



METROPOLITAN WASHINGTON
AIRPORTS AUTHORITY

Aviation Trends and Washington Region Air Service Developments

Northern Virginia Business Travel Association
June 11, 2013



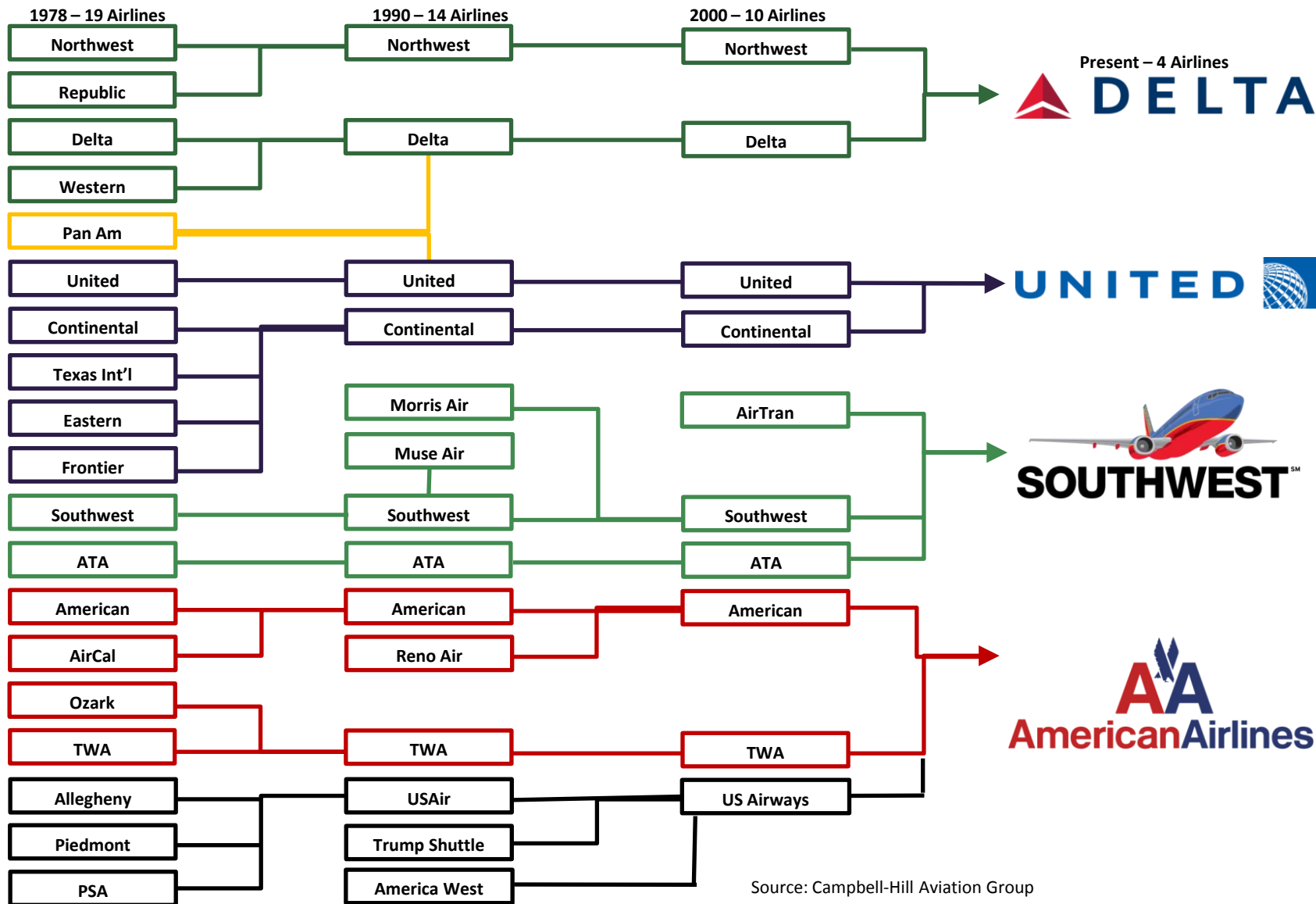
Agenda

- ▶ Airline Industry Trends Affecting Reagan National & Dulles International
- ▶ Reagan National Service & Facility Improvements
- ▶ Dulles International Service & Metrorail Impact
- ▶ Discussion

Airlines Laser-Focused on Profitability Through Mergers, Capacity Discipline, Ancillary Fees, International Growth

- ▶ **Mergers** - reduced competition but have encouraged flights to “thinner” traffic destinations.
- ▶ **Capacity Discipline** – shrinking number of flights, higher load factors; greater airline profitability; greater financial challenge for airports.
- ▶ **Ancillary Revenue** – major plus to the bottomline, distinguishing what features individual passengers are willing to pay extra.
- ▶ **Legacy Network Carriers shifting** - Domestic primarily intended feeds International.
- ▶ **Low Cost Carriers evolving** – raising fares, focusing more on business than leisure, going international
- ▶ **Congressional expansion of Reagan National slots/perimeter rule** - increased Reagan flights but diverted flights from Dulles.

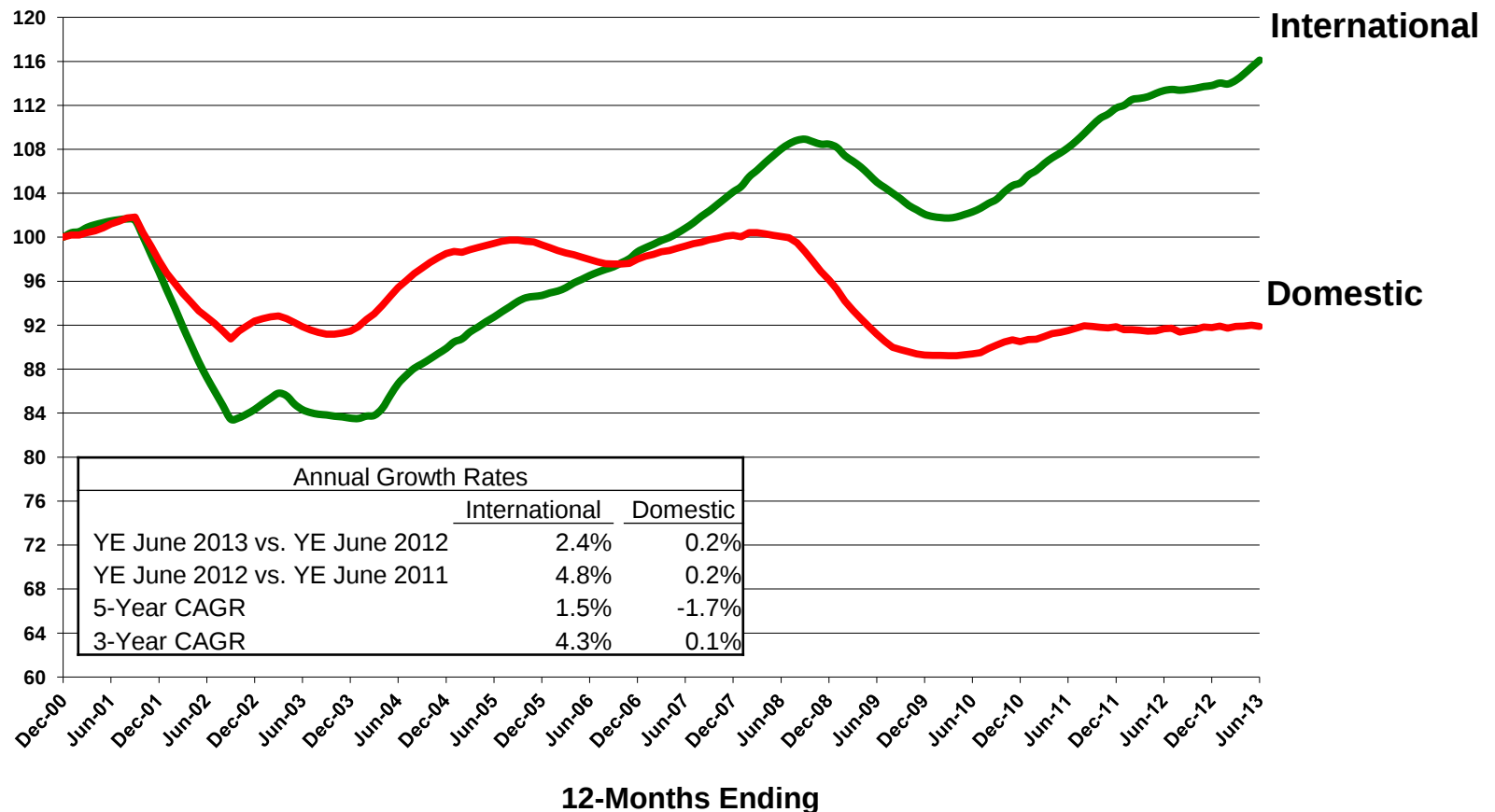
Continuing Mergers Have Reduced Number of U.S. Airlines Dramatically: 19 to 4



Airlines Shifting from Domestic to International Capacity Where Profitability is Greater

"We'll have the domestic (operations) sized solely to feed the international traffic" Jeff Smisek, CEO United Airlines, March 2011

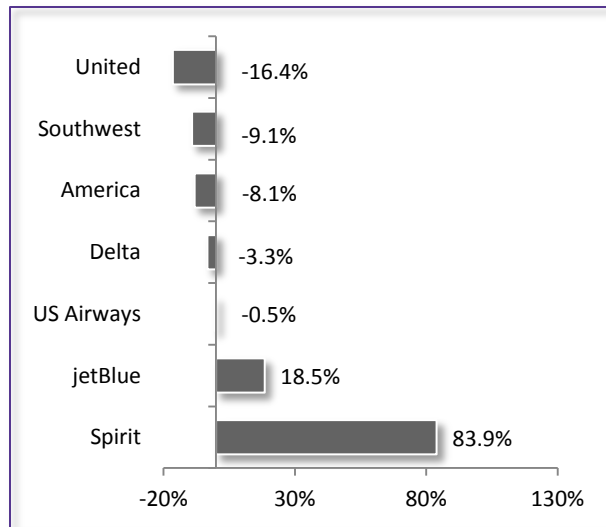
Available Seat Mile Index (CY 2000 =100)



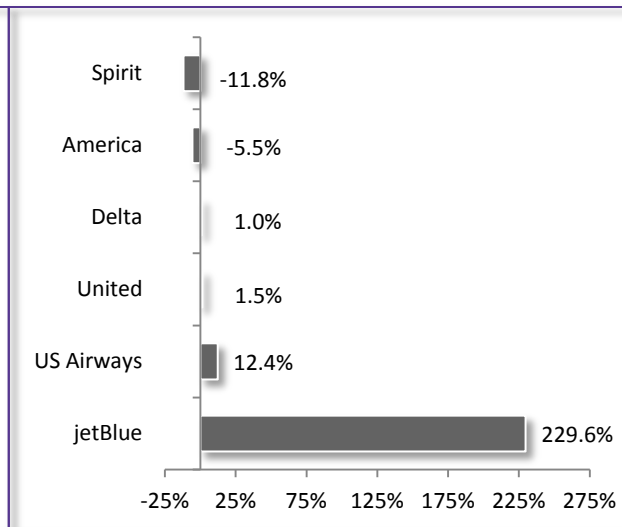
Most U.S. Carriers Are Shrinking Both Domestic and International Capacity to Reduce Operating Costs and Stabilize Fares

Change in Scheduled Nonstop Seats Last 5 Years (2013 vs. 2008)

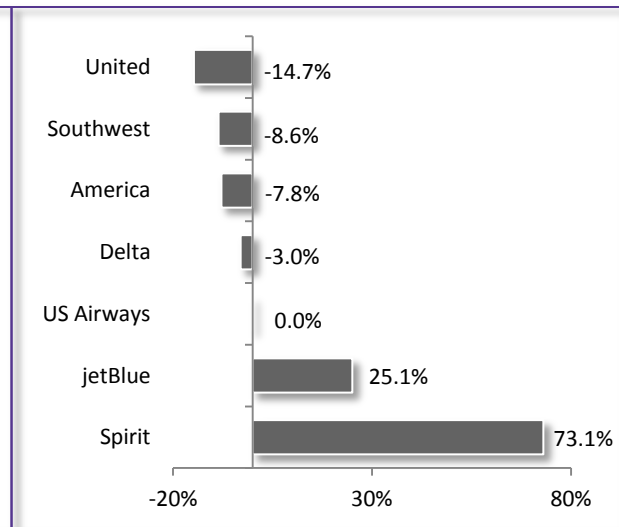
Domestic



International



System Total



Note: Delta includes Northwest, Southwest includes AirTran, and United includes Continental. AirTran did not have international operations in 2008.

