AGREEMENT FOR OPERATIONAL INCENTIVES

THIS AGREEMENT is made and entered as of the date indicated on the City's signature page below, by and between the **CITY AND COUNTY OF DENVER** (the "City") and **CONCESIONARIA VUELA COMPANIA DE AVIACION, S.A.P.I. DE C.V. d/b/a VOLARIS,** a certified air carrier with its principal place of business in the country of Mexico (the "Airline").

W I T N E S S E T H

WHEREAS, the City owns and operates Denver International Airport ("DEN"); and

WHEREAS, the Airline will initiate new regular passenger service between Chihuahua, Mexico, and Denver, Colorado on or about July 12, 2014 ; and

WHEREAS, DEN assesses operational fees for the Airline's use of DEN, payable to the Denver Municipal Airport System Enterprise Fund (the "Airport Revenue Fund"); and

WHEREAS, a factor in Airline's decision to initiate new passenger service is an offer by DEN of promotional benefits to any air carrier initiating qualified scheduled passenger service between September 1, 2013, and August 31, 2015, consistent with the terms and conditions of the City's Air Service Incentive Program, attached hereto as **Exhibit A**;

NOW THEREFORE, in consideration of the mutual agreements herein contained, and subject to the terms and conditions herein stated, the parties agree as follows:

1. INCENTIVE/INCENTIVE PAYMENT MECHANISM:

A. Credits. If the Airline establishes and continues for at least two years new passenger service between Chihuahua, Mexico and Denver, Colorado, beginning on or about July 12, 2014, the City will provide credit from airport revenues against the fees Airline would owe to the Airport Revenue Fund for Landing Fees, FIS Fees, and Gate-Use Fees. The total maximum credit amount is set forth in Section 2 below.

C. Accounting for Credits. The credits will be accounted for in the City's Airport Revenue Fund in accordance with DEN rate-making procedures. If the service is discontinued then the credits will be terminated in accordance with Section 4 below.

2. MAXIMUM CONTRACT AMOUNT: The total amount of the fee incentive offered to Airline shall not exceed the one million dollars ($1,000,000.00). The actual total amount

of the fee incentive shall be determined based on DEN rate-making procedures, and may be adjusted, consistent with this Agreement, in the event Airline's schedule is adjusted during the term of this Agreement. Factors which may influence the amount of the fee incentive include, but are not limited to, route frequency, gauge of aircraft, and load factor.

3. TERM: The term of the Agreement shall begin on the date of commencement of service on or about July 12, 2014 and shall expire twenty-four (24) months thereafter. The incentive credits shall be accounted for and reconciled in accordance with DEN rate-making procedures outlined in Part VI of the Airport Use and Lease Agreement.

4. TERMINATION: If the Airline does not provide regularly scheduled non-stop service between Chihuahua and Denver at least one time per week for a period of twenty-four (24) consecutive months immediately following the commencement of service, then the incentives shall terminate and all operational fees which would have been due and owing to the City without the application of the credits shall be payable to the City's Airport Revenue Fund within 30 days of the discontinued or reduced service.

5. STATUS OF AIRLINE: The Airline acknowledges and agrees that it has duly executed an Airport Use and Lease Agreement (the "Existing Agreement") at least 60 days before the commencement of service, and that the Airline has become a Signatory Airline as defined in DEN's Rules and Regulations. This Agreement is expressly subject to all of the terms and conditions set forth in the Existing Agreement. It is further understood and agreed that the status of Airline shall be that of an independent contractor, and it is not intended, nor shall it be construed, that the Airline or its employees are employees or officers of the City under Chapter 18 of the Denver Revised Municipal Code or for any purpose whatsoever.

6. ASSIGNMENT AND SUBCONTRACTING: The City is not obligated or liable under this Agreement to any party other than the Airline named herein. The Airline shall not assign or subcontract with respect to any of its rights, benefits, obligations, or duties under this Agreement except upon prior written consent and approval of the City.

7. NO THIRD PARTY BENEFICIARY: It is expressly understood and agreed that enforcement of the terms and conditions of this Agreement, and all rights of action relating to such enforcement, shall be strictly reserved to the City and Airline, and nothing contained in this Agreement shall give or allow any such claim or right of action by any other or third person on

such Agreements. It is the express intention of the City and the Airline that any person other than the City or Airline receiving services or benefits under this Agreement shall be deemed to be an incidental beneficiary only.

