



Air Service Development Update

November 16, 2015



British Airways announces SJC-LHR service



- Daily service on Boeing 787-9
- Launch date of May 4, 2016





Strategic Objective:

Address domestic and international opportunities to meet market demand through:

- 1) Viable airline options (right carrier)
- 2) Profitable and sustainable aircraft fleets (right aircraft)
- 3) Value-added service (right fit)
- 4) Proper timing of implementation (right time)

SJC Air Service Development: Challenges



Regulatory:

Nation-nation bilaterals

Airport slot or mileage constraints

JV's and anti-trust immunity

Freedoms of the Air

Competition:

International and fortress hubs

High-focus corridors

Alliances influence

Highly motivated cities (subsidies)

Airline Financial Hurdles:

Aircraft cost (\$80 - \$300 mil)

Operating cost (\$60,000 - \$300,000)

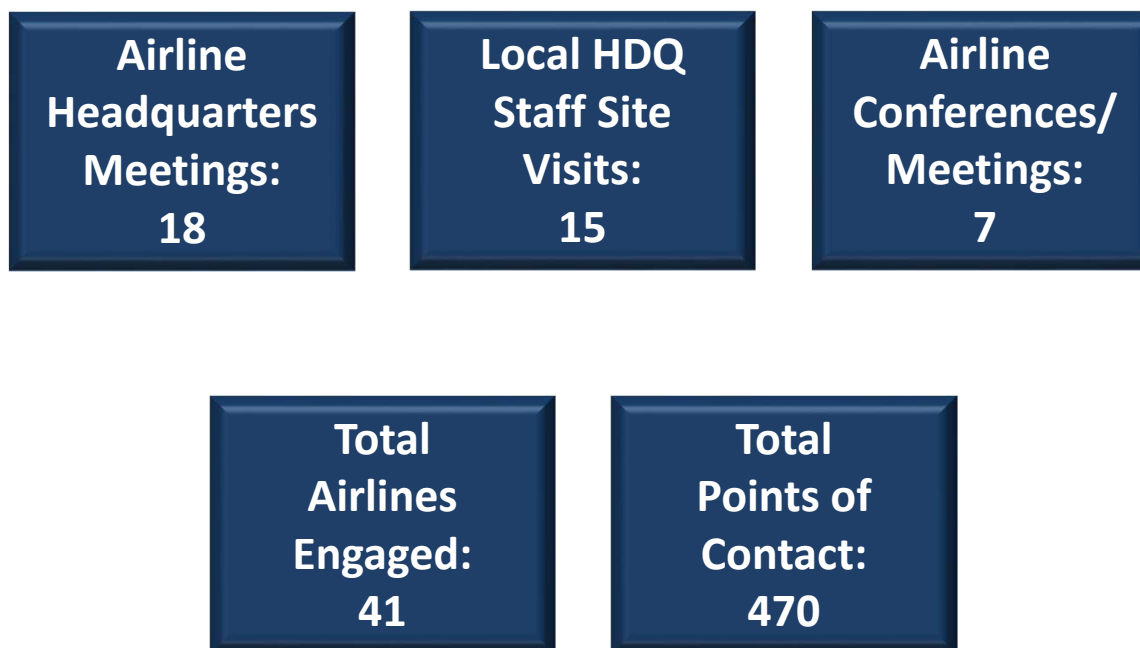
Effect of “cannibalization”

Opportunity/competitive cost (???)

