AIRLINE COMPETITION PLAN

Submitted for

Dallas Love Field

On behalf of the

City of Dallas

July 31, 2001

Exhibits

INTRODUCTION

Under legislation enacted in 2000 (the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century, or "AIR-21"), large and medium hub airports that meet a certain threshold of concentration are required to submit competition plans. Dallas Love Field ("DAL", "Love Field" or "Airport") meets the standards set out in AIR-21, as it is a medium hub airport with more than 50% of its traffic served by a single carrier, Southwest. The City of Dallas welcomes this opportunity to present its efforts, as embodied in its new Airport Master Plan, to make available the airport facilities necessary for vibrant competition and to allow competitive air service on its major markets.

This competition plan is filed with regard to the Airport on behalf of the airport sponsor, the City of Dallas, Texas ("Dallas" or "the City").

Love Field is located in the City of Dallas, approximately 4 miles northwest of the City's central business district. It serves the aviation needs of the City and surrounding areas, as well as serving as a major node of Southwest Airlines' domestic system.

The Airport currently is served by 4 passenger/freight "combination" carriers and 10 all-freight carriers, as shown below. Approximately 92% of the passenger traffic using DAL is carried by Southwest Airlines. There are no airfield use agreements in effect at Love Field, and thus no "signatory" airlines; instead, landing fee rates are set by City Ordinance approved by the Dallas City Council.

Passenger/Freight Carriers	All-Freight Carriers
American	Airborne Express
Atlanta Southeast Airlines	DHL
(dba Delta Connection)	GTA
Continental Express	Bank Air
Southwest	Skyways
	Mid-Atlantic Freight
	ProJet
	Air Net Charters
	Texas Air Charter
	AmeriFlight

Figure 1 (as of 6/15/01)

On April 11, 2001 the Dallas City Council approved the submission of an Airport Impact/Master Plan for Love Field (the "Master Plan"). As approved by the City Council, the Master Plan addresses airport development at Love Field. The Master Plan permits certain facilities to be returned to use as gates so that the Airport's gate facilities may be expanded from the current 25 operational gates to a maximum of 32 gates, with expansion to occur as demand warrants. The 32-gate upper limit on gate capacity was determined with reference to the ability of the airfield and the surrounding airspace to accommodate flights without unacceptable levels of delay. The methodology used in the Master Plan to determine the ultimate "build goal" for the airport was submitted to DOT in the Spring of 2001 and not objected to.

The City is fortunate to have low-fare carrier Southwest Airlines as its dominant provider of passenger service. Southwest Airlines began operations at Love Field in 1971. In 1974 all the passenger carriers, except Southwest, moved their flight operations to Dallas/Fort Worth International Airport. Southwest Airlines continues to be the dominant passenger carrier at Love Field with 93.8% of enplanements in 2000.

DALLAS' POLICY ON REASONABLE AIR CARRIER ACCESS

Dallas understands its legal obligations under Federal law and, therefore, strives to accommodate all air carriers seeking to provide service at Love Field subject to restrictions imposed by Federal law. In addition, Dallas recognizes that, by having accepted Federal grants, it has undertaken a legal obligation to provide reasonable air carrier access at Love Field. Accordingly, Dallas has made and will continue to make all reasonable efforts to accommodate air carriers seeking to provide service at Love Field subject to Federal law.

Dallas is familiar with the 1999 U.S. Department of Transportation report entitled "Airport Business Practices and Their Impact on Airline Competition" (September, 1999). The following material presents Dallas' actions to permit competition at Love Field in the format suggested by the Federal Aviation Administration ("FAA") Program Guidance Letter on this topic, PGL-003.

I. AVAILABILITY OF GATES AND RELATED FACILITIES

A. Number of gates available at the airport by lease arrangement, i.e., exclusive, preferential or common use

Love Field has two terminal buildings, the Main Terminal Building and the Lemmon Avenue Terminal (built for Legend Airlines). Dallas is party to several leases controlling various parts of those Terminals, as further described below.

The Main Terminal Building: The Main Terminal Building has 26 jet gates, 18 of which are currently operational (the "operational Main Terminal gates") and 7 of which are not yet activated and operational (the "expansion gates"). A graphic depiction of the Main Terminal Building showing existing gate assignments is in Exhibit A (*Terminal Plan: June 2001*). The Master Plan contemplates the renovation and activation of the 7 expansion gates as demand warrants.

Of the 18 currently operational Main Terminal Building gates, Southwest Airlines leases 14. Southwest Airlines is also currently leasing the space where the 7 expansion gates will be located, and is using that space for a training facility. The other currently operational Main Terminal gates are leased as follows: Continental Express (2); American Airlines (1 – Temporary); and Atlantic Southeast Airlines (1 – Temporary).

By January 2002, at the completion of some interim reshuffling, Dallas anticipates that there will be 19 operational gates in the Main Terminal, as depicted on Exhibit B (Terminal Plan – January 2002). Southwest's gate usage will remain unchanged. The other 5 gates will be leased as follows: Continental (2); American (2); and a sublease by American to ASA (1).

The operational Main Terminal gates are under preferential use leases with gate sharing provisions that can be invoked by the Director of

Aviation. Exhibit C to this Report is the standard "scarce resource provision" in those leases.

The Lemmon Avenue Terminal: The existing Lemmon Avenue Terminal has six gates, previously shared between Legend Airlines and ASA. Legend has since filed for bankruptcy and ceased operation at Love Field, and ASA subsequently requested reassignment to the Main Terminal. As a result, no carrier is now operating out of the Lemmon Avenue Terminal gates.

The location of the Lemmon Avenue Terminal on the Airport and the general configuration of that facility is depicted or Exhibit D (Lemmon Avenue Terminal).

B. Gate-use monitoring policy

Dallas does not monitor gate use on an ongoing basis. When an air carrier requests gate space, and a gate is not readily available for the requesting airline, the City contacts the airlines serving the Airport for information about the current levels of use of each gate. That information is used and in order to figure out where excess capacity exists that could be used by the requesting airline.

C. Differences, if any, between gate-use monitoring policy at PFC-financed facilities subject to PFC assurance #7 and other gates. Has PFC competitive assurance #7 operated to convert previously exclusive-use gates to preferential-use gates or has it caused such gates to become available to other users?

The City of Dallas has not imposed a PFC at Love Field, and thus is not subject to the PFC assurances. However, the operational Main Terminal gates at Love Field are all subject to Scarce Resource provisions that, when invoked, render those gates preferential use gates. The City does not intend to enter into leases that do not include such Scarce Resource language.

D. Gate utilization (departures/gate) per week and month

Southwest has approximately 139 daily departures from Love Field, out of 14 gates, for an average of 9.9 daily departures per gate. This equates to 69.3 departures/week and approximately 297 departures/gate/month.

Continental has approximately 15 daily departures from two gates, for a daily average of 7.5 departure per gate. This equates to an average of 52.5 departure/gate/week and 225 departures/gate/month.

American has approximately 11 daily departures from one gate, for a daily average of 11 departures/gate, a weekly average of 77 departures/gate, and a monthly average of 330 departures/gate.

ASA has approximately 4 daily departures from one gate for a daily average of 4 departures/gate, a weekly average of 28 departures/gate, and a monthly average of 120 departure/gate.

A rough distribution of departures per airline per leased gate is shown in Figure 2 below.

Air carrier	Number of gates used	Number of daily departures	Daily dep./gate	Weekly dep./gate	Monthly dep./gate
Southwest	14	139	9.9	69.3	297
Continental	2	15	7.5	52.5	225
American	1	11	11	77	330
ASA	1	4	4	28	120

Figure 2

The figures in this section do not include air carrier arrivals at Love Field that are not published in the OAG and thus not included in these calculations.

E. Policy regarding “recapturing” gates that are not being fully used

The Scarce Resource provision of the Leases allows the City to require Airlines to share gates that are not fully used, but there is no provision to “recapture” gates. When the City receives a request for gate space, it reviews the request in order to determine a practical approach that maximizes the efficient use of Airport facilities. Currently, because there is significant unused gate capacity in the Lemmon Avenue Terminal, the City’s approach would likely include referring inquiries to the leasing agent for that Terminal. In general, or if an airline does not wish to serve the Lemmon Avenue Terminal, the City can require accommodation at the operational Main Terminal gates as provided for in the Scarce Resource provisions of the leases.

