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FITCH IBCA, DUFF & PHELPS

Public Finance

Revenue
Special Report

Unexpected Turbulence

U.S. Airports Respond to a Changing Economic Environment

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Related Research

- "U.S. Airlines' Passenger Market Share Statistics at U.S. Airports," Nov. 29, 2001
- "U.S. Airport Bonds and Airlines Since 1978's Deregulation: The Great Credit Divide," Nov. 29, 2001
- "Airlines' Stability Hinges on Passenger Yield Recovery," Nov. 1, 2001
- "Changing Routes: The European Airline Industry," May 1, 2001
- "U.S. Airport Debt — 'The Sky's the Limit,' " Feb. 9, 2001
- "Airport Revenue Bonds Flying High," April 28, 2000

■ Summary

After experiencing a decade of uninterrupted growth, U.S. airports suddenly find themselves in uncharted economic territory. While air passenger traffic began to wane during the first half of 2001 as the economy slowed, the unprecedented decline in enplanements following the events of Sept. 11 and the subsequent two-day shutdown of the nation's air transportation system dramatically altered the financial underpinnings of the entire aviation industry. As a result, the nation's airports, which had been working to provide increased services to meet growing demand, now face reduced passenger volume, heightened pressure from the airlines to lower operating costs, diminished revenues from non-airline sources, and increased expenses for federally imposed security enhancements.

In light of the changing dynamics of the aviation industry, Fitch has been in contact with each of its 64 rated U.S. airports to gauge the impact of recent events on their operations and assess managements' responses to the altered financial landscape. Fitch's process of evaluating each airport credit independently was guided by the fact that the fundamentals of each airport, each outstanding debt issue, and the various security packages used in these financings differ considerably from one another. In general, Fitch found that U.S. airports took prudent measures to reduce costs, maintain operations, and sustain debt service for outstanding bonds. As a result, Fitch has not lowered any ratings for general airport revenue or passenger facility charge (PFC)-backed debt in the aftermath of Sept. 11. However, the Port Authority of New York and New Jersey's special project bonds, series 6 (J.F.K. International Air Terminal L.L.C. project), were downgraded to 'BB+' from 'A'.

While not changing any general airport revenue or PFC debt ratings, Fitch has placed eight airport-related ratings on Rating Watch Negative and adjusted its long-term outlook for 11 other ratings. These actions reflect either the undefined financial exposure of the airports directly involved in the events of Sept. 11 or the potential credit implications for particular airports as the aviation industry continues to evolve in the post-Sept. 11 environment.

Fitch attributes the overall resilience of the nation's airports in the aftermath of Sept. 11 to the strengths identified in its previous report, "Airport Revenue Bonds Flying High" *(see Fitch Research dated April 28, 2000, available on Fitch's web site at www.fitchratings.com)*. The report found that airports benefit from the essential nature of commercial air service, the limited competition between commercial airports within metropolitan areas, the relatively small proportion of overall airline costs represented by airport fees and charges, and use

Fitch Airport Rating Actions Since Sept. 11

Issuer	Airport/Project	Security	Current Rating
Rating Downgrade			
Port Authority of New York and New Jersey	J.F.K. International Air Terminal L.L.C. Project	Special Project Bonds, Series 6	'BB+' (from 'A')
Ratings Placed on Rating Watch Negative			
Allegheny County Airport Authority, PA	Pittsburgh International Airport	General Airport Revenue	'A–'
City of Charlotte, NC	Charlotte/Douglas International Airport	General Airport Revenue	'A'
City of Chicago, IL	Chicago O'Hare International Airport	PFC Revenue – Second Lien	'A'
Metropolitan Washington Airports Authority	Washington Dulles International and Ronald Reagan National Airports	Airport System Revenue	'AA–'
Massachusetts Port Authority	Boston Logan International Airport	General Airport Revenue	'AA'
	Boston Logan International Airport	PFC Revenue	'A'
	BOSFUEL	Fuel Facility Revenue	'A–'
New York City Industrial Development Agency	Terminal One Group Association, L.P. Project	Special Facilities Revenue Bonds	'A–'
Rating Outlook Changed to Negative from Stable			
California Maritime Infrastructure Authority	San Diego Port District Airport, Lindbergh Field	General Airport Revenue	'A+'
City of St. Louis, MO	Lambert-St. Louis International Airport	General Airport Revenue	'A–'
Wayne County, MI	Detroit Metropolitan Wayne County Airport	General Airport Revenue	'A'
Airport Commission of the City and County of San Francisco, CA	San Francisco International Airport	General Airport Revenue	'AA–'
Memphis-Shelby County Airport Authority, TN	Memphis International Airport	General Airport Revenue	'A+'
City of Philadelphia, PA	Philadelphia International Airport	General Airport Revenue	'A'
Kenton County Airport Board, KY	Cincinnati/Northern Kentucky International Airport	General Airport Revenue	'A'
City of Chicago, IL	Chicago O'Hare International Airport	PFC Revenue – First Lien	'A+'
Port Authority of New York and New Jersey	—	Consolidated Revenue Bonds	'AA–'
	—	Versatile Structure Bonds	'F1+/AA–'
Rating Outlook Changed to Stable from Positive			
Cities of Dallas and Ft. Worth, TX	Dallas-Ft. Worth International Airport	General Airport Revenue	'A+'

