



An \$8.5 billion renovation plan for O'Hare International Airport pitted American against United.

Carriers Battle Over Airports

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Competition between airlines is heating up over airport expansion plans.

American Airlines Group Inc. signed on last month to a \$8.5 billion renovation at O'Hare International Airport after bristling for months at what it said was preferential treatment for the Chicago gateway's largest tenant, **United Continental Holdings Inc.**

American, United and other carriers at O'Hare agreed to new airport leases that will underpin funding plans for an expansion that is being mirrored at other big hubs across the country. From Los Angeles to New York to Atlanta and dozens of other airports, airlines and local officials are planning \$100 billion in renovations over the next few years, according to the Airports Council International-North America trade group.

They hope to address what passenger surveys suggest is one of the most frustrating parts of air travel: navigating crowded, aging U.S. airports.

In some cases, airlines are fighting over whether they or their rivals will benefit more from these upgrades—and over who will foot the bill.

In Chicago, the city planned to give United five of the eight gates in the initial phase of its expansion. American protested, and held off on agreeing to the expansion plan until Chicago offered to speed up building three more gates that will be

Building Boom

Many major U.S. airports are planning major renovations over the next decade.

Los Angeles	Renovations including concourse and airfield	\$9.6 billion
O'Hare	New terminal, dozens of new gates	8.5
Atlanta*	Terminal and shuttle train upgrades	6.2
San Francisco	Modernizing terminals	6.2
LaGuardia	New central terminal over six years	4.0
Orlando	New terminal, airfield and people mover	3.6
Seattle	Baggage, international arrival upgrades	3.3
Salt Lake City†	New terminal and parking garage	3.0
Reagan National	Regional airline concourse	1.8
New Orleans	New 35-gate terminal	994 million

*The start of a 20-year renovation plan †2014-2024
 Source: Fitch Ratings

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shared among carriers at the airport.

Airlines are central to the funding process, either paying for airport facilities themselves or making long-term service commitments—15 years in the case of O'Hare—that underpin bond issues by cities to pay for improvements. Carriers have also stepped in to pay for streamlined security measures. American, for example, has paid for 3-D scanners for carry-on bags at eight airports.

By helping to fund the renovations, airlines have gained more leverage in the final plans. Officials in Chicago originally proposed spending \$16

billion on new terminals and runways. Airlines balked at the heavy portion they were being asked to fund.

Delta Air Lines Inc. is spending \$12 billion over the next five years on improvements at its big hubs, including Los Angeles, Salt Lake City and \$3.5 billion at LaGuardia Airport in New York. Delta is also renovating domestic concourses and lobbying city officials to build a new runway at its hometown hub in Atlanta, the world's busiest airport.

"It's a big part of our investment strategy going forward," said Delta Chief Executive Ed Bastian.