

RASA
Regional Air Service Alliance

InterVISTAS
a company of Royal HaskoningDHV



Smaller Hubs, Large Hubs and the Interdependencies

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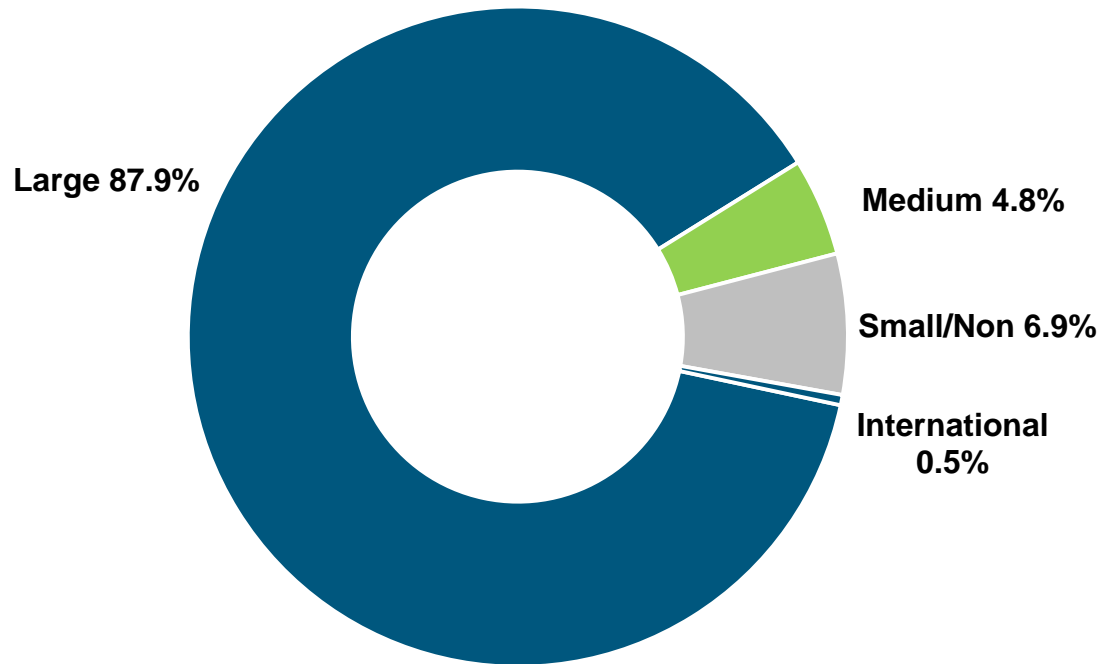
JANUARY 26, 2017

Why should we care about large hub airports

- **90 million reasons why large hub airports care**
 - 80 million passengers from small, non and EAS airports connect to domestic flights at large hub airports
 - 10 million passengers from small, non and EAS airports connect to international flights at large hub airports

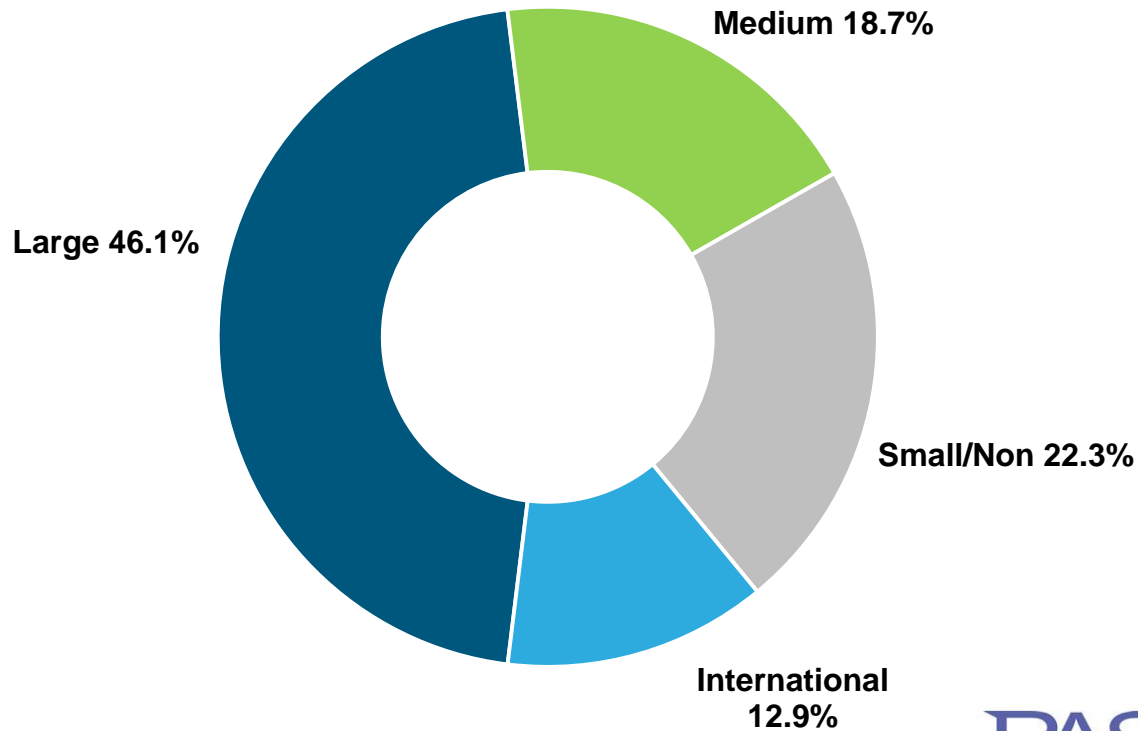
The importance of small community access to large hubs cannot be overstated - *represents nearly 90% of service*

Small Community Departures by Destination Hub Type
June 2017



Small communities are also important to large hubs with nearly one-fourth of the departures from large hubs flown to small communities

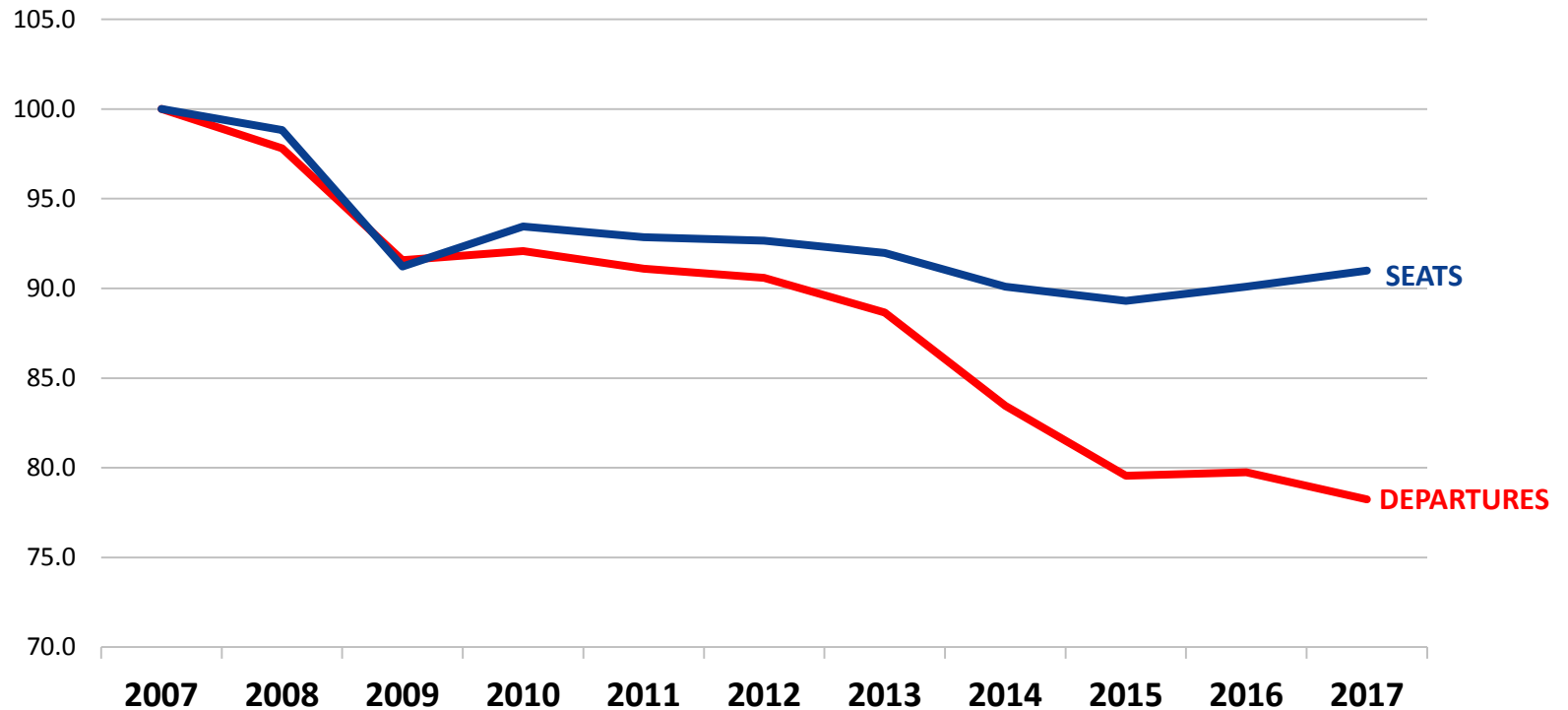
Large Hub Airport Departures by Destination Hub Type
June 2017



