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DOCKETS  
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**Wichita Airport Authority**

April 12, 2002

Docket Operations and Media Management Division  
SVC-124, Room PL-401  
Department of Transportation  
400 7<sup>th</sup> Street SW  
Washington, DC 20590

RE: Grant Request

Dear Sir or Madam:

This Grant Request is to provide financial support for an ongoing Community Air Service program which will accomplish the following goals:

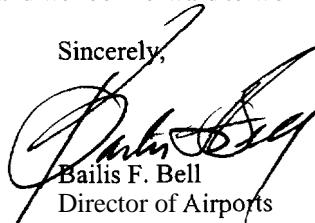
- Attract domestic airlines which will lower air fares at Wichita Mid-Continent Airport and provide service to all geographic areas of the nation;
- Reduce the number of catchment area drive away passengers;
- To provide acceptable air fares to the market area which will retain and attract business and industry.

The sponsoring government entity is the Wichita Airport Authority which owns and operates Wichita Mid-Continent Airport. The City of Wichita is also instrumental in providing leadership and financial support to the program. Communities and businesses within the catchment area have joined together to serve on various development committees and have provided in-kind service in the form of manpower and materials.

Other governmental and business organizations include Sedgwick County, Wichita Airport Advisory Board, Regional Economic Area Partnership, Wichita Area Chamber of Commerce, Wichita Area Outlook Team, Business Investment Group, HutchinsodReno County Chamber of Commerce and dozens of public and private organizations. This initiative has directly contacted an estimated 400 businesses and organizations through direct presentations and hundreds more through media coverage in Wichita, Newton, Hutchinson, Wellington, Arkansas City and Winfield. The response has been overwhelmingly positive and supportive. It is planned that this media and community contact will continue during the Grant Period and beyond.

Thank you for your consideration on our behalf and we look forward to working with you.

Sincerely,



Bailis F. Bell  
Director of Airports

BFB:jj  
Enclosures

2173 Air Cargo Road • PO. Box 9130 • Wichita, Kansas 67277-0130

T 316.946.4700 F 316.946.4793

[www.flywichita.org](http://www.flywichita.org)

**PROPOSAL  
UNDER THE SMALL COMMUNITY  
AIR SERVICE DEVELOPMENT PILOT PROGRAM**

**DOCKET OST-2002-11590**

**SUBMITTED ON BEHALF OF  
THE WICHITA AIRPORT AUTHORITY,  
WICHITA, KANSAS  
FOR  
WICHITA MID-CONTINENT AIRPORT  
April 12, 2002**

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**SMALL COMMUNITY  
AIR SERVICE DEVELOPMENT PILOT PROGRAM  
GRANT APPLICATION SUMMARY**

- **Sponsor**

Wichita Airport Authority  
Wichita Mid-Continent Airport  
Administration Building  
2173 Air Cargo Road  
Wichita, KS 67209  
Contact Person: Bailis F. Bell, Director of Airports  
Phone: (316) 946-4700  
Fax: (316) 946-4793  
E-mail: [bbell@flywichita.com](mailto:bbell@flywichita.com)

- **Community Member**

City of Wichita  
455 N. Main, 13<sup>th</sup> Floor  
Wichita, KS 67202  
Contact Person: Chris Cherches, City Manager  
Phone: (316) 268-4351  
Fax: (316) 268-4519  
E-mail: [cherches@ci.wichita.ks.us](mailto:cherches@ci.wichita.ks.us)

- **Project Proposal**

1. Grow enplanements from 530,000 annually to 1,500,000 annually
2. Airline recruitment to serve the expanded passenger base
3. Reduce the average one-way fare from \$210 to \$150
4. Capture the potential direct economic impact of \$150,000,000 annually
5. Project and facilitate the capture of the indirect economic impact associated with business retention.

- **Project Duration and Elements**

**18 months:**

1. Fifteen percent growth in passenger enplanements
2. Enhanced service in five markets
3. Air service outreach program implemented
4. Image campaign fully implemented
5. Cooperative advertising program implemented
6. Strategic alliances formed and implemented.

**48 months:**

1. 225% growth in passenger enplanements
2. Enhanced service in nine markets
3. Strategic alliances formed in top 20 destination communities
4. Reduction in average one-way fare to equal the same fare from Kansas City

• **Project Cost (Budget)**

	<u>1<sup>st</sup> Year</u>	<u>2<sup>nd</sup> Year</u>	<u>3<sup>rd</sup> Year</u>	<u>Total</u>
Local Share				
Public Funds	\$4,900,000	\$4,200,000	\$2,194,000	\$11,294,000
Private Funds	7,500,000	4,500,000	3,000,000	15,000,000
Federal Share	<u>2,500,000</u>	<u>2,000,000</u>	<u>1,000,000</u>	<u>5,500,000</u>
 Total Cost	 <u>\$14,900,000</u>	 <u>\$10,700,000</u>	 <u>\$ 6,194,000</u>	 <u>\$31,794,000</u>

The Federal share requested by the Wichita Airport Authority is as follows:

First year	\$2,500,000
Second year	\$2,000,000
Third year	<u>\$1,000,000</u>
 Total	 <u>\$5,500,000</u>

It is understood by the Wichita Airport Authority that requests for reimbursement will be based on actual expenditures up to the limit of the Grant offer.

• **Proposed Evaluation Criteria**

The program will be evaluated based on the goals, timetables and contractual commitments contained in the following documents:

- The Wichita Catchment Air Service Strategic Plan
- The Transportation Service Agreement
- The Fair Fares Program.

The above documents are being made a part of this proposal.

# **Wichita Catchment**

## **Air Service Strategic Plan**

**Developed under the direction of:**

**Mayor Knight  
Air Service Task Force  
Mid-Continent Airport Officials**

**Revised:**

**June 12,2001**

## **Air Service Development Plan:**

### **1. Grow enplanements from 530,000 annually to 1,500,000 annually.**

- Aggressive community air service outreach effort targeting the top air service users within a 100 mile radius of Wichita to accommodate the #1 airline objective in evaluating new service start-up: community facilitation of direct airline dialogue with the top air service users in the expanded catchment service area.

Population base of catchment area: 1,200,000

Business base of catchment area: 20,000 +

- Professional air service image campaign tying into the Wichita image campaign as recommended in the Nucifora study.

Promote air service availability.

Promote air service accessibility.

Exhibits, art, and signage that directly reflects or “crystallizes” the rich Wichita community heritage of aviation, entrepreneurship, high technology, mid-western hospitality, work ethics, and culture.

Web site development.

Flight and fare guide for Wichita service updated quarterly (in print and electronic versions).

Hosted mixers to include media, travel agents, travel managers, and airline representatives.

Ribbon cutting ceremonies.

- Cooperative advertising programs

New route start-up.

Increased route frequencies.

New airline entry with route start-up.

Match airline advertising dollars (year 1: high intensity to stimulate awareness and demand; ongoing: low intensity to sustain growth).

Variety of ad mediums (billboards, newsprint in local and destination markets, internet banners on CRS and travel planning websites, and local radio and TV).

- o Co-promotion of local and destination city events to stimulate air traffic and local tourism.

Identify top 20 destination cities.

Partner with the CVBs and travel agents locally and in destination cities to co-promote.

Negotiate an “easing of restrictions” with airlines during the promotional period.

Focus on 1 or 2 destination cities during the promotional period.

Rotate the promotion through the top 20 and/or strategic destination markets.

## **2. Airline recruitment to serve the expanded passenger base.**

- Airlines:

Northwest  
Continental  
American  
United  
America West  
Delta  
Vanguard  
AirTran  
Frontier  
Southwest  
Midwest Express/Skyways  
Corporate Airlines  
Alaska/Horizon Air

- New Routes/Enhanced Routes:

Wichita to Dallas  
Wichita to Chicago  
Wichita to Atlanta  
Wichita to Denver  
Wichita to St. Louis  
Wichita to Houston  
Wichita to Memphis  
Wichita to Phoenix  
Wichita to New York City  
Wichita to Minneapolis  
Wichita to Salt Lake City  
Wichita to Seattle  
Wichita to Kansas City

3. Reduce the average one-way fare from \$210 to **\$150**.
4. Capture the potential direct economic impact of **\$750,000,000** annually (Kiehl Hendrickson Group study stating a direct economic impact of \$232,000,000 with each 300,000 passenger enplanements).
5. Project and facilitate the capture of the indirect economic impact potential associated with business retention and expansion, business recruitment, and tourism (estimated to be larger than the direct economic impact).

### **Air Service Development Timelines:**

18Months:

- 15% growth in passenger enplanements to 610,000 annually.
- Enhanced service from Wichita to Memphis, Wichita to Kansas City, and Wichita to Atlanta; New service from Wichita to Minneapolis, and Wichita to Salt Lake City.
- Community air service outreach effort fully implemented.
- Image campaign fully implemented.
- Cooperative advertising program fully implemented.

- Strategic alliances formed with local and top 10 destination city CVBs, Chambers, and travel agencies; co-promotion of community events here to stimulate inbound traffic and of community events at the destination cities to stimulate outbound traffic.

**48 Months:**

- **225%** growth in passenger enplanements to 1,200,000 annually (25% growth during years 2, 3, and 4).
- Enhanced service Wichita to Denver, Wichita to Chicago, Wichita to Dallas, Wichita to St. Louis, Wichita to Houston, Wichita to Phoenix, and Wichita to “West Coast”; New service Wichita to New York City, and Wichita to Seattle
- Strategic alliances formed with local and top 20 destination city CVBs, Chambers, and travel agencies; Co-promotion of community events here to stimulate inbound traffic and of community events at the destination cities to stimulate outbound traffic.
- Reduction in average Wichita one-way fare to equal the average one-way Kansas City fare.
- Recruitment of Southwest Airlines.

# **WICHITA AIRPORT AUTHORITY**

## **STATEMENTS OF OPERATIONS**

Years Ended  
December 31, 2001  
and  
December 31, 2000

**WICHITA AIRPORT AUTHORITY**

## STATEMENTS OF OPERATIONS

Years Ended December 31,

	<u>2001</u>	<u>2000</u>
<b>Operating Revenues</b>		
Airfield	\$ 2,161,738	\$ 2,596,311
Hangars and buildings	3,214,749	2,944,888
Terminal building	5,935,753	6,709,242
Systems and services	3,352,811	3,335,054
Other	<u>85,298</u>	<u>73,823</u>
Total Operating Revenues	<u><b>14,750,349</b></u>	<u><b>15,659,318</b></u>
<b>Operating Expenses</b>		
Personal services	4,701,902	4,325,415
Contractual services	2,413,022	2,083,788
Commodities and other	<u>3,115,459</u>	<u>2,717,430</u>
Total Operating Expenses	<u><b>10,230,383</b></u>	<u><b>9,126,633</b></u>
Operating Income Before Depreciation	4,519,966	6,532,685
<b>Other income (Expense)</b>		
Interest on investments and financing leases	2,869,587	2,780,891
Interest expense	(2,788,933)	(2,906,270)
Gain <b>(Loss)</b> on sale of assets	(256,162)	9,262
Other	<u>7,176</u>	<u>6,589</u>
Net Other Expense	<u><b>(168,332)</b></u>	<u><b>(109,528)</b></u>
<b>Net Income before Depreciation</b>	<b>4,351,634</b>	<b>6,423,157</b>
Depreciation	<u>7,135,927</u>	<u>7,374,610</u>
<b>Net Loss after Depreciation</b>	<b>(2,784,293)</b>	<b>(951,453)</b>
Depreciation on assets acquired through contributed capital	<u>4,985,152</u>	<u>4,930,492</u>
<b>Net Income</b>	<u><b>\$ 2,200,859</b></u>	<u><b>\$ 3,979,039</b></u>

(Unaudited)

# **WICHITA AIRPORT AUTHORITY**

## **DETAIL SCHEDULES OF OPERATING REVENUE**

Years Ended  
December 31, 2001  
and  
December 31, 2000

**WICHITA AIRPORT AUTHORITY**  
**DETAIL SCHEDULES OF OPERATING REVENUE**  
Years Ended December 31,

	<u><b>2001</b></u>	<u><b>2000</b></u>
<b>Airfield</b>		
Flight fees, scheduled airline	\$ 1,446,186	\$ 1,781,246
Flight fees, nonscheduled	31,039	59,025
Flight, freight fees & parking charges	569,312	634,600
Apron fees	115,200	121,440
Total Airfield	2,161,738	2,596,311
<b>Hangars and Buildings</b>		
Rental, airlines	66,765	2,265
Rental, fixed base operators	443,833	460,266
Rental, aircraft service agencies	126,152	122,856
Rental, fuel storage facilities	368,736	353,925
Rental, industrial agencies	731,672	564,335
Rental, federal government	806,641	812,741
Rental, air cargo building	240,588	245,354
Rental, other buildings	430,361	383,146
Total Hangars and Buildings	3,214,749	2,944,888
<b>Terminal Building</b>		
Rental, airlines	1,503,978	1,908,408
Rental, office tenants	23,524	70,751
Rental, food service	237,641	292,053
Rental, car rental agencies	1,537,295	1,547,974
Rental, coin operated services	6,583	21,292
Fees, advertising media	175,546	172,829
Fees, ground transportation services	8,560	8,150
Rental, auto parking	2,442,626	2,687,785
Total Terminal Building	5,935,753	6,709,242
<b>Systems and Services</b>		
Aviation fuel sales	513,589	875,900
Electricity	1,375,124	1,317,908
Water	2,739	3,172
Gas	597,188	268,926
Crops	50,864	29,605
Other services	586,159	581,242
Jobbing and contract work	68,117	97,709
Security	140,525	139,431
Other	18,506	21,161
Total Systems and Services	3,352,811	3,335,054
<b>Other Revenues</b>		
Leased sites	2,612	2,612
Gate cards	29,080	27,592
Miscellaneous	53,607	43,619
Total Other Revenues	85,298	73,823
<b>Total Operating Revenues</b>	<b>\$ 14,750,349</b>	<b>\$ 15,659,318</b>

(Unaudited)

# **WICHITA AIRPORT AUTHORITY**

## **DETAIL SCHEDULES OF OPERATING EXPENSE**

Years Ended  
December 31, 2001  
and  
December 31, 2000

**WICHITA AIRPORT AUTHORITY**  
**DETAIL SCHEDULES OF OPERATING EXPENSE**  
Years Ended December 31,

	<b>2001</b>	<b>2000</b>
<b>Administration</b>		
Personal services	\$ 728,924	\$ 682,600
Contractual services	539,382	499,852
Materials and supplies	40,296	28,800
Administrative charges	292,810	279,900
Total Administration	1,601,413	1,491,152
<b>Airfield Maintenance</b>		
Personal services	685,732	640,523
Contractual services	84,060	63,407
Materials and supplies	251,714	223,502
Total Airfield Maintenance	1,021,506	927,432
<b>Building Maintenance</b>		
Personal services	608,047	665,903
Contractual services	113,230	96,916
Materials and supplies	170,765	123,976
Total Building Maintenance	892,042	886,795
<b>Custodial</b>		
Personal services	393,121	362,794
Contractual services	21,340	21,240
Materials and supplies	46,105	41,136
Total Custodial	460,567	425,170
<b>Engineering</b>		
Personal services	387,107	358,803
Contractual services	28,787	19,193
Materials and supplies	2,412	3,536
Total Engineering	418,306	381,532
<b>Safety</b>		
Personal services	1,846,437	1,546,436
Contractual services	160,242	138,349
Materials and supplies	49,732	31,913
Total Safety	2,056,411	1,716,698
<b>Systems and Services</b>		
Personal services	52,533	68,356
Contractual services	1,173,171	964,931
Materials and supplies	2,554,435	2,264,567
Total Systems and Services	3,780,139	3,297,854
<b>Total Operating Expense</b>	<b>\$ 10,230,383</b>	<b>\$ 9,126,633</b>

(Unaudited)

**WICHITA AIRPORT AUTHORITY**

**SMALL COMMUNITY AIR SERVICE  
DEVELOPMENT PILOT PROGRAM BUDGET**

**3 Year Budget**

## Small Community Air Service Development Pilot Program Budget

Description	No. of events	Cost per event	Total	3 Year Budget	
			Amount	Local	Federal
<b>TRAVEL</b>					
Carrier Retention & Expansion	22	5,000	110,000	11,000	109,000
New Carrier Development	20	2,000	40,000	10,000	20,000
Trade shows	8	2,875	23,000	13,000	10,000
			<b>173,000</b>	<b>34,000</b>	<b>139,000</b>
<b>STUDIES &amp; CONSULTANTS</b>					
Air service market research and analysis	10	25,000	250,000	70,000	180,000
			<b>250,000</b>	<b>70,000</b>	<b>180,000</b>
<b>SUBSCRIPTIONS</b>					
Qtrly DOT data hardcopy report	12	1,250	15,000	7,500	7,500
Flight schedule/route analysis service	36	1,250	45,000	22,500	22,500
			<b>60,000</b>	<b>30,000</b>	<b>30,000</b>
<b>DIRECT SALES EFFORT</b>					
This represents an effort to establish working relationship with top air service users (i.e. those users representing 80% of the market demand) and to converge that demand in negotiations for route enhancements and fare considerations.					
In addition to the current resources (Air Service Development Director salary and benefits, office supplies, telephone, IT support, office space & meeting rooms) the following would be required:					
- WSU business research dept	2	100,000	200,000	100,000	100,000
- 2 additional people (salary and benefits)	2	78,000	156,000	78,000	78,000
- 2 FTE support staff (salary and benefits)	2	39,000	78,000	39,000	39,000
- mileage	106000	0.325	34,450	24,450	10,000
- promotional items & food	56	250	14,000	9,000	5,000
- travel to corporate client sites outside of Wichita	20	1,250	25,000	15,000	10,000
- focus group sessions	44	250	11,000	6,000	5,000
- miscellaneous	1	550	550	550	
			<b>519,000</b>	<b>272,000</b>	<b>247,000</b>

## Small Community Air Service Development Pilot Program Budget

Description	No. of events	Cost per event	Total Amount	3 Year Budget	
				Local	Federal
<b>AIRPORT IMAGE CAMPAIGN</b>			<b>2,800,000</b>	<b>1,800,000</b>	<b>1,000,000</b>
This represents a full scale image campaign by a professional ad agency. Items that may be included in that effort would be the showcasing of capital improvements, direct mail efforts, promotional events/items and ribbon cutting events.					
<b>COOP ADVERTISING PROGRAM</b>			<b>2,800,000</b>	<b>1,800,000</b>	<b>1,000,000</b>
Coop advertising program with carriers to promote start-up service or major route enhancements. Estimated to occur 1-2 times per year.					
<b>NEW CARRIER START-UP SUPPORT</b>			<b>10,192,000</b>	<b>7,288,000</b>	<b>2,904,000</b>
Underwriting portion of risk of start-up carrier service.					
			<b>16,794,000</b>	<b>\$ 11,294,000</b>	<b>\$ 5,500,000</b>
Private support - Travel bank			15,000,000		
			<b>\$ 31,794,000</b>		

**WICHITA AIRPORT AUTHORITY**

**SMALL COMMUNITY AIR SERVICE  
DEVELOPMENT PILOT PROGRAM BUDGET**

5 Year Budget

**Small Community Air Service Development Pilot Program Budget By Year**

	TRAVEL	STUDIES & CONSULTANTS	SUBSCRIPTIONS	DIRECT SALES EFFORT	AIRPORT IMAGE CAMPAIGN	COOP ADVERTISING PROGRAM	NEW CARRIER START-UP SUPPORT	PRIVATE SUPPORT - TRAVEL BANK
<b>Year 1</b>								
Local	14,750	30,370	10,000	118,010	780,950	783,960	3,161,060	-
Private	-	-	-	-	-	-	-	7,500,000
Federal	3,170	81,820	10,000	112,270	454,550	458,190	1,320,000	-
								<u>\$ 14,900,000</u>
<b>Year 2</b>								
Local	12,640	26,030	10,000	101,150	669,380	670,540	2,710,260	-
Private	-	-	-	-	-	-	-	4,500,000
Federal	50,550	65,460	10,000	39,820	363,630	364,540	1,056,000	-
								<u>\$ 10,700,000</u>
<b>Year 3</b>								
Local	6,610	13,600	10,000	52,840	349,670	345,500	1,415,780	-
Private	-	-	-	-	-	-	-	3,000,000
Federal	25,280	32,720	10,000	44,910	181,820	177,270	528,000	-
								<u>\$ 6,194,000</u>
<b>Year 4</b>								
Local	3,000	8,000	10,000	50,000	-	300,000	-	-
Private	-	-	-	-	-	-	-	2,000,000
Federal	-	-	-	-	-	-	-	-
								<u>\$ 2,371,000</u>
<b>Year 5</b>								
Local	3,000	8,000	10,000	50,000	-	300,000	-	-
Private	-	-	-	-	-	-	-	2,000,000
Federal	-	-	-	-	-	-	-	-
								<u>\$ 2,371,000</u>

**I. Existing Air Service**

**Service Frequency:** Attached as Exhibit A are the current arrival and departure flight schedules for Wichita Mid-Continent Airport (ICT). These schedules show that seven airlines or their express and/or connection partners provide 45 daily flights of which 32 are provided by connection carriers.

**Available Fares:** Attached as Exhibit B are the lowest round-trip airfares from Wichita as published in the local newspaper each Sunday. A comprehensive graph of the Wichita/Atlanta and Wichita/Chicago weekly prices and all airlines' weekly price spreadsheet comparison are included as Exhibit C.

**Airlines and Equipment:** The following types of equipment are used by scheduled air carriers at Mid-Continent Airport:

<u>Airlines</u>	<u>Equipment</u>
America West	CRJ
American Airlines	ATR-42, RJ-85, SAAB340B, B-717, B727, B767, F100, MD80
Continental Express	EMB-RJ-135, EMB-RJ-145
Delta	CRJ, EMB120
Northwest	CRJ, SF-340
United Airlines	B-737-291A, B737, 522, A-391-131, A320-232, B-727-222, B737-322
US Airways Express	BE-1900D

**II. Synopsis of Historical Service**

The Sabre study, attached hereto as Exhibit D, entitled "Wichita Passenger Demographic and Travel Pattern Analysis", dated August 2001, reviews the past and present service and destination statistics.

**Destinations:** Pages 12 through 13 of Exhibit D show the top 50 origin and destination markets for ICT passengers and the Passenger Per Day Each Way (PDEW). The top 50 origin and destinations comprise 72% of traffic into and out of ICT. Fifty-one percent (51%) of passengers using ICT have a point of origin (POO) of ICT. For the remaining 49% with a POO other than ICT, the top 50 origin cities make up 70% of this total traffic.

**Traffic Levels:** Pages 14 through 16 defines the traffic levels by point of sales and bookings. Eighty-four percent (84%) of all tickets purchased into and out of ICT are discounted coach fare. International destinations comprise nine percent (9%) of all bookings in and out of ICT. The top 20 international destinations represent 51% of all ICT international traffic.

**Service Providers:** ICT is served by seven airlines and their express or connection partners. These airlines serve their hub airports such as Dallas/Ft. Worth, Denver, Chicago, St. Louis, Phoenix, Atlanta, Cincinnati and Memphis. The airlines have been listed previously under Airlines and Equipment.

**Past Extenuating Service Factors:** Non-stop service to seven of the 20 top destinations for the ICT catchment area is provided by current service providers. Competitive airports provide as high as 19 out of 20 non-stop top destinations. Fares from ICT are 116% higher than those from Kansas City (MCI) in the top seven non-stop markets.

**Factors Influencing Future Service:** With proper service and fare levels, ICT could grow from 1.2 million to more than 2 million annual passengers. This is one of the objectives to be accomplished by entering into agreements such as the recent Transportation Services Agreement between the City of Wichita and AirTran Airways, Inc.

#### **111. Community Air Service Needs**

**Deficiencies:** Exhibit D, pages 30 through 36, compares the fares and service levels at competitive airports. ICT's average fares are 116% higher than MCI in the top seven non-stop markets. In two of the markets, Chicago and St. Louis, fares from ICT are well over 200% higher than from MCI. Fare comparisons for other cities are shown on page 33 of Exhibit D.

**Drive Away Airports:** The four drive away airports include Kansas City (MCI), Oklahoma City (OKC), Tulsa (TUL) and Omaha (AMA).

**Lost Business:** It is estimated that passengers from the catchment area use the drive away airports as follows: 34% to MCI, 5% to TUL, 3% to OKC and 1% to AMA. The higher air fares at ICT are reflected by the fact that while ICT only captures 56% of the catchment area traffic, it captures 66% of airline revenue departing from the catchment area. Several corporate headquarters previously located in Wichita, such as Pizza Hut, Inc., have relocated to other cities. The primary reason for these relocations was attributed to the lack of low fare air service to and from Wichita.

#### **IV. Strategic Plan**

The communities within the catchment area have developed an air service campaign which consists of these major components:

- Community profile and air service proposals to educate the airline on benefits of air service to Wichita.

- Identification of airlines available to provide scheduled service at reduced rates. Three airlines have been identified to date. They are AirTran, Frontier and American TransAir.
- Community wide program which allows businesses to pledge a portion of their annual air fare budget to a designated airline. This catchment area wide program has been titled the “Fair Fares” campaign and is explained in the brochure and strategy proposal attached as Exhibit E. The current pledge level is approaching five million dollars with a goal of fifteen million dollars for the three airlines.
- A Transportation Service Agreement entered into by the City of Wichita and the airlines. This contract provides for monetary support of the airlines for any Block Hour shortfalls on a monthly basis by the City of Wichita. The contract also provides for an Airport Authority commitment of \$600,000 over two years for a cooperative marketing and advertising program for each airline. A copy of the contract executed by AirTran on February 28, 2002, is attached as Exhibit F. It is anticipated that the same agreement will be executed with other airlines.

**Self-sufficiency of the Program:** Exhibit G consists of two consultant reports, both of which reviewed the above contract and reported in their opinions that AirTran service would be profitable within the first year and self-sufficient after the introductory period.

#### V. **Public/Private Partnership**

The Wichita Airport Authority is designated as the community sponsor to administer the Small Community Air Service Development Pilot Program. The City of Wichita is a co-sponsor of the program. The members of City Council and the Mayor serve as members of the Wichita Airport Authority.

**Other Organizations:** Other organizations involved in the program include Sedgwick County, Wichita Airport Authority Advisory Board, Regional Economic Area Partnership, Wichita Area Chamber of Commerce, Wichita Area Outlook Team, Business Investment Group, Hutchinson/Reno County Chamber of Commerce and dozens of public and private organizations.

#### VI. **Local Contribution Assurance of Expenditures of Funds as Proposed**

The City Council has entered into a contract with one airline and intends to enter into two other similar contracts in the near future. They have also made a commitment to the community that places the attraction of affordable scheduled air service as a very high priority as shown in Exhibit H. The contracts require a financial commitment from both the City of Wichita and

the Airport Authority regardless of any contribution from other sources. The pledge made by businesses under the Fair Fares Program is also a firm commitment which requires the businesses to spend the funds with their selected airline.

## **VII. Monitoring of Program**

The contractual requirements are included within Exhibit F and will be monitored by the administrative staff of the Airport Authority under the same procedures and methods currently applied to the Federal Airport Improvement Program and the Passenger Facility Charge program. The City of Wichita administrative staff and the legal department will also provide assistance as needed. All income and expenditures will be subject to the same policies and procedures which exist for the Airport Authority and the City of Wichita.

**Milestones:** The City and various work teams have established their own target dates for the accomplishment of their tasks. The signing of the contract with AirTran represents the first major accomplishment of a milestone. It is believed that other milestones can be accomplished over the next **36** months.

**Modifications:** The recruitment of the airlines is subject to change in order to fit the needs of the process at any given time. Gathering of information and working with consultants is an ongoing process which will continue as a part of the Airport Marketing Program. Many of the community groups who have been a significant part of the program are committed to continuing their efforts and are subject to change as new members join their ranks with new talents and areas of expertise.

**Discontinuance:** The Airport Authority, the City and other community organizations are committed to this program and the viability of the community. At the same time, if it is clear that a portion of the program is not working or if a change is needed to accomplish a goal, the leadership of the program will change the direction or order the discontinuance of the program. The Mayor and City Council of the City of Wichita have made several changes in the program to date. These changes have resulted in improvements in the program and in a signed contract with a targeted airline.

## **VIII. Target of Advertising and Promotion Efforts**

The staff will continue to work with community residents and businesses to explain and expand the program. This will require advertising and promotion of the program within the catchment area. The Transportation Services Agreement (Exhibit F) requires the Airport to support the advertisement of the airline in the amount of \$600,000 over two years. The advertising and promotional activities will be initiated by the airline. These

activities will be targeted to City of Wichita residents and businesses as well as the residents and businesses of other destination communities.

**New Demand to be Generated:** As shown in pages 38 through 41 of Exhibit D, as fares are reduced, additional demand is generated. The study estimates that lower fares in the top ten most opportunistic markets could generate passenger growth at ICT by as much as **69%**. Thirty percent (30%) of this growth would be due to market stimulation and 70% would be due to the decrease in traffic diversion to competing airports.

**IX. Wichita Mid-Continent Airport Master Plan and Airport Layout Plan**

The Wichita Airport Authority has a current Master Plan and Airport Layout plan on file with the Federal Aviation Administration. This proposal will not require any changes in these documents.

