EVANSVILLE-VANDERBURGH
AIRPORT AUTHORITY DISTRICT

AIRPORT USE AND LEASE AGREEMENT

COMAIR, INC.

January 1, 2003

AIRPORT USE AND LEASE AGREEMENT

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AIRPORT USE AND LEASE AGREEMENT

THIS AGREEMENT ("Agreement"), made and entered into as of the 1st day of January, 2003, by and between the Evansville-Vanderburgh Airport Authority District, a public body corporate, organized under the laws of the State of Indiana, hereinafter called "Lessor" and Comair, Inc., an Ohio corporation, hereinafter called "Lessee".

WITNESSETH

WHEREAS, Lessor owns and operates an airport known as Evansville Regional Airport, which is located in the County of Vanderburgh, State of Indiana, which as it now exists, or as it may be expanded in the future is hereinafter called "Airport"; and

WHEREAS, Lessor has the right to lease property on the Airport and is willing to lease such premises and facilities and to grant the use of the Airport to Lessee for the purposes and upon the terms and conditions hereinafter stated; and

WHEREAS, Lessee is engaged primarily in the business of public transportation by aircraft for the carriage of persons, property (which is hereby defined to include freight, express and cargo) and mail, which are collectively hereinafter called "Air Carrier Service"; and

WHEREAS, Lessee desires to lease certain premises and facilities and to use the Airport in connection with the operation of its Air Carrier Service for such purposes and upon the terms and conditions hereinafter stated:

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained to be observed and performed by the parties hereto, the parties hereto formally covenant, agree and bind themselves as follows:

ARTICLE I -- DEFINITIONS

The following words, terms and phrases wherever used in this Agreement shall, for the purpose of this Agreement, have the following meanings, except where otherwise expressly provided in this Agreement.

"Affiliated Airline Company(s)" shall mean any domestic air transportation company which is regarded or appears to operate as a related entity and is now or hereafter (a) a subsidiary of Lessee, (b) owned in whole or in part by Lessee or its parent company, (c) owns Lessee in whole or in part, or (d) affiliated with Lessee or its parent company by virtue of a code sharing agreement or other similar agreement. For purposes of this Agreement, each Affiliated Airline Company shall be treated as a Signatory Airline for the sole purpose of assessing fees and charges. In the event of termination of this Agreement by Lessee or Lessor, no Affiliated Airline Company of Lessee shall thereafter be considered a Signatory Airline, for the purpose of assessing fees and charges, unless any such Affiliated Airline Company thereafter enters into an agreement with Lessor substantially similar to this Agreement. Affiliated Airline Companies must enter into an operating agreement with the Lessor.

"Airline(s)" shall mean an air transportation company or companies at the relevant point in time, performing scheduled air transportation over specified routes to and from Evansville, which air transportation company or companies shall hold all necessary authority to provide such air transportation from the appropriate federal and state agencies having jurisdiction to grant such authority.

"Airport" shall mean the Evansville Regional Airport, which is located in the County of Vanderburgh, State of Indiana, as it now exists, or as it may be expanded in the future and is operated by the Evansville-Vanderburgh Airport Authority District.

"Airport Use and Lease Agreement" shall mean the Agreement between Lessor and each Signatory Airline serving the Airport.

"Annual Budget" shall mean the annual budget of Lessor, as amended or supplemented, adopted or in effect for a particular Fiscal Year.

"Authority" shall mean the Evansville-Vanderburgh Airport Authority District which is the Lessor.

"Common Use" shall mean the non-exclusive use of Common Use Premises (hereinafter defined) in common by Lessee and other duly authorized users of the Airport.

"Common Use Premises" the portion(s) of the Airport and all facilities, improvements, equipment and services of the Airport which have been or may hereafter be provided for Common Use. The cost of Common Use Premises shall be prorated equally among the Signatory Airlines and other duly authorized users of the Common Use Premises on the basis of passenger enplanement.

"Deplaned Passenger(s)" shall mean the Revenue Passengers (hereinafter defined) deplaned from aircraft operated at the Airport by an Airline or other air transportation company excluding those passengers connecting from one flight to another at Airport and passengers transiting Airport on the same aircraft using the same flight number.

"Enplaned Passenger" shall mean the Revenue Passengers (hereinafter defined) on an aircraft operated at the Airport by an Airline or other air transportation company including those passengers connecting from one flight to another at Airport, but excluding passengers transiting Airport on the same aircraft using the same flight number.

"Exclusively Assigned Premises" shall mean terminal space assigned to, used by or to be assigned to or used by or under or to be under the control of Lessee, and no other.

"Federal Aviation Administration" shall mean that agency of the United States Government created and established under the Federal Aviation Act of 1958, or its successor.

"Fee Landing(s)" shall mean an aircraft landing at the Airport in conjunction with a flight for which an Airline makes a charge or from which revenue is derived for Air Carrier Service, but "Fee Landing" shall not include landing of an aircraft which, after having taken off from Airport, and without making a landing at any other airport, returns to land at Airport because of meteorological conditions, mechanical or operating causes, or any other reason of emergency or precaution.

"Fiscal Year" shall mean the then current annual accounting period of the Authority for its general accounting purposes which period, at the time of entering into this Agreement, is the period of twelve consecutive calendar months ending with the last day of December of any year.

"Joint Use Premises" shall mean terminal space assigned to, used by or to be assigned to or used by or under or to be under the joint control of only those Signatory Airlines and other duly authorized users of Joint Use Premises whose Exclusively Assigned Premises adjoin such Joint Use Premises. The cost of Joint Use Premises shall be prorated equally among the Signatory Airlines and other scheduled airlines using the Joint Use Premises.

"Majority In Interest" shall mean at least fifty percent in number of the Signatory Airlines which at the time when approval of a particular undertaking is requested, collectively paid more than one-half (½) of the following:

(a) terminal fees and charges payable directly to Airport by all Signatory Airlines during the most recent six-month period; and

(b) landing fees payable directly to Airport by all Signatory Airlines during the most recent six-month period during which none of the Signatory Airlines experienced schedule reductions at the Airport because of labor disputes.

"Maximum Gross Landing Weight(s)" shall mean the maximum weight of which each aircraft operated by an Airline as authorized by the Federal Aviation Administration to land at the Airport, as recited in the Federal Aviation Administration flight manual governing that type of aircraft.

"Non-Revenue Landing" shall mean any aircraft landing at Airport for which an Airline receives no revenue, and includes irregular and occasional ferry, test, courtesy, inspection, training or other similar trips.

"Operation and Maintenance Expenses" shall mean all of Lessor's expenses for operation, maintenance, repairs, ordinary replacement and ordinary reconstruction of the Airport and shall include, without limiting the generality of the foregoing, administrative expenses, insurance premiums, legal and engineering expenses, payment to pension, retirement, group life insurance, health and hospitalization funds, or other employee benefit funds, and any other expenses required to be paid by Airport or by law consistent with standard practices for airports similar to the properties and business of the Airport and, if applicable in the

circumstances, the expenses, liabilities and compensation of the fiduciaries required to be paid under any bond resolution. Operation and Maintenance Expenses shall not include any allowance for depreciation.

"Passenger Terminal Building Area" shall mean the passenger terminal building constructed in 1988 including related aircraft aprons, parking lots, terminal roads, signage and facilities and improvements incidental thereto.

"Preferential Use" shall mean that Lessee shall have first right to use of the aircraft loading position assigned to it. Other Airlines by prior arrangement with Lessee may use said aircraft loading position when not required for Lessee's own use. Lessee shall, however, have the right to assess reasonable charges for use of Lessee owned passenger loading bridges and other fixtures, furniture and equipment.

"Primary Cost Centers"

(a) **"Terminal Area"** shall mean the landside building and concourses, including any expansion thereof or any improvements thereto, access roads, auto parking lots, together with all concessions operated in or in conjunction with the terminal building.

(b) **"Airfield Area"** shall mean those portions of the Airport provided for landing, take-off and taxiing of aircraft, including without limitation approach and turning zones, aviation easements, easements, runways, taxiways, runway and taxiway lights, and other appurtenances in connection therewith.

(c) **"Other Area"** shall mean all areas of the Airport not defined within the Terminal Area or Airfield Area.

"Revenue Passenger(s)" shall mean all ticketed passengers traveling on aircraft operated into or out of Airport, excluding passengers traveling on tickets for which no fare is collected, but including passengers traveling on tickets redeemed using Airline frequent flyer program awards.

"Revenues" shall mean (i) all income and revenues from all sources, collected or received by Authority in the operation of the Airport, including all rentals, charges, landing fees, use charges and concession revenue received by or on behalf of Authority in its capacity as the operator of the Airport in connection with the operation, improvement and enlargement of the Airport, or any part thereof; (ii) all gifts, grants, reimbursements or payments received from governmental units or public agencies for the Airport's benefit which are (a) not restricted in application to a special purpose, and (b) otherwise lawfully available for the payment of charges with respect to airport revenue bonds; and (iii) income received on any investment of moneys. The term "Revenues" shall not include any moneys for any Special Purpose Facilities (hereinafter defined), except ground rentals therefor.

"Signatory Airline(s)" shall mean an air transportation company or companies at the relevant point in time performing scheduled air transportation over specified routes to and from Evansville, which air transportation company or companies shall hold any necessary authority to provide such transportation from the appropriate federal and state agencies

having jurisdiction to grant such authority, if required under applicable law, and which air transportation company or companies has/have an agreement or agreements with Lessor substantially similar to this Agreement.

"Special Purpose Facilities" shall mean any capital improvement or facilities acquired or constructed by Authority from funds other than Revenues or obligations payable from Revenues and located or to be located on any property at the Airport.

ARTICLE II -- TERM

Lessee shall have and hold said premises, facilities, rights and privileges set forth herein for a term commencing on January 1, 2003 and expiring on December 31, 2007 or earlier as provided for herein.

ARTICLE III -- LESSOR TO MAINTAIN AND OPERATE AIRPORT

Throughout the term of this Agreement Lessor shall operate, maintain (which shall include repair and replacement, as necessary), manage and control the Airport in a prudent, efficient, economical, and business like manner. Such operation, maintenance, management and control shall comply with all pertinent requirements of the Federal Aviation Administration or its successor in duties related thereto, and shall include (but shall not be limited to) the adequate, proper and prudent operation and maintenance of the terminal facilities, land, runways, taxiways, and public ramp areas (keeping all free and clear of snow and clear of foreign objects that may be harmful to aircraft and aircraft engines) navigation aids, lighting, equipment, entrances, exits, roads, parking areas and all other public facilities and appurtenances within the boundaries of the Airport, all of which are schematically shown on the Airport Layout Plan which is attached hereto, marked Exhibit "I" and made a part hereof.

ARTICLE IV -- RIGHTS OF LESSEE

Lessor does hereby grant to Lessee the non-exclusive use of the Airport, in common with other duly authorized users thereof, together with all facilities, improvements, equipment, and services which have been or may hereafter be provided for common use, subject to reasonable rules and regulations promulgated pursuant to Article XIII.

