



Alaska International Airports System

Alaska Dept. of Transportation Senate Finance Legislative Update

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Air Crossroads of the World

Alaska



ALASKA INTERNATIONAL AIRPORT SYSTEM



Ted Stevens
Anchorage
International Airport



Fairbanks
International
Airport



Airport System Advantages

Regulatory:

- Progressive Clearance
- Intl to Intl Cargo Transfers
- USDOT awarded Cargo Transfer Flexibility in '96
 - On-line transfers
 - Commingling foreign domestic Foreign-domestic, and foreign-foreign transfers
- Expanded Cargo Transfer '03
 - Expands transfer authority for foreign carriers with revenue relationship w/U.S. carrier

Location & Cost:

- Air cargo center for Asia
 - Part of the Asia Airport System
 - Growing Asian Market and Base for Chinese Freighters
- One Revenue System
- Diverse revenue sources keep airlines rates competitive
- Long-term commitments
- System capacity for growth
 - Infrastructure
 - Alternatives

Alaska's Global Advantage

Payload vs Range





Diversity of Cargo Carriers

(FY09 Service)

Cargo Carriers by Home Country:

• USA	17
• China	6
• Japan	3
• Korea	2
• Taiwan	2
• Hong Kong	1
• Singapore	1
• Australia	1
• Canada	1

Current Carriers (34):

- ABX Air Inc.
- ACE Air Cargo
- ANA
- Air Canada
- Air China
- Alaska Airlines
- Asiana Airlines
- Atlas Air
- Cathay Pacific Airways
- China Airlines
- China Cargo Airlines
- China Southern
- Empire Airlines
- Eva Airways
- Evergreen International
- Everts Air Cargo
- Federal Express
- Great Wall Airlines
- 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 Cargo
- Singapore Airlines
- Southern Air
- TransNorthern LLC
- United Parcel Service
- World Airways
- Volga Depner Cargo



Comparison: AIAS Competitive Rates

Terminal Rent

	<u>Ticket Counter/Gate</u>
Seattle	\$396.01/\$237.60
Portland	\$242.00/\$218.00
Ontario	\$139.99/\$139.99
Reno	\$117.04/ \$93.63
Boston	\$100.21/\$100.21
AIAS	
Signatory	\$61.59 / \$61.59
Non-Signatory	\$76.99 / \$76.99

Landing Fee

	<u>Cost 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
AIAS	
Signatory	\$1,137.50
Non-Signatory	\$1,443.75

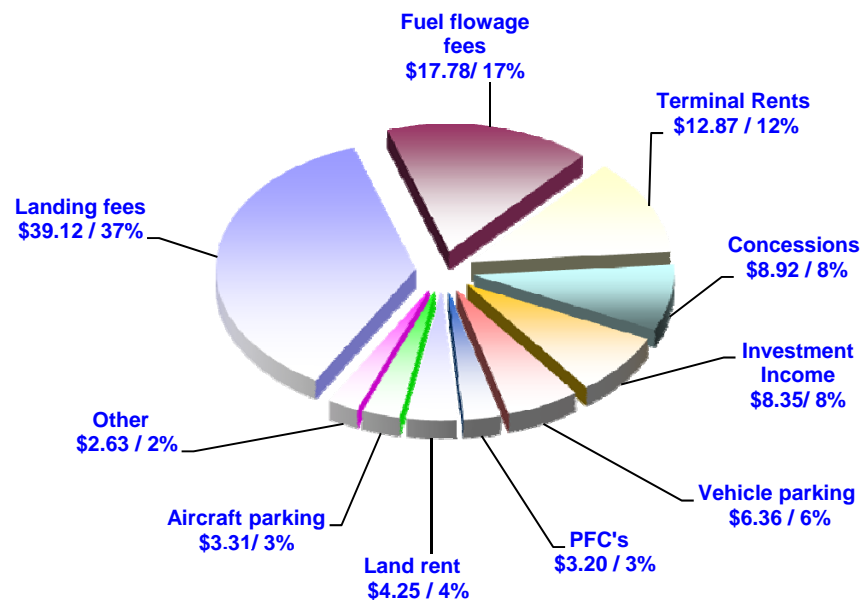


Strengths: Diverse Business Revenues

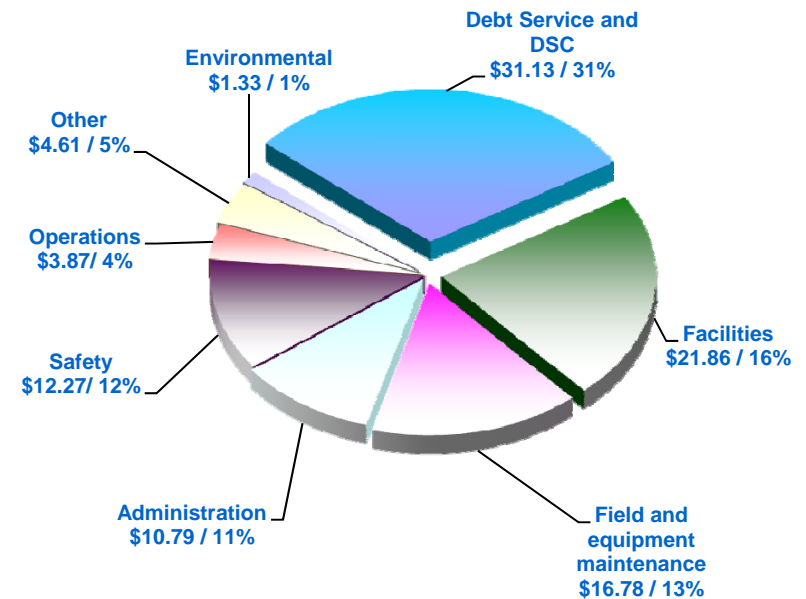
FY 2009 Revenues & Expenses

(Millions)