PFC – Passenger facility charge.

and lease agreements that insulate airports from much of the volatility associated with the airline industry.

As the aviation system remains the nation's most efficient means of medium- and long-distance transportation, Fitch expects air passenger traffic to rebound gradually from its post-Sept. 11 lows as the economy strengthens. However, with the domestic economy remaining in a weakened state, military action underway in Afghanistan, and a flying public seeking reassurance regarding the safety of the nation's air transportation system, this recovery may extend over a longer period than it has in past experience.

■ A Decade of Growth

The nation's airports entered 2001 in a relatively strong position, as the economic expansion of the previous decade generated consistent growth in enplanements. Passenger traffic rose 4.4% annually from 1991–2000, setting new records in each succeeding year and culminating in 2000, when a record 665.5 million passengers took to the skies. (Passenger traffic statistics throughout this report refer to statistics compiled by the Air Transportation Association for Revenue Passenger Enplanements.)

The economic expansion also aided the nation's airlines, which had endured a prolonged period of financial distress during the early to mid-1990s. The combination of labor concessions, lower fuel prices, and reduced operating costs restored the industry's profitability during the latter portion of the decade, allowing the airlines to expand their fleets, replace turbo props with regional jets at their regional affiliates, and build their schedules in response to growing demand.

The nation's airports capitalized on the strength of the aviation industry and growing passenger volume by initiating long-needed capital programs, modernizing terminal spaces, and developing innovative concession programs. Management became increasingly aware of serving the needs of passengers traveling through their terminals by expanding food and shopping areas, which strengthened revenue derived from non-airline sources.

With improved concession revenue reducing the share of operating costs passed on to the airlines, airports enhanced their ability to address the capacity limitations of an increasingly strained air transportation system. By 2000, the consistent growth in enplanements, burgeoning airline schedules, and a spate of unusually severe weather resulted in a record level of flight delays and cancellations. While the scheduling practices of the airlines contributed to the situation, the increase in delays also reflected the lack of investment in the nation's airfields over the previous three decades to accommodate the growing demand for air travel.

While the federal government provided strong support for spending on airport infrastructure, including passage of the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (Air-21), which provided $40 billion to the government Airport Improvement Program and allowed airports to increase their PFCs to $4.50 from $3.00, airports issued $33 billion of bonds (including refinancings) from 1995–1999. Furthermore, a February 2001 survey of Fitch-rated airports found that planned capital improvements totaled approximately $90 billion, with an estimated $29 billion likely to be financed in the debt markets through 2005 *(see Fitch Research on "U.S. Airport Debt — 'The Sky's the Limit,' " dated Feb. 9, 2001, available on Fitch's web site at www.fitchratings.com)*. While representing an increasing debt burden for the nation's airports, the Federal Aviation Administration's (FAA) estimate of 3.4% annual growth in passenger traffic through 2010 provided strong evidence of both the demand for the improvements as well as the financial underpinnings for the capital investment.

■ Winds of Change

Winds of change began to buffet the domestic aviation industry during 2000. UAL Corp.'s (parent of United Air Lines, Inc.) May 2000 announcement of its planned merger with US Airways, Inc. suggested that a new round of airline industry consolidation was imminent. While eventually failing due to federal government opposition, the potential competitive threat of the proposed merger led AMR Corp. (parent of American Airlines, Inc.) to purchase TWA Airlines out of bankruptcy in January 2001. Further industry consolidation remained a strong possibility as US Airways struggled to restructure after the collapse of the merger with United, while other carriers pursued strategies in response to the industry's new leader, the combined American/TWA.

