

AGREEMENT ESTABLISHING ASSOCIATE MEMBERSHIP
IN THE AIRLINES CLEARING HOUSE, INC.
FOR THE SETTLEMENT OF INTERLINE ACCOUNTS

WHEREAS, Airlines Clearing House, Inc. (hereinafter referred to as "Corporation") was organized for the purpose of acting as a clearing house for the settlement of accounts between air carriers; and

WHEREAS, Corporation and certain air carriers (hereinafter referred to as "Airlines"), which are stockholders of Corporation, are parties to an agreement dated as of February 1, 1948, known as the AGREEMENT RELATING TO THE SETTLEMENT OF INTERLINE ACCOUNTS THROUGH AIRLINES CLEARING HOUSE, INC., and various amendments thereto, providing for settlement by Airlines of their accounts through Corporation (which agreement and amendments are hereinafter collectively referred to as "Agreement of February 1, 1948"); and

WHEREAS, no present procedure exists whereby air carriers, which are non-stockholders of Corporation, may become parties to the Agreement of February 1, 1948; and

WHEREAS, Corporation and Airlines desire to continue in full force and effect between themselves their Agreement of February 1, 1948, and to continue to settle accounts in accordance with the terms, conditions and provisions thereof; and

WHEREAS, Corporation and Airlines further desire to make the services of Corporation available to air carriers, which are non-stockholders thereof; NOW, THEREFORE, THIS MEMORANDUM OF AGREEMENT WITNESSETH THAT THE CORPORATION, ANY AIRLINE AND ANY AIR CARRIER, WHICH BECOME SIGNATORIES HERETO, AGREE THAT:

1. As hereinafter provided, any air carrier or foreign air carrier, as now defined in the Federal Aviation Act of 1958, may become a party to this Memorandum Agreement, without becoming a stockholder of Corporation (such non-stockholder carrier being hereinafter referred to as "Associate Member"), and the services of Corporation shall be made available hereunder to any such Associate Member.
2. Under this Memorandum Agreement, Corporation shall perform, as agent for each of the Airline and Associate Member signatories hereto, the functions of a clearing house and each such signatory shall settle its accounts through Corporation, in accordance with the terms, conditions and provisions of the Agreement of February 1, 1948; and said Agreement of February 1, 1948 shall remain in full force and effect between Corporation and Airlines and shall govern and control their rights and duties with respect to the settlement of accounts as provided therein, notwithstanding any of the provisions of this Memorandum Agreement.
3. The Agreement of February 1, 1948, a copy of which is included as Appendix 1, is hereby incorporated into and made a part of this Memorandum Agreement and each of the terms, conditions and provisions thereof shall apply to and bind each of the signatories hereto.
4. Whenever, in the unanimous judgment of the Directors of the Corporation present at any regular or special meeting of Corporation's Board of Directors at which a quorum is present, any Airline or Associate Member signatory has willfully violated or is unable to comply with any term, condition or provision of this Memorandum Agreement, or any rule, regulation or procedure established by Corporation, with the result that the functioning of Corporation is adversely affected, this Memorandum Agreement shall forthwith terminate with respect to said signatory, which termination shall become effective upon sending written notice thereof to said signatory; PROVIDED, HOWEVER, that no such termination shall affect any rights or

obligations of any signatory to this Memorandum Agreement which shall have accrued prior to termination.

5. Any air carrier or foreign air carrier, as hereinbefore defined in paragraph 1, may become a party to this Memorandum Agreement by executing a copy hereof and depositing same with the Secretary of Corporation, subject to approval by majority vote of Corporation's whole Board of Directors which must include at least one affirmative vote of an elected member of Corporation's Board of Directors; PROVIDED, HOWEVER, that this Memorandum Agreement shall not become effective with respect to any transactions arising prior to January 1, 1971.
6. This Memorandum Agreement may be executed in any number of counterparts, all of which shall be taken to constitute one original instrument.
7. This Memorandum Agreement may be terminated at any time as to any signatory upon six (6) months' written notice from that signatory to all of the other signatories hereto.

