitals and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, City and Airline hereby agree as follows:

1. Term. With respect to any Airline, this Agreement shall commence on January 1, 2013 if executed by Airline and delivered to City on or before December 15, 2012 and otherwise shall commence on the first day of the next month beginning no less than sixty (60) days after execution by Airline and delivery to City. With respect to any approved airline consortium in existence on December 15, 2012 ("Existing Consortium"), this Agreement shall commence on January 1, 2013 if (a) executed by the Existing Consortium and delivered to City on or before December 15, 2012 and also (b) executed by individual airline members of such Existing Consortium responsible for no less than fifty percent (50%) of the enplaned passengers of all such consortium members at the Airport during fiscal year 2012 and delivered to City on or before December 15, 2012. With respect to any airline consortium formed and approved after December 15, 2012, this Agreement shall commence on the first day of the next month beginning no less than sixty (60) days after execution and delivery to City by such consortium and one hundred percent (100%) of the individual airline members of such consortium. This Agreement shall terminate on December 31, 2022; provided, however, with respect to any Existing Consortium, if one hundred percent (100%) of its individual airline members have not executed and delivered this Agreement to City by December 31, 2013, this Agreement shall terminate on December 31, 2013.

2. Acceptance of New Rate Methodology. Airline agrees that to pay charges for its use of space in the Terminals calculated in accordance with the New Rate Methodology as modified by this Agreement and acknowledges that this Agreement constitutes a written agreement with air carriers within the meaning of 49 U.S.C. § 47129(e)(1).

3. No Change to New Rate Methodology. City agrees that during the Term, City shall use the New Rate Methodology as modified by this Agreement to calculate Airline's rates and charges for the use of Terminal space at the Airport under the Tariff or Airline's lease, as applicable, and City shall not subject Airline to a different rates and charges methodology for the use of Terminal space at the Airport during the Term; provided, however, that City may modify the New Rate Methodology in a manner generally applicable to all Terminals with the written consent of Signatory Airlines that are then operating at the Airport. City shall give written notice and meet with the Signatory Airlines to discuss any such proposed modification. In lieu of providing written notice to each Signatory Airline, City may provide written notice to the Airline Airport Affairs Committee ("AAAC") at the Airport. City shall provide at least thirty (30) days

written notice of the meeting and request the written consent of the Signatory Airlines to the proposed modification no less than forty-five (45) days following the meeting. Such consent shall be deemed to have been given if the modification is approved in writing by a vote of Signatory Airlines that collectively paid no less than fifty-one percent (51%) of the total rates and charges paid under the New Rate Methodology by all Signatory Airlines during the immediately preceding fiscal year, and the Signatory Airlines voting to approve the modification paid no less than sixty-seven percent (67%) of the total rates and charges paid under the New Rate Methodology during the immediately preceding fiscal year by all Signatory Airlines participating in the vote. An airline consortium shall not itself participate in such a vote, but the rates and charges paid by a consortium that is party to this Agreement shall be credited proportionately to any of its members who are Signatory Airlines and participate in such a vote.

City and Airline acknowledge that during the Term questions may inevitably arise about the application of the New Rate Methodology in new or unforeseen circumstances. They commit to work together in good faith to resolve any such questions to the satisfaction of City and all Signatory Airlines in ways that are consistent with the intent of this Agreement and may not require any changes to the New Rate Methodology under this Section 3.

4. Tier One Revenue Sharing. City will share the concession revenues that City derives from the Terminals at the Airport with all Signatory Airlines in accordance with the following formulas (“Tier One Revenue Sharing”), which reduce the otherwise-indicated Terminal Buildings Requirement and FIS Requirement calculated under the New Rate Methodology. Airlines that are not signatories to this Agreement shall not be eligible for Tier One Revenue Sharing.

4.1. Tier One Terminal Buildings Revenue Sharing.

- (a) Commencing with calendar year 2014 (because the Terminal Buildings Rate for 2013 is fixed under Section 5.1 of this Agreement), the Terminal Buildings Requirement otherwise calculated under Section 2.2.1 of the New Rate Methodology for any given calendar year shall be reduced by the full amount of Tier One Terminal Buildings Concession Revenue applicable to that year. The Terminal Buildings Rate (and all rates derived from it under the New Rate Methodology) charged to all Signatory Airlines, including Airline, shall reflect the fixed rate prescribed for 2013 by Section 5.1 and, in subsequent years, the reduction in the Terminal Buildings Requirement yielded by Tier One Revenue Sharing.
- (b) For purposes of this section, the following definitions shall be used:
 - (i) “Terminal Buildings Concession Revenue” shall mean all revenue received by City from Terminal Buildings Concessions in the immediately preceding Fiscal Year.

- (ii) “Tier One Terminal Buildings Concession Revenue” shall mean fifty percent (50%) of the amount, if any, of Terminal Buildings Concession Revenue received by City in the immediately preceding Fiscal Year that is above the Terminal Buildings Concession Baseline.
- (iii) “Terminal Buildings Concessions” means all concessions and concessions management in the Terminal Buildings at the Airport (other than Terminal 4, unless and until all Airlines using Terminal 4 become subject to the New Rate Methodology) including, but not limited to, food and beverage, retail, telecommunications, ATMs, luggage carts, advertising and sponsorships, and Terminal commercial management and Terminal media operations. Terminal Building Concessions do not include FIS Concessions or parking and rental car concessions.
- (iv) “Terminal Buildings Concession Baseline” shall mean Sixty-Seven Million Dollars (\$67,000,000) as of July 1, 2011 and as subsequently adjusted as of July 1, 2013 and as of July 1 of each following year to reflect any changes after June 30, 2011 in the consumer price index published by the Bureau of Labor Statistics for “all urban consumers” for “all items” for the Los Angeles-Riverside-Orange County Area.

4.2. Tier One FIS Concession Revenue Sharing.

- (a) Commencing with calendar year 2016 (because the FIS Rates for 2013, 2014 and 2015 are fixed under Section 6 of this Agreement), the Gross FIS Requirement otherwise calculated under Section 2.3.1 of the New Rate Methodology for any given calendar year shall be reduced by the full amount of Tier One FIS Concession Revenue applicable to that year. The FIS Rate charged to all Signatory Airlines, including Airline, for calendar year 2016 and subsequent years shall reflect the reduction in the Gross FIS Requirement yielded by Tier One Concession Revenue Sharing.
- (b) For purposes of this section, the following definitions shall be used:
 - (i) “FIS Concessions” means duty free and foreign exchange concessions at the Airport . FIS Concessions do not include Terminal Buildings Concessions or parking and rental car concessions.
 - (ii) “Tier One FIS Concession Revenue” shall mean twenty-five percent (25%) of all revenues received by City from FIS Concessions contracts in the immediately preceding Fiscal Year.

5. Signatory Transitional Phase-In. City will phase in the rates and charges calculated under the New Rate Methodology for all Signatory Airlines, including Airline, by implementing the following signatory transitional phase-in (“STP”) discounts to the Terminal Buildings Rate and all rates derived from it under the New Rate Methodology for each of the calendar years 2013 through 2017:

- 5.1. The Terminal Buildings Rate shall be Seventy-Five Dollars (\$75) for calendar year 2013 (when Tier One Revenue Sharing will not yet be in effect).
- 5.2. The Terminal Buildings Rate calculated pursuant to Section 4 of this Agreement to reflect Tier One Revenue Sharing shall be discounted by twenty percent (20%) for calendar year 2014.
- 5.3. The Terminal Buildings Rate calculated pursuant to Section 4 of this Agreement to reflect Tier One Revenue Sharing shall be discounted by fifteen percent (15%) for calendar year 2015.
- 5.4. The Terminal Buildings Rate calculated pursuant to Section 4 of this Agreement to reflect Tier One Revenue Sharing shall be discounted by ten percent (10%) for calendar year 2016.
- 5.5. The Terminal Buildings Rate calculated pursuant to Section 4 of this Agreement to reflect Tier One Revenue Sharing shall be discounted by five percent (5%) for calendar year 2017.

Illustrative calculations displaying how Tier One Revenue Sharing and the STP discounts will affect the rates and charges otherwise calculated under the New Rate Methodology are attached to this Agreement as Exhibit B through Exhibit H.

6. Fixed Signatory FIS Rates. For three (3) years City will lower and fix the FIS Rate otherwise calculated under Section 2.3 of the New Rate Methodology, and all Signatory Airlines, including Airline, shall be charged the following rates for each Deplaned International Passenger for the period from January 1, 2013 through December 31, 2015 for the use of the FIS Areas:

January 1, 2013 – December 31, 2013:	\$ 8.50
January 1, 2014 – December 31, 2014:	\$ 9.50
January 1, 2015 – December 31, 2015:	\$10.50

7. Capped Common Use Holdroom Fee. During any calendar year, City shall not charge any Signatory Airline, including Airline, cumulative Common Use Holdroom Fees for the use of a given Common Use Holdroom that exceed the Common Use Holdroom Cap. For purposes of this Section, “Common Use Holdroom Cap” means, for any given calendar year, the product of (x) the Terminal Buildings Rate calculated in accordance with this Agreement for that year and (y) the average number of square feet in all Common Use Holdrooms in the Terminals. For purposes of determining whether a Signatory Airline’s cumulative Common Use Holdroom Fees for a given Common Use Holdroom exceed the Common Use Holdroom Cap, City shall include

Common Use Holdroom Fees paid by a Signatory Airline for the use of other Common Use Holdrooms if such Signatory Airline provides written documentation reasonably acceptable to the Executive Director that the use of such other Common Use Holdrooms was required in order to accommodate the schedule of another airline on the Common Use Holdroom for which the cumulative Common Use Holdrooms Fees are being computed.