**EXHIBIT A**

**CURRENT ARRIVAL AND DEPARTURE  
FLIGHT SCHEDULES**

**FOR**

**WICHITA MID-CONTINENT AIRPORT**

**ICT FLIGHT SCHEDULE**

**ARRIVALS**

**APRIL 2002**

<b>Airline</b>	<b>Flight</b>	<b>Gate</b>	<b>Time</b>	<b>From/To:</b>	<b>Days Operating</b>
America West*	6499	1	00:45	Phoenix/Palm Springs	Mo Tu We ThFr Sa --
US Airways Express*	5682	7	08:40	Kansas City/Omaha	Mo Tu We Th Fr -- <b>Su</b>
American Airlines*	3731	6	09:21	DallasEt. Worth	Mo Tu We Th Fr Sa Su
American Airlines	2915	5	10:07	St. Louis	Mo Tu We Th Fr Sa --
Northwest*	5963	2	10:15	Memphis	Mo Tu We Th Fr Sa Su
Delta (ASA)*	4870	11	10:25	DallasEt. Worth	Mo Tu We Th Fr Sa Su
Delta (Comair)*	5288	11	10:40	Cincinnati	Mo Tu We Th Fr Sa Su
Delta (SkyWest)*	3713	11	10:51	Dallas/Ft. Worth	Mo Tu We Th Fr Sa Su
American Airlines	1355	6	10:53	Dallas/Ft. Worth	Mo Tu We Th Fr Sa Su
Continental Express*	3791	3	11:10	Houston	Mo Tu We Th Fr -- --
Delta (ASA)*	4736	11	11:10	Atlanta	Mo Tu We Th Fr Sa Su
United Airlines	795	10	12:02	Chicago	Mo Tu We Th Fr Sa Su
US Airways Express*	5683	7	12:35	Kansas City	Mo Tu We Th Fr Sa --
American Airlines*	5768	<b>5</b>	12:43	St. Louis	Mo Tu We Th Fr Sa Su
Northwest*	5644	2	1:25	Minneapolis	Mo Tu We Th Fr Sa Su
United Airlines	1176	10	1:33	Denver	Mo Tu We Th Fr Sa Su
America West*	6491	1	1:38	Phoenix/Fresno	Mo Tu We Th Fr Sa Su
American Airlines	1659	6	2:04	Dallas/Ft. Worth	Mo Tu We ThFr Sa Su
US Airways Express*	5665	7	2:55	Kansas City/Omaha	Mo Tu We Th Fr Sa Su
Delta (ASA)*	4738	11	3:38	Atlanta	Mo Tu We Th Fr Sa Su
American Airlines*	5797	5	3:42	St. Louis	Mo Tu We Th Fr Sa Su
Continental Express*	3793	3	3:55	Houston	Mo Tu We Th Fr -- Su
American Airlines*	3711	6	4:00	DallasEt. Worth	Mo Tu We ThFr Sa Su
United Airlines	1424	10	4:10	Denver	Mo Tu We ThFr Sa Su
America West*	6493	1	4:26	Phoenix/Palm Springs	Mo Tu We Th Fr -- Su
United Airlines	453	10	4:32	Chicago	Mo Tu We Th Fr Sa Su
Delta (SkyWest)*	3715	11	4:45	DallasEt. Worth	Mo Tu We Th Fr Sa Su
US Airways Express*	5439	7	4:53	Kansas City	Mo Tu We Th Fr Sa Su
American Airlines*	3613	6	5:27	Dallas/Ft. Worth	Mo Tu We Th Fr -- Su
Continental Express*	3793	3	6:05	Houston	-- -- -- -- -- Sa --
American Airlines	3139	5	6:44	St. Louis	Mo Tu We ThFr Sa Su
American Airlines	1007	6	7:04	Dallas/Ft. Worth	Mo Tu We Th Fr Sa Su
America West*	6495	1	7:15	Phoenix/Bakersfield	Mo Tu We Th Fr Sa Su
Northwest*	5946	2	7:15	Memphis	Mo Tu We Th Fr Sa Su
<b>US Airways Express*</b>	5690	7	8:20	Kansas City	Mo Tu We Th Fr -- Su
United Airlines	752	10	8:36	Denver	Mo Tu We Th Fr Sa Su
Delta (ASA)*	4910	11	8:50	DallasEt. Worth	Mo Tu We Th Fr Sa Su
Northwest*	5878	2	8:50	Minneapolis	Mo Tu We ThFr Sa <b>Su</b>
United Airlines	561	10	9:01	Chicago	Mo Tu We Th Fr Sa <b>Su</b>
American Airlines	3147	5	9:48	St. Louis	Mo Tu We Th Fr Sa Su
America West*	6497	1	10:05	Phoenix/Santa Barbara	Mo Tu We ThFr -- Su
Delta (SkyWest)*	3717	11	10:05	Dallas/Ft. Worth	Mo Tu We Th Fr Sa Su
American Airlines	1911	6	10:13	DallasEt. Worth	Mo Tu We Th Fr -- Su
Continental Express*	3795	3	10:27	Houston	Mo Tu We Th Fr -- Su
Delta (Comair)*	5493	11	11:05	Cincinnati	Mo Tu We Th Fr Sa Su
Delta (ASA)*	4740	11	11:46	Atlanta	Mo Tu We Th Fr Sa Su

America West	=	5
American Airlines	=	12
Continental Express	=	3
Delta	=	10
Northwest	=	4

United Airlines	=	6
US Airways Express	=	5
<hr/>		
45 daily departures		
*32 Connection carriers		

**ICT FLIGHT SCHEDULE**

**DEPARTURES**

**APRIL 2002**

<b>Airline</b>	<b>Flight</b>	<b>Gate</b>	<b>Time</b>	<b>From/To:</b>	<b>Days Operating</b>
Delta (ASA)*	4735	11	05:10	Atlanta	Mo Tu We Th Fr Sa Su
American Airlines	3127	6	05:30	St. Louis	Mo Tu We Th Fr Sa --
Delta (SkyWest)*	3712	11	05:45	DallasRt. Worth	Mo Tu We Th Fr Sa Su
Northwest*	5965	2	06:05	Memphis/Pensacola	Mo Tu We Th Fr Sa Su
US Airways Express*	5649	7	06:10	Kansas City/Omaha	Mo Tu We Th Fr Sa --
Delta (Comair)*	5490	11	06:20	Cincinnati	Mo Tu We Th Fr Sa Su
America West*	6277	1	06:25	Phoenix/Boise	Mo Tu We Th Fr Sa --
Continental Express *	3792	3	06:35	Houston	-- -- -- -- -- Sa --
Delta (ASA)*	4911	11	06:35	Dallas/Ft. Worth	Mo Tu We Th Fr Sa Su
Continental Express*	3792	3	06:45	Houston	Mo Tu We Th Fr -- Su
American Airlines	466	5	07:16	Dallas/Ft. Worth	Mo Tu We Th Fr Sa Su
United Airlines	642	10	07:45	Chicago	Mo Tu We Th Fr Sa Su
American Airlines	2780	6	08:04	St. Louis	Mo Tu We Th Fr Sa Su
Northwest*	5643	2	08:25	Minneapolis	Mo Tu We Th Fr Sa Su
United Airlines	459	10	08:30	Denver	Mo Tu We Th Fr Sa Su
American Airlines	1343	6	08:36	Dallas/Ft. Worth	Mo Tu We Th Fr Sa Su
US Airways Express*	5682	7	08:55	Kansas City/Omaha	Mo Tu We Th Fr -- Su
America West*	6336	1	09:00	Phoenix/Bakersfield	Mo Tu We Th Fr Sa Su
American Airlines*	3752	6	10:01	Dallas/Ft. Worth	Mo Tu We Th Fr Sa Su
Northwest*	5645	2	10:40	Minneapolis	Mo Tu We Th Fr Sa Su
American Airlines	3118	5	10:54	St. Louis	Mo Tu We Th Fr Sa Su
Delta (Comair)*	5492	11	11:00	Cincinnati	Mo Tu We Th Fr Sa Su
Delta (SkyWest)*	3714	11	11:21	Dallas/Ft. Worth	Mo Tu We Th Fr Sa Su
Delta (ASA)*	4737	11	11:45	Atlanta	Mo Tu We Th Fr Sa Su
American Airlines	1332	6	11:50	DallasRt. Worth	Mo Tu We Th Fr Sa --
Continental Express *	3794	3	11:50	Houston	Mo Tu We Th Fr -- --
US Airways Express*	5669	7	12:50	Kansas City/Omaha	Mo Tu We Th Fr Sa Su
United Airlines	1754	10	1:00	Chicago	Mo Tu We Th Fr Sa Su
Delta (ASA)*	4854	11	1:10	DallasRt. Worth	Mo Tu We Th Fr Sa Su
American Airlines*	5785	5	1:39	St. Louis	Mo Tu We Th Fr Sa Su
Northwest*	5901	2	2:40	Memphis/Greenville	Mo Tu We Th Fr Sa Su
America West*	6443	1	2:48	Phoenix	Mo Tu We Th Fr Sa Su
American Airlines	1556	6	3:05	Dallas/Ft. Worth	Mo Tu We Th Fr Sa Su
US Airways Express*	5664	7	3:05	Kansas City	Mo Tu We Th Fr Sa Su
United Airlines	1935	10	3:41	Denver	Mo Tu We Th Fr Sa Su
Delta (ASA)*	4739	11	4:10	Atlanta	Mo Tu We Th Fr Sa Su
Continental Express*	3796	3	4:20	Houston	Mo Tu We Th Fr -- Su
American Airlines*	5798	5	4:22	St. Louis	Mo Tu We Th Fr Sa Su
American Airlines*	3914	6	4:35	Dallas/Ft. Worth	Mo Tu We Th Fr Sa Su
US Airways Express*	5443	7	5:05	Kansas City	Mo Tu We Th Fr -- Su
Delta (SkyWest)*	3716	11	5:20	DallasRt. Worth	Mo Tu We Th Fr Sa Su
America West*	6158	1	5:40	Phoenix/Santa Barbara	Mo Tu We Th Fr -- Su
United Airlines	332	10	6:05	Chicago	Mo Tu We Th Fr Sa Su
American Airlines*	3612	6	6:30	Dallas/Ft. Worth	Mo Tu We Th Fr Sa Su
United Airlines	1923	10	6:30	Denver	Mo Tu We Th Fr Sa Su
America West*	6498	1	8:15	Phoenix	Mo Tu We Th Fr -- Su

America West	=	5
American Airlines	=	12
Continental Express	=	3
Delta	=	10
Northwest	=	4

United Airlines	=	6
US Airways Express	=	5

45 daily departures  
\*32 Connection camers

**EXHIBIT B**

**LOWEST ROUND-TRIP  
AIRFARES FROM WICHITA**

**PUBLISHED WEEKLY IN  
THE WICHITA EAGLE**

1-21-02

WWW.KANSAS.COM



## FLYING HIGH

### LOWEST ROUND-TRIP AIRFARES FROM WICHITA

Prices are for 14- or 21-day advance purchase fares. They generally require a Saturday night stayover. Today's fares were researched for departure on or after Feb. 22, 2002.

CITY	FARE	CARRIERS
Atlanta	\$197	AA CO DL NW UA YX
Boston	\$288	AA CO DL NW UA US YX
Chicago	\$205	AA DL NW UA
Cincinnati	\$205	AA DL NW UA
Dallas	\$160	AA DL NW
Denver	\$347	DL UA
Detroit	\$211	AA DL NW UA
Houston	\$205	AA CO DL NW
Kansas City	\$218	US
Las Vegas	\$223	NW
Los Angeles	\$275	AA CO DL HP NW UA
Miami	\$282	AA CO DL NW UA US
Minneapolis	\$187	AA CO DL NW UA
Nashville	\$199	AA CO DL NW UA
New York	\$288	AA CO DL NW UA US YX
Orlando	\$262	AA CO DL NW UA
Philadelphia	\$269	AA CO DL NW UA US YX
Phoenix	\$198	NW
St. Louis	\$133	AA DL NW
San Antonio	\$205	AA CO DL NW
San Diego	\$269	AA CO DL HP NW UA
San Francisco	\$269	AA CO DL HP NW UA
Seattle	\$287	AA CO DL HP NW UA
Washington, D.C.	\$269	AA CO DL NW UA YX

Source: 1-888-FLY-4-LESS (1-888-359-4537) and [www.LowAirfare.com](http://www.LowAirfare.com)

These fares, researched last Monday, are provided for information only. Fares may be dropped or changed on a daily basis without notice, may not apply to all seats or all flights and may be subject to advance booking, availability, payment restrictions and penalties for cancellation or changes. Excludes limited fares (including some weekend fares) may not be included. Taxes not included.

#### Guide to airline abbreviations

AA - American Airlines	NW - Northwest Airlines
CO - Continental Airlines	UA - United
DL - Delta	US - US Airways
HP - America West Airlines	YX - Midwest Express
NW - Northwest Airlines	

**EXHIBIT C**

**COMPREHENSIVE GRAPH OF  
WEEKLY PRICES FOR**

**WICHITA/ATLANTA**

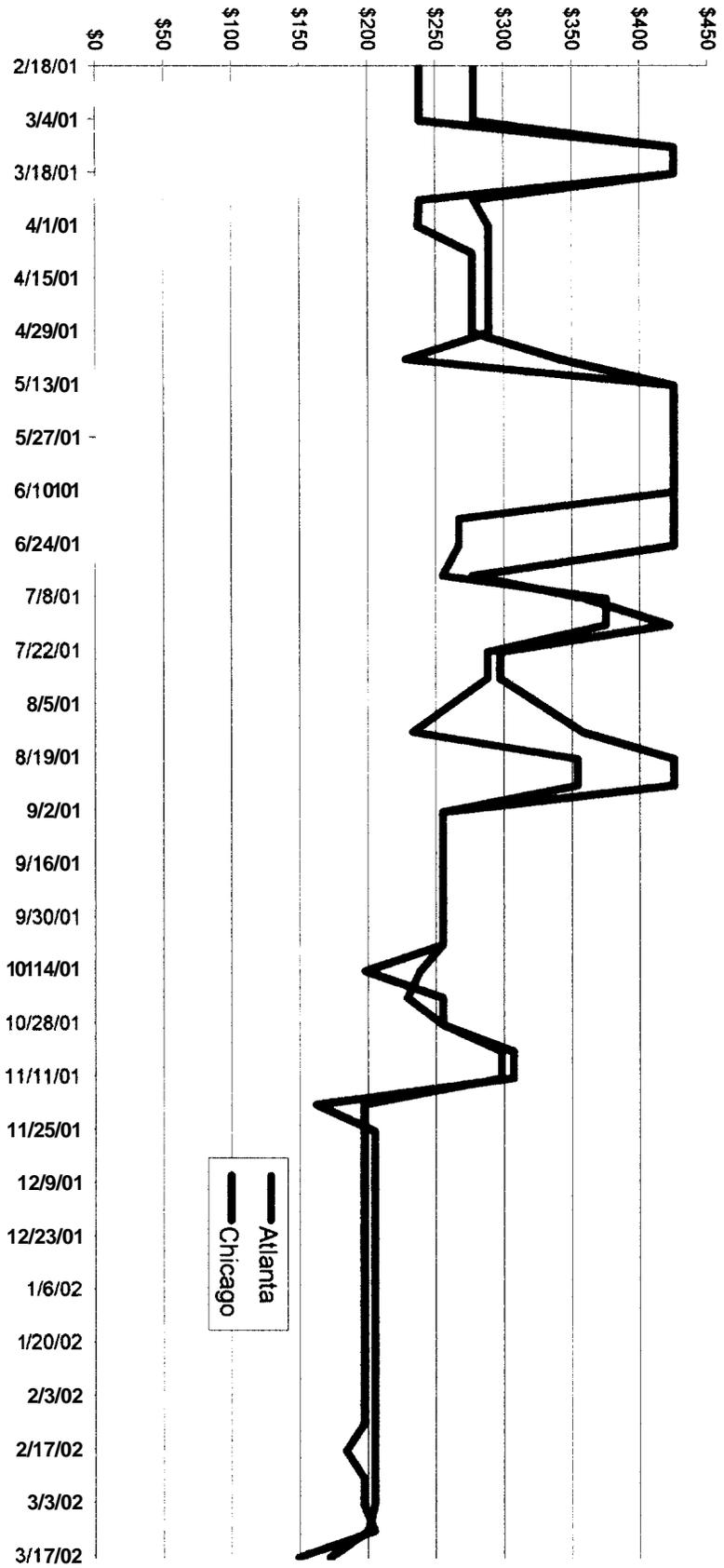
**AND**

**WICHITA/CHICAGO**

**AND**

**ALL AIRLINES WEEKLY  
PRICE SPREADSHEET COMPARISON**

Lowest Round-trip Airfares from Wichita  
ATLANTA and CHICAGO





	5/13/01	5120101	5127101	613101	6110101	6117/01	6124101	7/2/01	7/8/01	7115/01	7122101	7129101
Atlanta	\$425	\$425	\$425	\$425	\$425	\$267	\$267	\$255	\$375	\$375	\$288	\$288
Boston	\$379	\$379	\$419	\$482	\$482	\$379	\$379	\$363	\$363	\$395	\$389	\$389
Chicago	\$425	\$425	\$425	\$425	\$425	\$425	\$425	\$277	\$359	\$422	\$297	\$297
Cincinnati	\$257	\$257	\$257	\$290	\$374	\$374	\$374	\$270	\$270	\$345	\$283	\$283
Dallas	\$304	\$304	\$449	\$508	\$319	\$319	\$319	\$220	\$319	\$338	\$244	\$244
Denver	\$449	\$449	\$449	\$449	\$449	\$449	\$449	\$291	\$330	\$338	\$310	\$310
Detroit	\$438	\$438	\$438	\$438	\$438	\$438	\$438	\$285	\$438	\$478	\$305	\$305
Houston	\$425	\$425	\$425	\$425	\$425	\$425	\$425	\$277	\$277	\$391	\$297	\$297
Kansas City	\$208	\$208	\$208	\$208	\$208	\$208	\$208	\$208	\$208	\$258	\$218	\$218
Las Vegas	\$300	\$300	\$300	\$315	\$315	\$315	\$315	\$298	\$302	\$302	\$302	\$302
Los Angeles	\$562	\$562	\$562	\$562	\$562	\$444	\$444	\$364	\$478	\$542	\$418	\$366
Miami	\$372	\$372	\$372	\$413	\$413	\$413	\$413	\$369	\$369	\$429	\$369	\$346
Minneapolis	\$257	\$293	\$293	\$389	\$389	\$389	\$389	\$253	\$363	\$363	\$275	\$275
Nashville	\$414	\$414	\$414	\$414	\$414	\$269	\$269	\$257	\$257	\$257	\$250	\$250
New York	\$379	\$379	\$398	\$398	\$398	\$370	\$370	\$363	\$363	\$392	\$370	\$370
Orlando	\$372	\$372	\$372	\$372	\$372	\$347	\$347	\$333	\$333	\$406	\$347	\$323
Philadelphia	\$356	\$356	\$374	\$374	\$374	\$348	\$348	\$341	\$341	\$405	\$365	\$365
Phoenix	\$449	\$449	\$449	\$449	\$449	\$306	\$331	\$291	\$356	\$396	\$310	\$310
St. Louis	\$341	\$341	\$341	\$341	\$341	\$341	\$341	\$210	\$210	\$381	\$204	\$204
San Antonio	\$425	\$425	\$425	\$425	\$425	\$277	\$277	\$277	\$265	\$265	\$257	\$257
San Diego	\$356	\$356	\$374	\$374	\$374	\$356	\$356	\$348	\$348	\$393	\$365	\$365
San Francisco	\$356	\$356	\$356	\$356	\$356	\$356	\$356	\$348	\$348	\$393	\$365	\$365
Seattle	\$379	\$379	\$398	\$398	\$398	\$379	\$379	\$370	\$370	\$389	\$389	\$389
Washington, DC	\$548	\$548	\$548	\$548	\$548	\$436	\$436	\$356	\$356	\$461	\$411	\$411

	8/12/01	8/19/01	8/26/01	9/2/01	9/9/01	9/16/01	9/23/01	9/30/01	10/7/01	10/14/01	10/21/01	10/28/01
Atlanta	\$233	\$354	\$354	\$255	\$255	\$255	\$255	\$255	\$255	\$238	\$229	\$255
Boston	\$315	\$352	\$352	\$350	\$350	\$350	\$350	\$350	\$350	\$288	\$350	\$350
Chicago	\$358	\$425	\$425	\$255	\$255	\$255	\$255	\$255	\$255	\$198	\$255	\$255
Cincinnati	\$277	\$296	\$296	\$255	\$255	\$255	\$255	\$255	\$255	\$218	\$255	\$255
Dallas	\$334	\$334	\$334	\$205	\$205	\$205	\$205	\$205	\$205	\$188	\$205	\$205
Denver	\$347	\$449	\$449	\$288	\$269	\$347	\$269	\$269	\$269	\$198	\$269	\$269
Detroit	\$438	\$438	\$438	\$238	\$263	\$263	\$263	\$263	\$263	\$244	\$263	\$263
Houston	\$238	\$425	\$425	\$255	\$255	\$255	\$255	\$255	\$255	\$198	\$237	\$257
Kansas City	\$218	\$218	\$218	\$218	\$218	\$218	\$218	\$218	\$218	\$218	\$218	\$218
Las Vegas	\$198	\$198	\$331	\$275	\$275	\$268	\$198	\$275	\$275	\$238	\$275	\$275
Los Angeles	\$238	\$238	\$502	\$337	\$337	\$238	\$238	\$337	\$337	\$288	\$337	\$337
Miami	\$312	\$387	\$387	\$369	\$369	\$269	\$268	\$343	\$343	\$288	\$369	\$369
Minneapolis	\$227	\$389	\$389	\$217	\$233	\$233	\$233	\$233	\$233	\$198	\$217	\$233
Nashville	\$218	\$414	\$414	\$230	\$230	\$230	\$248	\$248	\$248	\$218	\$230	\$230
New York	\$315	\$352	\$352	\$350	\$350	\$350	\$350	\$350	\$350	\$288	\$358	\$350
Orlando	\$282	\$347	\$347	\$298	\$298	\$247	\$247	\$298	\$298	\$282	\$298	\$298
Philadelphia	\$305	\$354	\$354	\$329	\$329	\$329	\$329	\$329	\$329	\$288	\$305	\$329
Phoenix	\$198	\$198	\$198	\$198	\$198	\$198	\$178	\$262	\$262	\$258	\$262	\$158
St. Louis	\$341	\$341	\$341	\$188	\$188	\$188	\$205	\$205	\$205	\$188	\$188	\$180
San Antonio	\$235	\$354	\$425	\$237	\$237	\$237	\$255	\$255	\$255	\$198	\$255	\$255
San Diego	\$238	\$238	\$462	\$329	\$329	\$238	\$238	\$329	\$329	\$288	\$329	\$329
San Francisco	\$238	\$238	\$462	\$329	\$300	\$238	\$238	\$329	\$329	\$288	\$329	\$305
Seattle	\$238	\$238	\$486	\$350	\$350	\$238	\$238	\$350	\$350	\$288	\$350	\$350
Washington, DC	\$305	\$354	\$548	\$329	\$329	\$329	\$329	\$329	\$329	\$288	\$305	\$305

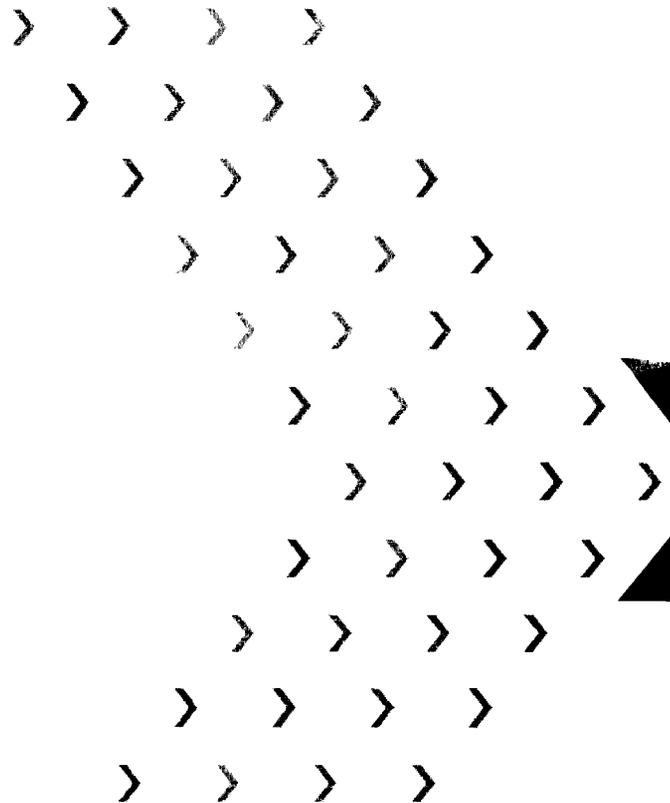
	11/4/01	11/11/01	11/18/01	11/25/01	12/9/01	12/16/01	12/23/01	1/13/02	1/21/02	2/10/02	2/17/02	2/24/02
Atlanta	\$298	\$298	\$197	\$197	\$197	\$197	\$197	\$197	\$197	\$197	\$184	\$197
Boston	\$354	\$379	\$288	\$288	\$288	\$288	\$288	\$288	\$288	\$244	\$238	\$288
Chicago	\$307	\$307	\$162	\$205	\$205	\$205	\$205	\$205	\$205	\$205	\$205	\$205
Cincinnati	\$257	\$277	\$205	\$205	\$205	\$205	\$205	\$205	\$205	\$205	\$205	\$205
Dallas	\$314	\$334	\$153	\$153	\$160	\$160	\$160	\$160	\$160	\$160	\$160	\$160
Denver	\$347	\$347	\$310	\$310	\$347	\$347	\$347	\$310	\$347	\$325	\$145	\$449
Detroit	\$315	\$315	\$211	\$211	\$211	\$211	\$211	\$211	\$211	\$211	\$211	\$211
Houston	\$307	\$257	\$205	\$205	\$205	\$205	\$205	\$205	\$205	\$205	\$205	\$205
Kansas City	\$218	\$218	\$218	\$218	\$218	\$218	\$218	\$218	\$218	\$218	\$218	\$218
Las Vegas	\$302	\$302	\$173	\$223	\$223	\$223	\$223	\$218	\$223	\$188	\$188	\$223
Los Angeles	\$366	\$366	\$275	\$275	\$275	\$275	\$275	\$248	\$275	\$233	\$233	\$275
Miami	\$369	\$369	\$282	\$282	\$269	\$239	\$269	\$282	\$282	\$282	\$282	\$282
Minneapolis	\$285	\$285	\$187	\$187	\$187	\$187	\$187	\$187	\$187	\$187	\$187	\$187
Nashville	\$268	\$268	\$199	\$199	\$199	\$199	\$199	\$199	\$199	\$199	\$199	\$199
New York	\$354	\$379	\$288	\$288	\$288	\$288	\$288	\$288	\$288	\$238	\$238	\$288
Orlando	\$332	\$332	\$262	\$262	\$252	\$222	\$252	\$262	\$262	\$262	\$262	\$262
Philadelphia	\$354	\$356	\$228	\$269	\$269	\$269	\$269	\$269	\$269	\$228	\$228	\$269
Phoenix	\$262	\$316	\$167	\$167	\$217	\$217	\$217	\$182	\$198	\$182	\$217	\$198
St. Louis	\$180	\$198	\$153	\$153	\$160	\$160	\$160	\$133	\$133	\$133	\$133	\$126
San Antonio	\$276	\$276	\$205	\$205	\$205	\$205	\$205	\$205	\$205	\$205	\$205	\$205
San Diego	\$356	\$356	\$269	\$269	\$269	\$269	\$269	\$228	\$269	\$228	\$228	\$269
San Francisco	\$356	\$356	\$269	\$269	\$269	\$269	\$269	\$248	\$269	\$228	\$228	\$228
Seattle	\$379	\$379	\$287	\$287	\$287	\$287	\$287	\$248	\$287	\$238	\$238	\$287
Washington, DC	\$331	\$381	\$269	\$269	\$269	\$269	\$269	\$269	\$269	\$228	\$228	\$269

Atlanta	3/3/02	3/10/02	3/17/02
Boston	\$197	\$205	\$149
Chicago	\$288	\$287	\$244
Cincinnati	\$205	\$200	\$172
Dallas	\$205	\$212	\$172
Denver	\$160	\$173	\$133
Detroit	\$449	\$491	\$270
Houston	\$211	\$218	\$178
Kansas City	\$205	\$212	\$172
Las Vegas	\$218	\$258	\$218
Los Angeles	\$223	\$228	\$188
Miami	\$275	\$273	\$233
Minneapolis	\$282	\$257	\$239
Nashville	\$187	\$196	\$156
New York	\$199	\$207	\$167
Orlando	\$288	\$284	\$244
Philadelphia	\$262	\$264	\$222
Phoenix	\$269	\$268	\$228
St. Louis	\$198	\$222	\$182
San Antonio	\$133	\$126	\$120
San Diego	\$205	\$212	\$172
San Francisco	\$269	\$268	\$228
Seattle	\$269	\$268	\$228
Washington, DC	\$287	\$283	\$243
	\$269	\$245	\$205

**EXHIBIT D**

**WICHITA PASSENGER DEMOGRAPHIC  
AND TRAVEL PATTERN ANALYSIS**

**SABRE STUDY  
DATED AUGUST 2001**

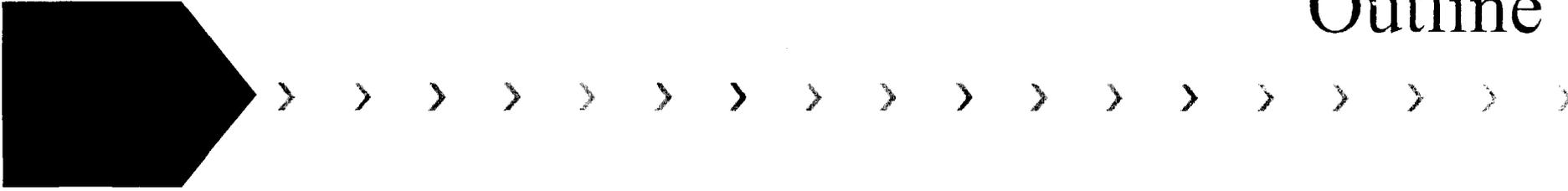


> > > > *Wichita Air Passenger Demographic and Travel*  
> > > > *Pattern Analysis*

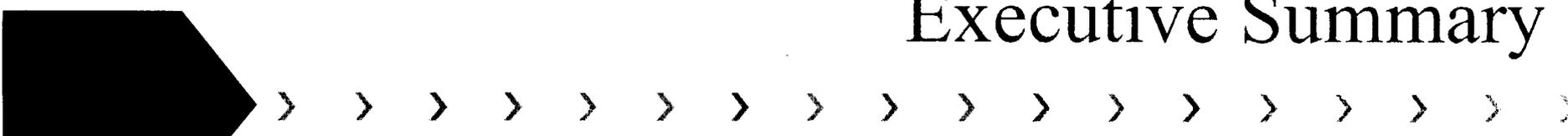
August 2001

**Sabre**

# Outline

- 
- Executive Summary
  - MIDT Data and Market Calibration
  - Mid-Continent Airport Statistics and Passenger Traffic
    - Mid-Continent Catchment Area Definition and Demographics
    - Passenger Traffic from Mid-Continent Catchment Area
    - Fare and Service Level Comparisons
    - New Air Service Prospect List
    - Conclusions
    - Next Steps
  - Appendix

# Executive Summary



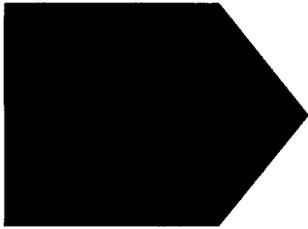
## Background

- Sabre was contracted to develop a ***Catchment Area and Leakage Study*** to assist Mid-Continent Airport in understanding and quantifying the traffic and revenue **loss** (leakage) to competing airports as well as develop a qualified air service prospect list. This information will be used to determine if the airport's current service is meeting the service needs and expectations of the community.

