2023 AMENDED AND RESTATED 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") (sometimes referred to as "Los Angeles World Airports" or "LAWA"), acting by order of and through its Board of Airport Commissioners (the "Board"), and ________________________, an air carrier offering regularly scheduled passenger service at the Airport or an airline consortium that has been formed to manage specified Terminal facilities or equipment at the Airport and has been approved by City for this purpose (in either case, referred to for convenience as "Airline" throughout this Agreement). 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 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 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 for the calculation of rates and charges for the use of Terminal space and equipment at the Airport on September 17, 2012.

E. Airline understands that this 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 disputes about the methods used to calculate rates and charges for use of Terminals at the Airport.

H. City and various air carriers offering regular scheduled passenger service at the Airport, including Airline, initially entered into a rate agreement effective as of January 1, 2013 (the "2013 Rate Agreement"). Desiring to extend, and to amend and restate the 2013 Rate

Agreement, Airline and various other air carriers entered into a revised rate agreement effective as of January 1, 2020 (the "Amended and Restated Rate Agreement"), to enhance consultation on major capital improvement projects affecting passenger carriers, to provide stronger financial protection to City, and to relieve air carriers and airline consortiums that execute this Agreement of the burden of posting a performance guaranty while protecting City from airline-related bad debt.

I. City and various air carriers, including Airline, further revised the rate agreement effective as of July 1, 2021 (the "Further Amended and Restated Rate Agreement"), to employ a revised Rate Methodology allowing LAWA to set rates on a fiscal year, rather than calendar year basis, using budgeted Operations and Maintenance Expenses rather than past actual Operations and Maintenance Expenses, and furthering LAWA's effort to achieve fully equalized Terminal charges for all airlines using common use facilities at the Airport.

J. City and various air carriers, including Airline, in anticipation of the future terminal projects included in the Airfield and Terminal Modernization Project, now wish to further amend and restate the rate agreement to extend the Term, phase-in a change in Access Cost Center cost allocations, revise the cap placed on charges for Common Use Holdrooms, explicitly authorize use of the TRIF to pre-pay debt associated with the Terminals and generally update the Agreement.

K. The Board adopted a revised methodology (the "Rate Methodology"), effective July 1, 2023, for the calculation of rates and charges for the use of Terminal space and equipment at the Airport on June 15, 2023. The revised Rate Methodology is attached to this Agreement as Exhibit A.

L. City will make this form of Agreement available to all air carriers offering regularly scheduled passenger service at the Airport, and all air carriers that execute this form of Agreement will be "Signatory Airlines" for purposes of this Agreement. City will also make this form of Agreement available to airline consortiums that have been formed to manage specified Terminal facilities and equipment 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. Each airline consortium that becomes a party to this form of Agreement will be a "Signatory Consortium" and except as otherwise provided in Section 3, will be treated as if it were a "Signatory Airline" for purposes of this Agreement.

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.

1.1. Commencement of Term.

(a) With respect to any air carrier, this Agreement shall commence on July 1, 2023 if executed by such air carrier and delivered to City on or before December 31, 2023 and otherwise shall commence on the first day of the next month beginning no less than thirty (30) days after execution by an air carrier and delivery to City.

(b) With respect to any City approved airline consortium in existence before July 1, 2023 ("Existing Consortium"), this Agreement shall commence on July 1, 2023 if executed by the Existing Consortium and delivered to City on or before December 31, 2023.

(c) With respect to any airline consortium formed and approved on or after July 1, 2023, 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.

1.2. Termination. This Agreement shall terminate on June 30, 2035.

1.3. Prior Agreement. Upon its commencement, this Agreement shall supersede the Further Amended and Restated Rate Agreement, the Amended and Restated Rate Agreement or the Rate Agreement, whichever is applicable.

1.4. Early Termination for Cessation of Activity. If Airline ceases to use the Airport for the departure and arrival of aircraft for a continuous period of three (3) months or more, then this Agreement shall terminate automatically and without notice to Airline.

1.5. Fiscal Year 2024 Adjustments and Access Area Phase-In for Signatory Airlines. Signatory Airlines that execute this Agreement by December 31, 2023 shall receive the benefit of the "FY 2024 Adjustment" and the "Access Area Phase-In for Signatory Airlines" described in Exhibit M. Signatory Airlines that execute this Agreement after December 31, 2023 shall not receive the benefit of the "FY 2024 Adjustment" and shall only receive the benefit of the "Access Area Phase-In for Signatory Airlines" described in Exhibit M from the Fiscal Year that immediately follows the date the Signatory Airline executes this Agreement through Fiscal Year 2029.

2. Acceptance of Rate Methodology. Airline agrees to pay charges for its use of space in the Terminals calculated in accordance with the 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 Rate Methodology. City agrees that during the Term, City shall use the 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 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 in which Signatory Airlines that collectively paid no less than fifty-one percent (51%) of the total rates and charges paid under the Rate Methodology by all Signatory Airlines during the immediately preceding Fiscal Year cast ballots and the Signatory Airlines voting to approve the modification also paid no less than sixty-seven percent (67%) of the total rates and charges paid under the Rate Methodology during the immediately preceding Fiscal Year by all Signatory Airlines casting ballots (including Signatory Airlines that vote not to approve the modification). A Signatory Consortium shall not itself participate in such a vote, but the rates and charges paid by a Signatory Consortium 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 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 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 Rate Methodology. Airlines and airline consortiums that are not signatories to this form of Agreement shall not be eligible for Tier One Revenue Sharing.

4.1. Tier One Terminal Buildings Revenue Sharing.

(a) The Terminal Buildings Requirement otherwise calculated under Section 2.2.1 of the Rate Methodology for any given Fiscal 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 Rate Methodology) charged to all Signatory Airlines, including Airline, shall reflect 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 budgeted revenue from Terminal Buildings Concessions for the following Fiscal Year.

(ii) "Tier One Terminal Buildings Concession Revenue" shall mean fifty percent (50%) of the amount, if any, of budgeted Terminal Buildings Concession Revenue for the following Fiscal Year that is above the Terminal Buildings Concession Baseline.

(iii) "Terminal Buildings Concessions" shall mean all concessions and concessions management in the Terminals at the Airport including, but not limited to, food and beverage, retail, telecommunications, ATMs, luggage carts, advertising and sponsorships, passenger lounges operated on a pay-for-use basis (other than lounges leased by air carriers or airline consortiums), and Terminal commercial management and Terminal media operations. Terminal Building Concessions do not include FIS Concessions, parking and rental car concessions, or commercial vehicle and other ground transportation fees.

(iv) "Terminal Buildings Concession Baseline" shall mean Ninety Million, Six Hundred Thousand Dollars ($90,600,000) as of July 1, 2018 and as adjusted as of July 1 of each following year to reflect any changes after June 30, 2018 in the consumer price index published by the Bureau of Labor Statistics for "all urban consumers" for "all items" for the Los Angeles-Long Beach-Anaheim Area.

4.2. Tier One FIS Concession Revenue Sharing.

(a) The Gross FIS Requirement otherwise calculated under Section 2.3.1 of the Rate Methodology for any given Fiscal 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, 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" shall mean duty free and foreign exchange concessions at the Airport. FIS Concessions do not include Terminal Buildings Concessions, parking and rental car concessions, or commercial vehicle and other ground transportation fees.

(ii) "Tier One FIS Concession Revenue" shall mean twenty-five percent (25%) of all budgeted revenues from FIS Concessions contracts for the following Fiscal Year.

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

4.3. Adjustments-to-Actual for Tier One Revenue Sharing. In making annual adjustments-to-actual under Section 2.10 of the Rate Methodology after the close of each Fiscal Year after 2022, LAWA shall include recalculations of (a) Tier One Terminal Buildings Concession Revenue Sharing, in accordance with Section 4.1, on the basis of actual Tier One Terminal Buildings Concession Revenue; and (b) Tier One FIS Concession Revenue Sharing, in accordance with Section 4.2, on the basis of actual Tier One FIS Concession Revenue.

5. City and Airline commit to work together in good faith to evaluate the need for and potential implementation of a new remote baggage check-in facility and common system to transport checked-in bags from the ConRAC and potentially other remote curb locations to the Terminals. By no later than January 31, 2024, the parties agree to develop a timeline of major milestones and associated dates to discuss the following major topics: (i) the number of bags that may be checked-in remotely, (ii) the size and type of facility/systems to be developed, (iii) integration (e.g., screening and induction) of the remote baggage system with an airline-operated baggage system to provide a seamless experience for Airport passengers, (iv) the operational date of the facility/systems, and (v) the estimated capital and operating costs of facility/systems; (vi) the types and amounts of funding sources, and (vii) the roles and responsibilities of the parties. The Signatory Airlines will designate up to three airline-representatives to represent the interests of all Signatory Airlines (or such other number of representatives agreed to by the City). City and the designated representatives of the Signatory Airlines will provide baggage facility/system specific experts and necessary resources from time-to-time to support these discussions.

6. [INTENTIONALLY LEFT BLANK]

7. Capped Common Use Holdroom Fee.

7.1. During any Fiscal 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 applicable Common Use Holdroom Cap, subject to Section 7.2. For any given Fiscal Year, LAWA shall calculate the Common Use Holdroom Cap applicable to a Signatory Airline's use of a particular Common Use Holdroom as follows:

(a) Separate Relative Common Use Holdroom Caps for each class of aircraft shall be computed as the product of (x) the Terminal Buildings Rate calculated in accordance with this Agreement for that year, (y) the average number of square feet in all Common Use Holdrooms in the Terminals, and (z) the relativities for each class of aircraft established under Section 2.4.2 of the Rate Methodology.

(b) The Common Use Holdroom Cap applicable to a Signatory Airline's use of a particular Common Use Holdroom shall be the sum of (a) the proportion of Turns by such Signatory Airline at that Common Use Holdroom for each aircraft class during the Fiscal Year, multiplied by (b) the Relative Common Use Holdroom Cap for each corresponding aircraft class.

