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International Airport

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Legislative Update
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Presentation Summary:

- Airport Overview
- ANC Advantages
- Market Opportunities
- Outlook



Airport Overview

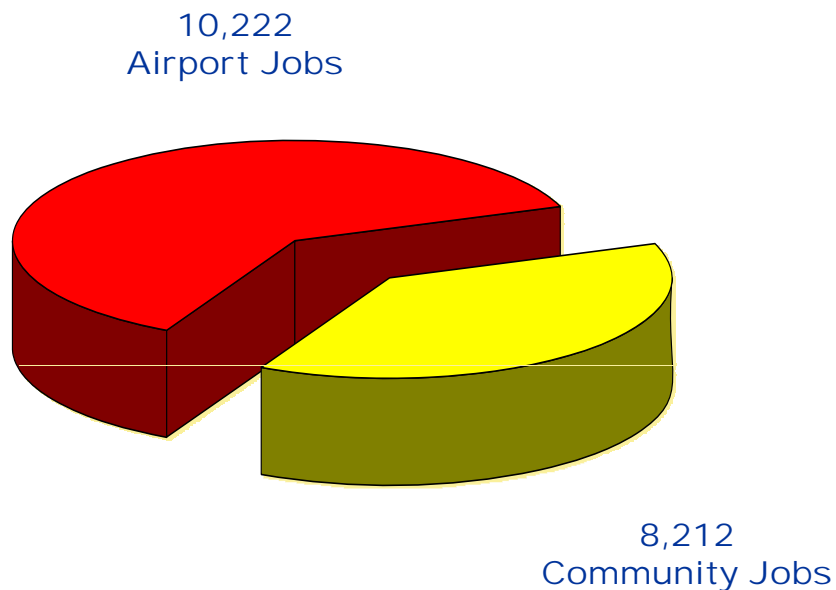


40 wide-body aircraft on the deck at ANC in October 2008





The Airport's Economic Impact.....18,434 Jobs



One in eight jobs in Anchorage

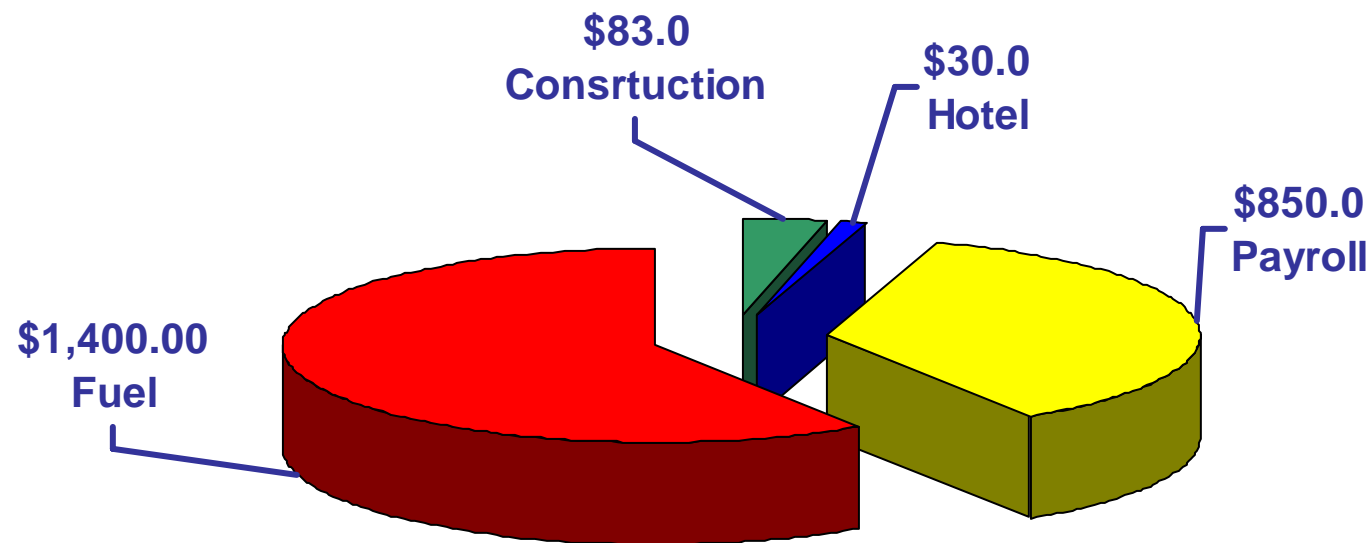
About \$562 million in direct annual payroll

Another \$288 million in annual payroll for community jobs

Source: Institute of Social and Economic Research, University of Alaska Anchorage, September 2007.



