
S&P Global

Ratings

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**Dallas-Fort Worth International
Airport, TX Series 2017 Joint
Revenue Improvement Bonds
Rated 'A+'; Outlook Stable**

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DALLAS (S&P Global Ratings) Dec. 7, 2017--S&P Global Ratings has assigned its 'A+' long-term rating to Dallas-Fort Worth, Texas' \$302.4 million joint revenue improvement series 2017 bonds issued for Dallas-Fort Worth International Airport (DFW). At the same time, S&P Global Ratings affirmed its 'A+' long-term and underlying ratings on DFW's joint revenue improvement bonds outstanding. The outlook is stable.

The rating reflects our view of DFW's:

Strong service area economy, which encompasses the highly rated Dallas-Fort Worth consolidated metropolitan statistical area and has a diverse employment base with strong wealth and incomes;
Solid business position, with its favorable geographic location in the national air transportation system, airfield capacity, and terminal facilities designed for efficient connecting traffic, as well as its critical role as the largest hub of American Airlines Inc.;
Long record of good liquidity, with 608 days' cash on hand as of Sept. 30, 2016; and
Experienced and proactive management team.

Partially offsetting these strengths, in our view, are the airport's:

Airline concentration, with American as the largest carrier with 85% of total passengers in fiscal 2016;
The inherent vulnerabilities associated with a large connecting passenger base (59% of total passenger enplanements in fiscal 2016); and
Relatively high debt levels with debt per enplanement at approximately \$205 in 2016 which could increase further with additional future capital plans.

In 2015, DFW was the fourth-largest airport in North America based on passengers, according to Airports Council International statistics. Although enplaned passenger traffic levels declined by 2.7% and 3.8% in fiscal years 2008 and 2009, respectively, those decreases were less severe than those of other airports, largely because of DFW's smaller reductions in connecting passengers.

"The stable outlook reflects our expectation management will prudently manage high debt levels and enplanement levels will remain at or above current levels," said S&P Global Ratings credit analyst Todd Spence.

We do not expect to raise the rating during the two-year outlook period due to DFW's high debt levels and uncertainty regarding additional capital improvement program (CIP) needs.

We could lower the rating if significant new CIP programs, depending on funding sources and financial plan, include additional debt that weakens financial metrics.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on the S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

Primary Credit Analyst: Todd R Spence, Dallas (1) 214-871-1424;
todd.spence@spglobal.com (mailto:todd.spence@spglobal.com)

Secondary Contact: Kenneth P Biddison, Centennial (303) 721-4321;
kenneth.biddison@spglobal.com (mailto:kenneth.biddison@spglobal.com)

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