In addition to the rights elsewhere granted in this Agreement, but not as a limitation upon the generality of any other provisions hereof, Lessee may use the Airport for the operation of its Air Carrier Service which includes the following:

a. The landing, taking off, flying over, taxiing, pushing, towing, parking, loading, and unloading of aircraft of its choice;

b. The repairing, maintaining, conditioning, and servicing of aircraft and other equipment in areas designated by Lessor;

c. The sale of air transportation tickets and services, conveniences and facilities related to air travel and to the processing of passengers and their baggage for air travel; the sale, handling and providing of mail, freight express and cargo services and conveniences related thereto and the performance of other activities connected with the operation of its Air Carrier Service.

d. The training at the Airport of personnel in the employ of, or to be employed by Lessee, and the testing of aircraft and other equipment owned or operated by Lessee, such training and testing to be incidental to the use of the Airport in the operation by Lessee of its Air Carrier Service; provided, however, that such training and testing will not unreasonably hamper or interfere with the use of the Airport by other users entitled to the use thereof;

e. The sale, disposal or exchange of Lessee's aircraft, engines, accessories and other equipment which are purchased for its own use and not for resale. This right shall not imply that Lessee has the right to conduct a separate business related to such sales;

f. The full right to purchase at the Airport or elsewhere from any person or company of its choice, its requirements of aviation fuel, ground vehicle fuel, lubricating oil, greases, all other materials, supplies and services. No charges, fees, licenses, excise taxes, tolls or other charges upon any such purchases shall be charged or collected by Lessor from Lessee, or from any person, for the privilege of or in connection with the supplying, purchasing, handling, loading, unloading, servicing, storing, using or transporting to, from, or at the Airport such materials, supplies, or other property in connection with Lessee's business except as specifically provided herein;

g. The servicing by Lessee or its suppliers, at appropriate locations, of aircraft and other equipment owned or operated by Lessee; or the provisioning and servicing by Lessee's suppliers of materials and furnishers of services with aviation fuel, ground vehicle fuel, lubricating oil, greases, parts, and all other materials and supplies and services required by Lessee in the conduct of its Air Carrier Service. Such right shall include, without limiting the generality hereof, the right to erect or install and maintain on the Airport, adequate storage facilities for aviation fuel, ground vehicle fuel, lubricating oil, greases and other materials and supplies at convenient locations approved by Lessor in accordance with insurance underwriters' standards, together with the necessary pipes, pumps, motors, filters and other appurtenances incidental to the use thereof, all subject to ground availability and appropriate ground leases with such structures and appurtenances to be and remain the severable property of Lessee;

h. The loading and unloading of persons, property and mail by such motor vehicles or other means of conveyance as Lessee may require in the operation of its Air Carrier Service; and Lessee may designate the particular ground carrier, or carriers which may transport Lessee's employees, property and mail to, from and on the Airport;

i. The right to install identifying signs on the Airport; the type, design, and location to be subject to approval by Lessor; all signage, including backwall, must be in accordance with the Airport's Signage Policy; incorporated in this Agreement as Exhibit "G";

j. The right to install, maintain and operate on or about the Airport, such radio and radiotelephone communications, meteorological and aerial navigation equipment and facilities as may be necessary or convenient for its operations; such equipment and facilities to be located in areas leased to Lessee for its exclusive use, or on such other portions of the Airport as may be designated for that purpose and approved in advance by Lessor; such rights-of-way as it may require for communications controls, teletype, telephone, interphone, pneumatic tubes and power lines in and between the passenger terminal building and other points on the Airport; provided, however that the location of such rights-of-way shall be subject to the approval of Lessor;

k. The conduct of any other function or operation reasonably necessary to the proper performance and operation by Lessee of its Air Carrier Service at the Airport;

l. The full, free and unobstructed ingress to and egress from the Airport and Exclusively Assigned Premises, Joint Use Premises or Common Use Premises leased to it, subject to the provisions of Article XIII herein, which provides for rules and regulations of Lessor, for Lessee, its employees, passengers, invitees, suppliers of materials and furnishers of services; its or their aircraft, equipment vehicles or machinery and other property; without charge to Lessee, its employees, passengers, invitees, suppliers of materials and furnishers of services; provided, however, that such rights shall not be construed to prevent Lessor from charging ground vehicle parking fees to the public in areas designated by Lessor for public parking and/or limiting access to certain areas to comply with federal or other governing regulations.

m. Lessee is hereby granted the right to exercise all of the rights and privileges granted to it in this Article when serving other airlines and may provide for all of the needs of other airlines to the same extent that it is authorized to provide for itself pursuant to this Article and subject to the terms of this Agreement.

Nothing herein, contained shall be construed to mean that Lessee is authorized to conduct a business of any kind on the Airport except its Air Carrier Service, and nothing herein contained shall be construed as authorizing Lessee in its conduct of business to interfere unreasonably with other persons or tenants lawfully using or leasing Airport facilities.

ARTICLE V -- PASSENGER TERMINAL BUILDING AREA

Lessor does hereby let and demise to Lessee and Lessee does hereby hire and lease on the terms and conditions set forth herein space in the Passenger Terminal Building Area as set forth on Exhibit "A", dated 1-1-03, for which Lessee shall pay rentals and other charges set forth on Exhibit "B", dated 1-1-03. Lessee and Lessor will each be responsible for the "Services Provided" as set forth on Exhibit "C", dated 1-1-03.

All of the aforesaid Exhibits are attached hereto and are an integral part hereof and establish the means of calculating rental rates, landing fees and other charges and responsibilities as provided for thereon, subject to the following provisions:

A. Employee Ground Vehicle Parking

Lessor shall make available to Lessee's employees reasonable adequate and convenient automobile parking facilities on the Airport. Lessor will charge employees of Lessee and others who are working at the Airport a vehicular parking fee, in an amount sufficient to recover no more than its costs and expenses for providing such vehicular parking facilities over a reasonable amortization period. The vehicular parking fee for the term of this Agreement will be $5.00 per month per employee.

B. Rent For the Preferential Use of Aircraft Loading Positions

Rent for the Preferential Use of the aircraft loading and unloading positions serving the Passenger Terminal Building Area, herein referred to as "Aircraft Loading Position(s)", in the singular or the plural form, is included in the landing fee rate.

C. Use of Aircraft Loading Positions and Passenger Gate/Holding Room(s)

To maximize the use of the following facilities for the benefit of the traveling public, Lessee is granted:

1. The Preferential Use of Aircraft Loading Positions as set forth on Exhibit "D", which is attached hereto, for loading, unloading and predeparture servicing of aircraft.

2. The Common Use of Passenger Gate/Holding Room(s), as set forth on Exhibit "E", for processing passengers when aircraft are being loaded, unloaded and predeparture servicing.

Lessor retains the right to permit other passenger carrying airlines to use the said Aircraft Loading Positions for loading, unloading and predeparture servicing of their aircraft and to use the Passenger Gate/Holding Room(s) as shown on Exhibit "E", for processing and accommodating their passengers, when such are not required by Lessee, its Affiliated Airline Companies or other airlines being ground handled by Lessee for such purposes as set forth in this Section C.

Lessee covenants to remove its aircraft promptly from the Aircraft Loading Positions when they are not being loaded, unloaded, predeparture serviced, or having minor maintenance performed, and to make available the use of the Passenger Gate/Holding Room(s) whenever Lessor notifies Lessee that one or more of the said Aircraft Loading Positions and related Passenger Gate/Holding Room(s) are required for loading, unloading, predeparture servicing, or for performing minor maintenance prior to departure of aircraft of other passenger carrying airlines.

Lessee will not be required to move its aircraft from the Aircraft Loading Positions pursuant to this Article, if any of the following conditions exist:

1. If an unassigned Aircraft Loading Position is available during the time period involved.

2. If an Aircraft Loading Position assigned to another Airline is available during the time period involved. If two or more Aircraft Loading Positions are available, the Lessor will determine the Aircraft Loading Position to be used.

3. If the use by such other Airline extends beyond thirty (30) minutes prior to the arrival, or one (1) hour after the scheduled departure of Lessee's aircraft using such Aircraft Loading Position.

4. If such other Airline has not executed an agreement with Lessee which contains indemnification and insurance provisions acceptable to Lessee; reasonable charges for use of Lessee's facilities, including costs associated with relocation of Lessee's aircraft to and from the Aircraft Loading Position; and at Lessee's discretion, adequate security provisions to ensure payment of any charges payable for the use of Lessee's facilities.

Whenever Lessee is required to remove its aircraft from the Aircraft Loading Positions pursuant to this Article, Lessor shall provide adequate paved aircraft parking space in an area of the Airport designated by Lessor for such purposes to accommodate such removed aircraft.

Whenever such facilities are used by others, Lessee has the right to charge such other users a reasonable charge for furnishings and equipment installed at Lessee's expense. Lessee shall not have the right to make a use charge for the Aircraft Loading Positions so long as the use thereof is included in the landing fee rate.

Whenever Lessee incurs a cost for towing its aircraft between the Aircraft Loading Positions to and from the said aircraft parking space to accommodate another Airline pursuant hereto, the Airline so accommodated shall pay such charge.

D. Payment of Rent and Other Charges When Due

The rentals and other charges due hereunder for ticket counter area, operations/offices and all other exclusively leased space, as shown on Exhibit "A", shall be paid by Lessee in advance on the first day of each month without being invoiced therefor. Lessor, as a courtesy, will provide an invoice for these charges in advance of their due date. The other rentals and charges set forth in this Agreement are due and payable by Lessee within thirty (30) days of receipt of an invoice for such from Lessor. If Lessee fails to pay any rentals and other charges within thirty (30) days following the aforesaid due dates, Lessee shall pay interest to Lessor calculated at the rate of one and one-half percent (1.5%) per month, on a daily basis, which will in no way limit Lessor's right to cancel this Agreement at any time as provided for in Article XVII herein.

Lessee shall report to Lessor in writing, in form similar to the Landing Fee Report which is attached hereto as Exhibit "F" and made a part hereof, the number of passengers enplaned at the Airport in each preceding month, no later than the fifth business day of the following month, in order that Lessor may prorate the rentals and other charges relating to the Common Use Premises among the Airline lessees thereof based on the formula, or formulas, pertaining thereto as provided for in this Agreement. Additionally, Lessee shall include in the report, the number of passengers deplaned at the Airport in each preceding month, the total pounds of enplaned and deplaned mail, express and freight, on a monthly basis, carried by Lessee during the preceding month and the number of Fee Landings by Lessee by type of aircraft. Lessee's report shall further include and identify the number of aircraft landings, by types of aircraft, for which Lessee provided ground handling services for Airlines which do not have written agreements with Lessor to use the Airport, for the purpose of calculating landing fees for such other carriers. Lessee shall not, however, be responsible for the payment of other user fees and charges applicable to such other carriers. Lessee will also provide reports of daily landings, for up to three (3) months of each calendar year upon prior written request by Lessor.

E. Alteration, Remodeling, Expansion, or Improvement of the Facilities of Passenger Terminal Building Area, or Its Appurtenances

It is understood and agreed by and between the parties hereto, that Lessor may, upon 90 day notice to Lessee alter, remodel, expand or improve any of the facilities of the Passenger Terminal Building Area, or any of its appurtenances, including those leased to Lessee pursuant and subject to this Agreement, or other agreements related to such facilities, at any time during the term hereof.

In the event of emergency, such ninety (90) day notice shall not be required. Should such alterations, remodeling, expansion, or improvement render substantially untenantable or unusable any of the aforesaid facilities which are leased to Lessee, there shall be a proportionate abatement of rentals and charges related thereto which are chargeable to Lessee during the period that such are untenantable or unusable. Notwithstanding the above, Lessor will use its best efforts to schedule construction so as to minimize the disruption of and costs associated with Lessee's operation, and shall not create a situation preventing Lessee from its reasonable ability to provide Air Carrier Service at the Airport.

Lessor shall have the right to relocate Lessee, either temporarily or permanently, in order to facilitate such improvements, unless, with regard to Lessee's exclusively assigned premises or joint use premises, such relocation is primarily intended to benefit another airline. If Lessee is moved involuntarily to a new location in the Passenger Terminal Building Area or its appurtenances in order to accommodate the aforesaid alteration, remodeling, expansion or improvement project, the cost of the move of Lessee to its new location, or locations, will be included in the overall cost of the said project. Notwithstanding, should the project be instituted for the exclusive benefit of one or more parties, Lessor will use its best effort to recover all the cost of such alteration, remodeling, expansion or improvement from the beneficiaries thereof. Lessee shall continue to pay for the new space at the rates and total charges applicable to its original space and shall pay no cost of relocation, unless Lessee is a voluntary beneficiary of the alteration, etc. Unless Lessee is such a voluntary beneficiary, Lessor will use its best efforts to relocate Lessee to an area that is substantially equal in size, fit, location and finish to the area vacated by Lessee and substantially equal to all other Signatory Airlines' premises and with the least amount of interference to Lessee's operation that is reasonably practical.

Unless the changes discussed above are required by an immediate order of a government body for purposes of health or safety, Lessor shall not commence such projects without first having fully consulted with Lessee, including all other designated Signatory Airline representatives. Lessor shall give full consideration to the comments and suggestions of said representatives in accordance with the terms of Article VIII (P) of this Agreement.