Source: Innovata Schedules, via Diio.

Nonstop departures in large hub – small community markets declining at a faster rate than seats

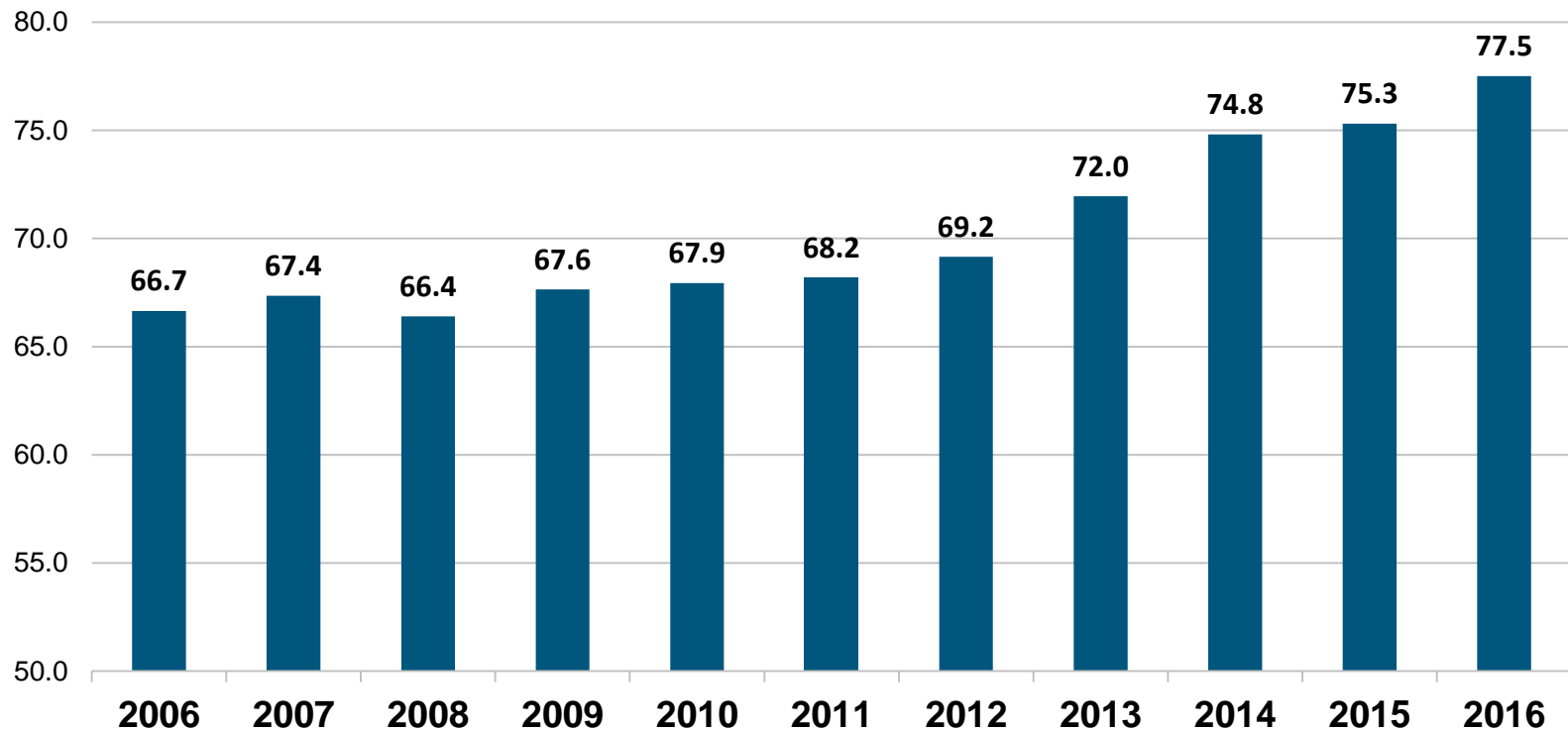
Change in Nonstop Service in Large Hub – Small Community Markets
(Index 2007 = 100)



Source: Innovata Schedules, via Diio.

Resulting in an increasing aircraft size

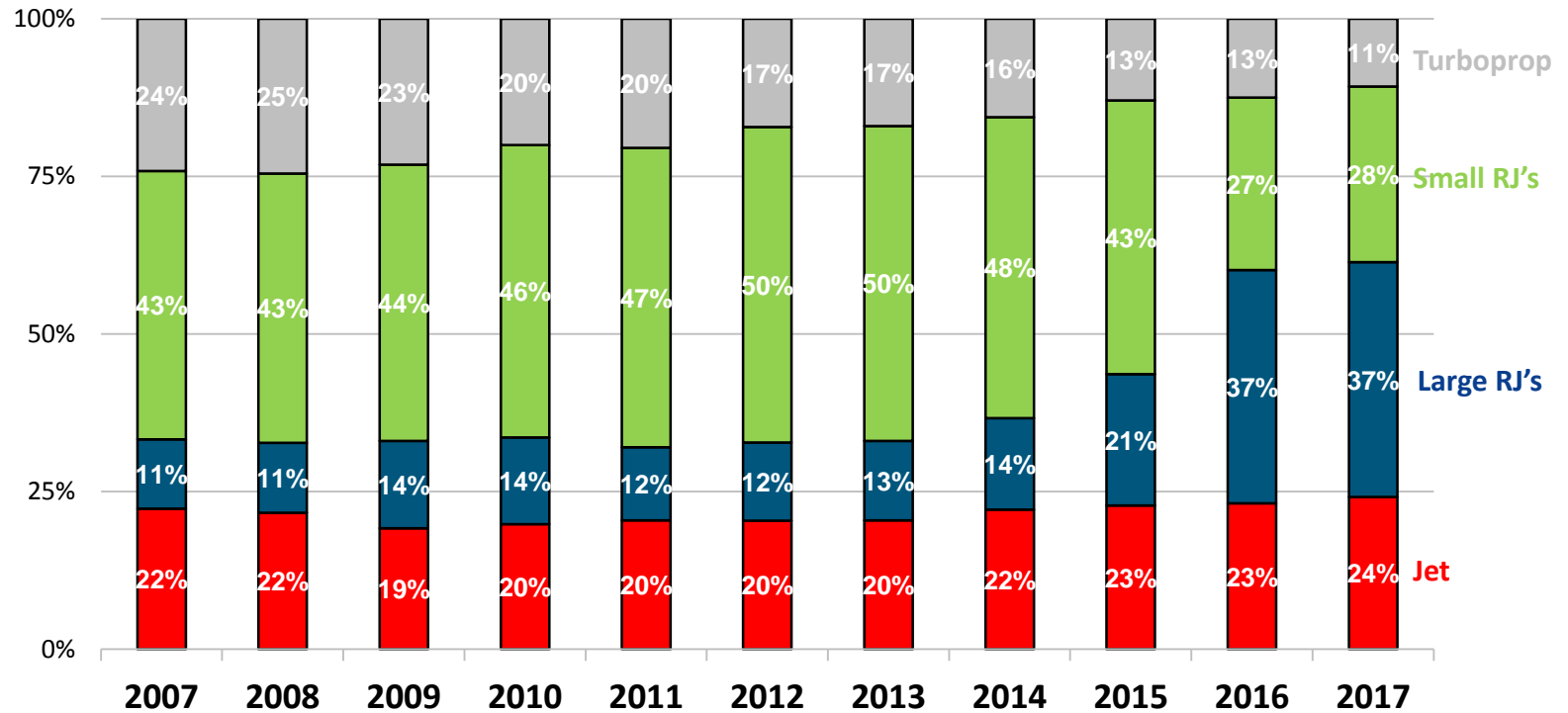
Average Seats per Departure
June 2007 – June 2017



Source: Innovata Schedules, via Diio.