F. Use / lose or use / share policies for gates and other facilities

As noted above, the Main Terminal leases include gate-sharing provisions ("use it or share it" language referred to herein as the "Scarce Resource" provisions (see Exhibit C)) requiring accommodation of other airlines within the leased premises of the incumbent airlines.

The process for accommodating an airline needing space ("requesting airline") has three stages. First, if the City were to have space available to lease directly, it would do so. Currently, the City does not have unleased gates on hand; the operational Main Terminal gates are under lease, and the space that will house the expansion gates when demand requires their activation is in the meantime leased to Southwest for use as a training facility.

Second, in the absence of space available for direct lease, the City will refer the requesting airline to parties who are known to have gates or gate capacity available. Currently, the City would refer requesting airlines to the leasing agent for the Lemmon Avenue Terminal, because the City is aware that the leasing agent is actively seeking tenants for six gates in that facility. Alternatively, the City would provide the requesting carrier with contact information for airlines leasing operational Main Terminal gates and, if asked, would accompany the requesting carrier in meetings with the incumbent airlines in an effort to negotiate a voluntary sublease or handling agreement.

Finally, if neither of these approaches proves fruitful and if necessary to force accommodation by an incumbent carrier at one or more of the operational Main Terminal gates, the Scarce Resource provisions of the leases permits the City to unilaterally require an airline to accommodate a requesting airline in its premises.

Ultimately, a significant increase in demand for gates would be met by the City's rendering the expansion gates operational.

G. Plans to make gates and related facilities available to new entrants or to air carriers that want to expand service at the airport; methods of accommodating new gate demand by air carriers at the airport (common-use, preferential-use, or exclusive-use gate); and length of time between when an air carrier initially contacts the airport and could begin serving it

There are currently a total of 24 gates in operation at the Airport: 18 in the Main Terminal and 6 in the Lemmon Avenue Terminal. (The City anticipates that 19 gates will be in operation at the Main Terminal by January 2002.) The 6 Lemmon Avenue gates are available immediately for the use of new entrants or air carriers that want to expand service at the Airport.

Once the 25 gates in operation by January 2002 are fully utilized, the City plans to renovate and place into operation up to 7 more gates in the Main Terminal as demand warrants.

There have been past delays and refusals of access to the Airport, occasioned by the City's then understanding of its legal obligations and legal risks under the 1968 DFW Bond Ordinance (a history of which DOT is fully aware). Following resolution of those issues, the City is prepared to find accommodations for all air carriers requesting facilities without any unreasonable delay.

H. How are complaints of denial of reasonable access by a new entrant or an air carrier that wants to expand service resolved?

Since resolution of the legal issues discussed above, there have been no cases in which an air carrier that was ready and willing to begin or expand service to Love Field has been unable to do so due to inability to secure reasonable access to needed facilities. Once rulings have been made that a carrier is legally authorized to operate at Love Field, that carrier has been accommodated.

I. Number of carriers in the past year that have requested access or sought to expand, how they were accommodated, and the length of time between any requests and access

Carrier requesting access or expansion	Accommodation provided	Length of time between initial request and beginning of service
American Airlines	2 Main Terminal gates shared with Continental	90 days
Atlantic Southeast Airlines (ASA)	Shared gates at Lemmon Avenue Terminal	Immediately
ASA	Leased gate space in Main Terminal to accommodate desire to relocate	Immediately (in temporary gate space)

Figure 3

II. LEASING AND SUBLEASING ARRANGEMENTS (IDENTIFY OR DESCRIBE)

A. Whether a subleasing arrangement with an incumbent carrier is necessary to obtain access

A sublease with an incumbent carrier would be necessary to obtain access to the operational Main Terminal gates. The City's support is available to the requesting carrier to assist in negotiation of reasonable sublease terms.

Gates are also currently available at the Lemmon Avenue Terminal gates. The contract for those gates would be as a prime subtenant of the leasing agent, rather than as a subtenant to another airline. The leasing agent for that Terminal is currently seeking prime subtenants for six gates. However, the City has no detailed direct control over the terms and conditions of any resulting sublease.

B. How the airport assists requesting airlines obtain a sublease

The City assists requesting airlines to obtain a sublease by assisting them in negotiations or, as necessary, forcing accommodation through the gate-sharing provisions of the gate lease.

C. Airport oversight policies for sublease fees and groundhandling arrangements

The leases for the Main Terminal gates permit the tenants to charge only reasonable fees for subleases and other charges.

D. Airport policies regarding sublease fees (e.g., no more than 15 percent above the standard airport-determined fee)

The leases for the Main Terminal gates permit the tenants to charge only reasonable fees for subleases and other charges. The City has not defined what level of fees would be "unreasonable," but no complaints have been received regarding unreasonable fees.

E. How complaints by subtenants about excessive sublease fees or unneeded bundling of services are resolved

The City has not received any complaints regarding unreasonable fees or unneeded bundling of services.

F. How independent contractors who want to provide ground handling, maintenance, fueling, catering or other support services, but have been unable to establish a presence at the airport, are accommodated

There are no restrictions in effect at the Airport on providers of groundhandling and these other services. Currently, individual airlines and a number of other contractors provide such services, but any provider who could meet the applicable safety and insurance requirements would be welcome to do so.

G. Are formal arrangements in place to resolve disputes among air carriers regarding the use of airport facilities?

The Lease and airport rules and regulations control the types of uses that air carriers may make of airport facilities. If an air carrier is not using its space according to the terms of its Lease and in accordance with the rules and regulations, the City may direct the air carrier to correct the situation. The Airport Director is given considerable discretion in resolving conflicts concerning the use of airport facilities.

III. PATTERNS OF AIR SERVICE (IDENTIFY OR DESCRIBE)

A. Number of markets served

As a medium hub airport and a focus city for Southwest Airlines, DAL has direct nonstop service to 18 markets (19 airports), with low-fare service to 16 of those direct nonstop markets. The distribution of markets served is heavily skewed toward the surrounding states, due to the perimeter restrictions included in the Wright Amendment. Due to those same restrictions, and their impact on so-called “through ticketing” outside of the perimeter states, DAL’s markets were largely nonstop in 2000.

DAL’s top O&D market is Houston, with an average of 2,378 daily passengers travelling in that market (1,885 to Houston-Hobby and 493 to Houston-Intercontinental) in 2000. On an airport-by-airport basis, DAL’s top 15 O&D markets in 2000 are shown below (see also Exhibit E).

2000 Rank	Market/Airport	Daily passengers	Lowfare carrier in market?
1	Houston-Hobby, Texas	1,885	Yes
2	San Antonio, Texas	967	Yes
3	Austin, Texas	953	Yes
4	New Orleans, Louisiana	507	Yes
5	Houston-Intercontinental, Texas	493	Yes
6	Lubbock, Texas	419	Yes
7	Albuquerque, New Mexico	404	Yes
8	Tulsa, Oklahoma	403	Yes
9	El Paso, Texas	361	Yes
10	Little Rock, Arkansas	343	Yes

2000 Rank	Market/Airport	Daily passengers	Lowfare carrier in market?
11	Midland/Odessa, Texas	327	Yes
12	Amarillo, Texas	317	Yes
13	Oklahoma City, Oklahoma	250	Yes
14	Harlingen, Texas	212	Yes
15	Corpus Christi, Texas	189	Yes

Figure 4

B. Number of markets served on a nonstop basis; average number of flights per day

Currently, DAL has nonstop air service to approximately 19 markets. Exhibit F is a list of nonstop passenger service points from DAL as of April 2001. As shown in Exhibit G, as discussed below, there were approximately 154.1 daily departures by passenger carriers.

C. Number of small communities served

DAL has service to 4 non-stop markets located in Metropolitan Statistical Areas with populations under 500,000 (Amarillo, Harlingen, Lubbock, and Midland/Odessa, all in Texas).

D. Number of markets served by low-fare carriers

On its website (http://ostpxweb.ost.dot.gov/aviation/) DOT defines low-fare carriers as Access Air, Air South, AirTran, American Trans Air, Carnival, Frontier, Kiwi, National Airlines, Pro Air, Reno, Southwest, Spirit, Sun Country, Vanguard, and Western Pacific. Of those carriers, Southwest offered an average of 126.8 low-fare departures per day from DAL in April 2001.

E. Number of markets served by one carrier

Of the 18 markets served nonstop, 17 markets are served nonstop by a single carrier. Houston is served nonstop through both Houston-Hobby and Houston-Intercontinental with two carriers offering service to Houston-Intercontinental.