F. Oil and Fuel Spillage Removal by Lessor

Lessee shall indemnify Lessor for any oil and fuel spillage resulting from Lessee's operation. Lessee agrees to prevent, to the extent reasonably possible, the entry of oil, fuel or other prohibited materials which are under its control into the drainage system of the Airport, or into the drainage system of any of its surrounding communities.

ARTICLE VI -- CODE OF FEDERAL REGULATIONS 49 - Part 1542

All direct costs and expenses incurred by Lessor to provide law enforcement support associated with the screening for security reasons of passengers, other persons, baggage and hand-carried objects entering the Passenger Gate/Holding Room(s) (as set forth on Exhibit "E") area of the Passenger Terminal Building Area in order to comply with and subject to Code of Federal Regulations 49 - Part 1542, as amended from time to time, or as superseded by other pertinent regulations, will be paid for collectively by Lessee and other Airlines serving the Airport that use the screening services; and such costs and expenses incurred by Lessor will be prorated among the said Airlines on the basis of the ratio of enplaned passengers that each such Airline enplaned at the Airport in the preceding month bears to the total passengers enplaned at the Airport by all such Airlines. Lessee shall pay to Lessor all charges due related hereto as invoiced to the Lessee by the Lessor.

ARTICLE VII -- LANDING FEES AND LANDING FEE RATE

From and after the effective date hereof, all charges for the use of the Airport by Lessee in any month, including all premises, rights, facilities, services and privileges in connection therewith, except those rentals and charges expressly provided for in the Exhibits or elsewhere in this Agreement, shall be combined in and represented by a monthly landing fee. Said fee or fees will be expressed in cents per thousand pounds of Maximum Gross Landing Weight of each type of Lessee's aircraft. This landing fee rate, as set forth on Exhibit "B" hereof, shall be multiplied by the total number of thousands of pounds of Maximum Gross Landing Weight of Lessee's aircraft making Fee Landings at the Airport each month, which amount shall constitute Lessee's landing fee due and payable to Lessor for said month.

The landing fees set forth in this Article VII are due and payable by Lessee within thirty (30) days following receipt of invoice. If Lessee fails to pay the aforesaid landing fees within thirty (30) days following the receipt of the said invoice, Lessee shall pay interest to Lessor, calculated at the rate of one and one-half percent (1.5%) per month, on a daily basis, which will in no way limit Lessor's right to cancel this Agreement at any time as provided for in Article XVII herein.

ARTICLE VIII -- ESTABLISHMENT OF RATES CHARGED IN FUTURE

Landing fees, rentals and other charges to be paid by Lessee to Lessor for the premises leased pursuant hereto, will be established annually, for the next ensuing rate period, pursuant to the methodology for calculation of Signatory Airline rates and charges as set forth in Exhibit "B". When establishing such fees, rentals and charges, it is agreed that the following principles shall be observed in addition to the provisions of the various Articles of this Agreement and the Exhibits attached hereto, and which are an integral part hereof:

A. Grants

Grants and participating funds from the United States of America, or an agency thereof, and grants and participating funds from the State in which the Airport is located, or an agency thereof, or any other entity which are used for Airport purposes shall, when appropriate, be applied to reduce Airport costs and will not be included in landing fees, rentals and other charges payable by Airline.

B. Best Efforts to Obtain Grants

Lessor agrees to use its best efforts to obtain the maximum amount of grants and participating funds for the Airport from the United States of America or any agency thereof, and from the State in which the Airport is located, or any agency thereof.

C. Passenger Facility Charges

Nothing in this Agreement shall prevent Lessor from imposing a passenger facility charge for the use by Lessor as permitted by law. Lessee agrees to cooperate with Lessor in the collection of such charge and Lessee shall be permitted to retain an administrative fee as permitted by law. Lessor shall treat the proceeds of any passenger facility charge as provided in the enacting legislation.

D. Maximize Concession Revenue

Lessor agrees to use its best efforts to maximize concession revenue and ancillary income in a prudent manner, in order to help defray the direct operating costs, expenses and debt services of the Airport which are otherwise passed through to Lessee through landing fees, rentals and other charges.

E. Accounting Principles

Generally accepted accounting principles, consistently applied, recognizing the special requirements of airports, will be used by Lessor for keeping the books, accounts and records of the Airport. Lessee fees, rentals and other charges will not include depreciation or amortization for any special projects; i.e., projects which benefit specific tenants (e.g. air cargo building, etc.), nor for the purpose of calculating landing fees, rentals and other charges, will they include depreciation or amortization of assets acquired with grants, passenger facility charges, tax receipts or other revenues generated from non-airline sources.

F. No Depreciation on Land

No depreciation will be charged to land which is considered to be a non-depreciating asset. This shall not preclude the charge of "ground rent" as that term is used herein.

G. Lessor to Exercise Prudence

Lessor agrees to exercise prudence in the operation, maintenance, improvement, expansion, management and financing of the Airport.

H. Charges to be Reasonable

Reasonable fees, rentals and charges as are appropriate, will be charged to all users of the Airport, including Lessee, in accordance with the terms of this Agreement.

I. Proposed Annual Budget

The estimates of Revenues, debt service, capital programs and Operation and Maintenance Expenses for the next ensuing Fiscal Year shall be based upon the historical experience and the then current Annual Budget of Lessor and shall be supported by Lessor's proposed Annual Budget for the ensuing Fiscal Year. Lessor and Lessee shall meet between July 1st and August 1st of each Fiscal Year for the purpose of reviewing the information submitted to Lessee. In such review, Lessor will give fair and prudent consideration to suggestions, comments or requests by Lessee with respect to additions, deletions or modifications with respect to the amount, character and desirability of any line item contained therein, and Lessor shall set the new fees and charges for the ensuing Fiscal Year based on this consideration and in accordance with the provisions of this Agreement.

Before the beginning of each Fiscal Year, Lessor shall adopt its Annual Budget substantially in accordance with the information submitted to Lessee for purposes of recalculation of fees and charges referred to above, as the latter may have been revised as a result of comments or suggestions by Lessee.

Once the Annual Budget is adopted by Lessor, the total budgeted amount will not be exceeded without a review by the Lessee unless said increase is due to circumstances beyond the control of Lessor or is the result of maintenance or repair of an emergency nature that would have the effect of closing the Airport to scheduled flight operations or to the public for a period of forty-eight (48) hours, in which case such review shall not be required.

J. Use of Airport Revenues

The Revenues derived from the Airport, and the income earned therefrom, shall be used for Airport purposes only.

K. Master Plan and Safety Projects

Projects required by the Federal Aviation Administration for safety, which have been approved by the Federal Aviation Administration, will be undertaken by Lessor when it is prudent to do so. The amortization of costs plus interest and other expenses associated therewith, not covered by grants and participating funds from the United States of America, or any agency thereof, or the State of Indiana, or any agency thereof, will be considered as Airport expense when such projects are on or at the Airport, including all payments, deposits and other requirements of the authorization for the issuance of bonds, payments to banks and other lenders.

L. Bond Requirements

Payments of principal and interest on bonds issued for the development of the Airport and deposits required to be made in funds and accounts, as well as all other requirements of the legal authorization for the issuance of such bonds, shall be observed. This Agreement shall be subordinate to any terms, conditions or covenants of bonds issued before or after the execution of this Agreement.

M. Cost Recovery

1. **Landing fees** -- All costs and expenses associated with the airfield area of the Airport shall be separately computed and charged to landing fees.

2. **Non-signatory fees and charges** -- As a consideration for Signatory Airline's commitments hereunder, the Airport Authority shall directly or indirectly levy user fees and charges on all non-signatory aviation users of the Airport which in any event will not be less than **125%** of the comparable Signatory Airline user fees and charges.

N. Maintenance and Operation Costs

Operation and Maintenance Expenses of the Airport will be allocated to appropriate cost centers and will be charged to the users thereof.

O. Airport Authority Employment

The salary, fringe benefits and all other costs of additional Authority personnel above the number of existing positions on the effective date of this Agreement, all of which are included on Exhibit 'H', shall not be included in the calculation of Lessee's rates, fees and charges unless:

1. Such additional positions total two (2) or less during the term of this Agreement; or

2. The creation of such additional positions and their salary and fringe benefit cost have been approved by a Majority In Interest of the Signatory Airlines.

P. Capital Expenditures

1. **Improvements and Development by Authority** -- At any time Lessor intends to undertake capital improvements or expenditures other than those not subject to Signatory Airline approval as set forth in Subsection 2 below, Lessor shall first notify Lessee in writing of such proposed improvements or expenditures, including:

   a. A description of the proposed expenditures, together with cost estimates and any preliminary drawings, if applicable;

   b. A statement of the need for such expenditures along with the planned benefits to be derived from such expenditures;

   c. The Lessor's preferred means of financing the costs of such expenditures; and

d. The planned allocations of the costs therefor to the various Airport cost centers and the projected impact to Airline rates and charges.

Within a reasonable time, but not sooner than thirty (30) days after providing such notice, Lessor shall meet collectively with the Signatory Airlines at a mutually convenient time and place for the purpose of further discussing such expenditures.

Lessor agrees to consider the comments and recommendations of the Signatory Airlines with respect to said capital expenditures. When capital improvements to the Airport become necessary or desirable, the Lessor and the Signatory Airlines serving the Airport, including Lessee, agree to discuss such proposed improvements in an effort to arrive at a mutually satisfactory agreement with respect to physical plans, changes or adjustments in use fees or rentals, and the appropriate application and recovery of capital costs, depreciation, debt service and amortization. In the absence of such mutually satisfactory agreement between the Lessor and the Majority In Interest of the Signatory Airlines, the Lessor shall not be obligated to make said capital improvements, but if it proceeds with the improvements without the consent of the Majority In Interest of the Signatory Airlines, the cost of such improvements shall not be taken into consideration in determining Lessee's fees and/or rentals unless said capital improvements are such as described in Subsection 2 of this Section P.

Capital improvements made by the Lessor, at the request of, or with the consent of Lessee, for the sole benefit of Lessee, shall be financed upon terms and conditions mutually agreeable to Lessee and the Lessor, the cost thereof not to be taken into consideration in determining fees and rentals of the remaining scheduled airlines.

2. **Capital Expenditures by Lessor Not Subject to Signatory Airline Approval --** The following capital expenditures shall not be subject to Signatory Airline approval:

a. Capital expenditures associated with capital programs having a net aggregate cost to the Lessor of less than $75,000 per fiscal year; provided, the net costs to the Lessor of all such capital programs during the term of this Agreement shall not exceed $300,000; or

b. Such capital expenditures are required for public safety by order of the Federal Aviation Administration or similar governmental authority; or

c. Such capital expenditures are required to prevent the closing of the Airport within forty-eight (48) hours; or

Q. Airport Budget Limitations

The overall Annual Budget shall not increase by more than the lesser of the Consumer Price Index (urban) or four percent (4%) in any fiscal year over the preceding Fiscal Year's budget, without the approval of a Majority In Interest of the Signatory Airlines. The items listed below shall not be included in this calculation:

1. Any and all salary and fringe benefit costs and increases set by the applicable state, county and/or other governmental entities that control Lessor's employees' salary and fringe benefits costs;

2. The actual cost of utilities for the Airport; and

3. The actual cost of liability insurance for the Airport.

ARTICLE IX -- NO OTHER CHARGES

Lessor agrees that no rents, fees, charges or tolls, except as otherwise provided for in this Agreement, shall be charged or collected by it from Lessee, from Lessee's passengers, employees, suppliers of materials, or furnishers of services for the use of any of the premises, facilities, licenses and privileges expressed in, or reasonably inferred from these presents, or for any of the services required to be performed hereunder by Lessor; the rents, fees and charges expressly provided herein, being full and complete consideration and compensation to Lessor for such use of the premises, facilities, licenses and privileges and the performance of said services.

Lessor reserves the right to charge for parking of motor vehicles in the public parking areas of the Airport.

Lessor reserves the right to levy reasonable catering fees (except to Lessee) on inflight food and beverage companies which cater Lessee's flights departing from the Airport, whether such companies have kitchen facilities located on or off the Airport, and to charge reasonable rentals for any facilities which such caterers may lease on the Airport.

