

LINE OF CREDIT AGREEMENT

THIS LINE OF CREDIT AGREEMENT (as in effect from time to time, "Agreement"), dated effective as of June 18, 2014, by and between PEOPLE EXPRESS AIRLINES, INC., a Delaware corporation ("Borrower"), PENINSULA AIRPORT COMMISSION, an airport commission of the Commonwealth of Virginia, as guarantor ("Guarantor"), and TOWNEBANK ("Lender"), for and in consideration of the mutual covenants and considerations stated herein, the parties agree as set forth below.

RECITALS

A. The Borrower desires to obtain credit from the Lender. Pursuant to this Agreement, the Lender has agreed to establish a line of credit not to exceed the principal sum of \$5,000,000.00 at any one time outstanding ("**Line of Credit**") evidenced by a \$5,000,000.00 promissory note payable to the order of the Lender in the form of Exhibit A attached hereto ("**Note**"), which may be referred to, collectively, as the "**Loan**". This Agreement, the Note, the Security Agreement, the Guaranty, related financing statements, all dated the same date as this Agreement, and all other documents evidencing, securing or executed in connection with the Loan, each as modified or amended from time to time, shall be referred to as "**Loan Documents**". All advances made by the Lender to the Borrower under the Line of Credit are hereinafter called "**Advances**." The proceeds of the Advances will be used by the Borrower for working capital needs of the Borrower to pay all of Borrower's operating expenses. All Advances, unless otherwise provided in writing, shall be payable on or before the Maturity Date (defined below), unless an Event of Default (as defined in Section 8 below) has occurred in which case the Lender shall have the rights set forth in Section 9 below.

B. Pursuant to the provisions of this Agreement the Note will be secured by a first priority security interest in certain accounts owned by the Guarantor and the unconditional guaranty by Guarantor.

NOW, THEREFORE, subject to the terms and conditions set forth below, the Lender agrees to make Advances to the Borrower under the Line of Credit and the Borrower agrees to borrow and receive such Advances under the Line of Credit and Guarantor agrees to provide the Collateral (defined below).

Section 1. Line of Credit Commitment.

(a) General. Advances shall be made into the Borrower's operating account maintained with the Lender ("**Operating Account**"). Any Advance shall be conclusively presumed to have been made to and for the benefit of and at the request of the Borrower when deposited or credited to an account of the Borrower, and each Advance shall be deemed a reaffirmation of the representations and warranties set forth in Section 6, inclusive, hereof.

(b) Maturity Date. The Lender's commitment to make Advances hereunder expires on June 30, 2015 ("**Maturity Date**"), at which time all unpaid Advances, accrued and

unpaid interest and any other unpaid sums owed under this Agreement and any Loan Documents will be due and payable in full.

(c) Term of Line of Credit. The term of this Agreement and of the Lender's commitment to make further Advances shall continue in full force and effect until and including the Maturity Date. The termination of this Agreement shall not affect the liabilities and obligations of the Borrower incurred prior to the date of such termination, and the provisions hereof and the security interests herein provided shall continue in effect until all transactions entered into, rights created or obligations incurred prior to such termination have been fully disposed of, concluded and liquidated, including, without limitation, payment in full of the Advances and all other obligations of the Borrower hereunder. The rights and security interests granted to or required by the Lender hereunder are to continue in full force and effect, notwithstanding the termination of this Agreement or the fact that the account maintained in the Borrower's name on the Lender's books with respect to the Line of Credit may from time to time be temporarily in a credit position, until the final payment to the Lender in full of all obligations due hereunder by the Borrower, together with interest thereon.

(d) Renewal. Borrower may renew and extend this Line of Credit at the end of the term based on updated underwriting requirements of the Lender.

(e) No Revolver Function. Once the loan amount is fully advanced to or for Borrower in the aggregate, then Borrower may not borrow, repay and re-borrow up to the maximum principal amount of this Note; there is no revolver function of this Loan.

Section 2. Interest Rate; Yield and Fees.

(a) The Borrower hereby promises to pay to the order of the Lender interest from the date of the Note on the principal balance of the Note from time to time outstanding at a fluctuating rate per annum ("**Interest Rate**") equal to the rate published by the Wall Street Journal as the "**Prime Rate**" plus a margin of 0.00% ("**Prime Rate**"). The Prime Rate is a reference rate only and does not necessarily represent the lowest rate of interest charged for such borrowings. Adjustments to the Interest Rate shall be effective monthly beginning July 15, 2014, and on the same day of each month thereafter. The Interest Rate shall remain fixed during each month based on the interest rate established on the applicable Interest Rate Determination Date. "**Business Day**" shall mean a day on which the Lender is open for business. "**Interest Period**" shall mean a period of one (1) month, provided that (i) the initial Interest Period may be less than one month, depending on the initial funding date and (ii) no Interest Period shall extend beyond the Maturity Date of the Note. "**Interest Rate Determination Date**" shall mean the date the Note is initially funded and the fifteenth (15th) day of each calendar month thereafter. "**Prime Rate**" shall mean the rate published by the Wall Street Journal from time to time, and if such publication is not available during the term of this Agreement, then the Prime Rate shall mean the publicly announced prime lending rate of the Lender from time to time in effect, which rate may not be the lowest or best lending rate made available by the Lender.