7.2. LAWA may adjust the methodology in Section 7.1(b) used to determine Common Use Holdroom Caps. LAWA may also terminate the Common Use Holdroom Caps on or after July 1, 2024 if LAWA provides an alternative limitation on costs for high-volume users of Common Use Holdrooms, as determined in LAWA's reasonable discretion. Prior to any such adjustment or termination, LAWA shall provide written notice ("New Common Use Holdroom Cap Notice") to the AAAC that provides the new methodology and the reasons for the adjustment. The AAAC shall provide LAWA with any comments in writing within thirty (30) days following the New Common Use Holdroom Cap Notice. LAWA shall consider any such comments and then, in its sole discretion, shall reasonably determine whether to make the adjustment. LAWA shall provide written notice to the AAAC of its determination, and thereafter calculations of the Common Use Holdroom Cap shall be calculated in accordance with the adjustment.

7.3. For purposes of determining whether a Signatory Airline's cumulative Common Use Holdroom fees for a given Common Use Holdroom exceed the applicable Common Use Holdroom Cap, LAWA 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 LAWA's Chief Executive Officer ("CEO," referred to as the "Executive Director" in the Rate Methodology) 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 Holdroom fees are being computed. The Turns and aircraft class associated with any such Common Use Holdroom fees shall be included in determining the Common Use Holdroom Cap under Section 7.1. Illustrative calculations displaying how the Common Use Holdroom Cap will be calculated are attached to this Agreement as Exhibit D.

7.4. After January 1 of each Fiscal Year, LAWA will determine whether each Signatory Airline utilizing one or more Common Use Holdrooms has paid Common Use Holdroom fees that exceed the applicable Common Use Holdroom Cap prorated over a six month period ("Prorated Common Use Holdroom Cap"). For any Signatory Airline that has paid Common Use Holdroom fees during the first six months of the Fiscal Year for Turns on a Common Use Holdroom that exceed the applicable Common Use Holdroom Cap, LAWA shall issue the Signatory Airline a credit for the difference no later than March 31 of such Fiscal Year. LAWA shall take account of any such credits given to a Signatory Airline during the Fiscal Year when making adjustments-to-actual at the end of each Fiscal Year under Section 13 of this Agreement and Section 2.10 of the Rate Methodology.

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 Fiscal Year, commencing at the end of Fiscal Year 2022, 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 Fiscal Year shall mean the difference between (a) the total revenues received by City from all sources for use of space in the Terminals (excluding ECPCs, if any) and (b) the sum of (x) debt service (net of PFC's), amortization charges from the use of TRIF and other Pledged Revenues to pay down bond or interim financing principal pursuant to Section 10.8 and Operations and Maintenance Expenses allocable to the Terminals and (y) required Reserve Deposits allocable to the Terminals for the immediately preceding Fiscal Year. The "Net Terminal Area Cash Flow Cap" shall mean Two Hundred Twenty Million Dollars ($220,000,000) as of July 1, 2023 and as adjusted as of July 1 of each following year to reflect any changes after July 1, 2023 in California Construction Cost Index published by the Real Estate Services Division of the California Department of General Services. If at the end of any Fiscal Year the Net Terminal Area Cash Flow exceeds the Net Terminal Area Cash Flow Cap, fifty percent (50%) of the funds in excess of the Net Terminal Area 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 or to pay down bond or interim financing principal allocable to the Terminals in accordance with Section 10.8 unless the CEO 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; provided, however, that 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 Terminal Capital Improvements listed in Exhibit N, as provided in Section 9.3. For purposes of this Agreement, "Date of Beneficial Occupancy" or "DBO" shall mean the date when a project or phased component of a project has been completed and the CEO determines that it is available for use.

(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 Six Hundred Fifty-Five Million, Nine Hundred Thousand Dollars ($655,900,000), as of July 1, 2023 and as adjusted as of July 1 of each following year to reflect any changes after July 1, 2023 in the California Construction Cost Index published by the Real Estate Services Division of the California Department of General Services.

(b) Tier Two Revenue Sharing Fund Distributions.

(i) Commencing in Fiscal Year 2022 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 Fiscal 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 8.2(b)(ii) and shall be based upon the ratio of each Signatory Airline's payments of Terminal charges during the preceding Fiscal Year to all payments of Terminal charges by Signatory Airlines during the preceding Fiscal 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 Rate Methodology. City may, in its discretion, elect to reduce or defer the distribution of Tier Two Credits in any Fiscal Year to the extent the distribution of Tier Two Credits would cause City to increase the otherwise-indicated amounts of ECPCs calculated under Section 10.2. Such reduction or deferral is not intended to eliminate City's obligation to provide the full benefit of such credits to each Signatory Carrier in future years. When an ECPC is no longer required, City shall distribute any past Tier Two Credits due to Signatory Airlines no later than when refunds of ECPCs are made pursuant to Section 10.7.

(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 Fiscal 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)(ii), 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. If any Signatory Airline is unable to use its Tier Two Credit by reason of such arrearage or because it is no longer operating at the Airport, such Signatory Airline's Tier Two Credit shall be retained in the Tier Two Revenue Sharing Fund and distributed at the end of the next Fiscal Year in accordance with Section 8.2(b)(i).

9. Terminal Capital Improvements.

9.1. Consultation. The AAAC will designate a representative of all Signatory Airlines (the "Airline Technical Representative") who will meet no less than twice each Fiscal Year with City to consult about the scope and status of Capital Improvements with costs allocable to the Terminals, Airfield and Apron, and Access (collectively, the "Airline Area Capital Improvement Plan"). City and the Airline Technical Representative will work cooperatively to make the consultation meetings collaborative and informative (e.g., format and approach of communicated information) with the objective of developing a common understanding of the Airline Area Capital Improvement Plan. City will use good faith efforts to implement each Airline Area Capital Improvement included in the Airline Area Capital Improvement Plan, but the Signatory Airlines understand and agree that City may make changes in the scope, purpose, design, schedule, cost and funding sources of each Airline Area Capital Improvement. After City gives due consideration to whatever information and written comments are provided by the Signatory Airlines or the Airline Technical Representative as described below, City will in its reasonable discretion make the final determination on all of these matters and such determinations will be binding.

At each such consultation meeting for the Airline Area Capital Improvement Plan, City will provide the following for the then current Fiscal Year and on a forward rolling basis for the next three (3) Fiscal Years: (a) a list, description, and prioritization of each Airline Area Capital Improvement that is planned, in design, designed or in construction at the time of the meeting, with those Airline Area Capital Improvements for the maintenance, renewal and replacement of assets or equipment in such areas separately identified; (b) the estimated gross project cost and construction schedule for each Airline Area Capital Improvement; (c) the then anticipated source of funds for each Airline Area Capital Improvement; (d) the potential project delivery method that may be used by City for each Airline Area Capital Improvement (e.g. design-build, public private partnership), and (e) the anticipated impact of the projected set of Airline Area Capital Improvements on charges to be calculated in accordance with the Rate Methodology, this Agreement or the Air Carrier Operating Permit, and the amount and timing of any projected Extraordinary Coverage Protection Charge ("ECPC") calculated in accordance with this Agreement. Upon request, City will also provide at that time any other publicly available information (1) provided to the Board about each such Airline Area Capital Improvement or (2) otherwise publicly disseminated by LAWA.

For each Airline Area Capital Improvement that meets established materiality criteria, which may change from time-to-time as discussed below, City agrees to engage the Airline Technical Representative from time-to-time, through a designated City representative and communication protocol to be reasonably determined by City after consultation with the Signatory Airlines, starting at the early development of and continuing through the implementation of each such Airline Area Capital Improvement to exchange information or comments meant to improve the Airline Area Capital Improvement, and to address the budget, schedule, operational or other impacts of each such Airline Area Capital Improvement on airline tenants in a timely manner. The materiality criteria will be established in consultation with the Signatory Airlines after taking into account the total cost, changes in airline rates and charges, or airline operational impacts of each such Airline Area Capital Improvement. If after consultation the Parties cannot reasonably agree on the materiality criteria, City will make the final determination and such determination will be binding.

City will give due consideration to written comments on Airline Area Capital Improvements provided to City by Signatory Airlines or the Airline Technical Representative within thirty (30) days of any such communication regarding items (a) through (e) above with respect to any Airline Area Capital Improvement or otherwise regarding any material Airline Area Capital Improvements and will advise the Board of any such written comments when requesting Board action on any Airline Area Capital Improvement that is the subject of such comments.

9.2. Funding Sources. Airline Area Capital Improvements may be funded from one or more of the following sources: Airport revenue bonds, Airport revenue other than TRIF, developer capital (e.g., through a public private partnership), federal grants-in-aid (where available to pay eligible project costs), PFCs (subject to availability and FAA approval), and TRIF for Terminal Capital Improvements only. City shall retain sole discretion to determine the sources of funding for each Capital Improvement. City acknowledges and shares Airline's desire for a cumulative funding mix which minimizes the airline rate burden; optimizes the use of grants-in-aid, PFCs and CFCs; maintains City's ability to access capital markets on favorable terms; and eliminates or reduces the amount, frequency and duration of ECPCs, if any. City shall give due consideration to these objectives when determining the sources of funding for each Capital Improvement. Airline acknowledges that the actual mix of sources used to fund Airline Area 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 PFCs and CFCs; and (d) capital market conditions.

9.3. Deferred Amortization Charges. 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 Terminal Capital Improvements listed in Exhibit N.

10. Extraordinary Coverage Protection. Airline agrees that in addition to paying charges for its use of space and equipment in the Terminals calculated in accordance with the Rate Methodology as modified by this Agreement, Airline shall when required by this Agreement pay a separate charge to provide extraordinary coverage protection to City (the "Extraordinary Coverage Protection Charge" or "ECPC") in accordance with the following terms and conditions.

10.1. Definitions. For purposes of this section, the following definitions shall be used:

(a) "APM" shall mean the automated people mover to be constructed at the Airport.

(b) "APM Capital AP" shall mean the annual availability payments City is obligated to make to the private developer of the APM for capital costs.