IN WITNESS WHEREOF, the undersigned corporation has caused this Memorandum Agreement to be executed by its _____ (Title) duly authorized to do so and attested to this _____ day of _____ 20_____

NAME OF CORPORATION

By: _____

Title: _____

AGREEMENT RELATING TO THE SETTLEMENT
OF INTERLINE ACCOUNTS THROUGH
AIRLINES CLEARING HOUSE, INC.

This agreement, dated as of February 1, 1948, between Airlines Clearing House, Inc., a Delaware corporation (hereinafter called "the Clearing House"), and its several stockholders (hereinafter called "the Airlines"), and among the Airlines,

WITNESSETH:

1. The Airlines agree that:
 - (a) Notwithstanding the provisions of the Interline Traffic Agreement - Passenger, the Universal Air Travel Plan Agreement, or any other agreement to which they or any of them are parties providing a different method of settling accounts arising out of sales of transportation, payable by one of the Airlines to another, they will, from and after the effective date of this agreement, settle such accounts through the Clearing House as hereinafter provided.
 - (b) They will settle through the Clearing House as hereinafter provided accounts payable by one of the Airlines to another, arising out of transactions other than sales of transportation.
 - (c) They will settle through the Clearing House as hereinafter provided all accounts, arising out of sales of transportation, between them and those members of the Clearing House of the International Air Transport Association (hereinafter called the "IATA Clearing House") which are not members of the Clearing House, in all cases wherein such settlement is permitted by their contractual arrangements with such members of the IATA Clearing House.
 - (d) They will settle through the Clearing House, as hereinafter provided, accounts between them and those members of the IATA Clearing House which are not members of the Clearing House, arising out of transactions other than sales of transportation, in accordance with the rules, regulations and procedures of the Clearing House and the IATA Clearing House.
 - (e) The foregoing subsections 1.(a) and 1.(b) notwithstanding, by simultaneous notice in writing to the Secretary of the Clearing House and the other Airline affected thereby that there is not an interline passenger, cargo, or UATP agreement, or a non-transportation agreement between the Airlines, any Airline may direct the Clearing House not to include in its net settlement any indebtedness incurred by it to another Airline with respect to such transactions, such action by the Clearing House to take effect no earlier than the date specified in the procedures promulgated by the Clearing House to be followed by Airlines in the clearance and settlement of such accounts.
2.
 - (a) Each of the Airlines hereby constitutes the Clearing House, its agent for the purpose of handling, in accordance with this agreement, the settlement and reconciliation of the accounts referred to in Section 1 hereof, as between itself and other Airlines, and as between itself and any other carriers which have executed either (1) the Agreement Establishing Associate Membership in the Airlines Clearing House, Inc. for the Settlement of Interline Accounts or (2) an agreement to be bound to the terms of such Associate Membership Agreement (such carriers hereinafter called "Associate Members").
 - (b) The Airlines agree that the clearing and settlement functions which the Clearing House is, or may

be, obligated to perform, may be performed by any bank (hereinafter called "clearing bank") which the Board of Directors of the Clearing House may select, and that the Clearing House, its officers or employees, shall not be responsible for any act or omission, negligent or otherwise, of such clearing bank or of any of its officers, agents, servants or employees, in connection with the performance by it of such clearing and settlement functions.