## Methodology

- This study uses a methodology that combines data and passenger booking information derived from the computer Global Distribution Systems (GDS) used by travel agencies. It also utilizes a Geographic Information Systems (GIS) software program that can calculate drive time to determine an airport's natural "catchment area" assuming equal prices and service levels. Actual passenger airport usage is then compared to "potential" usage based on this definition.
- **ICT's** traffic potential is estimated using Sabre's proprietary passenger stimulation and diversion model.

# Executive Summary



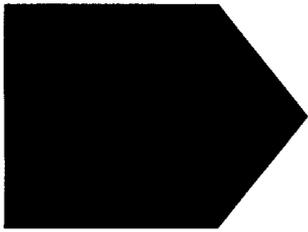
## **ICT Statistics and Passenger Traffic**

- Mid-Continent Airport (ICT) has experienced stagnant growth over the past 10 years (-0.3% CAGR\* 1990-2000) as well as a decrease in Origin and Destination traffic since 1997.
- Looking at the scheduled seats from cities with similar populations as Wichita, it appears that ICT is underserved. Furthermore, the Travel Propensity (Trip per Person) is far lower in Wichita than in similar cities.
- The top 50 destinations from ICT account for 72% of ICT's total traffic.

## **ICT Catchment Area Definition and Demographics**

- The ICT catchment area is comprised of 432 ZIP codes with a combined population of 1.3 million.
- 44% of traffic booked within the ICT catchment area diverts to other regional airports (34% to Kansas City alone).
- Salina, Manhattan, and Junction City send the most passengers from the ICT catchment area to MCI.
- Southwest Airlines benefits most from the diversion from ICT, attracting 31% of all lost passengers.

# Executive Summary

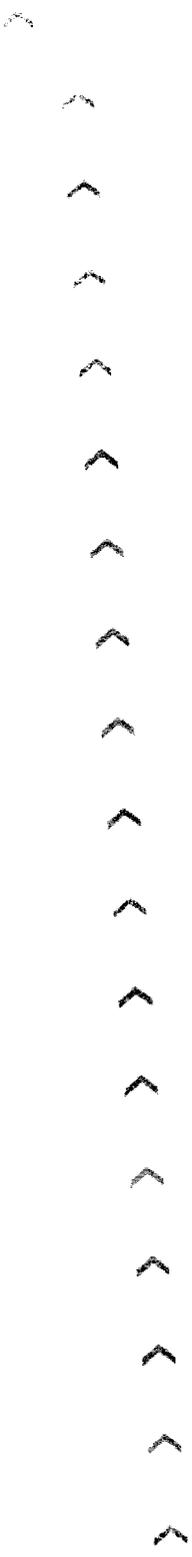
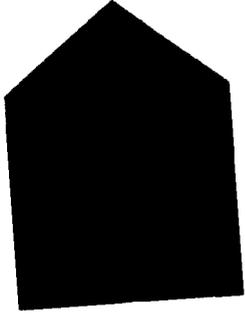


## Fare and Service Level Comparisons

- ICT has non-stop service to only 7 of the top 20 destinations for the ICT catchment area while MCI has non-stop service to 19 of the top 20 destinations.
- ICT's fares are 116% higher on average than those in MCI in the top 7 non-stop markets.

## Conclusions

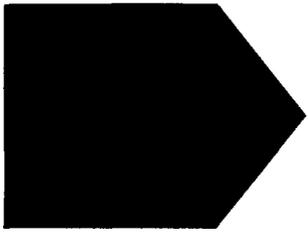
- With the proper service and fare levels, ICT could grow from **1.2** million to more 2 than million annual passenger boardings\*.



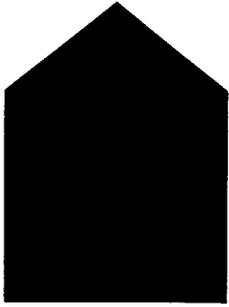
# *MIDT Data and Market Calibration*

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# Market Size Creation



- Sabre uses MIDT (Marketing Information Data Tapes) from the major GDS's (Global Distribution Systems) to create its base market size information. While an average of 80% of all traffic is captured in MIDT, Sabre uses other industry sources such as DB1A\* and WATS\*\* to supplement the base MIDT data. This adjustment brings the data as close to the actual flown data as possible.
- More information on the methodology is found in Appendix A.

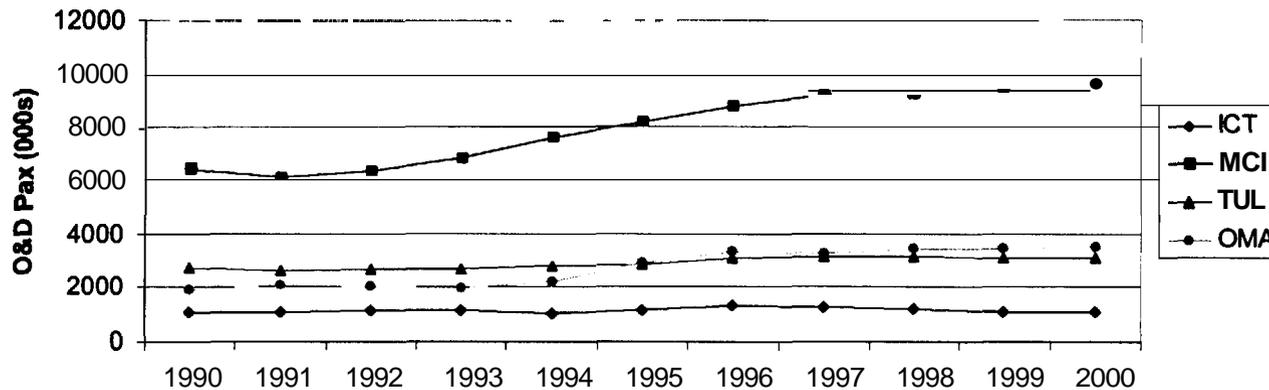


# *ICT Statistics and Passenger Traffic*

# Historic Regional Airport Traffic Growth

- ICT has experienced a decrease in Origin and Destination (O&D) passengers since **1997**.
- While the Compound Annual Growth Rate (CAGR) for ICT has been **-0.3%** from 1990-2000, MCI has had a CAGR of **4.1%** for the same period.

Total O&D Traffic 1990-2000



<u>Airport</u>	<u>CAGR</u>
AMA	-0.4%
ICT	-0.3%
<b>MCI</b>	<b>4.1%</b>
OKC	<b>0.9%</b>
TUL	<b>1.2%</b>
OMA*	<b>6.3%</b>

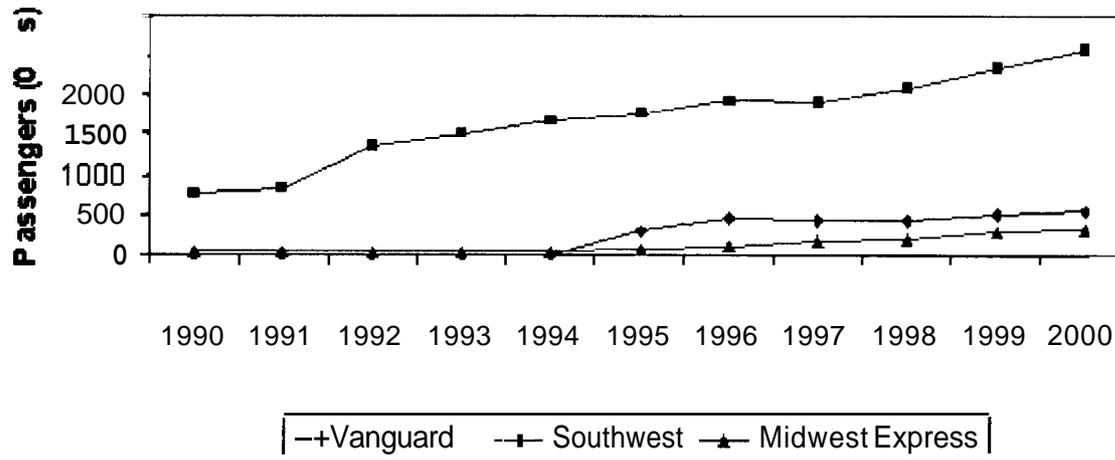
\*OMA has been included because it's population and geographic proximity to MCI are similar to ICT.

# MCI O&D Passenger Growth by Carrier



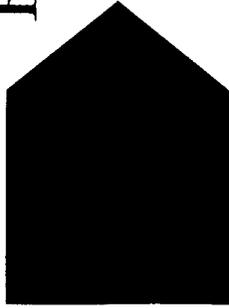
- The strong growth over the past ten years at MCI has predominately come from the carriers which have hub or near hub operations at MCI.
- Southwest, Vanguard and Midwest Express each have MCI O&D traffic CAGRs of more than 10%.

**Airline Passenger Growth at MCI 1990-2000**



<b>Carrier</b>	<b>CAGR</b>
Vanguard	11%
Southwest	13%
Midwest Express	21%

# Population vs. Scheduled Seats Comparison



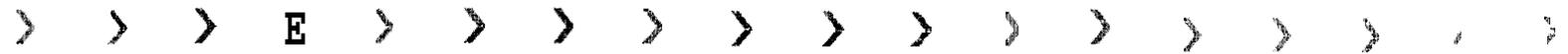
- Wichita's travel propensity (Trips/ Person) is significantly lower than many cities of comparable population.
- Looking at the scheduled seats from other cities with similar populations, it appears that Wichita is underserved.
- Kansas City, being a mini-hub, has an extremely low Population/Schedule Seats ratio and should not be compared to Wichita.

DMA	Population*	2000 Pax**	Seats/Day	Pax/ Seats	Pax/Pnn
Omaha, NE	1,001,532	3,487,670	8,794	113.9	3.5
Tucson, AZ	1,030,460	3,276,160	7,857	131.2	3.2
Wichita, KS	1,155,241	1,057,190	3,054	378.3	0.9
Knoxville, TN	1,175,203	1,550,230	4,217	278.7	1.3
Tulsa, OK	1,261,579	3,090,560	9,561	132.0	2.4
Little Rock, AR	1,285,679	2,350,110	6,595	194.9	1.8
Oklahoma City, OK	1,578,351	3,113,420	8,609	183.3	2.0
Kansas City, KS-MO	2,157,432	9,600,240	30,778	70.1	4.4

\* Indicates population of the cities' Designated Market Area (DMA) not the catchment area

\*\* Indicates originating passengers

# Top O&D Markets for Passengers Traveling to ICT



- The top 50 O&Ds comprise 72% of all traffic into and out of ICT.

<u>Rank</u>	<u>City</u>	<u>Total PDEW</u>	<u>Rank</u>	<u>City</u>	<u>Total PDEW</u>
1	Dallas/Fort Worth	94.0	26	Sacramento	13.3
2	Las Vegas	66.8	27	London, UK	13.1
3	Washington/ Baltimore	61.2	28	San Jose	13.0
4	Phoenix	58.4	29	New Orleans	12.8
5	Seattle	51.7	30	Tucson	12.3
6	Chicago	51.4	31	Fort Lauderdale	12.1
7	Atlanta	46.2	32	Cincinnati	12.1
8	New York/ Newark	45.6	33	Indianapolis	11.8
9	Houston	41.7	34	Salt Lake City	11.4
10	Denver	39.7	35	Montreal, Canada	11.2
11	St. Louis	39.2	36	Ontario, California	10.9
12	Orlando	38.4	37	Toronto, Canada	10.8
13	Los Angeles	34.8	38	Nashville	10.7
14	San Diego	26.1	39	Memphis	10.3
15	Orange County	25.3	40	Raleigh-Durham	10.3
16	San Francisco	23.9	41	Honolulu	10.2
17	Boston	20.6	42	Cleveland	<b>9.0</b>
18	Minneapolis/St. Paul	20.5	43	Columbus, Ohio	9.8
19	Philadelphia	20.2	44	Milwaukee	9.7
20	Kansas City	19.2	45	Charlotte	9.5
21	Portland, Oregon	18.2	46	Austin	9.3
22	Tampa	17.5	47	Hartford/Springfield	7.9
23	San Antonio	15.8	48	Pittsburgh	7.9
24	Detroit	<b>15.5</b>	49	Reno	7.8
25	Miami	14.9	50	Dayton	7.6
				Other	428.5
				<b>Total</b>	<b>1601.0</b>

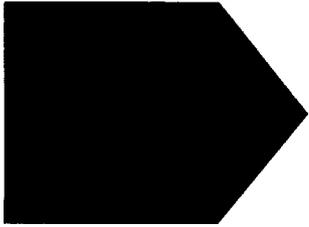


\*PDEW= Passengers Per Day Each Way

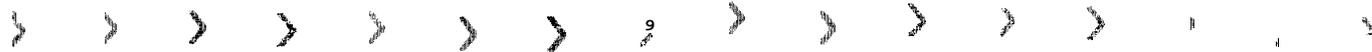
# Top Points of Origin for Passengers Destined for ICT

- 51% of passengers using ICT have a Point of Origin (POO) of ICT.
- For the remaining **49%** with a POO other than ICT, the top 50 origin cities make up 70% of this total traffic.

Rank	Origin City	PDEW	Rank	Origin City	PDEW
1	Dallas/Fort Worth	51.8	26	Ontario, California	6.9
2	Seattle	29.6	27	Tampa	6.8
3	Washington/ Baltimore	27.3	28	Tucson	6.8
4	Chicago	25.9	29	San Jose	6.7
5	Los Angeles	25.7	30	Cincinnati	6.6
6	New York/ Newark	25.2	31	San Antonio	6.5
7	Phoenix	24.7	32	Raleigh-Durham	6.3
8	Atlanta	23.5	33	Salt Lake City	6.3
9	Denver	20.9	34	Milwaukee	6.1
10	Houston	20.1	35	Cleveland	6.0
11	St. Louis	19.0	36	Las Vegas	5.6
12	Kansas City	15.7	37	Columbus, Ohio	5.3
13	Orange County	11.8	38	Charlotte	5.2
14	San Francisco	11.6	39	Nashville	5.1
15	Minneapolis/St. Paul	11.6	40	Austin	5.0
16	Philadelphia	11.4	41	Fort Lauderdale	5.0
17	Boston	10.2	42	Dayton	4.8
18	San Diego	10.1	43	Hartford/Springfield	4.4
19	Detroit	9.1	44	Miami	4.4
20	Orlando	8.9	45	Pittsburgh	4.3
21	Portland	8.8	46	Oakland	4.2
22	Sacramento	7.7	47	New Orleans	4.0
23	Montreal, Canada	7.5	48	Norfolk/Virginia Beach	3.7
24	Indianapolis	7.1	49	Memphis	3.6
25	Toronto, Canada	7.0	50	Frankfurt, Germany	3.4
				Other	226.1
				Total	791.6



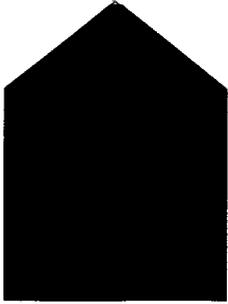
# Point of Sale for ICT Passengers



- Point of Sale information is based on the travel agencies' nearest major city.
- There are caveats in looking at the Point of Sale data. Agencies such as Expedia.com (Seattle based), and Travelocity.com (San Antonio based) along with corporate agencies may have bookings tied to cities where there is very little Point of Origin traffic statistics.
- Travelocity's bookings represent 90% of all of the San Antonio Point of Sale bookings.

<u>Point of Sale</u>	<u>Bookings</u>
Wichita	247,103
Seattle	38,423
San Antonio	32,103
St. Louis	30,835
Phoenix	29,352
Dallas/ Ft. Worth	27,982
Chicago	24,656
Miami	19,886
Los Angeles	19,692
Minneapolis/ St. Paul	18,286
Las Vegas	16,595
Washington/ Baltimore	15,558
San Jose	15,091
New York/ Newark	13,868
Kansas City	13,518
Boston	12,895
Denver	12,631
Atlanta	12,546
Philadelphia	11,711
Houston	9,749
Other	342,580
<hr/> Total	<hr/> 965,060

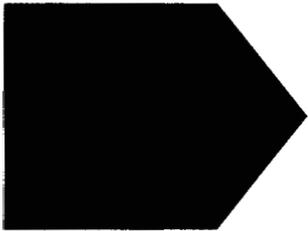
# ICT Fare Class Breakout



- 84% of all tickets purchased into and out of IOT are on a discounted coach fare.

<b>Fare Class</b>	<b>Passengers</b>	<b>% of Total</b>
Premium	54,976	6%
Full Coach	98,836	10%
Discount	811,248	84%
<b>Total</b>	<b>965,060</b>	<b>100%</b>

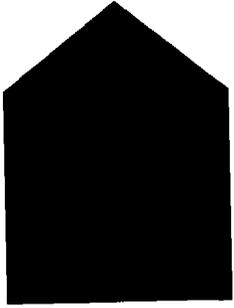
# ICT International vs. Domestic Passengers



- Of the bookings in and out of ICT, 9% are to international destinations.
- The top 20 international destinations represent 51% of all ICT international traffic.

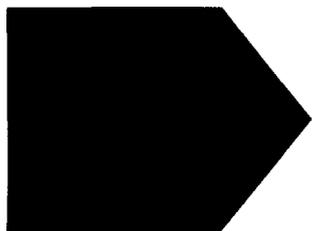
	<u>% of Total Passengers</u>
Domestic	91%
International	9%

<u>City</u>	<u>PDEW</u>
London	12.9
Montreal	10.9
Toronto	10.8
Frankfurt	5.5
Paris	4.7
Vancouver	<b>4.5</b>
Calgary	4.3
Mexico City	4.0
Cancun	4.0
Ho Chi Minh City	3.8
Tokyo	2.8
Amsterdam	2.4
Taipei	2.3
Nassau	2.0
Manchester	1.9
Munich	1.8
Rome	1.7
<u>Other</u>	<u>45.2</u>
Total Int'l	125.3



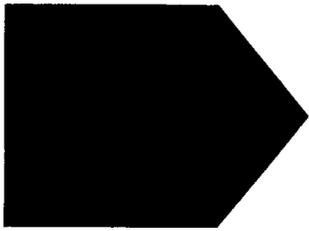
# *ICT Catchment Area: Definition and Demographics*

# Defining ICT Catchment Area

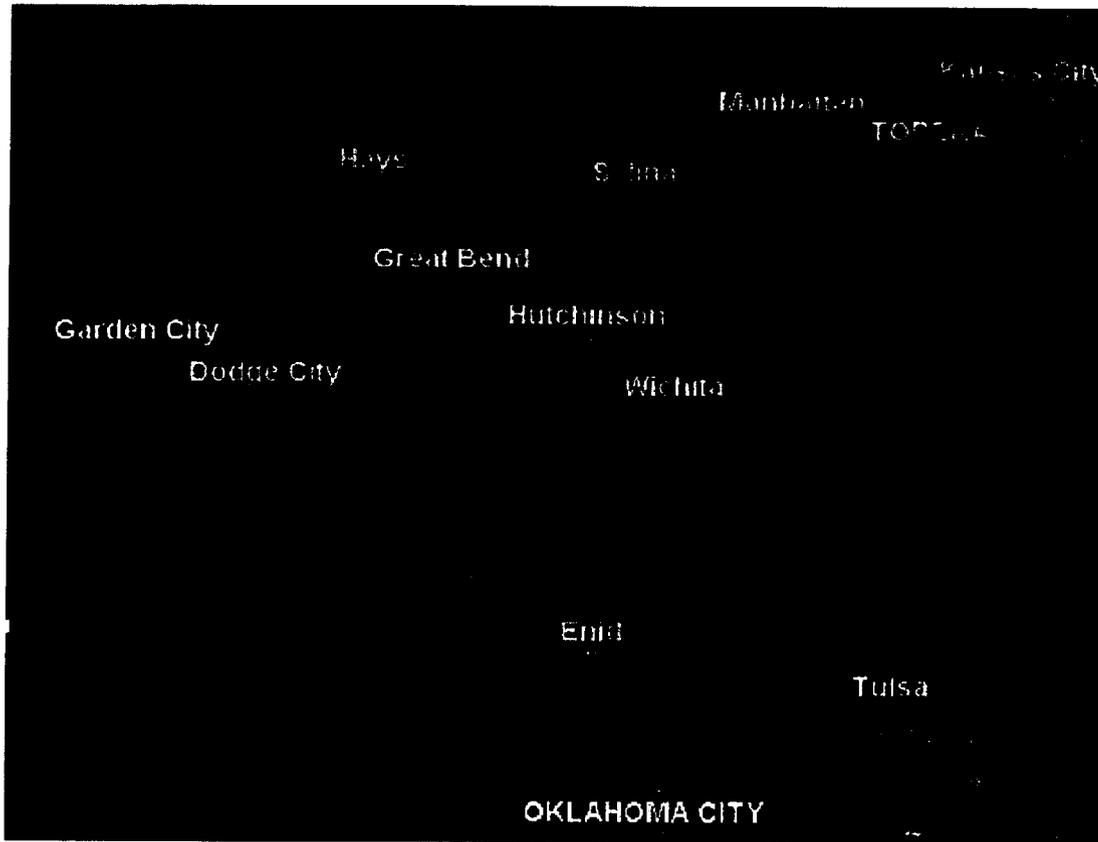


- **The ICT catchment area was defined by using a combination of mileage and drive time radii.**
  - A GIS (Global Information System) was used to assign ZIP codes to airport catchment areas based on drive time to regional airports.
  - The ICT catchment area encompassed areas where the drive time to ICT was less than the drive time to other regional airports (MCI, TUL, OKC, AMA).
- **Geographic boundaries were defined at the ZIP code level, therefore each ZIP code was assigned to only one catchment area.**

# Defining ICT Catchment Area



- The map below shows the local catchment areas for each of the airports surrounding Wichita.

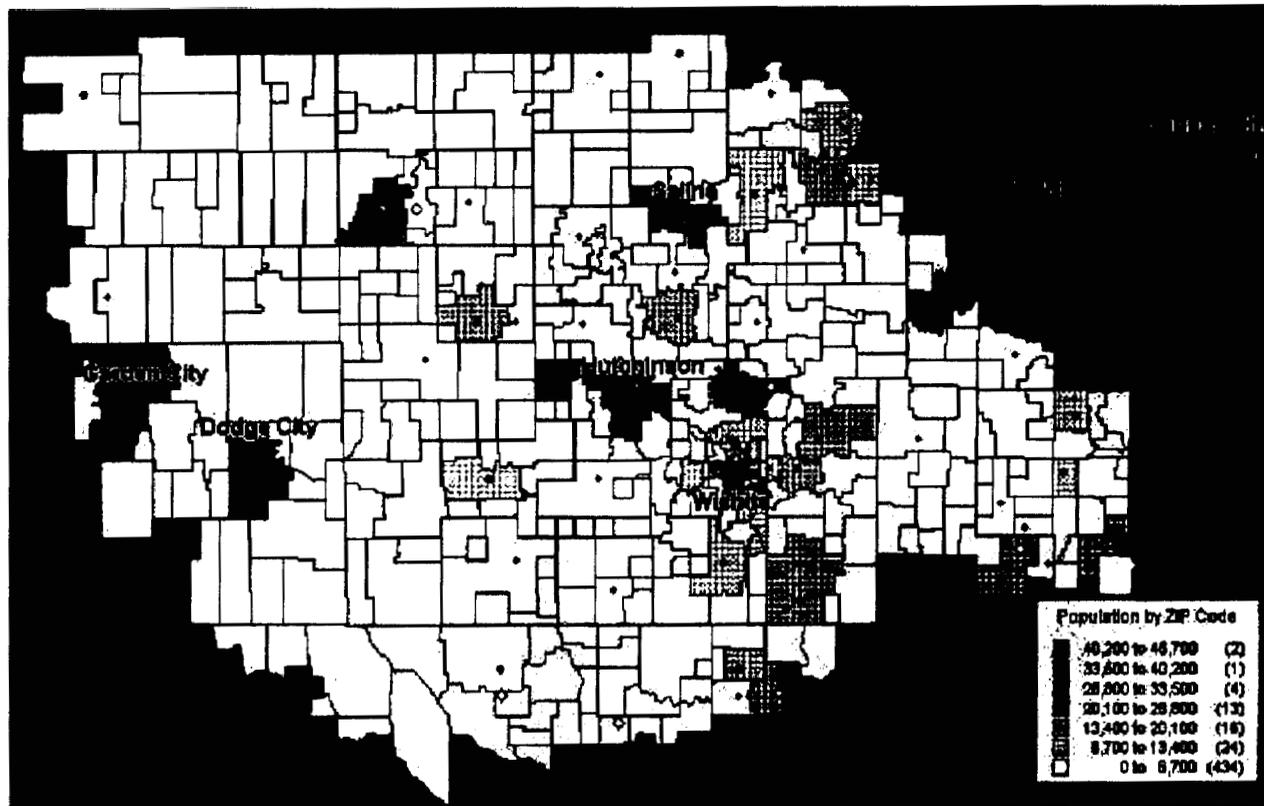


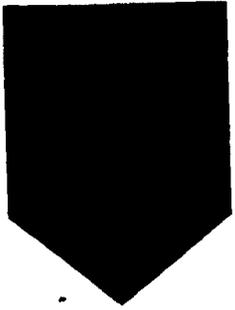
- OKC Catchment Area
- TUL Catchment Area
- MCI catchment Area
- LNK Catchment Area
- ICT Catchment Area
- DEN Catchment Area
- AMA Catchment Area

# ICT Catchment Area Population Distribution



- The ICT catchment area is comprised of **432** ZIP codes with a combined population of **1.3** million. The map below shows the population distribution by ZIP code.

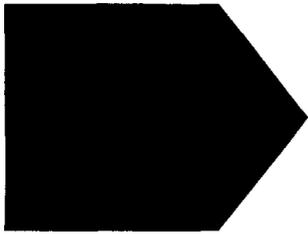




*Passenger Traffic from the ICT  
Catchment Area*

**Sabre**

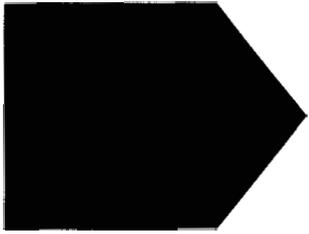
# ICT Catchment Area Point of Sale



- It is important to remember that only the passengers booking through a travel agency within the ICT catchment are included in the traffic data. Given the emergence of corporate travel agencies and airline internet distribution channels, the percentage of bookings made by agencies within the ICT catchment area is approximately 25%.
- The table below illustrates this point.

