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S&P: Proactive Management Actions and Improving Demand Should Afford Most U.S. Airports Credit Stability in 2015, Report Says.

NEW YORK (Standard & Poor's) Feb. 12, 2015–In a report released today, Standard & Poor's Ratings Services said it expects generally stable credit quality in 2015 for most U.S. airports it rates, with large-hub airports in a stronger position. With U.S. air travel demand gradually improving, although not uniformly across all airports, following the Great Recession and numerous airline mergers, the U.S. airport sector's median financial and operational metrics have continued to recover gradually (according to 2013 data).

Enplanements, or the number of passengers boarding a plane, increased in 2013 for more than half the airports we rate, although only a third reached levels exceeding those of 2007. To address a loss in traffic or added uncertainty management teams are taking steps to shore up their finances, such as raising rates, building cash by enhancing non-airline revenues, and deferring demand-driven and maintenance capital projects. Some are also renegotiating agreements with airlines and concessionaires, funding projects from other revenue streams, paying down their debt, and limiting increases to operating expenses and reducing debt service expense from refunding bonds to take advantage of low interest rates.

"We believe these measures have enabled airports to maintain steady financial performance despite experiencing lower traffic levels," said Standard & Poor's credit analyst Joseph Pezzimenti in the report, entitled "2015 U.S. Airport Medians Report: Proactive Management Actions And Improving Demand Should Allow
Most Airports To Maintain Credit Quality."

Although the majority our airport credits has a stable outlook, we believe the future could hold some risks for airports' financial metrics. All airports are susceptible to the effects of airlines' service decisions and pricing strategies, the integration of consolidated airlines, limited or unpredictable federal support for capital projects, weaker-than-expected economies, and increases in fuel prices. "All of these could lead to lower or less predictable demand and strain financial flexibility for some, especially those with high or increasing debt burdens or lower liquidity after funding necessary capital improvements," Mr. Pezzimenti added.

Under Standard & Poor's policies, only a Rating Committee can determine a Credit Rating Action (including a Credit Rating change, affirmation or withdrawal, Rating Outlook change, or CreditWatch action). This commentary and its subject matter have not been the subject of Rating Committee action and should not be interpreted as a change to, or affirmation of, a Credit Rating or Rating Outlook.

The report is available to subscribers of RatingsDirect at www.globalcreditportal.com and at www.spcapitaliq.com. If you are not a RatingsDirect subscriber, you may purchase a copy of the report by calling (1) 212-438-7280 or sending an e-mail to research_request@standardandpoors.com. Ratings information can also be found on Standard &

Poor’s public Web site by using the Ratings search box located in the left column at www.standardandpoors.com. Members of the media may request a copy of this report by contacting the media representative provided.

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