F. Number of new markets added or previously served markets dropped in the past year

Five new markets were added between April 2000 and April 2001: Atlanta; Chicago–O'Hare; New York/LaGuardia; Cleveland; and Harlingen, Texas. During that same period, two markets were dropped: Las Vegas and Washington/Dulles. See Exhibit G (Daily Domestic Departures from DAL: April 2000 vs. April 2001).

IV. GATE ASSIGNMENT POLICY (IDENTIFY OR DESCRIBE)

A. Gate assignment policy and method of informing existing carriers and new entrants of this policy (including standards and guidelines for gate usage and leasing, such as security deposits, minimum usage, if any, fees, terms, master agreements, signatory and nonsignatory requirements)

The City has not yet had to deal with any space limitation problems at the Airport. As a result, there is no formal gate assignment policy and no formal method of informing existing carriers and potential new entrants of matters that might be contained in such a policy. Gate requests have been successfully handled on an informal basis. In light of the current plentiful availability of gates at the Airport, the City does not believe it needs to develop a formal gate assignment policy in the abstract.

B. How announcements are made to tenant air carriers when gates become available. Do all tenant air carriers receive information on gate availability and terms and conditions by the same process at the same time?

The City has not yet had to deal with any space limitation problems at the Airport. As a result, there is no formal policy regarding notices of gate availability and no formal method of informing existing carriers and potential new entrants of matters that might be contained in such a policy. In light of the current plentiful availability of gates at the Airport, the City does not believe it needs to develop a formal gate availability policy in the abstract.

C. New policies that have been adopted or actions that have been taken to ensure that new entrant carriers have reasonable access to the airport and that incumbent carriers can expand their operations

The gate-sharing provision included in the Lease was designed to improve access to the Airport by all airlines and to give the Airport flexibility in responding to shifts in demand for facilities.

V. FINANCIAL CONSTRAINTS (IDENTIFY OR DESCRIBE)

A. The major source of revenue at the airport for terminal projects

Terminal projects at DAL fall into two general groups – projects for improvement or renovation of common use space and passenger circulation areas, and projects for renovation of concessions, gates and related areas. The City funds the first class of projects out of retained earnings, bonds, and Federal grants. In general, the cost of renovating gates and related areas at the Airport has been funded by the carriers who will be the preferential users of that space.

B. Rates and charges methodology (residual, compensatory or hybrid)

The Airport operates on a compensatory fee system.

C. Past use, if any, of PFCs for gates and related terminal projects

The City has not imposed or used PFCs at Love Field.

VI. AIRPORT CONTROLS OVER AIRSIDE AND GROUNDSIDE CAPACITY (IDENTIFY OR DESCRIBE)

A. Majority-in-interest (MII) or "no further rates and charges" clauses covering groundside and airside projects

There are no MII clauses covering groundside or airside projects.

B. List any capital construction projects that have been delayed or prevented because an MII was invoked

None.

C. Plans, if any, to modify existing MII agreements

Not applicable, as there are no existing MII agreements.

VII. WHETHER THE AIRPORT INTENDS TO BUILD OR ACQUIRE GATES THAT WOULD BE USED AS COMMON FACILITIES (IDENTIFY OR DESCRIBE)

No. The City currently intends to lease the 7 expansion gates under preferential use agreements with gate-sharing provisions like those now in effect elsewhere in the Main Terminal.

If in the future the Lemmon Avenue Terminal is no longer used for air carrier gates, the City will allow up to six additional gates to be placed in the Main Terminal.

A. The number of common-use gates available at the airport today

None.

B. The number of common-use gates the airport intends to build or acquire, timeline, and intended financing arrangements for those common-use gates

None.

C. Are any air carriers that have been serving the airport for more than three years relying exclusively on common-use gates?

No.

D. Whether common-use gates will be constructed in conjunction with gates leased through exclusive- or preferential-use arrangements

There is no current plan to build common-use gates.

E. Whether gates being used for international service are available for domestic service

There is no international service at the Airport.

F. Do carriers that only serve domestic markets now operate from international gates?

There are no international gates at the Airport.

VIII. AIRFARE LEVELS COMPARED TO OTHER MEDIUM HUB AIRPORTS

A. Summarized data for the airport showing each carrier's local passengers, average fares, market share (based on passengers), and average passenger trip length (Source: Table 1 of DOT data)

As the data show, in 2000 Southwest carried the majority (92%) of the local passengers originating at and destined for DAL. Thus, average fares at DAL are very low ($93.72). See Exhibit G.

Air carrier code	Local passengers	Average fare	Average trip length	Market share
AA (American)	128,300	$232.69	836	2%
CO (Continental)	177,030	$130.38	485	3%
LC (ASA)	1,490	$240.36	1,219	2%
WN (Southwest)	5,493,750	$85.84	336	92%
Total	5,973,630	$93.72	365	100%

Figure 5

B. Summarized data for the airport showing local passengers, average passenger trip length, average passenger yield, and number of city-pair markets served disaggregated by distance (markets under and over 750 miles) and depending on whether a low-fare competitor is present (Source: Table 2 of DOT data)

As the 2000 data show, the vast majority of city-pair markets including DAL were served by only a low fare air carrier. Of the 22 identified short-haul city-pair markets with over 10 passengers per day, 21 have service from a low-fare carrier. Of the 25 identified long-haul city-pair markets with over 10 passengers per day, 22 have service from a low-fare carrier.

	Short-Haul (<750 Miles)				Long-Haul (>750 Miles)				All Stage Lengths			
Market Type	City Pairs	Passengers	Stage Length	Yield	City Pairs	Passengers	Stage Length	Yield	City Pairs	Passengers	Stage Length	Yield
Non-Low-Fare	1	18,930	721	$0.22	3	122,090	1,130	$0.26	4	2,141,020	1,075	$0.25
Low-Fare	21	5,440,240	301	$0.28	22	392,370	1,103	$0.15	43	5,832,610	355	$0.25
Total	22	5,459,170	302	$0.28	25	514,460	1,109	$0.18	47	5,973,630	372	$0.25

Figure 6

DAL Yields compared to other airports that have similar average passenger trip lengths, for short-haul markets, long-haul markets, and overall:

DAL, as a secondary airport in the Dallas-Fort Worth region, has yields similar to other secondary airports. The chart below identifies the characteristics of secondary airports as compared to the primary airports in the same regions. DAL has a significantly lower average trip length and a slightly higher yield than the primary airport, DFW, a pattern similar to other primary/secondary airport pairs. Among both primary and secondary airports, it is typical for airports with higher average trip lengths to have lower yields; this is also true for DAL, which has the lowest average trip length and thus, highest yield of the secondary airport group. *See also* the underlying data at Exhibit H, Comparisons of Secondary and Primary Airports.