Interest on the Note shall be payable on the unpaid principal balance of the Note from time to time computed on the basis of the actual number of days elapsed over a year of 360

days. Such daily computation shall not be compounded. The Interest Rate on the Note may not exceed the maximum allowed by applicable law.

Any calculations or determinations by the Lender of Prime Rate and the resulting Interest Rate on the Note shall be conclusive and binding against the Borrower and the Lender, absent manifest error.

(b) Accrued interest shall be payable monthly, in arrears, on the first day of each month beginning **July 15, 2014**, and shall continue on the same day of each month thereafter until the Advances are paid in full. All outstanding accrued and unpaid interest shall be due and payable on or before the Maturity Date. After the Maturity Date or on the occurrence of an Event of Default, interest shall continue to accrue on the Note at the rate set forth in Section 2(a) above as adjusted pursuant to Section 9(g) below.

(c) On the date of issuance of the Note Borrower will pay to Lender a \$5,000.00 fee.

Section 3. Payments.

The Note shall be payable ON DEMAND. All payments of principal, interest and other charges hereunder shall be made in immediately available funds at the office of the Lender at 1 Old Oyster Point Road, Suite 300, Newport News, Virginia 23602, or at such other place as the Lender may in writing designate. All unpaid Advances, accrued and unpaid interest and any other unpaid sums owed under this Agreement, the Note or any Loan Documents shall be paid in full on the Maturity Date. Borrower may pay outstanding principal in whole or in part at any time, without premium or penalty.

Section 4. Collateral Pledge.

Guarantor shall provide to Lender (i) a commercial security agreement and related financing statement(s), made by Guarantor for the benefit of Lender granting a first priority security interest in certain accounts owned by Guarantor, and (ii) an unconditional guaranty made by Guarantor for the benefit of Lender to secure the full payment and performance of all obligations of Borrower under this Agreement, the Note and any Loan Documents. All such security interests, documents, grants, obligations and all proceeds thereof constitute the "**Collateral**" under this Agreement.

Section 5. Advances and Disbursements.

(a) Initial Advance. The obligation of the Lender to make the initial Advance upon the execution of this Agreement shall be subject to the following conditions precedent in addition to each of the conditions set forth in subsection (b) below:

(i) The Borrower shall have executed and delivered to the Lender in connection with the Advances under the Line of Credit, in evidence of such borrowing, the Note in the form of Exhibit A attached hereto, appropriately completed.

(ii) The Borrower shall have delivered to the Lender a resolution in form and substance satisfactory to the Lender, together with a certified copy of evidence of all actions taken by it to authorize the execution and delivery of this Agreement and the borrowing and other actions by it hereunder.

(iii) All legal and corporate matters incident to the Advances shall be satisfactory to Lender or counsel for the Lender. The Borrower agrees to execute and deliver to the Lender such other supporting documents and opinions as the Lender may reasonably request.

(iv) The Lender shall have received the opinion of counsel to the Borrower, each in form and substance satisfactory to the Lender and its counsel.

(v) The Lender shall have received the Collateral documents and all supporting documents, each in form and substance satisfactory to the Lender and its counsel.

(b) All Advances. The obligation of the Lender to make the initial or any subsequent Advance shall be subject to the following conditions precedent:

(i) No event shall have occurred and be continuing which constitutes an Event of Default, or which would constitute in Event of Default but for the requirement that notice be given or that a period of time elapse, or both.

(ii) All representations and warranties contained herein shall be true and correct at the date of each Advance.

(iii) No change shall have occurred in any law or regulations thereunder or interpretations thereof which in the opinion of counsel for the Lender would make it illegal for the Lender to make any Advance hereunder.

(c) Disbursements. Subject to the other provisions of this Agreement, Lender agrees to allow as a disbursement from the Collateral accounts in the amount of \$650,650.00 to be paid to Vision Airlines, Inc., a Nevada corporation, as part of Borrower's operating obligations for its aircraft; such amount will not be a draw against this Line of Credit but instead shall be received into the Collateral accounts from a third-party and disbursed to Vision Airlines as may be directed by Borrower and Guarantor in a writing signed by each of Borrower and Guarantor with Lender's approval.

Section 6. Representations and Warranties.

(a) The Borrower hereby represents and warrants as follows:

(i) The Borrower is a corporation organized and in good standing under the laws of Delaware and has been duly authorized and continues to be authorized to transact business in the Commonwealth of Virginia. The Borrower has been continuously organized and

operating since its incorporation and no dissolution proceedings have been adopted by it or initiated against it.

(ii) Borrower has the power and authority to own its properties and assets and to carry on its business as now being conducted and as now contemplated.

