



Procedures for the Reallocation of Slots at Ronald Reagan Washington National Airport and LaGuardia Airport

On October 7, 2011, the Secretary of Transportation and the Administrator of the Federal Aviation Administration granted with conditions a joint waiver request by Delta Air Lines, Inc. (Delta) and US Airways, Inc. (US Airways) from the prohibition on purchasing operating authorizations (slots) at LaGuardia Airport (LGA). 76 FR 63702 (Oct. 13, 2011) (the Waiver). The Waiver permitted Delta and US Airways 30 days to accept the terms of the Waiver. They accepted by joint letter on October 12, 2011.

Among the conditions of the Waiver, the Secretary and the Administrator require Delta and US Airways collectively to dispose of 16 slots at Ronald Reagan Washington National Airport (DCA) and 32 slots at LGA. Those divested slots will be reallocated in one slot bundle for DCA and two slot bundles (of 16 slots each) for LGA to eligible new entrant and limited incumbent carriers. The divesting carriers have advised the FAA that the transfer of the divested slots to each purchaser will be subject to and conditioned upon the closing of the transactions contemplated under the asset purchase and sale agreement entered into between Delta and US Airways, which provides for, among other things, the transfer by US Airways to Delta of 132 slot pairs (265 slots) at LGA and the transfer by Delta to US Airways of 42 slot pairs (84 slots) at DCA. The following discussion describes the procedures and timelines for that reallocation.

(1) Registration for the Slot Reallocation

The Waiver establishes that new entrant and limited incumbent carriers with less than five percent of the total slot holdings at DCA or LGA, and which do not code share to or from DCA or LGA with any carrier that has five percent or more of the total slot holdings, may participate in the reallocation at the respective airport. Eligible participating carriers also may not be subsidiaries, either partially or wholly owned, of a company whose combined slot holdings are equal to or greater than five percent of the total slot holdings at DCA or LGA respectively, with the exception of Frontier Airlines as noted in the Waiver.

Because the identities of slot bidders are undisclosed during the bidding period, the FAA is requiring registration by eligible carriers to participate in the reallocation process. Eligible carriers may register by email to 7-awa-slotadmin@faa.gov between October 19 and October 28, 2011. Please include "DCA/LGA Slot Reallocation" in the email subject line. An eligible carrier must register as an individual carrier and may not submit a joint bid with another carrier. The registering carrier must indicate whether it intends to bid on slot bundles at DCA or LGA or both airports. The registering carrier must state whether there is common ownership or control of, by, or with any other carrier at the respective airport. Finally, the registering carrier must certify that it will disclose no purchase offer information to any person other than its agent.

The FAA will confirm eligibility and respond by email with a bidder identification number for each slot bundle no later than November 10, 2011.

(2) Slot Bundles

The Waiver requires the divested slots to be reallocated in bundles. For DCA slots, there is one bundle of 16 slots (DCA Bundle). For LGA slots, there are two bundles of 16 slots each (LGA Bundle A and LGA Bundle B).

The DCA Bundle consists of:

<u>Slot ID</u>	<u>Time</u>	<u>Frequency</u>
1147	0700	X67
1132	0800	Daily
1150	0800	Daily
1056	0900	Daily
1030	1000	Daily
1083	1000	Daily
1223	1100	Daily
1027	1200	Daily
1142	1300	Daily
1109	1400	Daily
1389	1600	Daily
1238	1700	Daily
1401	1800	Daily
1515	1800	Daily
1308	2000	X6
1065	2100	X6

The LGA Bundle A consists of:

<u>Slot ID</u>	<u>Time</u>	<u>Arr./Dep.</u>	<u>Frequency</u>
3197	0600	Departure	X67
3183	0630	Departure	X67
2138	0730	Arrival	X67
2202	0830	Departure	X67
3003	0830	Arrival	X67
3230	0930	Departure	X67
3636	1100	Arrival	X67
3430	1230	Departure	X6
3415	1300	Arrival	X6
2160	1400	Departure	X6
2188	1500	Arrival	X6
3089	1600	Departure	X6
3606	1700	Arrival	X6
3015	1830	Departure	X6
3848	2000	Arrival	X6
3110	2100	Arrival	X6