- (c) The Airlines agree either (1) to establish demand deposit accounts at such clearing bank, or (2) to make other arrangements satisfactory to the clearing bank, in order to permit the bank to effectuate the settlements and reconciliation of accounts provided herein. Failure to provide such account or other arrangement satisfactory to the bank will result in suspension of the settlement and reconciliation services of the Clearing House to such Airline and referral to the Directors under subsection 10.(a), hereof.
 - (d) The procedures to be followed by such clearing bank, and by the Airlines in the clearance and settlement of accounts and the types of accounts to be so cleared and settled, shall be determined and prescribed by the Clearing House pursuant to Section 4 hereof, and said clearing bank is authorized to debit or credit the demand deposit accounts of the respective Airlines, or to direct remittance from or to remit to an Airline as provided in its special arrangement with such Airline, as set forth herein and in accordance with procedures so prescribed by the Clearing House, to effectuate such settlements.
 - (e) Each of the Airlines agrees that the Secretary-Treasurer or any other of the duly elected officers of the Clearing House shall be authorized to instruct the clearing bank (1) to withhold funds due and payable to such Airline in any settlement of accounts under the terms of this agreement, or (2) to deduct funds from its demand deposit account with the clearing bank, or (3) to direct the Airline to remit funds in accordance with its special arrangements with the clearing bank, when that Airline is indebted in any amount to any other Airline, Associate Member, the clearing bank, or to the Clearing House, (i) on account of non-payment of any indebtedness in any prior settlement under the terms of this agreement, (ii) with respect to penalties provided under Section 5 hereof, and (iii) with respect to general operating expenses of the Clearing House under Section 6 hereof, and to apply and disburse such funds for the purpose of satisfying that indebtedness on behalf of the Airline owing same.
 - (f) Each of the Airlines agrees to observe the determinations made by the Clearing House regarding the types of accounts which it will settle and clear, and the rules and procedures promulgated by the Clearing House to be followed by the Airlines in the settlement and clearance of such accounts, including the making of reports, and payments due from each to the Clearing House, such determinations and rules and procedures to be adopted in accordance with Section 4 hereof.
3. The Clearing House agrees that, from and after the effective date of this agreement, it will:
- (a) Perform, as agent for each of the Airlines, the functions of a clearing house with respect to the settlement and reconciliation, in accordance with the procedures promulgated from time to time pursuant to Section 4 hereof, of the accounts referred to in Section 1 hereof.
 - (b) Pay to each of the Airlines as expeditiously as possible, in accordance with procedures promulgated pursuant to Section 4 hereof, the net balances due, from time to time, to that Airline.
 - (c) Determine and notify the Airlines, from time to time, pursuant to Section 4 hereof, the types of accounts which it is organized and equipped to settle and clear on behalf of the Airlines, and the rules and procedures to be followed by the Airlines in the clearance of such accounts.

- (d) Perform these functions with respect to settlements and reconciliations between Airlines, Associate Members, and Airlines and Associate Members.
- 4.
- (a) The rules and procedures of the Clearing House and the determinations made by the Clearing House regarding the types of accounts which it will settle and clear, which may be adopted from time to time by the Board of Directors of the Clearing House shall be set forth in the Clearing House Manual of Procedure, which is incorporated herein by reference.
 - (b) No change or amendment to a currently effective determination or rule and procedure regarding the types of accounts cleared and settled shall become effective if any Airline notifies the Clearing House in writing at least thirty (30) days prior to the effective date of the change or amendment that it objects thereto, until such change or amendment has been approved in writing, or at a meeting of the stockholders of the Clearing House, by at least a majority of the stockholders voting thereon.
- 5.
- (a) The Airline recognizes that time is of the essence in providing the necessary documentation and making funds available in its demand deposit account or through its special arrangements with the clearing bank on settlement days when it is a debtor in such settlements. If Airline fails to comply with rules and procedures established by the Clearing House under Section 4 hereof with respect to such documentation or the provision of such funds on settlement days, Airline agrees to pay such penalties to the Clearing House as may be established, and to remit such penalties under the rules and procedures adopted, from time to time, by the Clearing House under Section 4 hereof.
 - (b) In computing penalties under this Section, Saturdays, Sundays, and legal holidays shall be excluded. When, in order to avoid a penalty under this Section, an act must be done on or before a certain day, and that day is a Saturday, Sunday, or a legal holiday, the time for doing such act shall be extended to the next day, which is neither a Saturday, Sunday, nor a legal holiday.
 - (c) The Clearing House agrees to notify the Airline, from time to time, of the amount of any penalties owed by the Airline pursuant to this Section.
 - (d) Penalties collected pursuant to this Section shall be used for the general operating expenses of the Clearing House and shall be deducted from the total expenses of the Clearing House before allocation of such expenses among the Airlines and Associate Members as provided in Section 6 hereof.
- 6.
- (a) In consideration of the above undertakings by the Clearing House, each of the Airlines agrees to pay its portion of all expenses (hereinafter called "general operating expenses") incurred by the Clearing House in connection with such services. Such total general operating expenses, after deducting miscellaneous receipts of the Clearing House, shall be apportioned among the Airlines and Associate Members participating in the clearing activities of the Clearing House, as determined by the stockholders under subsection 6.(c), hereof.
 - (b) Each of the Airlines agrees to pay its portion of the general operating expenses following receipt of a notice from the Clearing House which specifies the Airline's portion of the expenses.
 - (c) The Airlines and the Clearing House agree that the basis and the manner of apportioning the general operating expenses of the Clearing House may be established, changed, or amended at any annual or special meeting of the stockholders of the Corporation, at which a quorum is present, by affirmative vote of a majority of all of the stockholders present and voting thereon.