At the same time, airline operating costs began to escalate as the industry's bargaining units successfully negotiated the restoration of previous concessions as well as additional wage increases. Rising fuel prices, which represent a significant portion of airline operating expenses, led to further erosion of the carriers' profitability. Moreover, disagreements between labor and management regarding limitations on the deployment of regional jets threatened the economic viability of the carriers' growing commuter fleets.

The profitability of the airlines continued to weaken over the first eight months of 2001 as the U.S. economy slowed. Through August, enplanements on scheduled carriers declined 0.4%, compared with those for the same period in 2000, placing the industry on course for the first annual decline since 1991. Of greater significance to the airlines was the erosion in revenue per seat mile, as full-fare business travel declined at a faster rate than leisure traffic.

While the airlines were facing a deteriorating financial environment, the economic position of the nation's airports remained fairly stable. Although down, overall passenger traffic remained historically strong through August 2001, producing non-airline revenues at a level consistent with that of 2000. Furthermore, the use and lease agreements that govern financial operations continued to insulate airports from the volatility of the airline industry. Despite the downturn in traffic, most airports proceeded with their capital programs in anticipation of future demand.

■ An Unprecedented Decline

The events of Sept. 11 and the subsequent two-day shutdown of the nation's aviation system greatly compounded the effects of the economic downturn. The Air Transport Association of America, Inc. (ATA) reports that revenue passenger enplanements on its member carriers declined by 33.7% on a year-over-year basis for September 2001, followed by declines of 23.2% in October, 19.8% in November, and 14.7% in December. (Members of the ATA include Aloha Airlines, Alaska Airlines, America West Airlines, American, ATA, Inc., Continental Airlines, Inc., Continental Micronesia, Delta Air Lines, Hawaiian Airlines, Midwest Express Airlines, Northwest Airlines, Inc., Southwest Airlines Co., TWA, United, and US Airways.) Despite the federal government's quick action to provide financial relief to the nation's airlines for losses directly attributable

to the shutdown, the unprecedented decline in passenger volume following the reopening of the country's airways plunged the airline industry into a state of turmoil.

With the exception of Southwest, most of the nation's air carriers announced significant service reductions and staff furloughs in an effort to reduce costs and conserve cash. United, American, Delta, Northwest, and Continental all reduced their schedules by 10%–20%, while Delta, United, and US Airways also substantially reduced or eliminated their low-cost operations, Delta Express, Shuttle by United, and Metrojet, respectively.

The rapid deterioration of the aviation industry also challenged the nation's airports. Although their use and lease agreements continued to provide a measure of insulation from the problems of the airline industry, the fall in non-airline revenues pressured budgets while the airlines pressed management to lower operating costs.

To assess the credit quality of the nation's airports in the aftermath of Sept. 11, Fitch undertook a survey of all 64 of its rated U.S. airports. Through this effort, Fitch found that management generally took quick and prudent action to preserve the financial integrity of the nation's airports by imposing hiring freezes (except for security), reducing operating budgets if possible, and postponing capital improvements not yet underway.

The largest airport revenue declines were attributable to lower parking receipts resulting from decreased volume and FAA restrictions prohibiting parking within 300 feet of terminals. The FAA restrictions resulted in lower revenue collected per vehicle, as several airports were forced to either close or greatly reduce the number of spaces available in their main parking facilities.

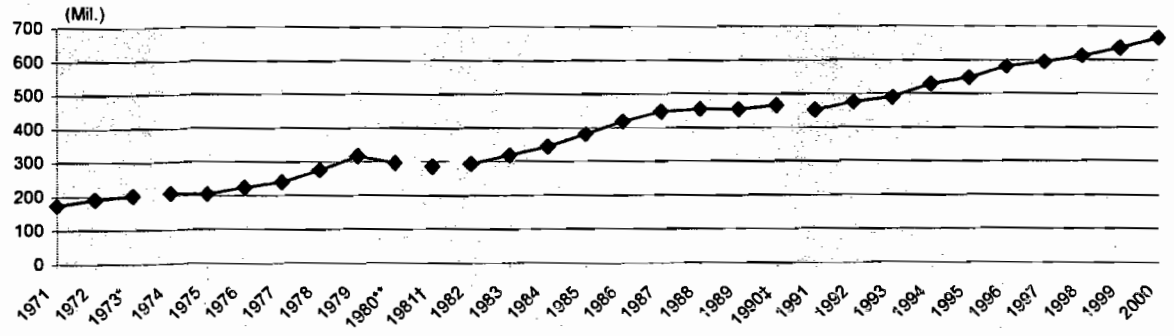
Revenue from rental car agencies also remains depressed due to reduced demand. However, in-terminal concession revenues tended to stabilize, as passenger concerns about delays at security checkpoints, as well as the airlines' decision to reduce in-flight food service, generated customers for airport restaurants and stores.