ARTICLE X -- INDEMNITY AND LIABILITY INSURANCE

Lessee agrees to indemnify and fully save harmless Lessor, its officers, agents, employees, contractors and assigns, for and against any claim, demand, losses, damages, liabilities and causes of action of every kind, character and nature, as well as costs and fees, including reasonable attorney fees connected therewith in tort, contract or otherwise arising out of or from the negligent or wrongful acts or omissions of Lessee, its agents, officers, employees or contractors.

Lessor agrees to indemnify and fully save harmless Lessee, its officers, agents, employees, contractors and assigns, for and against any claim, demand, losses, damages, liabilities and causes of action of every kind, character and nature, as well as cost and fee, including reasonable attorney

fees connected therewith in tort, contract or otherwise arising out of or from the negligent or wrongful acts or omissions of Lessor, its agents, officers, employees or contractors.

Lessor and Lessee agree to notify each other immediately upon any notice of claim for losses, damages or claims that might be affected by this Article.

Lessee agrees to maintain comprehensive public liability and property damage insurance, including automobile liability covering automobiles on Airport premises, in an amount of not less than twenty-five million dollars ($25,000,000) combined single limit. Such insurance policies must name the Lessor, its board members, its officers and its employees as additional insureds to the full extent of Lessee's insurance coverage, but in no event less than the required minimum coverage limit amount. Such insurance shall include contractual liability insurance to insure Lessee's obligation to indemnify and hold the Lessor, its board members, its officers and its employees harmless in accordance with the indemnification provisions of this Agreement. The aforesaid minimum amount may be reviewed from time to time by the parties hereto by mutual agreement.

If the nature of the Lessee's use or business operations on the Airport are such as to place any or all of Lessee's employees under the coverage of local workman's compensation or similar statutes, Lessee shall also keep in force, at its expense, for the term of this agreement, workers compensation or similar insurance with a company or companies acceptable to the Lessor affording the required statutory coverage and containing the requisite statutory limits with respect to Lessee's employees.

If the nature of the Lessor's business operations are such as to place any or all of Lessor's employees under the coverage of local workman's compensation or similar statutes, Lessor shall also keep in force, at its expense, for the term of this agreement, workers compensation or similar insurance affording the required statutory coverage and containing the requisite statutory limits with respect to Lessor's employees.

Lessee shall furnish Lessor with proper certification that such insurance is in force and will furnish additional certification whenever adverse changes are made in such insurance. Said additional certification shall be supplied no later than thirty (30) days prior to any such change.

All such insurance policies shall provide that the insurers shall give Lessor thirty (30) days advance written notice of any cancellation thereof. Should Lessor receive such notice of cancellation, it shall immediately notify Lessee which shall secure other insurance to replace such canceled policy or policies and thereby comply with this Agreement.

ARTICLE XI -- QUIET ENJOYMENT

Lessor agrees, that upon payment of the rents, fees and other charges provided for herein and performance of the covenants and agreements on the part of Lessee to be performed hereunder, Lessee shall peaceably have and enjoy the premises, appurtenances, facilities, rights, licenses and privileges granted herein, subject to the rights of Lessor contained in this Agreement.

ARTICLE XII -- INSPECTION BY LESSOR

Lessor may enter upon any premises which are leased exclusively or preferentially to Lessee, or jointly to Lessee and others, at any reasonable time for any purpose necessary, incidental to or connected with the performance of its obligations hereunder, or in the exercise of its governmental functions as it relates to public health, safety, good conduct and the proper management of the Airport. The Lessor shall use its best efforts to minimize any disruption resulting from its activities under this Article.

ARTICLE XIII -- COMPLIANCE WITH RULES AND REGULATIONS AND LAWS

Lessor may adopt and enforce reasonable rules and regulations which Lessee agrees to observe and obey with respect to the use of the Airport and its appurtenances, together with all facilities, improvements, equipment and services of the Airport, for the purpose of providing for safety, good order, good conduct, sanitation, good management and preservation of the Airport and its facilities; provided such rules and regulations shall be consistent with safety and with rules, regulations and orders of the Federal Aviation Administration with respect to aircraft operations at the Airport; and provided further, such are not inconsistent with the provisions of this Agreement or other agreements with Lessee at the Airport; or the procedures prescribed or approved from time to time by the Federal Aviation Administration or its successor in duties with respect to the operation of aircraft operated by Lessee at the Airport. The rules and regulations adopted by Lessor will be non-discriminatory and will provide a reasonable time for compliance.

Lessee agrees that it shall operate its business in strict compliance with the laws of the United States, State of Indiana, the ordinances of the City of Evansville and/or Vanderburgh County, and reasonable rules and regulations established by Lessor, and shall pay for all licenses and permits necessary for the operation of said business, and shall pay all fees, taxes and charges assessed under state, local or federal statutes insofar as they are applicable.

ARTICLE XIV -- ASSIGNMENT AND SUBLETTING

Lessee shall not assign or sublet this Agreement or any part thereof without the prior written approval of Lessor; provided, however, Lessee may, without such consent, assign or sublet this Agreement to any person, firm or corporation with which Lessee may merge or consolidate or which may succeed to the business of Lessee or any of Lessee's Affiliated Airline Companies, as defined herein.

Nothing contained in this Article shall affect the rights of Lessor to terminate this Agreement pursuant to Article XVII herein and any sublease entered into by Lessee will automatically be terminated if and when this Agreement is terminated under the provisions of said Article XVII.

ARTICLE XV -- SURRENDER OF POSSESSION

Lessee agrees to yield and deliver to Lessor, the possession of the premises leased exclusively or preferentially to Lessee or to Lessee jointly or in common with others at the termination of this Agreement or any renewal or extension thereof, by expiration or otherwise, or in accordance with its express obligations hereunder, except for reasonable wear and tear, fire and other casualty or damage due to the act of Lessor, its officers, directors, agents, employees or independent contractors, or caused by any defect in the leased premises; and Lessee shall have the right at any time during the said term, or any renewal or extension hereof, to remove its trade fixtures and equipment situated on the premises which were installed or placed by it at its expense in, on or about the premises leased hereunder, in accordance with the provisions of Article XXIII herein; subject, however, to any valid lien which Lessor may have thereon for unpaid rents, fees or charges.

ARTICLE XVI -- FORCE MAJEURE

Neither Lessor nor Lessee shall be deemed in violation of this Agreement if either is prevented from performing any of its obligations hereunder by reasons of strikes, boycotts, labor disputes, embargoes, shortages of materials, acts of God, acts of the public enemy, acts of superior governmental authority, weather conditions, floods, riots, rebellions, acts of sabotage, or any other circumstances for which it is not responsible or which are not under its control; provided, however, this Article does not apply to failure by Lessee to pay the rentals, fees and charges set forth herein. In any such case a prompt written notice shall be given to the other party of the existence of such causes and readiness to resume performance upon the removal or nonexistence thereof.

ARTICLE XVII -- CANCELLATION BY LESSOR

If any of the following events occur, Lessee shall be deemed to be in default of its obligations under this Agreement, in which case Lessor may, at its option, at any time thereafter during the term of this Agreement, give Lessee written notice to cure such default within Thirty (30) days.

If such default has not been cured within thirty (30) days following receipt of such notice by Lessee, this Agreement may be canceled upon five (5) days written notice at that time (except where the curing of such default requires time and Lessee shall commence forthwith to perform whatever may be required upon receipt of such notice to cure, and continues such performance with due diligence without interruption, except for causes beyond its control; not withstanding, however, this extension of time shall not apply to Lessee's obligation to pay rentals, fees and other charges when such are due as provided for elsewhere in this Agreement) and such cancellation will be without forfeiture, waiver or release of Lessor's rights to any sum of money due pursuant to this Agreement for the full term hereof;

a. If Lessee shall desert or abandon the premises leased hereunder for a period in excess of sixty (60) days; or

b. If this Agreement or the rights of Lessee hereunder shall be transferred, subleased or assigned in any manner except in the manner as herein permitted; or

c. If Lessee shall default in making payment to Lessor of any rentals, fees or other charges, or of any money advanced by Lessor and collectible as rent or otherwise, as and when the same shall become due and payable; or

d. If Lessee shall fail to pay any tax, assessment or other governmental imposition, or any other charge or lien for which it is responsible against the premises leased hereunder within any grace period allowed by law or by governmental authority imposing the same during which payment is permitted without penalty or interest; or

e. If Lessee shall file voluntary petition in bankruptcy or make assignment of all or substantially all of Lessee's assets for the benefit of Lessee's creditors.

f. If Lessee is adjudicated a bankrupt in any involuntary proceeding in bankruptcy against Lessee.

g. A court shall take jurisdiction of Lessee and its assets pursuant to proceeding brought under the provisions of any reorganization.

h. If Lessee shall materially default in complying with any other agreement, term, covenant or condition of this Agreement.

Notwithstanding the above rights of Lessor, Lessor may cancel this Agreement by giving twenty-four (24) hours written notice, which notice shall be given during the business days of the week so as to arrive during the business day, if Lessee fails to provide Air Carrier Service to the Airport for a period of sixty (60) days, unless such failure is due to a labor strike or labor dispute.

ARTICLE XVIII -- CANCELLATION BY LESSEE

Lessee may cancel this Agreement and terminate all of its obligations hereunder at any time that Lessee is not in default in the payment of rentals, fees or charges to Lessee hereunder, by giving Lessor ten (10) days written notice if Lessee shall be prevented from operating its Air Carrier Service to and from the Airport by reason of its inability to use a substantial part or all of the runways and taxiways as normally required by aircraft operated by Lessee at the Airport and/or Aircraft Loading Positions which are preferentially assigned to it hereunder as hereinafter set forth:

a. For a period of longer than sixty (60) consecutive days resulting from any condition of the Airport not due to the fault of Lessee; or

b. For a period of longer than ninety (90) consecutive days resulting from an injunction issued by a court of competent jurisdiction; or

Lessee may also cancel this Agreement if any governmental agency having jurisdiction over the operations of Lessee at the time, suspends for a period of sixty (60) days or longer, or cancels or terminates Lessee's rights to serve the Airport, unless Lessee voluntarily sought or failed to take all reasonable action to prevent such suspension, cancellation or termination.

In the event of material default by Lessor of any of the covenants or agreements set forth in this Agreement, and the failure by Lessor to remedy such, Lessee may give Lessor notice in writing to correct such within thirty (30) days, or this Agreement may be automatically canceled upon five (5) days written notice at the end of that time (except where curing such default requires activity over a period of time and Lessor shall commence to perform whatever may be required for such within thirty (30) days after receipt of notice and continues such performance with due diligence without interruption, except for causes beyond its control).

ARTICLE XIX -- DAMAGE OR DESTRUCTION OF LEASED PREMISES

If any property, part or all of which is leased to Lessee, shall be partially damaged by fire or other casualty, not occasioned by the act or negligence of Lessee, but not rendered untenantable, the same shall be repaired with due diligence by Lessor at its own cost and expense. Should such damage or casualty, not occasioned by the act or negligence of Lessee be so extensive as to render part or all of such premises untenantable, but capable of being repaired in sixty (60) days, the same shall be repaired with due diligence by Lessor at its own cost and expense, and the rent payable hereunder shall be proportionately paid to the time of such damage and shall thereafter cease as to the untenantable premises, until such shall be in order. In case such property, or any part thereof, is completely destroyed by fire or other casualty, not occasioned by the act or negligence by Lessee, or so damaged as to remain untenantable for more than sixty (60) days, at the option of Lessor: either (1) said premises shall be repaired or reconstructed with due diligence by Lessor at its own cost and expense and the rent payable hereunder for the destroyed premises shall be proportionately paid to the time of such damage or destruction and shall thereafter cease until such time as the premises shall be put in order; or (2) within ninety (90) days after the time of such damage or destruction and before said premises shall be put in order, and before a contract for repair or reconstruction thereof has been signed, Lessee shall give Lessor notice of its intention to cancel the portion(s) of this Agreement relating to such property, in which case, the portion(s) of this Agreement relating to such property, shall forthwith cease and terminate. In the event of item (2), above, and where as a result of such damage or destruction Lessee is unable to continue its operation at the Airport in a reasonable manner and Lessor has not provided for either temporary or permanently assigned substitute premises, Lessee shall have the right to give Lessor notice of its intention to cancel this Agreement in its entirety.

