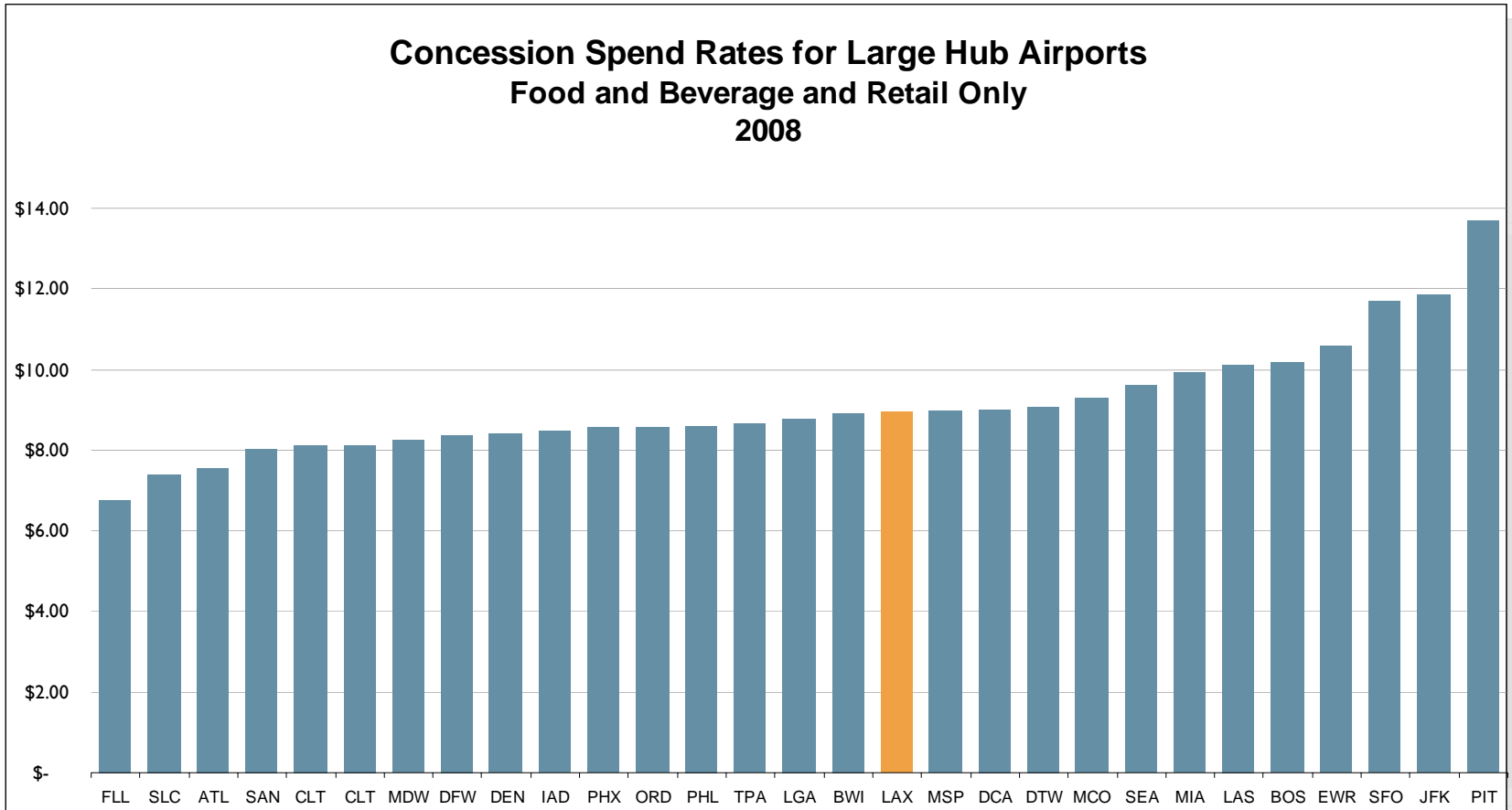


Concession Redevelopment Los Angeles International Airport

Board of Airport Commissioners
December 21, 2009

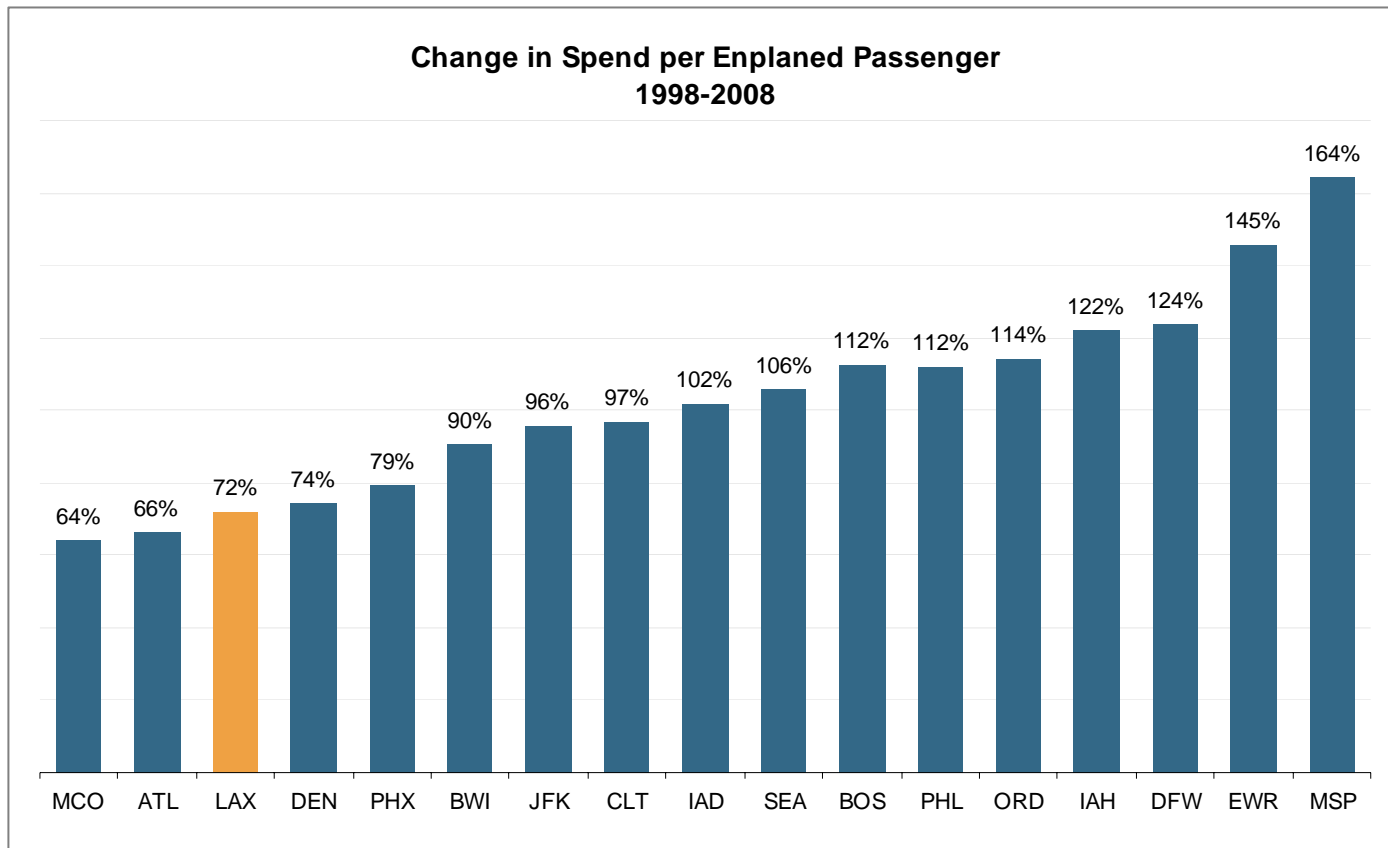
A National Context – Airport Concession Performance

- LAX concession performance is average
- Given its demographics, long-haul flights, and international passenger mix, LAX should be among the top performers.