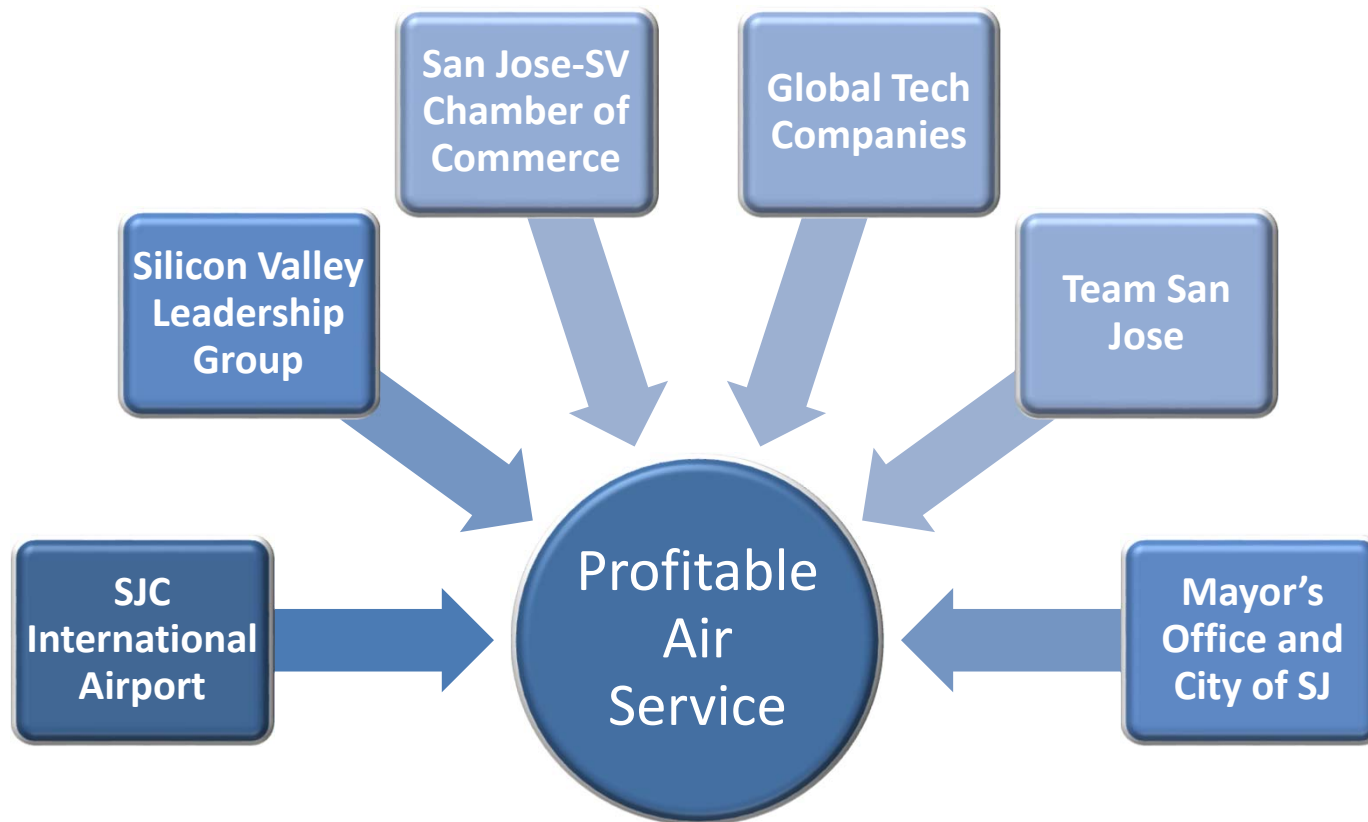
Economic Impact: \$100+ mil/year



Air Service Development: Activity Summary



SJC Air Service: Built on Strong Partnerships



Recent Announcements



International Service Profiles



- Hainan Airlines launches SJC-PEK service
- 5x/week on Boeing 787-8
- Launch date of June 15, 2015



- British Airways announces SJC-LHR service
- Daily service on Boeing 787-9
- Launch date of May 4, 2016



- Lufthansa announces SJC-FRA service
- 5x/week service on Airbus A340-300
- Launch date of April 29, 2016



Trans-Pacific and Trans-Atlantic Service Comparisons



City	Psgrs*	Beijing	Tokyo	London	Frankfurt	Amsterdam	Paris	Stockholm	Oslo	KEF
Denver	52 M	✓	✓	✓						✓
Phoenix	40 M		✓							
Baltimore	22 M		✓							
Salt Lake	20 M		✓		✓	✓				
San Diego	18 M	✓	✓							
Tampa	17 M		✓	✓						
Portland	16 M	✓		(seas)	✓					✓
St. Louis	12 M									
Oakland	10 M						✓	✓		
Austin	10 M		✓	(seas)						
Kansas City	10 M									
Orange County	9 M									
Sacramento	9 M									
Pittsburgh	8 M					✓				
Cincinnati	6 M					✓				

