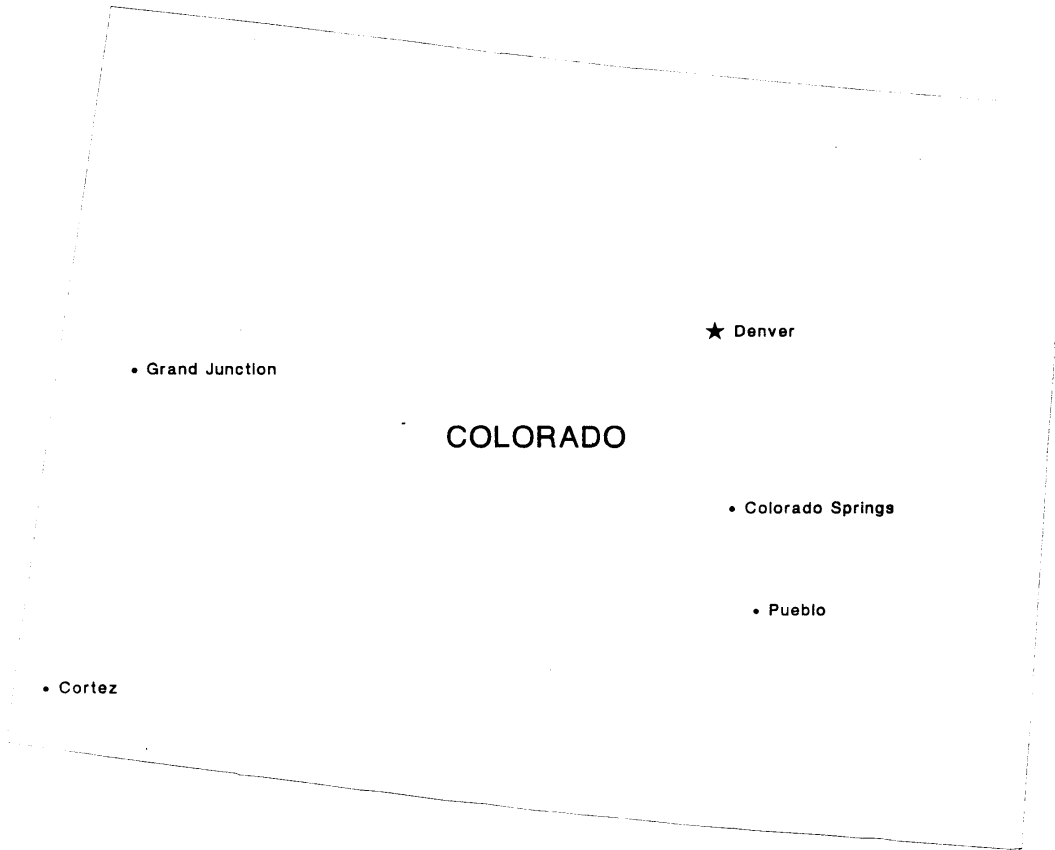


Appendix A



GREAT LAKES AVIATION, LTD., d/b/a UNITED EXPRESS
ANNUAL COMPENSATION REQUIREMENT FOR ESSENTIAL AIR SERVICE AT
CORTEZ, COLORADO

Mileage:	CEZ-DEN	278		
Departures:		1,842		
Block hours		2,316		
Flight hours		1,851		
Available seat-miles		9,729,444		
Operating revenue:				
Passenger	18,500	CEZ-DEN passengers @ \$105.00 average fare		\$1,942,500
Other	0.0062	of passenger revenue of \$1,952,500		<u>12,044</u>
Total operating revenue				\$1,954,544
Operating expense:				
Direct operating expense:				
Flying operations	\$94.11	per block hour	2,316	\$217,959
Flying operations	\$5.61	per departure	1,842	10,334
Hull insurance	\$4,100	12 months	0.3393@75%	12,520
Fuel & Oil: CEZ-DEN	\$1.388	1,842	161 gallons	411,628
Maintenance (a)	\$75.00	per departure	1,842	138,150
Maintenance (b)	\$104.82	per flight hour	1,851	194,022
Aircraft lease	\$34,504	12 months	0.75	<u>310,536</u>
Total direct operating expense				\$1,295,149
Indirect operating expense:				
CEZ facility lease	\$1,000	12	Months	\$12,000
CEZ landing fees	\$10.80	921	CEZ departures	9,947
CEZ deicing charge	\$125	115	Estimated apps.	14,375
CEZ local marketing				5,000
CEZ station manager				26,000
CEZ station agent	\$20,800	2	Agents	41,600
Flight crew overnight expense	358	\$230	RR of \$50	82,340
DEN cost per turn	\$264	921	DEN departures	243,144
DEN airport baggage system fees	\$1.46	9,250	DEN enplanements	13,505
DEN airport terminal transit system fee	\$1.45	9,250	DEN enplanements	13,413
DEN United baggage system fee	\$4.68	9,250	DEN enplanements	43,290
Passenger-related	\$16.63	18,500	Total passengers	307,655
Administrative	\$0.0142	9,729,444	Available seat-miles	<u>138,158</u>
Total indirect operating expense				\$950,427
Total operating expense				<u>\$2,245,576</u>
Operating loss				\$291,032
Profit element @ 5% of total operating expense				112,279
Compensation requirement				<u>\$403,311</u>