AIAS 2009 Revenue Sources (\$118.87)

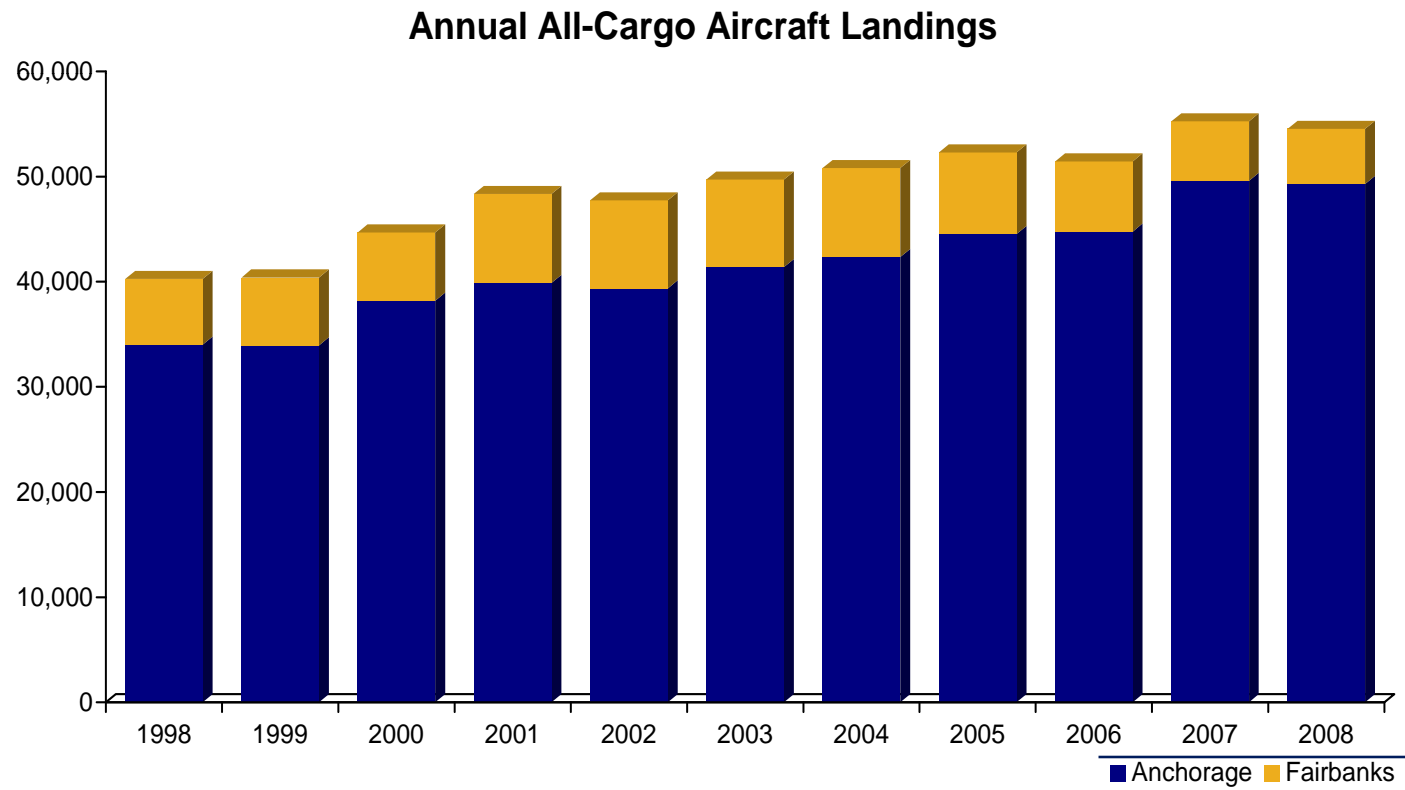


AIAS 2009 Annual Costs and DSC (\$101.96)