8. AIRLINE'S INSURANCE: The Airline agrees to insure its operations in accordance with the terms of an Airport Use and Lease Agreement with the City, to be executed on or before flight operations begin.

9. EXAMINATION OF RECORDS: The Airline agrees that DEN's Chief Executive Officer and the Auditor of the City or any of their duly authorized representatives, until the expiration of three (3) years after the final credit has been accounted for under this Agreement, shall have access to and the right to examine any books, documents, papers and records of Airline pertinent to this Agreement. The Airline, upon request by either, shall make all such books and records available for examination and copying in Denver.

10. WHEN RIGHTS AND REMEDIES NOT WAIVED: In no event shall any action by the City hereunder constitute or be construed to be a waiver by the City of any breach of covenant or default which may then exist on the part of Airline, and the City's action or inaction when any such breach or default exists shall not impair or prejudice any right or remedy available to the City; and no assent, expressed or implied, to any breach of any one or more covenants, provisions or conditions of the Agreement shall be deemed or taken to be a waiver of any other breach.

11. CONSTRUCTION: This Agreement shall be construed and enforced in accordance with the laws of the State of Colorado, and the Charter and Revised Municipal Code of the City and County of Denver, and the ordinances, regulations, and Executive Orders enacted and/or promulgated pursuant thereto. Venue for any legal action relating to this Agreement shall lie in the District Court in and for the City and County of Denver, Colorado.

12. NO DISCRIMINATION IN EMPLOYMENT: In connection with the performance of work under this Agreement, Airline agrees not to refuse to hire, discharge, promote or demote, or to discriminate in matters of compensation against any person otherwise qualified, solely because of race, color, religion, national origin, gender, age, military status, sexual orientation, marital status, or physical or mental disability; and the Airline further agrees to insert the foregoing provision in all subcontracts hereunder.

13. AGREEMENT AS COMPLETE INTEGRATION-AMENDMENTS: This Agreement is intended as the complete integration of all understandings between the parties as regards the amount of the Airline's credit against operational fees and the City's method of crediting. No prior, contemporaneous or subsequent addition, deletion, or other amendment hereto shall have any force or effect, unless embodied herein in writing, and executed in the same manner as this Agreement.

14. LEGAL AUTHORITY:

A. Airline assures and guarantees that it possesses the legal authority, pursuant to any proper, appropriate and official motion, resolution or action passed or taken, to enter into this Agreement.

B. The person or persons signing and executing this Agreement on behalf of Airline do hereby warrant and guarantee that he/she or they have been fully authorized by Airline to execute this Agreement on behalf of Airline and to validly and legally bind Airline to all the terms, performances and provisions herein set forth.

C. The City shall have the right, at its option to either temporarily suspend or permanently terminate this Agreement, if there is a dispute as to the legal authority of either Airline or the person signing the Agreement to enter into this Agreement. The City shall not be obligated to Airline for any performance of the provisions of this Agreement in the event that the City has suspended or terminated this Agreement as provided in this Section.

15. ELECTRONIC SIGNATURES-COUNTERPARTS OF THIS AGREEMENT: This Agreement may be executed by the use of electronic signatures, and in counterparts, each of which shall be deemed to be an original of this Agreement.

16. INTELLECTUAL PROPERTY RIGHTS:

Nothing in this Agreement shall be construed to waive any intellectual property rights of the City or the Airline. The City shall maintain all intellectual property rights in any logos, text, website address and content, and any other of the City's ideas, concepts or material included in or referenced in the campaign. The Airline shall maintain all intellectual property rights in any marketing, and sales collateral materials included in or referenced in the campaign other than City materials described above. The Airline will display all marketing materials as agreed by the parties.

17. CONFIDENTIALITY:

"Proprietary Information" means any information, technical data or know-how that the disclosing party considers to be material to its business operations, including, without limitation, any commercial, financial, technical, and/or marketing information, business and/or strategic plans, wage and salary information, trade secrets, data, concepts, computer programs, software, designs, product specifications, drawings, processes, know-how, inventions and ideas, and any information relating to customers, suppliers, employees or contractors in whatever form that is not generally known and is clearly identified by the disclosing party as being confidential, proprietary or a trade secret.