Airport's Total Annual Economic Impact - \$2.363 Billion



Source: Institute of Social and Economic Research, University of Alaska, Anchorage, September 2007



Cargo Carrier Overview

- ACE Air Cargo
- ANA
- Air Atlanta Icelandic
- Air Canada
- Air China
- Alaska Airlines
- Asiana Airlines
- Atlas Air
- Cargo 360
- Cathay Pacific Airways
- China Airlines
- China Cargo
- China Southern
- Empire Airlines
- Eva Airways
- Evergreen International
- Everts Air Cargo
- Federal Express
- Focus Air Cargo
- Japan Airlines
- Kalitta Air
- Korean Air Cargo
- Lynden Air Cargo
- Nippon Cargo Airlines
- Northern Air Cargo
- Northwest Air Cargo
- Polar Air Cargo
- Qantas
- Shanghai Airlines
- Singapore Airlines
- Southern Air
- TradeWinds Airlines
- United Parcel Service
- World Airways
- Yangtze River Express

- ABX Air
- Air Macau
- Dragon Air
- Transmile Air

Blue - Current Cargo Carriers

Red - New Cargo Carrier

Green - New Cargo carrier no longer serving US market



Cargo Carrier by Home Country

• Japan	3		
• Korea	2	•USA	14
• Taiwan	2		
• China	5		
• Hong Kong	1		
• Singapore	1		
• Australia	1		
• Canada	1		



2007 ACI Cargo Traffic Stats (Metric Tons)

Rank	Airport	Total Cargo	% Change
1	MEMPHIS (MEM)	3 840 491	4.0
2	HONG KONG (HKG)	3 773,964	4.5
3	ANCHORAGE (ANC)	2 825 511	0.6
4	SHANGHAI (PVG)	2 559 310	18.0
5	INCHEON (ICN)	2 555 580	9.4
6	PARIS (CDG)	2 297 896	7.9
7	TOKYO (NRT)	2 254 421	(1.2)
8	FRANKFURT (FRA)	2 127 646	8.4
9	LOUISVILLE (SDF)	2 078 947	4.8
10	MIAMI (MIA)	1 922 985	5.1