(c) "APM O&M AP" shall mean the annual availability payments City is obligated to make to the private developer of the APM for operations and maintenance costs and renewal costs.

(d) "CFC Revenues" shall mean Customer Facility Charges collected by City with respect to the Airport.

(e) "ConRAC" shall mean the consolidated rent-a-car car facility to be constructed at the Airport.

(f) "ConRAC Capital AP" shall mean the annual availability payments City is obligated to make to the private developer of the ConRAC for capital costs and renewal costs.

(g) "ConRAC O&M AP" shall mean the annual availability payments City is obligated to make to the private developer of the ConRAC for operations and maintenance costs.

(h) "Coverage Amount" shall mean the ratio of Adjusted Net Pledged Revenues to Total LAX Obligations, calculated as provided in Section 10.2(d).

(i) "Coverage Target" shall mean that the Coverage Amount equals 1.40*x*.

(j) "Customer Facility Charge" or "CFC" shall mean "Customer Facility Charge as that term is defined in California Government Code § 50474.21(a) as it may be amended from time to time.

(k) "Gross Annual Debt Service" shall mean gross annual debt service (including debt service expected to be paid by PFCs and CFCs) allocable to bond-funded Capital Improvements, excluding debt service on special facility bonds.

(l) "Included CFC Revenues" shall mean that portion of the CFC Revenues collected by City (plus any interest income on CFC balances) that is used to (i) make ConRAC Capital APs to the developer of the ConRAC beginning on the DBO of the ConRAC (or such other date as reasonably determined by LAWA) and (ii) pay debt service on debt issued by City to fund a portion of APM costs and make APM Capital APs and APM O&M APs to the developer of the APM, all beginning on the DBO (or such other date reasonably determined by LAWA). CFC Revenues used to pay debt service on special facility bonds are not Included CFC Revenues.

(m) "Included PFC Revenues" shall mean that portion of the PFC Revenues collected by City (plus any interest income on PFC balances) that is used to pay PFC-eligible debt service and other capital costs (e.g., availability payments).

(n) "LAX O&M Expenses" shall mean Operations and Maintenance Expenses (as defined in the Rate Methodology) including both APM O&M AP and ConRAC O&M AP made by City.

(o) "Other Nonairline Revenue" or "ONR" shall mean all revenue received by City from nonairline sources other than Terminal Building Concessions and FIS Concessions, such as revenue received by City from parking and rental car concessions; from commercial vehicle and other ground transportation fees; and from commercial development at the Airport. ONR shall not include any revenue received by City from any source that is credited to the airfield and offset against the airfield revenue requirement in the calculations used to derive the landing fee at the Airport.

(p) "ONR/EP Ratio" shall mean the ratio of Other Nonairline Revenues divided by total Enplaned Passengers.

(q) "PFC Revenues" shall mean Passenger Facility Charges collected by City with respect to the Airport.

(r) "Pledged Revenues" shall mean the income, receipts, earning and revenues received by City from the Airport, excluding (i) PFC Revenues, (ii) CFC Revenues and (iii) grant funding for capital projects.

10.2. Amount of Aggregate ECPCs. City shall calculate the aggregate amount of ECPCs, if any, to be paid by Airline and all other Signatory Airlines in any given Fiscal Year as follows:

(a) First: estimated Net Pledged Revenues shall be computed as Pledged Revenues minus LAX O&M Expenses.

(b) Second: estimated Adjusted Net Pledged Revenues shall be computed as the sum of Net Pledged Revenues, Included CFC Revenues and Included PFC Revenues, less the total amount of Tier Two Credits, if any, distributed under Section 8.2(b).

(c) Third: estimated Total LAX Obligations shall be computed as the sum of Gross Annual Debt Service, APM Capital AP and ConRAC Capital AP.

(d) Fourth: the estimated Coverage Amount shall be computed by dividing Adjusted Net Pledged Revenues by Total LAX Obligations.

(e) Fifth: if the Coverage Amount equals or exceeds the Coverage Target (1.40), no ECPCs shall be required.

(f) Sixth: if the Coverage Amount is less than the Coverage Target, ECPCs shall be required in an aggregate amount sufficient, when added to Adjusted Net Pledged Revenues, to cause the Coverage Amount to equal the Coverage Target (1.40).

10.3. Nonairline Revenue Target Credits.

(a) Eligibility for NRTC. The aggregate amount of ECPCs, if any, to be paid by Airline and all other Signatory Airlines in any given Fiscal Year shall be reduced by a Nonairline Revenue Target Credit ("NRTC") if, but only if, the ONR/EP Ratio for the current Fiscal Year is fifty percent (50%) or more lower than the ONR/EP Ratio for the immediately preceding Fiscal Year, after taking account of any projects undertaken at the Airport for the benefit of any airline and any exogenous events (outside City's control) that, in each case, City can demonstrate adversely affected Other Nonairline Revenues.

(b) Amount of NRTC. If the Signatory Airlines must pay ECPCs in any given Fiscal Year, the amount of the NRTC, if any, for that Fiscal Year shall be the amount required to increase the ONR/EP Ratio for that Fiscal Year so that it equals fifty percent (50%) of the ONR/EP Ratio for the immediately preceding year (after adjustments, if any, under Section 10.3(a)); provided, however, that the NRTC can never exceed the aggregate amount of ECPCs otherwise due for that Fiscal Year.

Illustrative calculations displaying how ECPCs and NRTCs will be calculated are attached to this Agreement as Exhibit J and Exhibit K.

10.4. Consultation on ECPCs. City will determine, and notify each Signatory Airline, whether an ECPC will be required at the time City provides annual notice of proposed rates and charges under Section 2.1 of the Rate Methodology; at the time City provides notice of any mid-year adjustment to rates and charges under Section 2.9 of the Rate Methodology; or at any other time City determines that an ECPC is required as a result of an unexpected event outside of City's control.

Before requiring payment of ECPCs in accordance with this Agreement, City shall consult with all Signatory Airlines concerning, and provide supporting documents showing, the basis for implementing the ECPC; the calculation of the amount of the ECPC, including the NRTC, if any; the projected frequency and duration of the ECPC; and any reasonable steps City has taken and could take to reduce the amount, frequency and duration of the ECPC. City shall give due consideration to the possibility of eliminating or reducing the amount, frequency and duration of ECPCs by changing the scope or phasing of or the funding sources for Capital Improvements, increasing the amounts of Nonairline Revenues or reducing Operations and Maintenance Expenses; provided, however, that City shall not be required to take any of these steps.

10.5. Payments of ECPCs.

(a) Calculation of Individual Airline ECPCs. To determine the amount of ECPCs, if any, to be paid by each Signatory Airline, including Airline, in any given Fiscal Year, City shall first subtract the NRTC, if any, calculated in accordance with Section 10.3 from the aggregate amount of ECPCs calculated in accordance with Section 10.2, and City shall then multiply that difference by each Signatory Airline's proportionate share of total payments (excluding ECPCs, if any) made by all Signatory Airlines for use of the Terminals under the Tariff, as modified by the Rate Methodology and this Agreement over the most recent twelve (12) month period for which such payments have been made.

(b) Timing of Required Payments. Payments of the ECPCs to be made by Airline in any given Fiscal Year shall be made on the first day of each month. The amount of each such payment shall be calculated by dividing the total amount of ECPCs Airline must pay during such year by the number of months remaining in the year.

10.6. Adjustments-to-Actual for ECPCs. When City makes its annual adjustments-to-actual under Section 2.10 of the Rate Methodology, City shall also recalculate any ECPCs on the basis of actual Adjusted Net Pledged Revenues and Total LAX Obligations and other factors affecting the prescribed calculations and shall determine the amount of any overpayment (credit) or underpayment (debit) due to or from each Signatory Airline. Any resulting credit shall be issued to Airline, and any resulting debit shall be invoiced to and payable by Airline, as prescribed in Section 2.10 of the Rate Methodology.

10.7. Refunds of ECPCs in Future Years. If ECPCs are paid in any given Fiscal Year, City shall in subsequent Fiscal Years credit each Signatory Airline with its proportionate share of such payments as soon as, and to the extent, the Coverage Amount exceeds the Coverage Target. Credits for past ECPCs paid 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. Credits for past ECPCs paid will not be issued in cash. Such credits must be used within twenty-four (24) 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. Any unused credits that expire shall be applied by City against any outstanding amount due on account of Airline's use of Terminal space or use of the airfield at the Airport, and the remaining balance, if any, of such credits shall be retained in the Tier Two Revenue Sharing Fund and distributed at the end of the next Fiscal Year in accordance with Section 8.2(b)(i).

10.8. Paydown of Debt. City may at any time, but shall not be obligated to, use available Pledged Revenues to pay down bond principal or interim financing costs (including principal, financing and interest costs not otherwise refunded with long-term bonds) allocable to the Terminal, to reduce outstanding debt. Any such payments will be recovered through amortization charges based on the remaining economic life of the Capital Improvements funded by the outstanding debt or the last maturity date of the financing that was paid down, whichever is shorter, and an interest rate set to equal published average borrowing costs at the time of the prepayment; provided, however, that the amortization period for the recovery of interim financing costs shall be no less than the weighted average remaining economic useful life of the assets funded with the interim financing.

11. Performance Guaranty.

11.1. Definitions.

(a) "Bad Debt" shall mean a monetary amount owed to City by an air carrier or airline consortium with respect to the Terminals that is unlikely to be paid as it is beyond the collectible period as set by City policy.

(b) "Bad Debt Recovery" shall mean the recapture of Bad Debt that has previously been included in the Operations and Maintenance Requirement calculated under Section 2.2.1(b) of the Rate Methodology.

(c) "Performance Guaranty" shall mean the performance guarantee required by Section 15 of the Tariff and the performance guarantee provision of Airline's lease (if any).