Large regional jets have become the most frequently used aircraft in the large hub-small community market

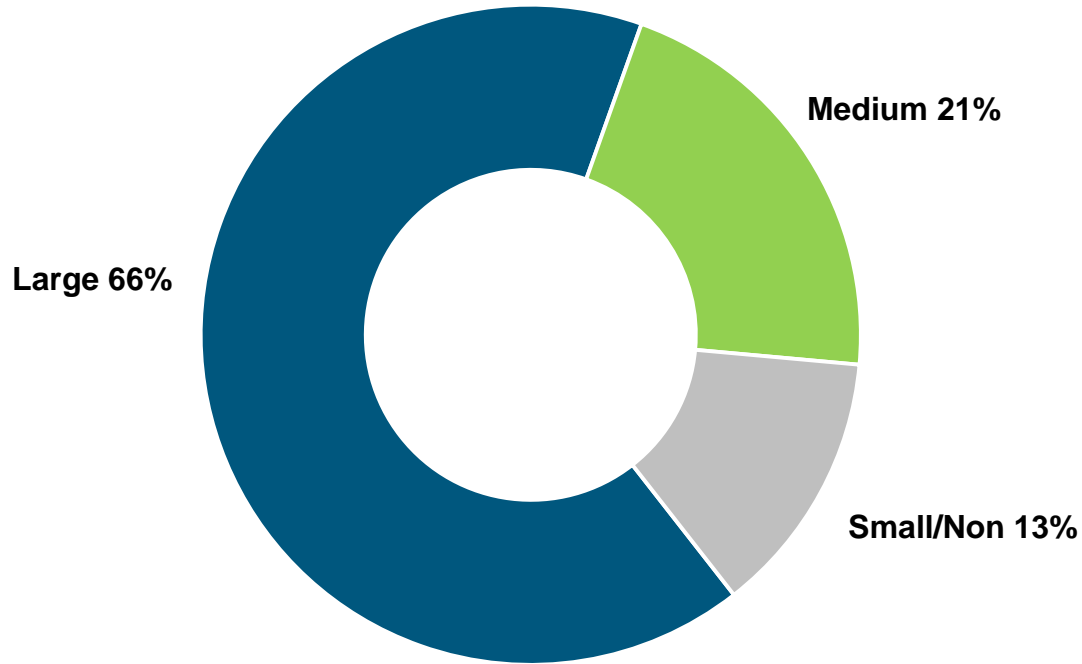
Large Hub - Small Community Nonstop Service by Aircraft Type
June 2007 – June 2017



Source: Innovata Schedules, via Diio.

Large hub markets account for over 65% of the total small community O&D passengers

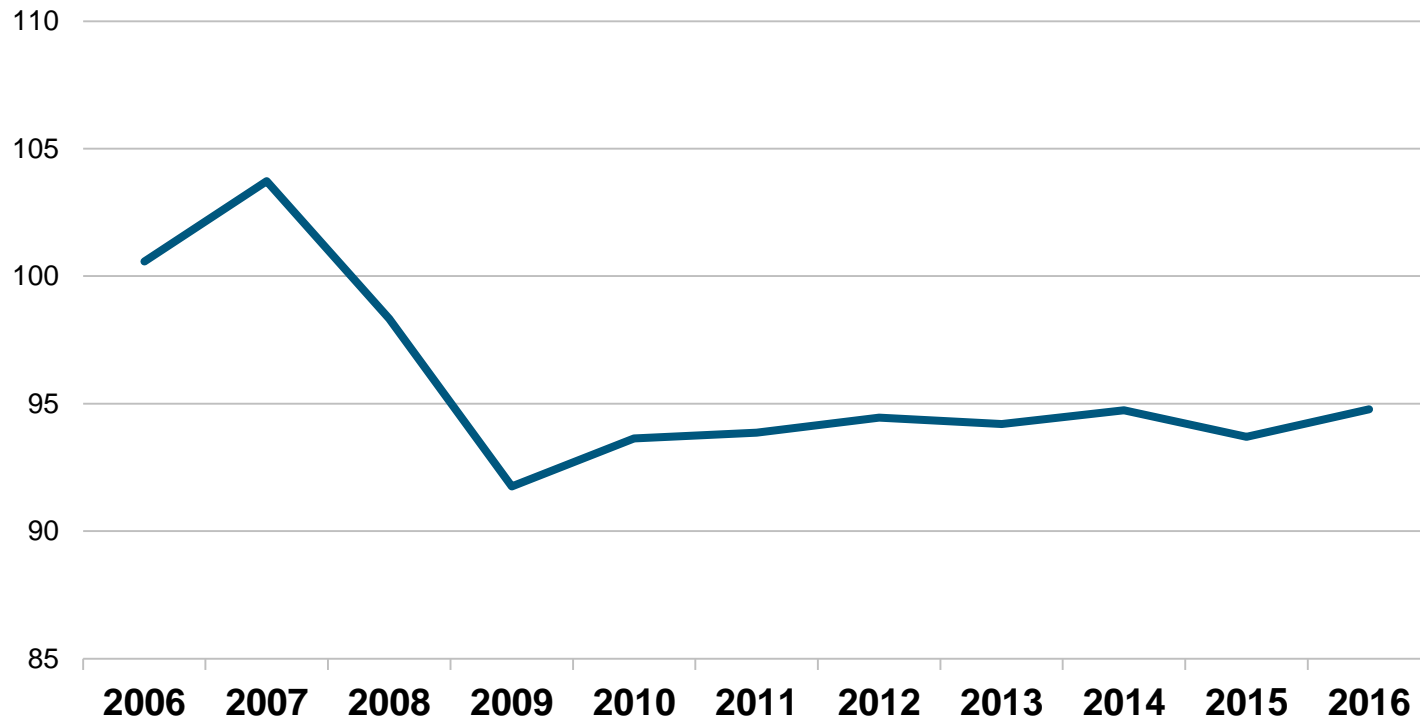
Small Community O&D by Hub Type
Year Ended 2nd Qtr 2016



Source: USDOT, O&D Survey, via Diiio.

Since the recession, large hub - small community O&D has stabilized and is currently experiencing moderate growth