ARTICLE XX -- PROHIBITED USES

Subject always to the rights of Lessee to use the demised premises for the purposes in this Agreement specified, Lessee shall not do or permit anything to be done in or about the demised premises, or bring or keep anything therein which will in any way adversely affect Lessor's insurance rating or coverage, or which will in any way conflict with any law or ordinance of any public authority, or with Lessor's Rules and Regulations provided for in Article XIII herein, or damage any property or persons thereon.

ARTICLE XXI -- ALTERATIONS AND ADDITIONS

Lessee shall make no alterations or additions to the premises leased hereunder without the prior written approval of Lessor.

ARTICLE XXII -- PUBLIC USE, FEDERAL GRANTS AND NONDISCRIMINATION

The premises leased to Lessee herein and the rights and privileges granted to Lessee in this Agreement are subject to the terms of those certain sponsor's assurance made to guarantee the public use of the Airport as incidental to grant agreements between Lessor and the United States of America, as said sponsor's assurances may be amended from time to time.

Lessee, as part of the consideration hereof, does hereby covenant and agree that:

a. No person on the grounds of race, creed, color, national origin, sex, age, handicap or disability shall be excluded from participation in, denied the benefit of, or otherwise be subjected to discrimination by Lessee in the use of the premises leased hereunder.

b. In the construction of any improvements on, over or under such leased premises and the furnishing of services thereon, no person on the grounds of race, creed, color, national origin, sex, age, handicap or disability shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination in the use of the premises leased hereunder; and

c. Lessee shall use the premises leased hereunder in compliance with all other applicable requirements imposed by, or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Non-Discrimination in Federally Assisted Programs of the Department of Transportation Effectuation of Title VI of Civil Rights Act of 1964; as said regulations may apply, or be amended from time to time.

This Agreement shall be subordinate to the provisions of any existing and/or future agreements between the Lessor and the United States of America, its Boards, Agencies or Commissions relative to the operation or maintenance of the Airport, the execution of which has been, or will be, required as a condition to the expenditure of federal funds for the development of the Airport.

Lessee assures that it will undertake an affirmative action program if required by 14 Code of Federal Regulations Part 152, Subpart E, to insure that no person shall on the grounds of race, creed, color, national origin or sex be excluded from participation in any employment activities

covered thereby. Lessee assures that no persons shall be excluded on these grounds from participating in, or receiving the services or benefits of any program or activity covered by this Subpart. Lessee assures that it will require its covered suborganizations to provide assurances to Lessee that they similarly will undertake affirmative action programs and that they will require assurances from its suborganizations if required by 14 Code of Federal Regulations Part 152, Subpart E, to the same effect.

ARTICLE XXIII -- TITLE OF LESSEE IN INSTALLED IMPROVEMENTS AND PROPERTY

As to improvements and property installed and paid for by Lessee under the terms of this Agreement, Lessee will retain title to all of its aircraft loading bridges and all of its trade fixtures and equipment, except as may otherwise be provided for in this Agreement or other agreements between the parties hereto. If removal of Lessee's aircraft loading bridges, trade fixtures or equipment will mar the appearance of the premises, or impair the usefulness thereof, and if any such removal is made, then Lessee will restore the premises at its expense forthwith, reasonable wear and tear excepted. Lessee may remove its air carrier service equipment and expressly has the right to remove its aircraft loading bridges, signage, ticket counter inserts, computers, radio and other communications equipment, office machines, other portable operating equipment, and other personal property, except as otherwise provided for in this Agreement or other agreements.

ARTICLE XXIV -- EQUAL TERMS

Lessor covenants and agrees that if it enters into any contract, agreement or lease which takes effect after the date hereof, with any other party which offers to the public air carrier service at the Airport, which contains more favorable rates and charges for equal facilities and services than those set forth in this Agreement, then such rates and charges shall be made available to Lessee.

ARTICLE XXV -- NON-WAIVER OF RIGHTS

Continued performance by either party hereto pursuant to the terms of this Agreement after a default of any of the terms, covenants and conditions herein contained to be performed, kept or observed by the other party hereto, shall not be deemed a waiver of any right to cancel this Agreement for any subsequent default and no waiver of any such default shall be construed, or act as a waiver of any subsequent default.

ARTICLE XXVI -- INVALIDITY OF CLAUSES

The invalidity of any portion, paragraph, provision or clause of this Agreement shall have no effect upon the validity of any other part or portion hereof.

ARTICLE XXVII -- CONSENTS AND APPROVALS

Wherever consent or approval of Lessor or Lessee is called for herein, it is understood and agreed that such approval shall be in writing and obtained in advance, and shall not be unreasonably withheld or delayed.

ARTICLE XXVIII -- HEADINGS

The Article titles shown in this Agreement are included only as a matter of convenience and for reference, and in no way define, limit, broaden or describe the scope or intent of any provisions of this Agreement.

ARTICLE XXIX -- LIENS

Lessee shall have no power to do any act or make any contract which may create any lien, mortgage or other encumbrance upon an interest of Lessor on the Airport, in the buildings or improvements thereon. Should Lessee cause any alterations, rebuildings, replacements, changes, additions, improvements or repairs to be made to the premises, or labor performed or materials furnished therein, thereon or thereto, unless required by Lessor, they shall be made, furnished and performed at Lessee's expense and Lessee shall be solely and wholly responsible to contractors, laborers and materialmen furnishing and performing such labor and material.

If, because of any act or omission (or alleged act or omission) of Lessee, any mechanic's or other lien, be filed against the premises, any improvements thereon, or against Lessor (whether or not such lien, charge or order is valid or enforceable as such), Lessee shall, at its cost and expense, cause the same to be canceled and discharged of record or bonded within ten (10) days after notice to Lessee of the filing thereof, and Lessee shall indemnify and save Lessor harmless against all costs, expenses, liabilities, losses, damages, suits, fines, penalties, claims and demands, including reasonable counsel fees resulting therefrom. If Lessee fails to have the lien canceled, discharged or bonded as aforesaid, then Lessor may, after serving twenty-four (24) hours notice on Lessee, pay the

amount of said lien, or discharge the same by depositing or filing the bond required by law, and may pay any judgment recovered under such claim, in the amount or amounts so paid or deposited for all expenses incurred, including attorney fees with interest, shall at the option of Lessor, be deemed additional rent and added by Lessor to the next or any subsequent installment of rent hereunder, and Lessor at its option shall have the same remedies for the nonpayment thereof as for the nonpayment of rent reserved..

ARTICLE XXX -- REMEDIES

The rights and remedies given to Lessor and Lessee in this Agreement are distinct, separate and cumulative and no one of them, whether or not exercised by either party, shall be deemed to be in exclusion of any of the others herein or by law or in equity provided.

No receipt of moneys by Lessor from Lessee after the cancellation or termination hereof shall reinstate, continue to extend the term, or affect any notice previously given to Lessee, or operate as a waiver of the right of Lessor to enforce the payment of rentals and other charges then due or thereafter falling due, or operate as a waiver of the right of Lessor to recover possession of the premises by suit, or otherwise. It is agreed that, after the service of notice to cancel or terminate as herein provided, or after the commencement of any proceeding, or after a final order for possession of the premises, Lessor may demand and collect any moneys due, or thereafter falling due, without in any manner affecting such notice, proceeding, or order.

The parties hereto agree that this Agreement shall be construed in accordance with the laws of the State of Indiana. The unsuccessful party will pay any reasonable attorney fees incurred in the successful enforcement of this Agreement, including but not limited to all costs and attorney fees incurred in collection, trial, bankruptcy or reorganization proceedings or appeal of any matter hereunder and all costs, charges and expenses incurred herein.

ARTICLE XXXI – PROMPT PAYMENT OF LATE CHARGES

In the event that Lessee defaults in the prompt payment of charges when due hereunder, to the extent that Lessor is entitled to impose interest charges thereon against Lessee as a result thereof, pursuant to Article V and VII herein, for two (2) or more months (whether consecutive or not) during any Fiscal Year, Lessee may be required to make an advance cash deposit, or to furnish to Lessor a payment bond issued by a firm which is acceptable to Lessor in an amount not to exceed the sum

of rentals, landing fees and other charges which were due hereunder for the preceding three (3) month period. The provisions of this Article will in no way limit Lessor's rights under Article XXX herein.

ARTICLE XXXII – NON-LIABILITY

No board member, commissioner, director, officer, agent, consultant or employee of Lessor or Lessee shall be charged personally or held liable by or to the other party under any term or provision of this Agreement, or any amendment thereto, or because of any breach hereof, or because of its execution.

ARTICLE XXXIII -- NOTICES

Notices provided for herein shall be in writing and shall be sufficient if sent by registered or certified mail, postage prepaid; or by hand; addressed to and receipted for as follows:

Airport Manager
Evansville-Vanderburgh Airport Authority District
Evansville Regional Airport
7801 Bussing Drive
Evansville, Indiana 47725-6799

and addressed to and receipted for by Lessee as follows:

Vice President Customer Services
Comair, Inc.
77 Comair Boulevard
Erlanger, KY 41018-1274

IN WITNESS WHEREOF, the parties hereto have executed these presents as of the day and year first written above.

LESSOR:

EVANSVILLE-VANDERBURGH AIRPORT AUTHORITY DISTRICT

By: H. C. "Bud" Farmer
H. C. 'Bud' Farmer, President

ATTEST:

~~Donna M. Leader, Secretary~~
JAMES L. WILL, SR., ACTING SECRETARY

LESSEE:

COMAIR, INC.

BY: _____

ITS: VICE PRESIDENT CUSTOMER SERVICES

PRINTED NAME: Tim Zeis

ATTEST:

BY: Darlene Grieco

ITS: Manager, Properties & Contracts

PRINTED NAME: Darlene Grieco

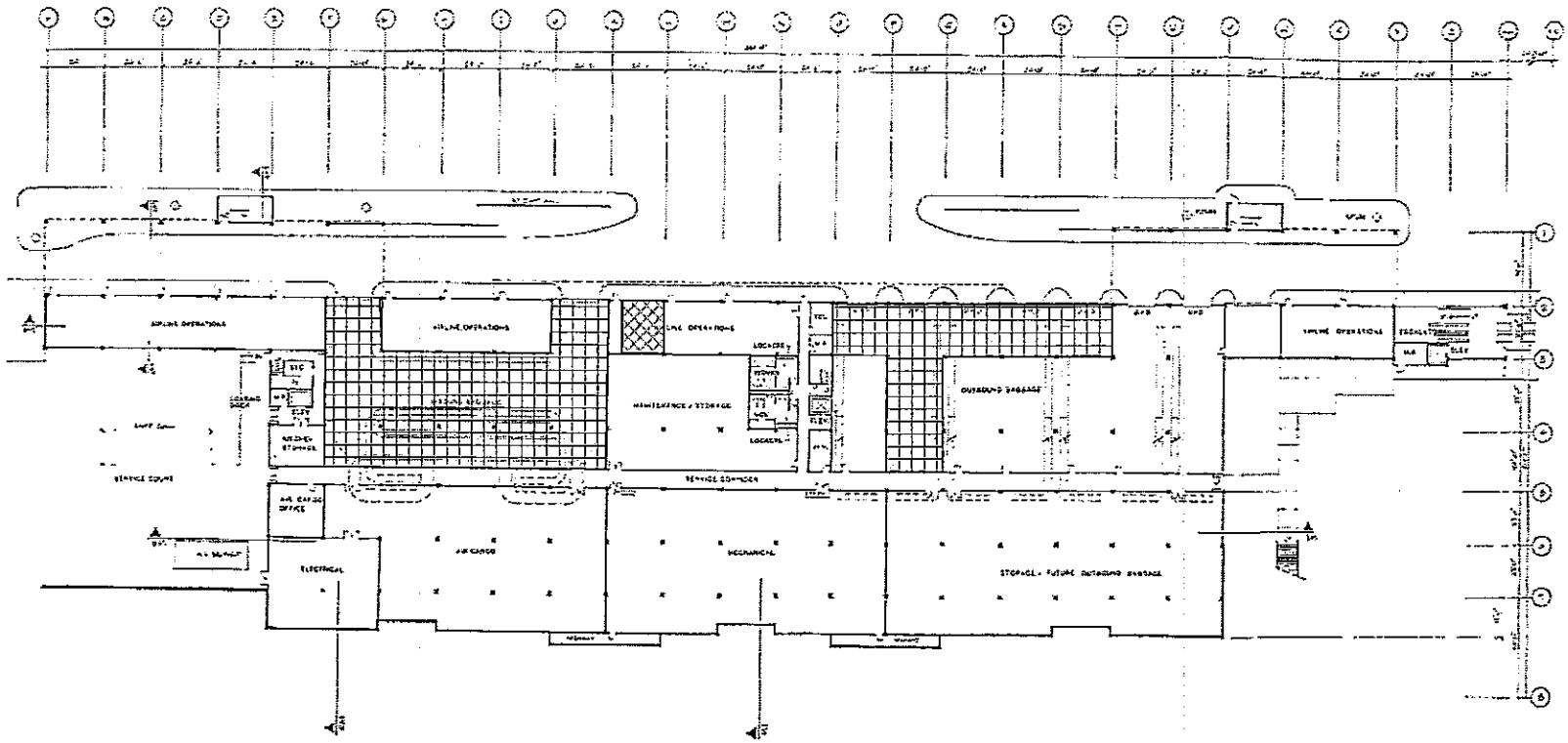
EVANSVILLE-VANDERBURGH AIRPORT AUTHORITY DISTRICT
EVANSVILLE REGIONAL AIRPORT

Exhibit "A" - Page 1 of 4

Airline Space
1-1-03

COMAIR, INC.	SQ. FT.	TERMINAL SPACE REQUIREMENTS
Rate 1.		
Ticket Counter	240	Exclusive
Back Office	507	Exclusive
Rate 2.		
Baggage Claim	6,432	Common Use
Operations Office	396	Exclusive
Holdrooms	15,448	Common Use
Air Cargo Office		
Rate 3.		
Outbound Baggage 1	1,200	Exclusive
Outbound Baggage 2	2,640	Common Use
Inbound Baggage	8,016	Common Use
Back Office Storage	117	Exclusive

Delta/Comair



Rate 1. Rate 2. Rate 3.

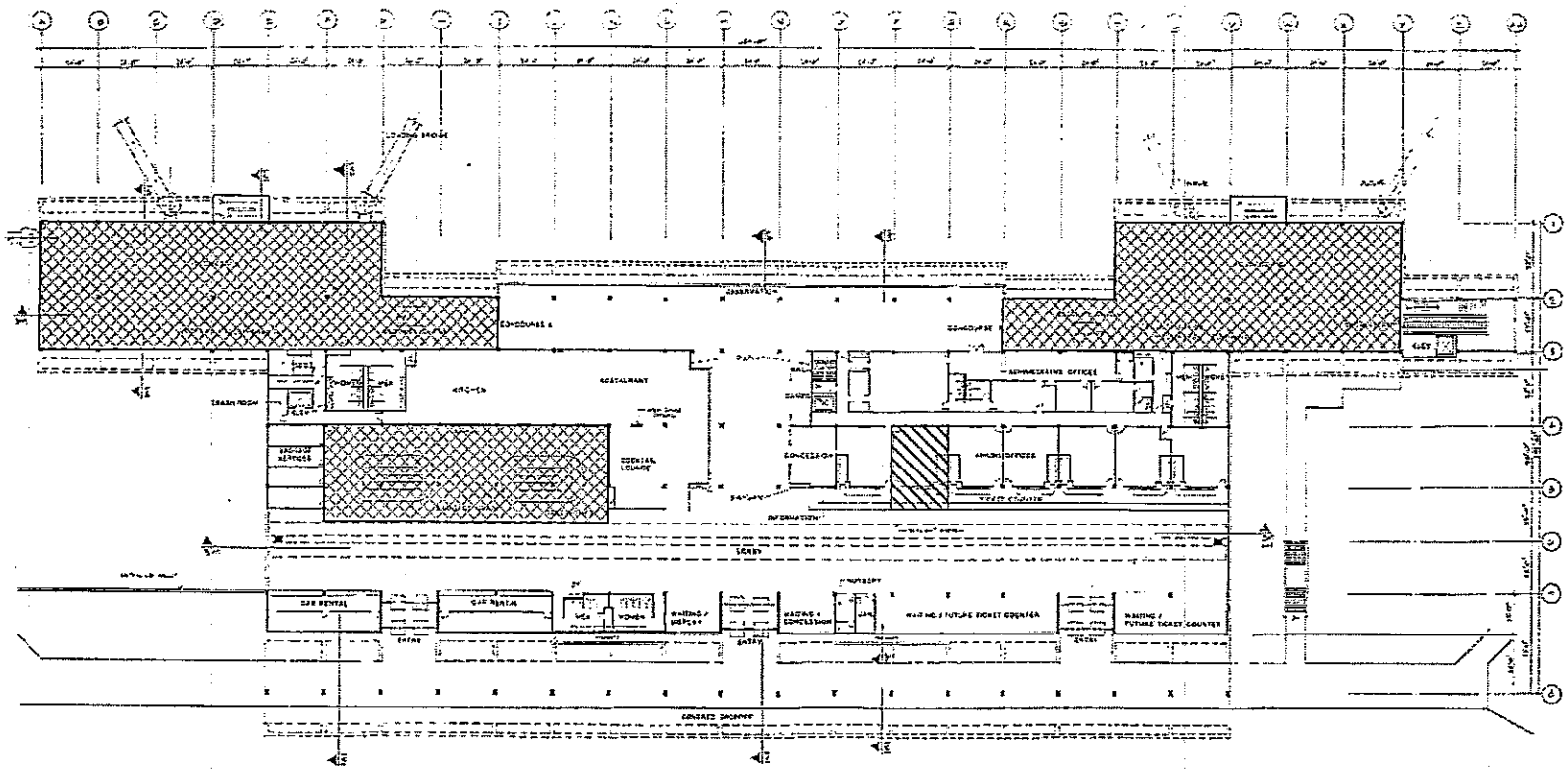
William H. Dress Terminal Building
Apron Level

Evansville Regional Airport

Exhibit "A" Page 2 of 4.

Date: January 1, 2003.

Delta/Comair



Rate 1. Rate 2. Rate 3.

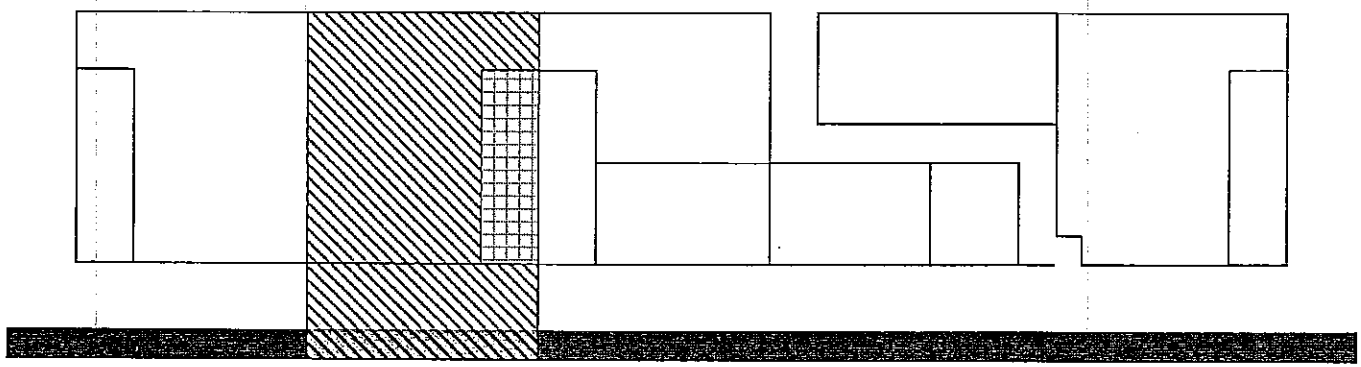
William H. Dress Terminal Building
Concourse Level

Evansville Regional Airport

Exhibit "A" Page 3 of 4 .

Date: January 1, 2003 .

Delta/Comair



Rate 1. Ticket Counter and Back Office

Rate 2.

Rate 3. Back Office Storage

William H. Dress Terminal Building
Concourse Level - Enlarged

Evansville Regional Airport

Exhibit "A" Page 4 of 4.

Date: January 1, 2003.

EVANSVILLE-VANDERBURGH AIRPORT AUTHORITY DISTRICT
EVANSVILLE REGIONAL AIRPORT

Calculation of Required Signatory Airline Rates and Charges

Calender Year 2003

Exhibit 'B' Page 1 of 3
3/28/2003

Agreed rate structure for the first three months of 2003

Fees set for 2002		Increase Set At	Fess set for three months for 2003
Landing fee	$ 0.82	10%	$ 0.90
Class 1 Rate	$ 26.69	10%	$ 29.36
Class 2 Rate	$ 20.02	10%	$ 22.02
Class 3 Rate	$ 13.34	10%	$ 14.67
Average Rental Rate	$ 18.02	10%	$ 19.82

Airline Leased Space	Square Feet	Class	Rate	Amount
Ticket Counter	960	1	$ 29.36	$ 28,184.64
Back Office	1,975	1	$ 29.36	57,984.03
Baggage Claim	6,432	2	$ 22.02	141,645.50
Operations Office	2,341	2	$ 22.02	51,553.50
Holdrooms	15,448	2	$ 22.02	340,195.86
Outbound Baggage	7,440	3	$ 14.67	109,174.56
Inbound Baggage	8,016	3	$ 14.67	117,626.78
Back Office Storage	351	3	$ 14.67	5,150.57
Operations Storage	528	3	$ 14.67	7,747.87
Air Freight Storage	192	3	$ 14.67	2,817.41
Total	43,683			859,263.32

Landing fee	Total 2002 Weight	Rate	Amount
Signatory Airline Landing Weight (1,000 lb. units)	367,748	$ 0.90	331,708.43

Total Airline Income	1,190,971.75
Signatory Airline Revenue Required based on Rates and Charges Calculation	1,325,025.26
Calculated amount less airline income set rates =	$ 134,053.51

EVANSVILLE-VANDERBURGH AIRPORT AUTHORITY DISTRICT
EVANSVILLE REGIONAL AIRPORT

Exhibit "B" - Page 2 of 3

Explanatory Notes
1-1-03

Revenues

Terminal Area Revenues shall be applied to the Terminal Area.

Airfield Area Revenues shall be applied to the Airfield Area.

Other Area Revenues shall be applied to the Airfield Area, including coverage and any funds carrier forward from prior years.

Expenses

Operation and maintenance expenses shall be allocated 70% to Terminal Area and 30% to Airfield Area, until such time as other cost centers (e.g. air freight) are developed. Should such other cost centers come into operation, the Authority will reallocate O&M expenses on a reasonable and equitable basis.