11.2. Rate Recovery of Bad Debt. At the time City establishes rates and charges to be effective on July 1 of the next Fiscal Year under Section 2 of the Rate Methodology, City shall also calculate a "Bad Debt Surcharge" to recover its costs of Bad Debt. The aggregate amount of such a Surcharge shall be calculated by subtracting from any Bad Debt arising during the preceding Fiscal Year the amounts of any Bad Debt Recovery achieved during that year. If the amount of Bad Debt Recovery exceeds the amount of Bad Debt for any given year, the Surcharge will be a credit. The amount of each Signatory Airline's share of the total Bad Debt Surcharge (or credit) shall be based upon each Signatory Airline's proportionate share of total payments (excluding ECPCs, if any) by all Signatory Airlines for use of the Terminals under the Tariff, as modified by the Rate Methodology and this Agreement, in the most recent completed Fiscal Year. Such surcharges or credits shall be distributed at the same time and in the same manner as adjustments-to-actual under Section 2.10 of the Rate Methodology. Illustrative calculations displaying how Bad Debt Surcharges will be calculated are attached to this Agreement as Exhibit L.

11.3. Relief from Obligation to Provide Performance Guaranty.

(a) Subject to Section 11.5, City shall not require any Signatory Airline, including Airline, to provide a Performance Guaranty as otherwise required by Section 15 of the Tariff or such Signatory Airline's lease (if any) if such Signatory Airline was also a Signatory Airline under the 2013 Rate Agreement and has not failed, after any applicable notice and cure period, to make timely, full payments of all rentals, fees and charges due to City during the preceding thirty-six (36) months.

(b) Subject to Section 11.5, City may, in its discretion, choose not to require a new Signatory Airline under this Agreement to provide a Performance Guaranty under Section 15 of the Tariff or such Signatory Airline's lease (if any) if such Signatory Airline commences regular scheduled service at the Airport on or after January 1, 2020 and such new Signatory Airline (a) has not in the past failed to make timely payments, if any, due to City and (b) demonstrates to City's satisfaction that it has an established track record of making timely payments to at least three (3) other large-hub or medium-hub airports (selected at City's discretion) during at least the preceding thirty-six (36) months and has not been defaulted for failure to make timely payments due at any such airports during the preceding thirty-six (36) months.

11.4. Requirement to Provide Performance Guaranty. Except as provided in Section 11.3, Airline shall provide City with a Performance Guaranty in accordance with Section 15 of the Tariff or the applicable provisions of Airline's lease (if any).

11.5. Reinstatement of Performance Guaranty Requirement. Even if Airline has previously been relieved of its obligation to provide a Performance Guaranty by reason of Section 11.3, City shall require Airline to provide a Performance Guaranty in accordance with Section 15 of the Tariff or the applicable provisions of Airline's lease (if any) if Airline fails, after the issuance of applicable default or Tariff violation notices and cure periods, to make timely, full payments of all rentals, fees and charges due to City. In such event, Airline shall, within thirty (30) days from its receipt of written notice that its Performance Guaranty requirement is reinstated pursuant to this Section 11.5, provide a Performance Guaranty to City in such form and amounts, and subject to such terms and conditions, as are specified in Section 15 of the Tariff or the applicable provisions of Airline's lease (if any).

12. [INTENTIONALLY LEFT BLANK]

13. Final Adjustments-to-Actual Under This Agreement. For Fiscal Year 2035, the final year of the Term, City shall calculate adjustments-to-actual in accordance with Section 2.10 of the Rate Methodology as modified by this Agreement. Any resulting credit will be issued to Airline, and any resulting debit will be invoiced to and payable by Airline, as prescribed in Section 2.10 of the Rate Methodology.

14. Equalization of Charges for Services in Common Use Facilities. City and Airline also commit to work together in good faith to substantially reduce or eliminate any such differences in charges to airlines using their facilities on a common use basis for services provided by Airline that airlines are required to provide to their passengers (such as, but not limited to, services required by the Americans with Disabilities Act or the Air Carrier Access Act). City and Airline acknowledge that while the goal is to eliminate differences in charges for the same types and levels of services, it may be appropriate in charging for various services to differentiate between domestic and international operations or to take into account other differences in airline operations that make equalized charges inappropriate. Nothing in this Section is intended to affect charges by Airline for optional services that are requested by an airline.

15. No Challenge to Rate Methodology. Airline agrees that it will not contest or challenge, in any forum, the reasonableness or validity of the Rate Methodology; provided, however, that Airline reserves the right to dispute whether the rates adopted by City for any given Fiscal Year were calculated in accordance with the 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.

16. 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 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 and Tier Two Revenue Sharing under this Agreement.

17. 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.

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

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

20. 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*.

21. 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.

22. Multiple Counterparts and Electronic Signatures. 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. The parties acknowledge and agree that electronic records and electronic signatures, as well as facsimile signatures, may be used in connection with the execution of this Agreement and electronic signatures, facsimile signatures or signatures transmitted by electronic mail in so-called PDF format shall be legal and binding and shall have the same full force and effect as if a paper original of this Agreement had been delivered that had been signed using a handwritten signature. An electronic signature means a signature that is executed by symbol attached to or logically associate with a record and adopted by a party with the intent to sign such record, including facsimile or e-mail signatures. Each signatory to this Agreement (i) agrees that an electronic signature, whether digital or encrypted, is intended to authenticate this writing and to have the same force and effect as a manual signature; (ii) intended to be bound by the signatures (whether original, faxed, or electronic) on any document sent or delivered by facsimile or electronic mail or other electronic means; (iii) is aware that the other party(ies) will rely on such signatures; and, (iv) hereby waives any defenses to the enforcement of the terms of this Agreement based on the foregoing forms of signature. If this Agreement has been executed by electronic signature, the party executing this document is expressly consenting, under the United States Federal Electronic Signatures in Global and National Commerce Act of 2000 ("E-SIGN") and the California Uniform Electronic Transactions Act ("UETA") (California Civil Code §1633.1 et seq.), that a signature by fax, e-mail, or other electronic means shall constitute an

Electronic Signature to an Electronic Record under both E-SIGN and UETA with respect to this specific transaction.

23. 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.

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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
By:______________________________	By:______________________________
Printed Name:	Printed Name:
________________________________	________________________________
Its: ______________________________	Its: ______________________________
DATE: ____________________, 2023	
Attest:	APPROVED AS TO FORM: HYDEE FELDSTEIN SOTO, City Attorney
By:______________________________	By: ____________________________ Deputy/Assistant City Attorney
Printed Name:	
________________________________	DATE: ____________________, 2023
Its: ______________________________	
DATE: ____________________, 2023	

Exhibit A

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

Revised Effective July 1, 2023

The following rates and charges methodology for the use of passenger terminals (the "Terminals") and equipment 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.

"Airline-Operated Common Use Domestic Baggage Claim Systems" shall mean the inbound baggage equipment maintained, and the associated space leased, by one Airline that is used from time to time by other Airlines on a common use basis (excluding any such space and equipment serving the FIS Areas).

"Airline-Operated Common Use Outbound Baggage Systems" shall mean the outbound baggage equipment maintained, and the associated space leased, by one Airline that is used from time to time by other Airlines on a common use basis.

"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 year when such Capital Improvement is put in service or, if no Airport debt was sold or if cash was used by City to pay down bond or interim financing principal pursuant to Section 8 and Section 10.8 of the 2023 Amended and Restated Rate Agreement effective on and after July 1, 2023 as it may be amended from time to time (the "2023 ARRA"), 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.

"Capital Outlays" shall mean all expenditures for the purchase of equipment, vehicles and information technology systems and expenditures on maintenance, replacement and repair projects at the Airport, appropriated annually as part of LAWA's operating budget authorization.

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

"Common Use Areas," previously referred to as "Joint Use Areas" under the Tariff, shall mean the space in any Terminal designated by the CEO 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 Domestic Baggage Claim Areas and Common Use Outbound Baggage System Areas.

"Common Use Domestic Baggage Claim Areas" shall mean the space in any Terminal (excluding the FIS Areas) designated by the CEO 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 Domestic Baggage Claim Systems are located, but excluding the areas leased by Airlines for Airline-Operated Common Use Domestic Baggage Claim Systems.

"Common Use Domestic Baggage Claim System" shall mean equipment that delivers inbound baggage to arriving passengers (excluding equipment serving the FIS Areas).

"Common Use Holdrooms" shall mean the space in any Terminal designated by the CEO 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 CEO to be used in common with other Airlines for the sorting of outbound baggage for delivery to departing aircraft, including the areas where Common Use Outbound Baggage Systems are located, but excluding the areas leased by Airlines for Airline-Operated Common Use Outbound Baggage Systems.

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

"Deplaned Domestic Passengers" shall mean the 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 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 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.

"Exogenous Events" shall mean unforeseen events that are outside of the control of the City and that have a material impact on rates and charges for use of the Terminals at the Airport as determined by LAWA.

"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 CEO 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.

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

"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 CEO. 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.

"Signatory Airline" shall mean each Airline that signed the 2023 ARRA.

"Terminals" shall mean all of the airline passenger terminals at the Airport.

"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.

2.1.2. Airline Consultations on Proposed Rates and Charges. No later than May 1 of each year, the CEO 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 next Fiscal Year. The CEO shall, upon request by any such Airline, consult with such Airlines concerning the then proposed rates and charges. No later than June 1 of each year, the CEO shall make any revisions to the proposed rates and charges as the CEO 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 July 1 of the next Fiscal 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 Fiscal 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 next Fiscal Year.

(b) Calculation of Operations and Maintenance Requirement. Each year LAWA shall calculate the Operations and Maintenance Requirement by totaling all budgeted Operations and Maintenance Expenses and Reserve Deposits (if any) allocable to the Terminals (excluding the FIS Areas and any Operations and Maintenance Expenses to be recovered under Sections 2.4 through 2.8) for the next 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 Fiscal 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 next Fiscal Year and (ii) all budgeted Operations and Maintenance Expenses and Reserve Deposits (if any) allocable to the FIS Areas for the next Fiscal Year *provided*, however, that the City shall have the discretion to reduce the estimated Gross FIS Requirement by an amount deemed appropriate by the City to moderate increases in the FIS Rate related to Exogenous Events. In no event shall such reductions in the Gross FIS Requirement result in a FIS Rate that is less than the FIS Rate in the immediately preceding Fiscal Year. After the year-end settlement calculations, any remaining balances of such reductions in the Gross FIS Requirement that do not reflect the application of federal or state grants shall be recovered in subsequent Fiscal Years by increases to the otherwise-indicated Gross FIS Requirement on a schedule to be reasonably determined and, from time to time, adjusted by the City after consultation with the Signatory Airlines.