MIDT bookings for passengers departing or arriving at <b>ICT</b>	<b>965,060</b>
Number of bookings by travel agencies within the <b>ICT</b> catchment area for passengers departing or arriving <b>ICT</b>	<b>245,241</b>
Number of bookings made by agencies not located in the <b>ICT</b> catchment area (internet travel agency, corporate, etc) for passengers departing <b>ICT</b>	<b>719,819</b>
Percentage of passengers departing <b>ICT</b> who booked through a travel agency in the <b>ICT</b> catchment area	<b>25%</b>

# ICT Catchment Area Sample

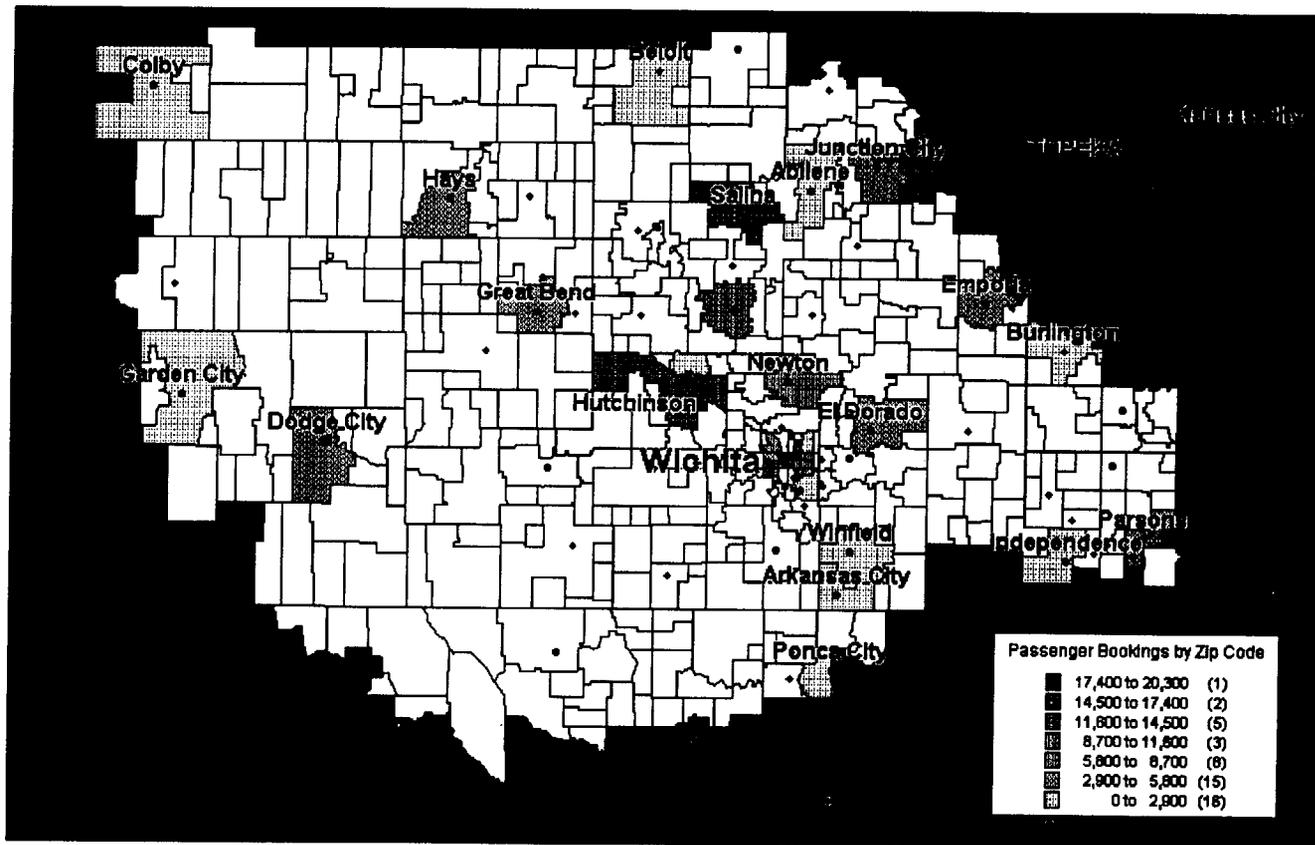


- Given that 25% of ICT's bookings are made in the ICT catchment area, these bookings will be used as a sample to determine traffic patterns for all of ICT's traffic.
- The remaining slides in this section **show** adjusted MIDT traffic for the bookings made only within the ICT catchment area.
- Later in the presentation the trends seen in this sample will be applied to ICT's total traffic.

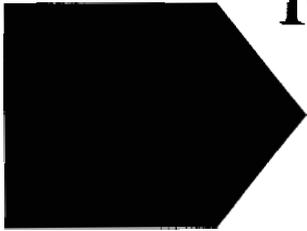
# Passenger Booking Distribution by ZIP Code



- The map below shows the distribution of passenger bookings in the Wichita catchment area.



# ICT Catchment Area Originating Passenger Traffic



- 117,687 (44%) passengers originating in the ICT catchment area divert to other regional airports. MCI alone captures 77% of this lost traffic.

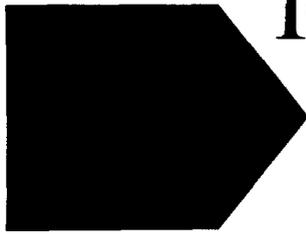
<u>Departure (Airport)</u>	<u>Passengers</u>	<u>PDEW</u>	<u>% Total</u>
ICT	148,925	408	56%
MCI	90,806	249	34%
TUL	14,910	40	6%
OKC	8,922	24	3%
AMA	3,049	8	1%
<b>Total</b>	<b>266,612</b>	<b>730</b>	<b>100%</b>

# ICT Catchment Area Traffic by Airline

- Southwest Airlines benefits most from the traffic diverted from the ICT catchment area, attracting 31% of all lost passengers.
- The table below shows traffic, by airline, per day.

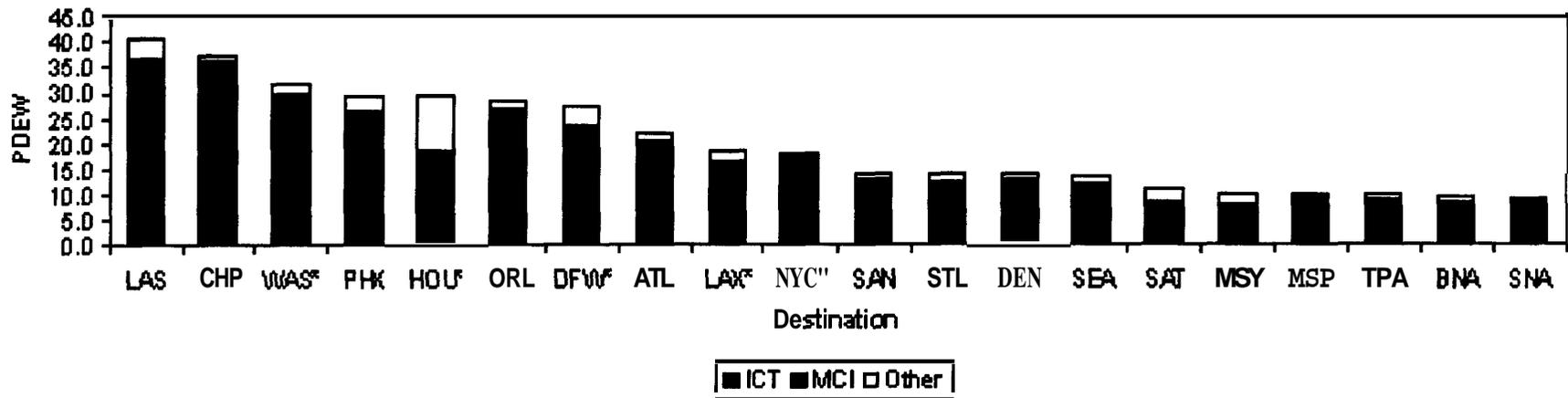
Carrier	ICT	MCI	TUL	QKC	AMA	Total PDEW	Total Diverted	% Diverted
TWA	86.4			1.E		106.2	19.7	19%
Delta	58.2	33.8	6.E	3.1	0.4	102.2	43.9	43%
Southwest		71.2	14.0	9.E	4.E	99.1	99.1	100%
United	71.1	19.4	3.1	2.0	0.6	96.1	25.1	26%
American	63.0	16.8	5.7	2.7	2.0	90.3	27.2	30%
America West	73.5	12.8				86.3	12.8	15%
Northwest	23.6	25.3	1.2	1.2	0.0	51.4	27.8	54%
Continental	17.8	7.2	3.E	3.1	0.5	32.5	14.6	45%
US Air	6.6	25.4			0.0	31.9	25.4	79%
Vanguard		8.9				8.9	8.9	100%
Midwest Express		7.3				7.3	7.3	100%
Frontier		1.8				1.8	1.8	100%
Air Canada		0.9				0.9	0.9	100%
Other	7.8	4.8	0.7	0.3		13.6	5.8	43%
<b>Total</b>	<b>408</b>			<b>24</b>	<b>8</b>	<b>729</b>	<b>320</b>	<b>44%</b>

# ICT Catchment Area Top 20 Destinations



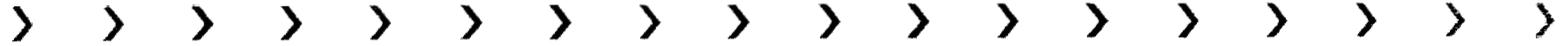
- MCI is **ICT's** main competitor in the top destinations from the ICT catchment area.

ICT Catchment Area Top Destinations by Departure Airport

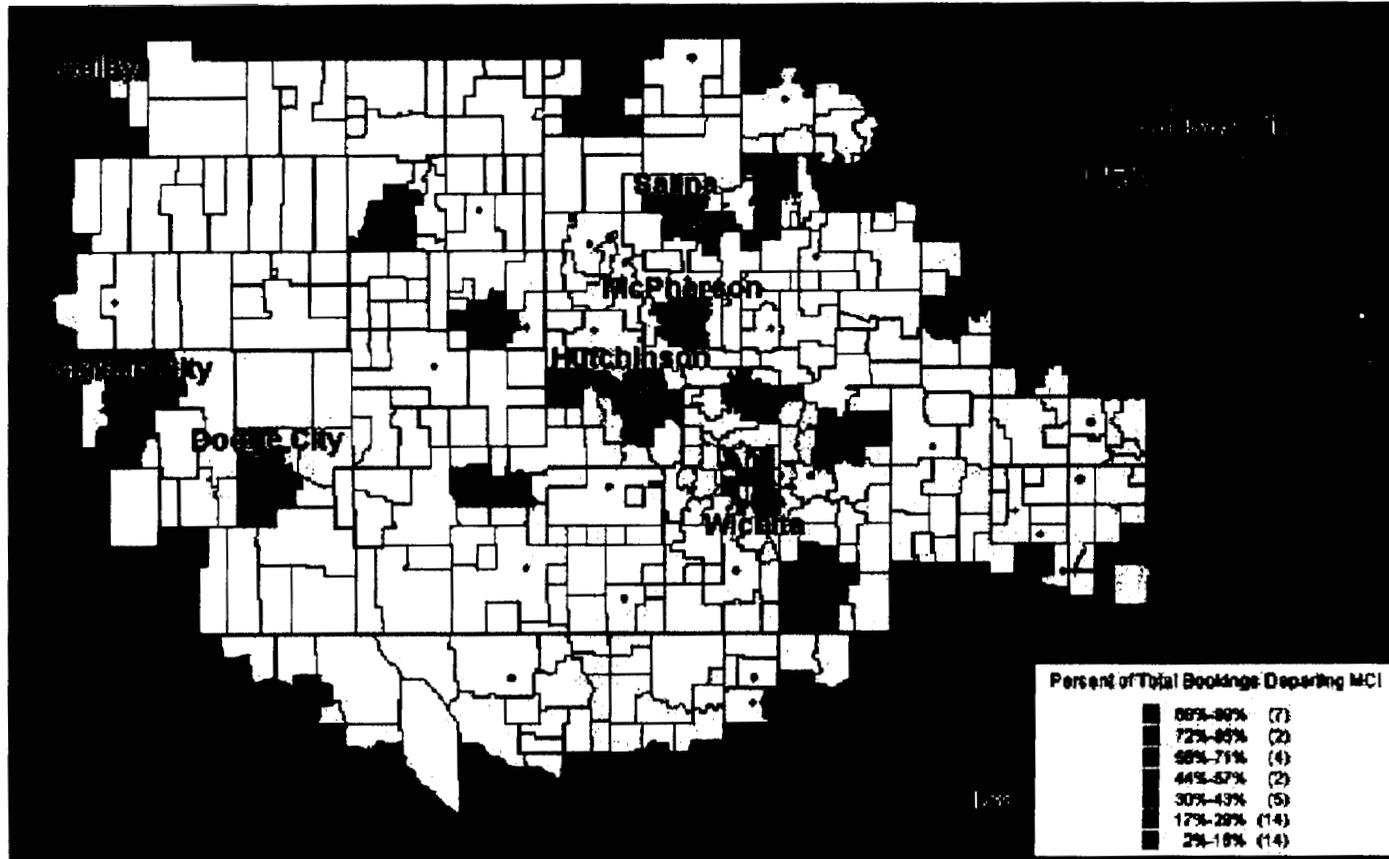


\* Denotes Multiple Airports added to create one city group (i.e. WAS=DCA+IAD+BWI)

# Percent of Passenger Bookings Diverting to MCI by ZIP Code



- ZIP codes located on the border of the ICT and MCI catchment areas show the highest percentage of passengers diverting to MCI.



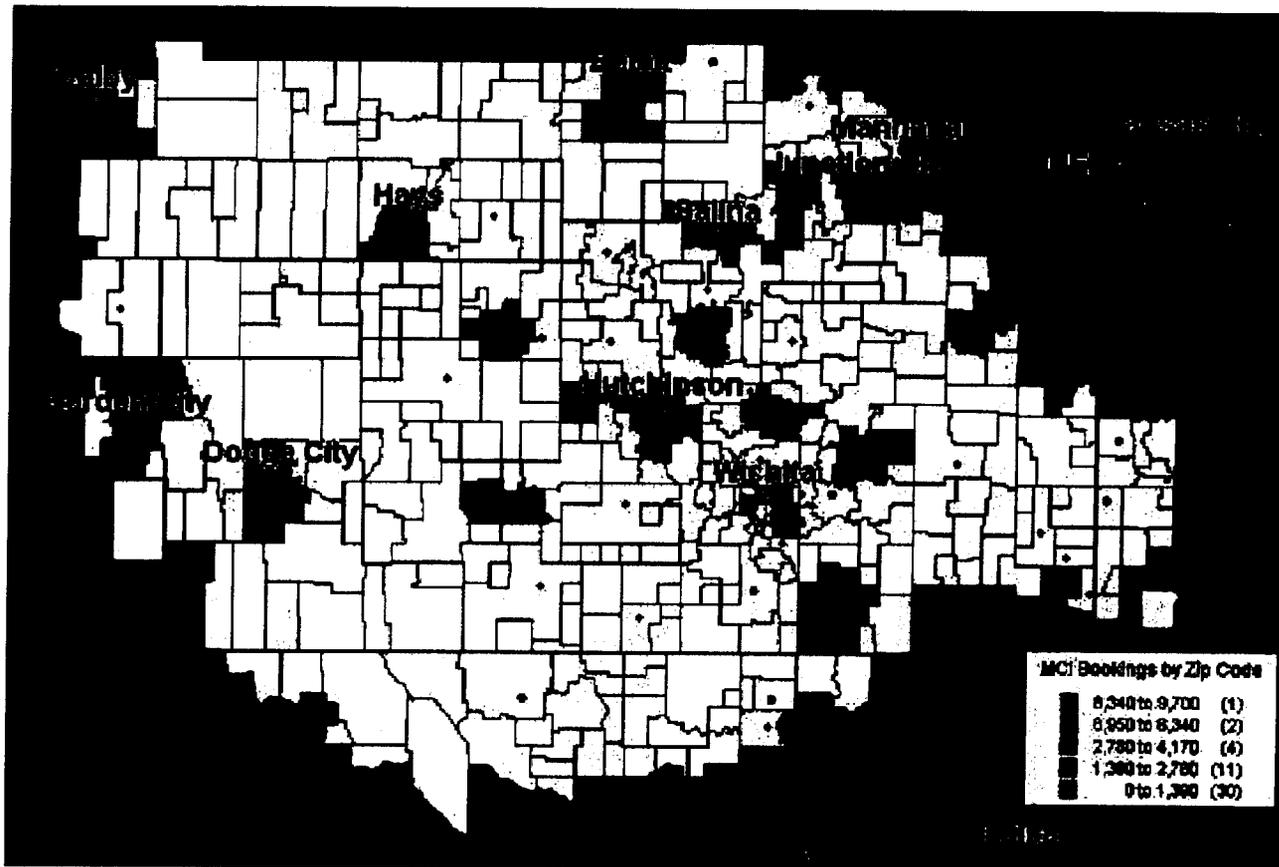
**Sabre**

Source: Unadjusted Year-End May 2001 MDT Bookings

# Passengers Bookings Diverting to MCI by ZIP Code

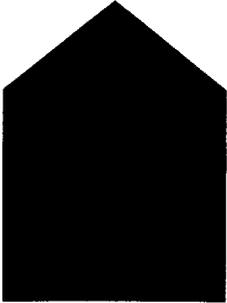


- Salina, by far, sends the most passengers to MCI, followed by Manhattan and Junction City.



**Sabre**

Source: Unaudited Year-End May 2001 MDD Bookings



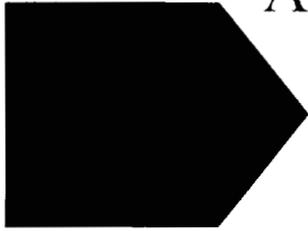
# *Fare and Service Level Comparisons*

# Non-Stop Service to Top Destinations

- ICT has non-stop service to only 7 of the catchment area's top 20 destinations while MCI has non-stop service to 19 of those destinations.
- TUL has more service to the catchment area's top 20 destinations than ICT.
- OKC has nearly double the amount of frequencies to the top 20 destinations as ICT.

Destination	Daily Frequencies				
	ICT	MCI	TUL	OKC	AMA
Las Vegas	0	7	2	0	1
Chicago	3	33	9	6	0
Washington/ Baltimore	0	10	0	0	0
Phoenix	2	10	3	3	0
Houston	3	5	11	10	4
Orlando	0	5	0	0	0
Dallas/ Fort Worth	14	15	32	28	17
Atlanta	3	14	4	3	0
Los Angeles	0	7	1	0	0
New York/ Newark	0	7	0	0	0
San Diego	0	1	0	0	0
St. Louis	6	19	10	9	0
Denver	3	14	3	4	7
Seattle	0	1	0	0	0
San Antonio	0	2	0	0	0
New Orleans	0	4	0	0	0
Minneapolis/ St. Paul	0	9	2	0	0
Tampa	0	1	0	0	0
Nashville	0	4	3	0	0
Orange County	0	0	0	0	0
#Top 20 Served	7 of 20	19 of 20	11 of 20	7 of 20	4 of 20
Total Top 20 Frequencies	34	168	80	63	29
Total Destinations Served	10	57	17	13	6

## Average Travel Time from ICT and MCI to Top Destinations



- Differences in travel times to the top destinations without non-stop service from ICT are slight when taking the connect service from ICT versus driving to MCI and taking a nonstop flight.

Destination City	Total Travel Time (minutes)"		
	ICT Connection	MCI Nonstop	Difference
Las Vegas	328	363	35
Orlando	329	348	19
Washington/ Baltimore	322	325	3
Los Angeles	369	401	32
San Diego	354	378	24
Seattle	396	418	22
New York/ Newark	351	356	5
San Antonio	274	303	29
Minneapolis/St. Paul	272	271	1
New Orleans	286	298	12
Tampa	328	338	10
Nashville	272	276	4

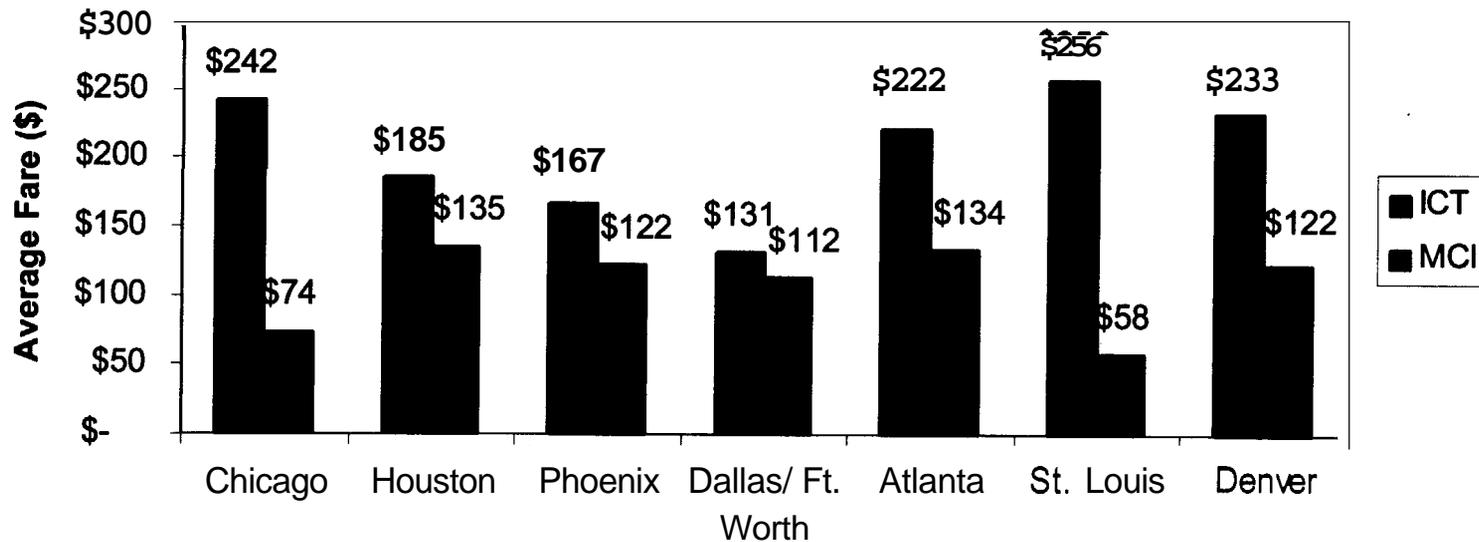
**Sabre**

\* *Travel Time = Avg Drive Time to Departure Airport + Block Time of Leg 1 + Minimum Connect Time + Block Time of Leg 2*

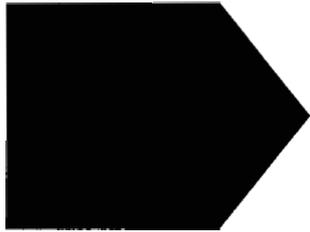
# ICT vs. MCI Non-Stop Average Fare Comparison

- ICT's average fares are 16% higher than MCI in the top 7 non-stop markets.
- In two of the markets (Chicago and St. Louis) fares from ICT are well over 200% higher than from MCI.

**Avg One Way Fares to ICT Non-Stop Destinations**

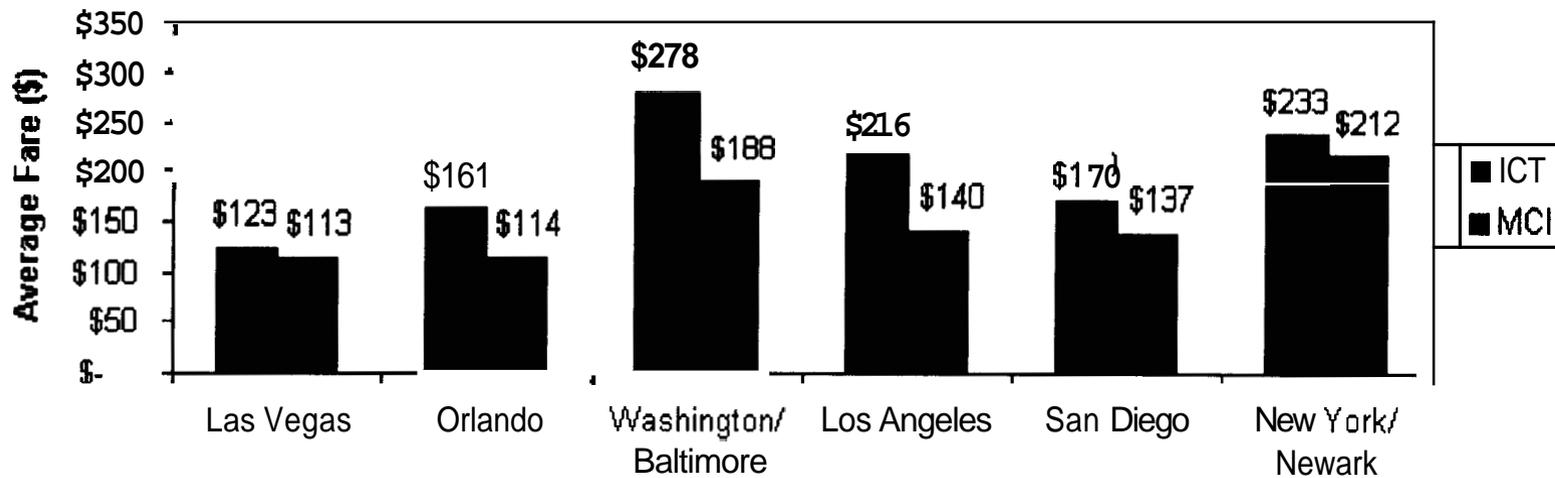


# ICT vs. MCI Average Fare to Connection Destinations



- ICT's average fares are 31% higher than MCI in the top 6 connection markets.
- Three of the top six markets (Orlando, Washington/ Baltimore and Los Angeles) have fares over **40%** from ICT versus MCI.

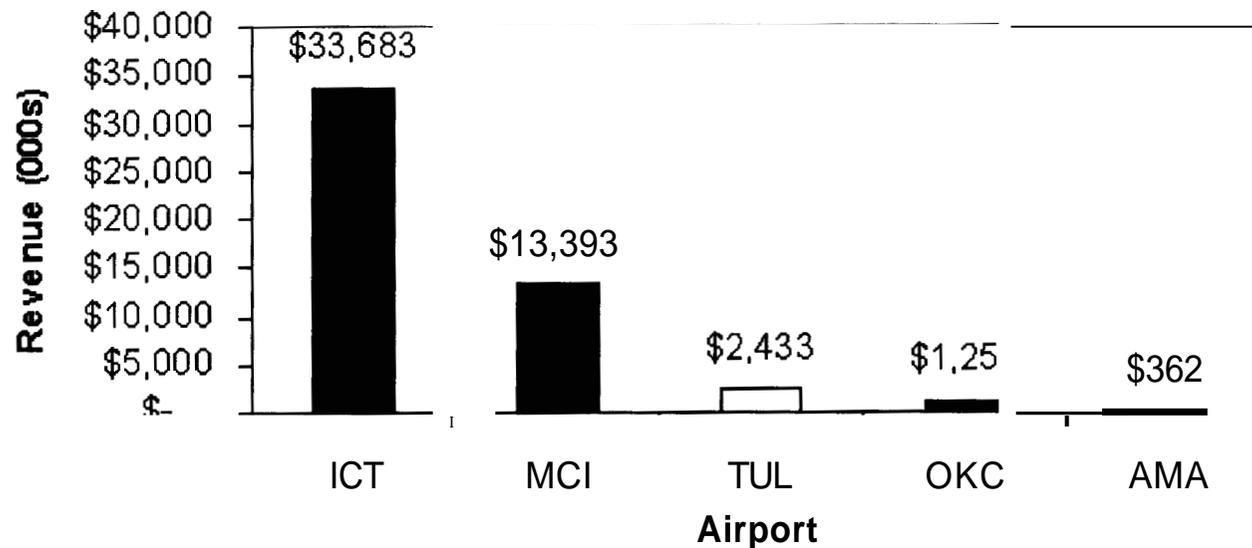
**Avg One Way Fares to ICT Connection Destinations**



# Annual Airline Revenue by Departure Airport

- Of the total airline revenue generated by the ICT catchment area, 66% is retained by ICT, while **34%** is lost to competing regional airports.

**ICT Catchment Revenue by Departure Airport**

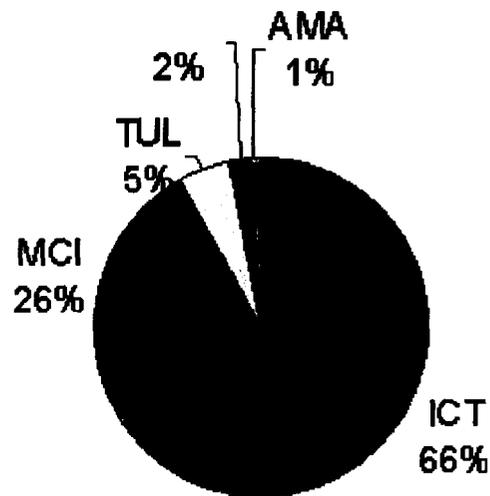


# Revenue vs. Passengers by Departing Airport

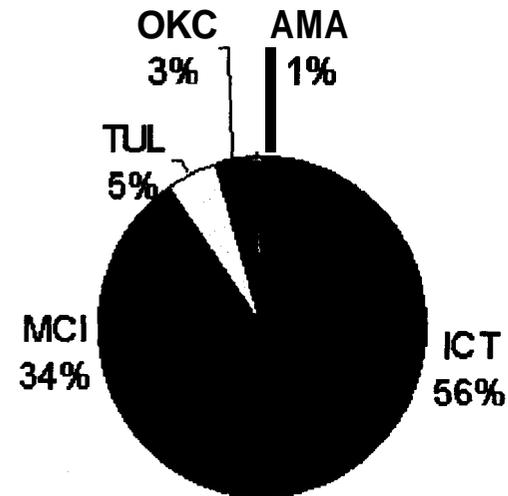


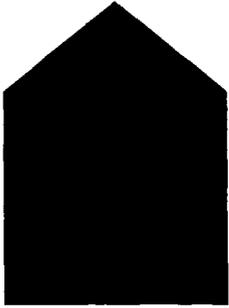
- The charts below emphasize the higher fare structure at ICT. While ICT captures 56% of the traffic, it captures 66% of the airline revenue **departing** from the catchment area.

Revenue Percentage by Departure Airport



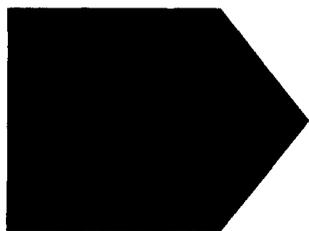
Passenger Percentage by Departure Airport





# *ICT Passenger Traffic Potential*

# Fare/ Retention Rate Sensitivity



- Assuming constant service levels, if ICT can increase the retention rate to 70%, airline revenues to ICT could increase **13%** even with a 10% reduction in fares.