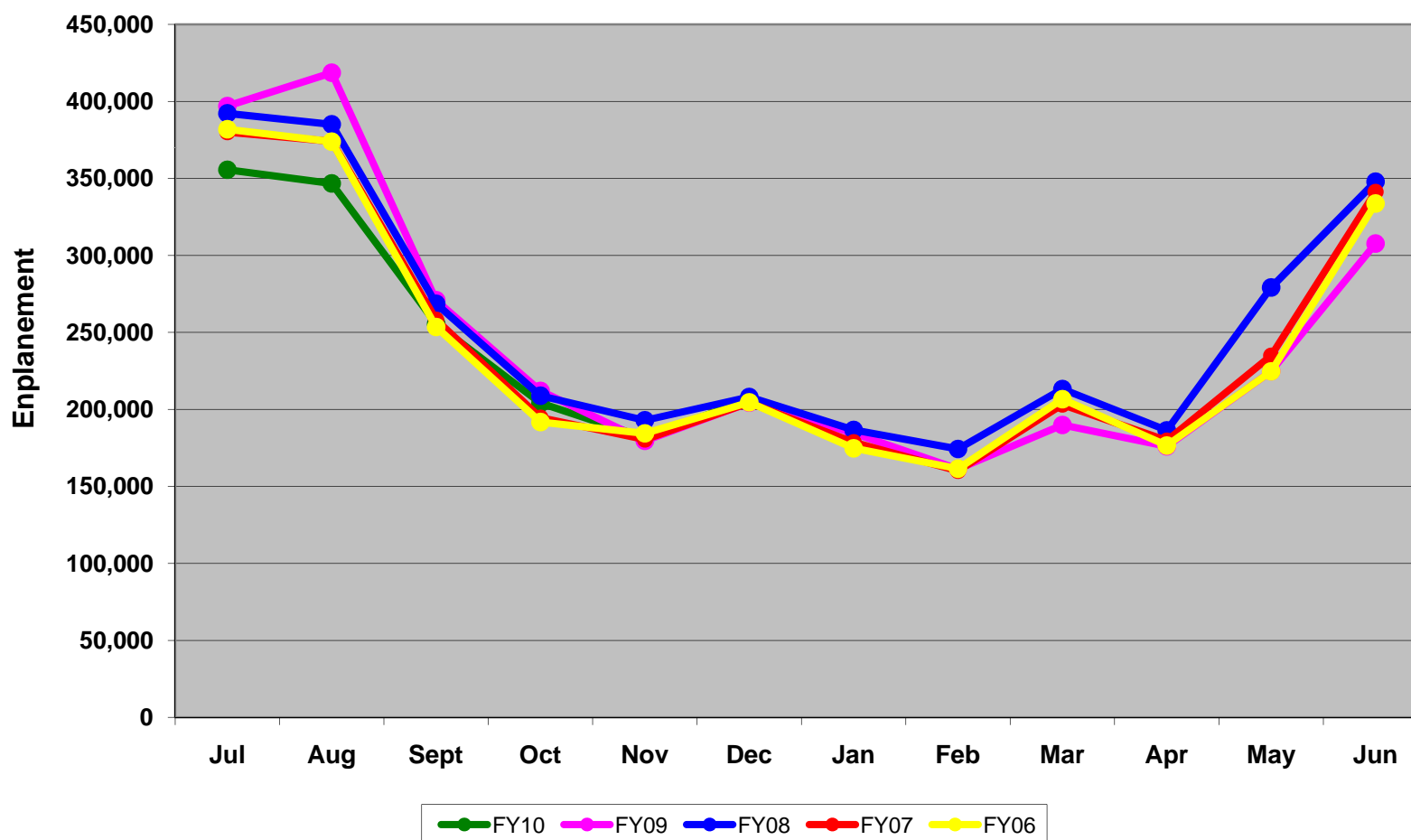


Strengths: Cargo Operations





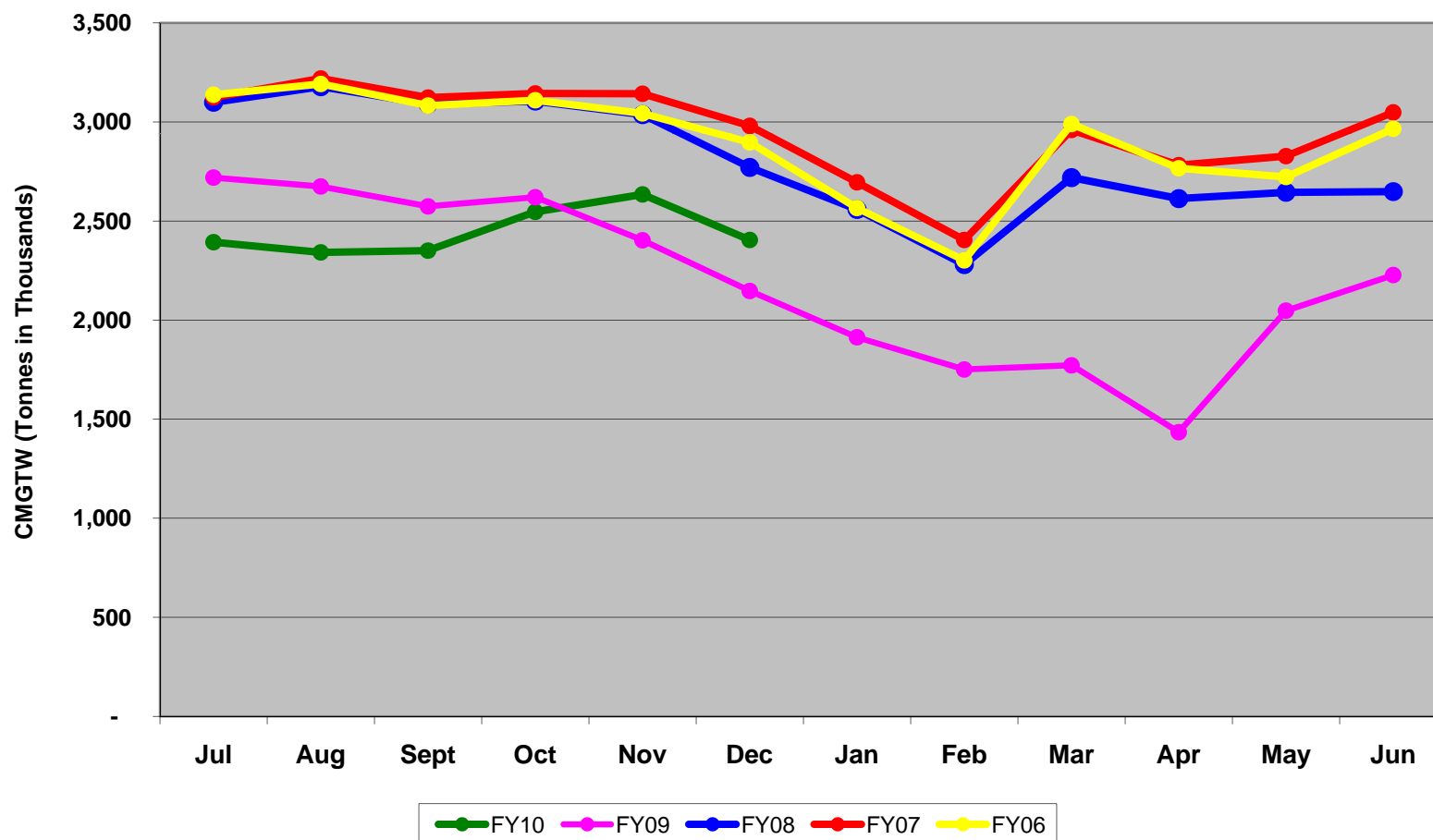
AIAS FY06 - FY10 MONTHLY ENPLANEMENTS As of December 31, 2009