(iii) The Borrower has the power to execute and deliver this Agreement and to perform its obligations thereunder and to issue the Note, and to carry out its other obligations under the Loan Documents. By proper action, the Borrower has duly authorized the execution and delivery of the Loan Documents, the performance of its obligations thereunder and the issuance of the Note. Simultaneously with the execution and delivery of this Agreement, the Borrower has duly executed and issued the Note.

(iv) Except as previously disclosed to the Lender in writing, the Borrower is not in default under or in violation of the Loan Documents, and the execution, delivery and compliance by the Borrower with the terms and conditions of the Loan Documents will not conflict with or constitute or result in a default under or result in a violation of (1) any existing law, rule or regulation applicable to it, nor impair the Borrower's performance of its obligations under the Loan Documents, or (2) any indenture, mortgage, deed of trust, lien, lease, contract, note, order, judgment, decree or other agreement, instrument or restriction of any kind to which the Borrower or any of its assets is subject, and no event has occurred and is continuing that with the lapse of time or the giving of notice, or both, would constitute or result in such a default or violation.

(v) No further approval, consent or withholding of objection on the part of any regulatory body, federal, state or local or any private party, is required in connection with (1) the issuance and delivery of the Note by the Borrower or (2) the execution or delivery of this Agreement or performance by the Borrower of its obligations under the other Loan Documents.

(vi) Except as previously disclosed to the Lender in writing, no litigation, proceeding, inquiry or investigation of any kind in or by any judicial or administrative court or agency is pending or, to the knowledge of the Borrower, threatened against the Borrower or its assets with respect to (1) the organization and existence of the Borrower, (2) its authority to execute or deliver the Loan Documents, (3) the validity or enforceability of any of the Loan Documents or the transactions contemplated thereby, (4) the title of any officer of the Borrower who executed the Loan Documents, or (5) any authority or proceedings related to the execution and delivery of the Loan Documents on behalf of the Borrower, and no such authority or proceedings have been repealed, revoked, rescinded or amended but are in full force and effect.

(vii) The Loan Documents are legal and binding obligations of the Borrower enforceable in accordance with their terms.

(viii) The proceeds of each Advance on the Note, and all investment income thereon, will be used exclusively for the benefit of the Borrower.

(ix) The Borrower expects the following with respect to the Note, amounts advanced on the Note and any investment income thereon:

(1) Advances on the Note will be used to provide working capital for the Borrower and the amounts drawn thereunder will not exceed the amount necessary for such purpose, except for \$565,000.00 from the initial Advance(s), which will be used to pay debt owed to Guarantor;

(2) All amounts of principal and interest on the Note will be paid from operating revenues of or capital investments in the Borrower;

(3) The Borrower will not enter any hedging transaction (such as an interest rate swap, cap or collar transaction) with respect to the Note.

(x) Neither any statement, report or other document furnished to the Lender by the Borrower in connection herewith or in connection with any transaction contemplated hereby, nor this Agreement contains any untrue statement of material fact or neglects to state any material fact necessary in order to make the statements contained therein or herein not misleading.

(xi) To the extent applicable, each employee pension benefit plan, as defined in ERISA, maintained by Borrower will meet, as of the date of this Agreement, the minimum funding standards of ERISA and all applicable regulations promulgated under ERISA and all requirements of ERISA, and of the Code. No "Prohibited Transaction" or "Reportable Event" (as both terms are defined by ERISA) has occurred with respect to any such employee pension benefit plan.

(xii) There has been no material adverse change in the financial condition of Borrower since May 1, 2014.

(b) The Guarantor hereby represents and warrants as follows:

(i) The Guarantor was established in accordance with Chapter 22 of Title 15.2 of the Code of Virginia, as amended (Acts of Assembly Chapter 22, 1946) and by ordinances adopted by the governing bodies of its component governments. Guarantor has been continuously organized and operating since its creation pursuant to the laws of the Commonwealth of Virginia and no dissolution proceedings have been adopted by it. The Guarantor on the date hereof is a duly created and validly existing airport commission which manages and controls the functions, affairs, assets and property of an airport commission vested with the rights and powers conferred on it under the laws of the Commonwealth of Virginia.

(ii) Guarantor (i) is a body corporate and politic, and an instrumentality of the Commonwealth of Virginia, and (ii) has the power and authority to own its properties and assets and to carry on its business as now being conducted and as now contemplated.

(iii) The Guarantor has the power to execute and deliver this Agreement and the Guaranty and to perform its obligations thereunder, and to provide the Collateral pursuant to

this Agreement, and to carry out its other obligations under the Loan Documents. By proper action, the Guarantor has duly authorized the execution and delivery of this Agreement, the Guaranty and the Loan Documents and the performance of its obligations thereunder.

(iv) The Guarantor is not in default under or in violation of the Loan Documents, and the execution, delivery and compliance by the Guarantor with the terms and conditions of the Loan Documents will not conflict with or constitute or result in a default under or result in a violation of (1) any existing law, rule or regulation applicable to it, or (2) any indenture, mortgage, deed of trust, lien, lease, contract, note, order, judgment, decree or other agreement, instrument, regulation, law, ordinance or restriction of any kind to which the Guarantor or any of its assets is subject, and no event has occurred and is continuing that with the lapse of time or the giving of notice, or both, would constitute or result in such a default or violation.