8. Terminal Renewal and Improvement Fund & Tier Two Revenue Sharing. To provide a dedicated funding source for future Terminal capital improvement projects, City shall establish a Terminal Renewal and Improvement Fund (“TRIF”).

8.1. Net Terminal Area Cash Flow. At the end of each calendar year, commencing at the end of calendar year 2013, the Net Terminal Area Cash Flow shall be deposited to the TRIF; provided, however, that the annual deposit of the Net Terminal Area Cash Flow shall not exceed the Net Terminal Area Cash Flow Cap. For purposes of this Section, the “Net Terminal Area Cash Flow” for any calendar year shall mean the difference between (a) the total revenues received by City from all sources for use of space in the Terminals (including Terminal 4) and (b) the sum of (x) debt service (net of PFC’s) and Operations and Maintenance Expenses allocable to the Terminals and (y) required Reserve Deposits allocable to the Terminals (including Terminal 4) for the immediately preceding Fiscal Year. The “Net Terminal Area Cash Flow Cap” shall mean One Hundred Twenty-Five Million Dollars (\$125,000,000) as of July 1, 2013 and as adjusted as of July 1 of each following year to reflect any changes after July 1, 2013 in the consumer price index published by the Bureau of Labor Statistics for “all urban consumers” for “all items” for the Los Angeles-Riverside-Orange County Area. If at the end of any calendar year the Net Terminal Cash Flow exceeds the Net Terminal Cash Flow Cap, fifty percent (50%) of the funds in excess of the Net Terminal Cash Flow Cap shall be deposited to the Tier Two Revenue Sharing Fund; the remaining fifty percent (50%) of any such excess funds shall be deposited to City’s revenue fund for City’s unrestricted use for airport system capital or operating costs in accordance with applicable law.

8.2. Use of TRIF and Tier Two Revenue Sharing.

(a) TRIF.

(i) The funds in TRIF, if any, shall only be used by City to fund Capital Improvements in the Terminals unless the Executive Director reasonably determines, after consultation with the Signatory Airlines (except when exigent circumstances make such consultation impractical), that funds in TRIF are needed for other airport purposes (x) as a result of emergencies, including natural disasters or acts of war, (y) to meet regulatory or security requirements or (z) to satisfy bond covenants. The costs of Terminal projects funded by TRIF shall be amortized over the project’s useful life and recovered through future rates and charges.

(ii) The TRIF Balance at the end of each fiscal year shall not exceed the TRIF Cap. At the end of each fiscal year, fifty percent (50%) of the funds in excess of the TRIF Cap shall be deposited to the Tier Two Revenue Sharing

Fund; the remaining fifty percent (50%) of any such excess funds shall be deposited to City's revenue fund for City's unrestricted use for airport system capital or operating costs in accordance with applicable law. For purposes of this Section, the "TRIF Balance" shall mean the TRIF account balance as of July 1 after depositing the Net Terminal Area Cash Flow pursuant to Section 8.1 of this Agreement for the immediately preceding fiscal year and including any accrued interest. The "TRIF Cap" shall mean Five Hundred Million Dollars (\$500,000,000), as of July 1, 2013 and as adjusted as of July 1 of each following year to reflect any changes after July 1, 2013 in the consumer price index published by the Bureau of Labor Statistics for "all urban consumers" for "all items" for the Los Angeles-Riverside-Orange County Area.

(b) Tier Two Revenue Sharing Fund Distributions.

(i) Commencing in calendar year 2014 and continuing on an annual basis until the end of the Term, the funds in the Tier Two Revenue Sharing Fund, if any, shall be distributed among all of the Signatory Airlines in the form of a credit (the "Tier Two Credit") at the end of each calendar year. Tier Two Credits can only be used by a Signatory Airline, including Airline, as an offset against amounts due to City in the following order of priority: first, against any amounts due to City on account of Airline's use of Terminal space at the Airport; and second, against any landing fees due to City on account of Airline's use of the airfield at the Airport. Tier Two Credits will not be issued in cash. Tier Two Credits must be used within twelve (12) months after they are issued and expire immediately if Airline ceases operations at the Airport for any reason other than the closure of the Airport. The distribution of Tier Two Credits shall be subject to the eligibility rules set forth below in subsection (ii) and shall be based upon the ratio of each Signatory Airline's payments of Terminal charges during the preceding calendar year to all payments of Terminal charges by Signatory Airlines during the preceding calendar year. The calculation of Tier Two Credits shall be made after the annual adjustment-to-actual of rates pursuant to Section 2.10 of the New Rate Methodology.

(ii) Conditions for the Issuance and Use of the Tier Two Credit. To be eligible to receive a Tier Two Credit, if any, for any given calendar year Airline must be operating at the Airport at the time the Tier Two Credits are issued. Airline will only be eligible to use Tier Two Credits as offsets against amount due to City, in accordance with Section 8.2(b)(i), if at the time Airline seeks to use such Credits, Airline is not in arrears to City by more than 45 (forty-five) days for any outstanding amount due on account of Airline's use of Terminal space or use of the airfield at the Airport for which City has given Airline notice (and for purposes of this Section 8.2(b)(i), the discharge of a debt in a bankruptcy proceeding at any time during the preceding two (2) years shall not constitute the elimination of an arrearage or the payment of any amount to City).

An illustrative calculation displaying how Tier Two Revenue Sharing will work is attached to this Agreement as Exhibit I.

9. Terminal Capital Improvements.

9.1. Consultation. The AAAC will designate a representative of all Signatory Carriers (the "Airline Technical Representative") and will meet periodically with City to consult about the scope and status of Capital Improvements with costs allocable to the Terminals ("Terminal Capital Improvements"). City will meet with the Airline Technical Representative and the Signatory Airlines at least once each year to review Terminal Capital Improvements. The intent of these meetings is for City and Signatory Airlines to develop a common understanding of current and future Terminal Capital Improvements based upon reasonably available information. At each such meeting, City will provide the following: (a) a list and description of each Terminal Capital Improvement that is planned, designed or in construction at the time of the meeting; (b) the estimated gross project cost and construction schedule for each Terminal Capital Improvement; and (c) the anticipated source of funds for each Terminal Capital Improvement; and (d) the anticipated impact of each Terminal Capital Improvement on charges to be calculated in accordance with the New Rate Methodology and this Agreement, as well as any other information provided to the Board about each such Terminal Capital Improvement. City will give due consideration to written comments on these subjects provided to City by Signatory Airlines or the Airline Technical Representative within thirty (30) days of any such meeting and will advise the Board of any such comments when requesting Board action on any Terminal Capital Improvement that is the subject of such comments.

9.2. Funding Sources. Terminal Capital Improvements may be funded from one or more of the sources listed below. City's goal is to achieve a cumulative funding mix consistent with the targets set forth below for the Terminal Capital Improvements undertaken by City during the Term of this Agreement.

Sources of Funds	Target
<ul style="list-style-type: none"> • TRIF • Airport revenue other than TRIF 	<ul style="list-style-type: none"> • Up to 30% of Project costs
<ul style="list-style-type: none"> • Federal grants-in-aid 	<ul style="list-style-type: none"> • Where available to pay eligible Project costs
<ul style="list-style-type: none"> • Airport revenue bonds 	<ul style="list-style-type: none"> • The balance of Project costs
<ul style="list-style-type: none"> • PFC's 	<ul style="list-style-type: none"> • No less than 35% of PFC-eligible Project costs, including debt service, subject to availability and FAA approval

Airline acknowledges that the actual mix of sources used to fund Terminal Capital Improvements during the Term of this Agreement may vary depending upon, but not limited to, the following factors: (a) the availability of funds in TRIF and airport revenue accounts; (b) federal funding levels and Project eligibility; (c) the allowable amounts and uses of PFC's;

and (d) capital market conditions. City will defer for five years from the date of beneficial occupancy the collection of any amortization charges associated with the use of TRIF moneys to fund new Terminal Capital Improvements.

10. Partial Settlement Agreement. If Airline is a party to the 2008 "Partial Settlement Agreement" or the 2010 "First Amendment" to the Partial Settlement Agreement with City (collectively, the "PSA") regarding the calculation of rates for use of the Tom Bradley International Terminal ("TBIT"), Airline acknowledges and agrees that (a) this Agreement is in complete satisfaction of Sections 1.5(a) and 1.5(c) of the PSA; (b) the STP discounts described in Section 5 of this Agreement satisfy whatever remaining obligation, if any, City might otherwise have to provide the credit outlined in Recital G of the Partial Settlement Agreement and in Recital D of the First Amendment; and (c) Recital G and Section 1.3 of the Partial Settlement Agreement, and Recital D of the First Amendment, are all null and void, with no further effect.

