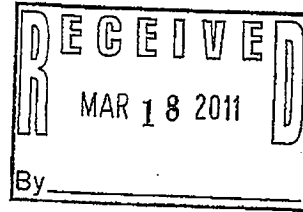




U.S. Department
of Transportation
**Federal Aviation
Administration**

Office of Airport Planning
and Programming

800 Independence Ave., SW.
Washington, DC 20591



MAR 11 2011

Mr. Jeffrey Fegan
Chief Executive Officer
Dallas/Fort Worth International Airport
3200 East Airfield Drive
P.O. Box 619428
Dallas/Fort Worth International Airport, TX 75261-9428

Dear Mr. Fegan:

Thank you for submitting the Dallas/Fort Worth Airport Authority's (Authority) FY 2011 Competition Plan Update (Plan Update) for Dallas/Fort Worth Airport (DFW) and your new Master Use and Lease Agreement (Agreement). We understand the Authority and American Airlines executed this Agreement on October 1, 2010. We reviewed your Plan Update and determined it meets the requirements of section 155 of the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR 21), Pub. L. 106 181, April 5, 2000, codified as **Title 49 U.S. Code sections 40117(k) and 47106(f)**.

The DFW FY 2011 Plan Update indicates the Authority took several additional competitive actions, including:

- used a relatively short term, ten-year period, for the lease and use agreement;
- converted all 106 exclusive-use gates, including seventy-seven long-term and twenty-nine short-term agreements, to preferential-use arrangements with right to recapture based on minimum gate usage;
- gained airline support for a flexible ten-year capital program, which will allow future terminal construction whenever demand or capacity increases past established levels;
- established a new process for accommodating new entrants or allowing incumbents to expand their service at DFW;
- set reasonable limits on fees to be charged by a signatory airline on an airline sharing its preferential-use gate; and
- updated the gate use and assignment policies to better accommodate new entrants and promote competition.

We also appreciate your prompt response to our request for more information, dated February 25, which helped clarify our initial review. Also, your March 10 discussion with and e-mail to Joe Hebert, Manager of the Financial Analysis and Passenger Facility Charge Division, provided a better understanding of the Agreement.

We identified several areas for improvement within your Plan Update during our review. DFW's treatment of new entrants and, specifically, the requirement to "exhaust all reasonable efforts to obtain accommodation before DFW contacts signatory airlines to arrange access" should be limited. This process should avoid requests for written refusals from signatory airlines or other prescriptive requirements. In addition, when DFW determines a new entrant's "needs (for) the requested space or facilities" it should never favor the competitive impact on an incumbent carrier over the rights of the requesting carrier. Similarly, whenever DFW considers "operational and other matters", during the review of new entrant's request, this clause should never provide undue consideration for the impact on an incumbent airline.

We remain troubled DFW is retaining a majority-in-interest (MII) requirement to fund projects through the Joint Capital Account or Joint Revenue Bonds, in spite of the Terminal Renewal and Improvement Program agreement. Additionally, we are concerned a MII requirement may restrict the use of passenger facility charges (PFCs). Your March 10, 2011 response to our questions about this issue mitigated our immediate concern. We now understand DFW's existing PFC commitments extend well beyond the life of the Agreement. Additionally, these PFC funds are already committed to the Terminal Renewal and Improvement Program outlined in the Agreement. However, if this clause remains unchanged in future agreements, or inadvertently restricts DFW's ability to impose or use PFCs during the term of this lease, DFW risks a violation of the statutory prohibition against limiting an airport's PFC authority through an airport-airline contract.

FAA Program Guidance Letter (PGL) 04-08 streamlined the Competition Plan process by eliminating the need for a written Competition Plan update from a covered airport whose original Competition Plan and two Plan updates have been approved by the FAA, unless certain special conditions arise. PGL 04-08 identified the following two special conditions that would require the filing of a Competition Plan update:

1. An airport files a competitive access report as required by **Section 424 of Vision 100 (2003), codified as 49 U.S.C. 47107 (s)** stating it had denied access to an air carrier for gates or facilities within the last six months. Section 424 requires any medium hub or large airport, which denied a carrier's request(s) for access, to file a report with the FAA. This report must describe the request, explain the basis for its denial, and provide a time-frame within which the airport will accommodate any practical requests.
2. An airport executes a new lease and use agreement, or significantly amends a lease and use agreement, including an amendment due to use of PFC financing for gates.

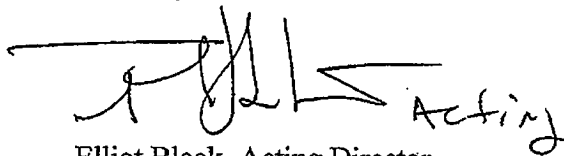
A future written Competition Plan Update will be necessary if one of the two special conditions outlined above arises for DFW.

We enclosed a chart with this letter, prepared in November 2010, which highlights actions taken by airports covered by the Competition Plan requirement to reduce barriers to entry and enhance competitive access. We distributed this list at several airport conferences in order to demonstrate the steps airport managers are taking to comply with the statutory elements of the Competition Plan requirement. Notably, the list highlights the tools used by these airport managers, the competitive benefits achieved, and other ancillary advantages, which they derived from these tools. This chart may be of interest to you as you fully implement DFW's Competition Plan.

Additionally, the Secretary is required by section 40117(k) to review implementation of Competition Plans from time to time to verify that each covered airport implements its Plan successfully. In connection with our review, we may determine site visits to or teleconferences with one or more locations would be useful. We will notify you should we decide to visit DFW in connection with its Competition Plan.

If you have any questions regarding this letter or the FAA's review of your Plan, please contact Mr. Joe Hebert, Manager, Financial Analysis and Passenger Facility Charge Branch, at (202) 267-3831.

Sincerely,

A handwritten signature in black ink, appearing to read "E. Black", with the word "Acting" written in a cursive script to the right of the signature.

Elliot Black, Acting Director
Office of Airport Planning
and Programming

Enclosure