With the exception of a slight delay by Northwest in remitting its September payment for rates and charges due to the Minneapolis-St. Paul Metropolitan Airports Commission, airports continue to receive airline payments on a timely basis. As a result, Fitch found that, despite the decline in non-airline revenue, the actions of management to preserve cash maintained the financial integrity of the nation's major commercial airports in the immediate aftermath of Sept. 11.

■ A History of Resilience

The aviation industry's history of resilience over the past 30 years suggests that the current decline in passenger activity will prove temporary. Since 1970, passenger traffic declined on an annual basis on five occasions, all but one of which coincided with a recession as defined by the National Bureau of Economic Research. In all but one of these instances, passenger traffic rebounded strongly in the

Total U.S. Enplanements
(Years Ended Dec. 31)



*Recession from November 1973–March 1975. **Recession from January 1980–July 1980. †Recession from July 1981–November 1982. ‡Recession from July 1990–March 1991. Sources: Air Transport Association of America, Inc. and National Bureau of Economic Research.

subsequent year, surpassing the level of enplanements recorded the year preceding the decline. The lone exception occurred following the double-pronged recession of 1980–1982, when passenger travel did not surpass the previous record until the second year of expansion. The recession of 1980–1982 also marked the greatest period of decline in air traffic during the past 30 years, as passenger levels decreased 6.3% in 1980 and an additional 3.7% in 1981.

The current downturn in passenger traffic exceeds that of 1980, with the ATA's preliminary figures for 2001 indicating that passenger levels declined 7.7% from those of 2000. As a result of the magnitude of the recent decline, the continued weakness of the U.S. economy, and public concern regarding the safety and security of the nation's air transportation system, Fitch expects a prolonged recovery in enplanement levels in comparison with past experience.

With most economic forecasts suggesting that the U.S. economy will begin an expansion in the second half of 2002, Fitch believes that passenger traffic will exceed 2001 levels during the current year but remain below the 2000 peak. Future traffic levels will likely reflect the strength of the U.S. economy as concerns about safety recede with the passage of time. Should the economy rebound strongly, passenger traffic may return to 2000 levels as early as 2003, but Fitch believes that a return to 2000 levels by 2004 represents a more conservative estimate. Other factors that may influence travel patterns during this period include the strength of the global economy, international passenger activity, and the potential for another unanticipated event.

■ Rating Considerations in the Short Term

While the nation's airports absorbed the initial financial shock in the aftermath of Sept. 11, the likelihood of a prolonged recovery in traffic volume presents additional credit concerns for the industry over the short term. Credit factors Fitch continues to monitor include:

Airlines: While most of the domestic airlines quickly reduced schedules in response to the drop in passenger traffic, the operational savings have not offset their significant fixed costs. As a result, several airlines recently reported considerable losses for the fourth quarter of 2001 and the entire year, including AMR Corp. (fourth-quarter net loss of $734 million, net loss for all of 2001 of $1.4 billion); Continental ($149 million and $95 million); Northwest ($216 million and $423 million); and US Airways ($552 million and $1.17 billion). As passenger levels remain depressed, the continued financial pressure facing the airlines increases the potential for a restructuring of the industry through mergers or bankruptcy over the short to medium term.

Hubs: While the financial difficulties of the airlines represent a challenge to airports in general, a potential restructuring of the industry presents greater implications for hub airports than for those that primarily serve origination and destination (O&D)-based markets. This reflects a generally higher level of market share concentration at hub facilities, greater competition between airports for connecting traffic, and the potential for airline consolidation or scheduling decisions to cause significant fluctuations in future flight activity.