11. Letter Agreement. If Airline is a signatory to a form of Letter Agreement approved by the Board on October 20, 2008 (Board Order No. AO-5108) or May 3, 2010 (Board Order No. AO-5159), Airline acknowledges and agrees that the Letter Agreement is terminated effective January 1, 2013 and that the section of the Letter Agreement with the heading "*LAX III Decision*" (which is either Section 2 or Section 3 of such Airline's Letter Agreement) is null and void, with no further effect.

12. Pending USDOT Complaints.

12.1. If Airline is a complainant in *Alaska Airlines, Inc. v. Los Angeles World Airports*, USDOT Docket No. OST-2007-27331 ("LAX III"), Airline acknowledges and agrees that its complaint in such proceeding before the USDOT is moot and consents to its dismissal with prejudice.

12.2. If Airline is a complainant in *Aer Lingus Group PLC v. Los Angeles World Airports*, USDOT Docket No. OST-2007-28118 ("LAX IV"), Airline acknowledges and agrees that its complaint in such proceeding before the USDOT does not now present a significant dispute within the meaning of 49 U.S.C. § 47129(c)(2) and consents to its dismissal with prejudice.

13. No Challenge to New Rate Methodology. Airline agrees that it will not contest or challenge, in any forum, the reasonableness or validity of the New Rate Methodology; provided, however, that Airline reserves the right to dispute whether the rates adopted by City for any given calendar year were calculated in accordance with the New Rate Methodology and this Agreement. Any such dispute shall be resolved in a court of competent jurisdiction in Los Angeles County, California unless otherwise agreed by City.

14. More Favorable Rate Methodology. If during the Term of this Agreement City adopts a new Tariff or otherwise makes available to other Airlines an alternative rate methodology that is more favorable than the New Rate Methodology, Airline may, at its option, elect to have its rates and charges calculated under such alternative rate methodology rather than in accordance with

this Agreement; provided, however, that if Airline makes such an election, Airline shall waive whatever rights, if any, it might have to Tier One Revenue Sharing, Tier Two Revenue Sharing and the Transitional Phase-In under this Agreement.

15. No Third Party Rights Or Obligations. No person or entity not a Party to or expressly identified as a beneficiary under this Agreement shall have any third-party beneficiary or other rights under this Agreement.

16. Applicable Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California.

17. Venue. Any litigation concerning this Agreement may only be filed in a court of competent jurisdiction in Los Angeles County, California.

18. Binding Agreement. This Agreement shall be binding upon the Parties hereto and their respective successors and assigns, corporate parents, subsidiaries and affiliates, and representatives, including a debtor in possession, a chapter 11 trustee or a chapter 7 trustee in a case or cases commenced under 11 U.S.C. §§ 101 *et seq.*

19. Headings. Descriptive headings are used in this Agreement for convenience only and shall not control, limit, amplify or otherwise modify or affect the terms and provisions of this Agreement or the meaning or construction of the terms and provisions of this Agreement.

20. Multiple Counterparts. This Agreement may be executed in a number of identical counterparts, each of which for all purposes is deemed an original, and all of which constitute collectively one agreement. Facsimile signatures may be utilized, but original signature pages must be provided to the Board.

21. Sole Agreement. THIS WRITTEN AGREEMENT REPRESENTS THE FINAL AGREEMENT AMONG THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF, AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

THE CITY OF LOS ANGELES; LOS ANGELES WORLD AIRPORTS; LOS ANGELES BOARD OF AIRPORT COMMISSIONERS

By: _____

Printed Name:

Its: _____

DATE: _____, 2012

Attest:

By: _____

Printed Name:

Its: _____

DATE: _____, 2012

**APPROVED AS TO FORM:
CARMEN A. TRUTANICH, City Attorney**

By: _____
Deputy/Assistant City Attorney

DATE: _____, 2012

By: _____

Printed Name:

Its: _____

EXHIBIT A

RATES AND CHARGES FOR THE USE OF TERMINAL FACILITIES AT LOS ANGELES INTERNATIONAL AIRPORT PURSUANT TO THE LOS ANGELES INTERNATIONAL AIRPORT PASSENGER TERMINAL TARIFF, AS IT MAY BE AMENDED FROM TIME TO TIME

The following rates and charges methodology for the use of passenger terminals (the "Terminals") at Los Angeles International Airport (the "Airport") by Aeronautical Users subject to the Los Angeles International Airport Passenger Terminal Tariff (the "Tariff"), is established by the City of Los Angeles (the "City"), acting by and through the Board of Airport Commissioners (the "Board") of the Los Angeles World Airports ("LAWA"), under the City of Los Angeles City Charter and Administrative Code, §§ 630 et seq.

Section 1. Definitions. As used in this document, the terms identified in this section shall have the meanings indicated unless the context clearly indicates otherwise. Additional words and phrases used in this document shall have the meanings set forth in the Tariff or, if not so set forth, shall have their usual and customary meaning.

"AAAC" shall mean the Airline Airport Affairs Committee.

"Aeronautical User" shall mean an Airline or any other Person engaged in an activity that involves, makes possible or is required for the safety of, or is otherwise directly related to, the operation of aircraft and includes providers of services related directly and substantially to the movement of passengers, baggage, mail and cargo on the Airport, but does not include any government or political subdivision thereof or a governmental agency.

"Airline" shall mean an Air Carrier or Foreign Air Carrier as defined in 49 U.S.C. §§ 40102(a)(2) and (a)(21), respectively.

"Capital Costs" shall mean all capital costs of the Airport, including the following:

- (a) Debt service (net of PFC's) allocable to bond-funded Capital Improvements.
- (b) Debt service coverage allocated in accordance with stated bond covenant requirements (currently 1.25 for senior debt obligations and 1.15 for subordinate debt obligations).
- (c) Amortization allocable to Capital Improvements funded with airport revenue, based on the economic life for each Capital Improvement and calculated using an interest rate set to equal the average all-in cost of Airport debt sold by LAWA during the calendar year when such Capital Improvement is put in service or, if no Airport debt was sold, set to equal comparable published average borrowing costs.

“Capital Improvement” shall mean any improvement or item or related group of items acquired, purchased, leased or constructed to improve, maintain or develop the Airport, as well as any extraordinary or substantial expenditure whose object is to preserve, enhance or protect the Airport that, in accordance with generally accepted accounting principles consistently applied, is capitalized by LAWA.

“Common Use Areas,” previously referred to as “Joint Use Areas” under the Tariff, shall mean the space in any Terminal designated by the Executive Director to be used in common by one or more Airlines or otherwise benefitting one or more Airlines for operations and include, without limitation, Common Use Holdrooms, Common Use Ticket Counters, Common Use Baggage Claim Areas and Common Use Outbound Baggage System Areas.

“Common Use Baggage Claim Areas” shall mean the space in any Terminal (excluding the FIS Areas) designated by the Executive Director to be used in common with other Airlines for the delivery of inbound baggage to arriving passengers, including the baggage recheck areas and the areas where Common Use Baggage Claim Systems are located.

“Common Use Baggage Claim System” shall mean equipment that delivers inbound baggage to arriving passengers.

“Common Use Holdrooms” shall mean the space in any Terminal designated by the Executive Director to be used in common with other Airlines for passenger holdrooms and gate areas.

“Common Use Loading Bridge” shall mean a passenger loading bridge and related equipment owned by LAWA.

“Common Use Outbound Baggage System” shall mean equipment that sorts outbound baggage for delivery to departing aircraft.

“Common Use Outbound Baggage System Areas” shall mean the space in any Terminal designated by the Executive Director to be used in common with other Airlines for the sorting of outbound baggage for delivery to departing aircraft and includes the areas where Common Use Outbound Baggage Systems are located.

“Common Use Ticket Counters” shall mean the space in any Terminal designated by the Executive Director to be used in common with other Airlines for ticket counters and associated queuing space.

“Deplaned Domestic Passengers” shall mean the actual number of passengers, not including the flight crew, disembarking from a domestic flight at the Terminals and shall include passengers clearing customs and immigration in the country that his or her flight originated from, disembarking from an international flight at the Terminals.

"Deplaned International Passengers" shall mean the actual number of passengers, not including the flight crew or passengers clearing customs and immigration in the country that his or her flight originated from, disembarking from an international flight at the Terminals.

"Enplaned Passengers" shall mean the actual number of passengers, not including the flight crew or international in-transit passengers, but including both originating and connecting passengers, embarking on a flight at the Terminals.

"Executive Director" shall mean the Executive Director of the Department of Airports of the City of Los Angeles, California, or his or her designee.

"Fiscal Year" shall mean the twelve (12) month period beginning July 1 of any year and ending June 30 of the following year or any other period adopted by LAWA for its financial affairs.