* FAA 2014 U.S. Airports Data (Total Passengers)

Trans-Pacific and Trans-Atlantic Service Comparisons

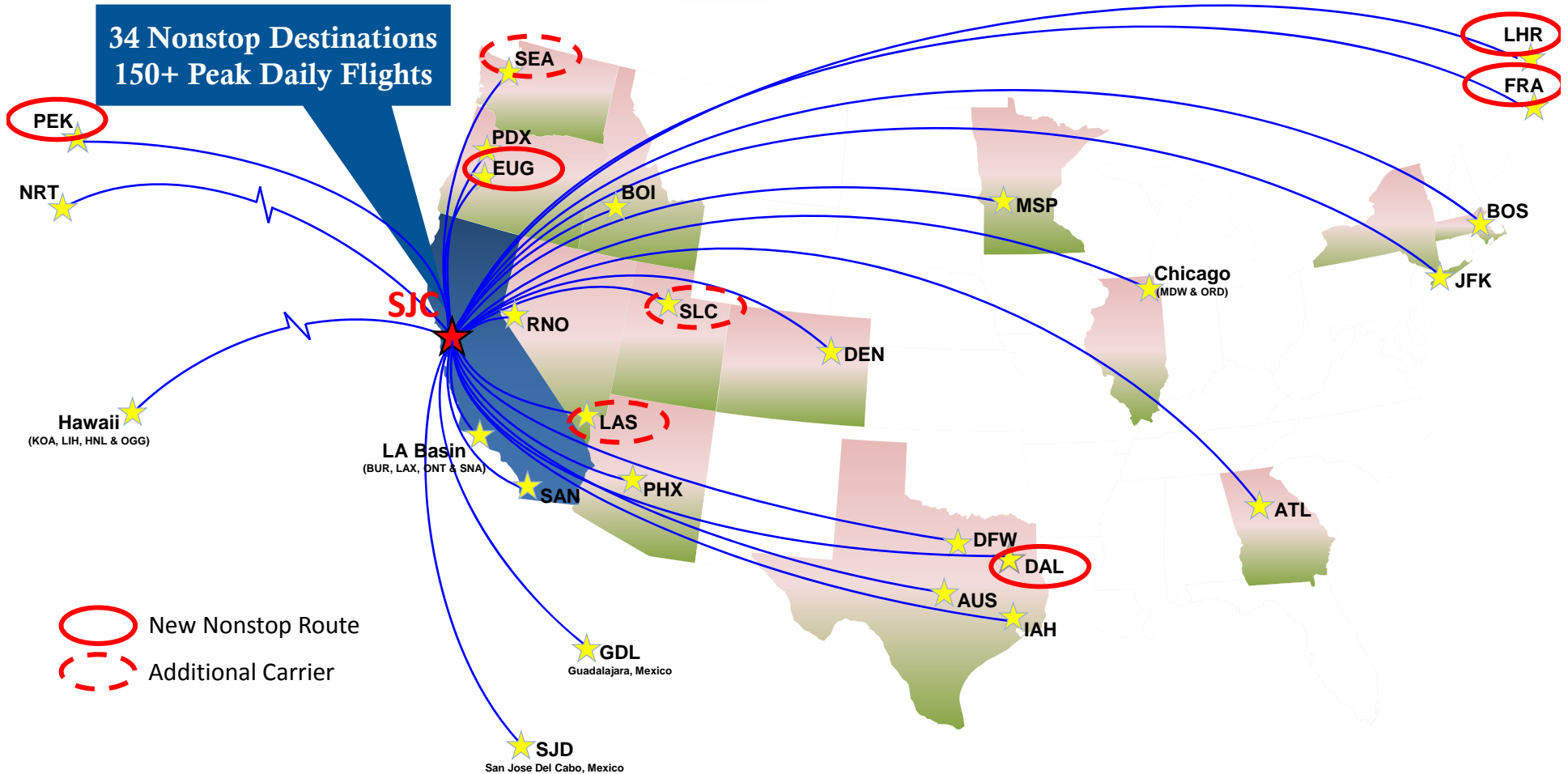


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Portland	16 M	✓		(seas)	✓					✓
St. Louis	12 M									
Oakland	10 M						✓	✓		
Austin	10 M		✓	(seas)						
Kansas City	10 M									
SJC	9 M	✓	✓	✓	✓					
Orange County	9 M									
Sacramento	9 M									
Pittsburgh	8 M					✓				
Cincinnati	6 M					✓				