Sources: OAG; PlaneStats.com

“Low Cost Carriers” Evolving



Business Focus Announced Business Select in January

Announced new first class
& Transcon Private Suites in June

International Focus Following AirTran Merger, Serves
23 destinations in Mexico
& Caribbean; Houston Hobby
first Planned international hub

Serves 69 destinations in Mexico,
Caribbean and South America;
Codeshares with 21 international carriers

Fare Increases Southwest instrumental in 5 successful
fare increases in 2012

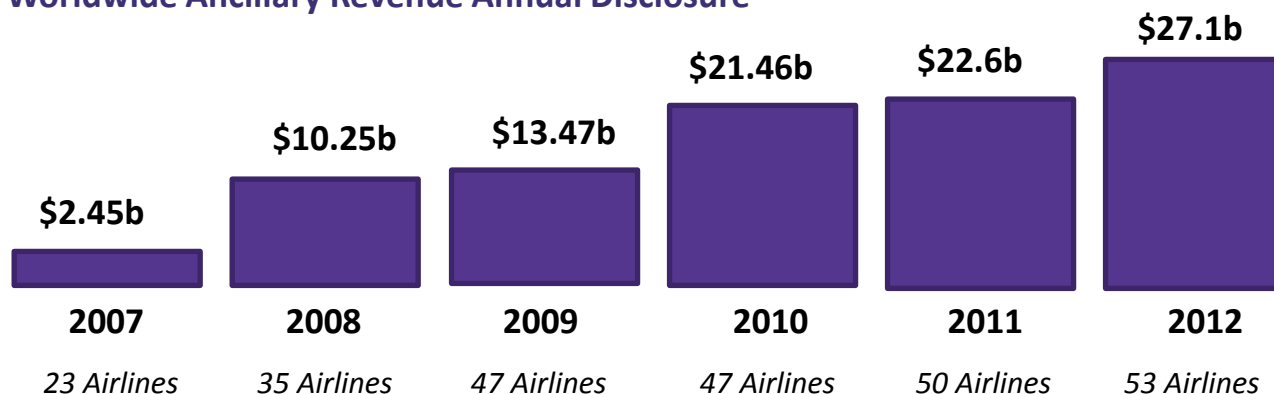
JetBlue led at least 1
successful fare increase in 2012;
followed others

Airlines Ancillary Revenues Increasing

Top U.S. Airlines

Ancillary Revenues	2012	2011
United	\$5.35	\$5.17
Delta	\$2.57	\$2.53
American	\$1.97	\$2.11
Southwest	\$1.65	\$1.18

Worldwide Ancillary Revenue Annual Disclosure



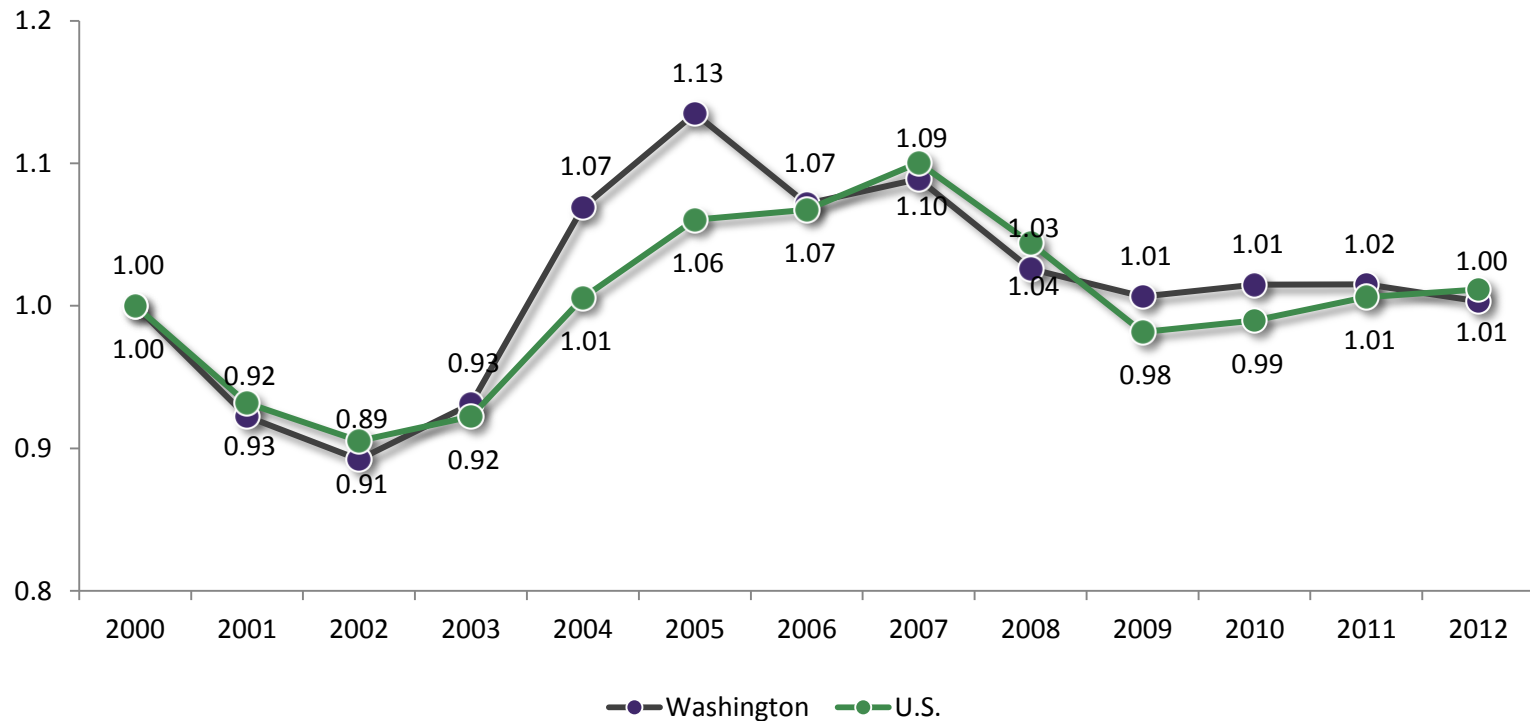
Source: IdeaWorks



Washington Region **Air Service & Airports**

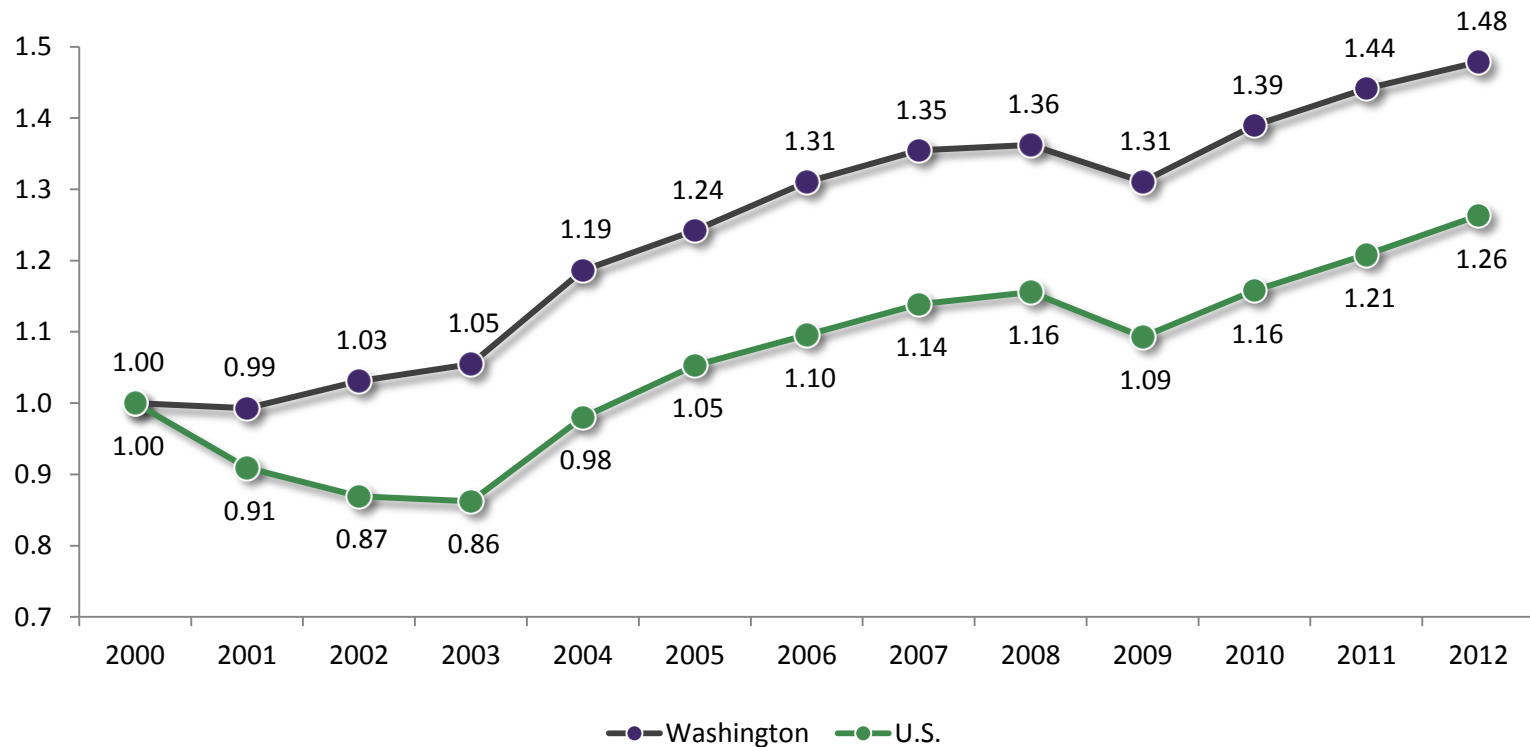
The Region's Total **Domestic** Traffic Is Becoming More Consistent with the National Average

Domestic O&D Traffic, Washington versus U.S.
Indexed 2000 = 1.0



The Washington Region's **International** Traffic Continues to Exceed National Growth Trends

International O&D Traffic, Washington versus U.S.
Indexed 2000 = 1.0



Washington Airports Experienced Uneven Growth

Dulles International

- ▶ International traffic rose to new record levels
- ▶ Domestic traffic at Dulles International declined, reflecting significant cuts in capacity spread among U.S. carriers, as well as the impact of United/Continental capacity consolidation and new air service opportunities at Reagan National
- ▶ Air cargo continued to decline, though domestic cargo remained relatively stable

Reagan National

- ▶ Passenger traffic rose to new levels, mainly from US Airways' service to many new domestic markets, as well as carriers beginning service to additional beyond perimeter markets

Baltimore Washington International (BWI)

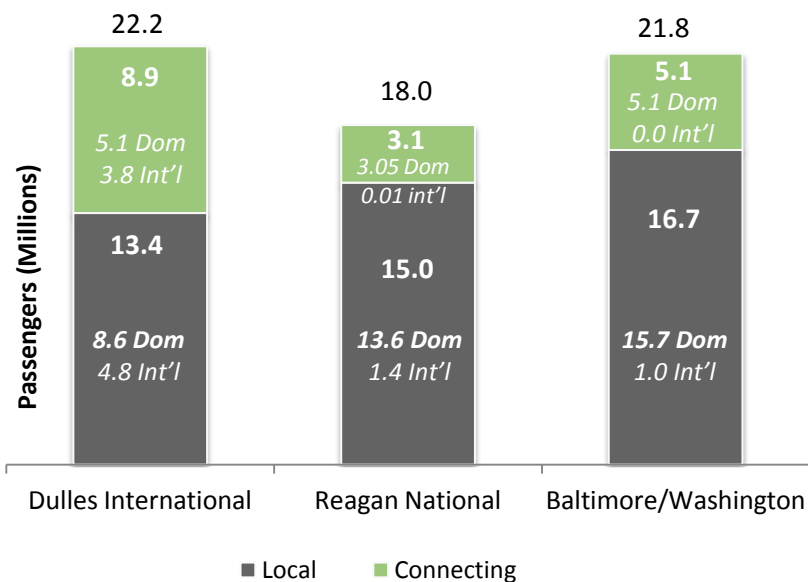
- ▶ BWI total traffic slightly exceeded Dulles due to greater Domestic reduction at Dulles and Southwest's increase in Domestic connecting traffic.