In the current environment, hubs that are served by financially strong carriers and/or provide a geographic advantage, having a sizeable O&D passenger base, stand a greater likelihood of sustaining passenger levels than hubs served by weaker carriers and/or in smaller markets. For example, the troubled financial status of US Airways led Fitch to place the ratings for Pittsburgh International Airport and Charlotte/Douglas International Airport, NC, the airline's largest and third largest hubs, respectively, on Rating Watch Negative. Fitch also changed the outlook for Philadelphia International Airport, US Airways' second largest hub, to negative from stable.

In addition to the changes related to US Airways, Fitch also changed its credit outlook to negative from stable for Memphis International Airport and Detroit Metropolitan Wayne County Airport, which serve as hubs for Northwest; Cincinnati/Northern Kentucky International Airport, which serves as a hub for Delta; and Lambert-St. Louis International Airport, which serves as a hub for American. Fitch also continues to monitor financial and labor developments at United, which may ultimately affect ratings at several airports, including Chicago O'Hare International Airport and Denver International Airport.

Capital Programs: In response to reduced demand and pressure from airlines to maintain or reduce costs, airports postponed capital improvements when

feasible. However, in light of the capacity deficiencies exposed in the air traffic system during the late 1990s, Fitch expects airports will resume these capital programs as passenger traffic returns to its historical growth pattern. In addition to the planned airside improvements, airports may also need to undertake projects to ease congestion at terminal checkpoints and accommodate additional equipment required by the FAA's heightened security measures. Fitch plans to update its annual survey of capital activity during the first quarter of 2002, which should provide greater insight into the capital plans of the nation's airports in the post-Sept. 11 environment.

In developing their financial plans for these capital improvements, airports may need to take into account increased competition for federal capital spending. Airports have long benefited from strong federal support for their capital improvement programs, and the passage of AIR-21 assures significant resources through 2004. However, the events of Sept. 11 demonstrated the country's lack of alternative transportation resources when the air system shut down, leading to a renewed discussion regarding the role high-speed rail should play in the nation's transportation infrastructure. Should the federal government undertake the development of a high-speed rail network, it may result in reduced support of airport projects in the future while presenting increased competition for the airlines in the short- to medium-haul segments of the travel market.

PFC Revenue-Secured Bonds: The post Sept. 11 environment emphasized the need for financial flexibility in an airport's PFC program. The lack of material rating changes to date in this sector reflects the high level of liquidity maintained by individual airports in their PFC programs, largely through a significant pay-as-you-go component in their capital plans. The ability to defer projects funded on a current basis allowed several airports to withstand the decrease in PFC revenue associated with the decline in passengers and maintain debt service coverage for bonds secured by PFC revenue.

As federal law establishes PFCs at set rates, which airports cannot adjust with fluctuations in passenger traffic, the higher level of fixed expenses resulting from an airport's increased use of leverage in a PFC program restrains management's ability to balance revenues and expenditures should passenger levels deteriorate. The relatively greater use of leverage at Chicago O'Hare International Airport was a key factor in Fitch's decision to place the airport's second lien PFC bonds on Rating Watch Negative and change the outlook on the airport's first lien PFC bonds to negative from stable.

Use and Lease Agreements: Fitch continues to view residual and compensatory use and lease agreements as a neutral credit factor, provided they are appropriate for the type of activity generated at the individual airport. Fitch views compensatory agreements as more appropriate for airports with high levels of O&D traffic, while residual agreements provide hub airports with greater insulation from airline scheduling changes. While compensatory agreements expose an airport to a slightly higher degree of financial risk than residual agreements, Northwest's short delay of payments to the Minneapolis-St. Paul Metropolitan Airports Commission indicates that residual agreements do not completely insulate an airport from financial uncertainty. Furthermore, in the current environment, compensatory agreements provide management with a greater degree of short-term flexibility, allowing airports to maintain higher cash positions than typical residual agreements would.

Fitch also believes that the evolution of use and lease agreements over the past decade enhances the credit characteristics of the nation's airports in the current environment. During the past period of industry consolidation, long-term use and lease agreements and exclusive gate use provisions provided obstacles for airports that lost service through the merger or bankruptcy of airlines. As these older agreements expired, airports gained flexibility by negotiating shorter terms and instituting preferential, rather than exclusive, use of gates. As a result, airports improved their ability to quickly secure alternative service should a tenant airline leave or reduce service below a predefined level.