(v) No further approval, consent or withholding of objection on the part of any regulatory body, federal, state or local or any private party, is required in connection with (1) the execution, issuance and delivery of this Agreement, the Guaranty and the Loan Documents by the Guarantor or (2) the performance by the Guarantor of its obligations under the Loan Documents.

(vi) No litigation, proceeding, inquiry or investigation of any kind in or by any judicial or administrative court or agency is pending or, to the knowledge of the Guarantor, threatened against the Guarantor or its assets with respect to (1) the organization and existence of the Guarantor, (2) its authority to execute or deliver the Loan Documents, (3) the validity or enforceability of any of the Loan Documents or the transactions contemplated thereby, (4) the title of any officer of the Guarantor who executed the Loan Documents, or (5) any authority or proceedings related to the execution and delivery of the Loan Documents on behalf of the Guarantor, and no such authority or proceedings have been repealed, revoked, rescinded or amended but are in full force and effect.

(vii) This Agreement, the Guaranty, the Collateral documents and the other Loan Documents are legal and binding obligations of the Guarantor enforceable in accordance with their terms.

(viii) Neither any statement, report or other document furnished to the Lender by the Borrower in connection herewith or in connection with any transaction contemplated hereby, nor this Agreement contains any untrue statement of material fact or neglects to state any material fact necessary in order to make the statements contained therein or herein not misleading.

Section 7. Affirmative and Negative Covenants.

The Borrower covenants that, until such time as all obligations of the Borrower hereunder have been paid in full and this Agreement has been terminated, the Borrower will do or permit the following:

(a) Financial Statements. The Borrower shall maintain a satisfactory financial condition, as determined by the Lender, during the term of this Agreement. For so long as the Line of Credit shall remain outstanding and effective, Borrower, at its expense, shall deliver or cause to be delivered to Lender (i) audited corporate financial statements reflecting its operations during its fiscal year, including, without limitation, a balance sheet, profit and loss statement and statement of cash flows, with supporting schedules; and in reasonable detail, prepared in conformity with generally accepted accounting principles, applied on a basis consistent with that of the preceding year; (ii) as soon as available, but in no event more than thirty (30) days after filing of same, a copy of Borrower's tax return with complete copies of all schedules and accompanying documentation; (iii) as soon as available but in no event more than thirty (30) days after formal approval, Borrower's annual operating budget with all accompanying documentation and exhibits; and (iv) evidence of annual (or more frequent, if appropriate) appropriations for State entitlement funds and other sources of repayment provided by or through Guarantor. All annual statements shall be examined by an independent certified public accountant acceptable to Lender. The opinion of such independent certified public accountant shall not be acceptable to Lender if qualified due to any limitations in scope imposed by Borrower or any other person or entity. Any other qualification of the opinion by the accountant shall render the acceptability of the financial statements subject to Lender's approval. Such audited statements must be delivered to the Lender within one hundred fifty (150) days after the fiscal year-end of the Borrower. All financial statements furnished to the Lender shall be prepared in accordance with generally accepted accounting principles consistently applied. Borrower shall deliver to Lender such information as Lender may reasonably request from time to time, including without limitation, financial statements and information pertaining to Borrower's financial condition. All such information shall be true, complete and accurate in all respects.

(b) Maintenance of Existence. The Borrower will exert every effort to maintain its corporate existence in good standing under the laws of Delaware and remain duly authorized to transact business in the Commonwealth of Virginia.

(c) Continuation of Business. The Borrower will continuously conduct and operate its business, except for periodic shutdowns in the ordinary course of business and interruptions caused by strikes, labor disputes, catastrophe or any other events over which the Borrower has no control; *provided*, that the inability to pay any indebtedness or the financial condition of the Borrower shall not be considered events over which the Borrower has no control.

(d) Maintenance of Books and Records. The Borrower will maintain complete and accurate books of account and records, and its principal books of account and records, including all records concerning accounts and contract rights, shall be kept and maintained at the Borrower's principal office at 902 Bland Blvd., Newport News, Virginia 23602. The Borrower will not move such books of account and records without giving the Lender at least thirty (30) days' prior written notice. All accounting records and financial reports shall be maintained and prepared in accordance with generally accepted accounting principles consistently applied.

(e) Examination of Books and Properties. The Borrower agrees that the Lender, or any agent or employee of the Lender as the Lender may designate, may examine the books of record and account maintained pursuant to Section 7(d) hereof, all computer software related thereto, and all properties and assets of the Borrower, and may discuss the affairs, finances and accounts of the Borrower with its officers, all at reasonable times and intervals during normal business hours (and at any time after the occurrence of an Event of Default or a demand for payment of the Advances).

(f) Notices to Lender. The Borrower will give the Lender immediate written notice of (1) the occurrence of an Event of Default hereunder or an event that but for the passage of time would constitute an Event of Default, (2) any litigation not adequately covered by insurance involving a material threat to the financial condition of the Borrower, and (3) any other material change or potential change in the financial condition of the Borrower, whether adverse or not. Such changes include those which a reasonable person might consider as influencing his ability to pay all of his obligations and liabilities, if all such obligations and liabilities were then due and payable.