Washington Airports Served over 62 Million Passengers in 2012

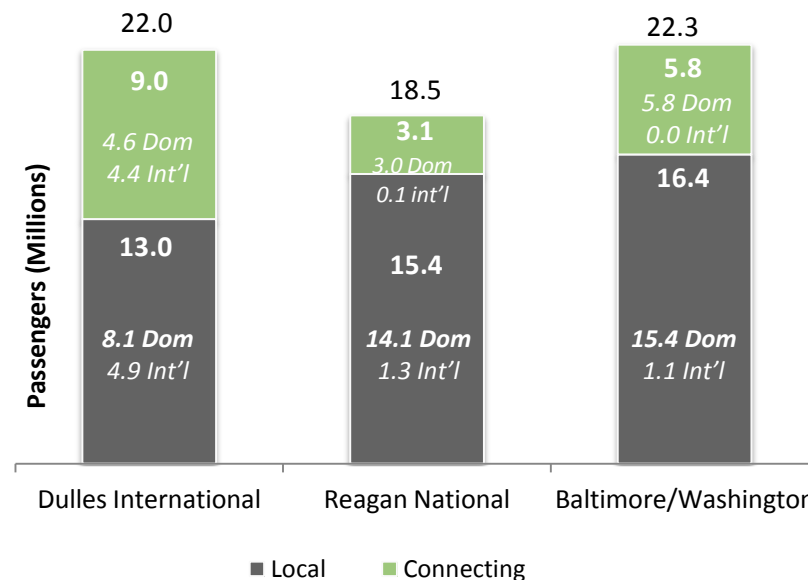
Both Dulles and BWI Lost Domestic O&D Passengers While Reagan National Domestic O&D Increased

National Capital Region O&D and Connecting Passengers by Airport

YE September 2011



YE September 2012



Ten-Year Comparison of Airports' Activity

- ▶ Dulles International
 - 30% growth in total passengers—19% domestic; 64% international
 - 9 new domestic destinations; 21 new international destinations
- ▶ Reagan National
 - 58% growth in total passengers
 - 31 new domestic and international destinations

Comparison of July 2002 and July 2012 Domestic and International Nonstop Destinations and Traffic Levels at IAD and DCA

	Domestic				International				July Total Pax
Dulles International	Airlines	Destinations	Daily Ops	Passengers	Airlines	Destinations	Daily Ops	Passengers	
Jul-02	11	72	665.2	1,190,476	17	24	81.6	409,780	1,600,256
Jul-12	7	81	615.2	1,411,442	23	45	135.4	673,390	2,084,832
% Change		12.5%	-7.5%	18.6%		87.5%	65.9%	64.3%	30.3%
Reagan National	Airlines	Destinations	Daily Ops	Passengers	Airlines	Destinations	Daily Ops	Passengers	
Jul-02	12	60	593.2	1,113,627	2	3	23.0	21,395	1,135,022
Jul-12	11	88	761.8	1,756,349	2	6	37.3	37,692	1,794,041
% Change		46.7%	28.4%	57.7%		100%	62.2%	76.2%	58.1%

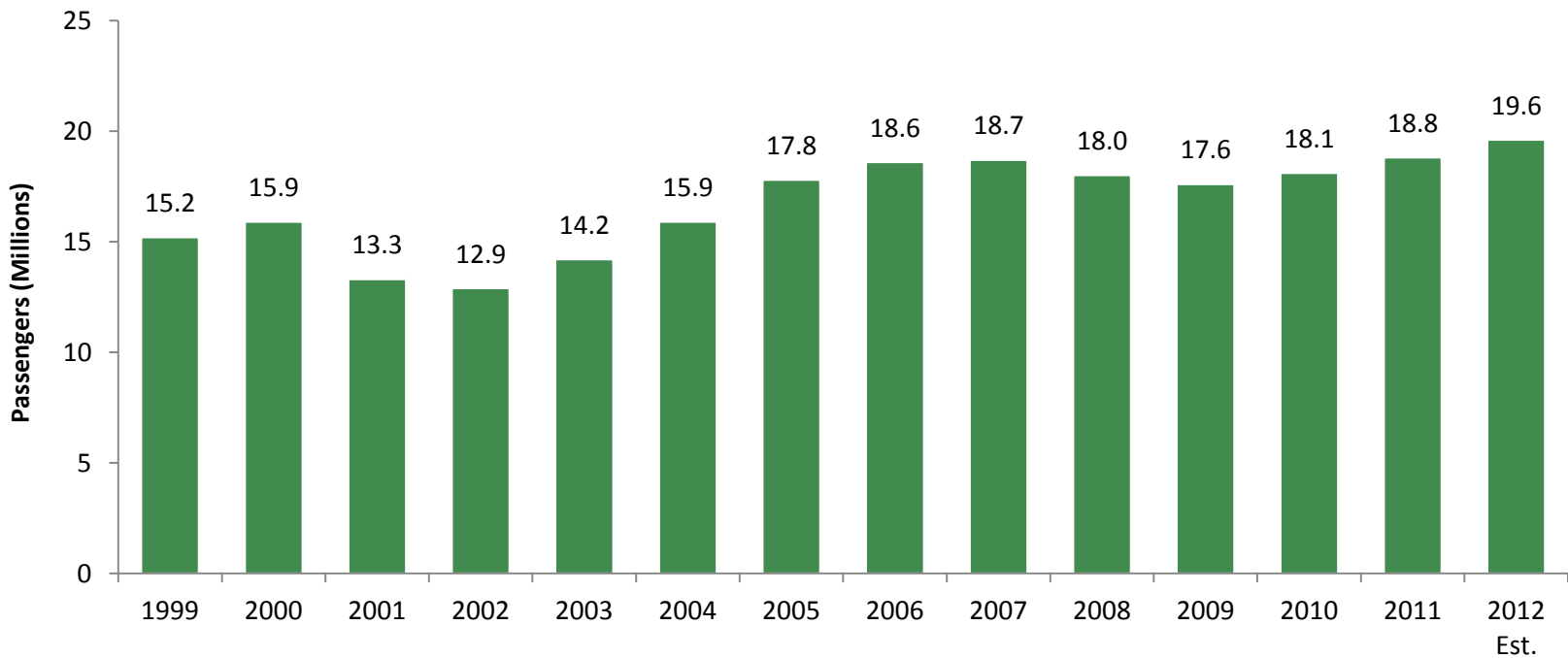


Reagan National Air Service

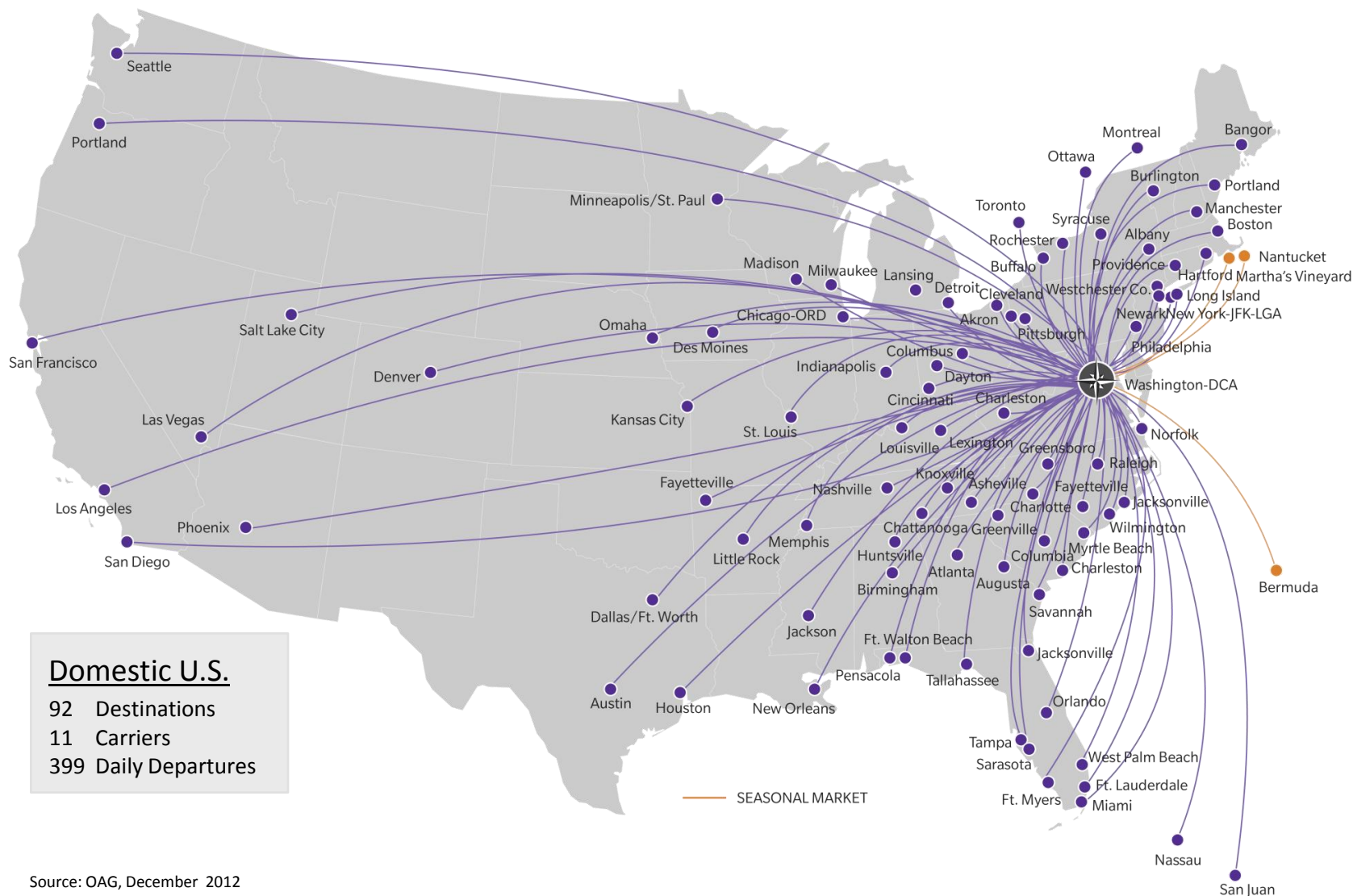
Reagan National Passenger Traffic

*Passenger Traffic Grew Strongly at Reagan National in 2012 – Almost 20 Million Passengers
First Quarter 2013, Reagan National Increased 9% YOY*

Total Passengers at Reagan National (in millions)