Large Hub - Small Community O&D Passengers (Millions)
CY 2006 – YE 2Q 2016

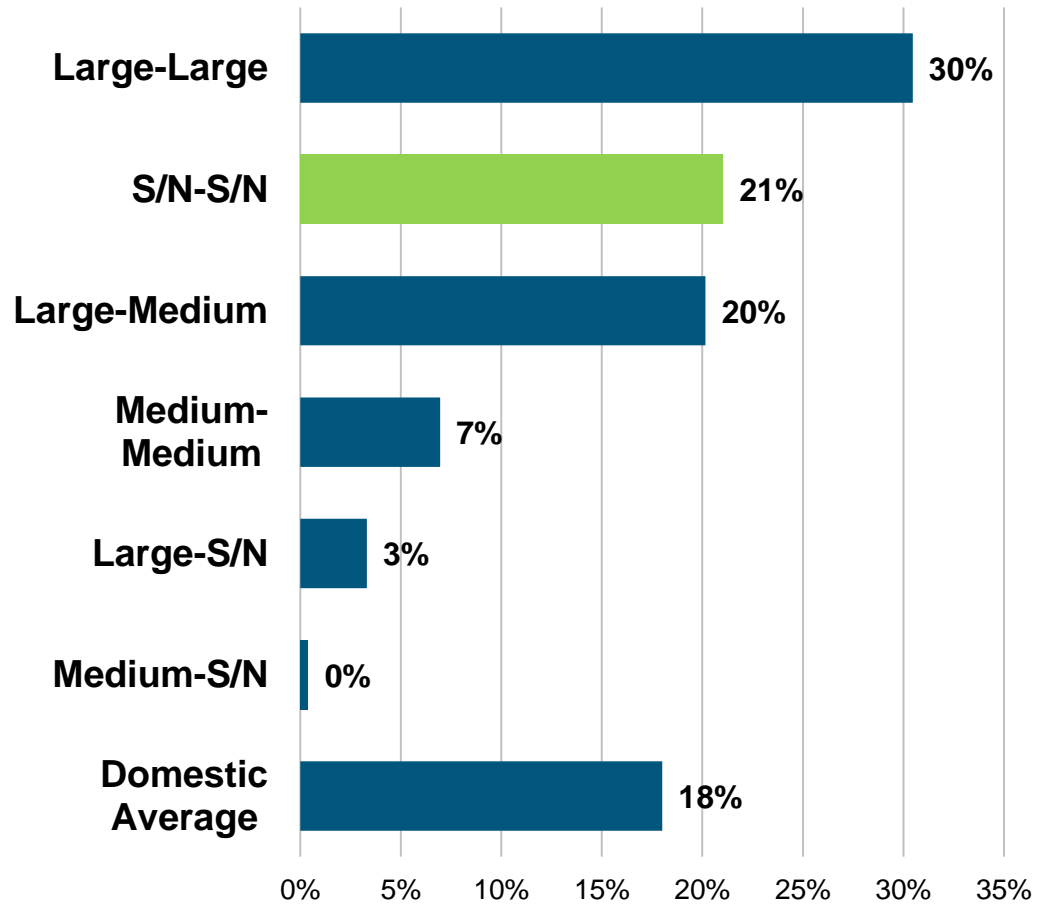


Source: USDOT, O&D Survey, via Diio..

Large hubs build the bridge between small communities

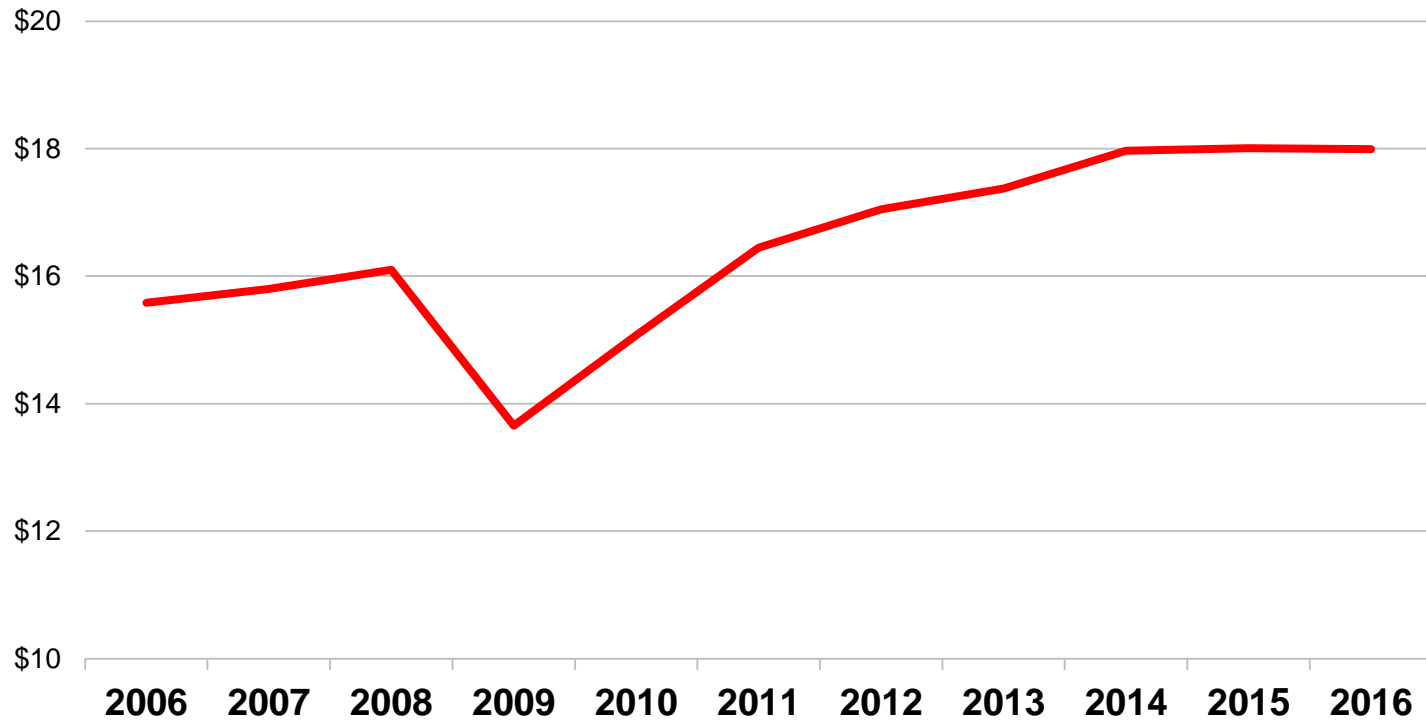
Percent Change in O&D Passengers by Market Type

CY 2009
vs.
YE 2Q 2016



Passenger revenue in large hub - small communities has flourished, increasing 32% since 2009

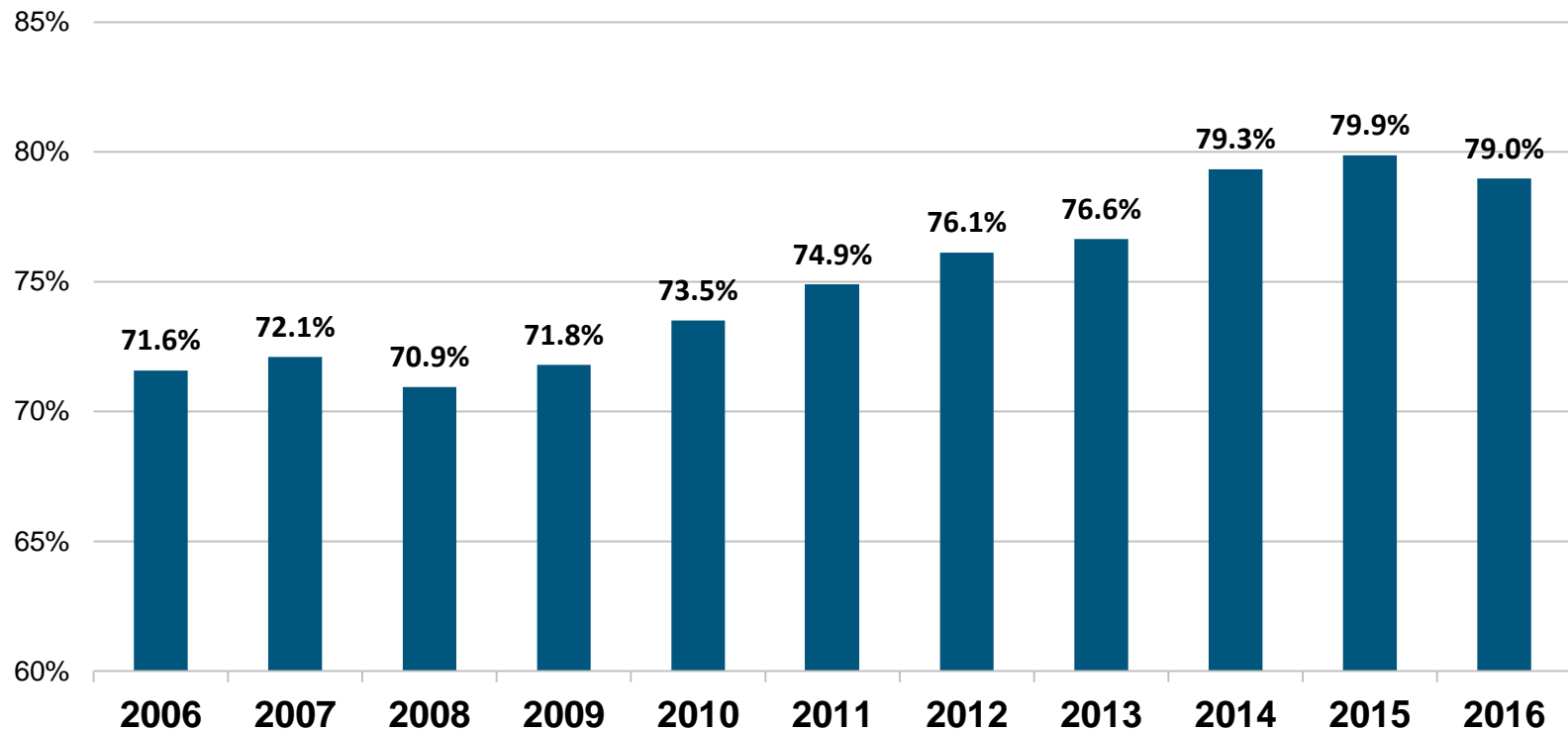
Large Hub - Small Community O&D Passenger Revenue (\$ Billions)
CY 2006 – YE 2Q 2016



Source: USDOT, O&D Survey, via Diiio..