(g) Accounts and Deposits. The Borrower agrees to maintain all deposits and operating accounts at the Lender until this Agreement is terminated.

(h) Negative Covenants. Borrower will not: Directly or indirectly, create, incur, assume or become liable for any additional indebtedness, except trade payables and credit purchases in the ordinary course of Borrower's operations, whether contingent or direct; Default on any material contract with or obligation when due to a third party or default in the performance of any obligation to a third party incurred for money borrowed; Guarantee or otherwise become responsible for obligations of any other person or entity; Create, assume, or permit to exist any mortgage, security deed, deed of trust, pledge, lien, charge or other encumbrance on any of its assets, whether now owned or hereafter acquired, other than: (i) security interests required by the Loan Documents; (ii) liens for taxes contested in good faith; (iii) liens accruing by law for employee benefits; (iv) permitted liens, including liens related to trade payables or credit purchases in the ordinary course of Borrower's operations; (v) certain tax liens and judgments previously disclosed to Lender in writing; or (vi) existing debt of Borrower to W. M. Jordan Co., Inc. in the original principal amount of \$985,118.44. Permit the entry of any monetary judgment or the assessment against, the filing of any tax lien against, or the issuance of any writ of garnishment or attachment against any property of or debts due Borrower.

Section 8. Events of Default.

The occurrence of any one or more of the following events shall constitute an event of default hereunder (an "Event of Default"):

(a) If the Borrower fails to pay when due any Advance, any interest thereon or any other indebtedness or obligation of the Borrower to the Lender whether arising under any Loan Document or otherwise.

(b) If any one or more of the representations or warranties made by the Borrower herein, or hereafter made by the Borrower in any written statement or document furnished to the Lender hereunder, shall be false, incomplete, inaccurate or misleading in any material respect.

(c) If the Borrower shall breach or be in default in the due observance or performance of any covenant, condition or agreement made in this Agreement, the Note, the Loan Documents or any other agreement or document between the Lender and the Borrower.

(d) If the Borrower's corporate existence, authorization to transaction business in the Commonwealth of Virginia or intended business operations shall cease for any reason.

(e) If any report, certificate, financial statement or other instrument furnished to the Lender by or on behalf of the Borrower shall prove to be false, inaccurate or misleading in any material respect.

(f) If, as a result of default, any obligation of the Borrower for the payment of borrowed money becomes or is declared to be due and payable prior to the expressed maturity thereof, unless and to the extent such declaration is being contested in good faith in a court of appropriate jurisdiction.

(g) A material change in the ownership, control or management of Borrower, unless such change is approved by the Lender in its sole discretion.

(h) If the Borrower shall (1) have a judgment or judgments entered against it aggregating at any one time an amount in excess of \$50,000.00, which are not covered by insurance and which remain unsatisfied or undischarged for a period of thirty (30) days, unless and to the extent that such judgment is appealed in good faith in a court of higher jurisdiction and such appeal remains pending; (2) apply for or consent to the appointment of a receiver, trustee or liquidator of the Borrower or any of its properties or assets; (3) admit in writing its inability to pay its debts as they mature; (4) make an assignment for the benefit of creditors; or (5) file or have filed against it a petition in bankruptcy under any federal, state or local insolvency law.

(i) Any of the Collateral is removed from Lender's control or the Peninsula Airport Commission Guaranty is revoked, cancelled or terminated, in whole or in part.

(j) A determination by the Lender that there is a material adverse change in the financial condition of the Borrower or that Lender is not sufficiently secured by the Collateral.

(k) Notwithstanding any other provision of this Agreement or the Loan Documents, Lender shall provide to Borrower and Guarantor written notice of any Event of Default and an opportunity to cure such Event of Default for fifteen (15) days after the date of such notice.

Section 9. Rights Upon Event of Default.

At any time after the occurrence of any Event of Default and without notice, the Lender, at its option, may take any one or more of the following actions, at the same time or at different times:

- (a) accelerate payment of the Note and all other obligations of the Borrower due hereunder;
- (b) terminate the Lender's commitment to make any further Advances;
- (c) file such actions at law or suits in equity against the Borrower as the Lender in its sole discretion deems appropriate;
- (d) foreclose against the Collateral and exercise any and all rights upon default or otherwise given to the Lender under the provisions of this Agreement, the Note, or any other agreement between the Borrower and the Lender;
- (e) exercise any and all rights with respect to any or all of the Borrower's other indebtedness to the Lender;
- (f) exercise any and all rights upon default of a creditor and a secured party under the Virginia Uniform Commercial Code or other applicable law;
- (g) require the interest on the Note to increase to the stated Interest Rate plus 3.00% (the "**Default Rate**"), unless otherwise required by law, until paid in full;
- (h) to the extent permitted by law, to set off the amount due under this Agreement, the Note or under any other obligation to the Lender against any and all accounts, whether checking or savings or otherwise, credits, money, stocks, bonds or other security or property of any nature whatsoever on deposit with, held by, owed by, or in the possession of, the Lender or any of its affiliates to the credit of or for the account of Borrower, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided for in this Agreement, without notice to or consent by Borrower.