■ Long-Term Credit Outlook: Stable

The relatively stable performance of the nation's airports during one of the most tumultuous periods of the industry's history demonstrates the inherent credit strengths of their financial structure. Whether operating under a compensatory or residual use and lease agreement, airport managements have thus far been able to adjust both capital and operating budgets to preserve cash and maintain sound levels of debt service coverage in the immediate aftermath of the events of Sept. 11.

Managements' ability to adapt to the changing economic environment now facing the aviation industry will continue to play a significant role in rating decisions over the next 12–18 months. Capital programs will need to be continually re-evaluated as airlines rebuild their schedules to accommodate demand as travelers return to the skies. Operating budgets will also need to balance services with demand as airports gradually recoup the declines in non-airline revenues.

The continuing financial distress of the airlines and the potential for an industry realignment pose significant risks for the nation's airports, particularly hub facilities. In the event of large-scale schedule changes, major hubs with a demographic or geographic advantage stand a greater likelihood of retaining service or attracting an alternative carrier than second- or third-tier hubs. These advantages were demonstrated by the ability of Miami and Boston to quickly replace Pan Am and Eastern when those carriers ceased operations during the past round of industry consolidation in the early 1990s.

In addition to potential passenger losses from an industry consolidation, competitive factors may also affect the level of operations at second- and third-tier hubs. The airlines' increasing use of regional jets, which can economically provide service between smaller markets, may reduce the need for connecting facilities. The need for smaller connecting facilities may also be diminished should the nation develop a significant high-speed rail network over the next 20 years.

The industry's history of resilience during past downturns suggests that traffic will slowly return to the skies as the national economy strengthens and fears over the safety of air transportation recede. Furthermore, the industry retains its primary credit strengths, including the essential nature of air travel to the national economy, limited competition among airports in local markets, and the low proportion of total airline operating costs represented by airport rates and charges. As a result, Fitch believes the risk of widespread airport revenue bond defaults remains extremely low. However, the downturn in passenger traffic and the financial distress experienced by the domestic airlines create uncertainty, which may lead to rating downgrades affecting individual airports in the short term. Nevertheless, Fitch affirms its belief that the inherent strengths of general airport revenue bonds sustain a stable long-term credit outlook for the sector.