Historical Context - Change since 1998

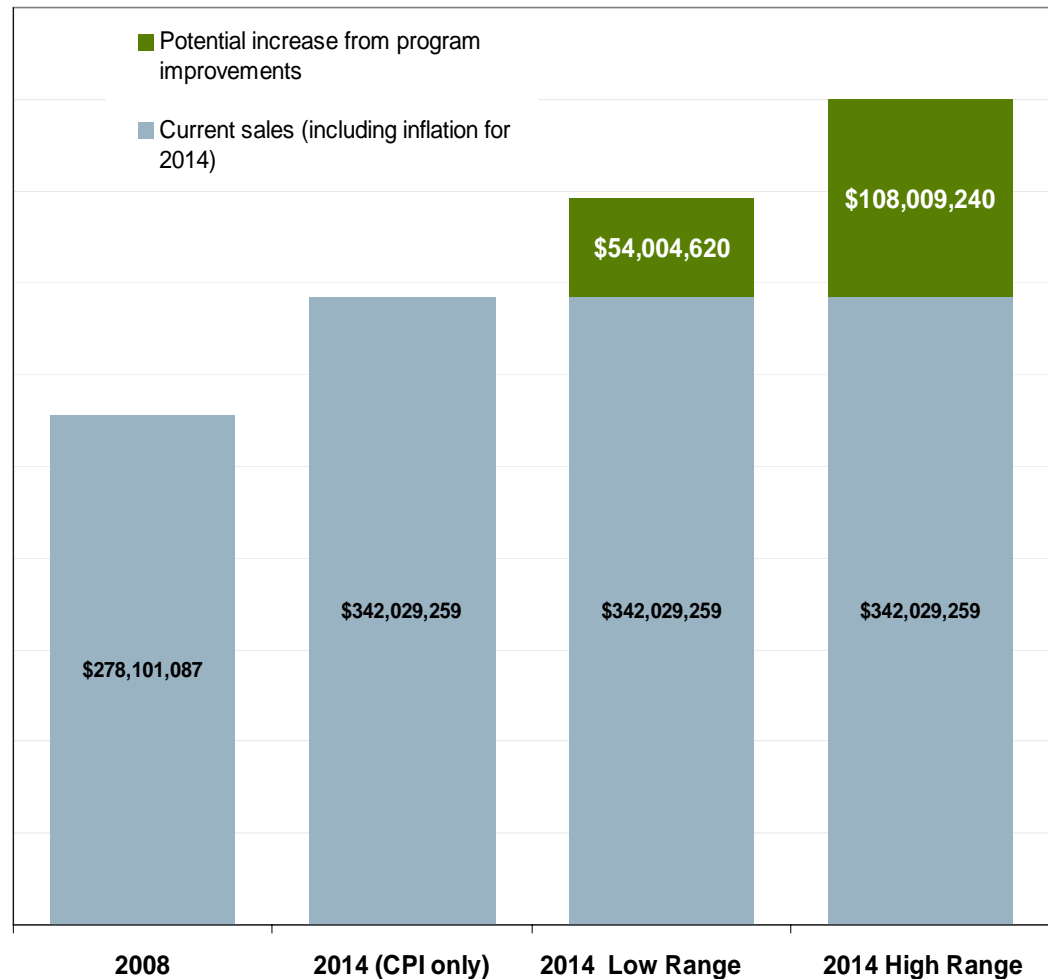
- LAX lags other large airports in growth in spend rate over the last decade
- Without a modified course of action LAX will likely continue to fall behind



Future Potential – Improve Passenger Satisfaction and Revenue

- **Passenger Satisfaction -**
Higher sales/passenger is the best available metric
- **Sales Potential –**
Operating at the higher end of airport industry scale, LAX should (x-duty free sales):
 - Realize \$54m-\$108m in additional annual sales
 - Results in \$500m-\$1.0b in additional sales over the life of the concession agreements
- **LAWA Net Revenue -**
Improving concession fee structures will determine how much of the potential upside LAWA would receive

