

# TOWNE BANK

June 4, 2014

Jeffrey H. Erickson  
Chief Executive Officer  
People Express Airlines  
902 Bland Blvd.  
Newport News, VA 23602

Dear Mr. Erickson:

I am very pleased to inform you that TowneBank (Bank) has approved the following loan subject to the terms and conditions stated herein.

**BORROWER (S) (YOU OR YOUR):**

People Express Airlines Inc.

**LOAN AMOUNT:**

\$5,000,000.00

**PURPOSE:**

Draw Down Line of Credit to fund initial operations.

**TERM:**

This loan will be payable On Demand, with interest paid monthly for 1 year on any balance outstanding. At the end of a twelve month term, the loan may be renewed based on new and updated underwriting requirements of the Bank.

**INTEREST RATE:**

The interest rate on this loan will be equivalent to the Wall Street Journal Prime Rate plus 0% as it may fluctuate from time to time.

**LOAN FEES:**

A fee in the amount of \$5,000.00 will be paid to the Bank at the time the loan closes.

**CLOSING COSTS:**

You agree that all costs and fees charged or incurred in connection with the closing of this loan, whether due directly to the Bank from you, or paid by the Bank to others on your behalf (including counsel for the Bank), or due by you to others for services performed at or before closing, will be borne by you, whether or not the loan closes.

**COLLATERAL:**

This loan will be secured by a Commercial Security Agreement on Money Market accounts which will be owned by Peninsula Airport Commission.

**GUARANTORS:**

This loan will be unconditionally guaranteed by Peninsula Airport Commission.

**SURVIVAL AND CONFLICTING PROVISIONS:**

The terms and conditions contained herein shall survive the closing of the loan. Additionally, these same terms and conditions shall be automatically incorporated into and become an additional part of the terms and conditions contained in the loan documents evidencing and securing the loan (the "Loan Documents") as a related document. Notwithstanding the preceding sentence, however, in the event of any inconsistency between the terms and conditions contained herein and the terms and conditions of the Loan Documents, the terms and conditions of the Loan Documents shall control.

**ASSIGNABILITY:**

This commitment, and the loan described herein, may not be assigned without prior written approval and consent of the Bank.

**ATTORNEY'S OPINION:**

At the time this loan is closed, it will be necessary for your attorney to provide to the Bank a written opinion that:

The Borrower is properly organized and qualified to do business, is in good standing in the state in which it does business, and has the proper authority to own its assets.

The Borrower has full power and authority to enter into the Loan Documents.

The Loan Documents have been properly executed by the Borrower, and establish legally binding and enforceable obligations on the part of the Borrower in accordance with their respective terms.

The Borrower is not in default under any other documents or responsibilities, which would interfere with its ability to continue borrowing, to own property or to carry on its business as currently conducted.

There are no current or threatened legal or administrative proceedings against the Borrower or the Borrower's assets, and there is no deed of trust, indenture, lease, license, permit, judgement, decree, order, statute, ordinance, rule of regulation to which the Borrower or the Borrower's assets are subject or bound, that would impair the power of the Borrower to enter into and perform its obligations under the Loan Documents.

If applicable, the deed of trust, financing statements and security agreements are in form sufficient to create a security interest in the collateral described therein.

Such other matters as the Bank or its counsel may reasonably require in writing.

In addition, at the time this loan is closed, it will be necessary for your attorney or an attorney for Peninsula Airport Commission, as Guarantor, to provide to the Bank a written opinion that:

The Guarantor is properly organized and qualified to do business, is in good standing in the state in which it does business, and has the proper authority to own its assets.

The Guarantor has full power and authority to enter into the applicable Loan Documents.

The applicable Loan Documents have been properly executed by the Guarantor, and establish legally binding and enforceable obligations on the part of the Guarantor in accordance with their respective terms.

The Guarantor is not in default under any other documents or responsibilities, which would interfere with its ability to carry on its business as currently conducted.

There are no current or threatened legal or administrative proceedings against the Guarantor or the Guarantor's assets, and there is no deed of trust, indenture, lease, license, permit, judgment, decree, order, statute, ordinance, rule of regulation to which the Guarantor or the Guarantor's assets are subject or bound, that would impair the power of the Guarantor to enter into and perform its obligations under the applicable Loan Documents.