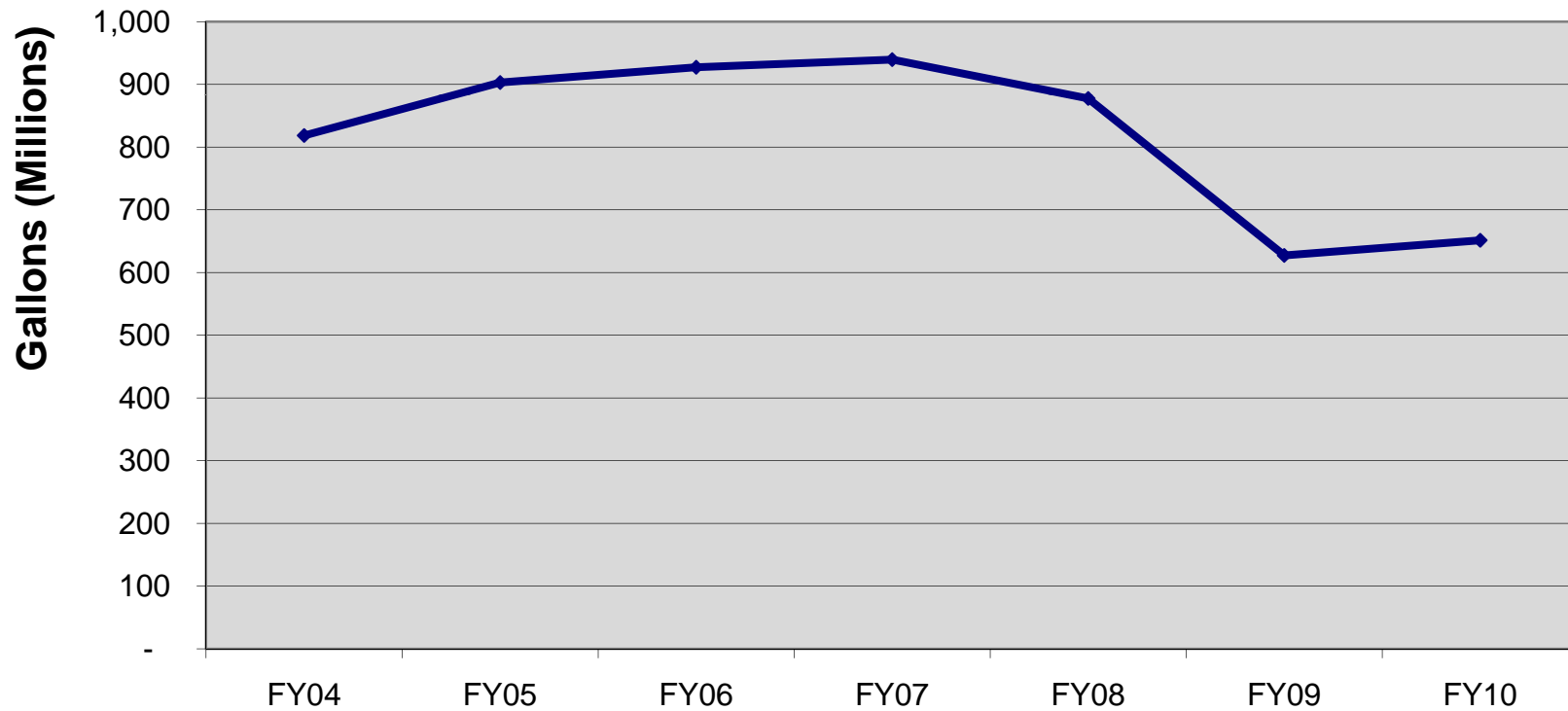
AIAS FY06 - FY10 YTD

Combined Cargo - Pax CMGTW as of December 31, 2009





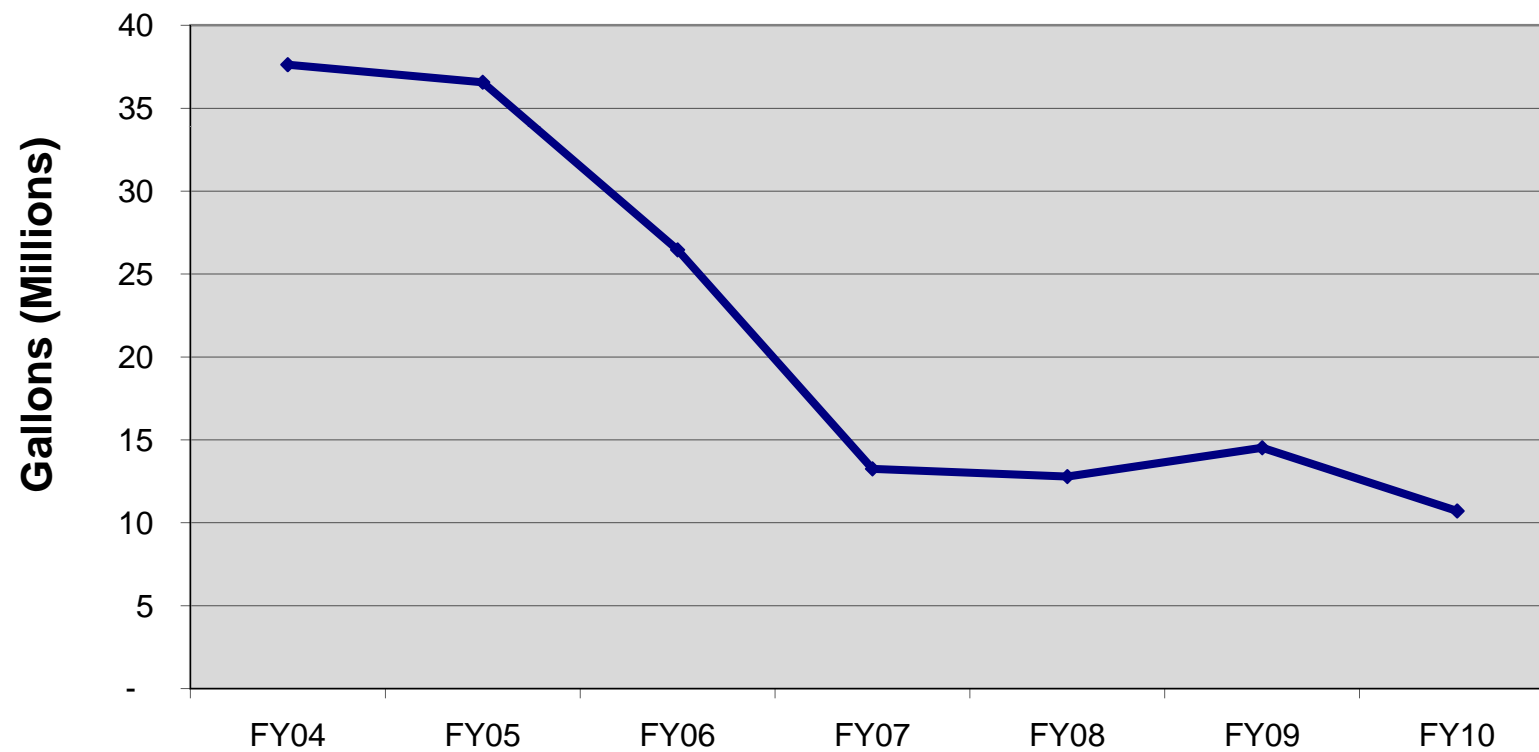
ANCHORAGE INTERNATIONAL AIRPORT ANNUAL FUEL CONSUMPTION FY04 -FY10



* FY10 Jan-Jun Sales Estimated



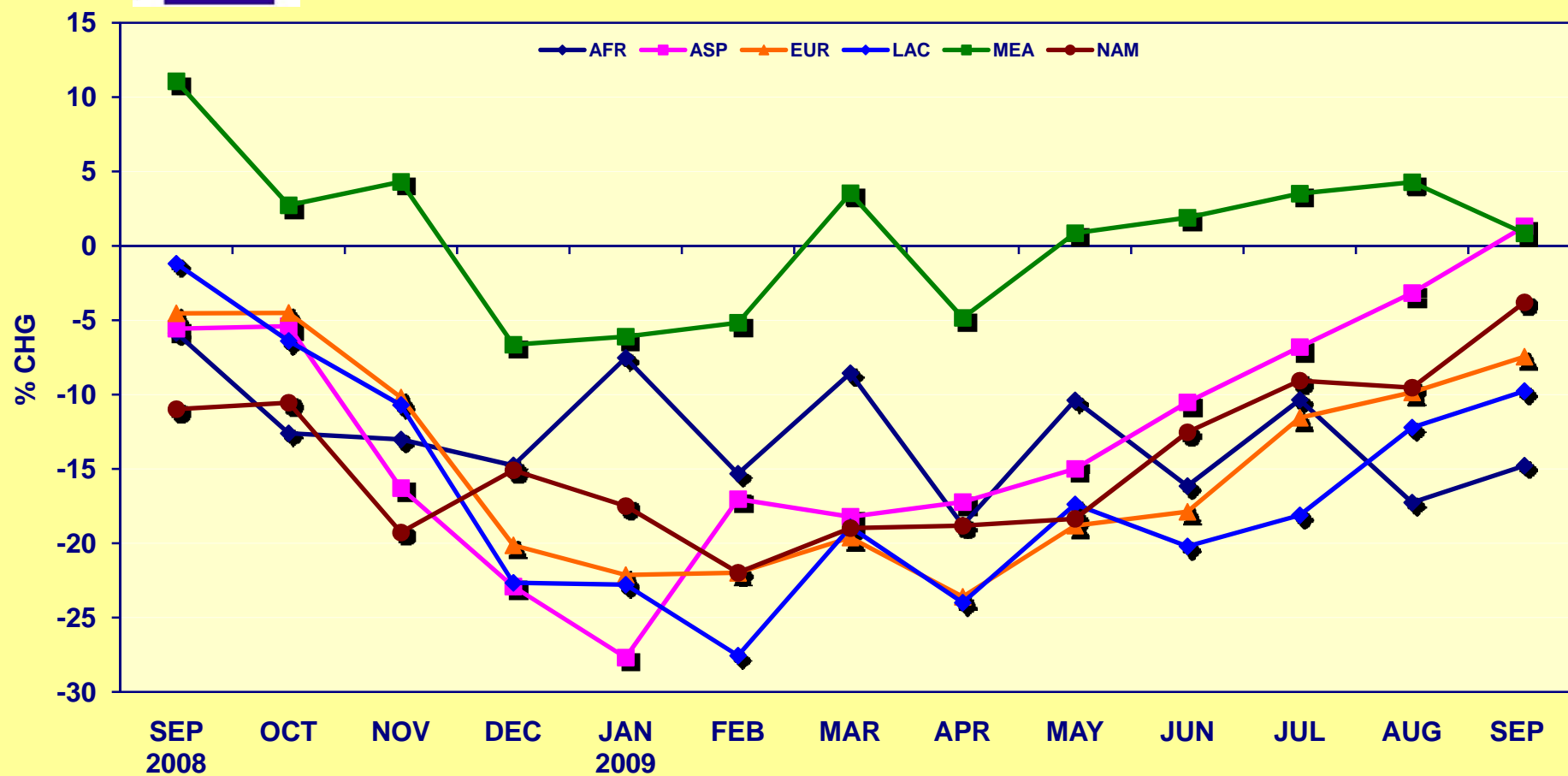