Domestic Growth: New Dallas, Eugene, Las Vegas



SJC Nonstop Route Map (June 2016)



SJC: 33 consecutive months of growth

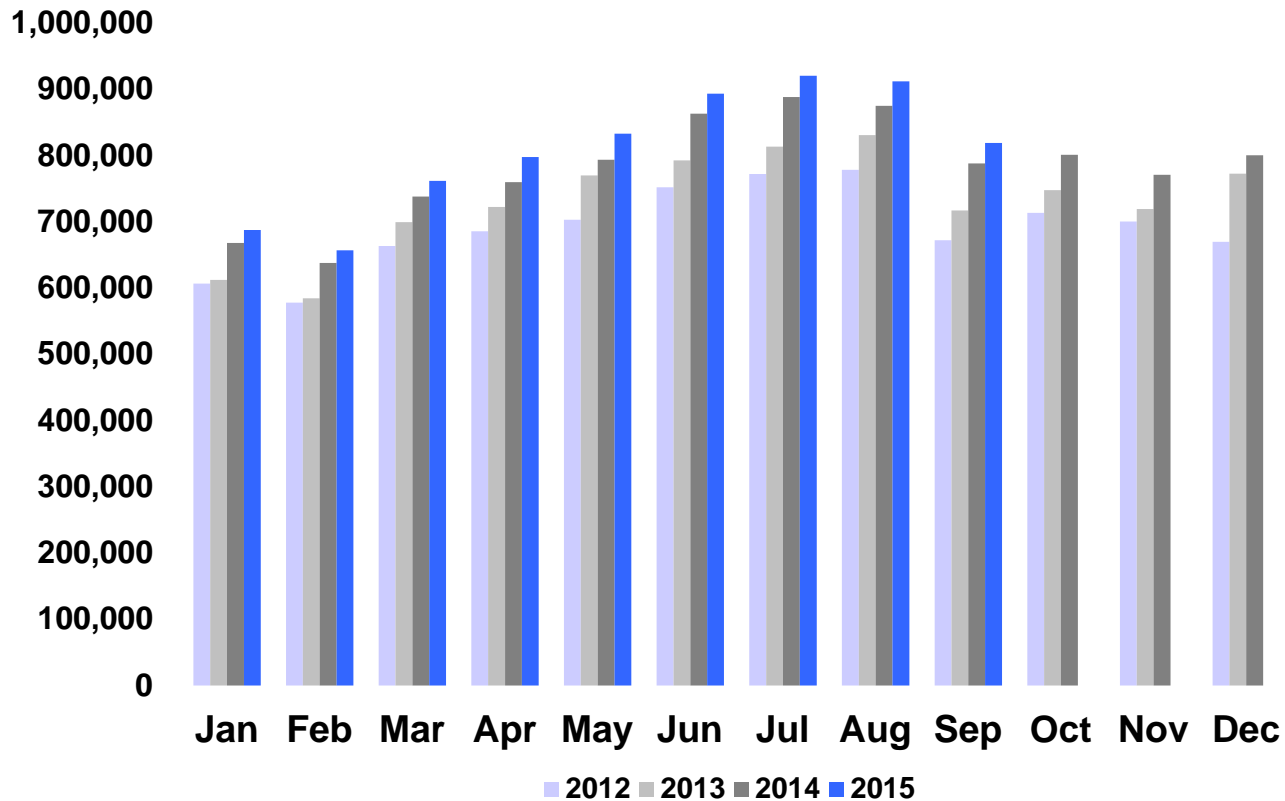


✈ SJC Passenger Activity:

- 33 consecutive months of growth
- 1 million passengers added 2012-2014

Calendar Year	Total Passengers	Year-Year	Cumulative Increase
2012	8,296,174		
2013	8,783,319	487,145	
2014	9,385,212	601,893	1,089,038