Reagan National North American Nonstop Air Service

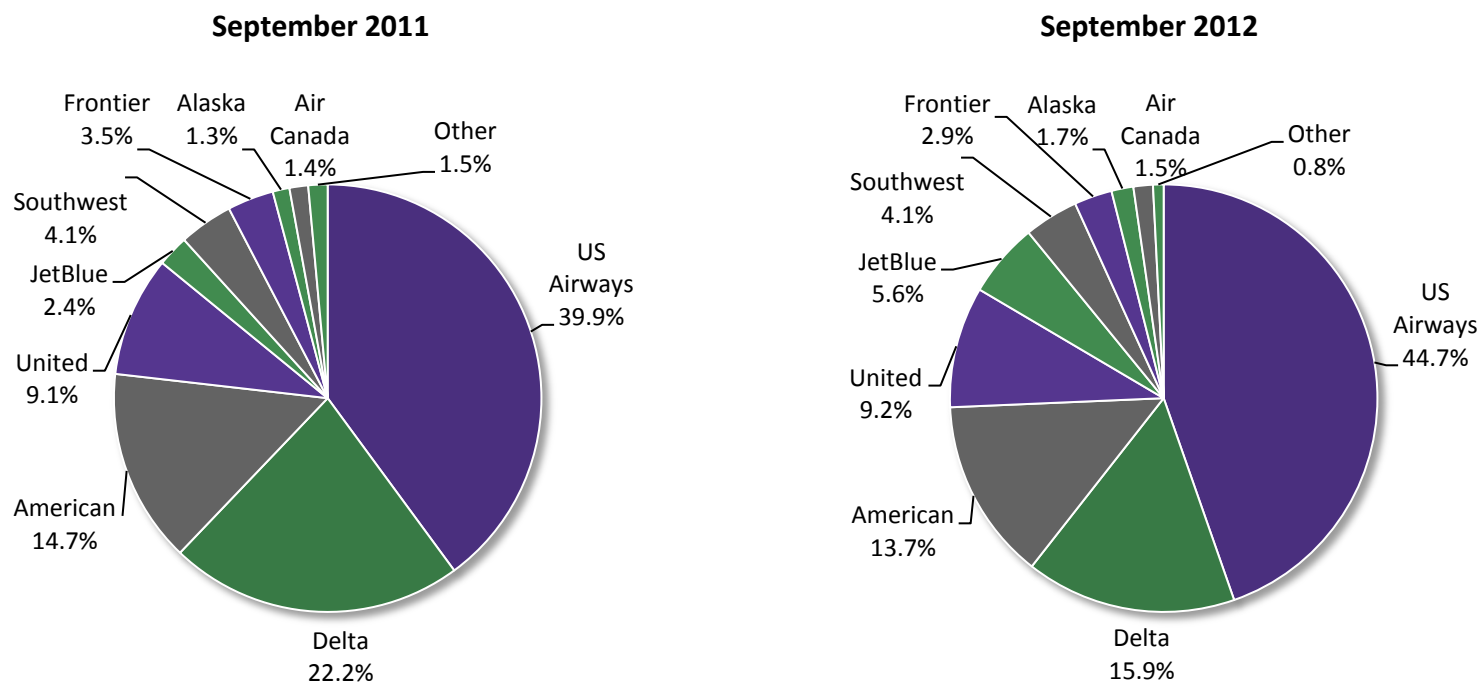


Reagan National Has Seen Major Air Service Changes in the Last Two Years

- ▶ 2010 — **JetBlue** acquisition of American's slots
 - JetBlue began service to BOS, FLL and MCO in Nov. 2010 with eight daily departures and 783 daily scheduled seats; total JetBlue/American's seat capacity increased by 3.3% year over year
- ▶ 2011 — **Southwest** acquisition of AirTran
 - AirTran markets served from DCA included ATL, MCO, MKE and RSW
 - Southwest added service to STL and AUS in Sept. 2012, with a total (AirTran and Southwest combined) capacity growth of 21.5% year over year
- ▶ 2012 — **US Airways/Delta** slot swap and **JetBlue** expansion
 - Delta pulled out of 17 markets between March and July, with total loss of 42 daily departures and 27% daily seats year over year
 - US Airways initiated service to 21 markets (12 new and 9 existing served by other carriers), with total gain of 43 daily departures and 18% daily seats year over year. US Airways service to DFW and RSW discontinued in June
 - JetBlue initiated service to TPA with one daily flight in June while pulling out of the IAD-Florida market
- ▶ 2012 — **FAA Modernization and Reform Act** created new slot awards
 - Four daily beyond-perimeter round trips awarded to:
 - Alaska – PDX
 - JetBlue – SJU
 - Southwest – AUS
 - Virgin America – SFO
 - Four daily beyond-perimeter routes converted from existing slots:
 - American – LAX
 - Delta – SLC
 - United – SFO
 - US Airways – SAN

Reagan National Airline Market Shares Has Changed Since the US/DL "Slot Swap" and Recent Congressional Action

Change in Carrier Share of Scheduled Nonstop Seats

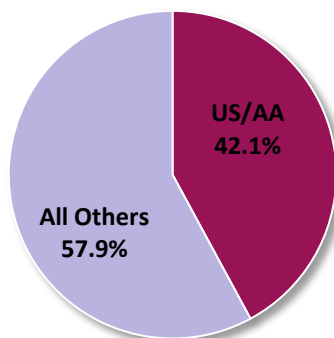


US Airways Continues to Strengthen Its Position at Reagan National

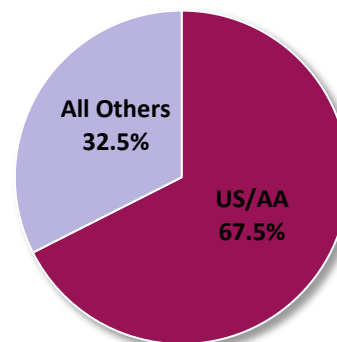
2012 Slot Swap with Delta Airlines...2013 Merger with American Airlines

- ▶ **Slot Swap** - Following slot swap with Delta Air Lines, US Airways obtains more than 54% of the landing and take-off rights (slots) at the Airport, up from 42%
- ▶ **US/AA Merger** - Assuming its merger with American is approved, the combined carrier would have more than 67% of the slots at Reagan National
- ▶ **Developing Reagan National into a hub** –about 40% of its passengers currently connect from one flight to another at Reagan National

May 2011: Pre-Slot Swap & US/AA Merger



April 2013: Post- Slot Swap & US/AA Merger



Reagan National Airport Priorities are All About Adapting to Growth and Improving Passenger Service

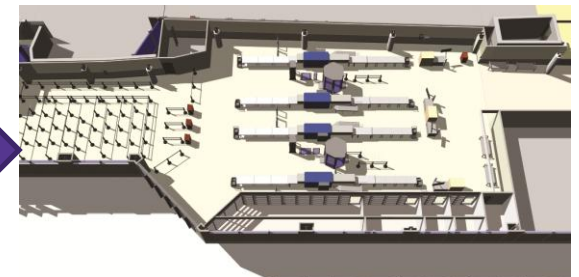
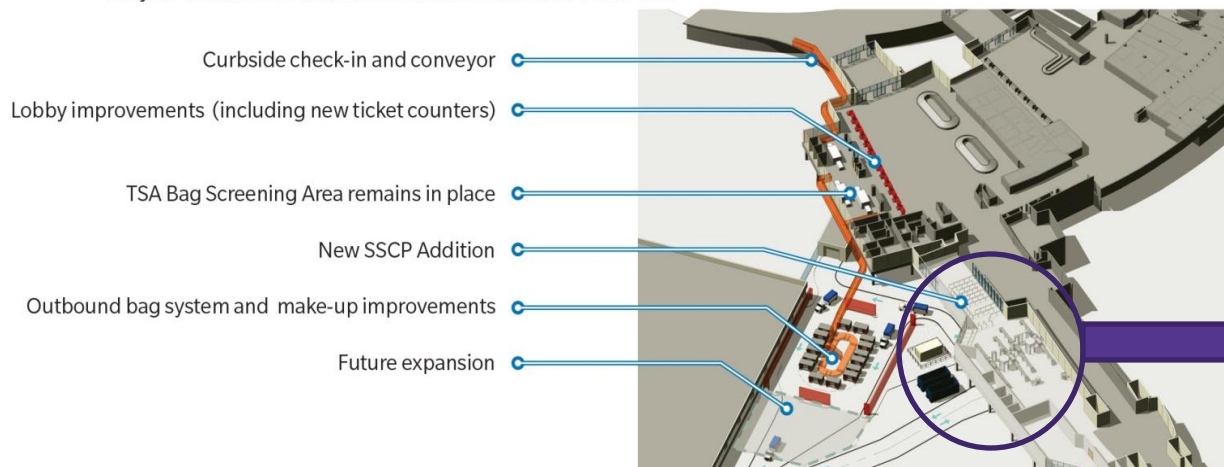
- ▶ Assure customer satisfaction as airline capacity and passengers increase in constrained facilities – particularly Terminal A
- ▶ Adapt to US Airways growing hub operation in Terminals B & C

Terminal A at Reagan National is Getting a Makeover

Ticket Lobby is being refreshed and new baggage claim equipment
Security checkpoint is being expanded



MAJOR TERMINAL A IMPROVEMENTS PLANNED FOR 2018



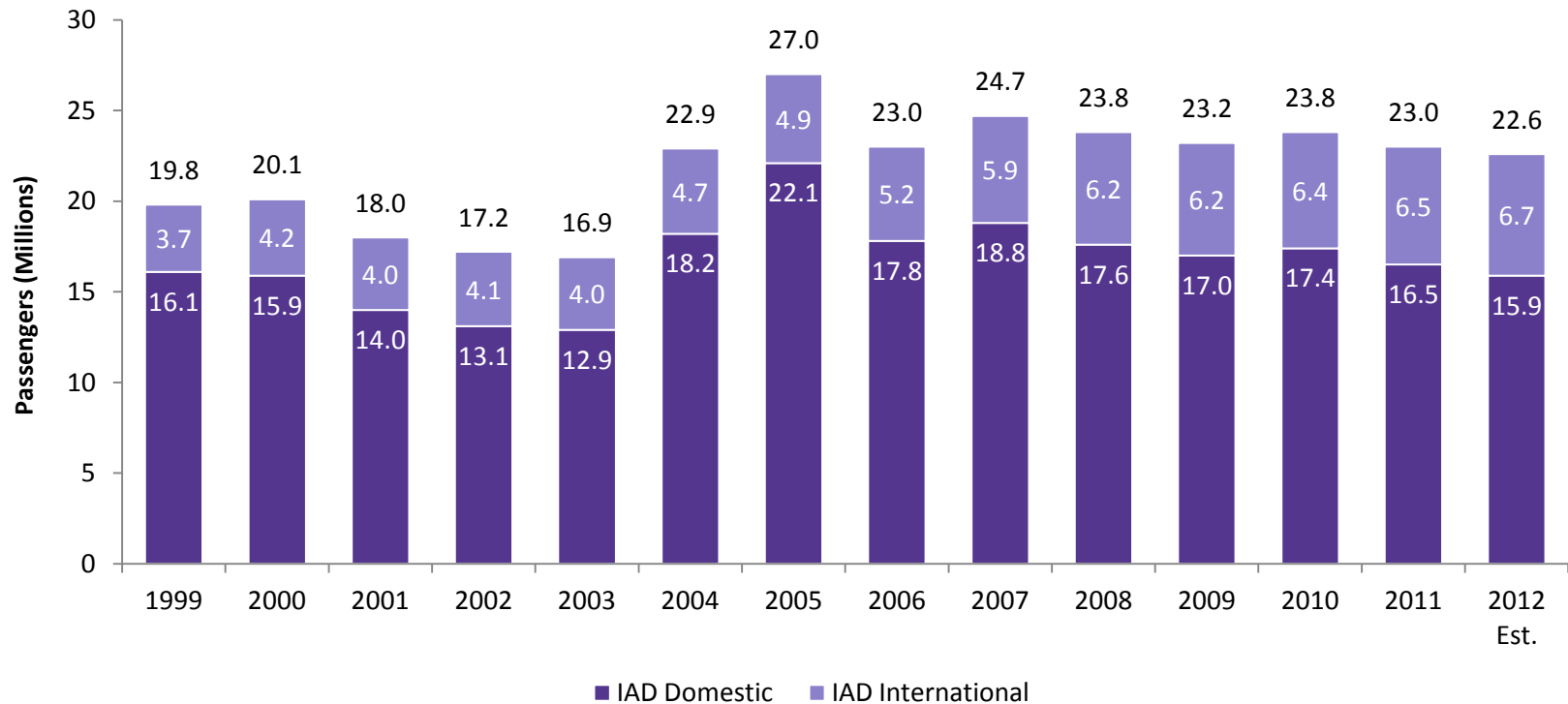


Dulles International Service

Domestic and International Passenger Traffic Grew Unevenly at Dulles International in 2011