"FIS Areas," previously referred to as the "International Joint Use Areas" under the Tariff, shall mean the space in the Terminals designated by the Executive Director to be used in common with other Airlines for federal inspection services (including sterile corridors, customs areas, baggage service areas, customs baggage claim areas, cashier areas, interline baggage areas, immigration inspection areas, storage areas, locker areas, federal inspection service swing areas, conference room areas and registration areas), offices for federal agencies, restrooms included in or adjacent to the foregoing areas, transit lounge space and other in transit facilities for international passengers.

"New Rate Methodology" shall mean the rate methodology set forth in this document.

"Operations and Maintenance Expenses," previously referred to as "Terminal Expenses" under the Tariff, shall mean the total operations and maintenance expenses of the Airport.

"Passenger Facility Charges" or "PFC's" shall mean passenger facility charges remitted to LAWA under 49 U.S.C. § 40117 and 14 C.F.R. Part 158 as they may be amended from time to time.

"Person" shall mean a corporation, an association, a partnership, a limited liability company, an organization, a trust, a natural person, a government or political subdivision thereof or a governmental agency.

"Public Area" shall mean sidewalks, concourses, corridors, lobbies, passageways, restrooms, elevators, escalators and other similar space made available by LAWA from time to time for use by passengers, LAWA and Airline employees and other members of the public, as designated by the Executive Director.

"Rentable Area," previously referred to as "Measured Area" under the Tariff, shall mean any areas in the Terminals that are available for use by Airlines, other Aeronautical Users, concessionaires or LAWA or other governmental users on an exclusive, common or preferential use basis, as designated by the Executive Director. Rentable Area does not include any areas that are located outside the Terminals nor does Rentable Area include any space (such as security

checkpoints) used by federal governmental agencies (such as Customs and Border Patrol or the Transportation Security Administration) or local law enforcement agencies to carry out their operations at the Airport.

“Reserve Deposits” shall mean the amounts deposited to funds and accounts for operations and maintenance reserves, to satisfy debt service reserve requirements, and similar expense reserves under the terms of any applicable bond covenants or as required by the Los Angeles City Charter.

“Terminals” shall mean all of the airline passenger terminals at the Airport except for Terminal 4 unless and until all Airlines using Terminal 4 are subject to the New Rate Methodology.

“Terminal Airline Support Systems” shall mean an information technology system, used to allocate terminal resources (gates, stands, ticket counters, baggage carousels, bag sortation piers, flight information displays, gate information displays, and public address systems) to assist Airlines with passenger processing.

“Turn” shall mean the active arrival and departure of an aircraft from a gate (including a remote gate) and may be measured in halves. The movement of an empty aircraft to or from a gate shall not constitute half a “Turn.”

Section 2. Calculation of Rate and Charges for Airlines.

2.1. Generally.

2.1.1. An Airline using any space or equipment in the Terminals pursuant to the Tariff shall be subject to the rates and charges set forth in this Section 2. There are two kinds of rates and charges set forth in this Section: equalized charges for all of the Terminals (described in Sections 2.2 through 2.7 below) and Terminal Special Charges (described in Section 2.8 below), assessed for the use of certain space or equipment in certain Terminals, for the recovery of certain types of Capital Costs or Operations and Maintenance Expenses that are not incurred by LAWA in all of the Terminals and not recovered from the Airlines through the equalized rates and charges. In calculating the Terminal Buildings Requirement, the FIS Requirement and Terminal Special Charges, as set forth below, LAWA shall exclude any cost (net of the cost of collection) that (a) has been reimbursed or covered by government grants or PFC's, (b) has been reimbursed or covered by any insurance recovery, condemnation proceeds or other third-party payment, or (c) has been reimbursed or is required to be reimbursed to LAWA by an individual Airline under the Tariff in connection with projects undertaken by LAWA at the request and for the benefit of an individual Airline. Illustrative calculations displaying how rates and charges will be calculated under this methodology are attached as Exhibit A through Exhibit G-5.

2.1.2. Airline Consultations on Proposed Rates and Charges. No later than November 1 of each year, the Executive Director shall provide each Airline

then currently using space at the Airport with a complete copy of the then proposed rates and charges, calculated in accordance with this Section 2, for the succeeding calendar year. The Executive Director shall, upon request by any such Airline, consult with such Airlines concerning the then proposed rates and charges. No later than December 1 of each year, the Executive Director shall make any revisions to the proposed rates and charges as the Executive Director determines, in his or her sole discretion, to be warranted as a result of consultation with the Airlines or otherwise, and shall provide written notice to each Airline then currently using space at the Airport of new rates and charges to be effective on January 1 of the following calendar year. A copy of such written notice shall be filed with the secretary of the Board.

2.2. Calculation of the Terminal Buildings Rate. Each year LAWA shall calculate the estimated Terminal Buildings Rate for the next calendar year as follows:

2.2.1. The Terminal Buildings Requirement shall be computed as the total of (i) the Unified Capital Requirement and (ii) the Operations and Maintenance Requirement.

(a) Calculation of the Unified Capital Requirement. Each year LAWA shall calculate the Unified Capital Requirement by totaling all budgeted Capital Costs allocable to the Terminals (excluding the FIS Areas) for the following calendar year.

(b) Calculation of Operations and Maintenance Requirement. Each year LAWA shall calculate the Operations and Maintenance Requirement by totaling the actual Operations and Maintenance Expenses and Reserve Deposits (if any) allocable to the Terminals (excluding the FIS Areas) for the immediately preceding Fiscal Year.

The allocation method for Capital Costs and Operations and Maintenance Expenses is outlined in attached Appendix 1.

2.2.2. The estimated Terminal Buildings Rate shall then be calculated by dividing the Terminal Building Requirement by the estimated total amount of Rentable Area. LAWA may use the actual amount of Rentable Area in the immediately preceding Fiscal Year in calculating the estimated Terminal Buildings Rate.

2.3. Calculation of the FIS Rate. Each year LAWA shall calculate the estimated FIS Rate for the next calendar year as follows:

2.3.1. The estimated Gross FIS Requirement shall be computed as the total of (i) all budgeted Capital Costs allocable to the FIS Areas for the following calendar year and (ii) the actual Operations and Maintenance Expenses and

Reserve Deposits (if any) allocable to the FIS Areas for the immediately preceding Fiscal Year.

2.3.2. From the estimated Gross FIS Requirement, LAWA shall deduct the amounts of any estimated revenue from the rental of space in the FIS Areas to governmental agencies to yield the Net FIS Requirement.

2.3.3. The estimated FIS Rate shall then be calculated by dividing the Net FIS Requirement by the estimated total annual number of Deplaned International Passengers. LAWA may use the actual number of Deplaned International Passengers in the immediately preceding Fiscal Year in calculating the estimated FIS Rate.

2.4. Calculation of Common Use Holdroom Rate. Each year LAWA shall calculate the estimated Common Use Holdroom Rate for the next calendar year as follows:

2.4.1. The estimated Holdroom Requirement shall be computed as the product of the Terminal Buildings Rate and the total square footage of all Common Use Holdrooms in the Terminals.

2.4.2. LAWA shall then calculate six separate Common Use Holdroom Rates for use of Common Use Holdrooms by the six different classes of aircraft shown in the table below.

Aircraft Class					
1	2	3	4	5	6
A380	747	A340 A330 B777 A350 MD-11 IL-96	B757-300 B767 B787	B717 A318 A319 A320 A321 MD (DC) All B737 757-200	All others having 100 seats or less

The charges for use of Common Use Holdrooms by aircraft within each of these classes shall bear the following relativities to each other:

Relative Charge per Turn

Class 1:	3.00x
Class 2:	2.00x
Class 3:	1.50x
Class 4:	1.25x
Class 5:	1.00x
Class 6:	0.75x

For rate-setting purposes, the charges per Turn for each of these six classes of aircraft will be calculated so that expected aggregate Common Use Holdroom charges equal the Common Use Holdroom Requirement.

2.4.3. New Types of Aircraft. If any Airline begins to serve the Airport with types of aircraft not shown in the table in Section 2.4.2, LAWA shall provide written notice ("New Aircraft Notice") to the AAAC to solicit a recommendation from the AAAC as to the proper classification of such new aircraft types for rate-setting purposes. If the AAAC wishes to make such a recommendation, it shall do so in writing within thirty (30) days following the New Aircraft Notice. LAWA shall consider any such recommendation and then, in its sole discretion, shall reasonably determine whether to (a) assign such new aircraft to a new class with a different specified relativity or (b) include it in one of the existing aircraft classes under Section 2.4.2. LAWA shall provide written notice to the AAAC of its determination of how such new aircraft will be classified for rate-setting purposes, and thereafter the calculations of relative charges per Turn under Section 2.4.2 shall reflect any such classification.

2.5. Calculation of Common Use Baggage Claim System Rate. Each year LAWA shall calculate the estimated Common Use Baggage Claim System Rate for the next calendar year as follows:

2.5.1. The estimated Common Use Baggage Claim Requirement shall be computed as the product of the Terminal Buildings Rate and the total square footage of all Common Use Baggage Claim Areas in the Terminals.

2.5.2. The estimated Common Use Baggage Claim System Rate shall then be calculated by dividing the Baggage Claim Requirement by the estimated total annual number of Deplaned Domestic Passengers of Airlines using Common Use Baggage Claim Systems in any of the Terminals. LAWA may use the actual number of Deplaned Domestic Passengers of Airlines using Common Use Baggage Claim Systems in the immediately preceding Fiscal Year in calculating the estimated Common Use Baggage Claim Rate.