## Retention Rate

						\$			
e Chan	10%	\$ 19.9	\$ 26.5	\$33.2		\$ 39.8	\$ 46.4	\$ 53.1	
	0%	\$ 18.1	\$ 24.1	\$30.1	\$33.7	\$ 38.2	\$ 42.2	\$ 48.2	
	-10%	\$ 16.3	\$ 21.7	\$27.1		\$ 32.6	\$ 38.0	\$ 43.4	

Current Retention Rate	56%
Current ICT Airline Revenue	\$33.7 million

# ICT Catchment Area Retention Opportunity

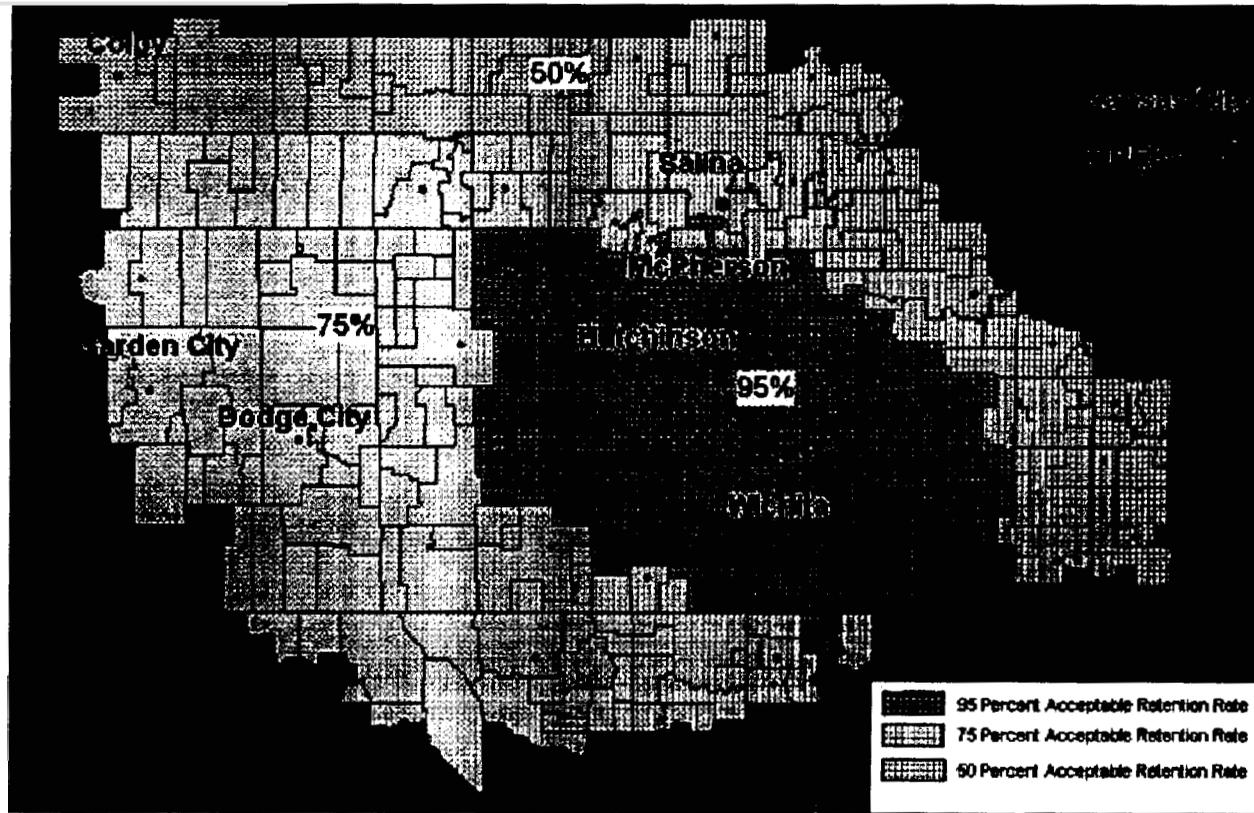


- With ICT's close proximity to MCI as well as other regional airports, ICT will continue to lose a significant portion of its traffic to its regional competitors unless fares decrease and service increases.
- With comparable service and fares, ICT should strive to retain 80-85% of its traffic compared to the 56% it retains today.
  - The ZIP codes in ICT's catchment area located on the border with MCI will continue to divert at least 50% of their traffic to MCI given their geography. ICT should strive to capture 50% of the bookings made in this area.
  - The ZIP codes located in the "mantle" (area between the center and border) of the catchment area will also continue to divert traffic to other airports. ICT should strive to capture 75% of the bookings made in this area.
  - The ZIP codes in the center of the catchment area should be ICT's stronghold. Nearly 95% of the passenger bookings from this area should be departing ICT.
- The map on the following slide shows these areas in detail.

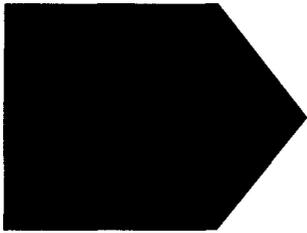
# Expected Retention Rates Given Comparable Service



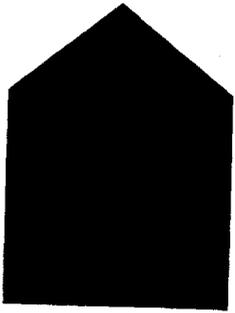
- The map below shows the expected ICT retention rates by ZIP code if **ICT's** service and fares were comparable to the surrounding airports.



# ICT Potential Passenger Traffic



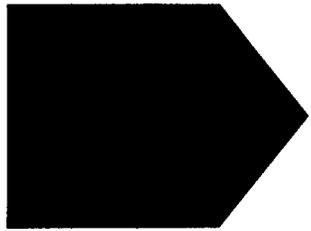
- If low cost carriers were to enter the top 10 most opportunistic markets (listed in Appendix F), ICT's total passenger traffic could grow 69% to more than 2 million passengers from the 1.2 million in 2000\*.
  - 30% of this growth is due to market stimulation
  - 70% of this growth is due to the decrease in the traffic diversion (leakage) rate to competing airports
- Given MCI's high service levels and Southwest's presence at other regional airports, a significant portion of **ICT's** traffic base will continue to divert. However, increased service and lower fares from ICT could reduce the diversion rate from **44%** to 15-20%\* annually.



# *New Air Service Prospects*

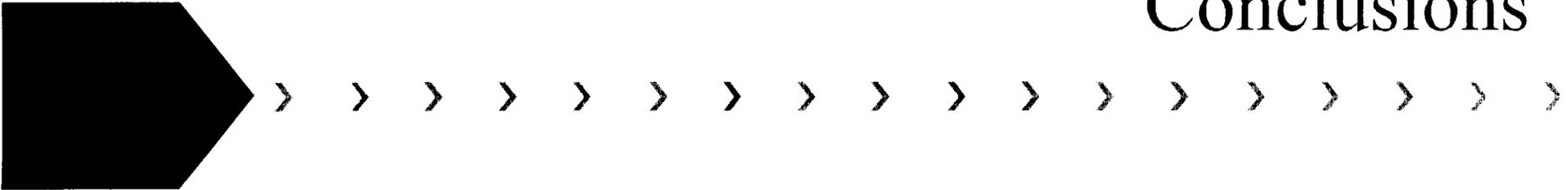
## *Conclusions*

# New Air Service Prospects

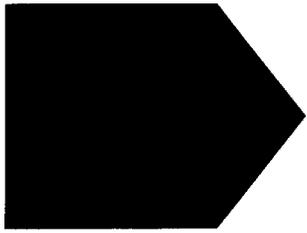


- **With the benefits of both ICT traffic growth from new service as well as the economic impact to the community by such service (quantified by ICT), it is suggested that the following airlines be examined for new or additional service:**
  - Airtran - new services to Atlanta and/or Orlando
  - America West - new service to Las Vegas
  - American Eagle - new service to Chicago (O'Hare) and St. Louis
  - American Trans Air - new service to Chicago (Midway)
  - Northwest or Sun Country- new service to Minneapolis/ St. Paul
  - Frontier- new service to Denver
  - Southwest- new service to Chicago (Midway), Houston and St. Louis
  - US Air Express- new service to Washington/ Baltimore

# Conclusions

- 
- Comparing service levels in ICT to airports in cities with similar populations, it appears that ICT is underserved.
  - ICT's main regional competitor is MCI to which it loses 34% of its traffic. TUL, OKC and AMA only influence traffic destined for Texas and Louisiana.
  - Southwest, with a stronghold in MCI, is the airline which benefits most from the traffic diversion from ICT.
  - In order to minimize the leakage to regional competitors, ICT must work to:
    - Increase service levels and better align fares with MCI
    - Concentrate marketing efforts on Salina where passenger traffic is significant and has a high diversion rate to MCI
  - If successful, ICT could grow total passenger traffic by 69% and board 2 million passengers annually.\*

# Next Steps



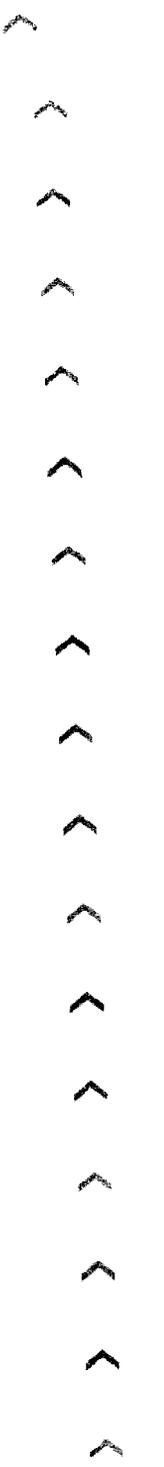
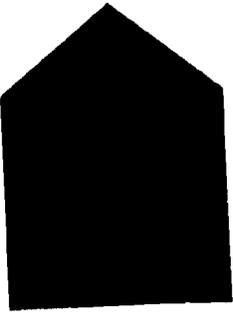
- To achieve the goal of attracting new air service, ICT needs to develop a New Air Service Campaign. This campaign should include a community profile as well as new air service proposals to educate the airlines on the benefits of air service into ICT. This Catchment Area study, combined with the Economic Impact Study performed by the Kiehl Hendrickson Group, shows that Wichita can receive a significant return on its investment if successful in attracting new air service.
- In order to further define ICT's new air service strategy, it is also suggested that ICT complete the planned census survey. The results of this survey will allow ICT to identify ways to alter current market trends and measures to attract new service.

# Next Steps



- **Using both the Catchment Area Study and the survey results, ICT will have the necessary information to:**
  - Identify strategic opportunities for service enhancements through ICT
  - Secure the necessary commitments from businesses and organizations within the ICT catchment area to support and sustain service enhancements

**These two key components will allow ICT to attract commercial, airlines to provide the needed service as well as ensure airlines' future success at ICT.**



# *Appendix*

# Appendix Contents



**Appendix A: MIDT and Market Calibration Methodology**

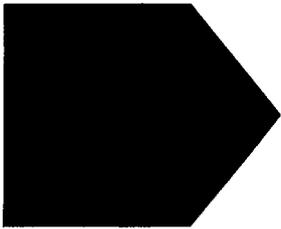
**Appendix B: ICT Catchment Area top 50 Destinations by Departure Airport**

**Appendix C: Weekly Airline Departures by Airport**

**Appendix D: Average Fare to Top Destinations by Airport**

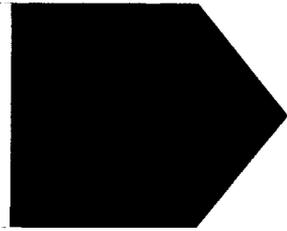
**Appendix E: Income and Population Statistics**

**Appendix F: ICT Passenger Traffic Potential and Methodology**



## MIDT and Market Calibration

- The Marketing Information Data Tapes (MIDT) are comprised of travel agency bookings through the major GDS's (SABRE, Galileo, Apollo, etc).
- While MIDT does not capture 100% of total traffic, it does capture a significant sample which can be used to determine travel patterns.
- Currently MIDT data captures 79% of the traffic into and out of ICT.
  - MIDT Year 2000 Total ICT bookings= 973,100
  - ACI Year 2000 Total ICT passengers= 1,227,083
  - % MIDT/ ACI= 79%
- The limitation in MIDT data is that it only captures passengers booked through a travel agency or agency internet site (Travelocity, Expedia, Priceline, etc). Many low cost carriers minimize use of external distribution channels in order to keep their costs low. Because of this practice, airlines such as Southwest receive most of their bookings via their own website or call center, therefore their bookings are understated in MIDT.
  - Southwest 2000 MIDT bookings= 17.10 million
  - Southwest 2000 passenger traffic= 63.68 million
  - % MIDT/ Total Passengers= 27%



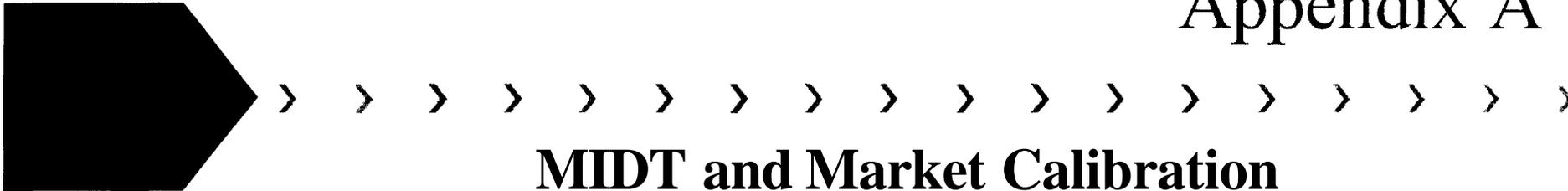
## MIDT and Market Calibration

- The table below shows examples of Wichita and Kansas City markets with their year 2000 MIDT bookings as well as year 2000 DBIA passenger traffic numbers.

Market	MIDT	DBIA	MIDT Capture Rate
MCIORD	173,170	174,700	99%
DFWMCI	168,480	232,540	72%
MCIMDW	85,060	258,900	33%
LAXMCI	72,060	132,270	54%
EWRMCI	70,355	83,520	84%
LASMCI	69,945	140,930	50%
DFWICT	30,004	35,650	84%
ICTLAS	20,106	23,950	84%
ICTORD	18,693	20,000	93%
ICTPHX	15,404	21,490	72%
ICTSEA	14,956	18,250	82%

- The markets highlighted in red are markets in which Southwest offers service which explains their low capture rate.

# Appendix A



## MIDT and Market Calibration

- Once the capture rate for each O&D pair was determined, MIDT data was collected for bookings made by only the agencies located in the ICT catchment area (definition of catchment area is located in the following section).
- The agency bookings for each market were then “grown” by the MIDT capture rate to determine the actual traffic by market originating within the ICT catchment area. The table below shows this process:

<b>Market</b>	<b>MIDT''</b>	<b>Capture Rate</b>	<b>Adjusted Traffic</b>
MCIORD	3,407	99%	3,437
DFWMCI	699	72%	965
MCIMDW	1,818	33%	5,534
LAXMCI	1,527	54%	2,803
EWRMCI	435	84%	516
LASMCI	2,201	50%	4,435
DFWICT	6,359	04%	7,556
ICTLAS	7,528	84%	8,967
ICTORD	3,858	93%	4,128
ICTPHX	5,180	72%	7,227
ICTSEA	2,205	82%	2,691

*\*Note that MIDT data in this table represents only bookings made by travel agencies within the ICT catchment area*

- The markets highlighted in red where Southwest offers service are now adjusted to actual levels due to their lower than average capture rate.

# Appendix B

## ICT Catchment Area Top 50 Destinations By Departure Airport

Rank	City	Airports	PDEW	ICT	MCI	TUL	OKC	AMA
1	Las Vegas	LAS	40.6	60%	30%	4%	2%	4%
2	Chicago	ORD-MDW	37.1	31%	66%	2%	1%	0%
3	Washington/ Baltimore	DCA-IAD-BWI	31.8	48%	46%	4%	1%	0%
4	Phoenix	PHX	28.9	69%	23%	5%	2%	2%
5	Houston	IAH-HOU	28.9	52%	12%	18%	16%	2%
6	Orlando	MCO	28.0	47%	47%	3%	2%	0%
7	Dallas/Fort Worth	DFW-DAL	27.0	77%	10%	7%	4%	3%
8	Atlanta	ATL	21.6	57%	38%	3%	2%	0%
9	Los Angeles	LAX-BUR-LGB	18.4	45%	45%	5%	4%	2%
10	New York/ Newark	LGA-JFK-EWR	17.9	56%	40%	3%	1%	0%
11	San Diego	SAN	14.1	62%	30%	4%	2%	3%
12	St. Louis	STL	14.1	61%	26%	11%	2%	0%
13	Denver	DEN	13.9	63%	31%	4%	3%	0%
14	Seattle	SEA	13.2	56%	36%	4%	3%	0%
15	San Antonio	SAT	10.8	49%	29%	11%	7%	4%
16	New Orleans	MSY	10.3	48%	30%	8%	10%	4%
17	Minneapolis/St. Paul	MSP	10.1	42%	53%	3%	1%	0%
18	Tampa	TPA	9.8	53%	39%	5%	2%	0%
19	Nashville	BNA	9.5	26%	65%	6%	2%	0%
20	Orange County	SNA	8.9	76%	20%	3%	1%	0%
21	San Francisco	SFO	8.7	74%	21%	3%	1%	0%
22	Boston	BOS	8.1	66%	30%	3%	1%	0%
23	Portland	PDX	7.7	59%	32%	5%	3%	1%
24	Detroit	DTW	7.6	42%	50%	7%	2%	0%
25	Indianapolis	IND	7.2	43%	46%	8%	3%	0%

# Appendix B

## ICT Catchment Area Top 50 Destinations By Departure Airport

Rank	City	Airports	PDEW	ICT	MCI	TUL	OKC	AMA
26	Philadelphia	PHL	6.5	74%	23%	2%	1%	0%
27	Tucson	TUS	6.4	82%	14%	1%	2%	1%
28	Reno	RNO	6.3	43%	41%	9%	5%	1%
29	Ontario, California	ONT	6.2	37%	52%	6%	3%	2%
30	Fort Lauderdale	FLL	5.7	58%	31%	9%	3%	0%
31	Salt Lake City	SLC	5.6	44%	40%	9%	6%	0%
32	Miami	MIA	5.4	63%	32%	3%	2%	0%
33	Sacramento	SMF	5.3	61%	29%	4%	2%	3%
34	Columbus, Ohio	CMH	5.3	49%	44%	6%	2%	0%
35	Raleigh-Durham	RDU	5.1	42%	50%	7%	1%	0%
36	Austin	AUS	4.8	50%	15%	18%	14%	3%
37	Louisville	SDF	4.2	33%	59%	5%	3%	0%
38	Montreal, Canada	YUL	4.1	94%	5%	1%	0%	0%
39	Jacksonville	JAX	3.9	53%	35%	8%	4%	0%
40	Cleveland	CLE	3.8	46%	47%	6%	1%	0%
41	Pittsburgh	PIT	3.8	42%	54%	3%	1%	0%
42	Albuquerque	AEQ	3.7	46%	34%	10%	10%	1%
43	Toronto, Canada	YYZ	3.6	67%	20%	4%	0%	1%
44	Frankfurt, Germany	FRA	3.6	48%	51%	1%	0%	0%
45	Oakland	OAK	3.6	45%	37%	13%	4%	2%
46	London, UK	LHR-LGW	3.5	76%	19%	4%	1%	0%
47	Honolulu	HNL	3.5	75%	21%	3%	2%	0%
48	Hartford/Springfield	BDL	3.5	59%	33%	5%	3%	0%
49	San Jose	SJC	3.4	62%	28%	6%	2%	2%
50	Charlotte	CLT	3.3	64%	32%	3%	1%	0%
	Other		182.1	59%	30%	6%	4%	1%
	Total		730.4	56%	34%	5%	3%	1%

# Appendix C

## Weekly Airline Departures by Airport

Carrier	AMA	ICT	OKC	TUL	MCI	Total
SOUTHWEST AIRLINES	73		154	172	529	928
US AIRWAYS EXPRESS		32			294	326
AMERICAN AIRLINES	21	34	42	84	123	304
DELTA AIR LINES			49	42	105	196
TWA AIRLINES		41	42	41	72	196
UNITED AIRLINES		42	28	21	98	189
AMERICAN EAGLE	21	<b>25</b>	68	<b>67</b>		181
ASA	21	56	<b>49</b>	<b>49</b>		175
VANGUARD AIRLINES					157	157
NORTHWEST AIRLINES		7	28		116	151
MIDWEST EXPRESS AIRLINES					135	135
CONTINENTAL AIRLINES			<b>26</b>	<b>32</b>	<b>52</b>	110
US AIRWAYS					100	100
CO EXPRESS	<b>27</b>	18	13	<b>7</b>	<b>28</b>	93
COMAIR		14	21	35	14	84
GREAT PLAINS AIRLINES			41	41		82
EXPRESS AIRLINES		14		42		56
AMERICA WEST AIRLINES		13			34	47
GREAT LAKES AVIATION	46					46
UA EXP/ATL COAST				<b>28</b>	7	35
UNITED EXP/AWAC			21			21
DELTA EXPRESS					21	<b>21</b>
FRONTIER AIRLINES					20	20
AIR CANADA					19	19
SKYWEST AIRLINES					7	7
MESA AIRLINES		1				1
<b>TOTAL</b>	209	297	582	661	1931	3680

# Appendix D

## Average Fare to Top Destinations by Airport

- ICT has the highest average fare to 35 of the top 50 destinations.

RANK	city	Airports	PDFW	ICT	MCI	TUL	OKC	AMA	Highest Fare
1	Las Vegas	LAS	40.6 \$	123 \$	113 \$	127 \$	128 \$	97	OKC
2	Chicago	ORD-MDW	37.1 \$	242 \$	74 \$	137 \$	144 \$	203	ICT
3	Washington/ Baltimore	DCA-IAD-BWI	31.8 \$	278 \$	188 \$	199 \$	161 \$	286	AMA
4	Phoenix	PHX	28.9 \$	167 \$	122 \$	132 \$	136 \$	113	ICT
5	Houston	IAH-HOU	28.9 \$	214 \$	130 \$	106 \$	102 \$	104	ICT
6	Orlando	MCO	28.0 \$	161 \$	114 \$	135 \$	137 \$	193	AMA
7	Dallas/Fort Worth	DFW	27.0 \$	131 \$	112 \$	66 \$	74 \$	66	ICT
8	Atlanta	ATL	21.6 \$	222 \$	134 \$	196 \$	186 \$	182	ICT
9	Los Angeles	LAX- BUR- LGB	18.4 \$	216 \$	140 \$	161 \$	154 \$	151	ICT
10	New York/ Newark	LGA-JFK-EWR	17.9 \$	233 \$	212 \$	263 \$	230 \$	288	AMA
11	San Diego	SAN	14.1 \$	170 \$	137 \$	142 \$	139 \$	127	ICT
12	St. Louis	STL	14.1 \$	256 \$	58 \$	65 \$	70 \$	175	ICT
13	Denver	DEN	13.9 \$	233 \$	122 \$	233 \$	218 \$	153	ICT/TUL
14	Seattle	SEA	13.2 \$	248 \$	159 \$	165 \$	158 \$	159	ICT
15	San Antonio	SAT	10.8 \$	186 \$	142 \$	104 \$	96 \$	100	ICT
16	New Orleans	MSY	10.3 \$	188 \$	116 \$	113 \$	113 \$	117	ICT
17	Minneapolis/St. Paul	MSP	10.1 \$	255 \$	85 \$	222 \$	224 \$	260	AMA
18	Tampa	TPA	9.8 \$	189 \$	123 \$	138 \$	138 \$	160	ICT
19	Nashville	BNA	9.5 \$	210 \$	64 \$	112 \$	115 \$	214	AMA
20	Orange County (Santa Ana)	SNA	8.9 \$	190 \$	147 \$	160 \$	160 \$	182	ICT
21	San Francisco	SFO	8.7 \$	187 \$	171 \$	174 \$	156 \$	164	ICT
22	Boston	BOS	8.1 \$	271 \$	210 \$	258 \$	213 \$	255	ICT
23	Portland, Oregon	PDX	7.7 \$	190 \$	147 \$	153 \$	152 \$	152	ICT
24	Detroit	DTW	7.6 \$	235 \$	142 \$	140 \$	143 \$	229	ICT
25	Indianapolis	IND	7.2 \$	231 \$	86 \$	92 \$	119 \$	204	ICT

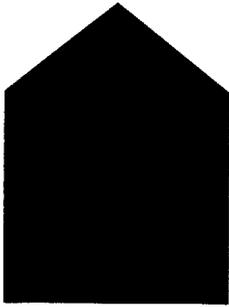
# Appendix D

## Average Fare to Top Destinations by Airport (cont.)

RANK	City	Airports	Pax/ Day	ICT	MCI	TUL	OKC	AMA	Highest Fare
26	Philadelphia	PHL	6.5	\$ 261	\$ 247	\$ 274	\$ 245	\$ 289	AMA
27	Tucson	TUS	6.4	\$ 192	\$ 124	\$ 137	\$ 141	\$ 228	AMA
28	Reno	RNO	6.3	\$ 156	\$ 137	\$ 147	\$ 138	\$ 139	ICT
29	Ontario	ONT	6.2	\$ 204	\$ 144	\$ 141	\$ 144	\$ 148	ICT
30	Fort Lauderdale	FLL	5.7	\$ 229	\$ 133	\$ 158	\$ 151	\$ 173	ICT
31	Salt Lake City	SLC	5.6	\$ 190	\$ 131	\$ 145	\$ 151	\$ 149	ICT
32	Miami	MIA	5.4	\$ 181	\$ 143	\$ 182	\$ 168	\$ 190	AMA
33	Sacramento	SMF	5.3	\$ 183	\$ 140	\$ 151	\$ 152	\$ 157	ICT
34	Columbus	CMH	5.3	\$ 241	\$ 115	\$ 136	\$ 126	\$ 300	AMA
35	Raleigh-Durham	RDU	5.1	\$ 247	\$ 127	\$ 123	\$ 179	\$ 213	ICT
36	Austin	AUS	4.8	\$ 190	\$ 147	\$ 92	\$ 97	\$ 104	ICT
37	Louisville	SDF	4.2	\$ 215	\$ 84	\$ 105	\$ 102	\$ 189	ICT
38	Montreal	YUL	4.1	\$ 485	\$ 289	\$ 348	\$ 304	\$ 285	ICT
39	Jacksonville	JAX	3.9	\$ 192	\$ 133	\$ 143	\$ 143	\$ 186	ICT
40	Cleveland	CLE	3.8	\$ 281	\$ 128	\$ 145	\$ 141	\$ 282	AMA
41	Pittsburgh	PIT	3.8	\$ 221	\$ 189	\$ 262	\$ 256	\$ 317	AMA
42	Albuquerque	ABQ	3.7	\$ 196	\$ 127	\$ 122	\$ 125	\$ 59	ICT
43	Toronto	YYZ	3.6	\$ 363	\$ 220	\$ 293	\$ 292	\$ 236	ICT
44	Frankfurt	FRA	3.6	\$ 390	\$ 450	\$ 506	\$ 385	\$ 373	TUL
45	Oakland	OAK	3.6	\$ 209	\$ 153	\$ 159	\$ 158	\$ 156	ICT
46	London	LHR-LGW	3.5	\$ 700	\$ 498	\$ 624	\$ 451	\$ 472	ICT
47	Honolulu	HNL	3.5	\$ 312	\$ 291	\$ 277	\$ 294	\$ 292	ICT
48	Hartford/Springfield	BDL	3.5	\$ 236	\$ 139	\$ 282	\$ 188	\$ 273	TUL
49	San Jose	SJC	3.4	\$ 220	\$ 164	\$ 176	\$ 172	\$ 154	ICT
50	Charlotte	CLT	3.3	\$ 230	\$ 226	\$ 253	\$ 246	\$ 258	AMA
	Other		182.1						
	<b>Total</b>		<b>730.4</b>						

**Sabre**

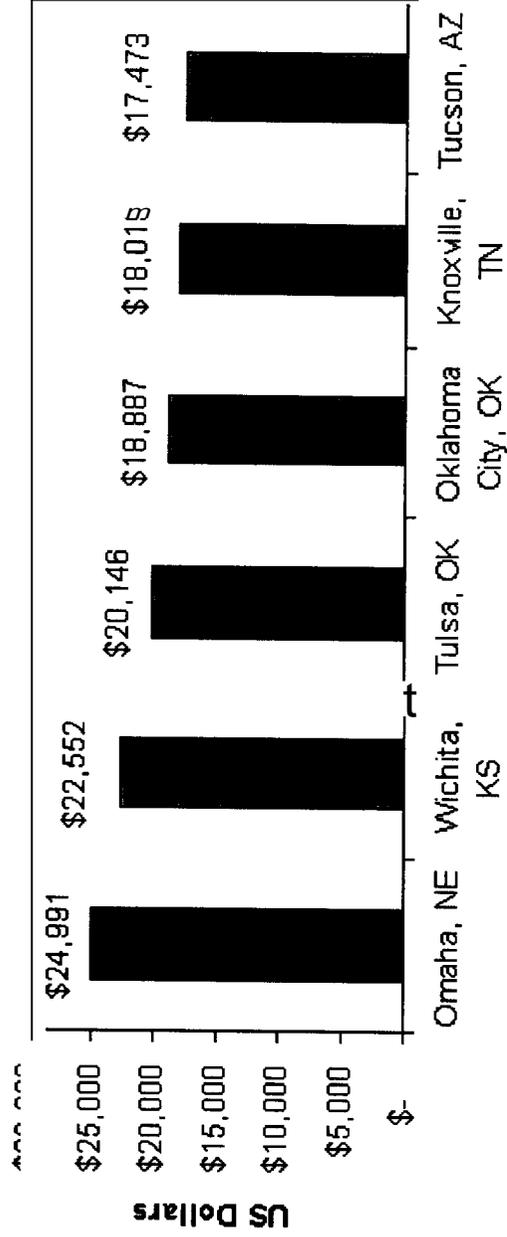
Source: DOT/DBIA Year 2000

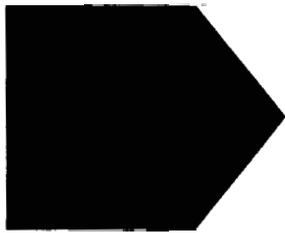


## 2000 Per Capita Income Comparison

- Wichita has a per capita income greater than most of the other cities of its size.