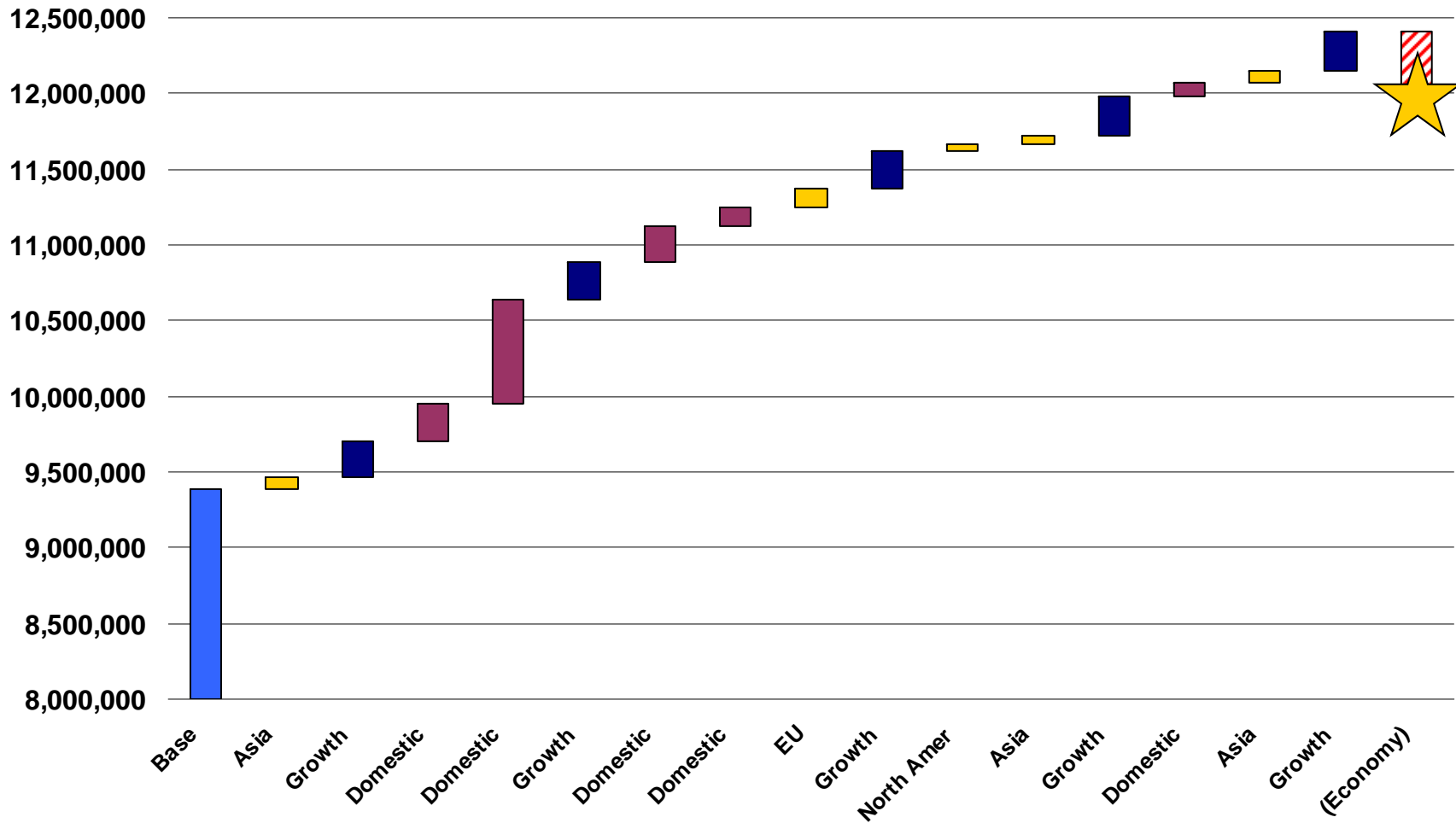
SJC Monthly Passenger Statistics



Strategic Growth Plan



SJC Path to 12 Million Total Passengers



SJC Fast Facts



- 12 airlines serve SJC (with Hainan, British Airways and Lufthansa)
- 34 nonstop routes
- 22 airline hubs (global access)
- 731 specific O&D markets (YE 2Q 2015)
- 373 international O&D markets
- \$1.7 billion in total round trip tickets



Thank You!