The remedies provided in this Agreement, the Note and any other Loan Documents are cumulative and not exclusive of any remedies provided by law.

Section 10. Administrative Provisions.

(a) Collection Costs. In the event that the Lender shall retain or engage an attorney or attorneys to collect any Advances or other obligation of the Borrower hereunder or to enforce or protect the interests of the Lender with respect to this Agreement, the Note, or any instrument or document delivered pursuant to this Agreement, or to protect the rights of any holder or holders with respect thereto, the Borrower shall pay all of the costs and expenses of such collection, enforcement, or protection, including reasonable attorneys' fees and expenses,

and the Lender or the holder of any note that may be issued pursuant to this Agreement, as the case may be, may take judgment for all such amounts, in addition to the unpaid principal balance thereof and accrued interest thereon. Costs and expenses, including reasonable fees and expenses of its attorneys, incurred by the Lender in connection with workouts, amendments and other modifications of the terms of this Agreement, any other Loan Document or any related document shall also be reimbursed by the Borrower pursuant to this subsection.

(b) Modification and Waiver. Except for the Loan Documents and the documents expressly referred to herein and any and all Collateral documents securing the Line of Credit, this Agreement contains the entire agreement between the parties. No modification or waiver of any provision of the Note, of this Agreement or of any other Loan Document or Collateral document and no consent by the Lender to any departure therefrom by the Borrower shall be effective unless such modification or waiver shall be in writing and signed by a duly authorized officer of the Lender, and the same shall then be effective only for the period and on the conditions and for the specific instances and purposes specified in such writing. No notice to or demand on the Borrower in any case shall entitle the Borrower to any other or further notice or demand in similar or other circumstances. No failure or delay by the Lender in exercising any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise hereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. If any part of this Agreement cannot be enforced, this fact will not affect the rest of this Agreement. The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies otherwise provided by law.

(c) Notices. All notices, requests, demands or other communications provided for herein shall be in writing and shall be deemed to have been given when sent by registered or certified mail, return receipt requested, addressed, as the case may be, to:

Lender: 1 Old Oyster Point Road, Suite 300
Newport News, Virginia 23602
Attention: Mr. Brian K. Skinner
TowneBank President, Peninsula/Williamsburg

With a copy to: Steven A. Meade, Esq.
Patten, Wornom, Hatten & Diamonstein, L.C.
12350 Jefferson Avenue, Suite 300
Newport News, Virginia 23602

Borrower: 902 Bland Blvd.
Newport News, Virginia 23602
Attention: Jason A. Moulton,
Chief Financial Officer

With a copy to: W. Hunter Old, Esq.
Paul W. Gerhardt, Esq.
Kaufman & Canoles, P.C.

P.O. Box 6000
Williamsburg, Virginia 23188

Guarantor: Peninsula Airport Commission
Attention: Mr. Ken Spirito, Executive Director
900 Bland Boulevard, Suite 6
Newport News, Virginia 23602

With a copy to: Herbert V. Kelly, Jr., Esq.
Jones, Blechman, Woltz & Kelly, P.C.
701 Town Center Drive, Suite 800
Newport News, Virginia 23606

or to such other person or address as either party shall designate to the other from time to time in writing forwarded in like manner.

(d) Expenses. The Borrower agrees to pay all reasonable out-of-pocket expenses of the Lender, including reasonable fees and expenses of the Lender's counsel, in connection with the preparation and closing of this Agreement, the other Loan Documents and any other instrument, agreement or document referred to herein, including, without limitation, all attorney's fees relating to negotiations occurring prior to the date of this Agreement.

(e) Stamp or Other Tax. Should any stamp or excise tax become payable with respect to this Agreement, or any modification hereof, the Borrower shall pay the same (including interest and penalties, if any) and shall hold the Lender harmless with respect thereto.

(f) Counterparts. This Agreement may be executed by the parties hereto individually or in any combination, in one or more counterparts, each of which shall be an original and all of which together constitute one and the same agreement. This Agreement, the Note and any Loan Documents or Collateral documents may be copied or reproduced electronically and such copies shall be effective as an original for all purposes (including, without limitation, litigation) and Borrower hereby waives any objection to use of such a copy as an original for any purpose, whether or not the original has been lost, destroyed or is no longer available.

(g) Captions. The captions of the various sections and subsections of this Agreement have been inserted only for purposes of convenience. Such captions are not part of this Agreement and shall not be deemed in any manner to modify, explain, enlarge or restrict any provisions of this Agreement.

(h) Survival of Agreements. All agreements, representations and warranties made herein shall survive the delivery hereof and the making, renewal, extension or refinancing of the Advances hereunder.

(i) Singular and Plural. Terms in the singular shall include the plural and those in the plural shall include the singular.

