

RATING ACTION COMMENTARY

Fitch Revises Outlook on San Francisco Int'l Airport, CA Rev Bonds to Positive; Affirms 'A+' Rating

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Fitch Ratings - New York - 04 Feb 2026: Fitch Ratings has affirmed the Airport Commission of the City and County of San Francisco, CA's approximately \$9.7 billion of second series revenue bonds for San Francisco International Airport (SFO) at 'A+'. SFO also has approximately \$900.9 million of series 2025D and 2025E parity bonds not rated by Fitch. The Rating Outlook has been revised to Positive from Stable.

The Positive Outlook reflects the continued enplanement recovery at SFO and stabilizing leverage profile despite planned borrowings through fiscal 2029, supported by the airport's resilient market position and strong regional economic fundamentals, including dominant regional market share underpinned by high income and wealth indicators.

The residual airline agreement and the establishment of a discretionary cash reserve further enhance financial flexibility and liquidity. An upgrade will be contingent on continued strong financial performance and future borrowing plans remaining consistent with Fitch rating case leverage below 10x.

KEY RATING DRIVERS

Revenue Risk - Volume - High Stronger

Strong Operations, Some Concentration: SFO serves as a major international gateway airport and the leading provider of air service within the San Francisco Bay Area market. The airport has a well-balanced traffic profile, with mostly origination and destination (O&D) traffic and the remainder being a mix of domestic and international connecting traffic.

United Airlines, Inc. (United; BB+/Stable) maintains a sizable presence at SFO with approximately half of the passenger market share. Low-cost carriers and foreign-flag airlines continue to expand their services at the airport. Fitch expects cost per enplanement (CPE) to increase significantly through fiscal 2032 but remain consistent with peers and reasonable for an international gateway airport.

Revenue Risk - Price - Stronger

Favorable Rate-Setting Framework: SFO's long-term fully residual airline lease-and-use agreements through fiscal 2033 allow strong cost recovery with respect to all operating and debt service requirements and result in stable financial performance. Given full cost recovery under the current agreement, airline charges have been steadily increasing as the capital plan progresses. The agreement allows for the build-up of a discretionary cash reserve of up to \$650 million (inflation-adjusted) for airport use, funded through the airline rate base, which will enhance available liquidity and serve as a potential additional funding source for capital projects.

Infrastructure Dev. & Renewal - Midrange

Large, Debt-Funded Capital Plan: The current capital improvement plan (CIP) totals approximately \$12.5 billion through 2035, comprising the Ascent Program Phase 1.5 (\$8 billion) and Infrastructure Projects Plan (\$4.4 billion). The CIP is predominantly bond-funded, with \$4.5 billion of projects already funded, including proceeds of the series 2025DE bonds, and \$7.3 billion from future borrowings through fiscal 2035. SFO considers the recently completed and planned projects necessary to support the airport's growth. Capital needs are well managed, with set-aside project reserves and contingencies to mitigate and limit construction cost escalation.

Debt Structure - 1 - Stronger

Stable Debt Profile: SFO has a predominantly fixed-rate, fully amortizing senior lien debt structure with standard covenants and reserves, which are protective to bondholders. In addition to a 1.25x rate covenant and debt service reserve fund sized to maximum annual debt service, the airport benefits from having a sizable and growing balance in the contingency fund, which though not pledged to debt service, has historically been used to meet the coverage requirements of the rate covenant. Management proactively seeks opportunities to defease debt, lower interest rate costs through refundings, and fix out variable rate debt, eliminating the need for associated swaps.

Financial Profile

SFO's debt balances are high for the industry and reflect the significant capital investments of an international gateway airport and a high fixed-cost structure. Additional CIP-related borrowings through fiscal 2029 result in Fitch-calculated rating case leverage metrics, including capitalized interest as a revenue, being relatively flat at 11x-12x, although trending to 10x by fiscal 2030. The airport has strong liquidity, with over 500 days cash on hand and stable coverage levels.

PEER GROUP

Fitch-rated peers include Los Angeles International Airport (LAX; AA/AA-/Stable) and Chicago O'Hare International Airport (ORD; A+/Stable), given their similar prominence as large hub, international gateway airports with elevated leverage, sizable capital plans to support ongoing operations, and material borrowing needs. LAX's higher rating is supported by its lower leverage levels and higher DSCR given its hybrid airline agreement. SFO's fully residual airline agreement will result in comparable airline costs and a slightly lower leverage profile than ORD over the medium term, albeit with a smaller enplanement base.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

--A revision of the Outlook to Stable may be warranted if financial performance leads to Fitch rating case leverage sustained between 10x and 12x;

--Material increases to the capital program size or additional borrowings leading to sustained leverage above 12x;

--Unfavorable changes in the airport's traffic or CPE profile given the sizable presence of United at SFO and the competing airports in San Jose and Oakland;

--Significant costs associated with the Shoreline Protection Program leading to a material impact on the financial profile of the airport.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

--Sustained financial performance that supports Fitch rating case leverage stabilizing below 10x, taking into account the long-term capital plan and borrowing needs. This compares to Fitch rating case leverage of 10.4x in fiscal 2030.

SECURITY

The bonds are secured by a pledge of net revenue from the airport together with amounts on deposit in certain funds and accounts created pursuant to the indenture. The commercial paper notes are secured in whole or in part by a pledge of and lien on net revenues subordinate to the pledge and lien securing the bonds.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

CLIMATE VULNERABILITY SIGNALS

The results of our Climate.VS screener did not indicate an elevated risk for San Francisco (City & County) Airport Commission (CA).

ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

RATING ACTIONS

ENTITY / DEBT ⚡	RATING ⚡	PRIOR ⚡
San Francisco (City & County) Airport Commission (CA) [Airport]		

San Francisco (City &
County) Airport
Commission (CA)
/Airport Revenues -
First Lien/1 LT

LT

A+ Rating Outlook Positive

Affirmed

A+ Rating
Outlook
Stable

[VIEW ADDITIONAL RATING DETAILS](#)

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APPLICABLE CRITERIA

[Transportation Infrastructure Rating Criteria \(pub. 07 Jan 2025\) \(including rating assumption sensitivity\)](#)

[Infrastructure & Project Finance Rating Criteria \(pub. 14 Nov 2025\) \(including rating assumption sensitivity\)](#)

APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

GIG AST Model, v1.4.2 ([1](#))

ADDITIONAL DISCLOSURES

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San Francisco (City & County) Airport Commission (CA)

EU Endorsed, UK Endorsed

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