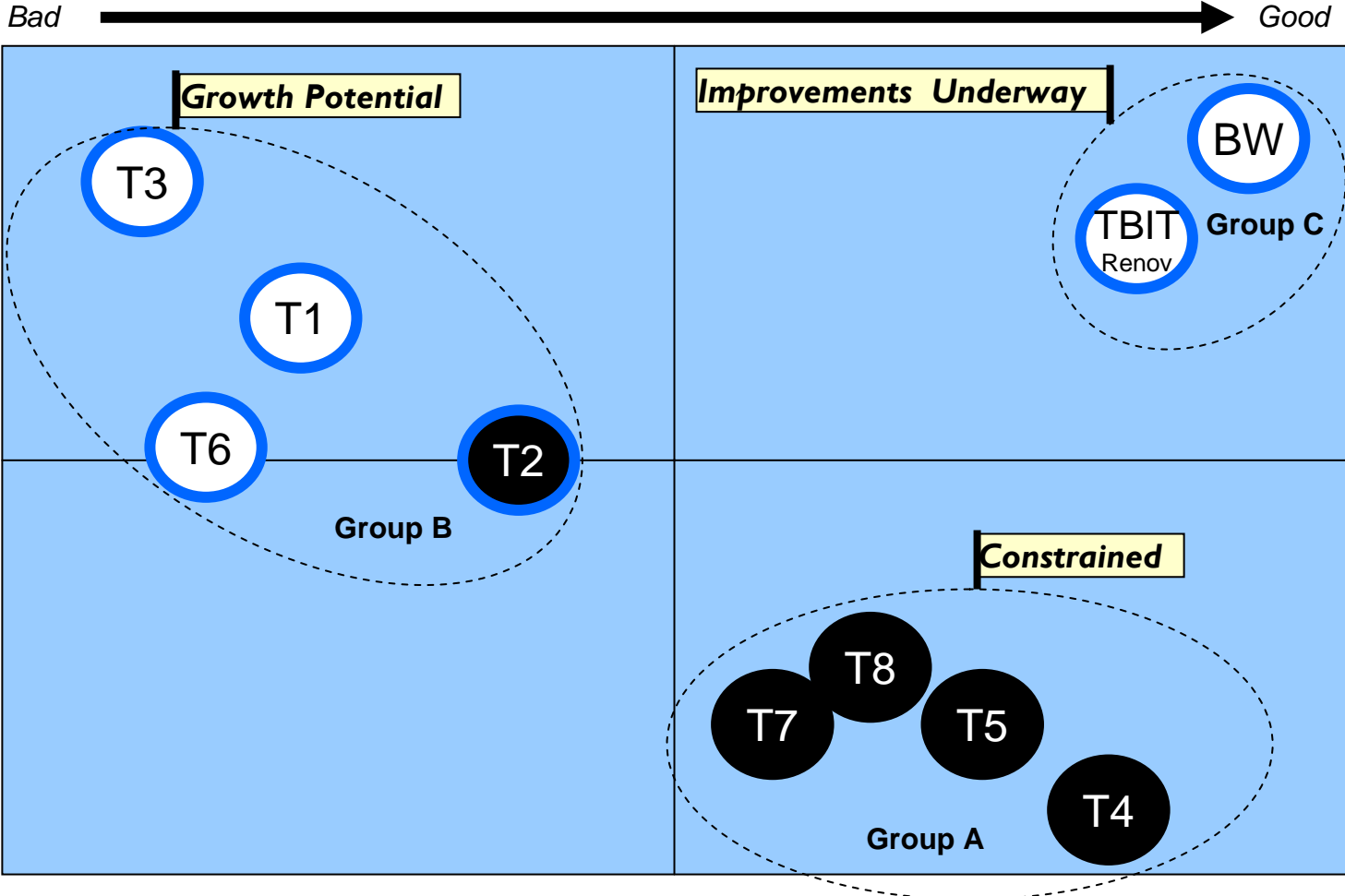
Potential Sales Increase to LAWA from
Food & Beverage and Retail Concessions
-- Excludes Duty Free Sales --



Note: No increase in passenger enplanements assumed in figures.

