The A.B. Won Pat International Airport, Guam remains the largest capital improvement ever undertaken by the people of Guam. Once operating out of a Quonset hut at the end of WWII, the current sprawling Airport Facility has an incredible history of continual development, with $167M more to be invested in the coming year.

2013 marked the 38th anniversary of the A.B. Won Pat International Airport Authority’s (GIAA) creation as a Government of Guam entity under Public law 13-57. Prior to the enactment, airport business was handled as a division of the Department of Commerce. GIAA first took over terminal operations in January of 1976 in the facility now known as the Air Terminal Annex. At that time, only three carriers serviced Guam—Pan American Airways, Continental Air Micronesia, and Japan Airlines.

Since then, GIAA has built two new terminal buildings. The first one, funded by $43M in 1979 revenue bonds was completed in 1982 and was referred to as the “white elephant” because most island leaders thought it would never reach capacity. However, within its fifth year of tenancy and operations, the first terminal was over-crowded and bursting at the seams with passengers. The second and current terminal is the product of a $241M expansion and construction project, funded by 2003 revenue bonds and completed in 2008.

Now 17 years old, $167M is earmarked for necessary facility and equipment upgrades and improvements at Guam’s Airport. Such investments keeps Guam at the forefront of the aviation industry and expands its role as an important hub in the Pacific.

$247 MILLION GENERAL REVENUE BONDS

CAPITAL IMPROVEMENT PROJECTS: International Arrivals Corridor• Phase 3 Near Fault Seismic Upgrade• Hold Bag Screening Relocation• Security Screening Checkpoint• Flight Information Display System• Integrated Passenger Loading Bridge Replacement• Common Use Check-In Facilities• Fuel System Improvements• Parking Expansion• Interisland Passenger Facility • Aircraft Rescue and Fire Fighting Facility Replacement• Cargo Apron Replacement• Replace Terminal Seating• Access Control and Security Improvements• Terminal Flooring Replacement...
The 9th Airports Council International (ACI) Asia-Pacific “Small and Emerging Airports Seminar” was held on Guam in October 2013 with over 100 participants. The theme, “Rediscovering Emerging Airports’ Potential,” centered on regional aviation and shared best practices of small and emerging airports’ increasing capacity and seeing returns on investment. “Small and emerging airports play a vital role in the Asia-Pacific region, handling 240 million passengers which is about 12% of the region’s total traffic of 1.94 billion in 2012,” stated Patti Chau, Regional Director, of the ACI Asia-Pacific organization.

“Guam’s Airport is the island’s only commercial airport and has emerged as the engine of our island economy and the principal airport serving the Micronesian islands,” said Charles H. Ada Jr, Executive Manager of Guam’s Airport. Mr. Ada further stated that small airports “must evolve using best practices to encourage an unencumbered business climate and capture reciprocal effects for our neighboring airports, and the Asia-Pacific region as a whole.”

Note: ACI Asia-Pacific, based in Hong Kong, represents over 500 airports in 43 countries in Asia Pacific and the Middle East.

The Airport made great strides in 2013 with expanded Air Services. The Airport’s portfolio was enhanced with the opening of the Japan Airlines (JAL) flight crew training facility on Guam. JAL cadet pilots are trained on two of JAL’s fleet models here on Guam, in take-off, landing, flying and stop-and-go operations, adding to the airport’s revenue base and business activity for the fuel handler, ground handler, hotels, restaurants and other providers the flight crew and instructors utilize during their training cycles.

Korean Airlines commenced charter service from new origin Busan, Korea twice weekly, utilizing a B737-800 and maintained these services operating throughout 2013.

New airline operators added over 3,500 passenger seats to Guam in 2013. 2,000 seats became available from new origin Kitakyushu, Japan with the introduction of Star Flyer charters.

1,500 additional seats from Narito were added with Sky-mark Airline’s charters to Guam in Spring 2013.

Korean Airlines commenced charter service from new origin Busan, Korea twice weekly, utilizing a B737-800 and maintained these services operating throughout 2013.

Philippine Airlines Guam Airport’s profile as a viable transit and technical stop for airlines was endorsed with the continuation of Philippine Airlines’ use of Guam as a technical stop in its San Francisco to Manila route. Tech stops add to the Airport’s revenue base and enhances the airport’s reputation as an important transit and technical stop in the Asia-Pacific area.

Increased Revenue and Improvements in New Retail Contract

Lotte Duty Free Guam, LLC was awarded to be the exclusive operator of the duty free retail concession at the Main Terminal of the Airport in May of 2013. The Agreement is for an exclusive term of five years with an additional five-year term on a non-exclusive basis.