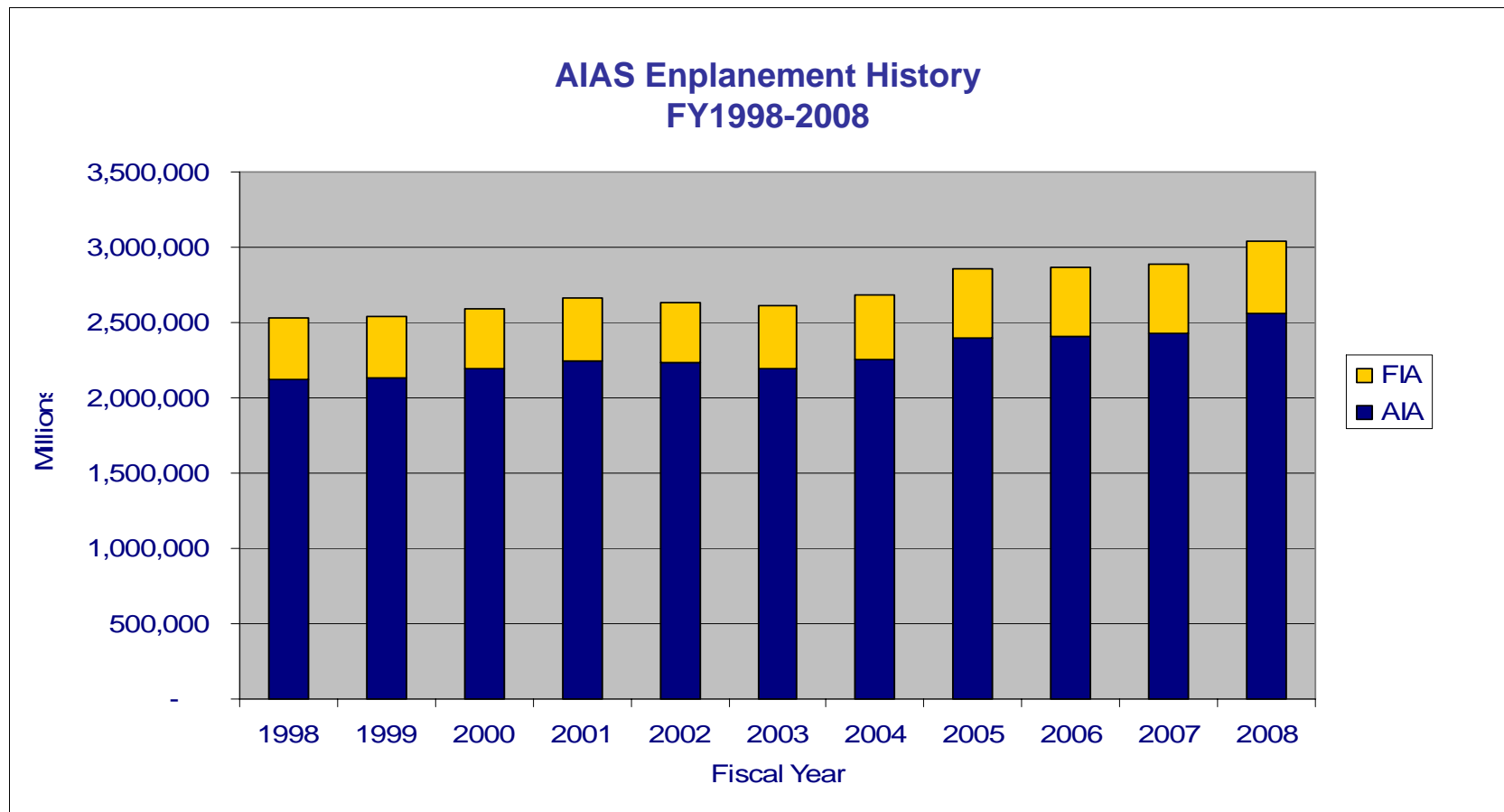
Competitive Rates and Fees

Landing Fee

	<u>Cost for 747-400</u>
Toronto	\$12,799.08
Tokyo	\$7,405.37
Newark	\$4,789.75
New York	\$4,456.55
Dallas	\$3,349.98
Seoul	\$2,982.14
Chicago	\$2,759.24
Seattle	\$1,918.00
Vancouver	\$1,837.08
<u>AIAS</u>	\$1,174.53

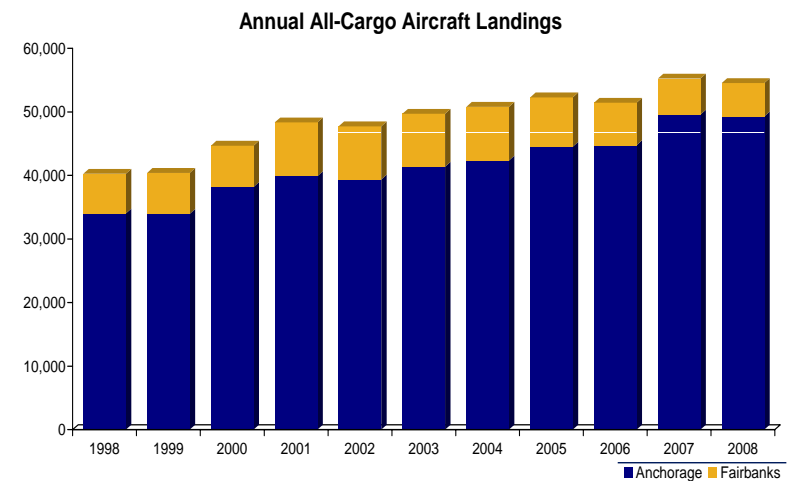
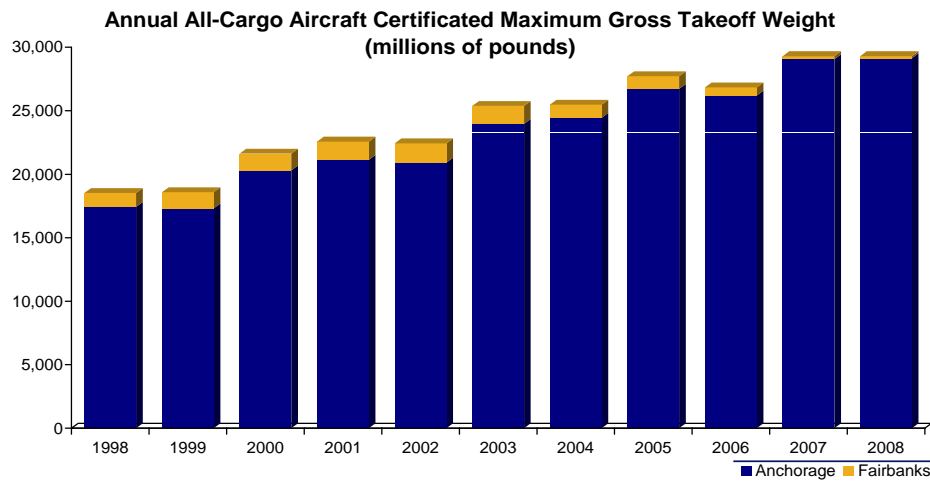