If applicable, the financing statements, security agreements, pledge agreements, control agreements and escrow agreements are in form sufficient to create a security interest in the collateral described therein.

Such other matters as the Bank or its counsel may reasonably require in writing.

**ATTORNEY'S REVIEW:**

Bank's counsel will review all loan papers and legal documents in connection with this loan, whether prepared by the Bank or others. The Bank's counsel for this transaction will be Steven A. Meade of Patten, Wornom, Hatten & Diamonstein. LC.

**BANKRUPTCY OR INSOLVENCY PRIOR TO CLOSING:**

Upon the Borrower or any Guarantor committing an act of bankruptcy, making a general assignment for the benefit of creditors, or if there is filed by or against Borrower or any Guarantor a petition in bankruptcy, or for the appointment of a receiver, or if there commences under any bankruptcy or insolvency law a proceeding for Borrower's or any Guarantor's relief or for the composition, extension, arrangement or adjustment of any of Borrower's or any Guarantor's obligations, or if Borrower's business is discontinued as a going concern, or if there is a suspension of Borrower's business, or if Borrower or any Guarantor defaults on any other obligation they may have to Bank, or in case of the issuance of any warrant or attachment or judgement against Borrower's or any Guarantor's property or the taking of possession of or assumption of control of all or any substantial part of the property of Borrower's business by any government or governmental agency, then this commitment shall be voidable at the option of the Bank and, if the loan has been closed, Bank may, at its option, declare the entire balance immediately due and payable.

**DEPOSIT RELATIONSHIP:**

You agree to maintain your deposit relationships with the Bank so long as any balance remains outstanding under this loan.

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**FINANCIAL REPORTING:**

The Borrower and the Guarantor agree to provide to the Bank the following financial information at the intervals indicated:

Audited Corporate Financial Statement, annually.

Corporate Tax Return (complete copy), annually.

Evidence of annual (or more frequent, if appropriate) appropriations for State entitlement funds

In addition to the above, you agree to timely provide to the Bank such other financial information as the Bank may reasonably request throughout the life of this loan.

**GOVERNING LAW:**

This commitment and the loan shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia.

**LOAN COVENANTS:**

Peninsula Airport Commission agrees to maintain \$3,000,000 in unrestricted, unencumbered liquidity. This amount will decrease to zero as cash escrow funds are collected in collateral accounts. This is a separate condition and collateral requirement and does not release or reduce the Peninsula Airport Commission unconditional guaranty.

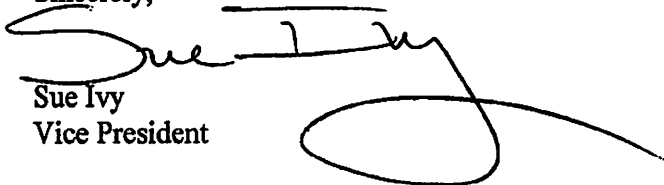
**MATERIAL ADVERSE CHANGE PRIOR TO CLOSING:**

This commitment may be terminated, at the sole discretion of the Bank, upon the occurrence of a material adverse change in the financial condition of the Borrower or any Guarantor liable to the Bank for the repayment of this loan.

**ACCEPTANCE:**

Please indicate your acceptance of the terms and conditions by returning to my attention a signed and dated copy of this commitment letter. In order for this commitment letter to remain valid, it must be received by me by the close of business on June 10, 2014. Additionally, this loan must close by June 30, 2014 for this commitment to remain valid. If you have any questions, please give me a call at (757) 249-7627.

Sincerely,


  
Sue Ivy  
Vice President

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The terms and conditions contained in this letter are accepted and agreed to this 9 day of June 2014 as evidenced by the signatures below.

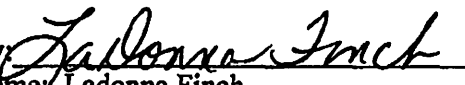
**BORROWER:**

**PEOPLE EXPRESS AIRLINES INC.**

By:   
Name: Jason Moulton  
Title: Chief Financial Officer

**GUARANTOR:**

**PENINSULA AIRPORT COMMISSION**

By:   
Name: Ladonna Finch  
Title: Chairperson

CC: Kenneth R. Spirito,  
Peninsula Airport Commission