EVANSVILLE-VANDERBURGH AIRPORT AUTHORITY DISTRICT
EVANSVILLE REGIONAL AIRPORT

Supplemental Information to Exhibit "B"

3/28/2003

Airline Leased Space	Square Feet	Class
Ticket Counter	960	1
Back Office	1,975	1
Baggage Claim	6,432	2
Operations Office	2,341	2
Holdrooms	15,448	2
Outbound Baggage	7,440	3
Inbound Baggage	8,016	3
Back Office Storage	351	3
Operations Storage	528	3
Air Freight Storage	192	3
Total	43,683	

Rate Structure

Class 1	2,935 x 1.00 =	2,935
Class 2	24,221 x .75 =	18,166
Class 3	16,527 x .50=	8,264
	43,683	29,364

EVANSVILLE-VANDERBURGH AIRPORT AUTHORITY DISTRICT
EVANSVILLE REGIONAL AIRPORT

Exhibit "C" - Page 1 of 2

Service Provided
1-1-03

	Ticket Counter	Back Office	Holdrooms	Bag Claim
Air Conditioning				
1. Installation	E	S	E	E
2. Maintenance	E	E	E	E
3. Power	E	E	E	E
Heating & Ventilation				
1. Installation	E	S	E	E
2. Maintenance	E	E	E	E
3. Power	E	E	E	E
Illumination				
1. Installation	E	A	E	E
2. Maintenance	E	A	E	E
3. Power	E	E	E	E
Power-All Other Uses				
1. Installation	E	S	E	E
2. Maintenance	E	S	E	E
3. Power	E	M	E	E
Non Structural	E	A	E	E
Interior Window Cleaning	E	A	E	E
Custodial Service	E	A	E	E

EVANSVILLE-VANDERBURGH AIRPORT AUTHORITY DISTRICT
EVANSVILLE REGIONAL AIRPORT

Exhibit "C" - Page 2 of 2

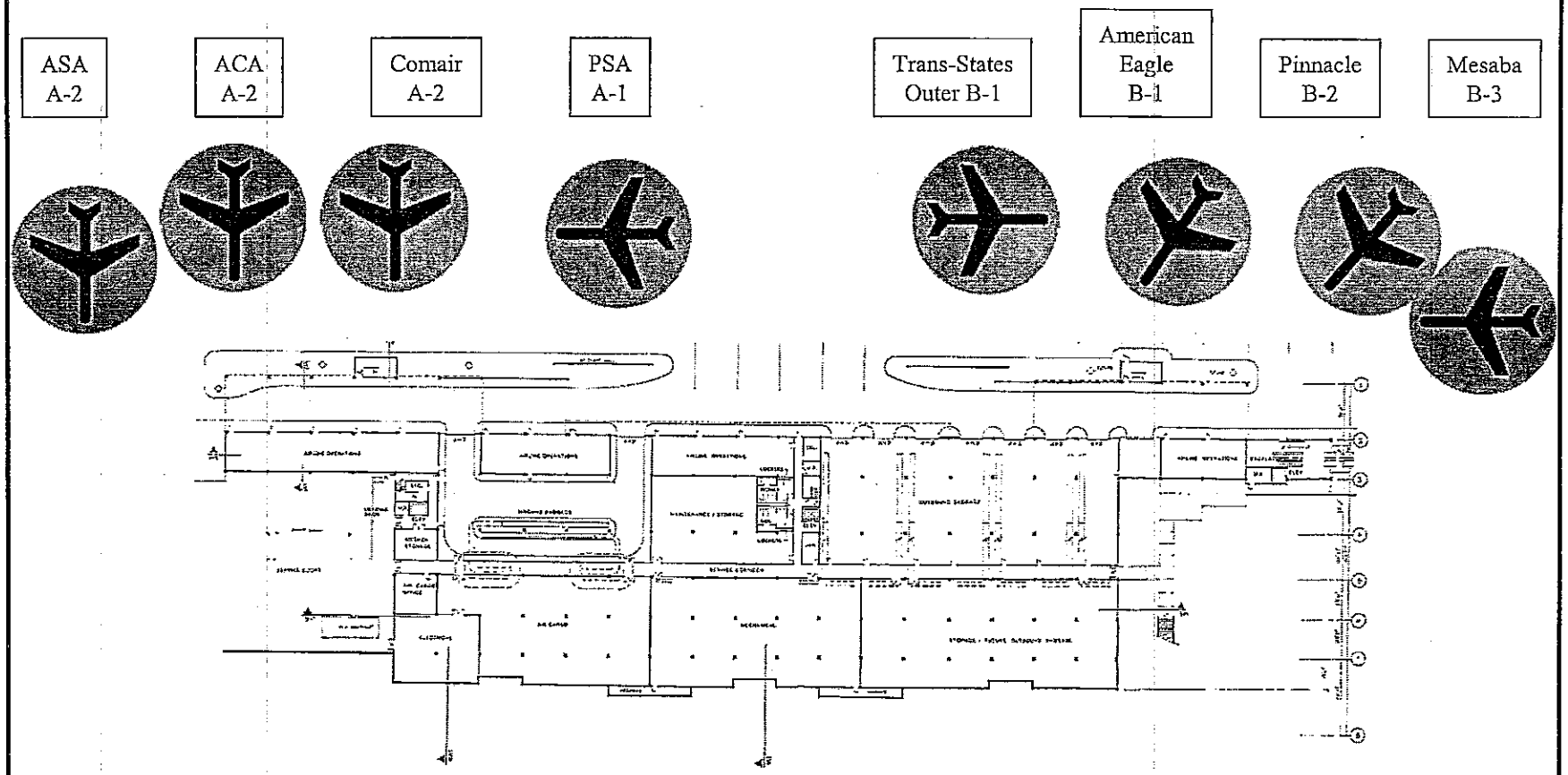
Service Provided
(Continued)

	Bag Makeup	Air Freight Office	Air Freight Storage	Ops	Apron
Air Conditioning					
1. Installation	N	E	N	S	N
2. Maintenance	N	E	N	E	N
3. Power	N	E	N	E	N
Heating & Ventilation					
1. Installation	E	E	E	S	N
2. Maintenance	E	E	E	E	N
3. Power	E	E	E	E	N
Illumination					
1. Installation	E	E	E	A	E
2. Maintenance	E	E	A	A	E
3. Power	E	E	M	E	E
Power-All Other Uses					
1. Installation	E	E	E	S	S
2. Maintenance	E	E	E	S	S
3. Power	M	M	M	M	M
Non Structural	A	A	A	A	E
Interior Window Cleaning	A	A	A	A	N
Custodial Service	A	A	A	A	E

(E = EVAAD provided; A = Airline provided; N = Not Applicable; M = Authority will provide power except for specialized substantial uses [e.g. 400 Hz Power] which shall be sub-metered and billed to user; S = Airport will provide service to space, Airline to provide distribution within space.)

The provision of the following services, including any maintenance or installation, shall be the responsibility of the Authority: all water, sewer, fire, police (not including checkpoint security), exterior window washing, structural and exterior maintenance.

Aircraft Loading Positions



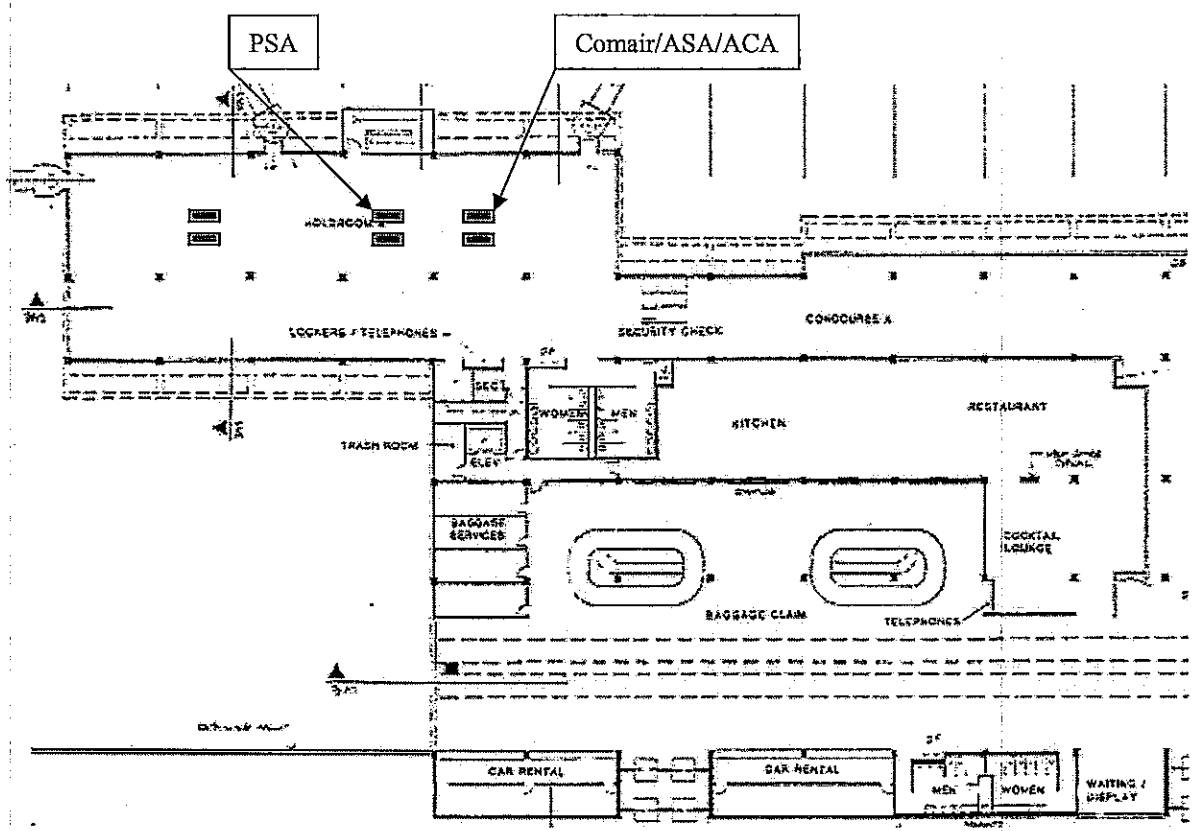
William H. Dress Terminal Building
Apron Level

Evansville Regional Airport

Exhibit "D" Page 1 of 1 .

Date: January 1, 2003 .

Passenger Gate/Holding Rooms
Holdroom A

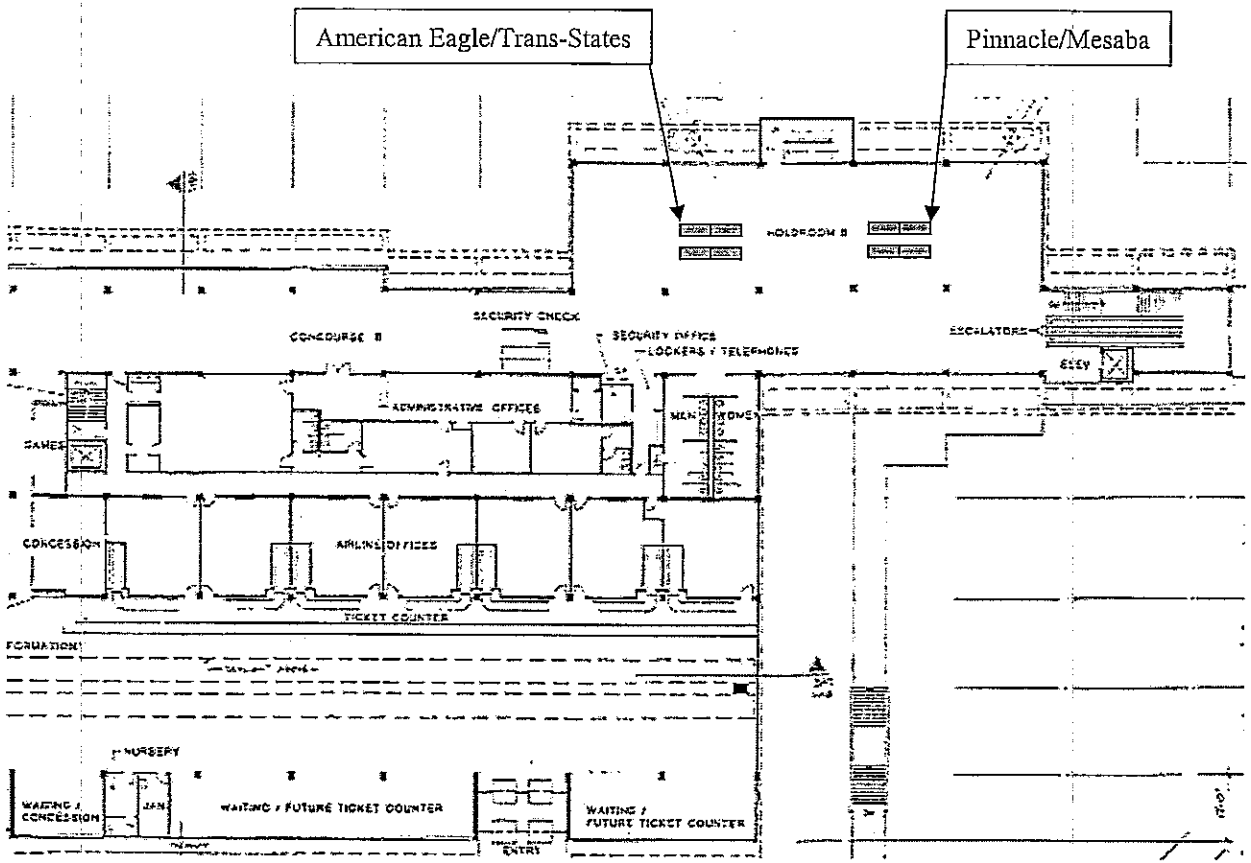


William H. Dress Terminal Building
Concourse Level

Evansville Regional Airport
Exhibit "E" Page 1 of 2.