2.6. Calculation of Common Use Outbound Baggage System Rate. Each year LAWA shall calculate the estimated Common Use Outbound Baggage System Rate for the next calendar year as follows:

2.6.1. The estimated Common Use Outbound Baggage System Requirement shall be computed as the product of the Terminal Buildings Rate and the total square footage of all Common Use Outbound Baggage System Areas in the Terminals, less any credit for revenue generated by fees imposed under Section 2.6.3.

2.6.2. The estimated Common Use Outbound Baggage System Rate shall then be calculated by dividing the estimated Common Use Outbound Baggage System Requirement by the estimated total annual number of Enplaned Passengers of Airlines using the Common Use Outbound Baggage System Areas in all of the Terminals. LAWA may use the actual number of Enplaned Passengers of Airlines using the Common Use Outbound Baggage System Areas in the immediately preceding Fiscal Year in calculating the estimated Outbound Baggage System Rate.

2.6.3. LAWA may also establish a reasonable fee to be charged to Airlines that use a portion of an outbound baggage system owned or leased by another Airline and pay a fee for such use to such other Airline and also use baggage make-up devices owned by LAWA. The revenue, if any, generated by such a fee shall be credited against the Common Use Outbound Baggage System Requirement calculated under Section 2.6.1.

2.7. Common Use Ticket Counter Rate. Each year LAWA shall calculate the estimated Common Use Ticket Counter Rate for all Terminals for the next calendar year as follows:

2.7.1. The estimated Common Use Ticket Counter Requirement shall be computed as the product of the Terminal Buildings Rate and the total square footage of all of the Common Use Ticket Counter space in the Terminals.

2.7.2. The estimated Common Use Ticket Counter Rate shall then be calculated by dividing the Common Use Ticket Counter Requirement by the estimated total annual number of Enplaned Passengers of Airlines using Common Use Ticket Counters. LAWA may use the actual number of Enplaned Passengers in the immediately preceding Fiscal Year in calculating the estimated Common Use Ticket Counter Rate.

2.8. Terminal Special Charges. There are certain equipment and services that LAWA provides in some, but not all of the Terminals. Airlines using such equipment or services in certain Terminals pursuant to the Tariff shall be subject to Terminal Special Charges as follows. Any Capital Costs or Operations and Maintenance Expenses that are included in the calculations of Terminal Special Charges shall be excluded from the rates and charges calculated under Sections 2.2 through 2.7.

2.8.1. Custodial Rates. Each year LAWA shall calculate estimated Custodial Rates for the next calendar year as follows:

2.8.1.1. The Custodial Requirement shall be calculated by totaling the following from the immediately preceding Fiscal Year:

(a) the total actual payments by LAWA under service contracts for janitorial and cleaning services in all Terminals; and

(b) the total actual cost to LAWA of providing its own janitorial and cleaning services in all Terminals.

2.8.1.2. The Custodial Requirement shall then be divided by the total square footage of all areas (whether Public Areas or Rental Areas) for which LAWA provides janitorial and cleaning services to derive the Average Custodial Rate. LAWA shall then calculate four separate Custodial Rates for use of Common Use Holdrooms, Common Use Ticket Counters, Outbound Baggage System Areas and Baggage Claim Areas, respectively, by (x) multiplying the total square footage of each such type of space in all Terminals by the Average Custodial Rate and then (y) dividing by the following factors:

(a) for Common Use Holdrooms, Enplaned Passengers;

(b) for Common Use Ticket Counters, Enplaned Passengers;

(c) for Common Use Outbound Baggage System Areas, Enplaned Passengers; and

(d) for Common Use Baggage Claim Areas, the total of Deplaned Domestic Passengers.

In making these calculations, LAWA shall only consider the numbers of passengers using the Common Use facilities that are the subject of these Terminal Specific Charges and may use the actual numbers of such passengers in the immediately preceding Fiscal Year in calculating these rates.

2.8.2. Outbound Baggage System Maintenance Rate. Each year LAWA shall calculate the estimated Outbound Baggage System Maintenance Rate for the next calendar year as follows:

2.8.2.1. The Outbound Baggage System Maintenance Requirement shall be calculated by totaling the following actual amounts from the previous Fiscal Year:

(a) the total actual payments by LAWA under service contracts for maintaining and repairing Common Use Outbound Baggage Systems in all Terminals; and

(b) the total actual cost to LAWA of maintenance and repair of the Common Use Outbound Baggage Systems in all Terminals.

2.8.2.2. The estimated Outbound Baggage System Maintenance Rate shall then be calculated by dividing the Outbound Baggage System Maintenance Requirement by the estimated total annual number of Enplaned Passengers of Airlines using the Common Use Outbound Baggage System in Terminals in which LAWA maintains and repairs the Common Use Outbound Baggage Systems. LAWA may use the actual numbers of such passengers in the immediately preceding Fiscal Year in calculating the estimated Outbound Baggage System Maintenance Rate.

2.8.3. Terminal Airline Support System Rate. Each year LAWA shall calculate the estimated Terminal Airline Support System Rate for the next calendar year as follows:

2.8.3.1. The estimated Terminal Airline Support System Requirement shall be calculated by totaling (a) the prior Fiscal Year's Operations and Maintenance Expenses allocable to the Airline Support System and (b) all budgeted Capital Costs allocable to the Airline Support System and to be paid by LAWA for the next calendar year.

2.8.3.2. The estimated Terminal Airline Support System Rate shall then be calculated by dividing the estimated Terminal Airline Support System Requirement by the estimated total annual number of Enplaned Passengers of Airlines using the Terminal Airline Support System. LAWA may use the actual number of Enplaned Passengers of Airlines using the Terminal Airline Support System in the immediately preceding Fiscal Year in calculating the estimated Terminal Airline Support System Rate.

2.8.4. Common Use Loading Bridge Rate. Each year LAWA shall calculate the estimated Common Use Loading Bridge Capital Rate and the Common Use Loading Bridge O&M Rate for the use of Loading Bridges for the next calendar year as follows:

2.8.4.1. The Average Common Use Loading Bridge Capital Requirement shall be calculated by dividing all budgeted Capital Costs allocable to Common Use Loading Bridges for the following calendar year by the total number of Common Use Loading Bridges.

2.8.4.2. The Average Common Use Loading Bridge O&M Requirement for Common Use Loading Bridges maintained by LAWA shall be calculated by dividing the prior Fiscal Year's Operations and Maintenance Expenses allocable to such Common Use Loading Bridges by the total number of Common Use Loading Bridges maintained by LAWA.

2.8.4.3. The estimated Common Use Loading Bridge Capital Rate shall be calculated by multiplying the Average Common Use Loading Bridge Capital Requirement by the total number of Common Use Loading Bridges and then dividing by the total annual number of Turns at all of the Common Use Loading Bridges, so that the capital charges for use of the Common Use Loading Bridges by each type of aircraft shall bear the relativities to each other set forth in Section 2.4.2. LAWA may use the actual number of Turns at Common Use Loading Bridges in the immediately preceding Fiscal Year in calculating the estimated Common Use Loading Bridge Capital Rate.

2.8.4.4. The estimated Common Use Loading Bridge O&M Rate for Common Use Loading Bridges maintained by LAWA shall be calculated by multiplying the Average Common Use Loading Bridge O&M Requirement by the total number of such Common Use Loading Bridges and then dividing by the total annual number of Turns at all such Common Use Loading Bridges, so that the maintenance charges for use of such Common Use Loading Bridges by each type of aircraft shall bear the relativities to each other set forth in Section 2.4.2. LAWA may use the actual number of Turns at such Common Use Loading Bridges in the immediately preceding Fiscal Year in calculating the estimated Common Use Loading Bridge O&M Rate.

2.8.5. Future Terminal Special Charges. The Executive Director, subject to Board approval, may impose additional Terminal Special Charges in similar circumstances, where LAWA is providing certain specified services or equipment in some, but not all of the Terminals; provided, however, that any such services or equipment were first provided by LAWA after December 31, 2012. LAWA shall notify and consult with the Airlines concerning any proposed new Terminal Special Charges at least 60 days before LAWA submits any proposed new Terminal Special Charges for approval by the Board.

2.9. Mid-year Adjustments. If it appears to LAWA, on the basis of information it is able to accumulate during the course of any calendar year, that the estimated expenses (excluding Operations and Maintenance Expenses and the costs referred to in Sections 2.8.1.1 and 2.8.2.1) or projected levels of Airline activity it has used to calculate the rates and charges set forth in Section 2 are likely to vary significantly (higher or lower) from actual results, LAWA may make adjustments to such rates and charges at mid-year or at such other time during the calendar year (a) as the need for such an adjustment becomes apparent to LAWA or (b) the variance between the estimated expenses or projected levels of Airline activity and actual results is expected to be ten percent (10%) or more. LAWA shall provide the AAAC with at least thirty (30) days advance written notice ("Mid-Year Adjustment Notice") of any adjustments to be made under this Section 2.9. The AAAC may, within fifteen (15) days of receipt of the Mid-Year Adjustment Notice, request a meeting with LAWA to review the information that LAWA used as the basis for an adjustment under this Section 2.9 and if the AAAC does so, LAWA shall meet with the AAAC within fifteen (15) days of the AAAC's request.