Frequency and capacity cuts have led to increased load factors – *is this sustainable?*

Load Factors
CY 2006 – YE 2Q 2016



Source: USDOT, T100, via Diio.

Top 10 large hub airports based on nonstop small community service

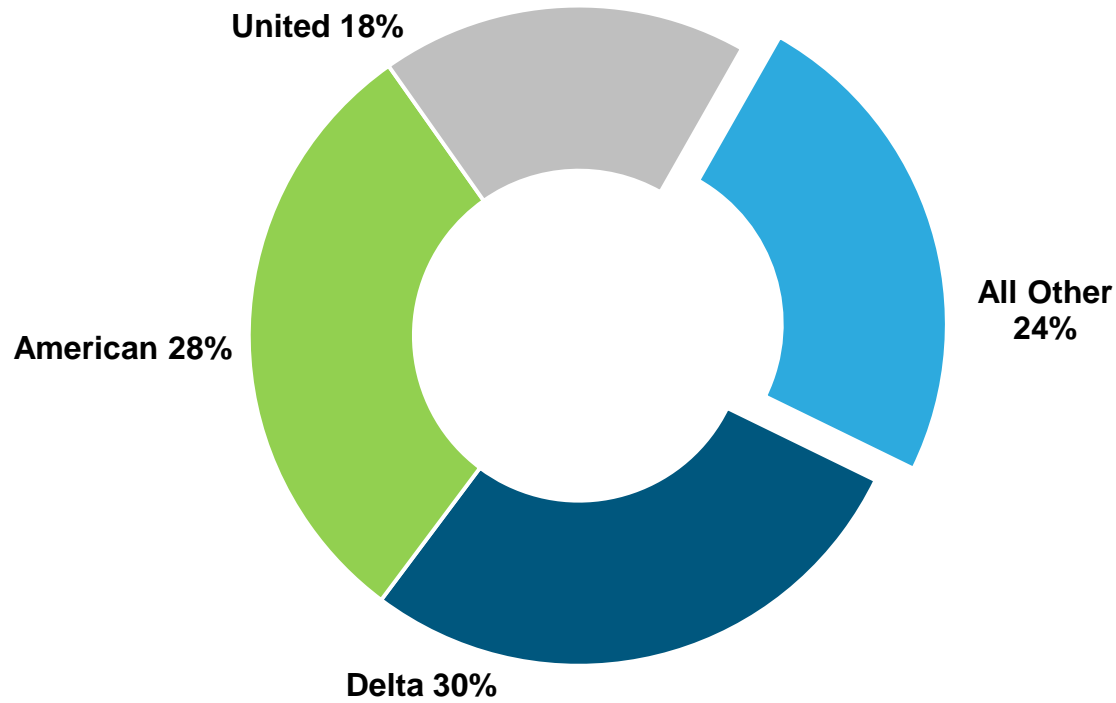
Weekly Seats
June 2017

Rank	Airport	Weekly Seats
1	Atlanta	312,352
2	Dallas/Fort Worth	178,983
3	Chicago O'Hare	165,132
4	Charlotte	152,111
5	Denver	115,600
6	Seattle/Tacoma	89,699
7	Detroit	78,750
8	Minneapolis	71,798
9	Honolulu	64,919
10	Phoenix	63,665

Source: Innovata Schedules, via Diio.

The Big 3 combine to carry 76% of the small community passengers in the U.S.

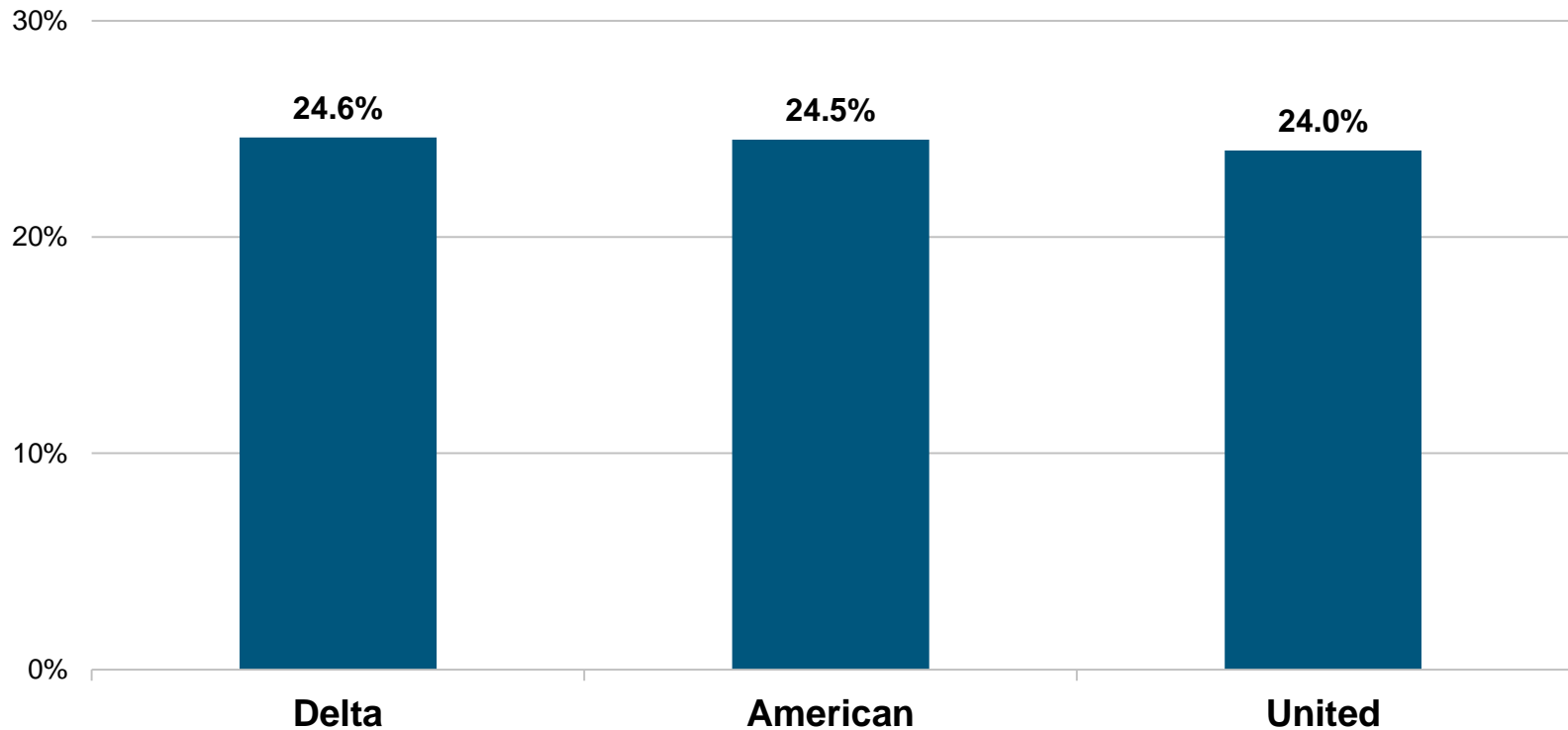
On-Board Passenger Share
Year Ended 2nd Qtr 2016



Source: USDOT, T100, via Diao.