Date: January 1, 2003.

Passenger Gate/Holding Rooms
Holdroom B



William H. Dress Terminal Building
Concourse Level

Evansville Regional Airport

Exhibit "E" Page 2 of 2.

Date: January 1, 2003.

EVANSVILLE-VANDERBURGH AIRPORT AUTHORITY DISTRICT
EVANSVILLE REGIONAL AIRPORT
Landing Fee Report

Exhibit "F"
1-1-03

MONTH/YEAR _____ AIRLINE _____

TYPE OF AIRCRAFT	GROSS LANDED WEIGHT		NUMBER OF LANDINGS		TOTAL WEIGHT		RATE	LANDING FEE
_____	_____	x	_____	=	_____	x	_____	= $ _____
_____	_____	x	_____	=	_____	x	_____	= $ _____
_____	_____	x	_____	=	_____	x	_____	= $ _____
_____	_____	x	_____	=	_____	x	_____	= $ _____
_____	_____	x	_____	=	_____	x	_____	= $ _____
_____	_____	x	_____	=	_____	x	_____	= $ _____
	TOTALS		_____		_____		$ _____	

NOTE: Use asterisk (*) to note Charter Landings.

ACTIVITIES REPORT

AIRLINE PASSENGERS:

Enplaned _____
Deplaned _____
Total _____

CHARTER PASSENGERS:

Enplaned _____
Deplaned _____
Total _____

FUEL (GALS):

Purchased _____
Used _____

FREIGHT (LBS):

Enplaned _____
Deplaned _____
Total _____

EXPRESS (LBS):

Enplaned _____
Deplaned _____
Total _____

MAIL (LBS):

Enplaned _____
Deplaned _____
Total _____

I hereby certify that, to the best of my knowledge, the above landing weights and number of landings, for the specified time period, are accurate and complete accounting in accordance with our contract agreement.

Signed _____
Date _____

THIS REPORT IS DUE IN THE AIRPORT MANAGER' OFFICE NO LATER THAN THE FIFTH DAY OF EACH MONTH.

EVANSVILLE-VANDERBURGH AIRPORT AUTHORITY DISTRICT
EVANSVILLE REGIONAL AIRPORT

Exhibit "G"
Airport Signage Policy
1-1-03

POLICY:
The Airport Authority wished to maintain consistency and control over signs that are placed anywhere within the airport facilities so that the traveling public can most easily find their way within the airport and expedite their travel time. Since the airport should be clear of commercial advertisements in specific areas, control and consistency are required. In commercial areas, we wish to achieve a fairness to all concessionaires so approval by the Authority is required.

PROCEDURES:

1. In general, the Authority follows "Guidelines for Airport Signing and Graphics" published in 1984 by the Air transport Association of America in cooperation with the American Association of Airport Executives (AAAE) and Airport Operators Council International (AOCI).

2. All leases and tenant contracts contain clauses requiring Authority approval of any signs on Airport property in view of the public. If concessionaires which a sign to be put on a wall or permanently affixed to any part of the building, they must first make a request to the Airport Manager with plans on the size, type and placement of the sign.

   The Airport Manager will review the request to determine if it meets the requirements set forth in the "Guidelines for Airport Signing and Graphics", as well as reviewing the request in terms of need, suitable size, location and good taste. Lighted signs are reviewed for possible interference with air and ground operations.

   The Authority will notify the requestor of approval in writing or suggest modifications when Appropriate.

3. All signage must conform to professional quality standards.

4. If an unauthorized sign is prepared and put up, the Airport Manger will notify the concessionaire to take down or modify the sign to meet requirements. If within five (5) days this is not accomplished, a letter will be written. If within ten (10) days of the date of the letter the sign is not removed/modified, the Airport Authority will remove the sign.

5. Airport Authority department representatives who wish to put up signs, notices or promotions should first seek the advice of the Airport Manager to develop/coordinate the signs and their placement. This is in order to maintain consistency within the airport.

EVANSVILLE-VANDERBURGH AIRPORT AUTHORITY DISTRICT
EVANSVILLE REGIONAL AIRPORT

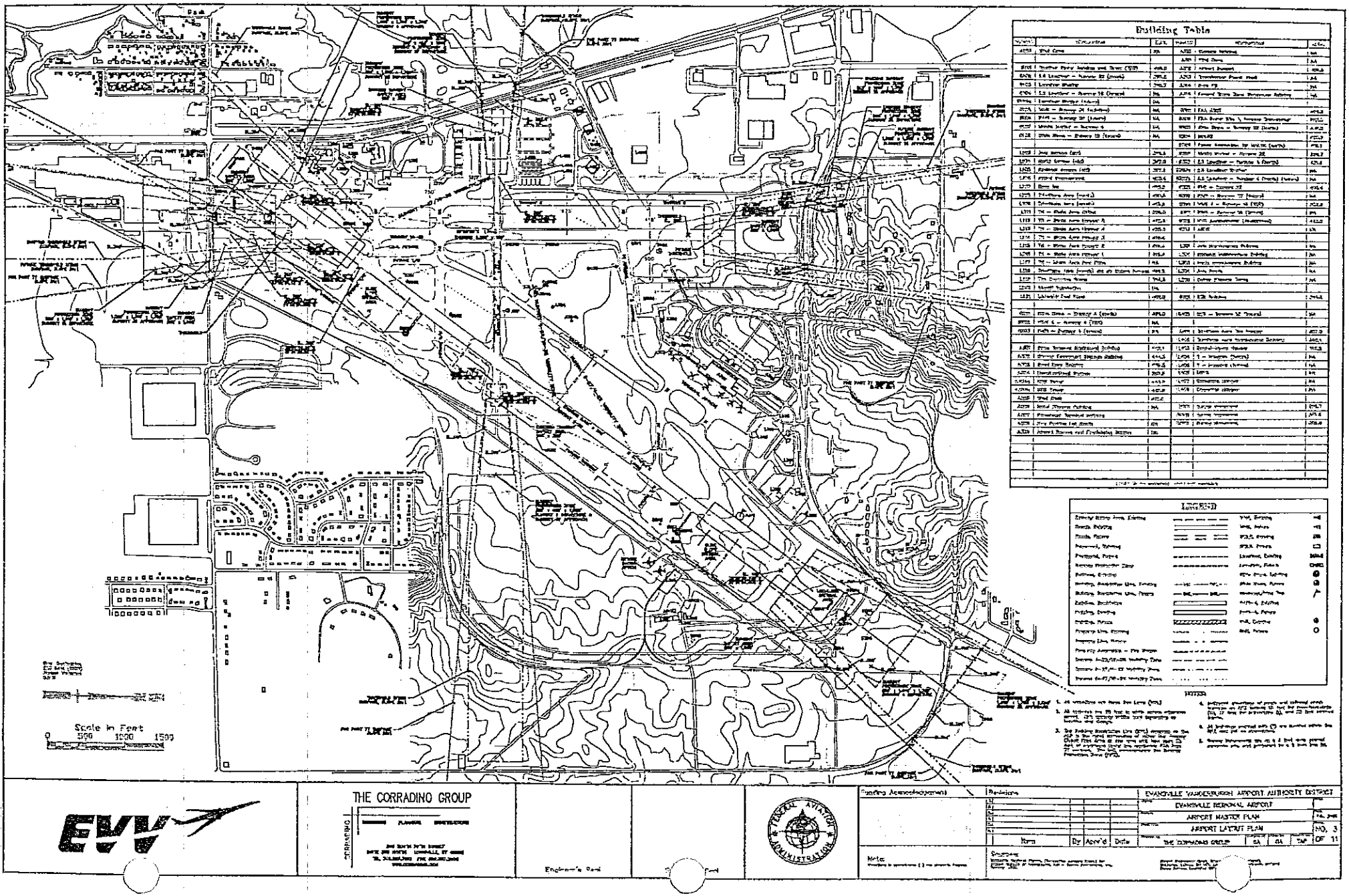
Exhibit "H"

Airport Authority Employment
1-1-03

(1) Airport Manager / Treasurer
(1) Assistant Airport Manager
(1) Marketing Director
(1) Accountant
(1) Accounts Payable / Claims Clerk
(1) Administrative Assistant
(1) Maintenance Clerk
(1) Safety Chief
(1) Director of Training, Safety Department
(3) Safety Captains
(3) Safety Lieutenants
(12) Safety Officers
(1) Building Facilities Chief
(1) Building Facilities Tech I
(1) Building Facilities Tech II
(1) Custodian Chief
(5) Custodians
(1) Airfield Maintenance Chief
(1) Equipment Maintenance Mechanic
(1) Equipment Maintenance Mechanic Helper
(1) Airfield Maintenance Tech I
(4) Airfield Maintenance Tech II
(1) Senior Parking Lot Cashier
(2) Parking Lot Cashiers, Full Time
(3) Parking Lot Cashiers, Part Time
(8) Valets / Cart Driver, Part Time

EVANSVILLE-VANDERBURGH AIRPORT AUTHORITY DISTRICT
EVANSVILLE REGIONAL AIRPORT

Exhibit "I"
Airport Layout Plan
1-1-03



EVANSVILLE-VANDERBURGH AIRPORT AUTHORITY DISTRICT

Calculation of Required Signatory Airline Rates and Charges

Calender Year 2004

Exhibit B
1/22/2004

Revenues	Terminal Area	Airfield Area	Total
Revenues from sources other than Signatory Airlines Space Rentals and Landing Fees	$1,942,500	$832,500	$ 2,775,000
Surplus year 2002	$0	$0	$0
TOTAL REVENUES	$1,942,500	$832,500	$2,775,000
Expenses			
O&M Expense	$3,290,355	$1,410,152	$4,700,507
Capital Improvements	$0	$0	$0
Less estimated reduction in budget disbursements for 2004 set at: 8%	($263,228)	($112,812)	($376,041)
TOTAL EXPENSES	$3,027,127	$1,297,340	$4,324,466
Signatory Airline Rental Requirement	$1,084,627	$464,840	$1,549,466
Signatory Airline Rental Space (Square Feet)	42,963		
Required Average Airline Rental Rate Per Square Foot	$25.25		
Signatory Airline Landing Fee Revenue Required		$464,840	
Signatory Airline Landing Weight (1,000 lb. units)		430,000	
Signatory Airline Landing Fee Rate (1,000 lb. units)		$1.08	

EVANSVILLE-VANDERBURGH AIRPORT AUTHORITY DISTRICT
EVANSVILLE REGIONAL AIRPORT

Supplemental Information to Exhibit "B"
1/22/2004

Airline Leased Space	Square Feet	Class
Ticket Counter	960	1
Back Office	1,975	1
Baggage Claim	6,432	2
Operations Office	2,341	2
Holdrooms	15,448	2
Outbound Baggage	7,440	3
Inbound Baggage	8,016	3
Back Office Storage	351	3
Operation	0	3
Air Freight Storage	0	3
Total	42,963	

Rate Structure

Class 1	2,935 x 1.00 =	2,935
Class 2	24,221 x .75 =	18,166
Class 3	15,807 x .50=	7,904
	42,963	29,004

Airline Rental Required	$1,084,627
Equivalent Class 1 Area	29,004
Class 1 Rate	$37.40
Class 2 Rate	$28.05
Class 3 Rate	$18.70
Average Rental Rate	$25.25