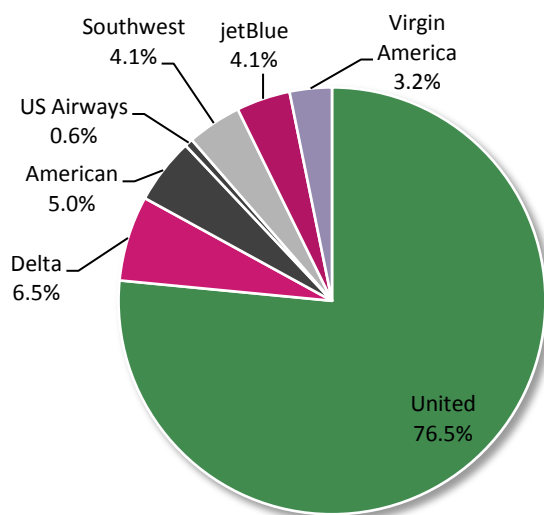
International Traffic Hit a New Record While Domestic Traffic Declined

Total Passengers at Dulles International (in millions)

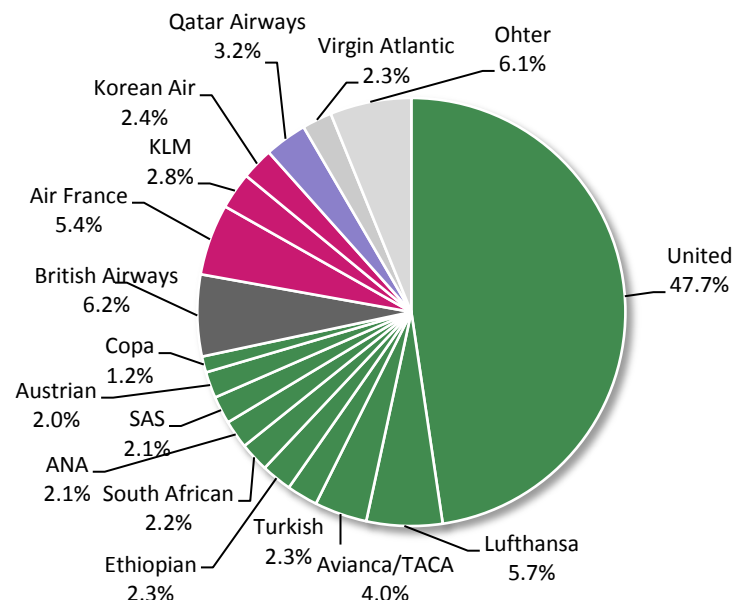


Carrier Share of Passenger Traffic at Dulles International Airport

2012 Domestic Passenger Share



2012 International Passenger Share



Domestic Services at Dulles International

2012 New Destinations: Ft. Lauderdale, FL; Greenbrier, WV; Honolulu, HI

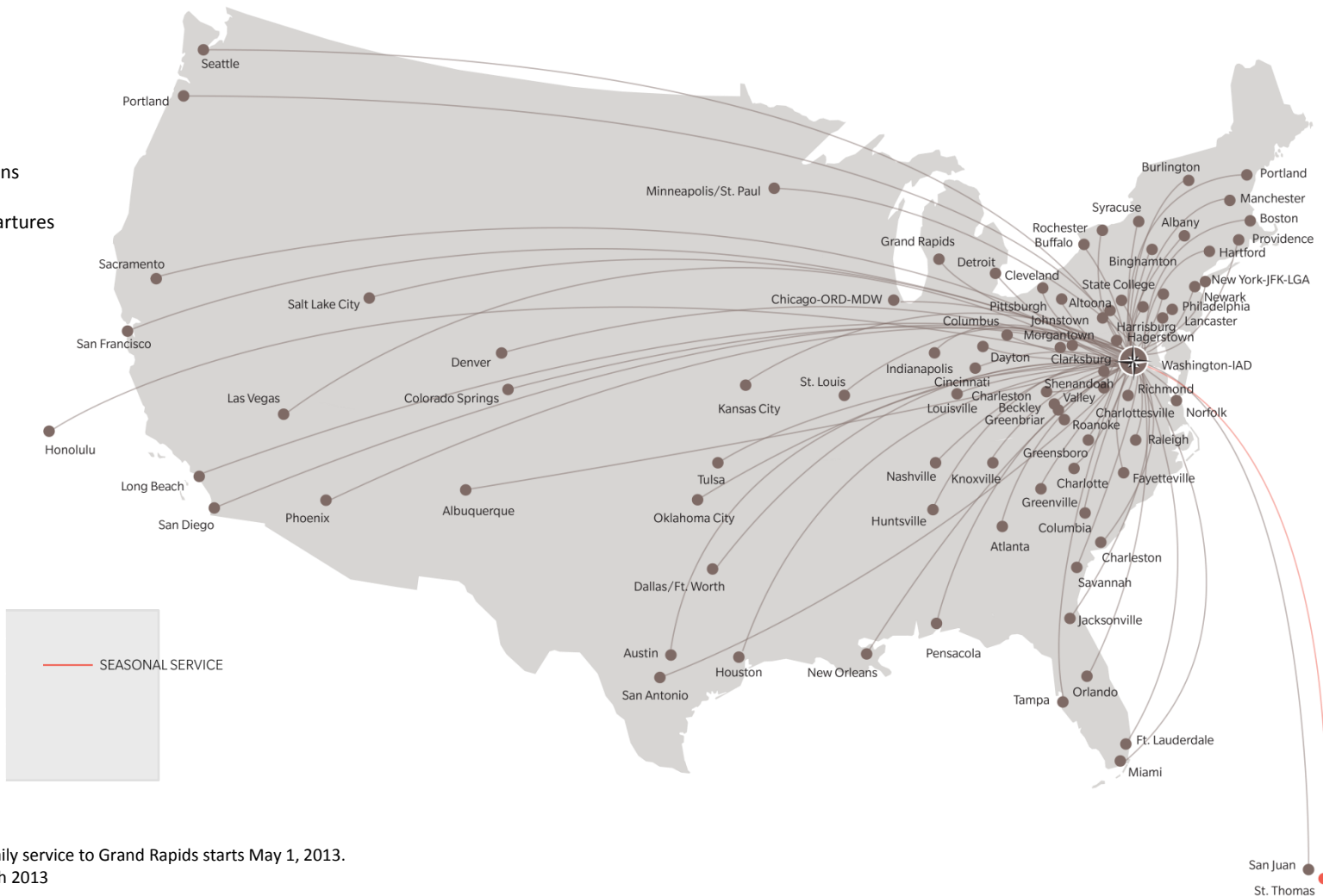
2013 New Destinations: Grand Rapids, Michigan; Fayetteville, N.C.

DOMESTIC U.S.

85 Destinations
8 Carriers
318 Daily Departures

AIRLINES

American
Delta
jetBlue
Pacific Wings
Southwest
United
US Airways
Virgin America

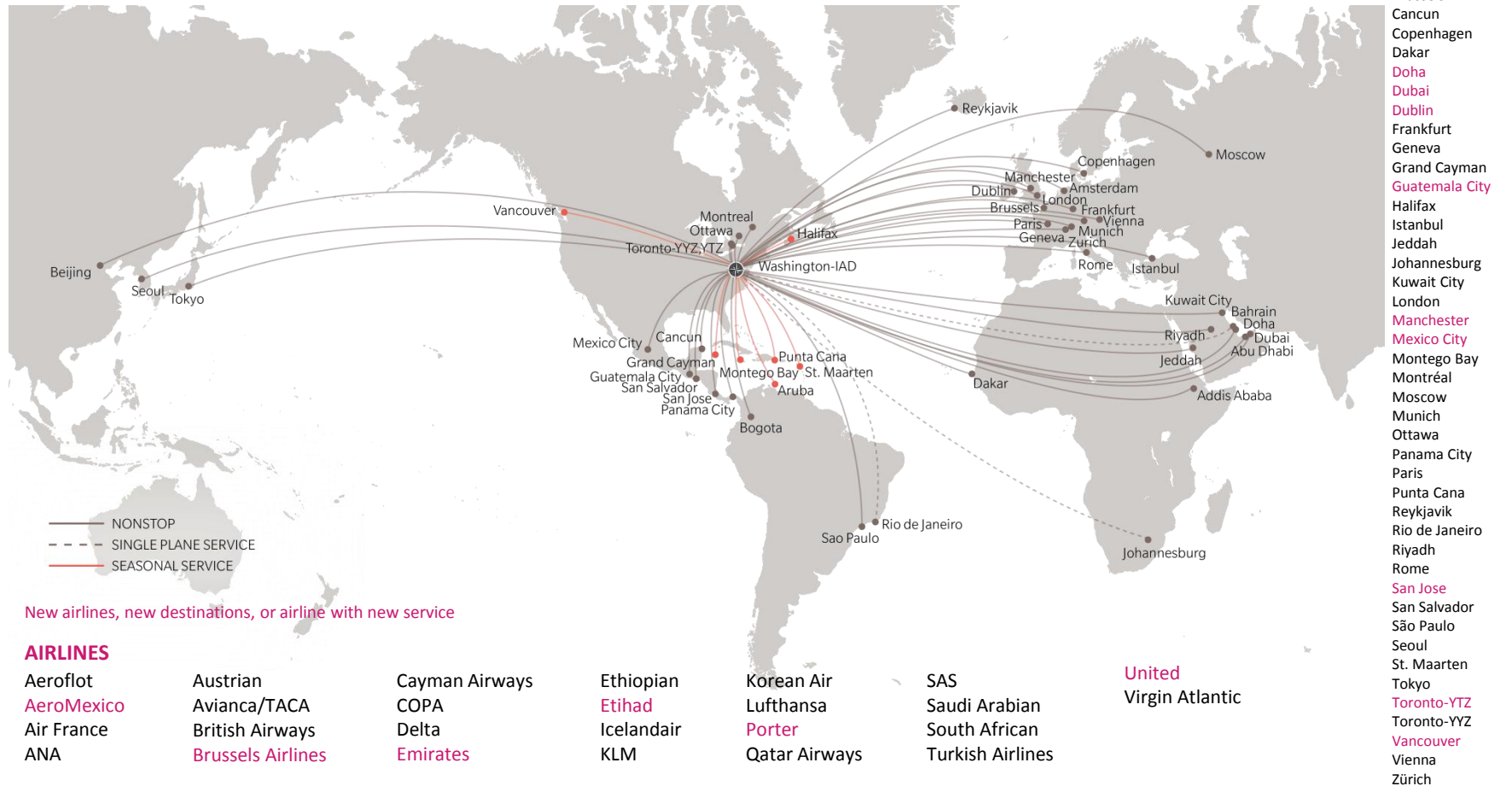


Dulles Domestic Passenger Air Service Priorities

- ▶ Retain current range of services and capacity levels
- ▶ Retain nonstop service to Washington's top 50 domestic markets
- ▶ Capitalize on domestic passengers connecting to the increasing array of international services
- ▶ Encourage further low-cost carrier growth and network carrier growth