Under the Agreement with Lotte, GIAA is guaranteed rental revenues of $15.4M annually, as compared to the $4.5M annual guarantee under former operator DFS Guam LP. DFS Guam LP held the lucrative exclusive duty free contract at the Guam Airport for over 30 years. The Airport was also able to negotiate additional revenue of 1% of all sales made by Lotte’s flagship store on Guam. Lotte has announced they will be opening a main store on Tumon Bay, showcasing its full extent of luxury goods.

In addition to the minimum annual guarantee of $15.4M, Lotte had also committed another $23M in capital improvements to its retail space and additional renovations to the Airport food court and restroom facilities at no cost to the Airport. Lotte formally began operations at the Main Terminal at the stroke of midnight, July 21, 2013.
2013 PERFORMANCE

Passenger activity in FY 2013 approached record level for the Authority. Total FY 2013 passenger enplanements bordered on the 1.7 million threshold. FY 2013 total enplanement of 1,697,986 exceeded the prior year by 7.8%.

The Authority continued to position itself as the 8th ranked airport for international arrivals for all US ports of entry ahead of large airports such as Chicago and Atlanta. Over 90% of the Authority’s enplanements are international from origin and destinations markets.

Going forward to FY 2014, the Authority seeks to maintain the FY 2013 enplanement level with a slight uptick based on airline-budgeted forecasts. There are uncertainties with the devaluation of currencies from our major markets, particularly with Japan, and its contractionary impact on leisure travel; consumer confidence in their local economies; unstable fuel costs; and the US fiscal recovery.

Financial Results

For FY 2013, total revenues amounted to $86.7M, an increase of 30.4% year over year versus FY 2012 amount of $66.5M. Operating income which amounted to $59.8M, accounted for 69% of all revenue in 2013. The remaining 31% or $2.9M of revenue was comprised of non-operating income that included interest income, passenger facility charges and grants from the US government and transfers from GovGuam.

The $59.8M of operational revenues represented a 13.9% increase attributed to increases in concession revenues, ground transportation revenues and rental income. Non-operating revenues of $27M represents an increase of 91.8% versus the prior year. This is attributed to increase in grants from the US Government and interest income. Operational expenses equaled $38.4M, an increase of 9.3% over the prior year. The increase is a result of personnel services increases due for law enforcement pay, phased implementation of the authority’s compensation plan, and retirement contributions.

Top U.S. Ports of Entry (all Modes) by Non-Residents

<table>
<thead>
<tr>
<th>Port</th>
<th>FY 2013</th>
<th>FY 2012</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>NEW YORK, NY</td>
<td>9,771.68</td>
<td>4,878.38</td>
<td>100%</td>
</tr>
<tr>
<td>MIAMI, FL</td>
<td>4,222.72</td>
<td>2,653.82</td>
<td>60%</td>
</tr>
<tr>
<td>LOS ANGELES, CA</td>
<td>1,354.28</td>
<td>1,057.99</td>
<td>28%</td>
</tr>
<tr>
<td>HONOLULU, HI</td>
<td>1,352.06</td>
<td>1,050.73</td>
<td>30%</td>
</tr>
<tr>
<td>NEWARK, NJ</td>
<td>1,292.22</td>
<td>1,048.28</td>
<td>23%</td>
</tr>
<tr>
<td>SAN FRANCISCO, CA</td>
<td>1,166.21</td>
<td>946.96</td>
<td>25%</td>
</tr>
<tr>
<td>CHICAGO, IL</td>
<td>1,160.88</td>
<td>1,040.88</td>
<td>11%</td>
</tr>
<tr>
<td>AGANA, GU</td>
<td>1,153.83</td>
<td>946.96</td>
<td>23%</td>
</tr>
<tr>
<td>ORLANDO, FL</td>
<td>1,104.88</td>
<td>946.96</td>
<td>18%</td>
</tr>
<tr>
<td>ATLANTA, GA</td>
<td>1,104.88</td>
<td>946.96</td>
<td>18%</td>
</tr>
</tbody>
</table>

Source: U.S. Dept. of Commerce, ITA, Office of Travel & Tourism, September 2012
What Do You Know?

Over 252 scheduled flights operated weekly out of the A.B. Won Pat International Airport, Guam

GUAM IS CONNECTED TO OVER 22 DESTINATIONS

Over 2.6M passengers arrived and departed through the A.B. Won Pat International Airport, Guam in 2013

10 AIRLINES SERVICE THE GUAM INTERNATIONAL AIRPORT

Annually, the Federal Aviation Administration inspects and certifies our Airport and deems our operations as meeting and exceeding U.S. regulatory standards

THE AIRPORT WILL LAUNCH A MOBILE APPLICATION FOR SMART PHONE USERS WITH PASSENGER SERVICES AND TRAVELER INFORMATION

“GUM” is the three-letter code for the Guam International Airport assigned by the International Air Transport Association (IATA)

TRANSLATED INTO CHAMORRO, THE AIRPORT IS REFERRED TO AS THE “ANTONIO B. WON PAT PUETTON BATKON AIREN GUAHAN”