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 for the next Fiscal Year. 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 Fiscal Year as follows:

2.4.1. The estimated Holdroom Requirement shall be computed as (a) the product of the Terminal Buildings Rate and the total square footage of all Common Use Holdrooms in the Terminals plus (b) all budgeted Capital Costs and Operation and Maintenance Expenses allocable to Common Use Loading Bridges; *provided*, however, that the City shall have the discretion to reduce the estimated Holdroom Requirement by an amount deemed appropriate by the City to moderate increases in the Common Use Holdroom Rate related to Exogenous Events. In no event shall such reductions in the Holdroom Requirement result in a Common Use Holdroom Rate that is less than the unweighted average of the budgeted Common Use Holdroom Rates in the immediately preceding Fiscal Year. After the year-end settlement calculations, any remaining balances of such reductions in the Holdroom Requirement that do not reflect the application of federal or state grants shall be recovered in subsequent Fiscal Years by increases to the otherwise-indicated Holdroom Requirement on a schedule to be reasonably determined and, from time to time, adjusted by the City after consultation with the Signatory Airlines.

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 A220 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:	2.75x
Class 2:	1.75x
Class 3:	1.25x
Class 4:	1.00x
Class 5:	0.80x
Class 6:	0.80x

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. Revised Aircraft Relativities. LAWA may adjust the aircraft relativities between the six classes of aircraft in Section 2.4.2 pursuant to this Section 2.4.3. Prior to adjusting the aircraft relativities, LAWA shall provide written notice ("New Relativities Notice") to the AAAC that provides the new aircraft relativities and the reason for the adjustment. The AAAC shall provide LAWA with any comments in writing within thirty (30) days following the New Relativities Notice. LAWA shall consider any such comments and then, in its sole discretion, shall reasonably determine whether to make the adjustment. LAWA shall provide written notice to the AAAC of its determination, and thereafter the calculations of relative charges per Turn under Section 2.4.2 shall reflect any such adjustment.

2.4.4 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 Domestic Baggage Claim Rate. Each year LAWA shall calculate the estimated Common Use Domestic Baggage Claim Rate for the next Fiscal Year as follows:

2.5.1. The estimated Common Use Domestic Baggage Claim Requirement shall be computed as the total of (i) the product of the Terminal Buildings Rate and the total square footage of all Common Use Domestic Baggage Claim Areas in the Terminals, (ii) all budgeted Operations and Maintenance Expenses allocable to Common Use Domestic Baggage Claim Systems operated and maintained by LAWA in any of the Terminals, (iii) all budgeted payments to be made by LAWA to an Airline to cover a pro rata share of such Airline's costs of leasing, operating and maintaining Airline-Operated Common Use Domestic Baggage Claim Systems, and (iv) all budgeted rental payments, if any, that would otherwise be due from an airline consortium leasing any such space but are waived by LAWA; *provided*, however, that LAWA shall have the discretion to reduce the estimated Common Use Domestic Baggage Claim Requirement by an amount deemed appropriate by LAWA to moderate increases in the Common Use Domestic Baggage Claim Rate related to Exogenous Events. In no event shall such reductions in the Common Use Domestic Baggage Claim Requirement result in a Common Use Domestic Baggage Claim Rate that is less than the Common Use Domestic Baggage Claim Rate in the immediately preceding Fiscal Year or cause LAWA to reduce its payments to any Airline under Section 2.5.1(iii). After the year-end settlement calculations, any remaining balances of such reductions in the Common Use Domestic Baggage Claim Requirement that do not reflect the application of federal or state grants shall be recovered in subsequent

Fiscal Years by increases to the otherwise-indicated Common Use Domestic Baggage Claim Requirement on a schedule to be reasonably determined and, from time to time, adjusted by the City after consultation with the Signatory Airlines.

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

2.6.1. The estimated Common Use Outbound Baggage System Requirement shall be computed as the total of (i) the product of the Terminal Buildings Rate and the total square footage of all Common Use Outbound Baggage System Areas in the Terminals, (ii) all budgeted Operations and Maintenance Expenses allocable to Common Use Outbound Baggage Systems operated and maintained by LAWA in any of the Terminals, (iii) all budgeted payments to be made by LAWA to an Airline to cover a pro rata share of such Airline's costs of leasing, operating and maintaining Airline-Operated Common Use Outbound Baggage Systems, and (iv) all budgeted rental payments, if any, that would otherwise be due from an airline consortium leasing any such space but are waived by LAWA; *provided*, however, that LAWA shall have the discretion to reduce the estimated Common Use Outbound Baggage System Requirement by an amount deemed appropriate by LAWA to moderate increases in the Common Use Outbound Baggage System Rate related to Exogenous Events. In no event shall such reductions in the Common Use Outbound Baggage System Requirement result in a Common Use Outbound Baggage System Rate that is less than the Common Use Outbound Baggage System Rate in the immediately preceding Fiscal Year or cause LAWA to reduce its payments to any Airline under Section 2.6.1(iii). After the year-end settlement calculations, any remaining balances of such reductions in the Common Use Outbound Baggage System Requirement that do not reflect the application of federal or state grants shall be recovered in subsequent Fiscal Years by increases to the otherwise-indicated Common Use Outbound Baggage System Requirement on a schedule to be reasonably determined and, from time to time, adjusted by the City after consultation with the Signatory Airlines.

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 or Airline-Operated Common Use Outbound Baggage Systems in all of the Terminals. LAWA may use the actual number of Enplaned Passengers of Airlines using the Common Use Outbound Baggage System Areas or Airline-Operated Common Use Outbound Baggage Systems in the immediately preceding Fiscal Year in calculating the estimated Outbound Baggage System Rate.

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 Fiscal 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, *provided*, however, that the City shall have the discretion to reduce the estimated Common Use Ticket Counter Requirement by an amount deemed appropriate by the City to moderate increases in the Common Use Ticket Counter Rate related to Exogenous Events. In no event shall such reductions in the Common Use Ticket Counter Requirement result in a Common Use Ticket Counter Rate that is less than the Common Use Ticket Counter Rate in the immediately preceding Fiscal Year. After the year-end settlement calculations, any remaining balances of such reductions in the Gross FIS Requirement that do not reflect the application of federal or state grants shall be recovered in subsequent Fiscal Years by increases to the otherwise-indicated Gross FIS Requirement on a schedule to be reasonably determined and, from time to time, adjusted by the City after consultation with the Signatory Airlines.

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 in the next Fiscal Year. 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 Fiscal Year as follows:

2.8.1.1. The Custodial Requirement shall be computed as the total of (i) all budgeted payments by LAWA under service contracts for janitorial and cleaning services in all Terminals (ii) all budgeted costs to LAWA of providing its own janitorial and cleaning services in all Terminals; and (iii) payments made by LAWA to an Airline providing such services in a Common Use Holdroom that is used by other Airlines on a common use basis.

2.8.1.2. The Custodial Requirement shall then be divided by the total square footage of all areas (whether Public Areas or Rentable 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 Domestic 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 expected to be the subject of these Terminal Specific Charges in the next Fiscal Year and may use the actual numbers of such passengers in the immediately preceding Fiscal Year in calculating these rates.

2.8.2. LAWA-owned Loading Bridge Rates. Each year LAWA shall calculate the estimated LAWA-owned Loading Bridge Capital Rate and the LAWA-owned Loading Bridge O&M Rate for the use of LAWA-owned loading bridges for the next Fiscal Year as follows:

2.8.2.1 The Average LAWA-owned Loading Bridge Capital Requirement shall be calculated by dividing all budgeted Capital Costs allocable to LAWA-owned loading bridges for the following Fiscal Year by the total number of LAWA-owned loading bridges.

2.8.2.2 The estimated LAWA-owned Loading Bridge Capital Rate shall be calculated by dividing the Average LAWA-owned Loading Bridge Capital Requirement by the estimated average annual number of Turns per LAWA-owned loading bridge, so that the capital charges for use of the LAWA-owned 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 LAWA-owned loading bridges in the immediately preceding Fiscal Year in calculating the estimated LAWA-owned Loading Bridge Capital Rate.

2.8.2.3 The Average LAWA-owned Loading Bridge O&M Requirement for LAWA-owned loading bridges maintained by LAWA shall be calculated by first summing (i) all budgeted Operations and Maintenance Expenses allocable to such LAWA-owned loading bridges and (ii) any payments made by LAWA to an Airline to cover a pro rata share of such Airline's costs of operating and maintaining a LAWA-owned loading bridge and then dividing that sum by the total number of LAWA-owned loading bridges.

2.8.2.4 The estimated LAWA-owned Loading Bridge O&M Rate for LAWA-owned loading bridges maintained by LAWA shall be calculated by dividing the Average LAWA-owned Loading Bridge O&M Requirement by the estimated average annual number of Turns per LAWA-owned loading bridge, so that the maintenance charges for use of such LAWA-owned 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 LAWA-owned loading bridges in the immediately preceding Fiscal Year in calculating the estimated LAWA-owned Loading Bridge O&M Rate.

2.8.3. Future Terminal Special Charges. The CEO, 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. 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.

2.8.4. Operational Efficiency and Technology Adoption Credit. LAWA may, in its sole discretion, use discretionary funds to incentivize air carrier adoption of biometrics and other advanced technologies in the Terminals. Any financial incentives shall be issued to a qualifying airline as a credit against the fees and charges owed by the airline for the use of the Terminals. In no event shall such credits exceed the fees and charges owed by the airline for the areas and equipment utilizing the advanced technologies.