International Air Service at Dulles International

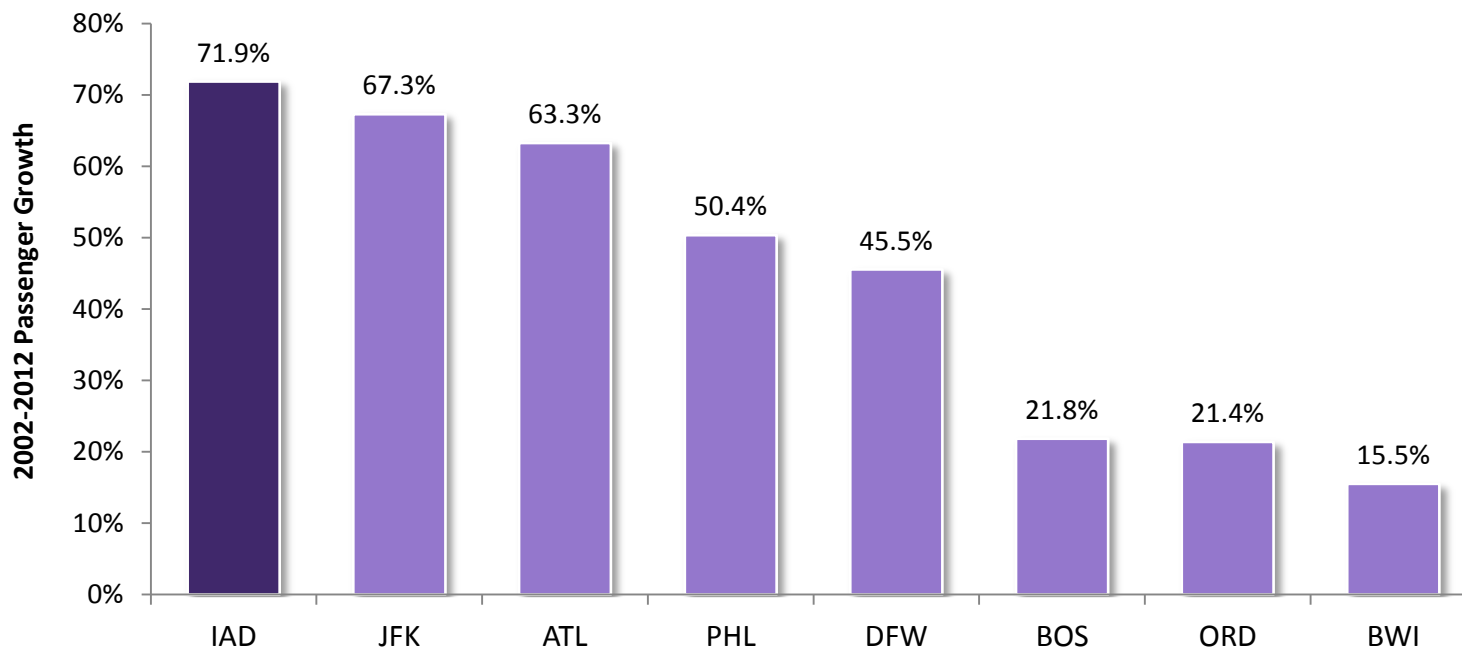
- ▶ 2012: New markets Dublin, Ireland; Manchester, England; Toronto City, Canada; and additional service by new carriers to: Dubai, UAE; Mexico City, Mexico; San Salvador, El Salvador
- ▶ 2013: New market Abu Dhabi, UAE; additional service to Brussels, Belgium: seasonal service to Vancouver, Canada, Guatemala and Costa Rica



In terms of International Passenger Growth, Washington Dulles Has Outperformed Its Peers

Dulles International Passenger Traffic Has Grown 72% over the Past 10 Years

Comparison of 10-Year Growth in International Passengers (YE May 2012 vs. YE May 2002)



Growth by Number
(million)

IAD	JFK	ATL	PHL	DFW	BOS	ORD	BWI
2.64	9.57	3.65	1.27	1.69	0.71	1.80	0.06

Note: IAD growth figure differs from previous slide because of different period selected – YE May versus single month of July

Source: U.S. DOT International T100 Report

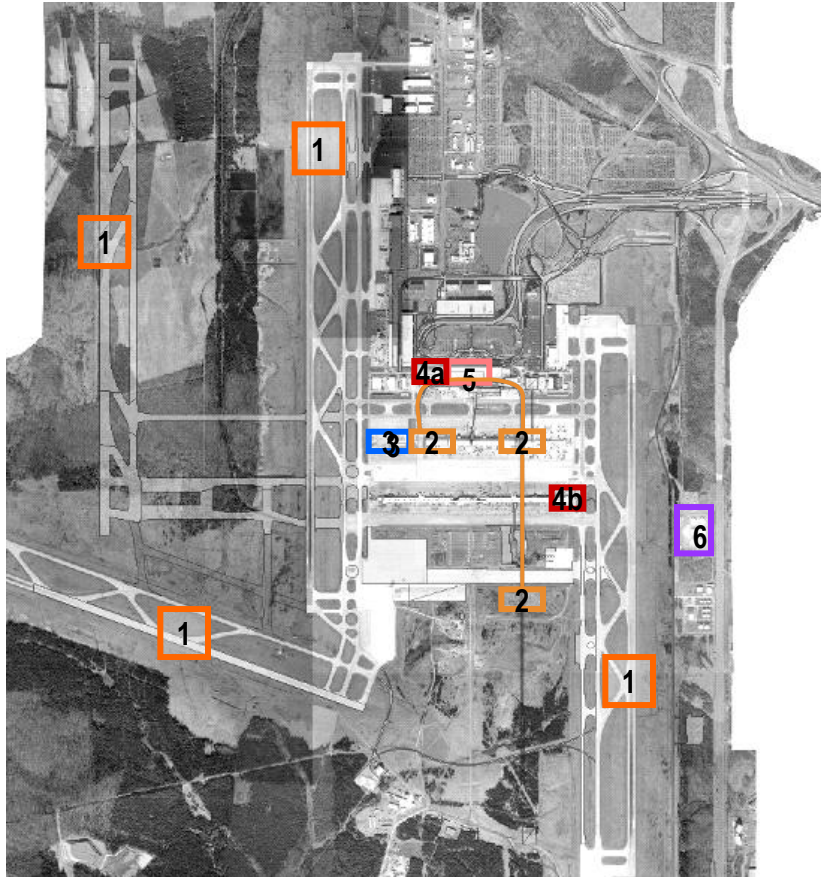
International Passenger Air Service Priorities

- ▶ Retain Washington's extensive range of nonstop services to the region's top markets through cooperative marketing and airline outreach
- ▶ Focus on expanding service to fast-growing global regions and fast-growing international airlines in those regions
 - India, China, Asia, Latin America
 - Carriers investing in new long-range aircraft
- ▶ Continue to work with the "New United" to expand international capacity and identify viable new services
- ▶ Work to fill remaining gaps in nonstop services to top markets as opportunities arise
- ▶ Continue to leverage growing industry consolidation to enhance services
 - Leverage Dulles' advantages as key Star Alliance hub
 - New international alliances

Dulles International Facility Priorities are All About Improving Customer Service & Experience

- ▶ Major Construction Projects are Completed – for the Time Being
- ▶ Attention is now focused on Dulles becoming more:
 - Contemporary
 - Predictable
 - Satisfying
 - Reliable

In Last 4 years, Major Construction Projects Were Completed Throughout Dulles International Airport



1. Less Airfield Congestion with new 4th Runway **1**

2. Improved Passenger Flow between Terminals with Aerotrain **2**

3. Expanded and Enhanced Gate Facilities – 12 Gates on B **3**

4. Improved International Arrivals

- Main Terminal Arrivals (IAB) **4a**
- Midfield Concourse Arrivals (FIS) **4b**

5. Expanded and Upgraded Security Checkpoints **5**

6. Ensured Availability of Lower-Cost Fuel **6**

Following Construction Completion, Attention Turning to How to Improve Customer Service

First in the nation to display real-time TSA security line waits – Terminal and Website



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IAD Dulles International Airport

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- ▶ Departures IAD
- ▼ Security Wait Times
- ▶ Flight Schedules
- ▶ Flight Guide
- ▶ Aircraft Noise and Flight Tracking Data
- ▶ Terminal & Gate Maps
- ▶ Air Service
- ▶ Security Screening Mezzanines
- ▶ Aerotrain System
- ▶ Getting To The Gate
- ▶ U.S. Customs - International Arrivals
- ▶ Carrier Capacity Form

Real Time Security Screening Checkpoint Wait Times at Dulles International Airport

East Checkpoint Entrance West Checkpoint Entrance

Terminal

East Checkpoint 4 minutes

West Checkpoint 5 minutes

* Last updated at 2013-06-07 12:30:00

Estimated wait times are updated each minute. Please refresh your browser to view updates.

Wait times are calculated using automated equipment at the checkpoint.

MWAA Home | Dulles International Home | Reagan National Home | Dulles Toll Road Home

Dulles is Hosting Trend-Setting TSA Pre-Check and Global Entry solutions

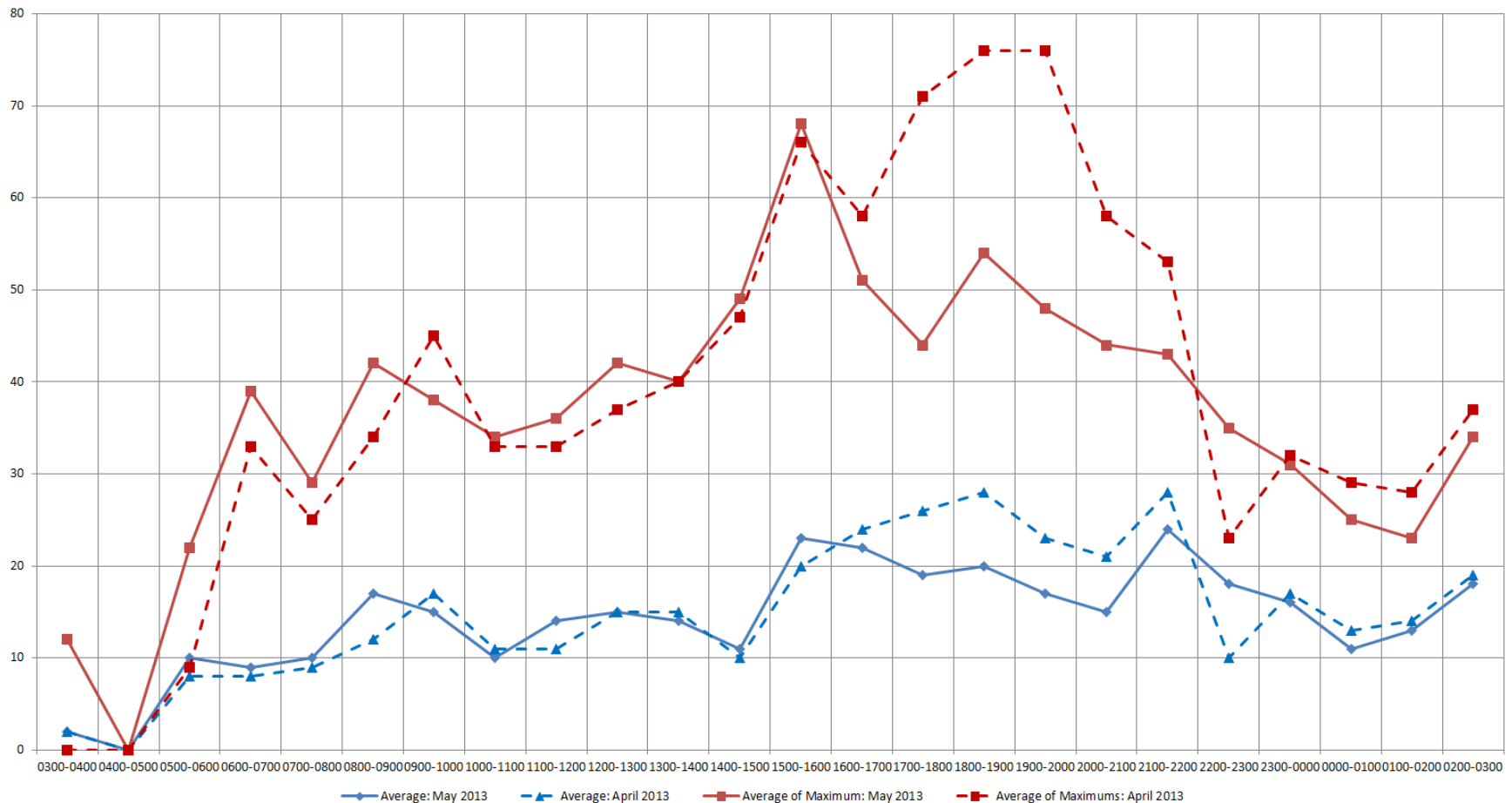


Global Entry Kiosks – Dulles Has the 3rd Highest Use of Global Entry *Available in both Main Terminal and Concourse C Arrivals*