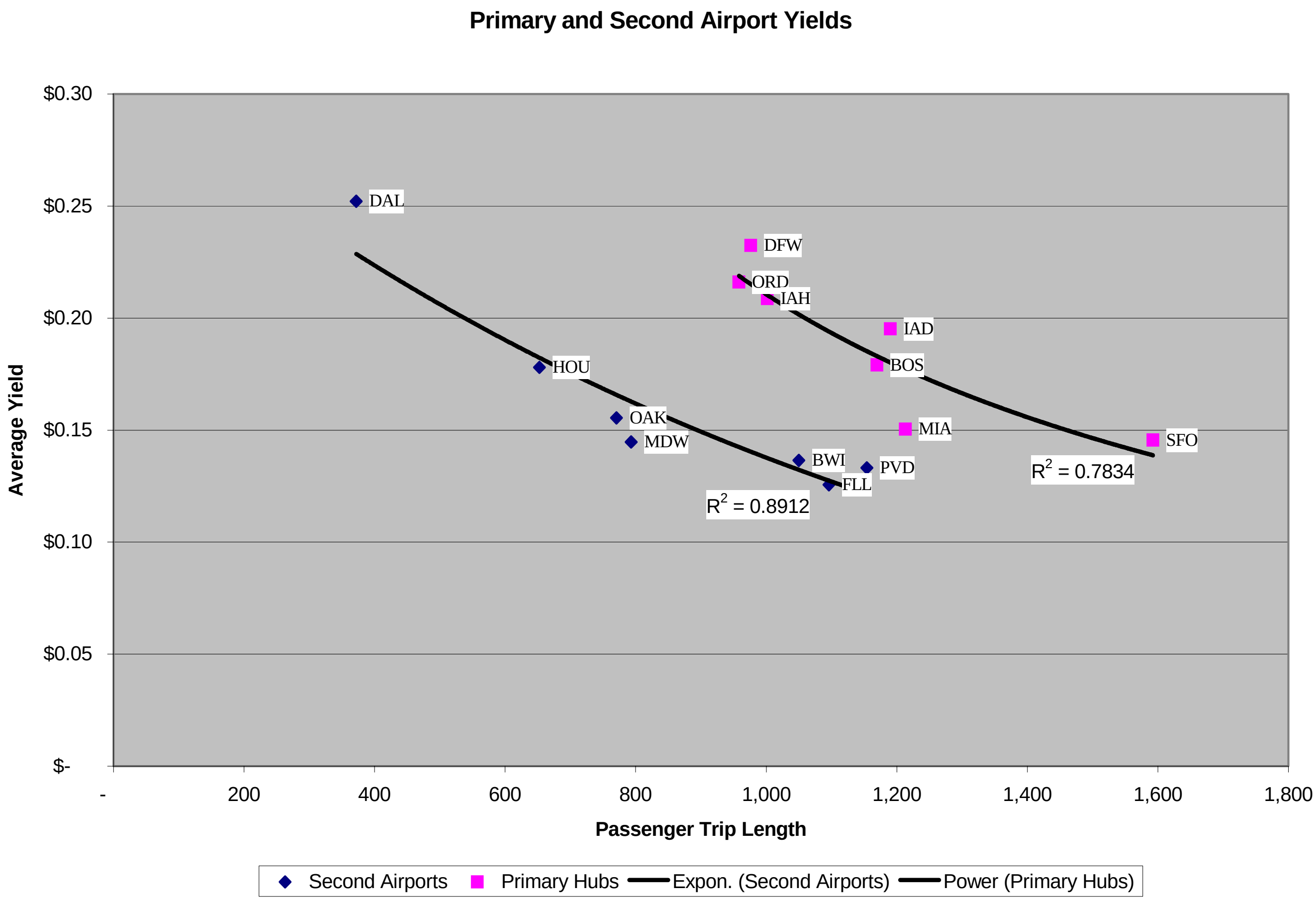


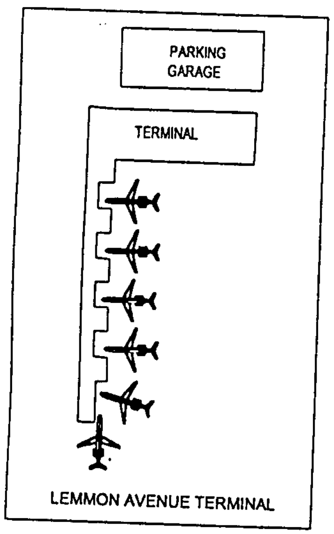
Figure 7

C. Additional information pertinent to particular circumstances at individual airport.

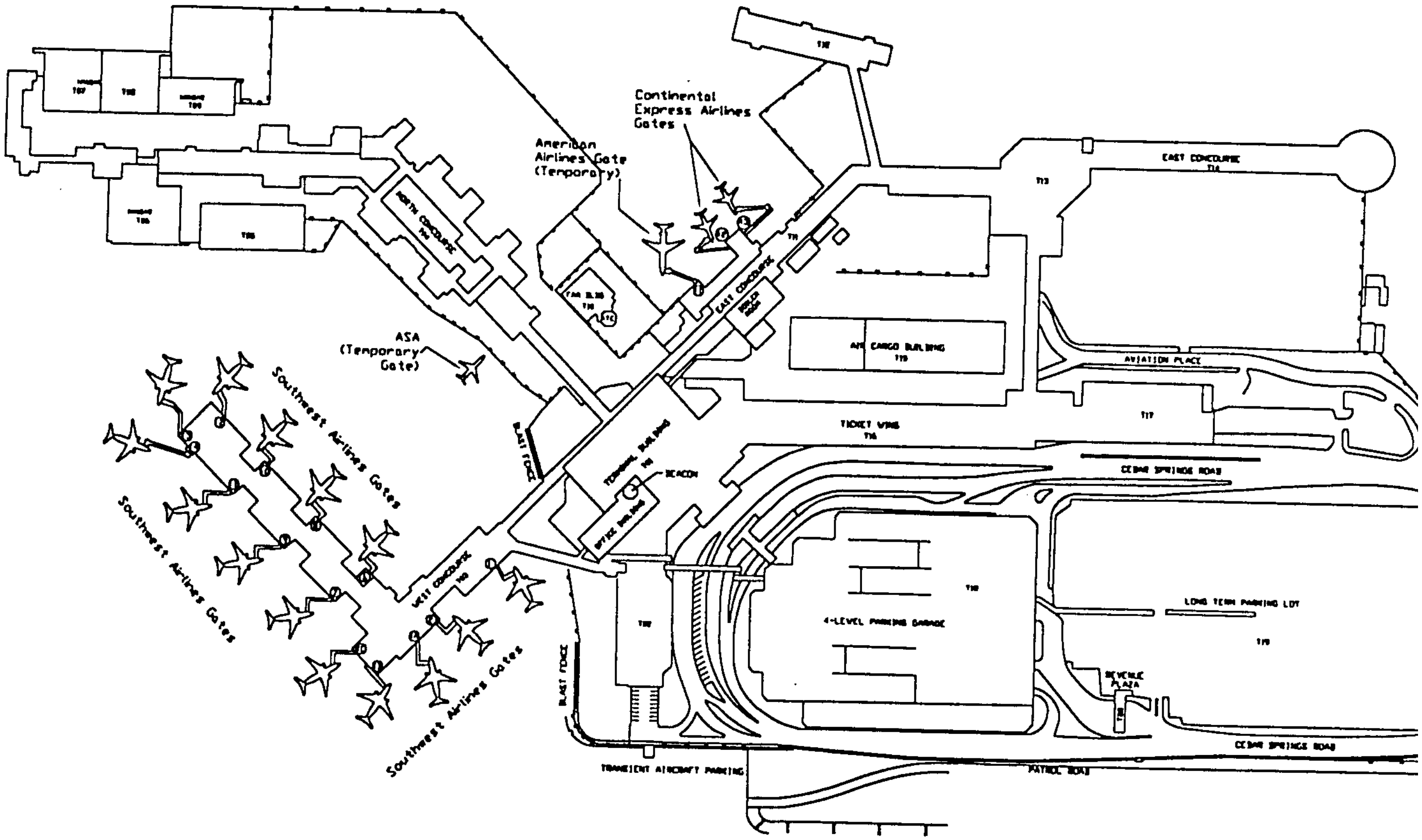
Virtually all passengers travelling from Love Field do so on low-fare carrier Southwest Airlines. Therefore, Love Field serves as a low-fare airport for service from the Dallas-Fort Worth area.

Exhibits:

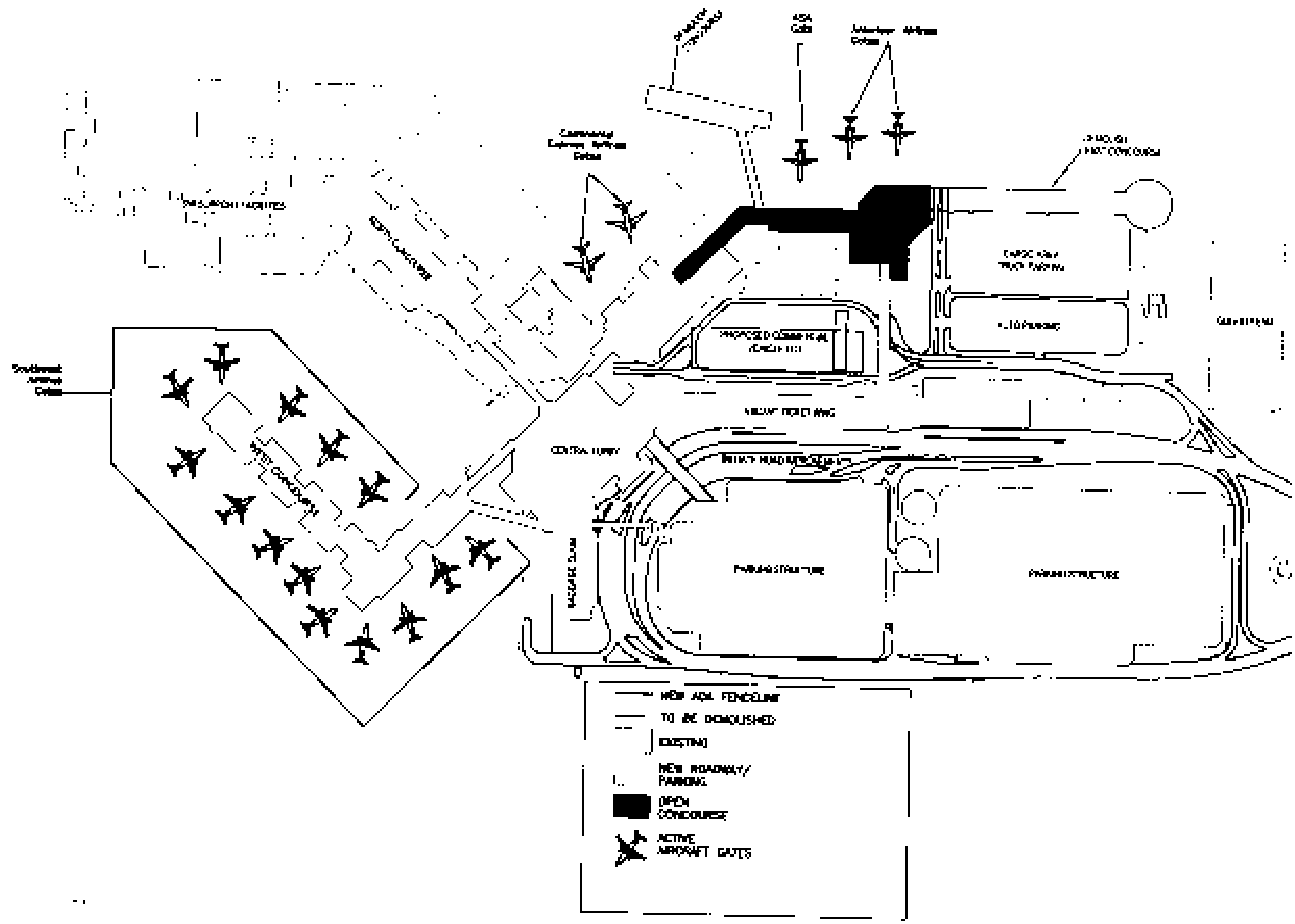
A. Terminal Plan: June 2001
B. Terminal Plan: January 2002
C. Standard Gate-sharing Language ("Scarce Resource" Provision)
D. Lemmon Avenue Terminal Maps
E. List of Markets Served Nonstop
F. Average Daily Departures from DAL, April 2001
G. Daily Domestic Departures from DAL, April 2000 vs. April 2001
H. Comparisons of Secondary and Primary Airports



PARKING GARAGE
TERMINAL
LEMMON AVENUE TERMINAL



Continental Express Airlines Gates
American Airlines Gate (Temporary)
ASA (Temporary Gate)
Southwest Airlines Gates
Southwest Airlines Gates
Southwest Airlines Gates
NORTH CONCOURSE
EAST CONCOURSE
WEST CONCOURSE
TERMINAL BUILDING
OFFICE BUILDING
BEACON
BLAST FENCE
BLAST FENCE
AIR CARGO BUILDING
AVIATION PLACE
TICKET WING
CEDAR SPRINGS ROAD
LONG TERM PARKING LOT
4-LEVEL PARKING GARAGE
REVENUE PLAZA
CEDAR SPRINGS ROAD
TRANSIENT AIRCRAFT PARKING
PATROL ROAD



TERMINAL PLAN
JANUARY 2002

SECTION 3. Scope of Operations

A. Lessee shall obtain and maintain all necessary authority from the appropriate state and/or federal agencies in connection with its operations.

B. Lessor and Lessee agree that although most of the areas covered by this Lease are leased to Lessee for its exclusive use, airline facilities at the Airport may become a scarce resource and Lessee does hereby agree to accommodate other airline lessees at its Terminal Lease Area at such times that will not unduly interfere with Airline's operating schedule and upon such reasonable terms as may be agreed upon between Lessee and other airline lessees, taking into consideration all the circumstances of such an accommodation agreement. To insure compliance with this obligation and to provide open access and uniform treatment for all airline tenants, the following procedure is hereby established.

1. All requests for airline facilities accommodation will be received by the Department of Aviation.

2. In the event the requesting airline has demonstrated to the Department of Aviation that it has contacted all airline lessees and has exhausted all reasonable efforts to secure accommodations, the Director shall notify all airline lessees in writing that if requesting airline is not accommodated within thirty (30) days from the receipt of notice, Director shall select one of the airline lessees to comply with the request for accommodation in a non-discriminatory manner.

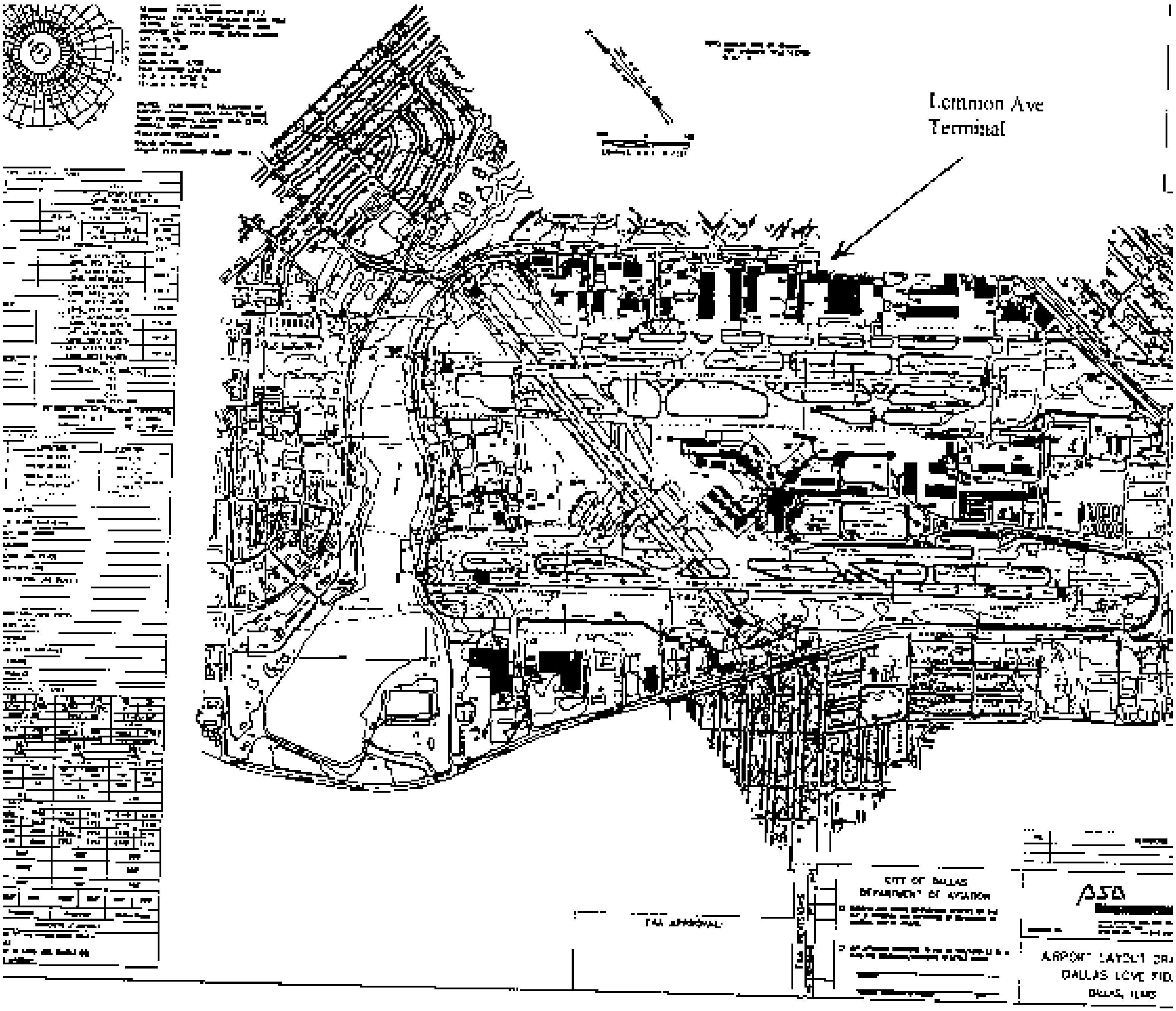
3. At the end of said thirty (30) day period, if requesting airline has not been accommodated, Director may select a Lessee to accommodate requesting airline and, in that event, shall send written notice to Lessee to accommodate requesting airline within thirty (30) days from the receipt of said notice. Director shall include in such notice the reason or reasons why Lessee was selected. Lessee shall have ten (10) days after receipt of said notice to comment on or dispute such selection.

