

Strategic Planning and Development Committee

Air Service Development Information Report

June 2012

Aviation is in a Continued Period of Change

- Airlines Continue to Constrain Growth in Flights and Reduce Seat Capacities
- International Service Remains Lucrative
- Mergers/Acquisitions of Traditional Legacy Carriers Continue
- Low Cost Carriers Continue to Evolve and Grow Market Share
- Increasing Fuel Prices Continue to Drive Down Airline Profits
- Economic Conditions Continue to Negatively Impact Number of Passengers
- Fares Are Declining in Certain Competitive City Pairs
- Ancillary Service Charges Continue to Boost Airline Revenues

Two Essential and Complementary Large Hub Airports

- The only airport system in the nation with two large hubs:
 - Reagan National Airport is primarily an O&D airport serving short- and medium-haul domestic travel
 - Dulles International Airport combines solid O&D traffic with long-haul and connecting hub operations, and a major international gateway
- On a combined basis, the Airport system has both a competitive mix of air carriers with no one airline representing more than 41% of total enplanements and a strong O&D base equal to 71% of total enplanements

Calendar Year 2011	Airport System	Reagan National Airport	Dulles International Airport
Enplanements	20.9 million	9.4 million	11.5 million
Percent O&D	71%	83%	60%
Number of Cities Served (December 2011)	95 Domestic 49 International	67 Domestic 4 International	81 Domestic 48 International
Top Three Carriers	UA 40.8% US 18.0% DL 12.3% 71.1%	US 38.4% DL 22.0% AA 15.2% 75.6%	UA 66.2% DL 4.7% JetBlue 4.3% 75.2%

System-Wide Enplanements Have Grown Since 2009

Total System-Wide Enplanements (Enplanements in 000s)								
	2009	2010	2011	1Q 2011	1Q 2012	%Change		
						2009-2010	2010-2011	1Q 2011-1Q 2012
Reagan National	8,772	9,042	9,372	2,041	2,107	3.1%	3.6%	3.2%
Dulles Domestic	8,496	8,638	8,331	1,858	1,867	1.7%	-3.6%	0.5%
Dulles International	3,118	3,177	3,258	677	681	1.9%	2.6%	0.5%
Dulles Total	11,614	11,815	11,589	2,535	2,548	1.7%	-1.9%	0.5%
System-Wide	20,386	20,857	20,961	4,576	4,655	1.7%	0.5%	1.7%

2011 Results

- Total system-wide enplanements increased 0.5% in 2011
- Reaching all-time highs, enplanements at Reagan National increased by 3.6% - driven primarily by new service from JetBlue and Delta
- International enplanements at Dulles International reached all-time highs in 2011; the decline in domestic enplanements was partially attributable to the UA/CO merger and the transfer of certain service by JetBlue to Reagan National

1Q 2012 Results

- Total enplanements at Reagan National increased during each month of 1Q 2012 versus the same respective months in 2011, for a total 3.2% increase in enplanements versus 1Q 2011
- Total enplanements at Dulles International increased by 0.5% in 1Q 2012 versus 1Q 2011.

Reagan National Air Service Determined

- Delta/US Airways Slot Exchange Almost Complete
 - US Airways will Operate 100% of the 42 Purchased Delta Slot Pairs by July 2012
 - JetBlue is Operating the 8 Slot Pairs Acquired for \$5 Million Per Pair as the Highest Bidder
- 8 Beyond Perimeter Beyond Perimeter Slot Pairs in FAA Reauthorization Awarded and Will Push Passenger Levels to New Heights
 - Four Incumbent Airlines Each Add One Beyond Perimeter Flight (American, Delta, United, US Airways) From Existing Slot Inventory
 - Three Limited Airlines (Alaska, JetBlue, Southwest) and One New (Virgin America) Add One Beyond Perimeter Flight (must start by September 2012)

Dulles Air Service Opportunities

- United/Continental Merger
 - Increased United Domestic Connecting Flights to International Flights
 - Longer-Term Houston Intercontinental Opportunities
- Targeted Low Cost Carrier Markets
- Other Star Alliance Flights
- Latin American Markets
 - Lima
 - Santiago
- Air Cargo



Both Airports Continue to Attract New and Expanded Airline Service

Dulles International Airport



Doha, Qatar via Dubai – May 2012

Honolulu – June 2012

Manchester, UK – May 2012

Dublin, Ireland – June 2012



New York (LGA) – March 2012



Abu Dhabi – March 2013



Dubai – September 2012



Toronto – April 2012



Mexico City – May 2012

Reagan National Airport



Portland – August 2012



Los Angeles – June 2012



Cincinnati – May 2012

Des Moines – May 2012

Memphis – June 2012

Omaha – June 2012

Ottawa – June 2012

Ontario – June 2012

San Diego – June 2012

Augusta – July 2012

Minneapolis – July 2012

Fayetteville – July 2012

Montreal – July 2012

Toronto – July 2012



Salt Lake City – June 2012



Tampa – June 2012

San Juan, PR – August 2012



Austin – July 2012



San Francisco – May 2012



San Francisco – August 2012



Dulles Cargo Successes



Ethiopian Airlines unloads the first of many weekly flower shipments. First shipment began January 25, 2012 and tonnage increasing on daily flights.



New Middle Eastern service will add cargo capacity with global reach.



Silk Way Airlines has committed to operate B747F two times per week in early 2013 and opening Dulles sales office Summer 2012.