7. Settlements of accounts affected by the Clearing House shall be made in the currency (or its equivalent) authorized by the tariffs governing the fares and charges which the settlements cover, and in accordance with any agreements in effect from time to time between the particular parties with reference to the division of fares or charges; Provided, that the Board of Directors of the Clearing House may place such conditions as it deems appropriate from time to time to the operation of the Clearing House upon settlements in funds other than Canadian or United States dollars.
8. Resolution of Disputes
 - (a) Committee on Differences
 - (i) There shall be in the Clearing House a Committee on Differences composed of three individuals appointed by the Board of Directors of the Clearing House as provided in this Section. Each of the Airlines shall from time to time nominate one individual to serve on the Committee on Differences, and two members of the Committee shall be selected by the Board of Directors from the individuals so nominated. Membership on the Committee shall be rotated periodically among the individuals so nominated by the Airlines, in the manner prescribed by the Board of Directors. The Secretary- Treasurer of the Clearing House shall serve as the third member of the Committee; provided, however, that the Secretary-Treasurer shall be replaced on the Committee by a third Airline nominee if (a) the Committee is called upon to consider a dispute to which the Clearing House is a party or a dispute involving billings that have been the subject of a billing protest with respect to which the Secretary-Treasurer has rendered a decision under the Clearing House Manual of Procedure; or (b) the Secretary-Treasurer concludes, in his or her sole discretion, that the circumstances of the dispute make it inappropriate for the Secretary-Treasurer to participate in the resolution of the dispute by the Committee.
 - (ii) If a dispute between or among Airlines or Associate Members, or between or among Airlines or Associate Members and the Clearing House, is referred to the Committee on Differences for arbitration and any member of the Committee is then an employee or officer of any of the parties to such dispute (including the Clearing House, if applicable), the Board of Directors shall appoint, from among the Airline nominees not then serving on the Committee, a replacement Committee member to hear such dispute. If, because of the nature of the dispute to be arbitrated, the Board of Directors is not otherwise able to replace a Committee member who is an employee or officer of a party to the dispute, the Board may appoint as a replacement Committee member an appropriate retired Airline employee. Any such retiree that serves on the Committee shall be entitled to receive reasonable compensation for such service, as determined by the Board of Directors and paid as an expense of the arbitration.
 - (iii) All disputes between or among Airlines and Associate Members, or between or among Airlines and Associate Members and the Clearing House, arising in connection with the settlement of accounts pursuant to subsections 1(a) and (b) which are not reconciled under the procedures promulgated by the Clearing House pursuant to Section 4 hereof, shall be resolved through final and binding arbitration in accordance with the United States Arbitration Act, 9 U.S.C. §§ 1-16, such arbitration to be conducted either (A) under the applicable dispute resolution provisions of the interline or other agreement giving rise to the settlement obligations (or claimed settlement obligations) that are the subject of such dispute (the "Underlying Agreement"); or (B) in the absence of any such applicable dispute resolution provisions in the Underlying Agreement, through arbitration by the Committee on Differences in accordance with this Section 8(a) and such supplementary procedures as may be adopted from time to time by the Clearing House; provided, however, that promulgation of any such supplemental procedures shall be subject to approval in

accordance with the provisions of Section 4(b) hereof. The Committee on Differences shall act by majority vote of its members. The decision of the Committee with respect to any matter submitted for arbitration by the Committee pursuant to this Section 8(a) shall be final and binding upon all of the parties to such arbitration, without recourse to any other authority whatsoever, except that if a party to the arbitration (a "non-prevailing party") is required by the Committee's decision to make a payment or to take other action (or to refrain from action) and fails to comply, any other party to such arbitration may file the Committee's arbitration decision or award with any court having jurisdiction over the personal property of the non-prevailing party as a basis for judgment and the issuance of execution thereon.