Fitch U.S. Airport Bond Ratings

	Issuer	Security	Rating	Outlook
Alaska	Alaska International Airport System	Airport System Revenue	'A+'	Stable
Alabama	Birmingham International Airport	Airport Revenue	'A–'	Stable
Arizona	Tucson International Airport	Airport Revenue	'A'	Stable
		Airport Revenue – Second Lien	'A'	Stable
Arkansas	Little Rock National Airport	PFC Revenue	'A–'	Stable
California	San Diego International Airport	Airport Revenue	'A+'	Negative
	Fresno Yosemite International Airport	Airport Revenue	'BBB+'	Stable
	San Francisco International Airport	Airport Revenue	'AA–'	Negative
		SFO Fuel Co. LLC Revenue	'A–'	Stable
	San Jose International Airport	Airport Revenue	'A+'	Stable
	Los Angeles International Airport	Airport Revenue	'AA'	Stable
	Ontario International Airport	Airport Revenue	'A'	Stable
	Oakland International Airport	Port Authority Revenue	'AA–'	Stable
	Orange County-John Wayne Airport	Airport Revenue	'A+'	Stable
	Sacramento International Airport	Airport Revenue	'A+'	Stable
		PFC Revenue – Second Lien	'A+'	Stable
Colorado	Denver International Airport	Airport Revenue	'A+'	Stable
Connecticut	Hartford-Bradley International Airport	Airport Revenue – Second Lien	'A'	Stable
Washington, D.C.	Metropolitan Washington Airports Authority	Airport System Revenue	'AA–'	Negative
Florida	Miami International Airport	Airport Revenue	'A+'	Stable
	Orlando International Airport	Airport System Revenue – Second Lien	'AA–'	Stable
	Ft. Lauderdale/Hollywood International Airport	Airport Revenue	'A+'	Stable
		PFC Revenue	'A'	Stable
	Tampa International Airport	Airport Revenue	'A'	Stable
	Palm Beach International Airport	Airport Revenue	'A'	Stable
	Pensacola Regional Airport	Airport Revenue	'BBB+'	Stable
	Southwest Florida International Airport	Airport Revenue	'A'	Stable
Georgia	Hartsfield Atlanta International Airport	Airport Revenue	'AA–'	Stable
Hawaii	Hawaii Airport System	Airport System Revenue	'A'	Negative
Illinois	Chicago O'Hare International Airport	Airport Revenue	'AA–'	Stable
		Airport Revenue – Second Lien	'AA–'	Stable
		PFC Revenue	'A+'	Negative
		PFC Revenue – Second Lien	'A'	Negative
	Chicago Midway Airport	Airport Revenue	'A+'	Stable
		Airport Revenue – Second Lien	'A'	Stable
Kentucky	Louisville International Airport	Airport Revenue	'A+'	Stable
Louisiana	New Orleans International Airport	PFC Revenue	'A–'	Stable
Massachusetts	Boston Logan International Airport	Port Authority Revenue	'AA'	Negative
		PFC Revenue	'A'	Negative
		MassPort BOSFUEL Revenue	'A–'	Negative
Michigan	Detroit Metropolitan Wayne County Airport	Airport Revenue	'A'	Negative
		Airport Revenue – Second Lien/LOI Supported	'A–'	Negative
Minnesota	Minneapolis-St. Paul International Airport	Airport Revenue	'AA–'	Stable
		Airport Revenue – Second Lien	'A'	Stable
Mississippi	Jackson International Airport	Airport Revenue	'A–'	Stable
Missouri	Lambert-St. Louis International Airport	Airport Revenue – ADP Bonds	'A–'	Negative
Nevada	Las Vegas McCarran International Airport	Airport System	'AA–'	Stable
		Airport System – Second Lien/PFC Revenue	'A+'	Stable
	Reno Canon International Airport	Airport Revenue	'A–'	Stable
New Hampshire	Manchester Airport	Airport Revenue	'A–'	Stable
New Mexico	Albuquerque International Airport	Airport Revenue	'A+'	Stable
		Airport Revenue – Second Lien	'A'	Stable
New York	Albany International Airport	Airport Revenue	'A–'	Stable
	Port Authority of New York and New Jersey	Port Authority Revenue	'AA–'	Negative
		Terminal One Group Association, L.P. Revenue	'A–'	Negative
		J.F.K. International Air Terminal L.L.C. Revenue	'BB+'	Evolving
North Carolina	Charlotte/Douglas International Airport	Airport Revenue	'A'	Negative
	Raleigh-Durham International Airport	Airport Revenue	'A+'	Stable

PFC – Passenger facility charge. LOI – Letter of intent. MassPort – Massachusetts Port Authority. ADP – Airport Development Program.

Fitch U.S. Airport Bond Ratings (continued)

	Issuer	Security	Rating	Outlook
Ohio	Cincinnati/Northern Kentucky International Airport	Airport Revenue	'A'	Negative
	Port Columbus International Airport	Airport Revenue	'A'	Stable
Pennsylvania	Pittsburgh International Airport	Airport Revenue	'A–'	Negative
	Philadelphia International Airport	Airport Revenue	'A'	Negative
Rhode Island	Providence T.F. Green Airport	Airport Revenue	'A'	Stable
Tennessee	Memphis International Airport	Airport Revenue	'A+'	Negative
Texas	Dallas-Ft. Worth International Airport	Airport Revenue	'A+'	Stable
		Facility Improvement Corp. Revenue	'BBB+'	Stable
	El Paso International Airport	Airport Revenue	'A+'	Stable
	Houston Airports System	Airport System Revenue	'A+'	Stable
		Airport System Revenue – Second Lien	'A+'	Stable
		Texas Airport System Special Facilities Revenue	'A'	Stable
		Continental Airlines – Terminal E Project	'B'	Negative
	San Antonio International Airport	Airport Revenue	'A+'	Stable
Vermont	Burlington International Airport	Airport Revenue	'BBB+'	Stable
Virginia	Virginia Resources Authority Airport Revolving Fund	Airport Pool Revenue	'AA'	Stable
Washington	Seattle-Tacoma International Airport	Port Authority Revenue	'AA'	Stable
		PFC Revenue	'A'	Stable
	Spokane International Airport	Airport Revenue	'A+'	Stable
Wisconsin	Milwaukee General Mitchell International Airport	Airport Revenue	'A+'	Stable

PFC – Passenger facility charge.

Fitch U.S. Airline Bond Ratings

Airline	Rating	Outlook
Northwest Airlines, Inc.	'B+'	Negative
Continental Airlines, Inc.	'B–'	Negative
Southwest Airlines Co.	'A'	Stable