2.10. Annual Adjustments-to-Actual. Within 180 days after the close of each calendar year, LAWA shall recalculate the rates and charges as set forth in this Section 2 on the basis of actual expenses (excluding Operations and Maintenance Expenses and the costs referred to in Sections 2.8.1.1 and 2.8.2.1), Airline activity and other factors affecting the prescribed calculations and shall determine the amount of any overpayment (credit) or underpayment (deficit) due to or from each Airline. Any resulting credit will be issued to the Airline, and any resulting debit will be invoiced to and payable by the Airline, as prescribed in the Tariff.

Section 3. Calculation of Rates and Charges for Aeronautical Users other than Airlines. An Aeronautical User using any space in the Terminals pursuant to the Tariff shall be subject to the Terminal Buildings Charge described in Section 2.2.

EXHIBIT A

Appendix 1

Cost Allocation Method

(1) *Description of Cost Centers.* Cost centers at the Airport are those functions or physically discrete areas that are used to account for costs incurred by LAWA to own (or otherwise provide), maintain, operate, construct, develop, and administer the Airport. There are two types of cost centers used to account for costs at the Airport: (a) direct cost centers, which are each related to a defined physical area of the Airport that serves a particular function, and (b) indirect cost centers, which are related to service functions that support the direct cost centers. The following are the direct and indirect cost centers used to account for both capital costs and operations and maintenance expenses at the Airport:

Direct Cost Centers

Terminals - the Terminals cost center comprises the land and all passenger terminal buildings and other related and appurtenant facilities, whether owned, operated, or maintained by LAWA. Facilities include the passenger terminal buildings located in the central terminal area, passenger terminal buildings located outside the central terminal area, associated concourses, holdrooms, passenger tunnels, and all other facilities that are a part of the passenger terminal buildings.

Airfield - the Airfield cost center comprises those portions of the Airport (excluding the aircraft aprons associated with the terminal, general aviation, cargo, and aircraft maintenance facilities) providing for the landing, taking off, and taxiing of aircraft, including approach and turning zones, clear zones, navigation or other easements, runways, a fully integrated taxiway system, runway and taxiway lights, and other appurtenances related to the aeronautical use of the Airport, including any property acquired for noise mitigation purposes.

Apron - the Apron cost center comprises the land and paved areas primarily adjacent to passenger terminal buildings, but also includes remote parking areas that provide for the parking, loading, and unloading of passenger aircraft. The Apron cost center does not include aprons associated with general aviation, cargo, or aircraft maintenance facilities.

Aviation - the Aviation cost center comprises the land and facilities related to air cargo, general aviation, fixed-base operations, aircraft fueling, aircraft maintenance, in-flight catering, and other aviation-related services.

Commercial - the Commercial cost center comprises the land and facilities not located in the Terminal cost centers and that are provided for nonaeronautical commercial and industrial activities, including public automobile parking, car rental service centers, golf courses, the Theme Building, and the Proud Bird restaurant.

Indirect Cost Centers

Access – the Access cost center includes the costs of facilities and services for on-Airport and off-Airport ground access for vehicles and pedestrians, including airside and landside access, and Airport access generally. It also includes the costs of increasing, preserving, or managing the capacity of the Airport's access facilities.

General Administration – the General Administration cost center includes the general administrative and support costs related to providing, maintaining, operating, and administering the Airport that cannot be directly allocated to other cost centers.

(2) *Allocation Methods.* Expenses directly attributable to the Terminals, and indirect Administrative and Access cost center expenses are allocated to the Terminals as follows:

- (i) Wherever possible, expenses directly attributable to the Terminals are allocated to the Terminals.
- (ii) Expenses attributable to Airport administrative divisions are allocated to the Terminals cost center based on its proportion of total direct expenses.
- (iii) Expenses directly allocated to the Access cost center are allocated to the Terminals cost center and all other direct cost centers on the basis of the ratio of land area by cost center.

Exhibit A

TERMINAL BUILDINGS RATE
Illustrative Calculation pursuant to the New Rate Methodology
 Los Angeles International Airport
 Calendar year

		Hypothetical Year
Unified Capital Requirement (a)		
Gross debt service		\$83,400,000
Less: PFC revenues		(52,600,000)
Debt service		\$30,900,000
Debt service coverage		7,700,000
Amortization		30,800,000
Unified Capital Requirement	[A]	\$69,400,000
Operations and Maintenance Requirement (b)	[B]	221,700,000
Less: Terminal 4 cost requirement	[C]	(33,950,000)
Terminal Buildings Requirement	[D=A+B+C]	\$257,150,000
Divided by: Rentable Area (c)	[E]	2,070,000
Terminal Buildings Rate (per square foot)	[=D/E]	\$124.23
		=====

Note: The results shown above are not projections.

- (a) See Section 2.2.1(a) of the New Rate Methodology.
- (b) See Section 2.2.1(b) of the New Rate Methodology.
- (c) See Section 1 of the New Rate Methodology.

Exhibit B

FIS RATE

Illustrative Calculation pursuant to the New Rate Methodology
Los Angeles International Airport
Calendar year

		<u>Hypothetical Year</u>
Capital Costs		
Gross debt service		\$36,400,000
Less: PFC revenues		(9,400,000)
Debt service		\$27,100,000
Debt service coverage		6,800,000
Amortization		2,800,000
Capital Costs	[A]	\$36,700,000
Operations and Maintenance Expenses	[B]	39,700,000
Gross FIS Requirement	[C=A+B]	\$76,400,000
Less: Rental revenue of space in FIS Areas from governmental agencies	[D]	(100,000)
Net FIS Requirement (a)	[E=C+D]	\$76,300,000
Divided by: Deplaned International Passengers (b)	[F]	7,300,000
FIS Rate (per deplaned international passenger)	[E/F]	\$10.45

Note: The results shown above are not projections.

(a) See Section 2.3 of the New Rate Methodology.

(b) See Section 1 of the New Rate Methodology.

Exhibit C

COMMON USE HOLDROOM RATE
Illustrative Calculation pursuant to the New Rate Methodology
Los Angeles International Airport
Calendar year

	Hypothetical
	Year
Terminal Buildings Rate (a)	\$124.23
Times: Common Use Holdroom Space (square feet)	268,000
Holdroom Requirement (b)	\$33,300,000
Divided by: Estimated Turns (weighted by aircraft class) (c)	117,300
Common Use Holdroom Rate (per full turn)	\$283.89
	=====

Common Use Holdroom Rates (per full turn) (by aircraft class): (c)

			Weighted
	Common Use	Relative charge	Common Use
Class	Holdroom Rate	per turn	Holdroom Rate
	[A]	[B]	[A*B]
1	\$283.89	3.00	\$851.67
2	\$283.89	2.00	\$567.78
3	\$283.89	1.50	\$425.84
4	\$283.89	1.25	\$354.86
5	\$283.89	1.00	\$283.89
6	\$283.89	0.75	\$212.92

Note: The results shown above are not projections.

- (a) See illustrative Exhibit A.
- (b) See Section 2.4.1 of the New Rate Methodology.
- (c) See Section 2.4.2 of the New Rate Methodology.
 Expected use of Common Use Holdrooms (by aircraft class)

		Relative charge	Illustrative turns
Class	Illustrative turns	per turn	(weighted)
1	1,500	3.00	4,500
2	6,000	2.00	12,000
3	14,800	1.50	22,200
4	1,100	1.25	1,400
5	74,500	1.00	74,500
6	3,600	0.75	2,700
	101,500		117,300

Exhibit D

COMMON USE BAGGAGE CLAIM SYSTEM RATE
Illustrative Calculation pursuant to the New Rate Methodology
Los Angeles International Airport
Calendar year

	Hypothetical
	Year
Non-Signatory Airline Terminal Buildings Rate (a)	\$124.23
Multiplied by: Common Use Baggage Claim Areas (square feet)	76,000
Common Use Baggage Claim System Requirement (b)	\$9,441,000
Divided by: Deplaned Domestic Passengers	9,192,000
Common Use Baggage Claim System Rate (per deplaned domestic passenger)	\$1.03
	=====

Note: The results shown above are not projections.

- (a) See illustrative Exhibit A.
- (b) See Section 2.5.1 of the New Rate Methodology.

Exhibit E

COMMON USE OUTBOUND BAGGAGE SYSTEM RATE
Illustrative Calculation pursuant to the New Rate Methodology
Los Angeles International Airport
Calendar year

	Hypothetical Year
Non-Signatory Airline Terminal Buildings Rate (a)	\$124.23
Multiplied by: Common Use Outbound Baggage System Areas (square feet)	152,000
Common Use Outbound Baggage System Requirement (b)	\$18,883,000
Less: Fees for Terminal 6 common use bag make-up unit (c)	(500,000)
Net Common Use Outbound Baggage System Requirement (c)	\$18,383,000
Divided by: Enplaned Passengers	10,594,000
Common Use Outbound Baggage System Rate (per enplaned passenger)	\$1.74

Note: The results shown above are not projections.