Large hub – small community passenger revenue accounts for one-fourth of each of the Big 3’s total domestic revenue

Large Hub - Small Community Revenue as Pct. of Total Domestic Revenue
Year Ended 2nd Qtr 2016



Source: Innovata Schedules, via Diio.

Delta's Atlanta hub has well over 50% more small community market capacity than the 2nd ranked hub

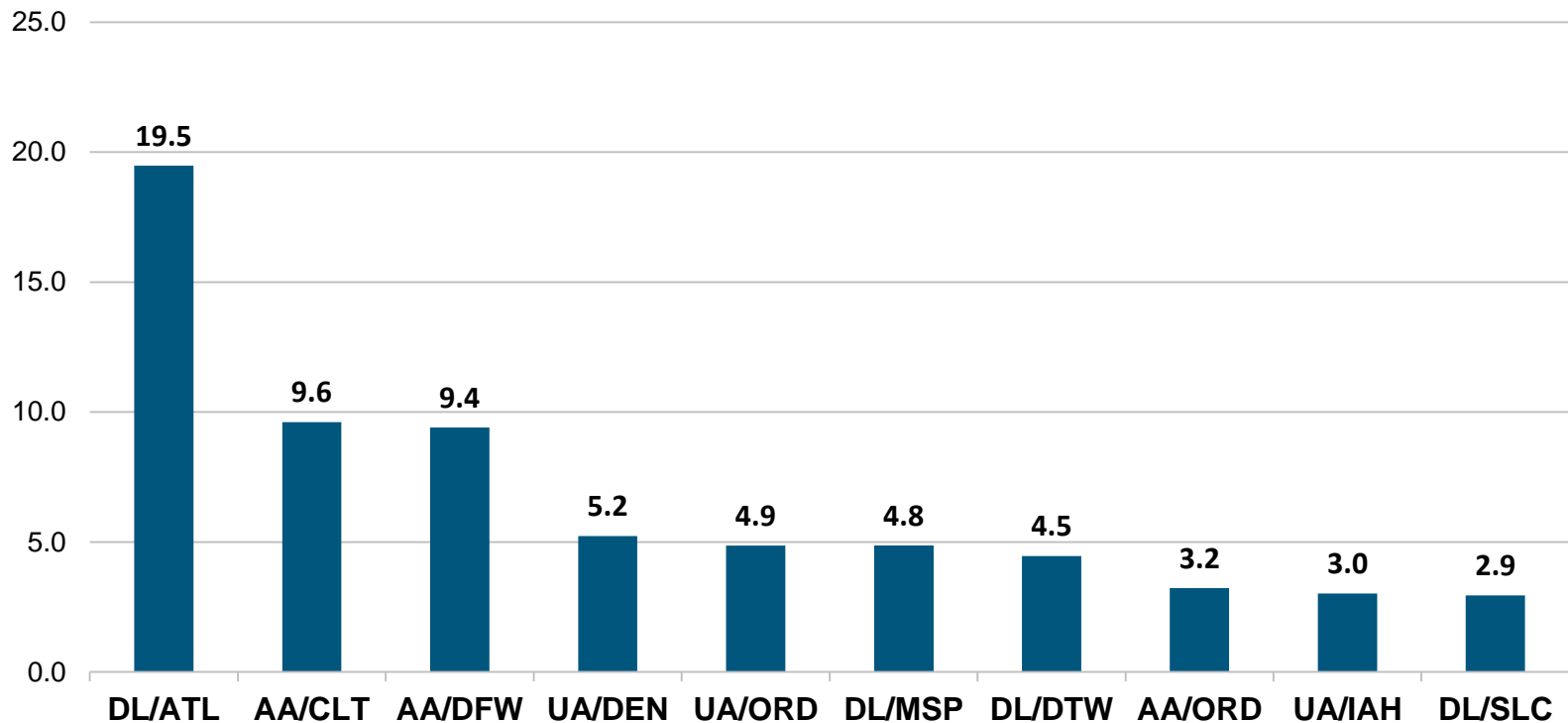
**Average Daily
Small
Community
Service**
June 2017

Rank	Carrier	Airport	Depts	Seats	Markets Served
1	DL	ATL	417	43,457	94
2	AA	DFW	335	25,438	97
3	AA	CLT	316	21,482	72
4	UA	ORD	226	13,777	81
5	UA	DEN	180	12,367	70
6	DL	DTW	168	10,888	58
7	DL	MSP	145	10,224	63
8	AA	ORD	168	9,455	59
9	UA	IAH	154	8,575	51
10	AA	PHL	145	7,330	42

Source: Innovata Schedules, via Diio.

Delta has four hubs ranked in the top 10 of small community domestic-domestic connecting passengers

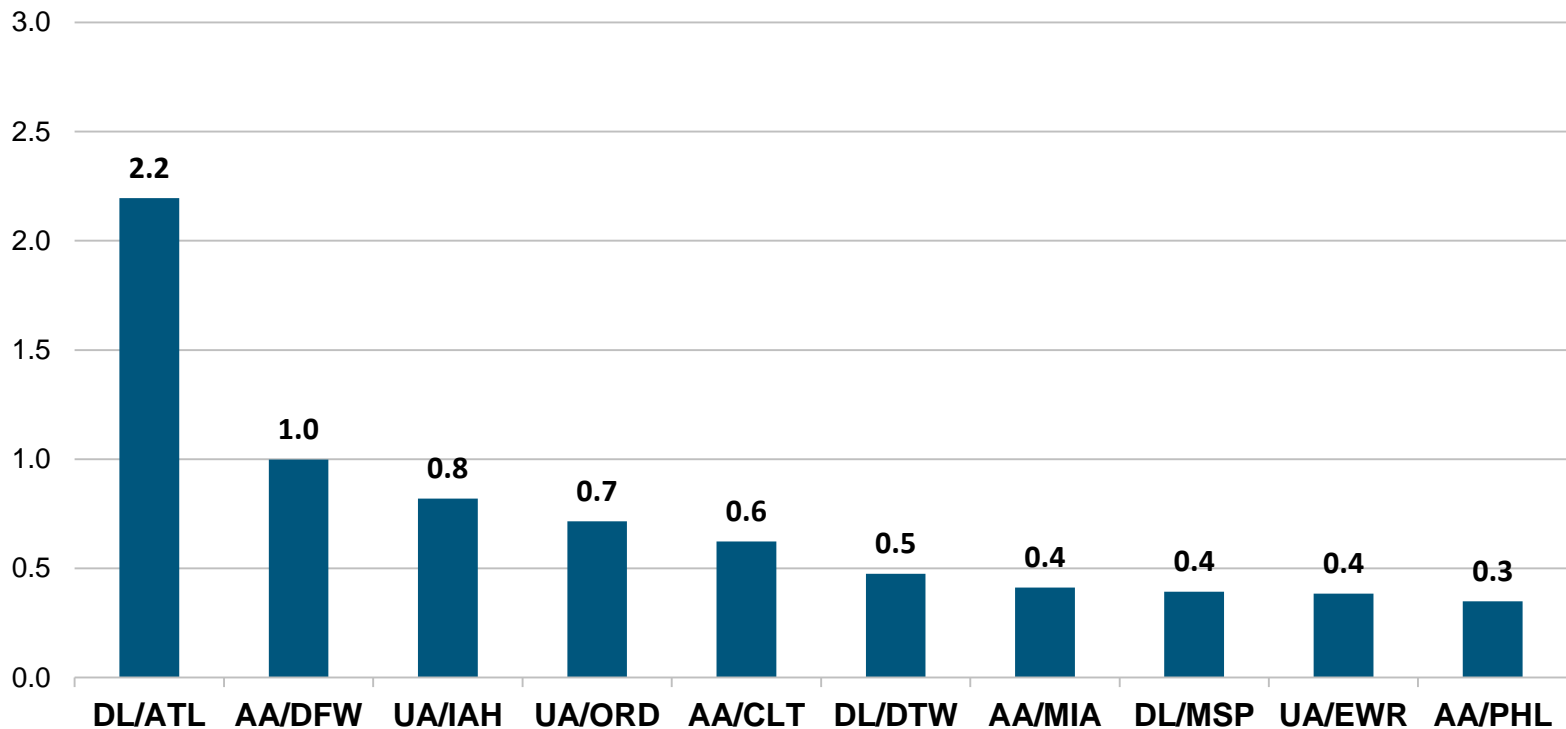
Small Community Domestic-Domestic Connecting O&D Passengers
YE 2Q 2016



Source: USDOT O&D Survey, via Diio.