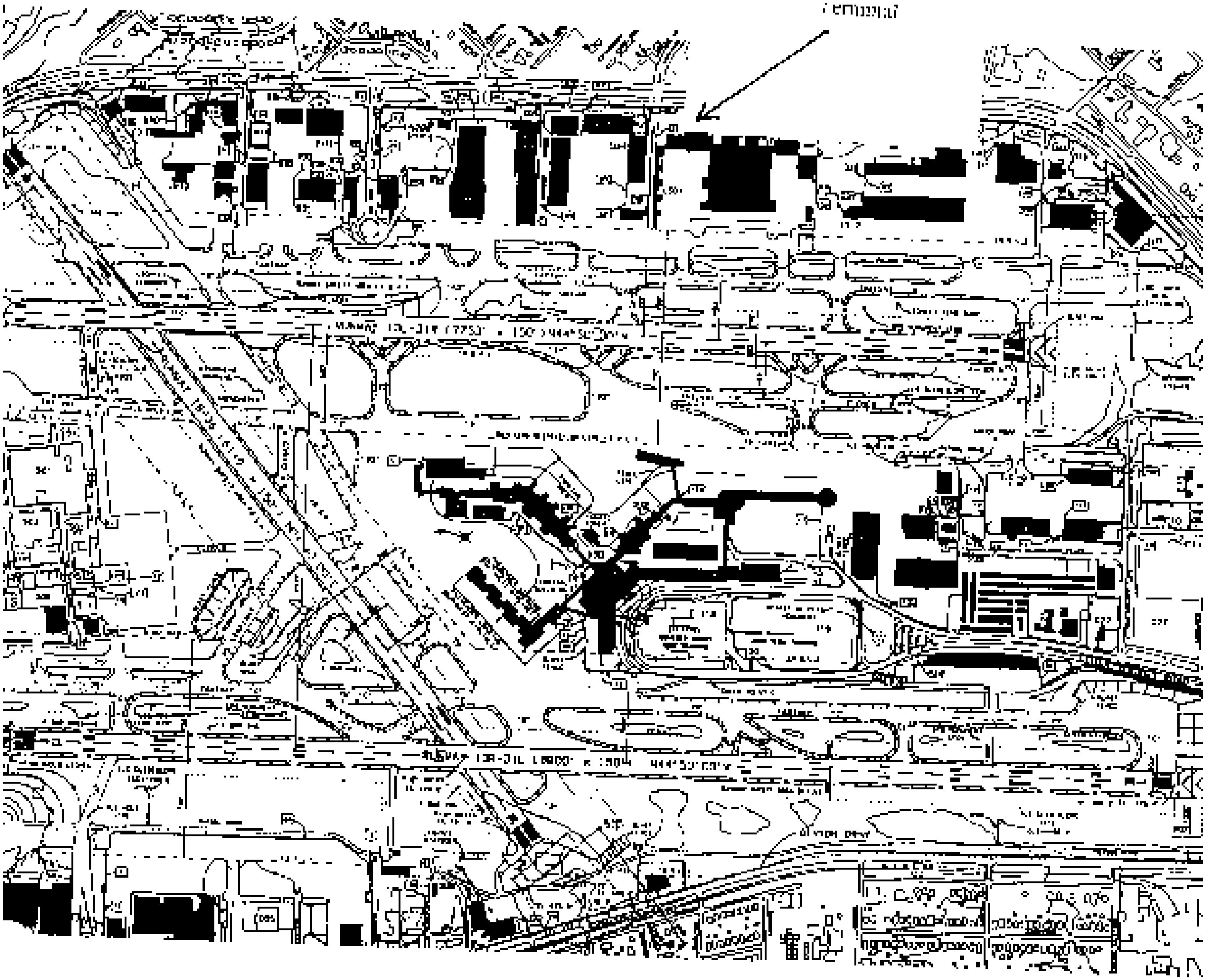
4. Unless Director rescinds such selection within said thirty (30) day period, Lessee shall accommodate requesting airline by sharing a portion of its Terminal Lease Area, subject to the following conditions:

    a. In case of a conflict between schedules of Lessee and the requesting airline, the Lessee shall have preferential use of its personnel and its Terminal Lease Area.

    b. Lessee agrees that if requested to accommodate another carrier pursuant to this paragraph, it will use its good faith efforts to effect such accommodation in a reasonable and equitable manner.

c. The Lessee may assess the requesting airline reasonable fees and charges under an appropriate contract for services rendered to, or subleased facilities shared with, requesting airline and which shall be based on Lessee's direct and indirect costs plus a reasonable allowance for administration. In the event of a dispute regarding these reasonable fees and charges or any other matter regarding this scarce resource provision, including but not limited to, Section 3, Subparagraph 4 a. above, and upon the Directors receipt of written notice of such dispute(s), the Director shall review available information regarding the dispute(s) and, in good faith and in a non-discriminatory manner render a decision regarding the acceptable fees and charges, or any other matter regarding this scarce resource provision, including but not limited to, Section 3, Subparagraph 4 a. above, which shall be binding on the Lessee and the requesting airline.


Lemmon Ave
Terminal
CITY OF DALLAS
DEPARTMENT OF AVIATION
FAA APPROVAL
AIRPORT LAYOUT DRA
DALLAS LOVE FIEL
DALLAS, TEXAS



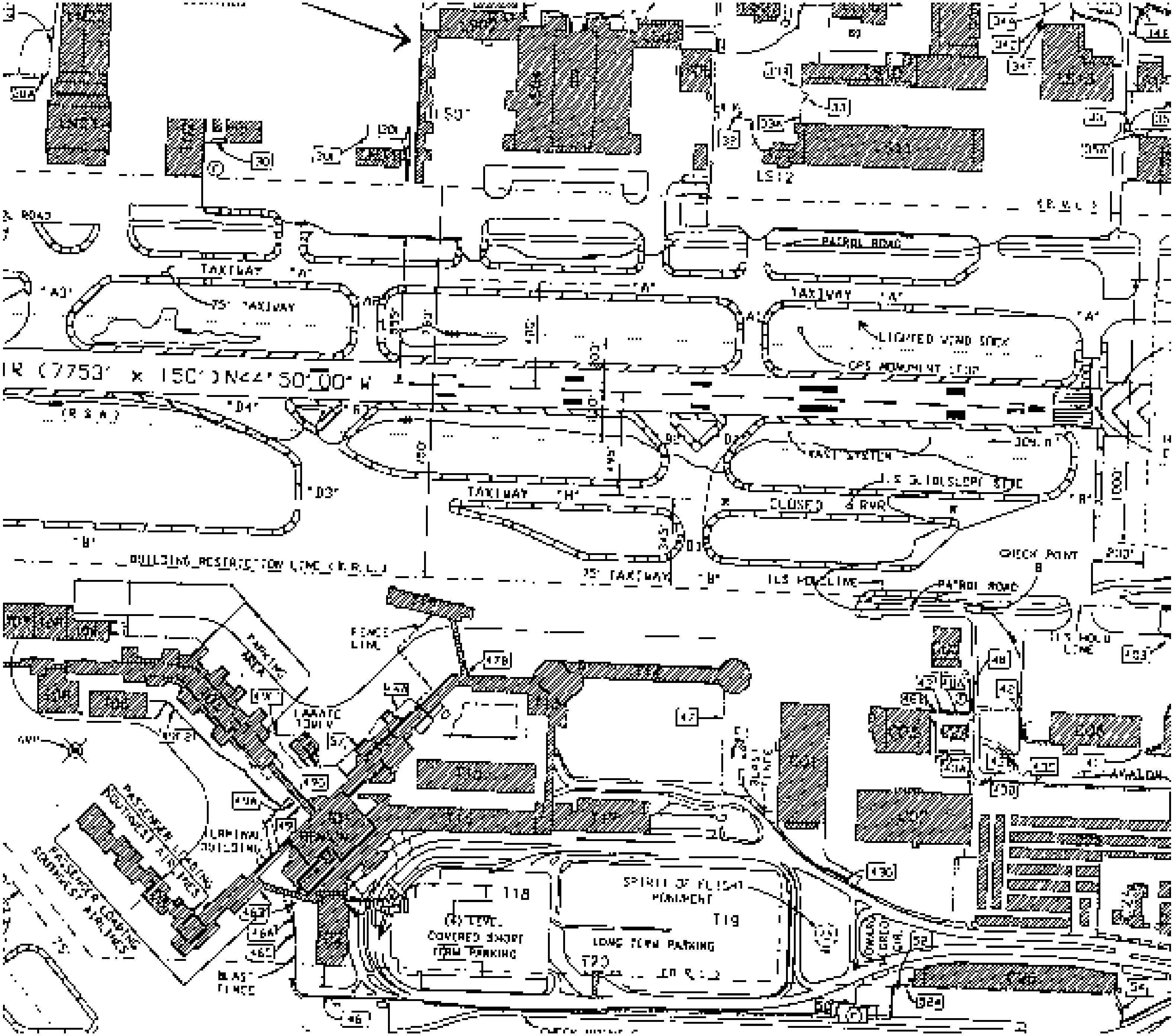

TAXIWAY "A"
75' TAXIWAY
LIGHTED WIND SOCK
PATROL ROAD
TAXIWAY "H"
CLOSED
BUILDING RESTRICTION LINE
CHECK POINT B
PARKING AREA
FENCE LINE
TERMINAL BUILDING
SPIRIT OF FLIGHT MONUMENT
(4) LEVEL COVERED SHORT TERM PARKING
LONG TERM PARKING
BLAST FENCE
AVALON