GREAT LAKES AVIATION, LTD., d/b/a UNITED EXPRESS,
ESSENTIAL AIR SERVICE AT
CORTEZ, COLORADO

Effective period: October 1, 2000, through September 30, 2002.

Service: 18 round trips per week to Denver.

Intermediate stops and upline service: Nonstop to Denver, with no upline limitations.

Aircraft type: Beech 1900D (19 passenger seats).

Timing of flights: Flights must be well-timed and well-spaced in order to ensure full compensation.

Annual compensation: \$403,311¹

Subsidy Rate Per
Arrival/Departure: \$218.95²

Weekly Compensation
Ceiling: \$7,882.20³

¹ This rate assumes an annual completion factor of 98 percent. A compensation ceiling is to be applied per calendar week such that service above that ceiling in one week cannot make up for service shortfalls in another week.

² Annual compensation of \$403,311 divided by 1,842 annual arrivals and departures as shown in Appendix B.

³ Subsidy rate per arrival/departure of \$218.95 multiplied by 36 eligible arrivals and departures each week.

NOTE

The carrier understands that it may forfeit its compensation for any flights that it does not operate in conformance with the terms and stipulations of the rate order, including the service plan outlined in the order and any other significant elements of the required service, without prior approval. The carrier understands that an aircraft take-off and landing its scheduled destination constitutes a completed flight; absent an explanation supporting subsidy eligibility for a flight that has not been completed, such as certain weather cancellations, only completed flights are considered eligible for subsidy. In addition, if the carrier does not schedule or operate its flights in full conformance with this order for a significant period, it may jeopardize its entire subsidy claim for the period in question. If the carrier contemplates any such changes beyond the scope of the order during the applicable period of this rate, it must first notify the Office of Aviation Analysis in writing and receive written approval from the Department to be assured of full compensation. Should circumstances warrant, the Department may locate and select a replacement carrier to provide service on this route. The carrier must complete all flights that can be safely operated; flights that overfly points for lack of traffic will not be compensated. In determining whether subsidy payment for a deviating flight should be adjusted or disallowed, the Department will consider the extent to which the goals of the program are met and the extent of access to the national air transportation system provided to the community.

If the Department unilaterally, either partially or completely, terminates or reduces payments for service or changes service requirements at a specific location provided for under this order, then, at the end of the period for which the Department does make payments in the agreed amounts or at the agreed service levels, the carrier may cease to provide service to that specific location without regard to any requirement for notice of such cessation. Those adjustments in the levels of subsidy and/or service that are mutually agreed to in writing by the parties to the agreement do not constitute a total or partial reduction or cessation of payment.

Subsidy contracts are subject to, and incorporate by reference, relevant statutes and Department regulations, as they may be amended from time to time. However, any such statutes, regulations, or amendments thereto shall not operate to controvert the foregoing paragraph.

CORTEZ, COLORADO
HISTORICAL TRAFFIC DATA

<u>YEAR</u>	<u>ENPLANEMENTS</u>	<u>DAILY AVERAGE</u>
1990	8,410	26.87
1991	7,521	24.03
1992	7,282	23.19
1993	7,957	25.42
1994	6,616	21.14
1995	3,937	12.58
1996	3,905	12.60
1997	2,758	8.81
1998	5,097	16.28
1999	4,388	14.02

SOURCE: Bureau of Transportation Statistics Form 298-C, Schedule T-1. Enplanements represent one-half of total origin-and-destination traffic, and averages are based on 313 weekdays and weekends each year (314 for leap years).