2000 Per Capita Income

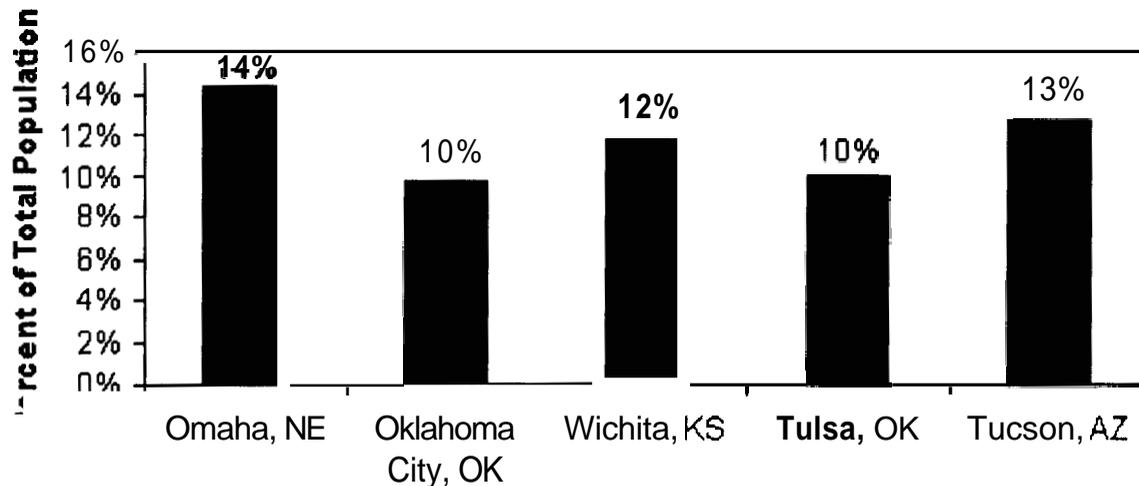




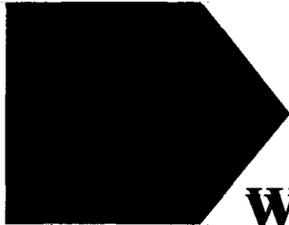
## Income by Age Comparison

- The Wichita DMA\* has a comparable percentage of people ages 25-64 earning more than \$50,000 per year to other DMA's of similar populations which have more air service.

Percent of Total Population Which is 25-64 Earning \$50K+/yr



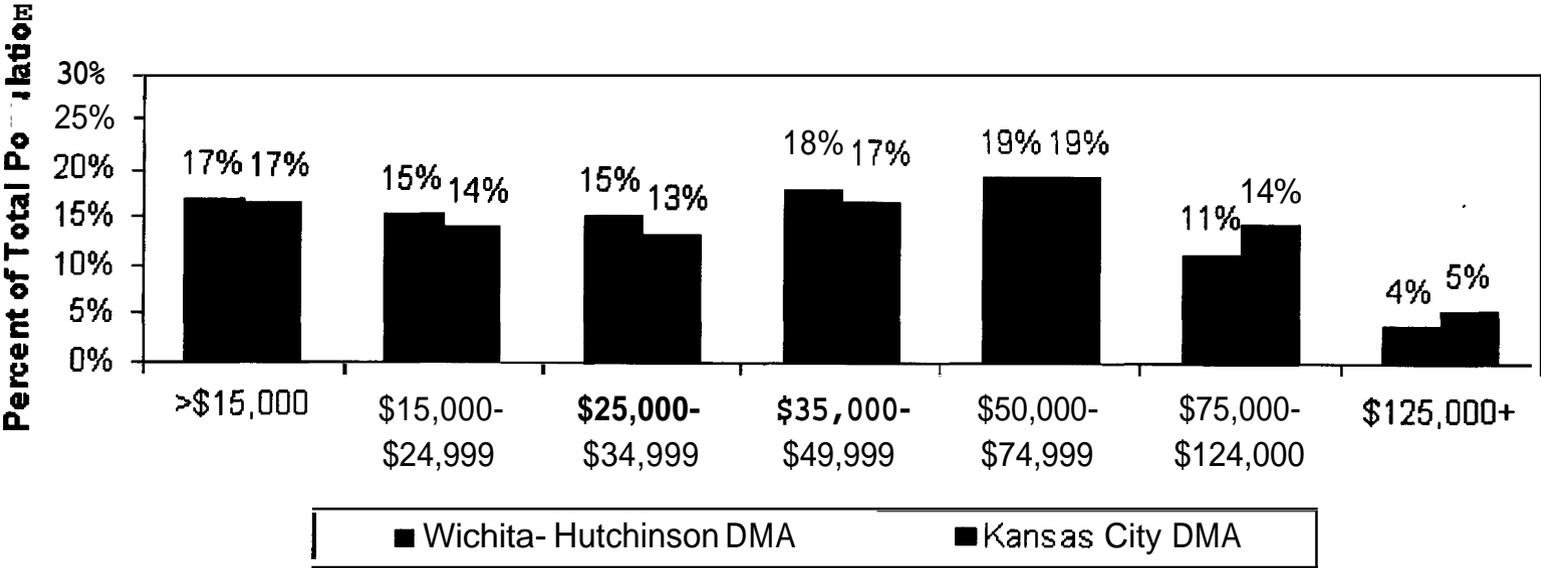
# Appendix E

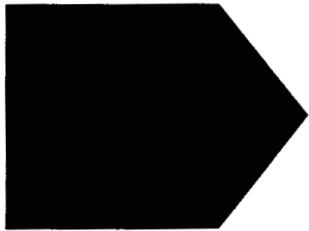


## Wichita vs. Kansas City Population by Household Income Comparison

- While the difference is slight, Kansas City's households tend to have a higher income than Wichita's.

Population by Household Income Comparison

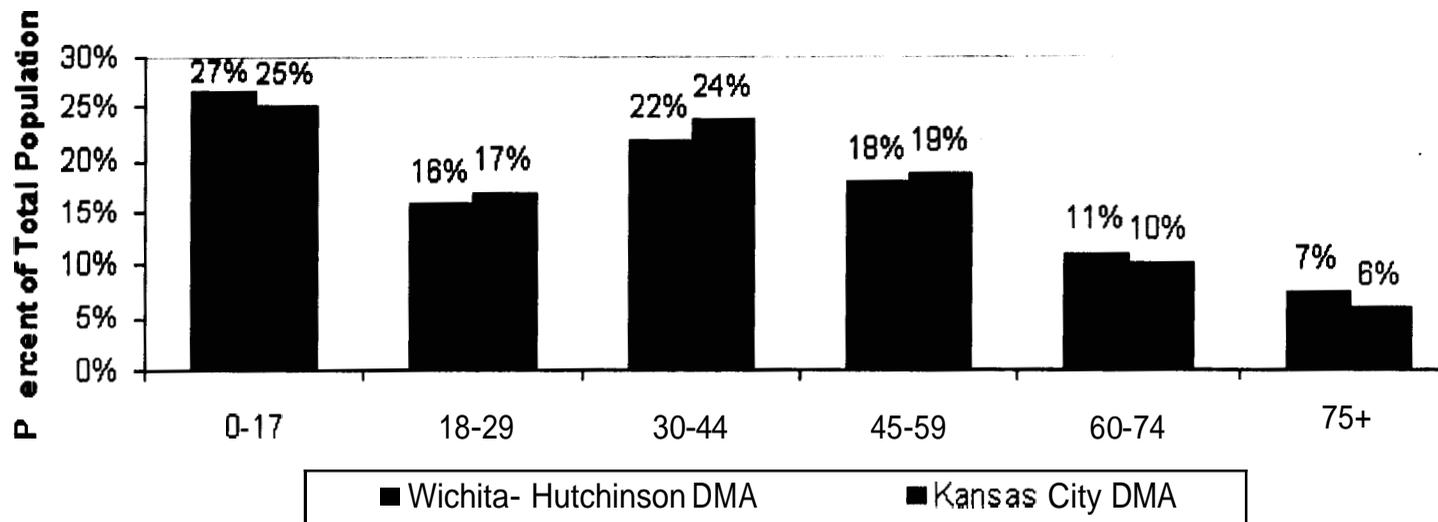




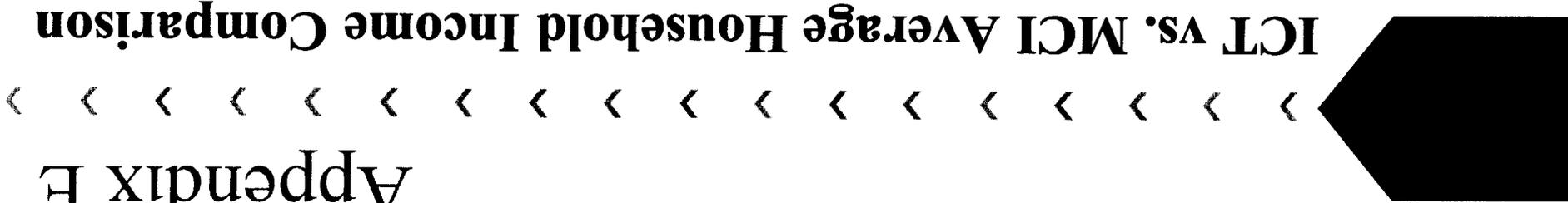
## ICT vs. MCI Population by Age Comparison

- Bookings made in the Wichita DMA account for 85% of bookings made in the ICT catchment area.
- The Wichita DMA and Kansas City DMA have very similar age breakouts.

Population by Age Comparison



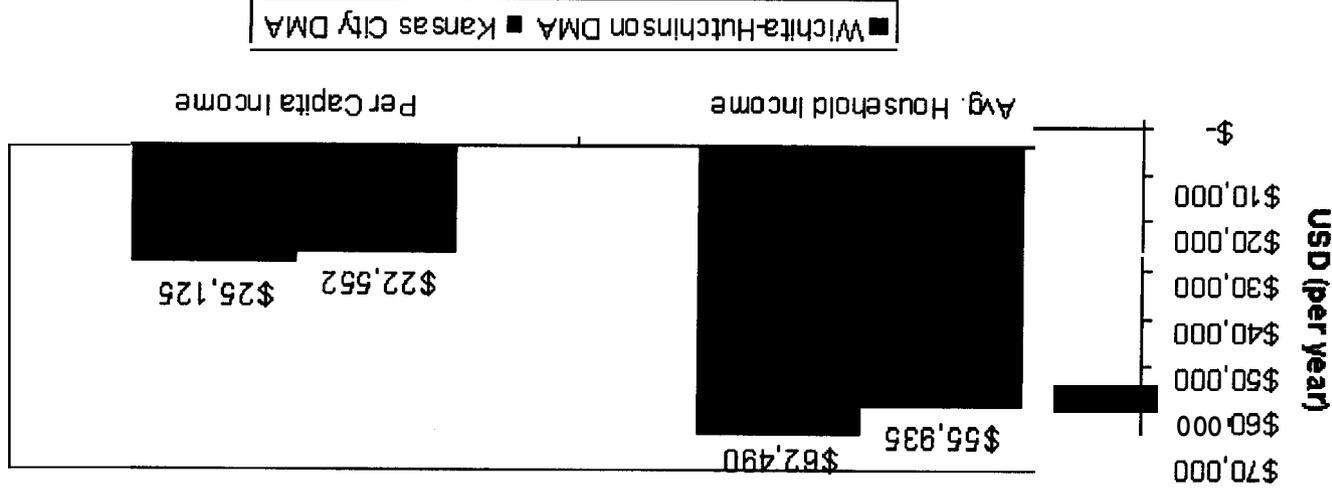
# Appendix E



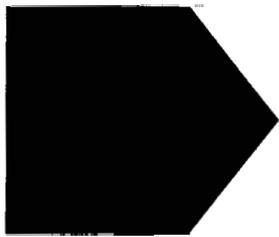
## ICT vs. MCI Average Household Income Comparison

- While each area has an average household size of 2.5, Wichita's average household income is roughly 10% less than that of Kansas City.
- Per Capita income is also 10% less in Wichita than Kansas City

2000 Income Comparison



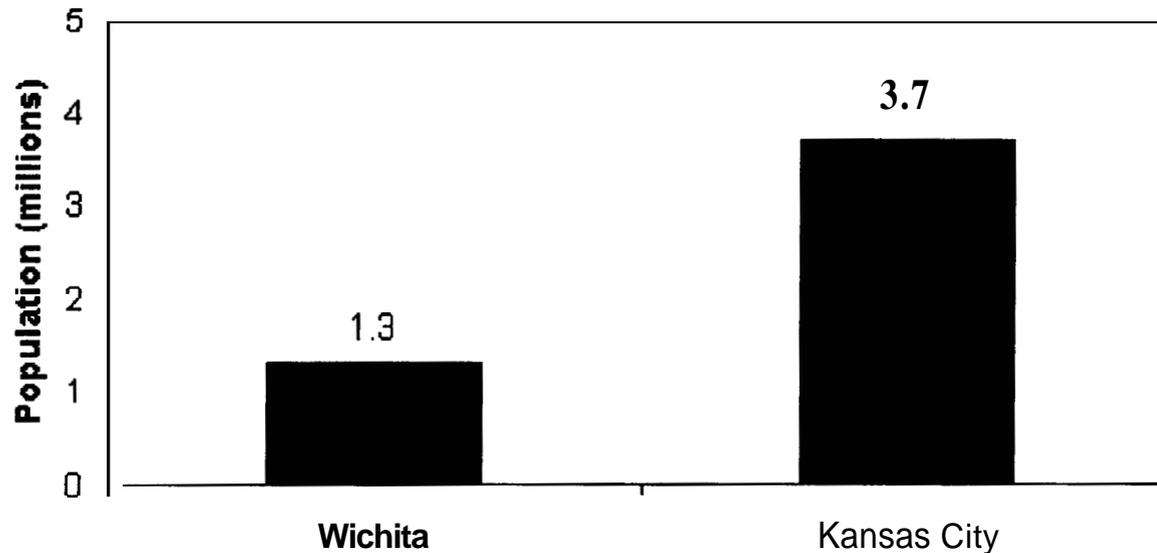
Source: US Census 2000 estimates

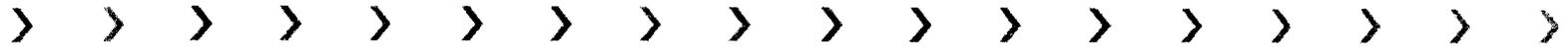
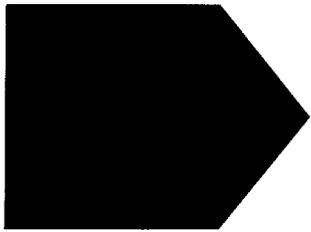


## Average Fare to Top Destinations by Airport

- Kansas City's Catchment area population is nearly three times that of Wichita.

Total Population by catchment Area



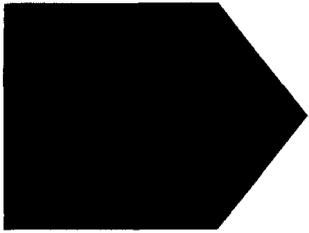


## ICT Passenger Traffic Potential

- The cities in the table below were chosen as the best 10 opportunities for new or additional air service based on current fare and service level differences between ICT and the competing regional airports.

<b>City</b>	<b>Current PDEW</b>	<b>Stimulation Rate</b>	<b>Stimulated PDEW</b>
Chicago	51.4	138%	122.3
St. Louis	39.2	164%	103.5
Washington#Baltimore	61.2	50%	91.9
Phoenix	58.4	40%	82.1
Seattle	51.7	57%	81.1
Atlanta	46.2	64%	75.8
Las Vegas	66.8	11%	74.2
Denver	39.7	81%	72.0
Houston	41.7	63%	68.1
Orlando	38.4	44%	55.5

# Appendix F



	No change in service	Low-Cost Service
Year 2000 ICT Passengers	1,227,083	1,227,083
Stimulation from Lower Fares/ Increased Service		20%
Stimulated Traffic	1,227,083	1,472,500
Yr 2000 Diverted Passengers	964,137	964,137
Total Traffic from ICT Area	2,191,220	2,436,637
Diversion Rate	44%	15%
Total ICT Retained Passengers	1,227,083	2,071,141
% Difference from 2000 ICT Passengers	0%	69%

**EXHIBIT E**

**FAIR FARES BROCHURE**

**AND**

**FAIR FARES**

**A LOW FARE STRATEGY**

**FOR THE COMMUNITIES OF**

**WICHITA AND SOUTH CENTRAL KANSAS**

IS YOUR COMPANY

**SICK**

OF OVERPRICED  
AIRFARES?



In case of emergency, place bag over

WE CAN FIND A

**CURE**

IF WE WORK TOGETHER.

INTRODUCING

**FAIR**  
**FARES**

**FAIR**  
**FARES**

**Together, we can bring more  
choices and lower prices to  
Mid-Continent Airport.**

For more information about the Fair Fares  
program, call 316-946-4700. Or visit  
[www.flywichita.com](http://www.flywichita.com).

For far too long the Air Capital of the World has been one of the most expensive cities for commercial air travel. And businesses like yours have borne the brunt of high prices. With few choices, travelers have had to fly at odd hours and hopscotch their way across the country, stopping at multiple airports before reaching their destinations. The level of frustration felt by everyone who flies out of Mid-Continent Airport has simply gotten out of hand.

But you can help change all that. The City of Wichita has recently unveiled the Fair Fares program. With the help of area businesses like yours, we will attract several low-cost regional airlines to Mid-Continent Airport and change the way Wichita flies forever.

### Help us bring three new airlines to Wichita.

Fair Fares is attempting to bring three quality discount air carriers to Wichita – AirTran Airways, Frontier Airlines and American Trans Air. To do so, we must raise a total of \$15 million (\$5 million each) in travel pledges by January 18, 2002.

These pledges will provide the critical support that the new airlines need to establish themselves at Mid-Continent Airport and have the resources to compete with Wichita's larger carriers for months to come.

### Save 30%-60% on airfares.

AirTran Airways, Frontier Airlines and American Trans Air will feature fares that are 30%-60% lower than the current prices of other Mid-Continent airlines. Each airline will also likely offer at least three round-trip flights per day to and from their hub locations, providing businesses with more choices and schedule flexibility.

- What your business can expect:
- No Saturday-night stay requirements
  - No one-way trip penalties
  - Low ticket prices with as little as five- to seven-day advance purchases
  - Affordable business class upgrades
  - Generous frequent flyer programs
  - The comfort and security of modern jet-aircraft fleets

### Improve the local economy.

Reducing airfares will have the single greatest impact on strengthening the south-central economy. The economic development potential alone could mean more than an additional \$1 billion added to the local economy. Also, Kansas could see a \$55 million reduction in airfares on current travel, the number of passengers could triple out of Mid-Continent Airport and the average fare would be comparable with those found at other regional airports, including Kansas City, Tulsa and Oklahoma City.

### Your support doesn't cost a dime.

To reach our goal of \$15 million, Fair Fares must have the support of the south-central Kansas business community. But your participation will not incur any additional costs and no advanced cash will be required.

We are simply asking that you make a financial pledge of 25%-50% of your total annual airline travel budget to Fair Fares by January 18.

Once the airlines establish service in Wichita, your pledge will be converted into a line of credit that will be accessed through a Fair Fares travel purchase card. As tickets are booked, payments will be cleared through the purchase card account. Those funds not used within 12 months will be converted to travel vouchers for future use.

AirTran Airways	Frontier Airlines	American Trans Air (ATA)
<b>Hub:</b> Atlanta	<b>Hub:</b> Denver	<b>Hubs:</b> Chicago (Midway) and Indianapolis
<b>Top Final Destinations:</b> Atlanta New York Washington, D.C. Orlando Miami Baltimore Boston	<b>Top Final Destinations:</b> Denver Phoenix San Francisco Seattle Las Vegas Los Angeles	<b>Top Final Destinations:</b> Chicago Indianapolis Minneapolis/St. Paul Philadelphia Grand Rapids Milwaukee

For a complete list of each carrier's destinations and sample fares, go to [www.flywichita.com](http://www.flywichita.com).

### Here's how the pledge works.

Lets say that your company spends an average of \$100,000 per year on airfares. Your Fair Fares pledge at 25% would be to spend a total of \$25,000 with the new airlines in the coming year.

By examining the airline destination chart below, you could break out your pledge by airline. For instance, if your employees travel to Boston 50%, Philadelphia 35% and Seattle 15% of the time, your commitment to each airline would be:

**AirTran Airways: \$12,500**  
**Frontier Airlines: \$3,750**  
**American Trans Air: \$8,750**  
**TOTAL: \$25,000**

You would then send this information on corporate letterhead to Fair Fares, following the sample provided.

If your company actually ends up spending \$23,000 with the new airlines, \$2,000 would be drawn against your line of credit and used to purchase travel vouchers in order to fulfill the commitment.

For more information about the Fair Fares program, call 316-946-4700. Or visit [www.flywichita.com](http://www.flywichita.com).

### YOUR CORPORATE LETTERHEAD

Steve Flesher  
 Air Service Development Director  
 Wichita Mid-Continent Airport  
 2173 Air Cargo Rd.  
 Wichita, KS 67209

Dear Mr. Flesher:

[Company Name] supports Fair Fares' effort to recruit AirTran Airways, Frontier Airlines and American Trans Air to serve Kansas companies and citizens through Mid-Continent Airport in Wichita. We will pledge the following amounts as a formal representation of our company's support of the low-fare campaign and commitment to each airline's long-term success.

Travel Pledge: (\$\$\$\$\$)  
 AirTran Airways: (\$\$\$\$\$)  
 Frontier Airlines: (\$\$\$\$\$)  
 American Trans Air: (\$\$\$\$\$)

We understand that these pledges will not go into effect until such time as the respective airlines announce intent to establish service to Mid-Continent Airport. This pledge shall also be contingent upon proof of pricing and schedule availability.

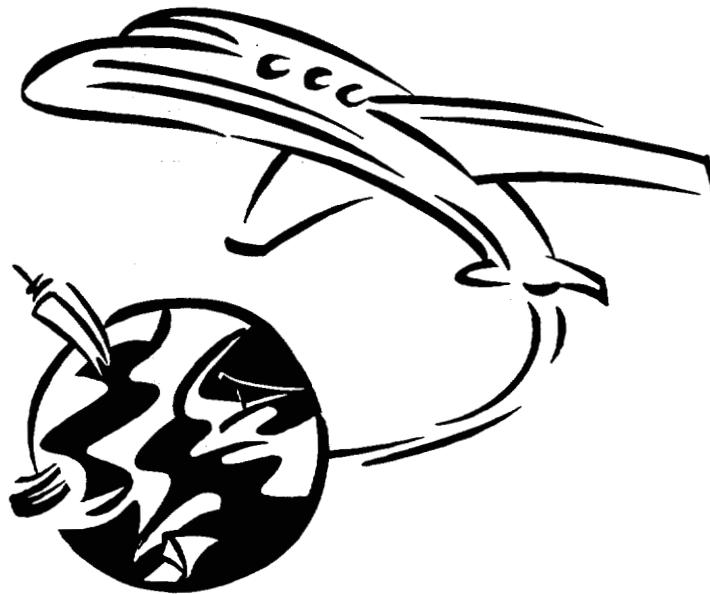
Sincerely,

[Company Name]  
 [Name/Title]

# **FAIR** **FARES**

## **A Low Fare Strategy**

*For the Communities of  
Wichita and South Central Kansas*



## **Frequently Asked Questions**



# ***Fair Fares Campaign***

**Lower Fares  
Expanded Service**

**Wichita Mid-Continent Airport**

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## **Overview**

- ❖ The City of Wichita, with support from dozens of South Central Kansas communities and business organizations, is officially launching a campaign to expand service and lower fares for passenger airline service at Wichita Mid-Continent Airport.
- ❖ The broad strategy involves increasing competition at Mid-Continent Airport by attracting three quality discount airlines to Wichita: AirTran Airways, Frontier Airlines and American Trans Air.

## **Projected Financial Benefits to Wichita and South Central Kansas**

- ❖ \$55-million reduction in annual fares on current travel through Mid-Continent Airport.
- ❖ \$1-billion annual direct economic impact on the region from a successful campaign.
- ❖ Triple the number of passengers through Mid-Continent Airport.
- ❖ Average fares from Wichita Mid-Continent Airport will be comparable to those at Kansas City International Airport.

## **Projected Financial Benefits to Companies and Individual Travelers**

- ❖ Fare reductions between 30%-60%, depending on the route.
- ❖ More passenger choice.
- ❖ Fewer restrictions on tickets  
(No Saturday night stay requirement, no one-way trip penalty, great fares on 5-7 day notice)
- ❖ Affordable business class upgrades.
- ❖ Generous and straightforward frequent flyer programs.
- ❖ Modern fleets.



CITY OF  
WICHITA

# *Fair Fares Campaign*

Lower Fares  
Expanded Service

Wichita Mid-Continent Airport

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## *Detailed Strategy*

- ❖ Businesses and organizations commit a portion **of** their annual air travel budgets to AirTran Airways, Frontier Airlines and/or American Trans **Air** through the **Fair→Fares** Travel Purchase **Program**
- ❖ Businesses and organizations will be asked to commit **3** months or more of their annual air travel budgets to one or more of the discount carriers. These pledges should be submitted on corporate letterhead. When an airline announces service, accounts will be established, the pledges will be converted to lines **of** credit, and **Fair→Fares** Travel Purchase cards will be issued.
- ❖ These commitments represent a partnership between the businesses **of** South Central Kansas and the discount airlines, helping reduce some of the high risk of starting new airline service
- ❖ The **Fair→Fares** Travel Purchase Account is a unique credit card account. The account is always under the control **of** the company making the pledge. The account is dedicated to travel from one or more **of** the low-fare carriers. As employees **book** travel, the airfares are charged against the company's account just like a credit card transaction. In addition, the purchases are credited against the company's pledge. Monthly statements track purchases, payment history, and progress against the pledge(s). The programs are set up through major banking institutions and utilize standard credit card payment clearing processes
- ❖ The Travel Purchase Program ensures passenger ridership during the most critical phase **of** new service start-up. The commitments are needed now to accelerate negotiations with the airlines.
- ❖ Should a prospective airline fail, the liability for the remaining pledge to that airline would be dissolved. Should actual purchases be less than the pledged amount at the end of 12 months, the difference will be advanced against the credit line and converted into travel vouchers **for** use by the pledging organization for future travel.
- ❖ The Travel Purchase Program allows businesses to actively take part in attracting quality, stable, low-fare air service at Wichita Mid-Continent Airport
- ❖ This strategy has successfully worked in Pensacola and Tallahassee, Florida to attract AirTran Airways.

**For more information or to sign up, contact**

Steve Flesher  
Air Service Development Director  
**Wichita Mid-Continent Airport**  
2173 Air Cargo Road  
Wichita, Kansas 67209  
(316) 946-4700  
(316) 946-4793 (fax)  
sflesher@flywichita.com

# ***Fact Sheet: AirTran, Frontier, ATA***

**November 2001**

## **AirTran**

**Hub:** Atlanta

**Cities served:**

Akron/Canton, OH  
Grand Bahama Island  
New Orleans, LA  
Atlanta, GA  
Greensboro/High Point/ Newport News/Williamsburg, VA  
**Bloomington/Normal, IL**  
Winston-Salem NC  
New York, NY (LaGuardia)  
Boston, MA  
Gulfport/Biloxi, MS  
Orlando, FL  
Buffalo/Niagara, NY  
Houston, TX (Hobby)  
Philadelphia, PA  
Chicago, IL (Midway)  
Jacksonville, FL  
Pittsburgh, PA

Dallas/Ft. Worth, TX  
Memphis, TN  
Raleigh/Durham, NC  
Dayton, OH  
Miami, FL  
Savannah, GA  
Hilton Head, SC  
Flint, MI  
Minneapolis/St. Paul, MN  
Tampa, FL  
Ft. Lauderdale, FL  
Moline/Quad Cities, IL/IA  
Toledo, OH  
Ft. Myers, FL  
Myrtle Beach, SC  
Washington, DC (Dulles)  
Ft. Walton Beach, FL  
Newark, NJ

## **Frontier**

**Hub:** Denver

**Cities Served:**

Albuquerque  
**Los Angeles**  
Atlanta  
**Minneapolis/St. Paul**  
Baltimore  
New York/LaGuardia  
**Boston**  
**Omaha**  
Chicago/Midway  
**Orlando**  
Dallas/Fort Worth  
Phoenix

Denver  
Portland, OR  
**El Paso**  
Salt Lake City  
Houston/Bush Intercontinental  
**San Diego**  
**Kansas City**  
**San Francisco**  
Las Vegas  
Seattle  
Washington D.C./Ronald Reagan Washington National Airport

## **ATA**

**Hubs:** Chicago (Midway) and Indianapolis

**Cities served:**

Aruba (from Boston)  
Boston  
Cancun  
Chicago/Midway  
Dallas  
Dayton  
Denver  
Des Moines  
Ft. Lauderdale  
Ft. Myers  
Grand Cayman

Grand Rapids  
Honolulu  
Indianapolis  
Las Vegas  
Los Angeles  
Madison  
Maui  
Miami  
Milwaukee  
Minneapolis/St. Paul  
New York (LGA & JFK)  
Newark

Orlando  
Philadelphia  
Phoenix  
Puerto Vallarta  
Punta Cana  
San Francisco  
San Juan  
Sarasota  
Seattle  
South Bend  
Springfield  
St. Petersburg  
Washington, DC

# *Passenger Appeal*

## **AirTran**

- Service to 25 of ICT top 100 destinations
- Over 400,000 current ICT O&D passengers travel to these destinations (36%)
- Fleet transition underway to the new Boeing 717
- Reservation and baggage interline agreements with major carriers
- Reservations available through all major computer reservation systems
- Travel agent-friendly
- Generous frequent flyer program
- **A2B** corporate travel program
- Vacation travel packages
- Demonstrated low-fare leader and quality service provider

## **Frontier**

- Service to 22 of ICT top 100 destinations
- Over 585,000 current ICT O&D passengers travel to these destinations (53%)
- Fleet transition underway to the new Airbus 319
- Reservation and baggage interline agreements with major carriers
- Reservations available through all major computer reservation systems
- Travel agent friendly
- Generous frequent flyer program
- Business Travel Program for corporate travel
- Vacation travel packages
- Demonstrated affordable-fare and quality service provider

## **ATA**

- Service to 26 of ICT top 100 destinations
- Over 530,000 O&D current ICT O&D passengers travel to these destinations (**48%**)
- Fleet transition underway to Boeing 737-800 and 757-300
- Reservation and baggage interline agreements with major carriers
- Reservations available through all major computer reservation systems
- Travel agent friendly
- Passbooks, Select Packs, and ATA Travel Dollars are innovative programs for fare savings
- Vacation travel packages
- Demonstrated low-fare leader and quality service provider

# *Frequently Asked Questions - AirTran, Frontier, ATA*

**November 2001**

## **1. What will the schedules and fares be for each of these airlines?**

**Schedule:** It is anticipated that each targeted airline will provide a minimum of three round trip frequencies per day with those flights timed to make efficient connections to top markets from the hub city.