The LGA Bundle B consists of:

<u>Slot ID</u>	<u>Time</u>	<u>Arr./Dep.</u>	<u>Frequency</u>
3326	0630	Departure	X67
2201	0700	Departure	X67
2108	0800	Arrival	X67
3318	0930	Departure	X67
2072	1000	Arrival	X67
2182	1030	Departure	X67
3093	1230	Arrival	X6
3075	1330	Departure	X6
3098	1430	Arrival	X6
3569	1600	Departure	X6
2004	1630	Arrival	X6
2129	1730	Departure	X6
2007	1830	Arrival	X6
2038	1930	Departure	X6
3104	2030	Arrival	X6
3054	2130	Arrival	X6

(3) Bidding on Slot Bundles

The Waiver permits a bidding period of seven business days. Accordingly, the bidding period will open at 9:00 a.m., Eastern time, on November 14, 2011, and it will close at 5:00 p.m., Eastern time, on November 22, 2011. Registered bidders may submit cash-only bids at any time during that bidding period and may submit multiple bids during the bidding period. The FAA will construe the latest received bid as that bidder's final bid.

Registered bidders may submit bids via email to 7-awa-slotadmin@faa.gov. Please include "DCA/LGA Slot Reallocation" in the email subject line. The FAA requests the following format for required bid information in the body of the email:

Bidder Identification Number, Slot Bundle, Preference Ranking, Bid Price

The preference ranking applies only to the LGA slot bundles, and the FAA will use it only if one bidder submits the highest bid for both bundles. This preference ranking should be either a "1" (first priority) or a "2" (second priority).

The FAA will reject any bid that does not contain all required bid information. The FAA also will reject any bid received after 5:00 p.m., Eastern time, on November 22, 2011. The FAA will use its email system time stamp as the submission time of the bid. Bids are effective upon receipt, and the FAA will not permit the withdrawal of any bid.

The FAA will post a running tally of bids for each slot bundle on this web page. That tally will include the required bid information and time stamp of the bid. The FAA will post bids at approximately 9:00 a.m., 12:00 p.m., and 4:00 p.m., Eastern time, on each

business day of the bidding period (for bids received by 8:00 a.m., 11:00 a.m., and 3:00 p.m., Eastern time, respectively). On November 22, the FAA will post bids each hour from 9:00 a.m. through 4:00 p.m., Eastern time, for bids received prior to the previous half hour (e.g., at 10:00 a.m. for all bids received by 9:30 a.m.). On the following day, November 23, 2011, the FAA will post bids received during the last hour of bidding.

(4) Completing the Slot Reallocation Transaction

On November 23, 2011, the FAA will notify the divesting carrier and the winning bidder for each bundle of the winning bid and contact information for completing the transaction. The Waiver requires the divesting carrier and each winning bidder to enter into a binding agreement with respect to the sale of the divested slots within five business days from the FAA's notice of the winning bid. Accordingly, the FAA expects the carriers will notify the FAA that they have entered into binding agreements with respect to the sale of the divested slots, via email to 7-awa-slotadmin@faa.gov, no later than December 1, 2011. That notification must certify that only monetary consideration will be or has been exchanged for the slots.

(5) Posting Bid Information

After the FAA receives notice of the binding agreement between the divesting carrier and the winning bidder, it will post on this web page the winning bid and identity of the winning bidder. The FAA also will post all other bid information with the name of the respective bidders.

In the unlikely event that no bids are received for a particular slot bundle, those slots would revert to the FAA. The FAA would post notice on this web page if no bids were received.

(6) Questions

If you have questions regarding this process, please contact Robert Hawks, FAA Office of the Chief Counsel, at (202) 267-7143 or rob.hawks@faa.gov.