(j) Use of Defined Terms. All terms defined in this Agreement shall have the defined meanings when used in the other Loan Documents and in certificates, reports or other documents made or delivered pursuant to this Agreement, unless the context otherwise requires.

(k) Successors and Assigns. This Agreement shall inure to the benefit of and bind the respective parties hereto and their successors and assigns; *provided*, that the Borrower may not assign its rights hereunder without the prior written consent of the Lender.

(l) Payments Due on Non-Business Days. If the due date for any payment of principal is extended by operation of law, interest shall be payable for such extended time. If any payment becomes due on a day on which banks generally in the City of Newport News, Virginia, are required or permitted by law to remain closed, such payment may be made on the next succeeding day on which such banks are open, and such extension shall be included in computing interest in connection with payment.

(m) Governing Law. This Agreement and the rights and obligations of the parties hereunder shall be construed and interpreted in accordance with the laws of the Commonwealth of Virginia. This Agreement is given under seal and it is intended that this Agreement is and shall constitute and have the effect of a sealed instrument according to law.

(n) Indemnification. The Borrower hereby agrees to indemnify, defend (with counsel acceptable to the Lender) and hold the Lender harmless from and against any losses, claims, penalties, damages, assessments, reasonable legal fees and expenses and other reasonable costs of defense and investigation and liabilities (and actions with respect thereto) arising from or relating to (i) any incorrect, untrue or misleading representation of the Borrower relating to this Agreement or any document delivered pursuant hereto, (ii) the breach by the Borrower of any covenant, agreement or obligation set forth in this Agreement or any document delivered pursuant hereto, or (iii) the breach by the Borrower of any agreement or document delivered in connection with the Line of Credit.

(o) WAIVER OF RIGHT TO JURY TRIAL. BORROWER WAIVES TRIAL BY JURY IN REGARD TO ANY CAUSES OF ACTION, CLAIMS, OBLIGATIONS, DAMAGES OR COMPLAINTS ARISING OUT OF THIS AGREEMENT, THE NOTE, OR ANY OF THE LOAN DOCUMENTS, OR IN ANY ACTION OR PROCEEDING WHICH THE HOLDER OF THE NOTE MAY BRING TO ENFORCE ANY PROVISION OF THE LOAN DOCUMENTS. BY EXECUTION OF THIS AGREEMENT BORROWER REPRESENTS THAT BORROWER IS REPRESENTED BY COMPETENT COUNSEL WHO HAS FULLY AND COMPLETELY ADVISED BORROWER OF THE MEANING AND RAMIFICATIONS OF THE WAIVER OF THE RIGHT TO A TRIAL BY JURY.

[Remainder of page intentionally blank; signatures on next page.]

IN WITNESS WHEREOF, the parties have caused this Line of Credit Agreement to be executed by their duly authorized officers as of the date first above written.

BORROWER:

PEOPLE EXPRESS AIRLINES, INC.
A Delaware corporation

By:  (SEAL)
Jeffrey H. Erickson, CEO

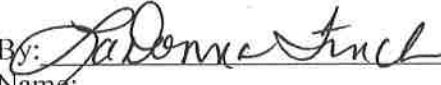
Attest:

By:


Jason A. Moulton,
Chief Financial Officer

GUARANTOR:

PENINSULA AIRPORT COMMISSION

By:  (SEAL)
Name: _____
Title: _____

LENDER:

TOWNEBANK

By:

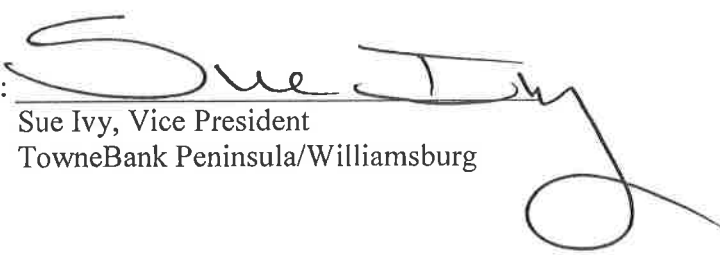

Sue Ivy, Vice President
TowneBank Peninsula/Williamsburg

Exhibit A – Form of Note

[Signature Page to \$5,000,000 Line of Credit Agreement]

EXHIBIT A

LINE OF CREDIT NOTE

\$5,000,000.00

Newport News, Virginia
June __, 2014

FOR VALUE RECEIVED, and in consideration of such loans or advances (hereinafter referred to as an Advance or as Advances) as **TOWNEBANK** (“**Lender**”), may from time to time make to **PEOPLE EXPRESS AIRLINES, INC.**, a Delaware corporation, authorized to transact business in the Commonwealth of Virginia (“**Borrower**”), pursuant to the provisions of a Line of Credit Agreement dated as of June __, 2014, (as in effect from time to time, “**Loan Agreement**”) between Borrower and Lender, Borrower hereby promises to pay to the order of the Lender, at the Lender’s office located at 1 Old Oyster Point Road, Suite 300, Newport News, Virginia 23602, or at such other place as the Lender may designate in writing, in lawful money of the United States of America, the principal sum of **FIVE MILLION DOLLARS** (\$5,000,000.00), or so much thereof as may be advanced by the Lender from time to time pursuant to the Loan Agreement and which remains unpaid. All amounts due under this Note or the Loan Agreement shall be due and payable **ON DEMAND**. Once the loan amount is fully advanced to or for Borrower in the aggregate, then Borrower may not borrow, repay and re-borrow up to the maximum principal amount of this Note; there is no revolver function of this Note.