Terminal Characteristics

Passenger Terminal Concourse Condition and Appearance



- = airline-developed terminal with concessions and public space reverted to LAWA
- = LAWA-managed terminal

Terminal Groups – Key Characteristics

Group A Terminals 4, 5, 7, 8

Constraints

- Limited ability to:
 - increase space
 - convert public space

Opportunities

- Speed to market
- Newer concepts = \$
- Limited investment
- Established sales history



Direct Leasing

Group B Terminals 1, 2, 3, 6

Constraints

- Higher investment requirements
- Construction impacts
- Complicated phasing
- Terminal infrastructure challenges

Opportunities

- Few airline lease restrictions
- Potential 40% increase in space



**Terminal Commercial
Manager**

Group C TBIT & Bradley West

Constraints

- Schedule & opening date
- Multiple construction entities
- No sales history for Bradley West core

Opportunities

- International passengers
- Greatest sales upside
- Integrated with terminal design
- LAWA financing available



Leasing Agent/Manager

Defining the Business Models

Direct Leasing

LAWA leases through RFP process, oversees tenant design, construction, and tenants

- Material increase in spend rates
- Uses traditional percent-of-gross sales business model
- Tenant procurement depends on RFP results
- Each tenant has construction risk
- Redevelops space with minimal disruption to airline controlled terminals

Terminal Commercial Manager

Provides vision, leasing & re-leasing, design, construction, and tenant management

- Highest passenger spend rates
- Leverages private sector skills to lease and manage
- Focuses on tenant procurement
- Uses a single manager for a complex program
- Assumes construction risk










Leasing Agent/Manager

Provides leasing & re-leasing, design coordination, schedule compliance, tenant management

- Spend rates parallel TCM
- Leverages private sector skills to lease and manage
- Focuses on tenant procurement
- Uses existing LAWA construction capacity
- Uses existing LAWA finance vehicle
- Synchronizes with Bradley West schedule

Assigned Responsibilities

Group A Terminals 4, 5, 7, 8	Group B Terminals 1, 2, 3, 6	Group C TBIT/Bradley West
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Vision		TCM	
Plan		TCM	
Lease		TCM	LAM
Finance	Tenants	TCM Tenants	 Tenants
Construct	Tenants	TCM Tenants	 Tenants
Manage		TCM	LAM
Replace		TCM	LAM

Concession Program Schedule

Group A Terminals 4, 5, 7, 8	Group B Terminals 1, 2, 3, 6	Group C TBIT/Bradley West	LAX-Wide Duty Free
Direct Leasing	TCM	LAM	Direct Leasing

Board Approve RFP	Done	February	June	September 2010
RFP Issued	Done	March	July	October 2010
Proposal Due	Done	June/July	October	January 2011
Evaluate & Interview	February	July/August	Oct-Dec	March/April 2011
Board Award	March/April	Sept/Oct	January 2011	May/June 2011
Finalize Agreements	n.a.	March 2011	September 2011	n.a.
Construction Start	January 2011	June 2011	April 2012	April 2012
Construction Complete	December 2011	May 2012	October 2012	October 2012

RFP development for Groups B and C will tie to original program goals...

PASSENGER EXPERIENCE

- Expand the Airport's limited concessions and improve the usage of space.
- Create a vibrant, relaxed retail environment evoking the cultural diversity and unique attributes of Los Angeles.
- Bring local and regional food and beverage and retail brands to the Airport.
- Develop a unifying theme and dynamic design standards for each terminal.
- Encourage high quality customer service through competition with a reasonable pricing policy.

NON-AIRLINE REVENUE

- Maximize revenue - consistent with the overall goals.
- Employ a flexible, tailored contracting approach to match each terminal's opportunities.

PARTICIPATION

- Create business opportunities for local, regional, and national companies.
- Promote diversity and meet or exceed ACDBE goals, and encourage MBE, WBE and SBE participation.
- Foster a fair and respectful employment environment.
- Assure reliable, uninterrupted services for employees and customers throughout the term of concession agreements.