- (a) See illustrative Exhibit A.
- (b) See Section 2.6.1 of the New Rate Methodology.
- (c) Pursuant to Section 2.6.3 of the New Rate Methodology.

Exhibit F

COMMON USE TICKET COUNTER RATE
Illustrative Calculation pursuant to the New Rate Methodology
Los Angeles International Airport
Calendar year

	Hypothetical
	Year
Non-Signatory Airline Terminal Buildings Rate (a)	\$124.23
Multiplied by: Common Use Ticket Counter space (square feet)	17,000
Common Use Ticket Counter Requirement (b)	\$2,112,000
Divided by: Enplaned Passengers	5,606,000
Common Use Ticket Counter Rate (per enplaned passenger)	\$0.38
	=====

Note: The results shown above are not projections.

(a) See illustrative Exhibit A.

(b) See Section 2.7.1 of the New Rate Methodology.

Exhibit G-1

CUSTODIAL RATES
Illustrative Calculation pursuant to the Tariff
Los Angeles International Airport
Calendar year

	Hypothetical
	Year
CALCULATION OF THE AVERAGE CUSTODIAL RATE	
Payments by LAWA under service contracts	\$3,885,000
Cost to LAWA of providing janitorial services	31,683,000
Custodial Requirement (a)	\$35,568,000
Divided by: Terminal Building space receiving LAWA Custodial (b)	1,756,000
Average Custodial Rate	\$20.26
	=====

CALCULATION OF THE CUSTODIAL RATES

	<u>Common Use Areas</u>			
	<u>Holdrooms</u>	<u>Outbound</u>		
		<u>Ticket Counters</u>	<u>Baggage System Areas</u>	<u>Baggage Claim Areas</u>
Average Custodial Rate	\$20.26	\$20.26	\$20.26	\$20.26
Space	268,000	17,000	152,000	76,000
	\$5,428,000	\$344,000	\$3,079,000	\$1,539,000
Passengers (c)	14,247,000	5,606,000	10,594,000	9,192,000
Custodial Rate (per enpl./depl. passenger)	\$0.38	\$0.06	\$0.29	\$0.17

Note: The results shown above are not projections.

(a) See Section 2.8.1 of the New Rate Methodology.

(b) Terminal Building space receiving LAWA Custodial:	<u>Sq ft</u>
Common Use Holdrooms	268,000
Common Use Ticket Counters	17,000
Common Use Outbound Baggage System Areas	152,000
Common Use Baggage Claim Areas	76,000
Common Use Areas	513,000
Public Areas	1,243,000
Terminal Building space receiving LAWA Custodial	1,756,000

(c) Only passengers on airlines using the specified Common Use Areas.

Holdrooms: Enplaned passengers in Terminals 1, 2, 3 and TBIT.

Ticket Counters: Enplaned passengers in Terminal 2 (excluding Hawaiian and Air Canada) and TBIT.

Outbound Baggage System Areas: Enplaned passengers in Terminals 1, 2 and 3.

Baggage Claim Areas: Deplaned passengers in Terminals 1, 2 (non-FIS) and 3.

Exhibit G-2

OUTBOUND BAGGAGE SYSTEM MAINTENANCE RATE
Illustrative Calculation pursuant to the Tariff
Los Angeles International Airport
Calendar year

	Hypothetical
	Year
Payments by LAWA under service contracts	\$3,201,000
Cost to LAWA of providing maintenance services	-
Outbound Baggage System Maintenance Requirement (a)	\$3,201,000
Divided by: Enplaned passengers (b)	10,594,000
Outbound Baggage System Maintenance Rate (per enpl. passenger)	\$0.30
	=====

Note: The results shown above are not projections.

(a) See Section 2.8.2 of the New Rate Methodology.

(b) Enplaned passengers for all Terminals with LAWA-maintained Outbound Baggage Systems (T1, T2 and T3).

Exhibit G-3

TERMINAL AIRLINE SUPPORT SYSTEM RATE
Illustrative Calculation pursuant to the Tariff
Los Angeles International Airport
Calendar year

	Hypothetical
	Year
Payments by LAWA under service contracts	\$0
Cost to LAWA of providing maintenance services	2,166,000
Terminal Airline Support System Requirement (a)	\$2,166,000
Divided by: Enplaned Passengers (b)	7,008,000
Terminal Airline Support System Rate (per enplaned passenger)	\$0.31
	=====

Note: The results shown above are not projections.

To be calculated separately for each Terminal that has a LAWA-provided
Airline Support System.

- (a) See Section 2.8.3 of the New Rate Methodology.
- (b) Enplaned passengers for all Terminals with LAWA-maintained Terminal Airline Support Systems (T3 and TBIT).

Exhibit G-4

LOADING BRIDGE RATE -- MAINTENANCE
Illustrative Calculation pursuant to the Tariff
 Los Angeles International Airport
 Calendar year

	Hypothetical		
	Year		
LOADING BRIDGE RATE -- MAINTENANCE (a)			
O&M Expenses of LAWA-maintained loading bridges			\$1,719,000
Divided by: Number of LAWA-maintained loading bridges (b)			43
Loading Bridge Maintenance Charge (per bridge) (c)			\$40,000
Divided by: Estimated annual turns (per bridge) (weighted)			2,147
Loading Bridge Maintenance Rate (per full turn) (d)			\$18.63
Loading Bridge Maintenance Rates (per full turn) (by aircraft class): (e)			
	Loading		Weighted
	Bridge	Relative	Loading
	Maintenance	charge per	Bridge Capital
Class	Rate	turn	Rate
	[A]	[B]	[A*B]
1	\$18.63	3.00	\$55.89
2	\$18.63	2.00	\$37.26
3	\$18.63	1.50	\$27.95
4	\$18.63	1.25	\$23.29
5	\$18.63	1.00	\$18.63
6	\$18.63	0.75	\$13.97

Note: The results shown above are not projections.

- (a) See Section 2.8.4 of the New Rate Methodology.
- (b) All bridges in Terminals 1, 2 and 3, and 6 bridges in Terminal 6.
- (c) Per-bridge charge levied to airlines using preferential-use holdrooms.
- (d) Per-turn rate levied to airlines using Common Use Holdrooms.
- (e) Weighting by aircraft class matches the weighting of Common Use Holdroom Rates. Expected use of Common Use Holdrooms (by aircraft class):

		Relative	Illustrative
		charge per	turns
Maintenance:	Class	turn	(weighted)
	1	400	3.00
	2	1,600	2.00
	3	5,400	1.50
	4	1,500	1.25
	5	75,200	1.00
	6	3,600	0.75
		87,700	92,300
Divided by: Number of LAWA-maintained loading bridges			43
Estimated annual turns (per bridge) (weighted)			2,147

Exhibit G-5

LOADING BRIDGE RATE -- CAPITAL
Illustrative Calculation pursuant to the Tariff
 Los Angeles International Airport
 Calendar year

	Hypothetical		
	Year		
LOADING BRIDGE RATE -- CAPITAL (a)			
Capital costs of LAWA-owned loading bridges			\$1,409,000
Divided by: Number of LAWA-owned loading bridges (b)			86
Loading Bridge Capital Charge (per bridge) (c)			\$16,000
Divided by: Estimated annual turns (per bridge) (weighted)			1,547
Loading Bridge Capital Rate (per full turn) (d)			\$10.35
Loading Bridge Capital Rates (per full turn) (by aircraft class): (e)			
		Weighted	
	Loading	Relative	Loading
	Bridge Capital	charge per	Bridge Capital
Class	Rate	turn	Rate
	[A]	[B]	[A*B]
1	\$10.35	3.00	\$31.05
2	\$10.35	2.00	\$20.70
3	\$10.35	1.50	\$15.53
4	\$10.35	1.25	\$12.94
5	\$10.35	1.00	\$10.35
6	\$10.35	0.75	\$7.76

Note: The results shown above are not projections.

- (a) See Section 2.8.4 of the New Rate Methodology.
- (b) All bridges in Terminals 1, 2, 3, 6 and TBIT (including remote gates).
- (c) Per-bridge charge levied to airlines using preferential-use holdrooms.
- (d) Per-turn rate levied to airlines using Common Use Holdrooms.
- (e) Weighting by aircraft class matches the weighting of Common Use Holdroom Rates.