Table 3 Airport-Pair Detail

Airport-pair information for all O&D markets involving a Medium or Large hub with at least 10 passengers per day

Data provided is summarization of inbound and outbound. Please see accompanying documentation for calculations and assumptions

Airport Pair		Distance Block	Density	Competitor	Zero-Rated Pax	Total Pax	Revenue	RPMs	Nonstop Distance	Fare	Yield
DAL	OKC	250	500	1LF	5,300	165,130	12,630,350	39,890,350	181	$77	$0.42
DAL	AUS	250	501	2LF	3,180	326,370	26,821,400	70,805,931	217	$82	$0.30
DAL	TUL	250	501	1LF	8,630	256,460	20,945,020	63,241,364	217	$75	$0.32
DAL	HOU	250	501	1LF	48,470	1,247,250	98,630,440	299,168,670	239	$79	$0.33
DAL	SAT	250	501	1LF	8,930	633,870	49,609,650	159,37[illegible],131	248	$79	$0.31
DAL	LBB	500	501	1LF	1,790	277,130	19,093,650	81,436,068	292	$71	$0.24
DAL	LIT	500	501	1LF	8,040	221,040	16,540,080	67,411,924	296	$73	$0.25
DAL	MAF	500	501	1LF	6,850	216,140	15,551,540	70,093,860	319	$72	$0.22
DAL	JAN	500	50	1LF	650	21,970	1,491,160	6,787,985	191	$125	$0.22
DAL	MSY	500	501	1LF	18,580	335,020	32,400,640	131,470,340	412	$97	$0.21
DAL	HRL	500	500	1LF	8,040	146,160	15,795,010	64,180,521	456	$112	$0.25
DAL	MCI	500	50	1LF	3,250	35,510	1,592,550	7,479,226	401	$117	$0.21
DAL	STL	750	200	1LF	3,870	49,310	6,619,910	31,626,886	546	$105	$0.21
DAL	ELP	750	501	1LF	11,420	211,060	25,346,740	135,756,940	563	$106	$0.19
DAL	OMA	750	100	2LF	5,530	27,940	4,729,190	25,249,647	621	$189	$0.19
DAL	SDF	750	20	2LF	950	4,610	739,600	4,620,065	726	$179	$0.17
DAL	IND	1000	20	4LF	1,270	6,750	1,164,150	6,390,856	756	$156	$0.18
DAL	PHX	1000	500	1LF	14,700	85,290	11,924,170	75,935,287	875	$183	$0.17
DAL	TPA	1000	50	2LF	4,400	14,860	2,168,700	14,779,604	912	$148	$0.16
DAL	MCO	1000	50	2LF	7,060	15,180	1,445,070	16,706,762	922	$97	$0.09
DAL	DTW	1000	20	2LF	1,430	5,460	938,180	6,015,532	992	$171	$0.14
DAL	SLC	1000	20	2LF	3,470	6,810	810,130	9,140,638	990	$128	$0.11
DAL	HDN	1500	20	2LF	1,600	3,950	510,740	4,976,116	1,052	$107	$0.11
DAL	LAS	1500	100	2LF	6,570	33,750	1,495,360	37,297,130	1,067	$105	$0.09
DAL	FLL	1500	50	2LF	4,100	7,820	838,190	9,245,006	1,108	$107	$0.05
DAL	[illegible]	1500	200	1NLF	520	49,020	12,474,230	57,287,906	1,163	$254	$0.22
DAL	SAN	1500	100	2LF	6,420	19,100	2,862,920	25,110,420	1,152	$145	$0.11
DAL	ONT	2000	20	2LF	3,025	6,740	956,660	8,069,485	1,200	$142	$0.11
DAL	LAX	1500	500	3LF	15,160	206,710	47,607,570	134,312,497	1,246	$212	$0.17
DAL	RNO	1500	20	1LF	2,590	3,700	325,710	5,444,831	1,356	$87	$0.05
DAL	LGA	1500	200	4NLF	1,270	38,790	12,281,020	53,952,835	1,381	$317	$0.23
DAL	SMF	2000	20	2LF	1,960	3,380	1,031,920	8,626,277	1,442	$152	$0.12
DAL	SJC	1500	20	3LF	2,260	7,270	1,483,200	11,504,248	1,450	$204	$0.12
DAL	OAK	1500	50	1LF	4,690	8,590	1,360,790	23,673,072	1,458	$145	$0.09
DAL	SFO	1500	20	2LF	4,040	5,430	568,020	5,658,817	1,470	$170	$0.10
DAL	SEA	2000	20	2LF	1,590	3,030	991,920	13,361,551	1,670	$129	$0.07

IIIA
Number of Markets Served

Rank	Market/Airport	Daily Passengers	Low Fare Carrier Present	
1	HOUSTON-HOBBY, TEXAS	1,885	Yes	Southwest
2	SAN ANTONIO, TEXAS	967	Yes	Southwest
3	AUSTIN, TEXAS	853	Yes	Southwest
4	NEW ORLEANS, LOUISIANA	507	Yes	Southwest
5	HOUSTON-INTERCONTINENTAL, TEXAS	493	Yes	Southwest
6	LUBBOCK, TEXAS	419	Yes	Southwest
7	ALBUQUERQUE, NEW MEXICO	404	Yes	Southwest
8	TULSA, OKLAHOMA	403	Yes	Southwest
9	EL PASO, TEXAS	361	Yes	Southwest
10	LITTLE ROCK, ARKANSAS	343	Yes	Southwest
11	MIDLAND/ODESSA, TEXAS	327	Yes	Southwest
12	AMARILLO, TEXAS	317	Yes	Southwest
13	OKLAHOMA CITY, OKLAHOMA	250	Yes	Southwest
14	HARLINGEN, TEXAS	212	Yes	Southwest
15	CORPUS CHRISTI, TEXAS	189	Yes	Southwest
16	LOS ANGELES, CALIFORNIA	162	Yes	Southwest
17	PHOENIX, ARIZONA	133	Yes	Legend
18	ST. LOUIS, MISSOURI	75	No	Frontier at DFW
19	WASHINGTON, D.C.-DULLES	74	No	
20	NEW YORK/LA GUARDIA, NEW YORK	58	Yes	Legend
			No	

DB1b for YE December 2000; OAG for June 2000

AverageDaily Domestic Departures from DAL
Apr-01

Sum of Daily Flights			
			April 2001 Total
DEPLOC	HUBTYPE	ARRNAME	
DAL	Large	ATLANTA, GEORGIA	5.0
		CHICAGO-O'HARE, ILLINOIS	3.7
		HOUSTON-INTERCONTINENTAL, TEXAS	16.1
		LAS VEGAS, NEVADA	0.0
		LOS ANGELES, CALIFORNIA	3.7
		NEW YORK/LA GUARDIA, NEW YORK	2.7
		WASHINGTON, D.C.-DULLES	0.0
	Large Total		31.2
	Medium	ALBUQUERQUE, NEW MEXICO	7.9
		AUSTIN, TEXAS	12.4
		CLEVELAND, OHIO	2.4
		HOUSTON-HOBBY, TEXAS	29.7
		NEW ORLEANS, LOUISIANA	5.6
		OKLAHOMA CITY, OKLAHOMA	7.1
		SAN ANTONIO, TEXAS	13.7
		TULSA, OKLAHOMA	8.0
	Medium Total		86.8
	Small	AMARILLO, TEXAS	7.3
		EL PASO, TEXAS	5.6
		HARLINGEN, TEXAS	0.1
		LITTLE ROCK, ARKANSAS	7.3
		LUBBOCK, TEXAS	8.4
		MIDLAND/ODESSA, TEXAS	7.4
	Small Total		36.2
Grand Total			154.1