FAIRBANKS INTERNATIONAL AIRPORT ANNUAL FUEL CONSUMPTION FY04 - FY10



* FY10 Jan-Jun Sales Estimated



Total Freight Regional Trends





AIAS Response

Remain Competitive:

- Proactively Controlled & Reduced Operating Costs Early
- Scaled-back capital projects \$400+ Million
- Reduced Airport Debt and Maintaining Stability
- Reduced Rates & Fees for 2009

Assess Competition:

- Conducted 3rd Party Cargo Analysis of Asian Market Trends
- Negotiated operating agreement in partnership with airlines
- Utilizing revenue to reduce debt and hold down rates
- Favorable regulations – Cargo Transfer Authority



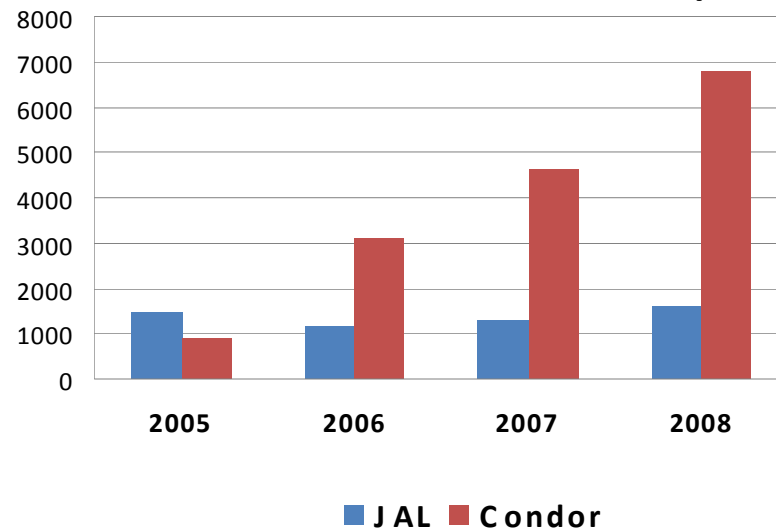
Results: Airlines Commit to New Operating Agreement