		Relative	Illustrative
		charge per	turns
Capital:	Class	turn	(weighted)
		Illustrative	
		turns	
	1	1,500	4,500
	2	6,000	12,000
	3	14,800	22,200
	4	1,100	1,400
	5	85,900	85,900
	6	8,800	7,000
		118,100	133,000
Divided by: Number of LAWA-maintained loading bridges			86
Estimated annual turns (per bridge) (weighted)			1,547

Exhibit B

TERMINAL BUILDINGS RATE
Illustrative Calculation pursuant to the Rate Agreement
Los Angeles International Airport
Calendar year

		<u>Hypothetical Year</u>
Unified Capital Requirement (a)		
Gross debt service		\$83,400,000
Less: PFC revenues		(52,600,000)
Debt service		\$30,900,000
Debt service coverage		7,700,000
Amortization		30,800,000
Unified Capital Requirement	[A]	\$69,400,000
Operations and Maintenance Requirement (b)	[B]	221,700,000
Less: Terminal 4 cost requirement	[C]	(33,950,000)
Terminal Buildings Requirement	[D=A+B+C]	\$257,200,000
Less: Tier One Terminal Buildings Revenue Sharing (c)	[E]	(800,000)
Net Terminal Buildings Requirement	[F=D+E]	\$256,400,000
Divided by: Rentable Area (d)	[G]	2,070,000
Terminal Buildings Rate (after Tier One Terminal Buildings Revenue Sharing)	[H=F/G]	\$123.86
Signatory Transitional Phase-In (STP) discount		15%
Terminal Buildings Rate (per square foot)		\$105.28
		=====

Note: The results shown above are not projections.

- (a) See Section 2.2.1(a) of the New Rate Methodology.
- (b) See Section 2.2.1(b) of the New Rate Methodology.
- (c) See Section 4.1(a) of the Rate Agreement.
- (d) See Section 1 of the New Rate Methodology.

Exhibit C

FIS RATE

Illustrative Calculation pursuant to the Rate Agreement
Los Angeles International Airport
Calendar year

		<u>Hypothetical Year</u>
Capital Costs		
Gross debt service		\$36,400,000
Less: PFC revenues		(9,400,000)
		<hr/>
Debt service		\$27,100,000
Debt service coverage		6,800,000
Amortization		2,800,000
		<hr/>
Capital Costs	[A]	\$36,700,000
Operations and Maintenance Expenses	[B]	39,700,000
		<hr/>
Gross FIS Requirement	[C=A+B]	\$76,400,000
Less: Rental revenue of space in FIS Areas from governmental agencies	[D]	(100,000)
		<hr/>
Net FIS Requirement (a)	[E=C+D]	\$76,300,000
Less: Tier One FIS Concession Revenue (b)	[F]	(10,600,000)
		<hr/>
Net FIS Requirement	[G=E+F]	\$65,700,000
Divided by: Deplaned International Passengers (c)	[H]	7,300,000
		<hr/>
FIS Rate (per deplaned international passenger)	[=G/H]	\$9.00
		<hr/> <hr/>

Note: The results shown above are not projections.

- (a) See Section 2.3 of the New Rate Methodology.
- (b) See Section 4.2 of the Rate Agreement.
- (c) See Section 1 of the New Rate Methodology.

Exhibit D

COMMON USE HOLDROOM RATE
 Illustrative Calculation pursuant to the Rate Agreement
 Los Angeles International Airport
 Calendar year

	Hypothetical
	Year
Signatory Airline Terminal Buildings Rate (a)	\$105.28
Times: Common Use Holdroom Space (square feet)	268,000
Holdroom Requirement (b)	\$28,220,000
Divided by: Estimated Turns (weighted by aircraft class) (c)	117,300
Common Use Holdroom Rate (per full turn)	\$240.58
	=====

Common Use Holdroom Rates (per full turn) (by aircraft class): (c)

	Common Use	Relative charge	Common Use
Class	Holdroom Rate	per turn	Holdroom Rate
	[A]	[B]	[A*B]
1	\$240.58	3.00	\$721.74
2	\$240.58	2.00	\$481.16
3	\$240.58	1.50	\$360.87
4	\$240.58	1.25	\$300.73
5	\$240.58	1.00	\$240.58
6	\$240.58	0.75	\$180.44

Note: The results shown above are not projections.

- (a) See illustrative Exhibit B.
- (b) See Section 2.4.1 of the New Rate Methodology.
- (c) See Section 2.4.2 of the New Rate Methodology.
 Expected use of Common Use Holdrooms (by aircraft class)

Class	Illustrative turns	Relative charge	Illustrative turns
		per turn	(weighted)
1	1,500	3.00	4,500
2	6,000	2.00	12,000
3	14,800	1.50	22,200
4	1,100	1.25	1,400
5	74,500	1.00	74,500
6	3,600	0.75	2,700
	<u>101,500</u>		<u>117,300</u>

Exhibit E

COMMON USE BAGGAGE CLAIM SYSTEM RATE
Illustrative Calculation pursuant to the Rate Agreement
Los Angeles International Airport
Calendar year

	Hypothetical
	Year
Signatory Airline Terminal Buildings Rate (a)	\$105.28
Multiplied by: Common Use Baggage Claim Areas (square feet)	76,000
Common Use Baggage Claim System Requirement (b)	\$8,001,000
Divided by: Deplaned Domestic Passengers	9,192,000
Common Use Baggage Claim System Rate (per deplaned domestic passenger)	\$0.87
	=====

Note: The results shown above are not projections.

(a) See illustrative Exhibit B.

(b) See Section 2.5.1 of the New Rate Methodology.

Exhibit F

COMMON USE OUTBOUND BAGGAGE SYSTEM RATE
Illustrative Calculation pursuant to the Rate Agreement
Los Angeles International Airport
Calendar year

	Hypothetical
	Year
Signatory Airline Terminal Buildings Rate (a)	\$105.28
Multiplied by: Common Use Outbound Baggage System Areas (square feet)	152,000
Common Use Outbound Baggage System Requirement (b)	\$16,003,000
Less: Fees for Terminal 6 common use bag make-up unit (c)	(500,000)
Net Common Use Outbound Baggage System Requirement (c)	\$15,503,000
Divided by: Enplaned Passengers	10,594,000
Common Use Outbound Baggage System Rate (per enplaned passenger)	\$1.46

Note: The results shown above are not projections.

- (a) See illustrative Exhibit B.
- (b) See Section 2.6.1 of the New Rate Methodology.
- (c) Pursuant to Section 2.6.3 of the New Rate Methodology.

Exhibit G

COMMON USE TICKET COUNTER RATE
Illustrative Calculation pursuant to the Rate Agreement
Los Angeles International Airport
Calendar year

	Hypothetical
	Year
Signatory Airline Terminal Buildings Rate (a)	\$105.28
Multiplied by: Common Use Ticket Counter space (square feet)	17,000
Common Use Ticket Counter Requirement (b)	\$1,790,000
Divided by: Enplaned Passengers	5,606,000
Common Use Ticket Counter Rate (per enplaned passenger)	\$0.32
	=====

Note: The results shown above are not projections.

- (a) See illustrative Exhibit B.
- (b) See Section 2.7.1 of the New Rate Methodology.

Exhibit H

CALCULATION OF TIER ONE REVENUE SHARING
Illustrative Calculation pursuant to the Rate Agreement
 Los Angeles International Airport
 Calendar year

	<u>Share</u>	<u>Hypothetical Year</u>
TERMINAL BUILDINGS		
Concession Revenues		\$70,800,000
Less: FY 2011 revenues (a)		(69,200,000)
Revenues available for Tier One		<u>\$1,600,000</u>
 Tier One Terminal Buildings Concession Revenues	 50%	 \$800,000
 FIS		
FIS Concessions (b)		\$42,600,000
 Tier One FIS Concession Revenues	 25%	 \$10,600,000

Note: Revenues generated in Terminal 4 are excluded.

(a) Escalates at Los Angeles CPI. In 2011, the CPI was 2.70%

(b) Includes duty free and foreign exchange.

Exhibit I

**DEPOSIT TO TRIF AND
TIER TWO REVENUE SHARING FUND DISTRIBUTIONS**
Illustrative Calculation pursuant to the Rate Agreement
Los Angeles International Airport
Calendar year

		<u>Hypothetical Year</u>
Total Revenues in the Terminals		\$500,000,000
Less: Debt service		(\$58,000,000)
Less: Operations and Maintenance Expenses		(276,000,000)
Less: Required Deposits		(2,100,000)
		<u>(336,100,000)</u>
Net Terminal Cash Flow	[A]	\$163,900,000
TRIF Deposit		
Net Terminal Cash Flow Cap	[B]	\$125,000,000
Annual deposit to TRIF	[C=A<B, then A, otherwise B]	125,000,000
TRIF Balance		
TRIF Cap	[D]	\$500,000,000
TRIF Balance	[E]	<u>520,000,000</u>
Amount in excess of TRIF Cap	[F=E-D, if E > D]	\$20,000,000
Tier Two Revenue Sharing Deposit	[50% x F]	\$10,000,000

Tier Two Revenue Sharing Distribution

<u>Airline (a)</u>	<u>Total terminal- area revenues</u>	<u>Relative share of terminal-area revenues</u>	<u>Tier Two Credits</u>
Airline 1	\$30,000,000	45.5%	\$4,500,000
Airline 2	20,000,000	30.3%	3,000,000
Airline 3	10,000,000	15.2%	1,500,000
Airline 4	5,000,000	7.6%	800,000
Airline 5	1,000,000	1.5%	200,000
	<u>\$66,000,000</u>	<u>100.0%</u>	<u>\$10,000,000</u>

Note: The results shown above are not projections.
(a) Only for airlines signatory to the Rate Agreement.