American has four hubs ranked in the top 10 of small community domestic-international connecting passengers

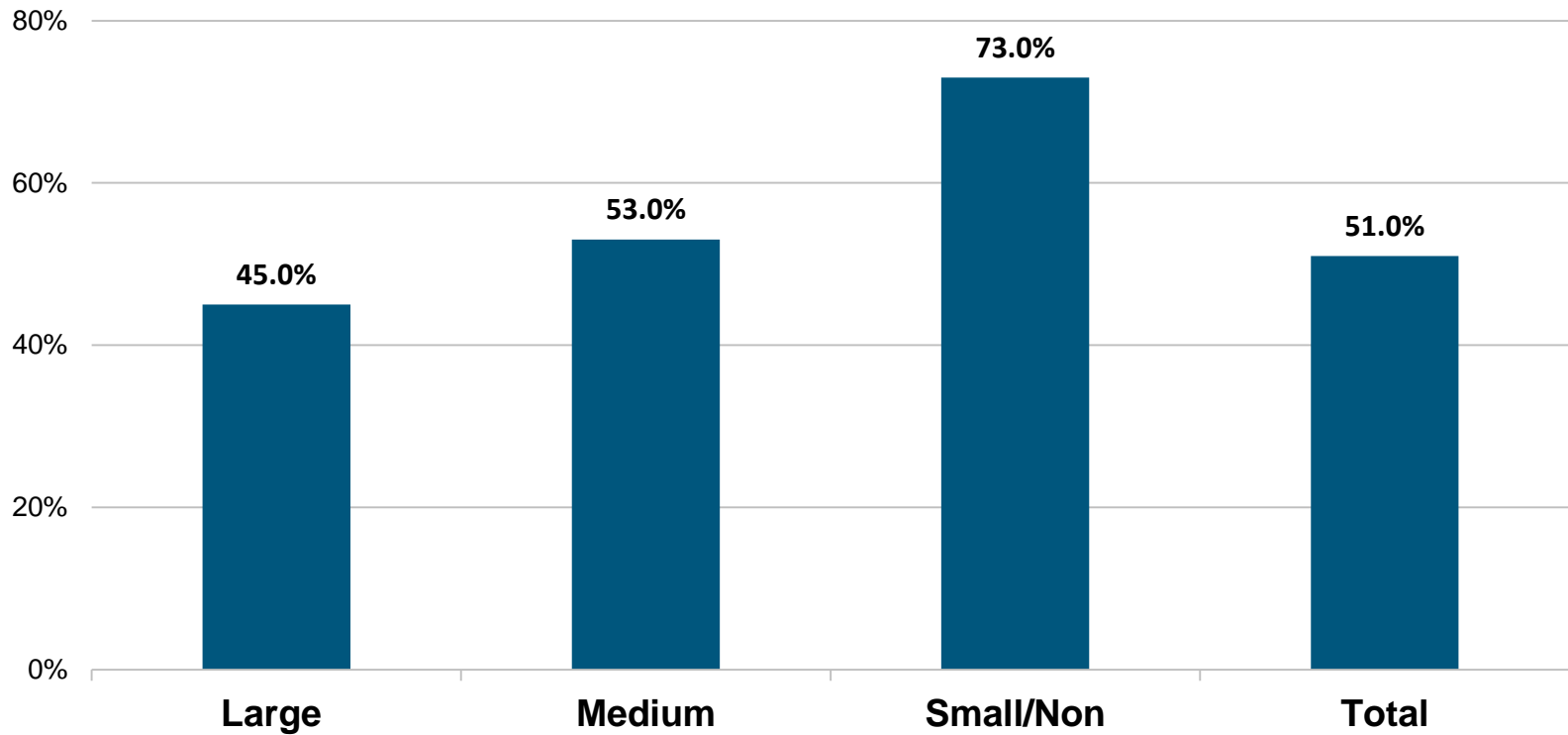
Small Community Domestic-Intl Connecting O&D Passengers
YE 2Q 2016



Source: USDOT O&D Survey, via Diio.

The Big 3 generate their highest market shares in their small community markets

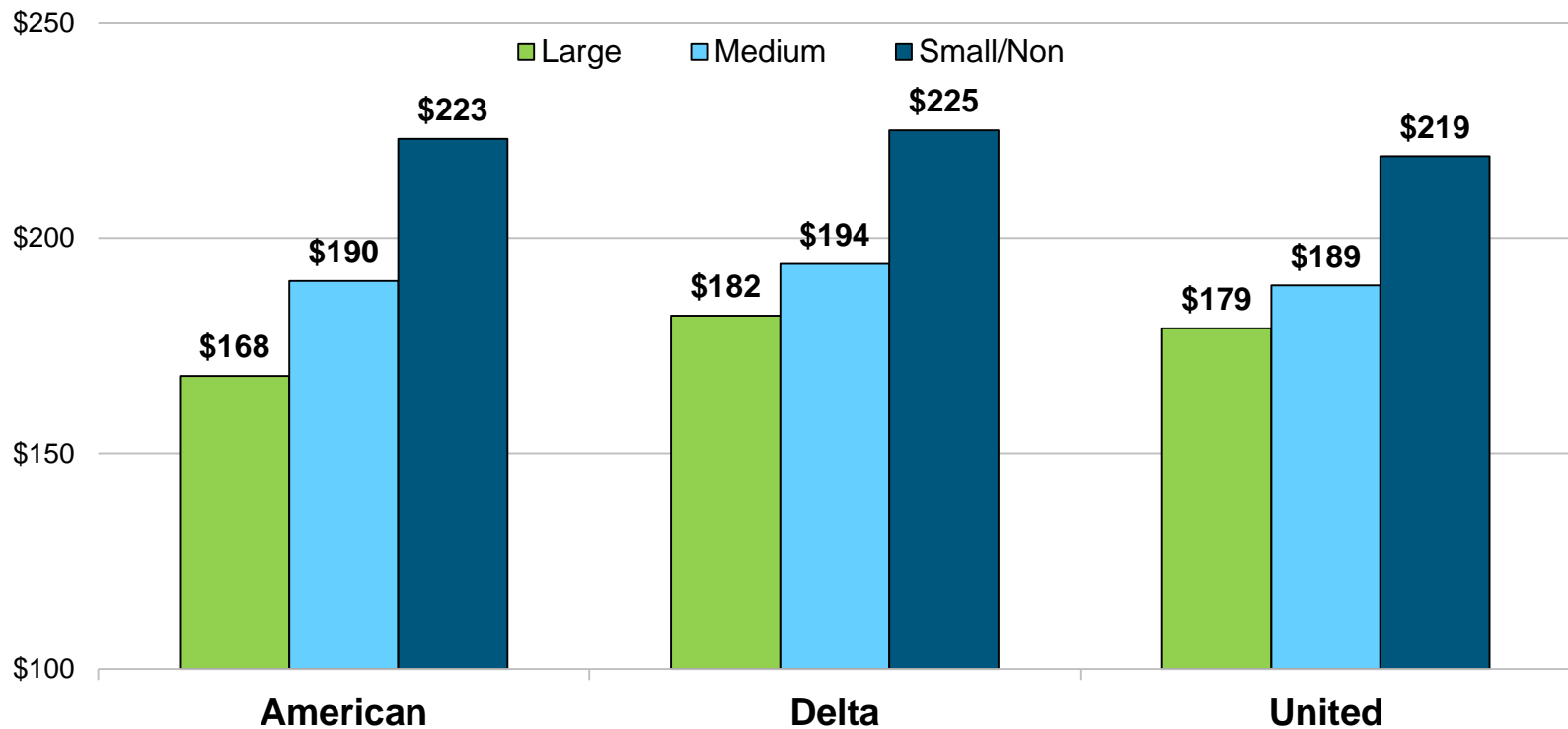
Big 3 Hub Airport Capacity Share by Market Type
June 2017