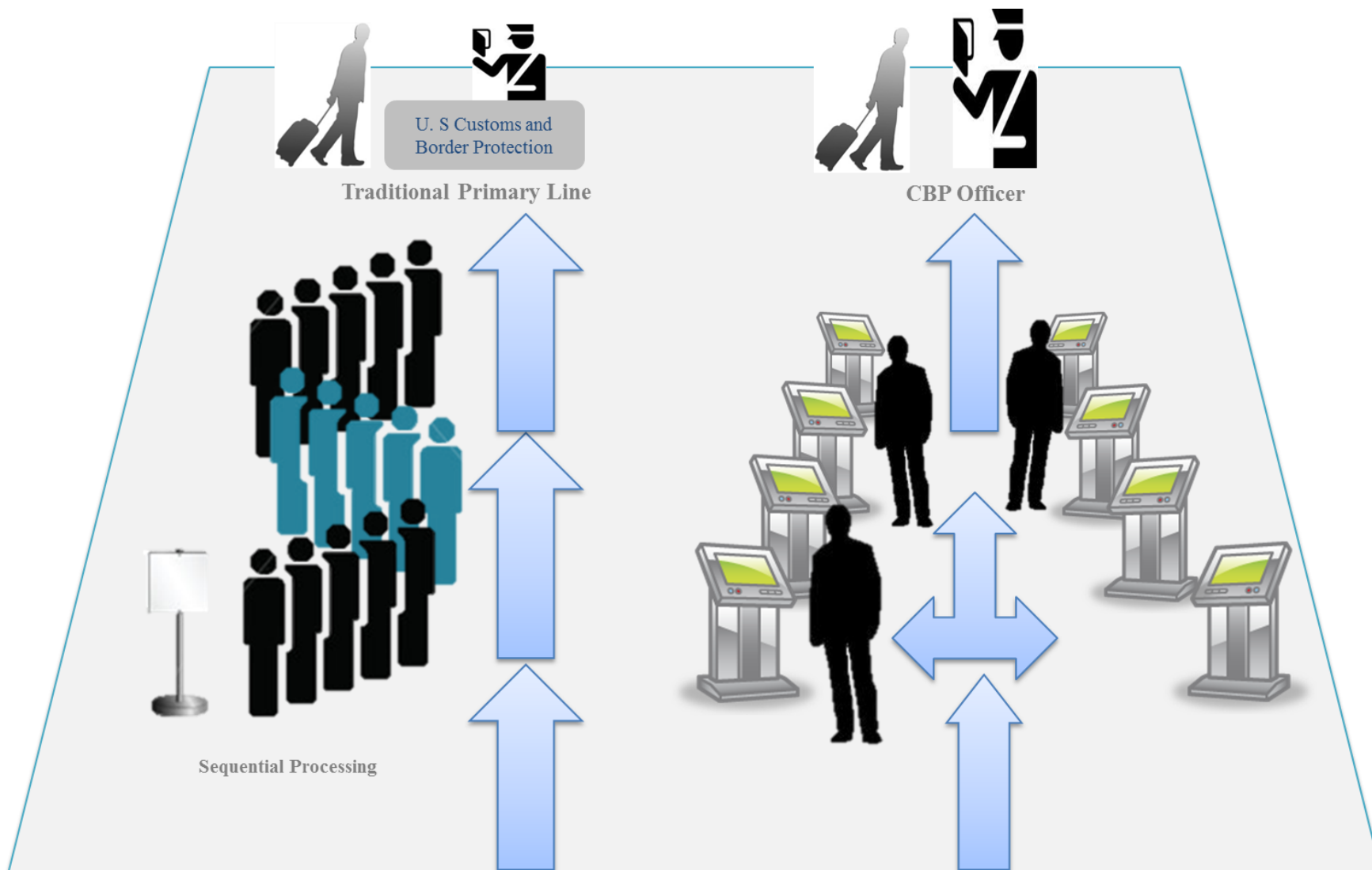


Dulles Staff Working Closely with CBP to Reduce Customer Wait Times Without Additional Resources

May vs April 2013 Reduction in Average Wait Times



Dulles is Also Exploring New Option: CBP Automated Passport Control



Dulles' Human Touch

Student Ambassadors Greet & Assist Arriving International Passengers & Assist Passenger Movement Through Terminals



All of our Ambassadors are attending college, and most (90%) are bilingual representing 16 different languages, and provide the CBP with translation assistance.

New Premium Monthly Parking Programs to Begin This Summer



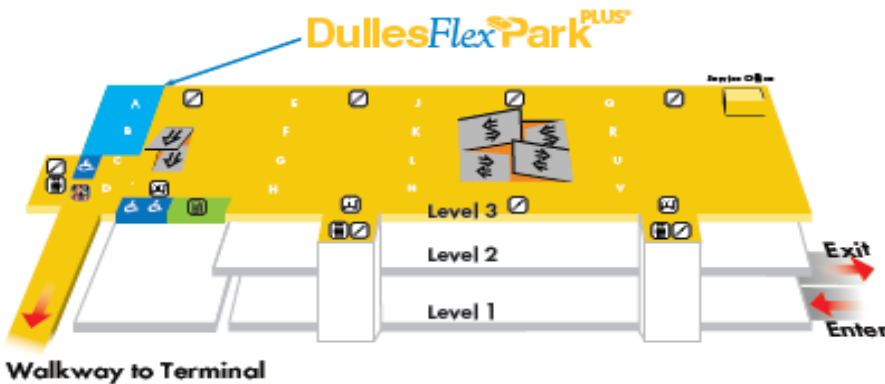
- **Dulles FlexPark Platinum:** Unlimited reserved parking in premier location in Hourly Lot - \$425/month
- **Dulles FlexPark Plus:** Unlimited reserved parking in premier locations in both Garages - \$325/month
- **Dulles FlexPark:** Unlimited Unreserved parking in both Garages - \$275/month

Dulles FlexPark Reserved Areas

Reserved area in Garage 1



Reserved area in Garage 2



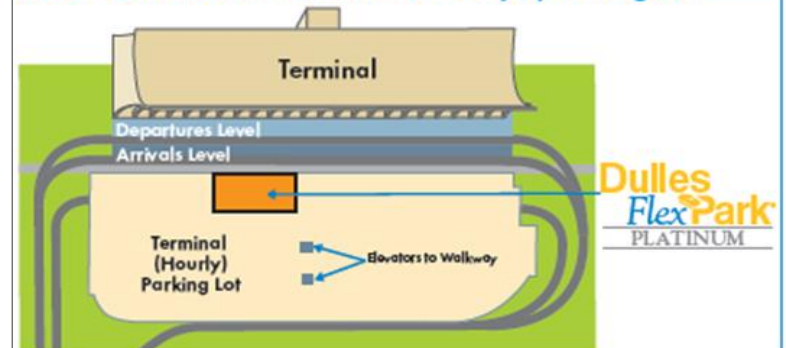
Reserved for

Dulles FlexPark PLUS

For assistance, call
(703) 572-4566

METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

Reserved Area in Terminal (Hourly) parking lot



Additional Services For Valet Parking



Quick Return Texting Service

Customers text upon landing to expedite check out -
Customers can text special requests such as “warm up my car for me”

Auto Detailing Services

Pricing starts at \$25

Expand to include oil changes and windshield repair

Opportunity to expand into garages



Dry Cleaning Services

Locally owned and family-run since 1917

And of Course, Metro is Coming to Dulles

Metrorail Phase 1 Construction Completion Fall 2013; Testing Already Beginning



McLean Kiss & Ride



McLean Station Platform



Test Trains at Wiehle Avenue



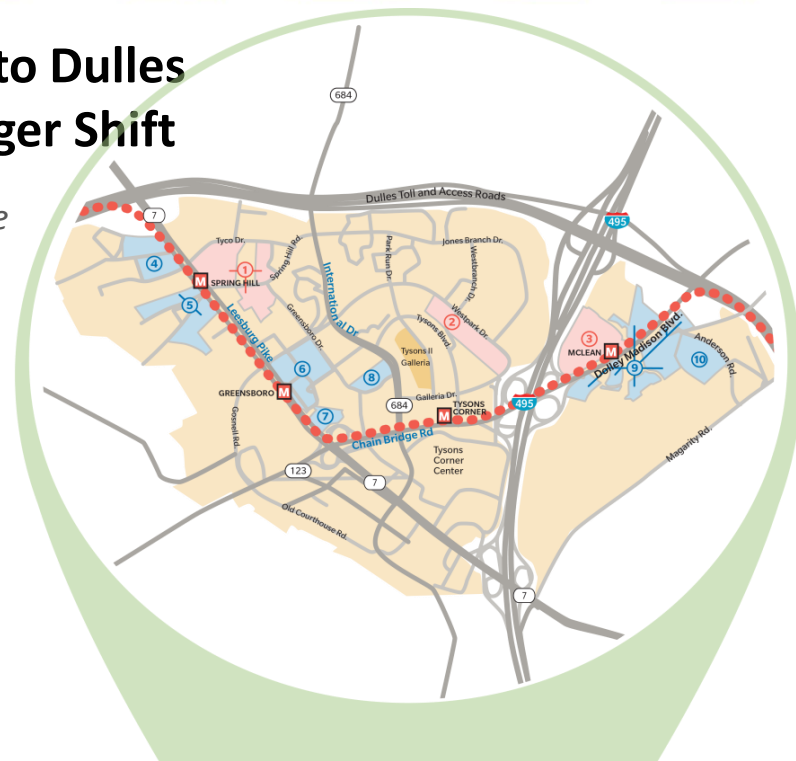
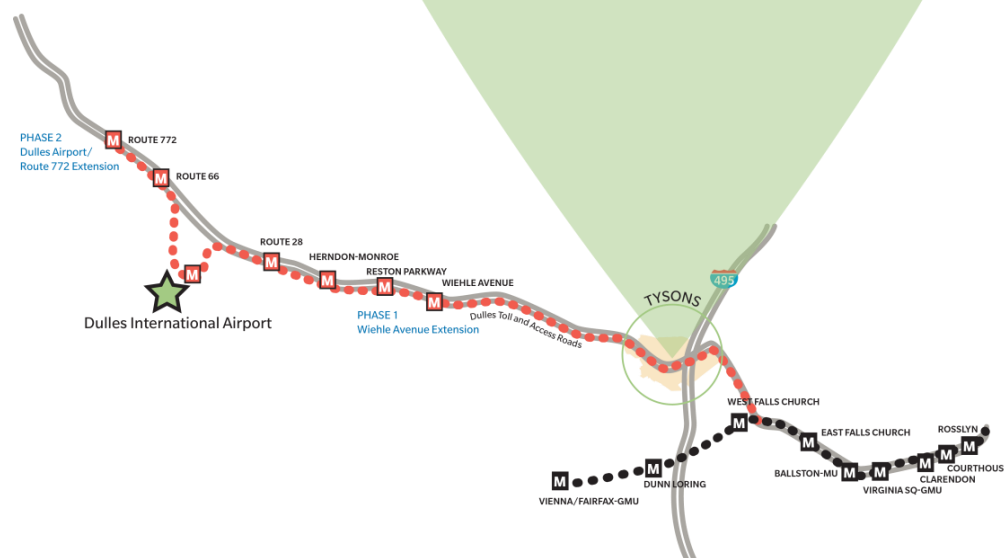
Wiehle-Reston East Station

Huge Development Surrounding Phase 1 Metro to Dulles Has Great Potential For Further Regional Passenger Shift

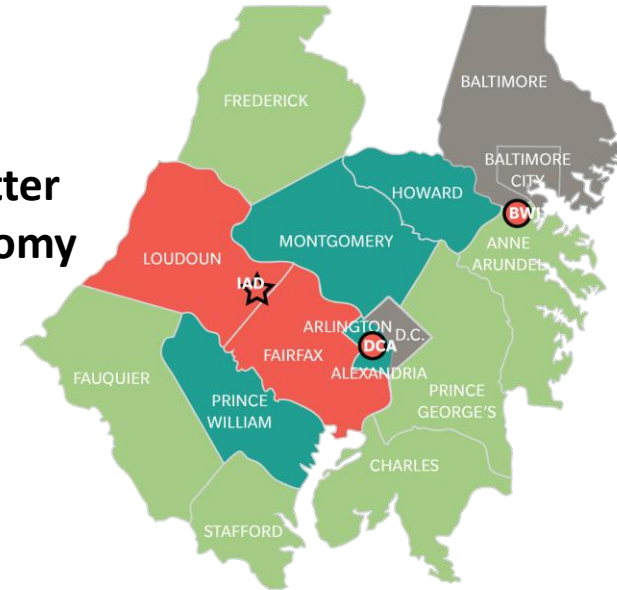
Over 153 acres, 6,000 residential units, and 25 million sq. ft. of office and commercial space already planned just among 4 Tysons Metro stops