- New airport operating agreement last year after 3 year holdover, adding 6 air carriers over past, committed to funding airport costs for next 5 years.
- Business model approach – more equitable pay for what you use, partnership, project accountability, manage as a system, and ensure competitiveness
- Strong show of support for the AIAS



Fairbanks Airport: Increasing Winter Passengers and Cargo Flights

International Enplanements
Fairbanks International Airport





Fairbanks Terminal & Construction

On-Schedule Under Budget!

- Opened May 7, 2009
- Public Private Airline Partnership
- Authorized \$96.2M
- Cost \$92.3M





Anchorage Airport A & B Concourses

On-Schedule and Under Budget!

- Opened for Business on November 2, 2009
- Passenger/Baggage screening centralized
- A&B concourses 352,000 ft² renovation



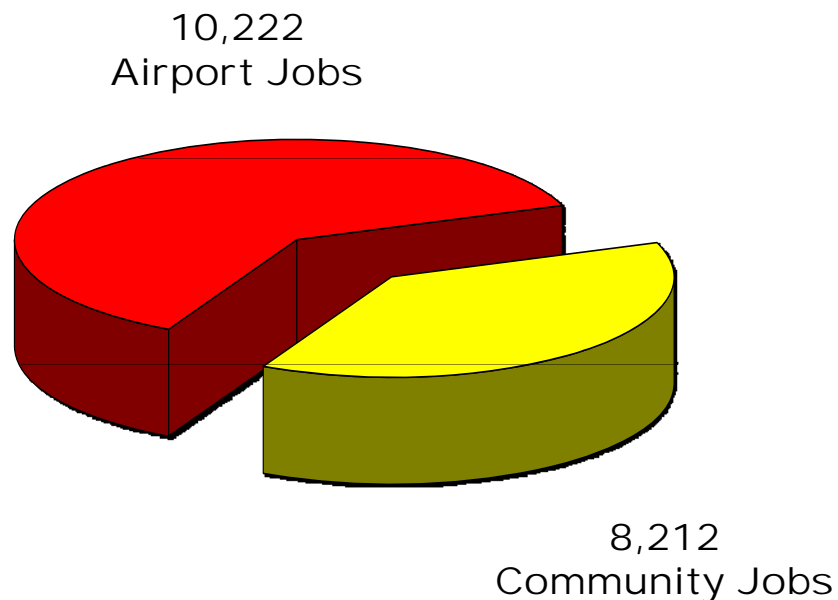


2008 ACI Cargo Traffic Stats (Metric Tons)

Rank	Airport	Total Cargo	% Change
1	MEMPHIS (MEM)	3,695,438	(3.8)
2	HONG KONG (HKG)	3,660,901	(3.0)
3	SHANGHAI (PVG)	2,602,916	1.7
4	INCHEON (ICN)	2,423,717	(5.2)
5	ANCHORAGE (ANC)	2,339.831	(17.2)
6	PARIS (CDG)	2,280,050	(0.8)
7	FRANKFURT (FRA)	2,111,031	(2.7)
8	TOKYO (NRT)	2,100,448	(6.8)
9	LOUISVILLE (SDF)	1,947,276	(5.0)
10	Singapore (SIN)	1,883,894	(1.8)