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 Fiscal Year, that the estimated Capital Costs and Operations and Maintenance Expenses, projected levels of Airline activity or other factors affecting the prescribed calculations 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 Fiscal Year (a) as the need for such an adjustment becomes apparent to LAWA or (b) the variance between the estimated Capital Costs and Operations and Maintenance 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 Fiscal Year after 2022, LAWA shall recalculate the rates and charges as set forth in this Section 2 on the basis of actual Capital Costs and Operations and Maintenance Expenses, 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.

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
Los Angeles International Airport
Fiscal Year

	[Calc]	Hypothetical Year
Unified Capital Requirement (a)		
Gross debt service	[A]	$ 40,900,000
PFC revenues	[B]	10,000,000
Debt service	[C=A-B]	$ 30,900,000
Debt service coverage	[D]	7,700,000
Amortization	[E]	23,600,000
Unified Capital Requirement	[F=C+D+E]	$ 62,200,000
Operations and Maintenance Requirement (b)		
Operations and Maintenance Expenses	[G]	$ 196,900,000
Reserve Deposits	[H]	21,900,000
Operations and Maintenance Requirement	[I=G+H]	$ 218,800,000
Terminal Buildings Requirement	[J=F+I]	$ 281,000,000
Rentable Area (c)	[K]	2,296,000
Terminal Buildings Rate	**[=J/K]**	**$ 122.39**

(a) See Section 2.2.1(a) of the Rate Methodology.
(b) See Section 2.2.1(b) of the Rate Methodology.
(c) See Section 2.2.2 of the Rate Methodology.

Exhibit B

FIS RATE

Los Angeles International Airport
Fiscal Year

	[Calc]	Hypothetical Year
Capital Costs		
Gross debt service	[A]	$ 37,100,000
PFC revenues	[B]	10,000,000
Debt service	[C=A-B]	$ 27,100,000
Debt service coverage	[D]	6,800,000
Amortization	[E]	2,800,000
Capital Costs	[F=C+D+E]	$ 36,700,000
Operations and Maintenance Expenses	[G]	40,800,000
Reserve Deposits	[H]	4,500,000
Gross FIS Requirement (a)	[I=F+G+H]	$ 82,000,000
Rental revenue of space in FIS Areas from governmental agencies	[J]	100,000
Gross FIS Requirement Exogenous Event Adjustment	[K]	-
Net FIS Requirement (b)	[L=I-J-K]	$ 81,900,000
Deplaned International Passengers (c)	[M]	7,300,000
FIS Rate	**[=L/M]**	**$ 11.22**

(a) See Section 2.3.1 of the Rate Methodology.
(b) See Section 2.3.2 of the Rate Methodology.
(c) See Section 2.3.3 of the Rate Methodology.

Exhibit C

COMMON USE HOLDROOM RATE
Los Angeles International Airport
Fiscal Year

	[Calc]	Hypothetical Year
Terminal Buildings Rate (a)	[A]	$ 122.39
Common Use Holdrooms (square feet)	[B]	200,000
	[C=A*B]	$ 24,500,000
Common Use Loading Bridges		
Capital Costs	[D]	$ 10,900,000
Operation and Maintenance Expenses	[E]	7,625,000
	[F=D*E]	$ 18,525,000
	[G=F+C]	$ 43,025,000
Holdroom Requirement Exogenous Event Adjustment	[H]	-
Holdroom Requirement (b)	[I=G-H]	$ 43,025,000
Turns (weighted by aircraft class) (c)	[J]	63,000
Common Use Holdroom Rate (c)	**[=I/J]**	**$ 682.94**

Common Use Holdroom Rates (by aircraft class) (c):

Class	Common Use Holdroom Rate	Relative charge per Turn	**Weighted Common Use Holdroom Rate**
	[A]	[B]	**[=A*B]**
1	$ 682.94	2.75	**$ 1,878.09**
2	$ 682.94	1.75	**$ 1,195.15**
3	$ 682.94	1.25	**$ 853.68**
4	$ 682.94	1.00	**$ 682.94**
5 & 6	$ 682.94	0.80	**$ 546.35**

(a) See Exhibit A.
(b) See Section 2.4.1 of the Rate Methodology.
(c) See Section 2.4.2 of the Rate Methodology.
Illustrative use of Common Use Holdrooms (by aircraft class):

Class	Illustrative Turns	Relative charge per Turn	Illustrative Turns (weighted)
1	5,000	2.75	14,000
2	5,000	1.75	9,000
3	15,000	1.25	19,000
4	5,000	1.00	5,000
5 & 6	20,000	0.80	16,000
	50,000		63,000

Exhibit D

COMMON USE DOMESTIC BAGGAGE CLAIM RATE

Los Angeles International Airport

Fiscal Year

	[Calc]	Hypothetical Year
Terminal Buildings Rate (a)	[A]	$ 122.39
Common Use Domestic Baggage Claim Areas (square feet)	[B]	80,000
Common Use Domestic Baggage Claim Areas requirement	[C=A*B]	$ 9,800,000
Operations and Maintenance Expenses	[D]	9,375,000
LAWA payments for Airline-Operated Common Use Domestic Baggage Systems	[E]	500,000
	[F=C+D+E]	$ 19,675,000
Common Use Domestic Baggage Claim Requirement Exogenous Event Adjustment	[G]	-
Common Use Domestic Baggage Claim Requirement (b)	[H=F+G]	$ 19,675,000
Deplaned Domestic Passengers (c)	[I]	1,924,000
Common Use Domestic Baggage Claim Rate	**[=H/I]**	**$ 10.23**

(a) See Exhibit A.

(b) See Section 2.5.1 of the Rate Methodology.

(c) See Section 2.5.2 of the Rate Methodology.

Exhibit E

COMMON USE OUTBOUND BAGGAGE SYSTEM RATE

Los Angeles International Airport

Fiscal Year

	[Calc]	Hypothetical Year
Terminal Buildings Rate (a)	[A]	$ 122.39
Common Use Outbound Baggage System Areas (square feet)	[B]	281,000
Common Use Outbound Baggage System Areas Requirement	[C=A*B]	$ 34,400,000
Operations and Maintenance Expenses	[D]	14,600,000
LAWA payments for Airline-Operated Common Use Outbound Baggage Systems	[E]	500,000
	[F=C+D+E]	$ 49,500,000
Common Use Outbound Baggage Claim Requirement Exogenous Event Adjustment	[G]	-
Common Use Outbound Baggage System Requirement (b)	[H=F+G]	$ 49,500,000
Enplaned Passengers (c)	[I]	7,160,000
Common Use Outbound Baggage System Rate	**[=H/I]**	**$ 6.91**

(a) See Exhibit A.
(b) See Section 2.6.1 of the Rate Methodology.
(c) See Section 2.6.2 of the Rate Methodology.

Exhibit F

COMMON USE TICKET COUNTER RATE

Los Angeles International Airport

Fiscal Year

	[Calc]		Hypothetical Year
Terminal Buildings Rate (a)	[A]	$	122.39
Common Use Ticket Counter space (square feet)	[B]		5,000
	[C=A*B]	$	612,000
Common Use Ticket Counter Requirement Exogenous Event Adjustment	[D]		-
Common Use Ticket Counter Requirement (b)	[E=C-D]	$	612,000
Enplaned Passengers (c)	[F]		1,700,000
Common Use Ticket Counter Rate	**[=E/F]**	**$**	**0.36**

(a) See Exhibit A.
(b) See Section 2.7.1 of the Rate Methodology.
(c) See Section 2.7.2 of the Rate Methodology.

Exhibit G

CUSTODIAL RATES

Los Angeles International Airport

Fiscal Year

	[Calc]	Hypothetical Year
Calculation of the Average Custodial Rate		
Payments by LAWA under service contracts	[A]	$ 8,000,000
Cost to LAWA of providing janitorial and cleaning services	[B]	50,000,000
LAWA payments to an Airline providing custodial services in a Common Use Holdroom	[C]	-
Custodial Requirement (a)	[D=A+B+C]	$ 58,000,000
Space receiving LAWA Custodial (b)	[E]	1,756,000
Average Custodial Rate	**[=D/E]**	**$ 33.03**

Calculation of the Custodial Rates

	Common Use Areas			
	Holdrooms	Ticket Counters	Outbound Baggage System Areas	Baggage Claim Areas
Average Custodial Rate	$ 33.03	$ 33.03	$ 33.03	$ 33.03
Space	268,000	17,000	152,000	76,000
	$ 8,851,936	$ 561,503	$ 5,020,501	$ 2,510,251
Passengers (c)	15,000,000	6,000,000	11,000,000	10,000,000
Custodial Rates	**$ 0.59**	**$ 0.09**	**$ 0.46**	**$ 0.25**

(a) See Section 2.8.1.1 of the Rate Methodology.

(b) Terminal Building space receiving LAWA Custodial:

Common Use Holdrooms	268,000
Common Use Ticket Counters	17,000
Common Use Outbound Baggage System Areas	152,000
Common Use Domestic 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) See Section 2.8.1.2 of the Rate Methodology. Only passengers that use the specified Common Use facilities.

EXHIBITS PURSUANT TO THE RATE AGREEMENT

Exhibit B

TERMINAL BUILDINGS RATE
Los Angeles International Airport
Fiscal Year

	[Calc]	Hypothetical Year
Unified Capital Requirement (a)		
Gross debt service	[A]	$ 83,400,000
PFC revenues	[B]	52,400,000
Debt service	[C=A-B]	$ 31,000,000
Debt service coverage	[D]	7,700,000
Amortization	[E]	25,800,000
Unified Capital Requirement	[F=C+D+E]	$ 64,500,000
Operations and Maintenance Requirement (b)		
Operations and Maintenance Expenses	[G]	$ 199,530,000
Reserve Deposits	[H]	22,170,000
Operations and Maintenance Requirement	[I=G+H]	$ 221,700,000
Terminal Buildings Requirement	[J=F+I]	$ 286,200,000
Tier One Terminal Buildings Concession Revenue (c)	[K]	14,700,000
Net Terminal Buildings Requirement	[L=J-K]	$ 271,500,000
Rentable Area (d)	[M]	2,425,000
Terminal Buildings Rate	**[=L/M]**	**$ 111.96**

(a) See Section 2.2.1(a) of the Rate Methodology.
(b) See Section 2.2.1(b) of the Rate Methodology.
(c) See Section 4.1(a) of the 2023 Amended and Restated Rate Agreement and Exhibit H.
(d) See Section 2.2.2 of the Rate Methodology.