Domestic Departures from QAL
001 vs April 2000

Daily Flights			TIMEPRD / CAR_ID								
			April 2000		April 2000	April 2001		April 2001	Change		Change Total
OC	HUBTYPE	AIRNAME	Other	Southwest		Other	Southwest		Other	Southwest	
	Large	ATLANTA, GEORGIA	0.0	0.0	0.0	5.0	0.0	5.0	5.0	0.0	5.
		CHICAGO-O'HARE, ILLINOIS	0.0	0.0	0.0	3.7	0.0	3.7	3.7	0.0	3.
		HOUSTON-INTERCONTINENTA	8.6	6.0	14.6	9.8	0.3	16.1	1.2	0.2	[illegible]
		LAS VEGAS, NEVADA	1.0	0.0	1.0	0.0	0.0	0.0	-1.0	0.0	-1.
		LOS ANGELES, CALIFORNIA	4.4	0.0	4.4	3.7	0.0	3.7	-0.7	0.0	0
		NEW YORK/LA GUARDIA, NEW	0.0	0.0	0.0	2.7	0.0	2.7	2.7	0.0	2.
		WASHINGTON, D.C.-DULLES	3.5	0.0	3.5	0.0	0.0	0.0	-3.5	0.0	-3.
	Large Total		17.5	5.0	23.5	24.9	6.3	31.2	7.4	0.2	7
	Medium	ALBUQUERQUE, NEW MEXICO	0.0	6.5	6.5	0.0	7.9	7.9	0.0	1.4	1.
		AUSTIN, TEXAS	6.2	11.8	18.1	0.0	12.4	12.4	0.2	0.6	-5.6
		CLEVELAND, OHIO	0.0	0.0	0.0	2.4	0.0	2.4	2.4	0.0	2.
		HOUSTON-HOBBY, TEXAS	0.0	29.7	29.7	0.0	29.7	29.7	0.0	0.0	0.0
		NEW ORLEANS, LOUISIANA	0.0	4.3	4.3	0.0	5.6	5.0	0.0	1.3	1.3
		OKLAHOMA CITY, OKLAHOMA	0.0	6.7	6.7	0.0	7.1	7.1	0.0	0.4	0.4
		SAN ANTONIO, TEXAS	0.0	13.4	13.4	0.0	13.7	13.7	0.0	0.3	0.3
		TULSA, OKLAHOMA	0.0	7.9	7.9	0.0	8.0	8.0	0.0	0.1	0.1
	Medium Total		6.2	80.3	86.5	2.4	84.4	86.8	-3.8	4.1	0.3
	Small	AMARILLO, TEXAS	0.0	7.0	7.0	0.0	7.3	7.3	0.0	0.3	0.3
		EL PASO, TEXAS	0.0	5.1	5.1	0.0	5.6	5.6	0.0	0.5	0.5
		HARLINGEN, TEXAS	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.1	0.1
		LITTLE ROCK, ARKANSAS	0.0	7.2	7.2	0.0	7.3	7.3	0.0	0.1	0.1
		LUBBOCK, TEXAS	0.0	9.8	9.8	0.0	8.4	8.4	0.0	-1.4	-1.4
		MIDLAND/ODESSA, TEXAS	0.0	7.0	7.0	0.0	7.4	7.4	0.0	0.4	0.4
	Small Total		0.0	36.1	36.1	0.0	36.2	36.2	0.0	0.0	0.4
Total			23.7	122.4	146.2	27.3	126.8	154.1	3.6	4.4	8.0

Table 2 - Airport Competition Plan - Fare Data, Market Summary

Summarized information by airport market for all Origin and Destination routes with an average of 10 or more passengers/day.

Please see accompanying documentation for definitions and assumptions.

SECOND AIRPORTS			Short-Haul (750 Nonstop Miles or Less)					Long-Haul (Over 750 Nonstop Miles					All Stage Lengths				
year	Airport	Market Type	City-Pairs	Passengers	Revenue	Yield	Avg Nonstop Trip Length	City-Pairs	Passengers	Revenue	Yield	Avg Nonstop Trip Length	City-Pairs	Passengers	Revenue	Yield	Avg Nonstop Trip Length
2000	DAL	Total	22	5,459,170	458,634,010	$ 0.28	302	25	514,460	101,221,730	$ 0.18	1,109	47	5,973,630	559,855,740	$ 0.25	372
2000	BWI	Total	81	7,718,570	842,130,130	$ 0.24	447	93	7,997,100	1,410,045,310	$ 0.11	1,632	174	15,715,670	2,252,175,440	$ 0.14	1,050
2000	FLL	Total	31	2,506,790	273,915,150	$ 0.24	449	117	11,106,940	1,599,582,170	$ 0.12	1,242	148	13,613,730	1,873,497,320	$ 0.13	1,096
2000	HOU	Total	25	4,326,060	401,429,700	$ 0.26	354	68	2,327,510	371,376,730	$ 0.13	1,207	93	6,653,570	772,806,430	$ 0.18	653
2000	MDW	Total	40	6,262,620	579,453,540	$ 0.22	422	48	5,445,660	764,377,080	$ 0.12	1,220	88	11,708,280	1,343,830,620	$ 0.14	793
2000	OAK	Total	19	7,553,320	640,220,160	$ 0.20	434	79	2,311,320	541,262,800	$ 0.13	1,870	98	9,864,640	1,181,482,960	$ 0.16	770
2000	PVD	Total	32	1,755,620	233,855,580	$ 0.34	389	73	3,306,520	543,897,040	$ 0.11	1,560	105	5,062,140	777,752,620	$ 0.13	1,154

ASSOCIATED PRIMARY HUBS			Short-Haul (750 Nonstop Miles or Less)					Long-Haul (Over 750 Nonstop Miles					All Stage Lengths				
year	Airport	Market Type	City-Pairs	Passengers	Revenue	Yield	Avg Nonstop Trip Length	City-Pairs	Passengers	Revenue	Yield	Avg Nonstop Trip Length	City-Pairs	Passengers	Revenue	Yield	Avg Nonstop Trip Length
2000	DFW	Total	75	6,161,610	945,845,140	$ 0.31	497	143	14,089,980	3,650,533,750	$ 0.22	1,186	218	20,251,590	4,596,378,890	$ 0.23	977
2000	IAD	Total	54	2,962,020	445,916,420	$ 0.33	453	84	5,170,900	1,442,994,340	$ 0.17	1,612	138	8,132,920	1,888,910,760	$ 0.20	1,190
2000	MIA	Total	32	1,502,130	213,520,640	$ 0.28	514	117	7,619,710	1,451,167,330	$ 0.14	1,351	149	9,121,840	1,664,687,970	$ 0.15	1,213
2000	IAH	Total	46	3,130,150	386,701,800	$ 0.30	410	137	8,009,710	1,942,089,740	$ 0.20	1,233	183	11,139,860	2,328,791,540	$ 0.21	1,002
2000	ORD	Total	106	12,754,580	2,404,823,150	$ 0.36	520	111	14,243,170	3,184,741,260	$ 0.17	1,351	217	26,997,750	5,589,564,410	$ 0.22	958
2000	SFO	Total	25	7,501,040	766,521,270	$ 0.22	459	172	15,455,050	4,555,774,740	$ 0.14	2,143	197	22,956,090	5,322,296,010	$ 0.15	1,593
2000	BOS	Total	51	6,962,680	1,160,313,470	$ 0.46	360	131	12,571,570	2,931,205,730	$ 0.14	1,618	182	19,534,250	4,091,519,200	$ 0.18	1,170

372	$ 0.25	DAL
1,050	$ 0.14	BWI
1,096	$ 0.13	FLL
653	$ 0.18	HOU
793	$ 0.14	MDW
770	$ 0.16	OAK
1,154	$ 0.13	PVD
977	$ 0.23	DFW
1,190	$ 0.20	IAD
1,213	$ 0.15	MIA
1,002	$ 0.21	IAH
958	$ 0.22	ORD
1,593	$ 0.15	SFO
1,170	$ 0.18	BOS