Proprietary Information also includes information disclosed orally or visually if the disclosing party: (i) identifies it as Proprietary Information before disclosure; (ii) reduces it to written summary form and marks it as being confidential, proprietary or trade secret; and (iii) transmits the written summary form to the receiving party within thirty (30) Days after disclosure. For thirty (30) Days from disclosure, oral or visual information will be provided the same protections as provided Proprietary Information under this Agreement. The receiving party hereby acknowledges that it will receive the Proprietary Information, which is provided by the disclosing party under the terms of this Agreement, and shall, except as expressly provided herein, not disclose the Proprietary Information to anyone other than those of its employees with a need to know the same. Notwithstanding the above, both Parties will not disclose information, opinions and/or commentaries to third parties about the business transaction or its status.

The receiving party will not use or disclose Proprietary Information except as permitted in this Agreement, or as required by the Colorado Open Records Act, Colorado Revised Statutes §24-72-201 *et seq.*.. Each Party will protect Proprietary Information using the same degree of care it uses to protect its own Proprietary Information, but in no event less than a reasonable degree of care.

Neither Party will be liable for inadvertent disclosure or use, provided that upon discovery of any inadvertent disclosure or use, the receiving party notifies the original disclosing party promptly, and endeavors to prevent any further inadvertent disclosure or use.

The receiving party has no duty to protect information that is: (a) developed by the receiving party independently of the disclosing party's Proprietary Information by employees of the receiving party who did not have knowledge of the Proprietary Information; (b) obtained without restriction by the receiving party from a third party who had a legal right to make the disclosure; (c) publicly available other than through the breach of this Agreement by the receiving party; (d) released without restriction by the disclosing party to a third party; or (e) known to the receiving party at the time of its disclosure, without an existing duty to protect the information.

The receiving party may disclose Proprietary Information only to its employees and contract employees (collectively "employees") having a need-to-know with respect to the intent of this Agreement. Access to the Proprietary Information will be limited to those employees requiring such access for carrying out the purpose of this Agreement. Each Party must ensure that its employees are aware of this Agreement. The receiving party may disclose the disclosing party's Proprietary Information to a third party with respect to the intent of this Agreement if: (1) the disclosing party previously authorizes it in writing; (2) the receiving party under this Agreement requires the third party recipient to enter into a proprietary information agreement containing terms and conditions no less stringent than those imposed upon the receiving party under this Agreement; and (3) the receiving party provides an executed copy of the proprietary information agreement to the disclosing party within fifteen (15) Days prior to the disclosure.

During the term of this Agreement, the receiving party may use the Proprietary Information strictly in connection with the intent of this Agreement and not use Proprietary Information for any other purpose whatsoever. The receiving party may make a limited number of copies of Proprietary Information as is necessary to complete the purpose. All copies made will reproduce the restrictive legends on the original.

Except as authorized in this Agreement, the receiving party will not use or disclose the disclosing party's Proprietary Information, in whole or in part, for any purpose, including but not limited to (A) to manufacture itself or to enable the manufacture by any third party of the disclosing party's products, products similar thereto, or products derived therefrom, without the prior express written consent of the disclosing party; (B) decompile, disassemble, decode, reproduce, redesign, reverse engineer any products or equipment of the disclosing party or any part thereof; (C) perform any services, including services relating to the products or equipment of the disclosing party; or (D) deliver under a contract or make subject to a "rights in data" clause or equivalent clause.

Nothing in this Agreement grants or confers any rights on the part of any party by license or otherwise, express or implied, to any invention, discovery, or any intellectual property right, or to any patent covering the invention or discovery or any intellectual property right.

The receiving party will notify the disclosing party, if possible prior to the delivery or within 5 (five) business days following the receipt of the notice, if faced with legal action or a request under U.S. or foreign government regulations to disclose any of the disclosing party's Proprietary Information. If the disclosing party requests, the receiving party will cooperate in all reasonable respects to contest the disclosure, or obtain a protective order or other remedy. Except in connection with a failure to discharge the responsibilities set forth in the preceding sentence, neither Party will be liable in any way for any disclosures made under judicial action or U.S. or foreign government regulations.

The terms and conditions of this Confidentiality Clause will survive expiration or any termination of this Agreement.

18. RELATIONSHIP OF THE PARTIES:

Nothing in this Agreement shall be deemed to constitute, create, give effect to or otherwise recognize a partnership, joint venture, or formal business entity of any kind or create a fiduciary or similar relationship among the parties; and the rights and obligations of the parties shall be limited to those expressly set forth in this Agreement. Each party is an independent contractor in the performance of each and every part of this Agreement and is solely responsible for all of its employees and agents and its labor costs and expenses arising in connection therewith. Neither party nor its agents or employees is the representative of the other party for any purpose and neither party has the power or authority as agent, employee, or any other capacity to represent, act for, bind, or otherwise create or assume any obligation on behalf of the other party for any purpose whatsoever.