Exhibit C

FIS RATE
Los Angeles International Airport
Fiscal Year

	[Calc]	Hypothetical Year
Capital Costs		
Gross debt service	[A]	$ 36,400,000
PFC revenues	[B]	9,400,000
Debt service	[C=A-B]	$ 27,000,000
Debt service coverage	[D]	6,750,000
Amortization	[E]	2,800,000
Capital Costs	[F=C+D+E]	$ 36,550,000
Operations and Maintenance Expenses	[G]	36,000,000
Reserve Deposits	[H]	3,700,000
Gross FIS Requirement (a)	[I=F+G+H]	$ 76,250,000
Rental revenue of space in FIS Areas from governmental agencies	[J]	100,000
Tier One FIS Concession Revenue (b)	[K]	23,750,000
Gross FIS Requirement Exogenous Event Adjustment	[L]	-
Net FIS Requirement (c)	[M=I-J-K-L]	$ 52,400,000
Deplaned International Passengers (d)	[N]	7,300,000
FIS Rate	**[=M/N]**	**$ 7.18**

(a) See Section 2.3.1 of the Rate Methodology.
(b) See Section 4.2(a) of the 2023 Amended and Restated Rate Agreement and Exhibit H.
(c) See Section 2.3.2 of the Rate Methodology and Section 4.2(a) of the 2023 Amended and Restated Rate Agreement.
(d) See Section 2.3.3 of the Rate Methodology.

Exhibit D

COMMON USE HOLDROOM RATE

Los Angeles International Airport
Fiscal Year

	[Calc]	Hypothetical Year
Terminal Buildings Rate (a)	[A]	$ 111.96
Common Use Holdroom space (square feet)	[B]	268,000
	[C=A*B]	$ 30,004,948
Common Use Loading Bridges		
Capital Costs	[D]	$ 10,900,000
Operation and Maintenance Expenses	[E]	7,625,000
	[F=D+E]	$ 18,525,000
	[G=C+F]	$ 48,529,948
Holdroom Requirement Exogenous Event Adjustment	[H]	-
Holdroom Requirement (b)	[I=G-H]	$ 30,004,948
Turns (weighted by aircraft class) (c)	[J]	96,700
Common Use Holdroom Rate (c)	**[=I/J]**	**$ 310.29**

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

Class	Common Use Holdroom Rate	Relative charge per Turn	**Weighted Common Use Holdroom Rate**
	[A]	[B]	**[=A*B]**
1	$ 310.29	2.75	**$ 853.29**
2	$ 310.29	1.75	**$ 543.01**
3	$ 310.29	1.25	**$ 387.86**
4	$ 310.29	1.00	**$ 310.29**
5 & 6	$ 310.29	0.80	**$ 248.23**

(a) See Exhibit B.
(b) See Section 2.4.1 of the Rate Methodology.
(c) See Section 2.4.2 of the Rate Methodology.
Illustrative use of Common Use Holdrooms (by aircraft class):

Class	Illustrative Turns	Relative charge per Turn	Illustrative Turns (weighted)
1	1,500	2.75	4,100
2	6,000	1.75	10,500
3	14,800	1.25	18,500
4	1,100	1.00	1,100
5 & 6	78,100	0.80	62,500
	101,500		96,700

Exhibit E

COMMON USE DOMESTIC BAGGAGE CLAIM RATE

Los Angeles International Airport

Fiscal Year

	[Calc]	Hypothetical Year
Terminal Buildings Rate (a)	[A]	$ 111.96
Common Use Domestic Baggage Claim Areas (square feet)	[B]	80,000
Common Use Domestic Baggage Claim Areas requirement	[C=A*B]	$ 9,000,000
Operations and Maintenance Expenses	[D]	9,375,000
LAWA payments for Airline-Operated Common Use Domestic Baggage Systems	[E]	500,000
	[F=C+D+E]	$ 18,875,000
Common Use Domestic Baggage Claim Requirement Exogenous Event Adjustment	[G]	-
Common Use Domestic Baggage Claim Requirement (b)	[H=F+G]	$ 18,875,000
Deplaned Domestic Passengers (c)	[I]	1,924,000
Common Use Domestic Baggage Claim Rate	**[=H/I]**	**$ 9.81**

(a) See Exhibit B.
(b) See Section 2.5.1 of the Rate Methodology.
(c) See Section 2.5.2 of the Rate Methodology.

Exhibit F

COMMON USE OUTBOUND BAGGAGE SYSTEM RATE

Los Angeles International Airport
Fiscal Year

	[Calc]	Hypothetical Year
Terminal Buildings Rate (a)	[A]	$ 111.96
Common Use Outbound Baggage System Areas (square feet)	[B]	281,000
Common Use Outbound Baggage System Areas requirement	[C=A*B]	$ 31,500,000
Operations and Maintenance Expenses	[D]	14,600,000
LAWA payments for Airline-Operated Common Use Outbound Baggage Systems	[E]	500,000
	[F=C+D+E]	$ 46,600,000
Common Use Outbound Baggage Claim Requirement Exogenous Adjustment	[G]	-
Common Use Outbound Baggage System Requirement (b)	[H=F+G]	$ 46,600,000
Enplaned Passengers (c)	[I]	7,160,000
Common Use Outbound Baggage System Rate	**[=H/I]**	**$ 6.51**

(a) See Exhibit B.
(b) See Section 2.6.1 of the Rate Methodology.
(c) See Section 2.6.2 of the Rate Methodology.

Exhibit G

COMMON USE TICKET COUNTER RATE

Los Angeles International Airport

Fiscal Year

	[Calc]	Hypothetical Year
Signatory Airline Terminal Buildings Rate (a)	[A]	$ 111.96
Common Use Ticket Counter space (square feet)	[B]	17,000
	[C=A*B]	$ 1,903,299
Common Use Ticket Counter Requirement Exogenous Event Adjustment	[D]	-
Common Use Ticket Counter Requirement (b)	[E=C-D]	$ 1,903,000
Enplaned Passengers (c)	[F]	5,606,000
Common Use Ticket Counter Rate	**[=E/F]**	**$ 0.34**

(a) See Exhibit B.

(b) See Section 2.7.1 of the Rate Methodology.

(c) See Section 2.7.2 of the Rate Methodology.

Exhibit H

TIER ONE REVENUE SHARING

Los Angeles International Airport
Fiscal Year

	[Calc]	Hypothetical Year
Tier One Terminal Buildings Revenue Sharing (a)		
Terminal Buildings Concession Revenue	[A]	$ 120,000,000
Terminal Buildings Concession Baseline	[B]	90,600,000
Revenues above Baseline	[C=A-B]	$ 29,400,000
Revenue share %	[D]	50%
Tier One Terminal Buildings Concession Revenue	**[=C*D]**	**$ 14,700,000**
Tier One FIS Concession Revenue Sharing (b)		
FIS Concessions	[E]	$ 95,000,000
Revenue share %	[F]	25%
Tier One FIS Concession Revenue	**[=E*F]**	**$ 23,750,000**

(a) See Section 4.1 of the 2023 Amended and Restated Rate Agreement.
(b) See Section 4.2 of the 2023 Amended and Restated Rate Agreement.

Exhibit I

TERMINAL RENEWAL AND IMPROVEMENT FUND (TRIF) AND
TIER TWO REVENUE SHARING

Los Angeles International Airport
Fiscal Year

	[Calc]		Hypothetical Year
Net Terminal Area Cash Flow (a)			
Total revenues in the Terminals (net of ECPCs)	[A]	$	500,000,000
Terminal expenses			
Debt service (net of PFCs) plus amortization from pay down of debt service	[B]	$	58,000,000
Operations and Maintenance Expenses	[C]		276,000,000
Reserve Deposits	[D]		2,100,000
Total Terminal expenses	[E=B+C+D]	$	336,100,000
Net Terminal Area Cash Flow	**[F=A-E]**	**$**	**163,900,000**
TRIF Deposit (a)			
Net Terminal Area Cash Flow Cap	[G]	$	220,000,000
Annual deposit to TRIF	[=if F<G, then F, otherwise G]		163,900,000
Funds in excess of the Net Terminal Area Cash Flow Cap	[H=F-G]	$	-
Tier Two Revenue Sharing Fund deposit	[I=H*50%]	$	-
City's revenue fund deposit	[J=H*50%]		-
TRIF Balance (b)			
TRIF Cap	[K]	$	556,700,000
TRIF Balance	[L]		560,000,000
Funds in excess of TRIF Cap	[M=if L>K, then L-K, otherwise $0]	$	3,300,000
Tier Two Revenue Sharing Fund deposit	[N=M*50%]	$	1,650,000
City's revenue fund deposit	[O=M*50%]		1,650,000
Tier Two Revenue Sharing Fund Distributions (c)			
Tier Two Revenue Sharing Fund deposit (from Net Terminal Area Cash Flow)	[P=I]	$	-
Tier Two Revenue Sharing Fund deposit (from TRIF Balance)	[Q=N]		1,650,000
Tier Two Credit	**[=P+Q]**	**$**	**1,650,000**

Tier Two Revenues Sharing (c) (d):

Signatory Airline		Total Signatory Airline Terminal charges	Relative share of Signatory Airline Terminal charges		Tier Two Credit
Airline 1	$	30,000,000	45.5%	$	750,800
Airline 2		20,000,000	30.3%		500,000
Airline 3		10,000,000	15.2%		250,800
Airline 4		5,000,000	7.6%		125,400
Airline 5		1,000,000	1.4%		23,100
	$	66,000,000	100.0%	$	1,650,100

(a) See Section 8.1 of the 2023 Amended and Restated Rate Agreement.
(b) See Section 8.2(a)(ii) of the 2023 Amended and Restated Rate Agreement.
(c) See Section 8.2(b)(i) of the 2023 Amended and Restated Rate Agreement.
(d) See Section 8.2(b)(ii) of the 2023 Amended and Restated Rate Agreement.