(iv) Unless otherwise determined by the Committee on Differences (or otherwise required by applicable law), the place of arbitration shall be Washington, D.C. Except to the extent that the governing law is determined by an Underlying Agreement, the law of the state of Delaware, excepting its conflicts-of-laws rules, shall govern the merits of any dispute submitted to arbitration. Unless the parties to an arbitration otherwise agree, the Committee shall be authorized only (A) to determine the appropriateness of disputed billings submitted for settlement through the Clearing House; (B) if disputed billings are determined to be appropriate, to award reasonable interest based on the time elapsed since such disputed billings would have been paid in the absence of the dispute; and (C) to determine and apportion the costs of the arbitration, including reasonable expenses incurred by the Committee (which reasonable expenses may include compensation paid to any retired Airline employee serving on the Committee as provided in subsection (a)(ii) above) and the reasonable attorneys' fees and expenses of counsel for the party or parties prevailing in the arbitration, as the Committee deems appropriate. All amounts payable in accordance with the Committee's decision shall, unless otherwise determined by the Committee, be billed to and paid by the responsible party in the next available Clearing House settlement.

(v) If a dispute submitted for arbitration by the Committee on Differences involves disputed billings by or against multiple Airlines or Associate Members or claims that could subject the Clearing House to conflicting obligations: (A) any Airline or Associate Member that is not a party to such dispute but has similar billings by or against a party to the dispute may, subject to approval by the Committee on Differences, intervene in the arbitration and thereafter participate in, and be bound by the results of, the arbitration in the same manner as the original parties thereto (and the Committee shall approve such intervention unless the Committee determines that intervention would unduly delay the arbitration or that intervention is sought for an improper purpose); and (B) the Clearing House may intervene as a party and may give notice advising potentially affected Airlines and Associate Members that (1) the Clearing House will be bound by the results of the arbitration, and (2) potentially affected Airlines and Associate Members may wish to intervene to protect their own interests. If, following intervention in the arbitration of a dispute submitted to the Committee on Differences any member of the Committee on Differences becomes ineligible to hear the dispute, the Board of Directors shall appoint a replacement Committee member as provided in subsection (a)(ii) above.

(vi) The procedure for the arbitration of any dispute by the Committee on Differences shall be determined by the Committee in consultation with the parties to such dispute, taking into account such considerations as the Committee deems appropriate, including, without limitation, the nature and scope of the issues in dispute, the number of parties (including any intervening parties), the need for evidentiary submissions on disputed factual issues and any need for discovery.

(b) Interclearance Adjudicating Panel

(i) Any dispute or difference between an Airline, on the one hand, and a member of the IATA

Clearing House, on the other hand, arising in the Interclearance provided in subsections 1.(c) and (d) hereof, which cannot be reconciled between such Airline and such member, shall be reconciled and determined by the Interclearance Adjudicating Panel established by the "Agreement Relating to the Interclearance Between the Airlines Clearing House, Inc., and the International Air Transport Association Clearing House", which is incorporated into and made a part of this Agreement.

(ii) The appointment, scope of authority, and procedures of the Panel are set forth in such Interclearance Agreement, which may be changed by mutual agreement of the two clearing houses, and any such changes shall be binding on the Clearing House and the Airline.

(iii) The Clearing House and the Airline agree that the decisions of the Panel with respect to any matter properly referred to it shall be final and binding on the Clearing House, and on the Airline.