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[**SIGNATURE PAGES AND EXHIBITS FOLLOW**]

Contract Control Number: PLANE-201521397-00

Contractor Name: CONCESIONARIA VUELA COMPANIA DE AVIACION, S.A.P.I. DE C.V.

By: _____

Name: Holger Blankenstein
(please print)

Title: Chief Commercial Officer
(please print)

valoris
JURIDICO

ATTEST: [if required]

By: _____

Name: Fernando Suarez Gerard
(please print)

Title: Chief Financial Officer
(please print)

Contract Control Number:

IN WITNESS WHEREOF, the parties have set their hands and affixed their seals at Denver, Colorado as of

SEAL

CITY AND COUNTY OF DENVER

ATTEST:

By_____

_____

APPROVED AS TO FORM:

REGISTERED AND COUNTERSIGNED:

By_____

By_____

By_____

Denver International Airport Air Service Incentives

Air Service Incentive Program

In order to increase nonstop air service and passenger traffic at Denver International Airport, the airport is offering promotional benefits to any air carrier initiating qualifying scheduled passenger service between Sept. 1, 2013, and Aug. 31, 2015. The promotional benefits include fee waivers and/or a marketing incentive. Incentives are available per market. A carrier is eligible for a maximum of two incentivized markets during the aforementioned period.

Promotional Period

The Promotional Period is defined as the first consecutive 24 months immediately following the initiation of eligible new service.

Qualifying Criteria

Carriers must offer daily nonstop scheduled passenger service from Denver International Airport to the eligible market; if service is less than daily the benefit is prorated accordingly. The carrier must provide the service for 24 consecutive months. Seasonal service is also eligible; if service is seasonal the benefit will be prorated accordingly. Charter operations, including scheduled charters, are not eligible. All conditions for receiving the benefits will be documented in a contract between the City and County of Denver and the qualifying carrier which will be subject to approval by the appropriate officials at the City and County of Denver.

If the carrier does not operate the scheduled passenger service at Denver International Airport for a period of 24 consecutive months immediately following the initiation of the route then all amounts paid by the City and County of Denver for marketing activities shall be refunded to the City and County of Denver, and all fee waivers credited to the carrier shall be refunded to the City and County of Denver.

Promotional Incentive

Carriers adding service to Africa, Asia, Australasia, Europe, the Middle East, Central and South America will qualify for a maximum of US$2 million per market over the Promotional Period. Carriers adding service to Canada, Mexico and the Caribbean Islands will qualify for

a maximum of US$1 million per market. Carriers adding service to a domestic U.S. destination will qualify for a maximum of $400,000 per market. The carrier can allocate these funds between operational and marketing incentives as the carrier chooses.

Operational Incentive

Operational incentives are administered through fee waivers. Operational incentives available to carriers include:

- Waiver of landing fees
- Waiver of remain overnight (RON) fees; and
- International Passenger Fees (e.g., Federal Inspection Service fees and gate fees)

Marketing Incentive

The marketing incentive is administered through reimbursements and all marketing initiatives must comply with Federal Aviation Administration (FAA) policy. The carrier is required to enter into a contractual agreement with the City and County of Denver to cooperatively market the new route. The carrier will be reimbursed for promotional marketing supported by receipts and other related documentation. As part of the agreement, the carrier will:

- Provide a comprehensive marketing strategy in writing for approval by the City and County of Denver
- Initiate and implement promotional events, advertising campaigns and marketing initiatives directed toward promoting public and industry awareness of the new services offered by the carrier at Denver International Airport
- Agree that when printed materials are used, the name "Denver International Airport," with or without its logo and Web site address, shall appear prominently in the material
- Use the funds for advertising campaigns, special events, direct mail, marketing materials, promotional items or other mutually agreed upon marketing activities
- Not place any advertisement created pursuant to this program without the prior written approval of the content and placement of the advertisement by the CEO or her designee.

Eligible Markets

All international markets are eligible including currently served markets. If a carrier that is currently serving a market adds new service to that market, the added flight must increase capacity by 50 percent or more of available seat miles (ASMs) for over the immediately preceding 12-month period to qualify for the incentive. The carrier must also add the new service without reducing or eliminating any already existing service to the market during the 24 months immediately following the initiation of the new service.

All unserved domestic markets (as of Sept. 1, 2013) are eligible.