Solid Operating Trends: Passenger





Solid Operating Trends: Cargo



Compound Annual Growth Rate

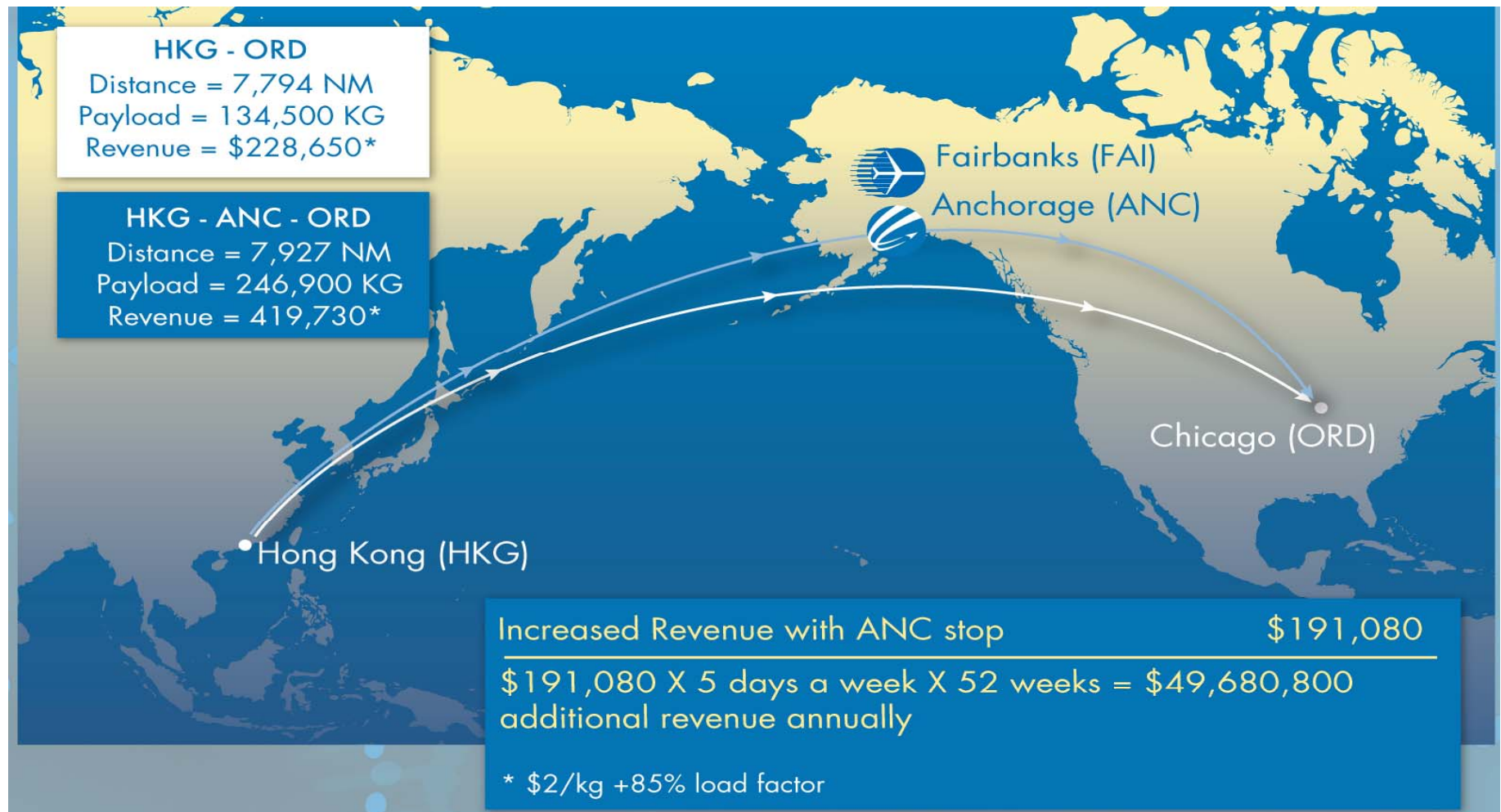
	All-Cargo Take-off Weight	All-Cargo Aircraft Landings
1998-2008	4.26%	2.80%
2006-2008	4.48%	6.04%



ANC Advantages



The Alaska Advantage: Strategic Location - Payload v. Range





Regulatory Advantages

- ➔ Progressive Clearance
- ➔ International-to-International (ITI)
- ➔ Cargo Transfer