9. (a) With respect to transactions between Airlines, between Associate Members, and between Airlines and Associate Members which are the proper subject of clearance through the Clearing House in accordance with its determinations and rules and procedures under Section 4 hereof, no liability for payment and no right of action to recover payment shall accrue between Airlines, Associate Members, and Airlines and Associate Members after a settlement has been effected.
 - (b) Airlines and Associate Members shall be liable to the Clearing House for the "net balance" due by them resulting from a clearance in which transactions have been processed properly through the Clearing House, or shall have a limited right of action, against the Clearing House for "net balance" in their favor, on a pro rata basis, arising from a clearance in which transactions have been processed through the Clearing House and which have been collected properly by the Clearing House from debtor Airlines and Associate Members with regard to such clearance.
 - (c) The foregoing provisions do not preclude Airlines or Associate Members from pursuing any other rights or remedies available to them at law or in equity against another Airline or Associate Member with regard to net amounts not paid them in a clearance in which transactions have been processed through the Clearing House and which the Clearing House has been unable to collect fully and properly from such debtor Airline or Associate Member in such clearance.
10. (a) Whenever, in the unanimous decision of the Directors of the Clearing House present at any regular or special meeting of its Board of Directors at which a quorum is present, any Airline has willfully violated or is unable to comply with any term, condition, or provision of this agreement, or any amendment thereto, or of any rule, regulation or procedure established by the Clearing House with the result that the functioning of the Clearing House is adversely affected, this agreement and all amendments thereto shall forthwith terminate with respect to said Airline, which termination shall become effective upon sending written notice thereof to said Airline. The Airline with respect to which such termination occurs shall be deemed to have "withdrawn" from the agreement, within the meaning of Article Fourth of the Clearing House Certificate of Incorporation, and agrees to immediately return its share of stock in the Clearing House for repurchase in accordance with the requirements of said Article Fourth.
 - (b) This agreement may be terminated as to any Airline upon six (6) months written notice from that Airline to the Clearing House which shall notify all other Airlines and Associate Members. The agreement shall terminate with the final settlement of the sixth transaction month after receipt of such notice, including the month in which notice is received.
 - (c) If any Airline shall cease to operate air carrier services and such Airline is not otherwise in default of its obligations hereunder, this Agreement shall terminate with the final settlement of the sixth

transaction month after cessation of services, including the month in which service ceased.

- (d) During the period set forth in subsection 10.(c) above, the Airline shall continue to fulfill all of its duties and obligations under this Agreement, subject to the further condition that if it is in a net creditor position in any settlements during this period a portion of the net creditor funds due the Airline in such settlements shall be withheld for application to the Airline's obligations in subsequent settlements in which Airline is a net debtor, or for remittance to the Airline after those obligations have been satisfied, in accordance with rules and procedures promulgated by the Clearing House under Section 4 hereof.
 - (e) Termination of this Agreement shall not affect any rights or obligations of the Clearing House or any Airline or Associate Member which shall have accrued prior to the termination.
- 11. This agreement may be executed in any number of counterparts, all of which shall be taken to constitute one original instrument. Such counterparts shall be deposited with the Secretary of the Clearing House. This agreement shall take effect on the later of (i) the first date on which it has been executed by the Clearing House and each of the Airlines, or (ii) August 1, 2004. Pending the effectiveness of this agreement, the "Agreement Relating to the Settlement of Interline Accounts through Airlines Clearing House, Inc." dated as of February 1, 1948, as amended effective December 1, 1999, remains in effect.
 - 12. When it takes effect, this agreement shall supersede and cancel the agreement entitled "Agreement Relating to the Settlement of Interline Accounts Through Airlines Clearing House, Inc." dated as of January 1, 1947, and all previous versions of the "Agreement Relating to the Settlement of Interline Accounts through Airlines Clearing House, Inc.", dated as of February 1, 1948, including all previous amendments thereof.
 - 13. This agreement shall be governed by and construed in accordance with the laws of the state of Delaware, not including its choice-of-law rules.
 - 14. Any notice or other communication required or permitted to be given under this agreement or under the Clearing House Manual of Procedure by any Airline or Associate Member to any other Airline or Associate Member or to the Clearing House, or given by the Clearing House to any Airline or Associate Member, shall be given in such manner and directed to the intended recipient at such location, as specified from time to time in the Clearing House Manual of Procedure.
 - 15. This agreement may be amended (i) by written agreement executed by all Airlines and by the Clearing House; or (ii) by written agreement approved by the Board of Directors, executed by the Clearing House and executed by at least two-thirds (2/3) of the Airlines within ninety (90) days after approval of such amendment by the Board of Directors. Following adoption of any amendment, the Clearing House shall notify all Airlines and Associate Members of the adoption of such amendment and the date on which such amendment will take effect, which shall be a date not earlier than the later of (a) forty-five (45) days after the amendment received the approval of the requisite Airlines, or (b) such later date as may be specified in the amendment.