**Fares:** AirTran, Frontier, and ATA drive low fares in the communities they serve. History shows that these airlines reduce fares by as much as 30%-60% by route or destination city. Their pricing is based upon flight distance and cost per mile, not on what the market will bear. When one or more of these carriers enter a market, fare restrictions practically go away. There will be no Saturday night stay requirements or one-way trip penalties. Best available or very competitive fares become available by all carriers within a few days of departure. Business class upgrades become affordable for all passengers.

**Example of fares:** The distance from Wichita to Atlanta is slightly shorter than the distance from Atlanta to Minneapolis. Because the targeted airlines price fares on distance and cost/mile, AirTran fares for Atlanta to Minneapolis will be representative of and slightly higher than fares from Wichita to Atlanta should AirTran establish service to Mid-Continent Airport. A quick check of the AirTran walk-up fares on Atlanta/Minneapolis from their website showed a one way fare of **\$194.87** inclusive of tax and a roundtrip fare of **\$389.74** inclusive of tax (fares were for travel out of Atlanta to Minneapolis on Nov. 2 in the AM with a return to Atlanta in the PM). A quick check of AirTran advance purchase fares on Atlanta/Minneapolis from their website showed a one way fare of \$81.87 inclusive of tax and a roundtrip fare of **\$163.74** inclusive of tax (fares were for travel out of Atlanta to Minneapolis on Dec. 2 in the AM with a return to Atlanta in the PM).

Using the same travel schedule for travel on Delta's ASA connection carrier between Wichita and Atlanta, the walk-up fare was **\$974.24** and the advance purchase fare was **\$1044.24**.

AirTran's fares from Wichita to Atlanta will represent a **64%** projected fare decrease on walk-up fares (business) and an **85%** projected fare decrease on advance purchase fares (leisure). Similar fare reductions will be seen for connecting destinations out of Atlanta. These fares will be available within 3-5 days of departure. There will be no Saturday night stay requirement. A quick check of Delta fares from Atlanta to Minneapolis showed that Delta matched AirTran's pricing and restrictions exactly. This means that all major carriers will lower their fares and ease their restrictions to compete.

This analysis represents the potential for fare reductions from each of the targeted airlines.

## **2. How secure financially are AirTran, Frontier, and ATA?**

The events of September 11 affected the entire airline industry. Despite the financial hardship, AirTran, Frontier, and ATA remain strong financially. Their low-fare strategies, customer service focus, and cost-containment policies have positioned each of these carriers to continue service expansion and fleet modernization initiatives.

**3. Why is the City of Wichita trying to recruit three low-fare carriers at the same time?**

Market research has shown that two-thirds of the market potential for South Central Kansas does not fly or does not fly from Mid-Continent Airport. In addition, many of the large air service users in the region manage hundreds of destination needs in their corporate travel. To provide benefits to all business and leisure travelers in the region and attract new passengers to Mid-Continent Airport, the low fare strategy had to address air travel from Wichita in all directions and bring low fare competition to the majority of the ICT top 50 destinations as reported by DOT. AirTran, Frontier, and ATA together will stimulate the lowest possible fares and highest possible passenger volume growth.

**4. What is the impact on the economies of Wichita and South Central Kansas from successful efforts to recruit low fare airlines like AirTran, Frontier, and ATA?**

Successful efforts to recruit AirTran, Frontier, and/or ATA will reduce fares by as much as 30%-60% by route. The fare reductions on existing Mid-Continent Airport travel alone will translate into total annual fare savings that approach \$55,000,000.00 - \$60,000,000.00 per year. Passenger volumes are projected to triple. Increased passenger volumes will lead to increased spending. The direct economic impact on the economies of Wichita and South Central Kansas is projected to reach \$1,000,000,000.00 annually from a successful campaign. This projection is based upon \$232,000,000.00 in direct economic impact associated with every 300,000 enplanements.

## Sample Fares: AirTran

Destination	ICT Average Fare	AirTran Walk-up Fare	AirTran Advance Purchase Fare	Delta Walk-up Fare	Delta Advance Purchase Fare	United Walk-up Fare	United Advance Purchase Fare	American Walk-up Fare	American Advance Purchase Fare
Dallas	\$268.86	\$568.74	\$204.74	\$349.50	\$345.50	\$2,510.00	\$884.00	\$349.50	\$345.50
Chicago	\$530.24	<del>\$662.74</del>	<del>\$283.74</del>	\$1,298.50	\$1,198.50	\$1,284.00	\$1,184.00	\$1,867.50	\$1,195.50
New York	\$527.70	\$648.74	\$204.74	\$938.26	\$560.25	\$1,038.00	\$1,038.00	\$989.00	\$571.00
Washington DC	\$406.84	\$590.24	\$206.24	\$1,667.50	\$575.50	\$1,667.50	\$1,533.50	\$1,664.50	\$572.50
Atlanta	\$267.64	\$419.74	\$163.74	\$1,298.24	\$550.25	\$1,323.50	\$675.50	\$874.50	\$569.50
Orlando	\$344.94	\$552.74	\$204.74	\$1,654.24	\$1,147.35	\$1,670.00	\$1,568.00	\$1,665.00	\$815.00
Houston	\$458.28	\$659.74	\$211.74	\$540.00	\$482.00	\$1,054.50	\$975.50	\$540.00	\$482.00
Minneapolis	\$550.78	<del>\$675.00</del>	<del>\$225.00</del>	\$1,167.50	\$903.74	\$1,169.50	\$1,069.50		\$1,066.00
Boston	\$577.82	\$595.74	\$204.74	\$1,718.50	\$560.25	\$1,796.50	\$1,596.00	\$1,793.50	\$571.00
Philadelphia	\$555.16	\$624.24	\$206.24	\$1,667.50	\$575.50	\$1,667.50	\$1,567.50	\$1,664.50	\$572.50
Tampa	\$405.04	\$522.74	\$204.74	\$1,654.24	\$1,147.35	\$2,484.50	\$1,563.50	\$1,665.00	\$999.00

Highlighted cells are estimated

Walk-up fares were for roundtrip travel on 11/10/2001

Advanced purchase fares were for roundtrip travel on 12/10/2001

Fares were accessed from [www.delta.com](http://www.delta.com), [www.airtranainuays.com](http://www.airtranainuays.com), [www.ua.com](http://www.ua.com), and [www.aa.com](http://www.aa.com)

ICT Average fares were from DOT data from 4th QTR 2000

Fare information was determined using Minneapolis as the origination point. Actual fares for Wichita will be approximately 10%-15% less due to the Wichita/Atlanta stage length being shorter than the Minneapolis/Atlanta stage length.

## Sample Fares: Frontier

Destination	ICT Average Fare	Frontier Walk-up Fare	Frontier Advance Purchase Fare	United Walk-up Fare	United Advance Purchase Fare	American Walk-up Fare	American Advance Purchase Fare	America West Walk-up Fare	America West Advance Purchase Fare
Las Vegas	\$253.08	\$257.00	\$221.00	\$318.00	\$419.00	\$779.50	\$314.00	\$325.00	\$326.00
Phoenix	\$363.78	\$267.00	\$221.00	\$1,276.00	\$1,277.00	\$1,271.50	\$1 - -	\$1,271.50	\$1,272.00
Seattle	\$522.64	\$268.50	\$222.50	\$1 - -	\$1,586.50	\$1,005.00	\$1,005.00	\$1,016.50	\$1,017.50
Denver	\$499.38	\$211.00	\$167.50	\$1,067.00	\$1,067.50	\$1,608.50	\$1,601.50		
Los Angeles	\$451.98	\$261.00	\$221.00	\$1,608.00	\$1,563.00	\$1,043.50	\$1,044.00	\$1,055.00	\$1,056.00
San Francisco	\$407.74	\$268.50	\$222.50	\$835.50	\$836.50	\$831.00	\$831.50	\$842.50	\$843.50
San Diego	\$365.46	\$267.00	\$221.00	\$1,030.00	\$1,031.00	\$979.50	\$980.00	\$991.00	\$992.00
Portland, OR	\$406.18	\$264.00	\$218.00	\$1,647.50	\$1,528.50	\$1,093.25	\$1,012.00	\$1,127.50	\$1,128.50

Fares were researched on 11/24/2001

Walk-up fares were for roundtrip travel on 12/10/2001

Advanced purchase fares were for roundtrip travel on 1/10/2002

Fares were accessed from [www.frontierairlines.com](http://www.frontierairlines.com), [www.americawest.com](http://www.americawest.com), [www.ua.com](http://www.ua.com), and [www.aa.com](http://www.aa.com)

ICT Average fares were from DOT data from 4th QTR 2000

Fare information was determined using Omaha as the origination point for Frontier. Actual fares

for Wichita will be approximately 10% less due to the Wichita/Denver stage length

being shorter than the Omaha/Denver stage length.

## Sample Fares: ATA

Destination	ICT Average Fare	ATA Walk-up Fare	ATA Advance Purchase Fare	United Walk-up Fare	United Advance Purchase Fare	American Walk-up Fare	American Advance Purchase Fare
Chicago	\$530.24	\$202.00	\$202.50	\$1,174.00	\$1,174.50	\$1,184.00	\$1,184.50

Fares were researched on 11/24/2001

Walk-up fares were for roundtrip travel on 12/10/2001

Advanced purchase fares were for roundtrip travel on 1/10/2002

Fares were accessed from [www.ata.com](http://www.ata.com), [www.ua.com](http://www.ua.com), and [www.aa.com](http://www.aa.com)

ICT Average fares were from DOT data from 4th QTR 2000

Fare information was determined using Washington DC as the origination point for ATA since the Washington DC/Chicago stage length is equal to the Wichita/Chicago stage length.

# *Fair→Fares Air Travel Purchase Program*

## **Proposed Terms and Benefits**

### *Why are travel pledges so important?*

- Airlines incur the greatest risk during the first 90 days of new service start-up.
- Secured travel pledges allow businesses a simple, straightforward financial vehicle to partner with communities and airlines in attracting low fare service and in minimizing start-up **risk** using nothing more than existing travel budget funds.
- Businesses immediately realize a large return on invested travel dollars because fares are reduced by **as** much as 50%.
- Businesses will realize an even larger return from the local and regional economic impact associated with a successful campaign.
- Secured travel pledges allow our community and region to compete successfully against other communities that are all fighting for the same limited resource...low fare service.

### *How will the proposed Fair→Fares Travel Purchase Program work?*

- e Businesses are encouraged to pledge a portion of their annual travel budgets to AirTran, Frontier, and/or ATA. These pledges should be made on corporate letterhead and should include the amount **of** travel that an organization is willing to direct to one or more of these carriers to help our efforts secure their commitments to serve Mid-Continent Airport, assuming that fares and schedules meet expectations. If the **Fair→Fares** efforts secure sufficient community support, the first of the targeted, low-fare airlines will serve Mid-Continent Airport in the spring of 2002. Our community **asks** businesses to commit 25% - 50% of their air travel budgets as a means of **partnering** with the prospective airlines during the highest risk phase of new service start-up.
- Our community is only asking for the pledges on corporate letterhead at this time. The pledges will be used to accelerate negotiations with AirTran, Frontier, and ATA. Once an airline announces service, accounts will be set up, credit lines will be established in the amounts of the pledges, and **Fair→Fares** travel purchase cards will be issued. It is expected that service will begin approximately **90** days from the date the accounts are active.
- e The **Fair→Fares** travel accounts will utilize local banking institutions and standard credit card processing systems.
- e Accounts will be established and owned by the organization making the pledge.
- e Credit established under each account will be exclusively directed to the designated airlines for purchase of air travel.
- e The accounts will employ processes similar to those of credit card accounts. Travel cards will be issued to companies and company representatives authorized to purchase travel. **As** travel is booked, charges will appear on monthly statements with travel totals tracked against an organization's pledge. Full payment for charges incurred during a normal billing cycle will incur no fees. Charges carried forward into future billing cycles will incur an interest charge.
- Accounts will be established with a maximum duration of one year.
- e A consolidated, monthly management and use report will be provided to a designated community agency for monitoring.
- e Should actual purchases fall short of the pledged amount(s) at the end of 12 months, the difference(s) will be advanced against the pledging organization's account by the designated airline and converted into travel vouchers for future use.

- The accounts will be established in such a way that they allow the program and pledge liabilities to dissolve upon discontinuation of service and/or bankruptcy by the designated carrier(s).
- The prospective airlines look to the pre-paid travel accounts as a temporary program to formally represent a community's interest in supporting a new carrier entry during the highest risk phase of new service start-up. They will use the opportunity to earn repeat business.
- An aviation consultant with expertise in establishing and overseeing air travel purchase programs will be retained to work with local banking institutions, interested businesses, and the targeted airlines to finalize a program that will be business-friendly and airline-friendly.

# Sample Pledge Letter

## <Corporate Letterhead>

Date

Steve Flesher  
Air Service Development Director  
Wichita Mid-Continent Airport  
2173 Air Cargo Road  
Wichita, Kansas 67209

Dear Mr. Flesher:

<Company Name> supports the Fair→Fares campaign to recruit AirTran Airways, Frontier Airlines, and American Trans Air (ATA) to serve Kansas companies and citizens through Mid-Continent Airport in Wichita. We will pledge the following amounts as a formal representation of our company's support of the low fare campaign and commitment to each airline's long-term success.

Travel Pledge:

AirTran Airways	dollar Amount>
Frontier Airlines	<Dollar Amount>
American Trans Air	<Dollar Amount>

We understand that these pledges will not to into effect until such time as the respective airlines announce intent to establish service to Mid-Continent Airport. This pledge shall be contingent upon proof of pricing and schedule availability.

Sincerely,

<Company Name>

<Name>  
<Title>

## Testimonial: AirTran

*Excerpt from an e-mail:*

From: Kellie Tackett Danielson  
Sent: Wednesday, November 07, 2001 10:02 AM  
To: Lori Usher  
Cc: Steve Kelly  
Subject: AirTran

Dear Lori:

In learning about Wichita's efforts to attract AirTran service I wanted to share a recent experience I had with AirTran:

I needed to fly to Pittsburgh from Chicago with only a 9 day notice. Reviewing airfares, I found AirTran to be \$500 less than the major airlines, and provide one of the few non-stop service routes to Pittsburgh.

I decided to try AirTran, and booked a round-trip for \$159.50. If I would have flown **US** Airways, my ticket would have cost \$600+.

I found AirTran employees in Chicago and Pittsburgh friendly, and professional. We were on-time coming and going. Plus, one flight was on a brand new Boeing 717 and it was a nice, quiet, smooth flight. I would absolutely refer, suggest, encourage anyone I know to fly AirTran.

Sincerely,

Kellie Danielson  
Kansas Department of Commerce & Housing

**EXHIBIT F**

**TRANSPORTATION SERVICES AGREEMENT**

**BETWEEN**

**AIRTRAN AIRWAYS, INC.**

**AND**

**CITY OF WICHITA**

**EXECUTED**

**FEBRUARY 28, 2002**

This FEB 28 2002

## TRANSPORTATION SERVICES AGREEMENT

This Agreement made and entered into this 28<sup>th</sup> day of February, 2002 by and between AirTran Airways, Inc. ("AirTran") and the City of Wichita (the "City").

WITNESSETH:

WHEREAS, the City **has** requested that AirTran participate in a joint marketing program and operate daily round-trip jet service subject to the terms and conditions hereinafter set forth;

WHEREAS, AirTran has agreed to participate in the joint marketing program and to operate jet service upon the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the mutual obligations and undertakings hereinafter set forth, the parties agree **as** follows:

1. Effective May 8, 2002, AirTran will operate daily scheduled round-tip jet service between Wichita ("ICT") and Atlanta ("ATL") and between Wichita ("ICT") and Chicago ("MDW") as outlined on Exhibit **A**. AirTran agrees that the Timetable attached hereto as Exhibit A sets out the model of the services to be provided hereunder. The flight frequencies set out in Exhibit A shall be the number of flights to be provided in the identified city pair markets and may be adjusted to address overall market, weekend, and seasonal changes in demand. The flight times and aircraft type set out in Exhibit A may be varied from time-to-time in accordance with AirTran's usual procedures and operational requirements.
2. All flights will be operated with AirTran's normal passenger in-flight services. Fares offered on these flights will not vary significantly in price level or terms and conditions from those normally offered by AirTran Airways in markets of similar distance.
3. AirTran will determine the fare levels and inventory allocations by fare level for all jet services. AirTran agrees to use its best efforts to maximize seat sales on this and any future jet service using its normal marketing, promotion and revenue management systems.
4. AirTran will include the jet services provided herein in its published flight schedules and in its regular marketing, advertising and distribution programs.
5. AirTran agrees to periodically consult with the City on the promotional efforts and performance of the jet service.
6. The City agrees that AirTran will have the right of prior approval which shall not be unreasonably withheld with respect to the use of its name and/or logo in any and all advertising, promotional material or other similar such promotional activity of any sort or kind undertaken directly or indirectly by the City.

7. AirTran will be responsible for all operating expenses related to the jet service provided herein including but not limited to aircraft, crew, maintenance, insurance, fuel, ground services, reservations and normal distribution. AirTran's operations pursuant to this Agreement and its continuing obligations hereunder will be conducted under the authority of AirTran's air carrier certificate or operating certificate issued by the Federal Aviation Administration ("FAA") and under the economic authority issued to AirTran by the Department of Transportation. AirTran may and will only operate hereunder in accordance with rules and regulations issued by the FAA as such may be amended from time to time. AirTran will at all times have operational control of the aircraft.

8. As an inducement to AirTran to provide the jet service set forth herein, the City guarantees to AirTran gross passenger revenues of U.S. \$2,937 plus appropriate fuel adjustment per block hour for the ATL-ICT service, and \$3,022 plus appropriate fuel adjustment per block hour for the ICT-MDW service, as such amount may be adjusted from time to time in accordance with the terms hereunder, for each whole or apportioned block hour of jet service flight time for each daily scheduled round-trip jet service flight provided herein ("Block Hour Guarantee"). In the event that this Agreement is extended beyond the initial term, the amount of the Block Hour Guarantee (if any) will be subject to good faith negotiation.

9. In order to reflect fuel price variations on the cost of operating jet aircraft the Block Hour Guarantee will be adjusted as follows:

- A base all-in fuel price of \$.575 per gallon is established. On a monthly basis AirTran will adjust the Block Hour Guarantee by \$10.25 per block hour for each one-cent increase or decrease in AirTran's all-in fuel cost above the base fuel price of \$.575 per gallon. For information purposes, AirTran's all-in fuel cost for January 2002 was \$.88 per gallon.

10. The proposed block hour time for the jet service between Wichita ("ICT") and Atlanta ("ATL") is 120 minutes per flight segment or approximately 12.0 scheduled block hours per day; between Wichita ("ICT") and Chicago ("MDW") the proposed block hour time is 105 minutes per flight segment or 7.0 scheduled block hours per day. AirTran and City agree that the scheduled block hour time is based on optimum routings, forecast winds and historical taxi times. Both parties agree that the proposed scheduled block hour time is a seasonal estimate only and that actual block hour times will vary by date and time due to uncontrollable factors such as weather conditions and air traffic control. AirTran reserves the right to adjust scheduled block hour times as necessary to ensure schedule integrity. City agrees that AirTran's determination of actual block hour times will be the basis for the Block Hour Guarantee.

11. The City agrees that with respect to any additional jet service operations provided under this Agreement, AirTran will have the right to establish the initial scheduled block hour times for the purposes of determining the Block Hour Guarantee and that all such scheduled block hour times can be adjusted under the terms set forth herein.

12. At the end of each calendar month, AirTran will determine if at any time during the month its gross passenger revenues from ticket sales on any jet service fell below the Block Hour

Guarantee (“Block Hour Shortfall”). The Block Hour Shortfall will be determined by comparing the monthly aggregate gross passenger revenue to aggregate Block Hour Guarantee amounts. In the event a Block Hour Shortfall occurs for any calendar month subject to this agreement, AirTran will provide a written report to the City setting forth the date, route and the Block Hour Shortfall. The report will contain the total gross passenger segment revenue and actual block hours per flight determined in accordance with AirTran’s standard accounting procedures. Within ten (10) business days of its receipt of the Block Hour Shortfall billing, the City will remit in U.S. dollars to AirTran by wire transfer an amount equal to the Block Hour Shortfall. In no event shall the cumulative Block Hour Shortfall exceed \$3.0 million per year during the period beginning on May 8, 2002 and ending on April 30, 2003 and \$1.5 million for the year beginning May 1, 2003 and ending on April 30, 2004 of the two-year agreement.

13. AirTran may terminate this Agreement upon thirty (30) calendar days’ written notice if the City fails to remit the Block Hour Shortfall in accordance with the terms of this Agreement and/or if changes in any applicable governmental regulations preclude operations with AirTran’s existing fleet of aircraft. The City may terminate this agreement if Airtran reduces service below the level described herein; if more than **fifty** percent (50%) of the outstanding voting stock of AirTran is sold to another airline; if AirTran files a voluntary proceeding under present or future bankruptcy, insolvency, or other laws respecting debtor’s rights; if AirTran consents to an involuntary proceeding under present or future bankruptcy, insolvency, or other laws respecting debtor’s rights; or if an order is entered for relief against AirTran or a receiver, trustee or custodian is appointed for all or a substantial part of the property or assets of AirTran in any involuntary proceeding, and such order and/or appointment continues unstayed for any period of ninety (90) consecutive days.

14. The City agrees that AirTran shall be the sole and exclusive scheduled air carrier providing service under this or any other similar block hour or passenger revenue guarantee in whatever direct or indirect form between Wichita (“ICT”) and Atlanta (“ATL”) and between Wichita (“ICT”) and Chicago (“MDW”).

15. The term of this Agreement shall commence upon the execution of this Agreement and shall continue for two calendar years (the “initial term”).

**16.** It is the intent of the Parties that the provisions of this Agreement are not intended to violate the Kansas Cash Basis Law (K.S.A. 10-1101, et seq.) (the “Cash Basis Law”) or the Kansas Budget Law (K.S.A. 79-2925) (the “Budget Law”). Therefore, notwithstanding anything to the contrary herein contained, the City’s obligations under this Agreement are to be construed in a manner that assures that the City is at all times not in violation of the Cash Basis Law or the Budget Law. Accordingly, the City’s obligations hereunder will be subject to sufficiency of annual appropriations.

17. In addition to the Block Hour Agreement, the City agrees to the following marketing incentive:

- Wichita, through its Airport Authority, will commit to AirTran Airways a budget of \$600,000 for the initial two-year term of this agreement for cooperative marketing and

advertising purposes – hereinafter called “co-op funds.” The co-op funds will be used to market the airline in the local market (i.e., Wichita), the hub (i.e., Atlanta) and in other markets, such as Chicago, promoting AirTran’s Wichita service. Co-op funds may be used for media, production, and promotions of the new service.

- The airline’s marketing department will meet with designated City officials to gain a better understanding of the local market, media outlets and consumer’s media habits. The airline and its advertising agency of record will prepare a custom advertising plan for the Wichita market which will include the appropriate mix of media (e.g. radio and newsprint advertising), the insertion and/or broadcast dates and flights of media, and the messages. Once the plan is complete and approved, the airline’s advertising agency of record will place the media in the market.
- Wichita will reimburse the airline on a quarterly basis for co-op advertising not to exceed \$600,000. AirTran Airways will invoice Wichita on a quarterly basis and will include media and production invoices along with a media plan.

18. AirTran and the City each agree to defend, indemnify and hold harmless the other, and each other’s respective officers, directors and employees from and against any and all claims, damages, liabilities, losses, proceedings, judgments, costs and expenses (including without limitation reasonable attorney’s fees) arising out of the performance by each of its obligations hereunder. The foregoing indemnity shall survive any expiration or termination of this Agreement.

19. All notices, demands, requests, consents, and approvals by either party to this agreement shall be made in writing and sent by U.S. mail, or by recognized overnight courier, or by hand delivery, or by facsimile transmission (if confirmed by mail, overnight courier or hand delivery). All such notices shall be addressed as follows:

If to the City –

Director of Airports  
c/o Wichita Airport Authority  
2173 Air Cargo Road  
Wichita, KS 67209  
Tel: (316)946-4700  
Fax: (316)946-1886

With a copies to –

Director of Finance  
City of Wichita  
455 North Main, 12<sup>th</sup> Floor  
Wichita, KS 67202  
Tel: (316)268-4434  
Fax: (316)268-4656

and

City Attorney  
City of Wichita  
455 North Main, 13<sup>th</sup> Floor  
Wichita, KS 67202  
Tel: (316)268-4681  
Fax: (316)268-4335

If to AirTran:

AirTran Airways, Inc.  
Office of General Counsel  
9955 AirTran Boulevard  
Orlando, FL 32827  
Tel: (407) 251-5581  
Fax: (407) 251-5567

20. This Agreement and any issue arising out of or relating to the parties' relationship hereunder shall be governed by, and construed in accordance with the laws of the State of Kansas.

21. This Agreement constitutes the entire agreement and understanding between the parties relating to the subject matter hereof, and any and all prior agreements, arrangements, understandings, or representations, oral or written, are **merged** into and superseded by the terms of this Agreement. This Agreement cannot be altered, amended or modified except by a writing signed by an authorized representative of each party.

22. The obligations and undertakings set forth **herein** are severable, such that if any provision hereof is found to be invalid or unenforceable, such invalid or unenforceable provisions shall not affect the validity or enforceability of the remaining provisions.

**23.** Failure to insist on strict compliance with any provisions hereof by either party shall not constitute a waiver of compliance with such provision nor preclude either **party** from demanding strict compliance in the future.

24. This Agreement may not be assigned by either party hereto.

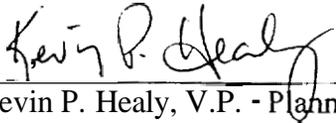
25. **This** Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto affix their duly authorized signatures as of the date set forth on the first page of this Agreement.

CITY OF WICHITA

AIRTRAN AIRWAYS, INC.

  
\_\_\_\_\_  
Bob Knight, Mayor

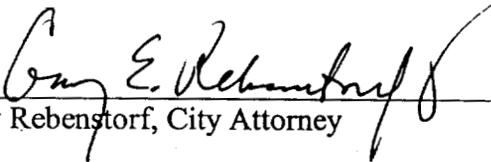
  
\_\_\_\_\_  
Kevin P. Healy, V.P. - Planning

Attest:   
\_\_\_\_\_  
Pat Burnett, City Clerk



Attest:   
\_\_\_\_\_

Approved As To Form:

  
\_\_\_\_\_  
Gary Rebenstorf, City Attorney



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### AirTran Airways Announces New Service to Wichita Mid-Continent Airport in Wichita, KS

Airline will be the first affordable-fare carrier at Wichita airport

ORLANDO, Fla. (February 28, 2002) - AirTran Airways, a subsidiary of AirTran Holdings, Inc. (NYSE: **AAI**), today announced that the low fare airline will launch new daily nonstop service to Wichita Mid-Continent Airport (ICT) in Wichita, **KS**, the airline's 38th destination. The airline will launch three daily nonstop flights between Wichita and Atlanta as well as two daily nonstop flights between Wichita and Chicago (Midway), with connections to dozens of additional destinations. Service begins May 8, 2002, and tickets are now available for purchase (availability on [airtran.com](http://airtran.com) begins March 1, 2002). All flights to/from Wichita will operate using Boeing 717 aircraft.

"The wait for low fare and convenient air travel is over for the nearly one million passengers served every year by Mid-Continent Airport," said Joe Leonard, AirTran Airways' chairman and chief executive officer. "AirTran Airways recognized a need in this new market and, through support from public-private collaboration, can now provide the south central Kansas communities with affordable fares to numerous business and leisure destinations."

Kevin Healy, AirTran Airways' vice president of planning, added, "AirTran Airways is proud to bring the Wichita community amenities not offered by the other airlines, including assigned seating, an affordable Business Class, a generous frequent flyer program, and no required roundtrip or Saturday night stays."

"We are excited to welcome AirTran Airways to Wichita. Their presence fulfills our goals of securing quality, low fare air service to south central Kansas through our Fair Fares campaign and is a sign of our commitment to the economic enhancement of Wichita-area businesses," said Bob Knight, mayor of Wichita.

"AirTran Airways' presence in Wichita will improve travel options for the business and leisure travelers of this community," said Bailis F. Bell, director of airports in Wichita. "We are committed to bringing low fare alternatives to Wichita to help business travelers get off the ground."