Cargo Transfer Authority

- 1996 - USDOT awarded Cargo Transfer Flexibility
 - On-line transfers, change of gauge
 - Commingling of foreign and domestic cargo
 - Foreign-domestic, foreign-foreign transfers
- 2003 - Expansion of Cargo Transfer
 - December 12, 2003 expanded current cargo transfer authority for foreign carriers that have a revenue relationship with U.S. carrier



Cargo Transfer Hub Northwest/Korean/Transmile/China





Market Opportunities



Market Opportunities

Singapore - Open Skies

-- Singapore Airlines via China

Viet Nam - Open Skies

-- Taiwan, China, Korea, Japan, FedEx, UPS

India - Bermuda I Agreement

-- Taiwan, China, Korea, Japan, FedEx, UPS

China –Unique agreement

5 – Chinese cargo carriers designated

--Air China, China Southern, China Cargo, Shanghai,
Yangtze River Express

5 – US cargo carriers designated

-- FedEx, Northwest, UPS, Polar, Evergreen



China Market Overview

2000 - 15 landings per week

2006 - 198 landings per week

2007 - 260 landings per week

Nearly 35% of total international cargo traffic at ANC derived from China market

Total China-US air cargo market in 2007 - 36.7% of Asia-North America air cargo market



Economic Impact of International Cargo at Anchorage

- Cargo accounts for nearly two-thirds of airport revenues
- 9 International carriers account for 54.76% of cargo revenue

FY 2008 Cargo Market Share

By Take-Off Share			By Revenues		
Airline	Total lbs. (000's)	Market Share	Carrier	Revenues	Market Share
Federal Express	3,203,331	11.70%	Federal Express	\$7,943,319	11.10%
United Parcel Service	3,155,728	11.53%	United Parcel Service	7,728,110	10.80%
Cathay Pacific Airlines	2,602,562	9.51%	Cathay Pacific Airlines	7,720,284	10.79%
China Airlines	2,556,930	9.34%	China Airlines	7,563,925	10.57%
Korean Airlines	2,361,720	8.63%	Korean Airlines	6,550,629	9.15%
Eva Airways Corporation	1,938,868	7.08%	Eva Airways Corporation	5,735,710	8.01%
Northwest Airlines, Inc.	1,636,800	5.98%	Northwest Airlines, Inc.	5,460,525	7.63%
Japan Airlines International	1,382,469	5.05%	Japan Airlines International	3,785,451	5.29%
Southern Air, Inc.	1,102,520	4.03%	Asiana Airlines	2,338,233	3.27%
Asiana Airlines	911,760	3.33%	Singapore Airline Cargo	2,033,132	2.84%
Singapore Airline Cargo	841,192	3.07%	Nippon Cargo Airlines	2,025,426	2.83%
Nippon Cargo Airlines	660,366	2.41%	Southern Air, Inc.	1,944,774	2.72%
Air China	512,164	1.87%	Air China	1,437,394	2.01%
Kalitta Air	498,126	1.82%	Kalitta Air	1,239,042	1.73%
China Eastern/Cargo Airlines	454,429	1.66%	Northern Air Cargo, Inc.	1,023,806	1.43%
All Others (23 Airlines)	3,714,816	12.99%	All Others (23 Airlines)	7,045,916	9.84%
Total	27,533,781	100.00%	Total	\$71,575,676	100.00%



Outlook



ANC Strengths

**Strategic Location for
Cargo Activity**

**Competitive airports with
low rates and fees**

Carrier relationships

Close alternate airport

Parts exchange program

ANC Opportunities

**Existing all-cargo carrier
operations**

Cargo Transfer Authority

Increased use of freighters

**Growing base of Chinese
carriers**



ANC Threats

**Other airport communities
have a manufacturing base**

**Weather concerns with
deicing costs**

Other airport competition

ANC Weaknesses

**Global Recession/Aviation
Decline**

Overflight of ANC

**No local manufacturing base
and limited air exports**

**Domestic Air Cargo network
limits warehouse & distribution
opportunities**



Domestic Air Cargo Network





Recap of 2008 Activity

TOTAL LANDINGS

•101,863: Decreased .05%

CARGO LANDINGS

•46,965: Decreased 5.4%

PASSENGER GROWTH

5,380,811 passengers: Increased 4.4%

FUEL

865 million gallons: Decreased 6.6%



Good News

- **NCA** - JFK Station
- **Cathay Pacific** - New freighters, new stations
- **Evergreen / Kalitta** – New China designation
- **UPS** - New China frequencies



Thank You!

Questions?