MAP #	NAME	SIZE/STRUCTURES	TYPE
APPROVED			
①	Spring Hill Station	30 acres/12 bldgs	● ●
②	Arbor Row	19 acres/8 bldgs/ 2.6M sq. ft.	● ● ● ●
③	Capital One	4 bldgs/3.1M sq. ft.	● ● ● ●
UNDER REVIEW			
④	Tysons West Promenade	16 acres/1.7M sq. ft.	● ● ● ●
⑤	Dominion Square	20 acres/11 bldgs/ 4.4M sq. ft.	● ● ● ●
⑥	Solutions Plaza	4.5M sq. ft. /12+ bldgs	● ● ● ●
⑦	Tysons Central	534,000 sq. ft. + / 5 bldgs	● ● ● ●
⑧	Greensboro Park Place	7 acres/2 bldgs	● ●
⑨	Scotts Run Station	40 acres/21 bldgs/ 8M sq. ft.	● ● ● ●
⑩	The Commons	21 acres/7 bldgs	● ●

● Residential ● Retail
 ● Hotel ● Commercial
 ● Office ● Conference center



With Metrorail Washington Dulles Will be Better Positioned at the Center of the Region's Economy



COUNTY/CITY	STATE	TOTAL RANK*	WOODS & POOLE 2012 POPULATION	2012 POPULATION RANK	WOODS & POOLE GROWTH 2012/2000	12/00 GROWTH RANK	2011 ACS MEDIAN HOUSEHOLD INCOME	MEDIAN HOUSEHOLD INCOME RANK	BLS APRIL 2013 UNEMPLOYMENT PERCENT	APRIL 2013 UNEMPLOYMENT RANK
Fairfax County	VA	13	1,162,007	1	15.3%	8	\$105,797	2	3.6	2
Loudoun County	VA	14	341,885	9	96.6%	1	\$119,134	1	3.6	3
Prince William County	VA	21	491,528	8	49.0%	2	\$95,146	5	4.3	6
Arlington County	VA	25	216,824	12	14.6%	9	\$100,735	3	3.1	1
Montgomery County	MD	27	998,414	2	13.8%	10	\$92,909	7	4.8	8
Howard County	MD	30	300,796	10	20.5%	7	\$98,953	4	4.8	9
Fauquier County	VA	32	67,765	16	22.2%	6	\$93,762	6	4.1	4
Stafford County	VA	34	136,419	15	45.7%	3	\$91,348	9	4.3	7
Charles County	MD	37	152,376	13	25.7%	4	\$91,733	8	5.8	12
Frederick County	MD	38	242,959	11	23.6%	5	\$77,791	12	5.5	10
Anne Arundel County	MD	40	548,770	7	11.6%	12	\$84,138	10	5.7	11
Alexandria City	VA	41	145,308	14	12.4%	11	\$82,748	11	4.1	5
Prince George's County	MD	42	877,322	3	9.2%	13	\$70,715	13	6.4	13
Baltimore County	MD	48	814,834	4	7.8%	15	\$62,407	15	6.8	14
District of Columbia	DC	48	617,841	5	8.0%	14	\$63,124	14	8.0	15
Baltimore City	MD	54	617,216	6	-4.9%	16	\$38,721	16	9.4	16

*Total Rank based on sum of individual category ranks

Sources: Woods & Poole Economics, CEDDS 2013; U.S. Census Bureau, 2011 American Community Survey; U.S. Bureau of Labor Statistics

Metrorail Phase 2 Moving Forward

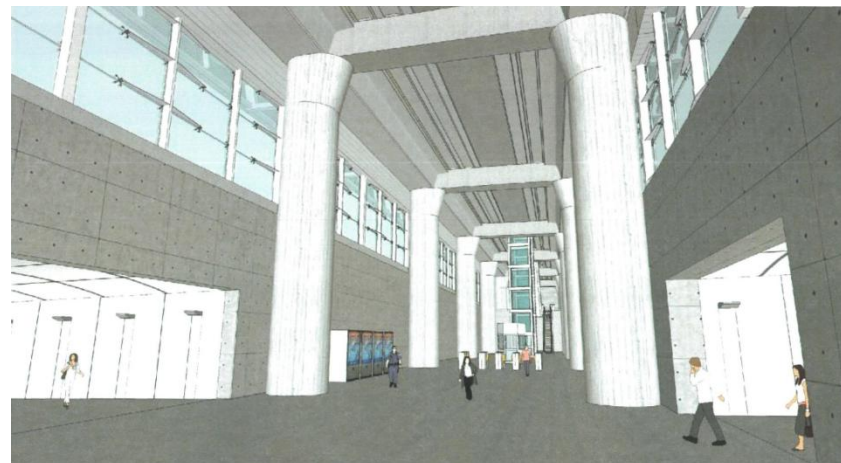
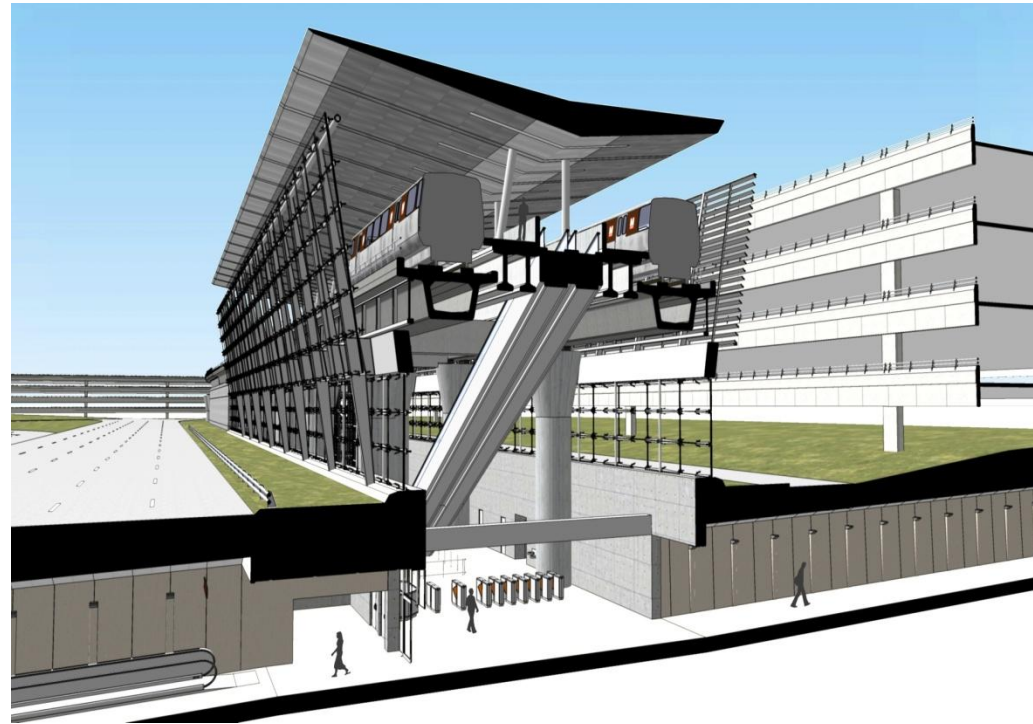
Contract Awarded May 2013

Winning Bid \$250 Million Less Than Expected

Notice to Proceed July 2013

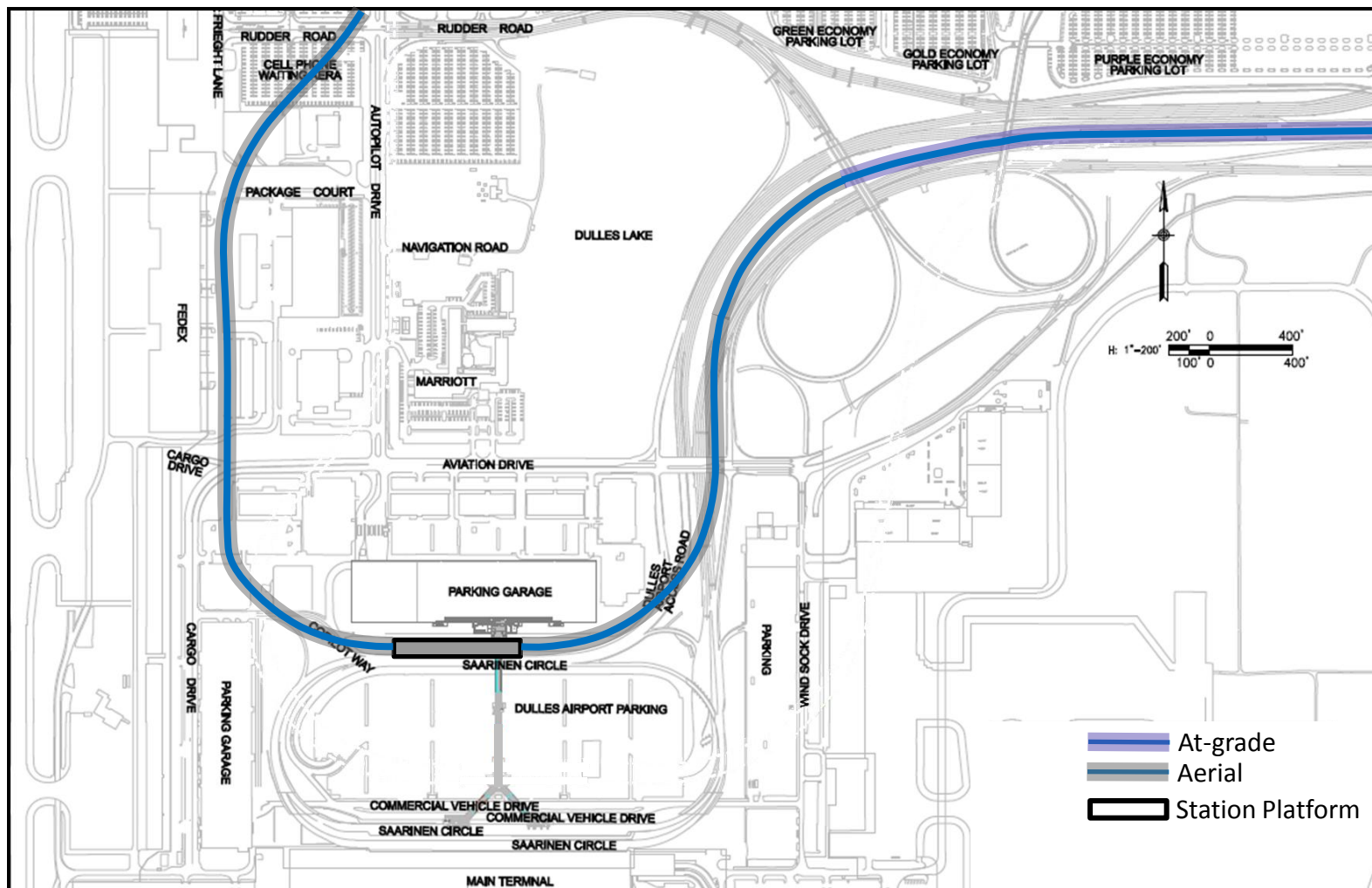
Anticipated Completion Late 2018

- 11.4 –mile extension from Wiehle Avenue in Reston to Ashburn
- 6 stations with even more private development planned:
 - Reston Town Center
 - Herndon
 - Innovation Center
 - Dulles Airport
 - Route 606
 - Route 772/Ashburn
- Rail Yard & Maintenance Facility
- 5 Parking Garages



**Tunnel
Connection
from Station
To Terminal**

Metrorail Through Dulles International



Discussion

What Are You Seeing as Effects of Sequestration and/or How is Your Business Changing?

Where is it Easier for You and Your Colleagues to Fly?

Where is it Harder for You and your Colleagues to Fly?

What are Your Top 5 New Destinations You Would Like to See From Dulles/Reagan?

Thank You for Your Continued Interest and Support



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