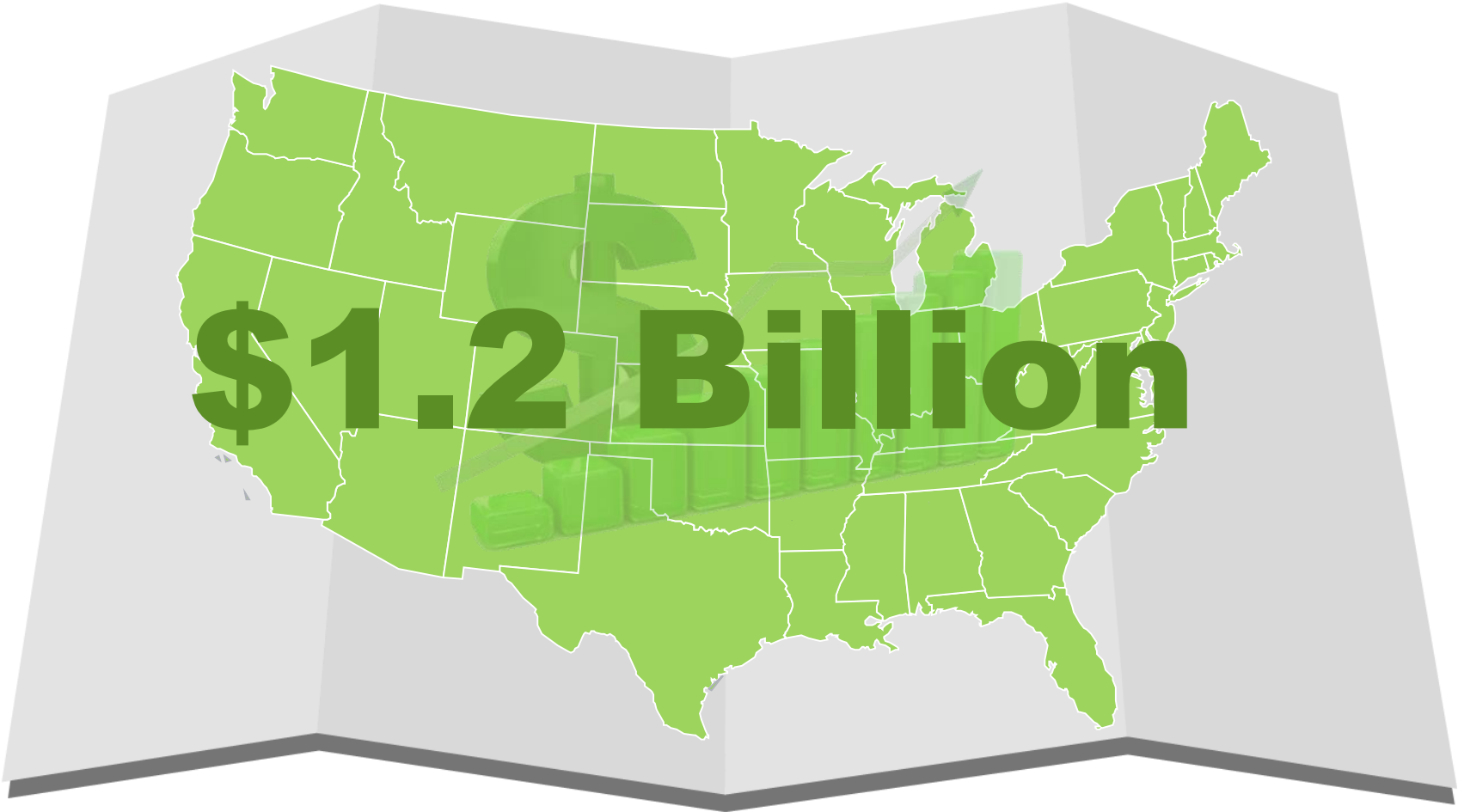
Source: Innovata Schedules, via Diio.

Resulting in strong yields in their large hub – small community markets – *on average 20% higher than other fares*

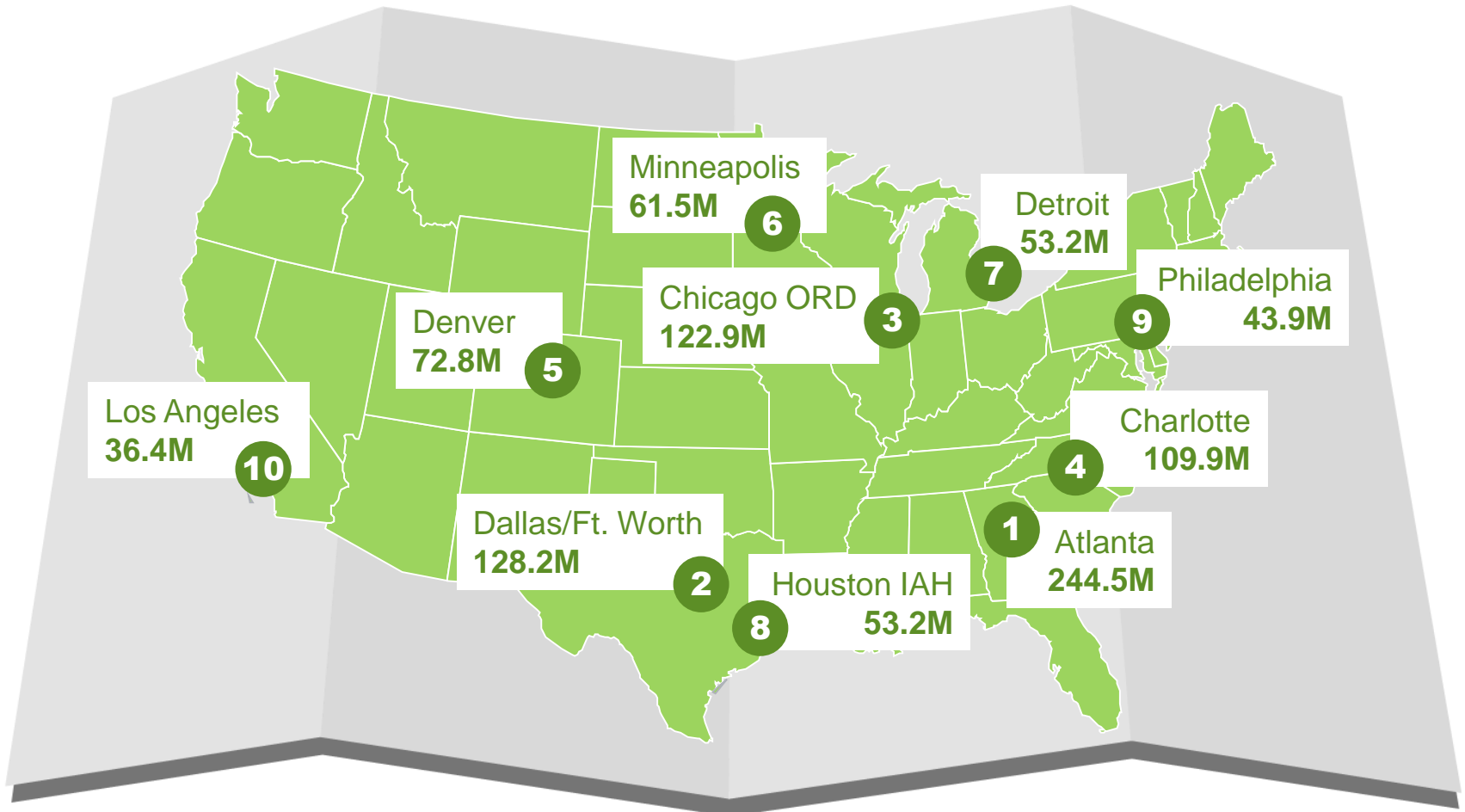
Big 3 Stage Adjusted Domestic Average Fares
Year Ended 2nd Qtr 2016



Source: USDOT, O&D Survey, via Diiio..



Top 10 large hub airports based on the economic impact of small community passengers



Small community air service in the news

"This isn't about carrying more passengers in nonstop markets, it's about competing for the sum of a whole bunch of small markets,"

Scott Kirby, President, United Airlines

“The only places with reasonable fares are the smaller cities. That’s where the money is.”

Andrew Levy, United CFO