Anchorage Specific Economic Impact.....18,434 Jobs

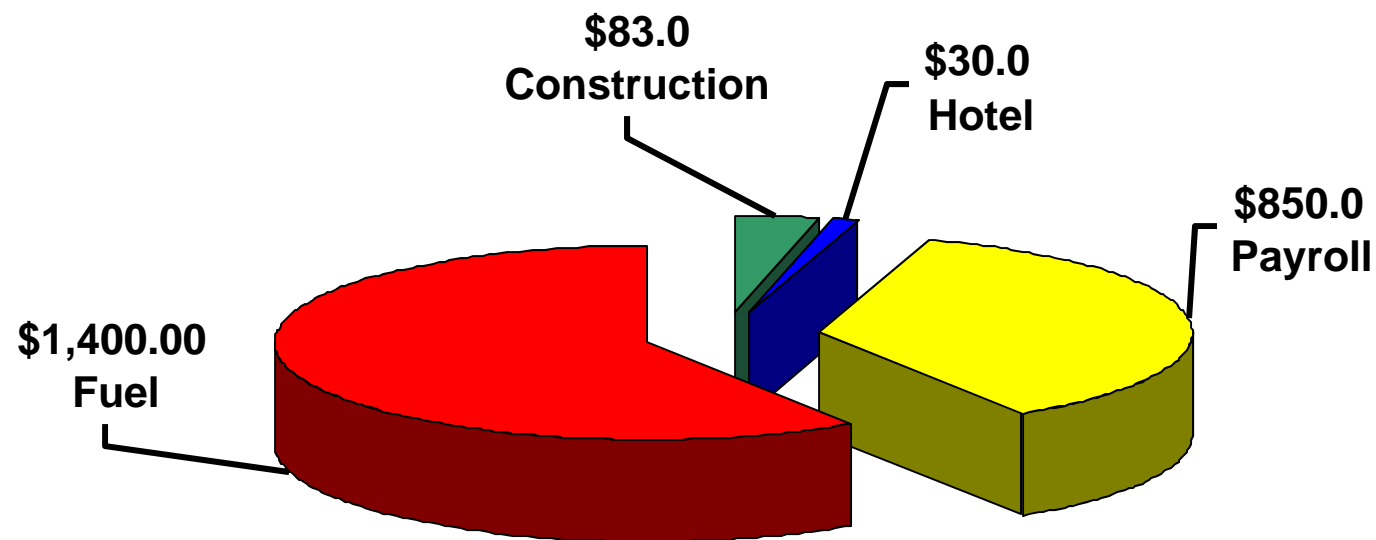


- One in eight jobs
- About \$562 million direct annual payroll
- Another \$288 million in annual community jobs payroll

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



Annual Anchorage Economic Impact \$2.363 Billion`



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



Economic Impact of International Cargo at Anchorage

Airline	Total lbs. (000's)	Market Share
UNITED PARCEL SERVICE	2,871,206	13.98%
FEDERAL EXPRESS	2,647,701	12.89%
KOREAN AIR LINES	2,173,360	10.58%
CATHAY PACIFIC AIRWAYS	2,061,863	10.04%
CHINA AIRLINES	1,732,170	8.44%
EVA AIRWAYS CORPORATION	1,470,814	7.16%
NORTHWEST AIRLINES, INC.	949,247	4.62%
POLAR AIR	893,207	4.35%
SOUTHERN AIR, INC.	841,709	4.10%
JAPAN AIRLINES INTERNATIONAL	742,443	3.62%
ASIANA AIRLINES	668,160	3.25%
SINGAPORE AIRLINES CARGO	533,566	2.60%
NIPPON CARGO AIRLINES	434,875	2.12%
AIR CHINA CARGO COMPANY LTD	275,643	1.34%
CHINA CARGO AIRLINES	261,426	1.27%
NORTHERN AIR CARGO	257,672	1.25%
All Others (19 Airlines)	1,718,371	8.39%
Total	20,533,433	100.00%

Carrier	Revenues	Market Share
UNITED PARCEL SERVICE	\$6,596,629	13.14%
FEDERAL EXPRESS	6,446,110	12.84%
KOREAN AIR LINES	5,850,619	11.66%
CATHAY PACIFIC AIRWAYS	5,335,092	10.63%
CHINA AIRLINES	5,083,510	10.13%
EVA AIRWAYS CORPORATION	4,053,107	8.07%
JAPAN AIRLINES INTERNATIONAL	2,084,375	4.15%
POLAR AIR CARGO	2,046,503	4.08%
ASIANA AIRLINES	1,590,172	3.17%
SOUTHERN AIR, INC.	1,522,778	3.03%
SHANGHAI AIRLINES CARGO	1,207,316	2.41%
SINGAPORE AIRLINES CARGO	1,191,042	2.37%
NIPPON CARGO AIRLINES	1,160,289	2.31%
NORTHERN AIR CARGO, INC.	989,275	1.97%
AIR CHINA CARGO COMPANY LTD	759,130	1.51%
CHINA CARGO AIRLINES	648,671	1.29%
All Others (19 Airlines)	3,629,233	7.23%
Total	\$50,193,851	100.00%



Successes & Bright Spots

- +3 new International cargo carriers to system recently: World Airlines, Great Wall, and Quantas
- 1st Incentive program approved by signatory airlines to increase Asian passenger flights to Alaska. China Airlines now provides 4 wkly flights between Anchorage & Taipei.
- Japan Airlines operated 17 charters from Japan to Alaska this past tourist season (added 3 flights over 2008)
- Recognized as a “Top Performer” in Concession Sales!



Marketing Team

- In discussion with European Intl. operator for year-round service, and with 3 domestic passenger airlines.
- All new marketing materials, translations, and website
- Partnerships with area Convention & Visitor Bureau's, Economic Development Corporation, tenants and leaseholders.
- Represented at International Cargo Conferences and Trade Shows Hong Kong & Beijing for 1st time since 2004

AIAS Marketing Team: “We believe in partnerships, cooperation, and a team approach”



Summary of FY'09 and FY'10 so far...

FY'09 from prior year

- Landings -13%
- Cargo/Pax CMGTW -23%
- Enplanements -4%
- Fuel Uplift -28%

FY'10 from prior year

- Landings -10%
- Cargo/Pax CMGTW -11%
- Enplanements -12%
- Fuel Uplift -7%
- *On the road to recovery and major improvements!*



Our Future Plans

1. Maintain Competitive Rates & Fees
2. Grow and diversify revenue sources
3. Modest CIP growth to meet the current needs
4. Utilize our new Marketing Team approach of working together in partnership: with airlines, tenants, other airports, and businesses to continue our successes
5. Kulis ANG Planning & Utilization
6. Runway 7R Extension



Thank you!

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