Exhibit J

EXTRAORDINARY COVERAGE PROTECTION CHARGE (ECPC)
Los Angeles International Airport
Fiscal Year

	[Calc]	Example 1: Coverage Target Met No ECPC No NRTC	Example 2 (a): Coverage Target NOT Met With ECPC No NRTC	Example 3 (a): Coverage Target NOT Met With ECPC With NRTC
Coverage Amount (b)				
Pledged Revenues	[A]	$ 2,633,000,000	$ 2,275,000,000	$ 2,275,000,000
LAX O&M Expenses	[B]	1,222,000,000	1,222,000,000	1,222,000,000
Net Pledged Revenues	[C=A-B]	$ 1,411,000,000	$ 1,053,000,000	$ 1,053,000,000
Included CFC Revenues	[D]	$ 36,000,000	$ 36,000,000	$ 36,000,000
Included PFC Revenues	[E]	200,000,000	200,000,000	200,000,000
Distributed Tier Two Credits (c)	[F]	1,650,000	1,650,000	1,650,000
Adjusted Net Pledged Revenues	[G=C+D+E-F]	$ 1,645,350,000	$ 1,287,350,000	$ 1,287,350,000
Gross Annual Debt Service		$ 888,000,000	$ 888,000,000	$ 888,000,000
APM Capital AP	[I]	72,000,000	72,000,000	72,000,000
ConRAC Capital AP	[J]	48,000,000	-	48,000,000
Total LAX Obligations	[K=H+I+J]	$ 936,000,000	$ 888,000,000	$ 936,000,000
Coverage Amount	**[L=G/K]**	**1.76**	**1.45**	**1.36**
ECPCs calculation (d)				
Coverage Target		1.40	1.40	1.40
Coverage Target shortfall	[N=L-M, ECPC if negative]	No ECPC	No ECPC	(0.04)
ECPC	[O=K*(N)]	$ -	$ -	$ 35,400,000
NRTC (see Exhibit K, for Example 3)	[P]	No NRTC	No NRTC	No NRTC
ECPC net of NRTC	[Q=O-P]	$ -	$ -	$ 35,400,000
Revised Adjusted Net Pledged Revenues	[R=G+Q]	n/a	$ 1,287,350,000	$ 1,310,400,000
Total LAX Obligations	[S=K]	n/a	888,000,000	936,000,000
Coverage Amount incorporating ECPC	**[=R/S]**	**n/a**	**1.45**	**1.40**

(a) Pledged Revenues in Examples 2 and 3 are purposefully different from Example 1, for illustrative purposes only.
(b) See Section 10.2(a-d) of the 2023 Amended and Restated Rate Agreement.
(c) See Exhibit I.
(d) See Section 10.2(e-f) of the 2023 Amended and Restated Rate Agreement.

Exhibit K

NONAIRLINE REVENUE TARGET CREDIT (NRTC)

Los Angeles International Airport
Fiscal Year

	[Calc]	Hypothetical Year
Eligibility for NRTC (a)		
Current Fiscal Year		
Other Nonairline Revenues (ONR)	[A]	$ 120,000,000
Enplaned Passengers (EP)	[B]	43,000,000
Current Fiscal Year ONR/EP Ratio	[C=A/B]	2.79
Immediately preceding Fiscal Year		
Other Nonairline Revenues (ONR)	[D]	$ 250,450,000
Enplaned Passengers (EP)	[E]	43,000,000
Immediately preceding Fiscal Year ONR/EP Ratio	[F=D/E]	5.82
NRTC eligibility (greater than 50% decline)	**[G=C/F-1]**	**(52.1%)**
Amount of NRTC (b)		
ONR/EP Ratio required to produce a 50% decline	[H=F/2]	2.91
ONR/EP Ratio adjustment to achieve 50% decline	[I=H-C]	0.12
Enplaned Passengers (EP)	[J=B]	43,000,000
NRTC	**[=I*J]**	**$ 5,225,000**

(a) See Section 10.3(a) of the 2023 Amended and Restated Rate Agreement.
(b) See Section 10.3(b) of the 2023 Amended and Restated Rate Agreement.

Exhibit L

BAD DEBT SURCHARGE

Los Angeles International Airport

Fiscal Year

	[Calc]	Hypothetical Year
Bad Debt arising during preceding Fiscal Year	[A]	$ 1,000,000
Bad Debt Recovery during current Fiscal Year	[B]	300,000
Bad Debt Surcharge/(credit) (a)	**[=A-B]**	**$ 700,000**

Bad Debt Surcharge/(credit) distribution:

Signatory Airline	Total Signatory Airline Terminal charges	Relative share of Signatory Airline Terminal charges	Bad Debt Surcharge/(credit)
Airline 1	$ 30,000,000	45.5%	$ 318,500
Airline 2	20,000,000	30.3%	212,100
Airline 3	10,000,000	15.2%	106,400
Airline 4	5,000,000	7.6%	53,200
Airline 5	1,000,000	1.4%	9,800
	$ 66,000,000	100.0%	$ 700,000

(a) See Section 11.2 of the 2023 Amended and Restated Rate Agreement.

Exhibit M

FISCAL YEAR 2024 ADJUSTMENT AND ACCESS AREA PHASE-IN FOR SIGNATORY AIRLINES
Los Angeles International Airport
Fiscal Year

FY 2024 ADJUSTMENT (a)
Not-to-exceed FY 2024 adjustment of certain rates and charges: $ 40,000,000

The total not-to exceed adjustment may be revised downward by LAWA in its sole discretion such that the actual cost requirement (e.g., the CU Holdroom Requirement) is less than or equal to the budgeted amounts.

The FY 2024 adjustment is a one-time reduction in certain rates and charges; the actual amount of the adjustment will not be recovered by the City in future years.

		Current Allocation (b)	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
ACCESS AREA								
Phase-In of Access Allocation Update for Signatory Airlines (c)								
Terminal		25.1%	25.1%	27.5%	29.0%	30.3%	31.3%	**32.9%**
Apron		7.1%	7.1%	5.4%	5.4%	5.9%	7.1%	**7.1%**
Airfield		25.1%	25.1%	27.5%	29.0%	30.3%	31.3%	**32.9%**
Aviation		28.1%	28.1%	25.2%	22.4%	19.5%	16.7%	**13.8%**
Commercial		14.7%	14.7%	14.5%	14.2%	13.9%	13.7%	**13.4%**
Total		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	**100.0%**
				Equal annual increases by cost center to reach estimated FY 2028 allocation				
Airline Cost Center Total	[A]	57.2%	57.2%	60.3%	63.4%	66.5%	69.6%	72.8%
Annual increase/(decrease)			0.0%	3.1%	3.1%	3.1%	3.1%	3.1%
No Phase-In of Access Allocation Update for Non-Signatory Airlines (d)								
Terminal		25.1%	33.9%	33.2%	33.2%	33.3%	32.9%	**32.9%**
Apron		7.1%	5.2%	5.4%	5.4%	5.9%	7.1%	**7.1%**
Airfield		25.1%	33.9%	33.2%	33.2%	33.3%	32.9%	**32.9%**
Aviation		28.1%	14.7%	14.4%	14.4%	14.0%	13.8%	**13.8%**
Commercial		14.7%	12.2%	13.9%	13.9%	13.6%	13.4%	**13.4%**
Total		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	**100.0%**
Airline Cost Center Total	[B]	57.2%	73.1%	71.7%	71.7%	72.4%	72.8%	**72.8%**
Annual increase/(decrease)			15.9%	-1.3%	0.0%	0.7%	0.4%	0.0%
Difference in Airline Cost Center total with Phase-In	[A-B]	**0.0%**	**-15.9%**	**-11.4%**	**-8.3%**	**-5.9%**	**-3.1%**	**0.0%**

Note: From FY 2025 through FY 2029, the percentage of acreage by Airport cost center is based on an estimated amount of acreage in each FY, which is subject to change.

(a) Certain rates and charges includes: FIS Rate, Common Use Holdroom Rate, Domestic Baggage Claim Rate, Common Use Baggage System Rate, Common Use Ticket Counter Rate.

(b) Existing allocation is based on 1992 acreage data.

(c) Based on equal annual percentage changes from current allocation in FY 2024 to reach forecast FY 2029 Airline Cost Center Total for Signatory Airlines executing the 2023 Amended and Restated Rate Agreement by December 31, 2023.

(d) Based on updated 2023 and future acreage data for non-Signatory Airlines. Signatory Airlines Executing the 2023 Amended and Restated Rate Agreement after December 31, 2023 shall be treated as non-Signatory Airlines for FY24 and will only be treated as Signatory Airlines in the Fiscal Year following the date they sign the 2023 Amended and Restated Rate Agreement.

Exhibit N

PROJECTS WHERE TRIF MONEY HAS BEEN SPENT TO DATE AND IS PLANNING TO BE SPENT BY LAWA UNDER THE EXISTING CIP

- Bradley West Interior Enhancements Project (terminal)
- CTA Security Bollards
- T1 Terminal Renovation Project
- Terminal 4 Improvements through FY 2026
- T6/7/8 Terminal Renovation Project
- Terminal Fire Life Safety (FLS) System Improvements
- Terminal MPOE and IT Room Expansion
- Midfield Satellite Concourse North (MSC)
- MSC/TBIT Bag. Optimization Prog.--Component 2 Temp Checked Baggage Inspection System
- North Terminal Improvement Program through FY 2023
- Terminal 2 Improvement Program
- Terminal 4 Connector Project and CBIS Improvements
- TBIT Automated Security Innovation Lanes
- CTA Departure & Arrival Levels Security Bollards