The Borrower hereby promises to pay to the order of the Lender interest from the date of the Note on the principal balance of the Note from time to time outstanding at a fluctuating rate per annum (“**Interest Rate**”) equal to the rate published by the Wall Street Journal as the “**Prime Rate**” plus a margin of 0.00% (“**Prime Rate**”). The Prime Rate is a reference rate only and does not necessarily represent the lowest rate of interest charged for such borrowings. Adjustments to the Interest Rate shall be effective monthly beginning July 15, 2014, and on the same day of each month thereafter. The Interest Rate shall remain fixed during each month based on the interest rate established on the applicable Interest Rate Determination Date. “**Business Day**” shall mean a day on which the Lender is open for business. “**Interest Period**” shall mean a period of one (1) month, provided that (i) the initial Interest Period may be less than one month, depending on the initial funding date and (ii) no Interest Period shall extend beyond the Maturity Date of the Note. “**Interest Rate Determination Date**” shall mean the date the Note is initially funded and the fifteenth (15th) day of each calendar month thereafter. “**Prime Rate**” shall mean the rate published by the Wall Street Journal from time to time, and if such publication is not available during the term of this Agreement, then the Prime Rate shall mean the publicly announced prime lending rate of the Lender from time to time in effect, which rate may not be the lowest or best lending rate made available by the Lender.

Interest on this Note shall be payable on the unpaid principal balance of this Note from time to time computed on the basis of the actual number of days elapsed over a year of 360 days. Such daily computation shall not be compounded. The Interest Rate on the Note may not exceed the maximum allowed by applicable law.

Any calculations or determinations by the Lender of the Interest Rate on this Note shall be conclusive and binding against the Borrower and the Lender, absent manifest error.

Accrued interest shall be payable monthly, in arrears, on the 1st day of each month beginning **July 15, 2014**, and shall continue on the same day of each month thereafter until this Note is paid in full. If not demanded sooner, all outstanding principal, unpaid Advances and accrued and unpaid interest and any other unpaid sums owed under this Note shall be due and payable in full on or before June 30, 2015 ("**Maturity Date**"). After the Maturity Date, or on the occurrence of an Event of Default, interest shall continue to accrue on this Note at the Default Rate set forth in the Loan Agreement.

This Note is the "Note" referred to in and issued pursuant to the provisions of the Loan Agreement. This Note evidences Advances made by the Lender under the Loan Agreement and is secured by the Collateral described therein. If any part of this Note cannot be enforced, this fact will not affect the rest of this Note.

Capitalized terms used herein but not defined herein have the respective meanings assigned to them in the Loan Agreement.

On the occurrence and continuation of an Event of Default, the principal hereof and accrued interest hereon may be declared to be, or may become, forthwith due and payable in the manner, upon the conditions and with the effect provided in the Loan Agreement. All rights and remedies of the Lender under the Loan Agreement for an Event of Default are fully incorporated herein.

The Lender is hereby authorized to maintain records of the date and amount of each Advance, the date and amount of any payment of principal or interest and the principal balance then remaining unpaid hereon. The Borrower hereby agrees that the amount so evidenced in such records shall, absent manifest error, for all purposes, constitute *prima facie* evidence thereof and shall be binding upon the Borrower; *provided*, that any failure by the Lender to make any such recordation shall not affect the obligations or rights of the Borrower hereunder or under the Loan Agreement.

The Borrower hereby waives presentment, demand, notice of dishonor, protest and all other demands and notices in connection with the delivery, acceptance, performance and enforcement of this Note.

This Note shall be governed by and interpreted in accordance with the laws of the Commonwealth of Virginia. This Note is given under seal and it is intended that this Note is and shall constitute and have the effect of a sealed instrument according to law.

Time is of the essence.

[Remainder of page intentionally left blank; signatures on next page]

IN WITNESS WHEREOF, **PEOPLE EXPRESS AIRLINES, INC.**, has caused this Note to be executed in its name and on its behalf by the manual or facsimile signatures of its President & CEO and the corporate seal to be affixed hereto, imprinted hereon and attested by the manual or facsimile signature of its Chief Financial Officer.

PEOPLE EXPRESS AIRLINES, INC.
A Delaware corporation

[Exhibit—Do Not Sign]
By: _____ (SEAL)
Jeffrey H. Erickson, CEO

[SEAL]

ATTEST:

[Exhibit—Do Not Sign]
By: _____
Jason A. Moulton,
Chief Financial Officer

[Signature Page to \$5,000,000 Revolving Line of Credit Note]