Listed below are the new nonstop flights effective May 8, 2002:

#### Wichita-Atlanta:

Flight No.	Departs	Arrives	Frequency
802	6:00 a.m.	9:05 a.m.	Daily, eff. 5/9/02
806	11:50 a.m.	2:55 p.m.	Daily
810	6:30 p.m.	9:35 p.m.	Daily

#### Atlanta-Wichita:

Flight No.	Departs	Arrives	Frequency
803	1:50 p.m.	3:00 p.m.	Daily
807	4:45 p.m.	5:55 p.m.	Daily
811	8:45 p.m.	9:55 p.m.	Daily

## Wichita-Chicago:

Flight No.	Departs	Arrives	Frequency
891	7:30 a.m.	9:10 a.m.	Daily, eff. 5/9/02
895	3:45 p.m.	5:25 p.m.	Daily

## Chicago-Wichita:

Flight No.	Departs	Arrives	Frequency
892	9:35 a.m.	11:15 a.m.	Daily
898	6:00 p.m.	7:40 p.m.	Daily

AirTran Airways is offering special introductory fares as low as \$79 one-way between Wichita and Atlanta and \$59 one-way between Wichita and Chicago (Midway) to celebrate the new service. All introductory fare tickets must be purchased by March 12, 2002, and travel must be completed by September 30, 2002. Introductory fares require a seven-day advance purchase. Listed below are sample one-way fares (fares are valid in either direction).

	Introductory Fare	Lowest Walk-up	Business Class
Wichita to Atlanta	\$79	\$179	\$254
Wichita to Chicago	\$59	\$139	\$179
Wichita to Newark	\$89	\$219	\$319
Wichita to Orlando	\$89	\$199	\$299

AirTran Airways provides affordable air travel with 346 flights a day to 36 cities throughout the eastern United States. The airline's hub is at Hartsfield Atlanta International Airport, the world's busiest airport (by passenger volume) where it is the second largest carrier operating 146 flights a day. AirTran Airways is a subsidiary of AirTran Holdings, Inc. (**NYSE:AAI**).

Unlike other airlines, AirTran Airways never requires a roundtrip purchase or Saturday night stay. The airline offers a Business Class any business can afford, all-assigned seating, a generous frequent flier program, and a corporate program called A2B. For more information and reservations, visit [www.airtran.com](http://www.airtran.com) (America Online Keyword: AirTran), call your travel agent or AirTran Airways at 1-800-AIRTRAN (800-247-8726) or 770-994-8258 in Atlanta. En español, 1-877-581-9842.

Rules and Restrictions: All fares are one-way. All fares are non-refundable, and a \$50 fee per person applies to any change made after purchase plus any applicable increase in airfare. Seven-day advance purchase required. Tickets must be purchased by March 12, 2002. Travel must be completed by September 30, 2002. Travel to/from Wichita begins May 8, 2002. Seats are limited, subject to availability, and may not be available on all flights. Blackout dates are as follows: May 24 and 28; June 28 and 29; July 6 and 7; August 30; and September 2, 2002. Fares, routes, and schedules are subject to change without notice. Fares do not include per-segment tax of \$3. A segment is defined as one takeoff and one landing. The September 11th security fee of up to \$10 is not included. Airport Passenger Facility Charges of up to \$18 are not included. Fares to/from Grand Bahama Island do not include U.S. and Bahamian taxes of up to \$34.70.

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**EXHIBIT G**

**MARKET OVERVIEW  
FOR  
AIRTRAN AIRWAYS  
WICHITA-ATLANTA SERVICE**

**PREPARED BY  
THE BOYD GROUP/ASRC, INC.**

**AND**

**ANALYSIS OF PROPOSED AIRTRAN  
WICHITA-ATLANTA SERVICE**

**PREPARED BY  
SH&E**

Market Overview

# Wichita - Atlanta

An Opportunity For:



Prepared for:

**Wichita Mid-Continent Airport**

Prepared By:

***The Boyd Group/ASRC, Inc***  
*Aviation Consulting, Research and Forecasting*

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February, 2001



**Note:**

This document is prepared for the exclusive use of Wichita Mid-Continent Airport and AirTran Airways. The data and analyses contained herein were obtained from sources deemed reliable as of February **2001**, however they cannot be guaranteed. Further, due to the dynamic nature of the air service industry, actual operational results cannot be and are not guaranteed.

## ***I. Introduction and Overview***

The Boyd Group has been retained by Wichita Mid-Continent Airport to provide an overview of the Wichita, Kansas market and the opportunity it presents for AirTran.

***Wichita-Atlanta service can provide AirTran with over \$28 million in annual system revenue.***

As a city that currently lacks affordable, high-value air service, tremendous opportunity exists for a carrier such as AirTran.

Service to Atlanta has the ability to strengthen the AirTran network, by providing:

- ➔ Over 155,000 passengers to the AirTran system on an annual basis, all of which are new to AirTran.
- ➔ Nearly **\$30.4** million annually in total system revenue contribution.
- ➔ A market with a strong manufacturing base that generates high system yields and currently has minimal Delta Air Lines presence and no low fare competition.
- ➔ A core catchment area of over 650,000 people.

Based on this analysis, it seems as if Wichita offers AirTran a viable expansion opportunity.

## II. *The Wichita Marketplace*

**Over 90% of aircraft in the world have been assembled, partially assembled or have components made in Wichita.**

The Wichita marketplace currently represents a core population base of more than 650,000. These are potential customers that are located within an hour drive of the airport. Since service to surrounding communities is limited, it is expected that customers within 100 miles of the airport will be willing to support service offered by AirTran. Approximately 1 million potential customers are located within this area.

Employer	Employees
The Boeing Company	16,800
Cessna Aircraft Company	12,509
Raytheon Aircraft Company	10,000
Via Christi Regional Medical Center	3,747
Bombardier Aerospace Learjet Inc.	3,602
Dillons Food Stores	2,550
Koch Industries Inc.	2,200
Wesley Medical Center	1,923
Southwestern Bell	1,500
Bank of America	1,323

Wichita has a particularly strong, yet diverse economic base. Year 2000 unemployment registered at a mere 4%. As manufacturing activity throughout the US has declined, Wichita has still been able to generate growth in this sector. 25% of the MSA's workforce is employed in manufacturing related industries. Median household income for the MSA is approximately \$38,000 placing it in line with national averages.

The Wichita area maintains a large number of firms in aviation related industries. Four of the five top employers in the MSA are airframe manufacturers. These include Boeing, Bombardier, Raytheon Beechcraft and Cessna.

Koch Industries, the second largest privately held company in the United States, is a conglomerate with extensive offices and operations throughout the southeast.

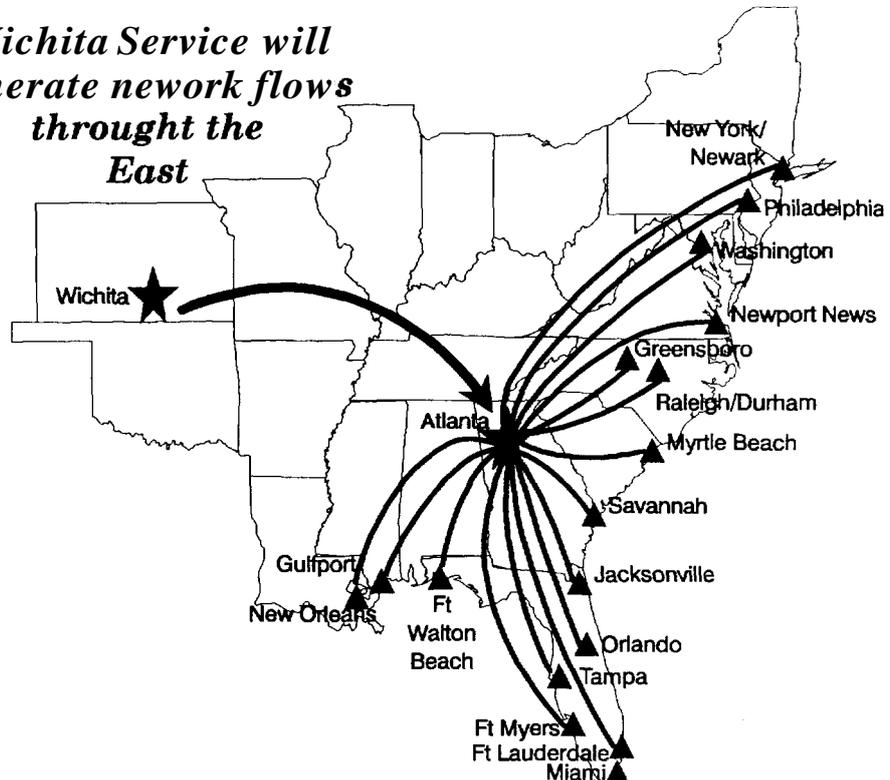
The military continues to maintain a significant presence in the economy, contributing close to \$500 million dollars to the region's economy last year. McConnell Air Force Base currently employs over 3,500.

### III. The AirTran Opportunity

*AirTran can expect more than 155,000 yearly passengers with three daily flights.*

Based on our analysis of the market, The Boyd Group recommends a service pattern of three daily nonstop flights between Wichita and Atlanta.' By operating three daily flights, AirTran **will** capture a significant amount of demand from the time-conscious business traveler.

*Wichita Service will generate network flows through the East*



As a result of this service pattern, AirTran is expected to enplane over 155,000 passengers to and from Wichita on an annual basis.

Based on past experience from other markets that AirTran has entered, it is expected that traffic can be stimulated up to 300% in the local market. It is also expected that AirTran, with its lower and less restrictive fare structure **will** be able to stimulate traffic to popular Florida leisure destinations by 150%. It should be noted that these estimates are considered to be conservative.

*Viable connections can be made to all AirTran destinations up and down the Eastern Seaboard.*

Due to Wichita's location relative to AirTran's Atlanta hub, viable connections can be made to all destinations **up** and down the Eastern Seaboard.

Delta ~~Air~~ Lines currently offers a limited amount of capacity in the Wichita to Atlanta market, with three daily flights operated by ASA on Canadair Regional Jets. Competitive response to AirTran from Delta is expected to be minimal and AirTran is likely to receive a higher level of customer acceptance with larger Boeing 717 aircraft.

### *ICT to ATL Passenger Traffic Forecast*

<i>Market</i>	<i>Adjusted O+D</i>	<i>Stimulation Factor</i>	<i>Stimulated Traffic</i>	<i>FL Capture Rate</i>	<i>FL Pax.</i>
Atlanta	22,641	300%	90,565	70%	63,395
New York	32,423	50%	48,634	15%	7,295
Orlando	29,704	150%	74,259	35%	25,991
Washington	26,447	50%	39,670	15%	5,951
Tampa	14,681	150%	36,703	35%	12,846
Philadelphia	14,464	50%	21,696	15%	3,254
Miami	12,551	150%	31,378	35%	10,982
Fort Lauderdale	9,150	150%	22,875	35%	8,006
New Orleans	8,995	100%	17,990	30%	5,397
Raleigh/Durham	6,121	50%	9,181	30%	2,754
Newport News/Williamsburg	4,146	50%	6,219	25%	1,555
Fort Myers	3,856	150%	9,641	35%	3,374
Jacksonville	3,691	100%	7,382	35%	2,584
Greensboro	2,326	50%	3,489	30%	1,047
Fort Walton Beach	1,892	100%	3,784	50%	1,892
Savannah	1,861	100%	3,722	35%	1,303
Gulfport/Biloxi	1,117	75%	1,954	35%	684
Myrtle Beach	455	100%	910	35%	318
<b>Total</b>					158,628

Wichita currently has no low fare carrier service offered. Passengers wishing to travel to leisure destinations, such as Florida, are in many instances driving to Oklahoma City or Kansas City in order to take advantage of lower fares. AirTran, with fares lower than the competition, will be able to retain a large percentage of these passengers.

### *Wichita,KS to Atlanta Key Operating Statistics*

ICT-ATL Mileage	780
Assumed Aircraft	Boeing 717
Passenger Seats	117
Estimated Weekly Flights Scheduled	4c)
Estimated Completion Factor	98%
Estimated Weekly flights Completed	39.2
Projected Annual Flight Segments	2038.4

#### *Profit & Loss Analysis*

Projected ICT-ATL Segment Revenues	
Projected Local Market Passengers	63,395
Projected Local Revenue Passenger Miles	49,448,273
Projected Local Average Yield	\$ 0.270
Projected Connecting Market Passengers	95,233
Projected Connecting Market Revenue Passenger Miles	74,281,736
Projected <b>Connecting</b> Market Average Yield	\$ 0.1412
<b>TOTAL PROJECTED SEGMENT REVENUES</b>	<b>\$ 23,839,615</b>
Projected Operating Expense:	\$ 17,746,726
Projected Profit (Loss)	\$ 6,092,889
Projected System Revenue Contribution	
Local Traffic	\$ 23,839,615
Connect Traffic	\$ 6,469,793
Total System Revenue Contribution	\$ 30,309,408

#### *Load Factor Data*

Projected Annual Available Seat Miles(ASM)	186,024,384
Projected Local Revenue Passenger Miles	49,448,273
Projected Connecting Market Revenue Passenger Miles	74,281,736
Total Projected Revenue Passenger Miles	123,730,009
Projected Load Factor	66.51%

## ***IV. Conclusion***

***Wichita service is estimated to result in \$6 million in profits for AirTran.***

Service from Wichita to Atlanta presents AirTran with an extremely viable opportunity to generate increased revenues throughout its system.

Based on our analysis, Wichita service can:

- ➔ Provide AirTran with annual profits of more than \$6 million.
- ➔ Offer a broad base of passengers, with strong business, leisure and military demand.
- ➔ More than 155,000 passengers, contributing **\$23.8** million in revenue on an annual basis.

If Wichita Mid-Continent Airport or The Boyd Group can be of any further assistance to AirTran, please do not hesitate to contact us.

*AirTran*  
AIRLINES



*A Report to  
Wichita Airport Authority*

# Analysis of Proposed AirTran Wichita–Atlanta Service

*Prepared by*

**SH&E**  
*International Transportation  
Consultancy*

**January 7, 2002**

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**APPENDIX**

# Analysis of AirTran Airways' Proposed Wichita-Atlanta Nonstop Service

## 1.0 Introduction and Summary

### 1.1 Background and Approach

AirTran has proposed to provide three daily roundtrip nonstop flights in the Wichita-Atlanta market, conditioned on an acceptable financial support agreement being negotiated with the City of Wichita. ~~As~~ presently proposed, the city would provide a guarantee to provide payments to offset losses that are incurred by the AirTran under an agreed methodology. The City's maximum obligation under the plan would be \$2.5 million per year over a 2-year period.

SH&E was retained to evaluate the proposed services in terms of expected traffic and financial results, and to evaluate the proposed terms of the "Service Agreement" in terms of reasonableness and fairness for a financial support arrangement.

The approach taken by SH&E was to prepare an independent analysis of the proposed services, including an assumed schedule plan, traffic forecast and route profit and loss analysis, relying on publicly available information that **is** customary for this type of assignment. The analysis includes an examination of AirTran's experience in other markets, including average fare and yield experience, traffic stimulation and market share patterns, operating costs, and other characteristics of AirTran's operations. Based on this market and route analysis, SH&E provides an assessment of the likely results of the proposed services and benchmarks for evaluating terms of the proposed agreement, such as the reasonableness of proposed **costs**, etc.

### 1.2 Report Summary

Overall, SH&E believes that Air Tran's proposed service has an excellent prospect to be successful and be profitable within the first two years of service. We forecast on a "normal year" basis, (i.e., before taking account of the "spool-up" ~~or~~ introductory service period), that **Air Tran's** services will operate at a 60.8% load factor and generate nearly **\$15** million in annual "segment" passenger revenue. The "agreed" **costs** of **Air Tran** service for the service agreement purpose would amount to **\$14.7 million**, thereby producing a profit of \$263,000. However, provision of approximately \$750,000 loss should be made for the introductory period of service, estimated at 90 days, for the traffic and revenues to develop to "normal" levels. The result projected for the first year is an operating

loss of **\$485,000**. (See Table 15)

It should be noted that approximately **55%** to 60% of the passengers forecast are passengers that will connect at Atlanta to and from other destinations on Air Tran's system. For connecting traffic, only a portion of the fare paid by the passenger is allocated to the Wichita-Atlanta segment, and the remaining portion is assigned to the beyond Atlanta operations. We have used a standard "mileage pro-rate" methodology for the allocation, but other methods may be used by airlines (such as, a "rate pro-rate" method), and may produce different results.

Based on the forecast about \$4.7 million of the revenues actually paid by traffic to and from Wichita are allocated to "Beyond Atlanta" operations and, after accounting for related costs, make a contribution to AirTran's system financial results.

The contractual cost rates proposed by AirTran, specifically **\$3,100** per block hour, are reasonable in relation to the airline's experienced costs for DC-9-30 operations, and its average non-aircraft operating costs. Operating costs for the newer B-717 aircraft that may be used are lower.) The fuel adjustment rate is also reasonable, assuming the adjustment is made if fuel prices decline as well as if they rise above the base amount.

One aspect of the proposed financial agreement that can have significant impact on the compensation for "revenue shortfalls" is the period that is defined for the purpose of calculating payment obligations. As presently proposed, the calculation is on a daily basis, rather than a longer period, such as monthly, that would permit daily traffic and revenue variations to "cancel-out." In other words, it would allow profitable days to offset losses experienced for below-average days.

In terms of the traffic and revenue forecast, the forecast includes a significant amount of traffic stimulation for reduced fares, and a market share premium for AirTran relative to its proposed services, but the rates used are consistent with, and even conservative relative to AirTran's experience in other markets. At the fares assumed in the forecast analysis (also derived from AirTran's experience in similar markets), *Air Tran's* average Wichita fares are expected to be nearly **10%** below Kansas City's average Atlanta fare, and approximately equal to Kansas City fares in the connecting markets that will be served.

To summarize, the proposed services are expected to be commercially viable, but it is likely that operating losses will be experienced during the first year of service. The prospects are stronger for subsequent years, as evidenced by continued high rates of traffic growth achieved in a number of AirTran's successful markets. Depending on the payment method for the financial

guarantee, payments may exceed the actual loss experienced in the first year, because profitable periods do not offset contractual payments for loss period.

Because of the expected operating loss in the “spool-up” period, the variability of traffic by day, and the possibility that the traffic and revenue forecast do not materialize as expected, the City should consider that most or all of the contingent financial obligation of the service agreement, is in fact at risk.

The proposed financial obligation of \$2.5 million per year over a two-year period is represents an amount equal to approximately 16.7% of the corresponding 2-year service obligation and financial risk for AirTran, which is approximately \$30 million in expected operating costs.

The analysis and results of this study are more fully detailed in the remainder of this report.

## **2.0 Wichita-Atlanta Route Analysis**

### **2.1 Illustrative Schedules**

AirTran proposes to provide three well-timed nonstop roundtrip flights in the Wichita-Atlanta market, as shown in Table 1. All flights meet AirTran connecting flight banks at Atlanta, thereby offering service to other destinations served by AirTran.

The services are assumed to operate with either B-717-200 or DC-9-30 aircraft, both of which have approximately 107 seats. These are the only two aircraft types in AirTran’s fleet.

### **2.2 Traffic and Revenue Forecast**

A traffic and revenue forecast was prepared based on the proposed service plan and is contained in Table 2. The forecast is on a city-pair basis, and considers base period traffic, normal growth, service and fare stimulation, market share and expected average fares. The basis of each of these forecast assumptions is explained and addressed in tables that follow.

Overall, the service is forecast to produce 142,470 annual passengers for AirTran, and \$19.7 million in passenger revenue (before allocation of revenues to the Wichita-Atlanta segment.) The forecast load factor is 60.8%. This forecast is for the first year on a “normal” basis, and does not account for below-normal traffic/revenue during start-up period of the service.

### **City-Pair Markets Served**

Besides the nonstop Atlanta market, the proposed service will provide usable and competitive connecting service to approximately **25** destinations beyond Atlanta. These include most major Florida cities, such as Orlando, Tampa, Miami, and others; major Northeast **U.S.** cities, such as New **York**, Washington, Philadelphia, Boston and others; as well as a number of medium sized cities in the South Atlantic Region, such as in North and South Carolina, Georgia, and other states. For all of these areas, the mileage circuitry via Atlanta is within 20%, and well within the norms of competitive connecting service. We also included some cities outside this range, like Dayton, Pittsburgh and Buffalo, because AirTran's experience at other cities shows that it does draw traffic in somewhat circuitous markets due to its lower fares. However, the vast majority of the forecast traffic is in the normal circuitry markets.

### **Base Period Traffic and Normal Growth**

The starting point of the forecast is the base period O&D traffic reported in the DOT, O&D Survey, for the 12 months ended June 30, 2001. "Zero growth" is assumed for normal traffic growth, in part due to the traffic decline since September (related to the economy and Sept. 11 impacts) and based on the relatively low historic growth in the markets over the past 3 years. (Table 3) The U.S. economy is expected to emerge from the current downturn by mid-2002. It should also be noted that the markets served by the proposed AirTran service have had stronger growth trends than the overall Wichita market.

### **Assumed Fares**

AirTran has indicated that its Wichita fares would be similar to its system pricing policy, but did not indicate specific fare levels. SH&E developed estimates of probable average fares based on AirTran's experience in both local Atlanta markets and "beyond Atlanta" markets. The Wichita-Atlanta market, at 780 miles, is toward the high end of the nonstop distance for AirTran markets. **An** average fare of **\$125** is assumed based on its average fares in similar longer haul markets such as Houston, Dallas/Ft. Worth, Minneapolis, Moline and Bloomington.

The average fares for Wichita-Beyond Atlanta markets were derived by analyzing the average "add-on" amounts for the same beyond destinations **from** the **5** cities named above, all of which have directional similarity with Wichita. In most instances, the assumed "add-on" amount for Wichita was set equal to or slightly higher than the 5-market average. In general the average fares to the beyond Atlanta destinations range from \$135 to \$165 per one-way trip. These assumed

fares were then examined in terms of the average fare per mile (or yield) based on the routed mileage. For the connecting markets, the average was \$.1180 per mile, which is close to the beyond traffic yield achieved by AirTran for the five control markets, based on the DOT, O&D Survey fare data. This average fare construction analysis is shown in Table 4.

### **Comparison of Assumed Fares with Kansas City and Tulsa Fares**

As shown in Table 5, for the markets that will be served by AirTran, Wichita's air fares are expected to be fully competitive with those available at Kansas City, and significantly lower than fares from Tulsa. Compared to Kansas City fares, the Wichita-Atlanta fare will be nearly 10% lower. For most major connecting markets, Wichita's fares will be about the same as average fares from Kansas City. As a result, some Wichita traffic that is currently flying to these destinations from Kansas City due to current fare levels would be expected to use Wichita with AirTran service. Thus, fare related traffic stimulation is not solely new air trips, but retention of local area trips currently using other airports.

### **Forecast of Fare Related Traffic Stimulation**

In instances where an airline enters a market and offers fares significantly below the prevailing fare levels, (e.g., 20%-40% average fare reductions), there is usually a significant increase, or stimulation in passenger traffic. The expected reductions in fares due to AirTran are substantial and shown in Table 7. For the Atlanta market, AirTran's fare is expected to be approximately 40% lower than the actual YE 2Q 2001 average fare. AirTran's average fares to major Northeast markets such as New York, are predicted to be 30% to 40% below base period fares; Florida market fares fare reductions are estimated at 20% -30%, and fares to many other connecting service cities will be reduced by more than 30%.

Typically, SH&E assumes fare elasticity in the range of -0.9 to -1.1 to forecast traffic in such situations, based on general past experience. (-0.9 elasticity means that if fares are reduced by 10%, traffic will grow by 9%, but the relationship is exponential, so for higher rates of fare reduction, the percentage increase in traffic is greater.)

However, for this study, we compiled and examined data specific to the experience of new entry by AirTran in other markets, as shown in Table 6. These included new entry to major competitive markets, such as Houston and Hartford to Atlanta, as well as smaller cities, such as Moline and Bloomington. All markets examined had substantial reductions in average fares following AirTran entry and substantial increases in traffic. But, it is evident that the smaller the market, the much greater the sensitivity is to fare reductions. For example, the largest market, Houston-Atlanta, had a **38%** reduction in fare, and a **45%** increase

in traffic. With roughly the same fare reduction, the Dayton-Atlanta market doubled in size, Moline tripled, and Bloomington and other smaller markets increased by even greater amounts. The current size of the Wichita-Atlanta market is between the Dayton and Moline markets prior to AirTran entry. The observed fare elasticity for these two markets was **-1.6** and **-2.3**, respectively. For the Wichita forecast, a **-1.8** elasticity was used which increases the market size by **2.6** times, or between the Dayton and Moline experience. (This also is considered to include “service stimulation” for new nonstop service.)

AirTran connecting markets also had exceptional growth following its market entry. For example, Moline and Bloomington traffic in major Florida markets increased by 4-fold following AirTran service. Except for Orlando, all connecting markets were assumed to have fare elasticity of **-1.2**, or slightly higher than the norm of other SH&E forecasts, but far below the observed experience in AirTran markets examined in this study. For Orlando, a higher **-1.8** elasticity was used since this market appears to be significantly underdeveloped relative to similar cities. For example, Moline and Bloomington, both of which have considerably smaller market areas than Wichita, each generate more than twice the amount of Orlando passengers as Wichita.

Overall, for the connecting markets in total, the forecast traffic stimulation is approximately 50%, with average fare reductions on the order of 35%.

#### Forecast Market Share

Current Competition: Delta (ASA) currently provides three daily nonstop flights in the Wichita-Atlanta market with 50-seat regional jet aircraft. AirTran’s service will be of equal frequency but offer about twice as many seats. In the connecting markets that will be served by AirTran, TWA, with its connecting services via St. Louis, was the principal competitor during the base period, YE 2Q 2001. TWA’s market share was **35%** for the entire market group, and generally about 45% for the Northeast and over **35%** for the major Florida markets. American, which acquired TWA, also had a **13%** market share in the base period. Thus, American now has close to 50% market share in potential AirTran connecting markets. Delta, through Delta Connection carriers, has a **23%** market share. (See Appendix Table **A-1**)

Forecast Market Share: SH&E used its “Networks” route planning model to first estimate normal service share for the proposed service based on the Competitive Service Index (CSI) points. The model assigns CSI points to **all** direct and connecting services in a market based on current schedules, and considering factors such as type of service, number of stops, aircraft type, and elapsed times. The CSI analysis does not directly consider fares.

The CSI service shares were then adjusted to reflect a premium (or gap if that had been the case), in market share versus service share based on analysis of AirTran experience in other markets. This analysis is in Appendix A-2 and summarized below.

In Atlanta markets, where its services are almost entirely nonstop, AirTran achieves an average passenger share premium of approximately 4.5 percentage points or 23% above its existing market share. However, AirTran's premium is 9.9 percentage points for markets that do not involve other carrier's major hubs. (For hub markets involving competitor's hub points, such as Chicago, DFW, Philadelphia, etc, AirTran's average market share premium is less than 1 percentage point.) The forecast for Wichita assumes a 10-percentagepoint premium.

In a sample of connecting markets from five medium sized cities to five major Florida markets, AirTran's average market share premium was 7.1 percentage points, or approximately 1.35 times its average service share of 20%. For a sample of South Central-Northeast markets, the average market share premium was 2.3 percentage points, but this was more than twice its small service share in these markets. (The South Central cities were DFW, Houston and Memphis).

For the Wichita service forecast, in most of the larger connecting markets (major Northeast and Florida cities), the initial CSI service shares were typically in the 10% to 30% range. Market share premiums of 2.5 to 7.5 percentage points were added to the predicted service share, except in the major Florida markets where 15 percentage points were added. As previously noted, AirTran's Florida traffic from Moline and Bloomington indicate the underdevelopment of these markets that are more likely to choose services of a low-fare carrier. Table 9 shows the CSI and market share premium used for each market.

### **Forecast of AirTran Passengers**

The result of the assumptions described above is a forecast of 142,470 annual passengers, or a 60.8% load factor. The local Atlanta market O&D traffic accounts for **44%** of the total passengers, and connecting markets 56%. This is similar to the roughly 40% local, 60% connecting mix AirTran experiences in other markets from the Central U.S. region (e.g., Moline, Bloomington, **DFW** and Houston) (Table 10)

### **Forecast Passenger Revenue**

AirTran's passenger revenues are calculated by multiplying the forecast passengers by the average AirTran fare for each market. The total passenger

revenues are \$19.7 million. This figure includes revenues **from** connecting passengers for their entire itinerary.

### **2.3 Allocation of Forecast Revenue to Wichita-Atlanta Segment.**

Table 11 contains the calculation of RPMs for the forecast traffic and the allocation of revenues to the ICT-ATL segment and Beyond ATL services. Of the total \$19.7 million in forecast revenues, \$11.9 million is from connecting passengers. Of this amount \$7.1 million is allocated to the ICT-ATL segment and \$4.7 million to services used beyond ATL. This allocation is made on a mileage basis for each market. On average 60% of the connecting traffic revenue is allocated to the ICT-ATL segment.

The total segment revenue (local traffic plus pro-rate connecting traffic) is \$15.0 million.

### **2.4 Operating Statistics and Estimated Costs**

Table 12 contains the operating statistics for the proposed services. The service data assumes 3-daily roundtrips on all days (including each week-end day) and 100% completion of scheduled flights. It is probable that there would be somewhat fewer flights due to weekend exceptions, without material loss in projected **traffic**. Thus, costs may be slightly less than forecast herein.

The scheduled block times used by AirTran, which average 2 hours and 10 minutes per one-way flight were verified as reasonable, and used in the costing analysis.

The operating costs are first forecast using Air Tran's reported **cost** experience for YE 2Q 2001 on a detailed unit cost basis. The direct aircraft operating costs are based on DC-9-30 aircraft at \$2,010 per block hour. AirTran's B-717-200 reported costs are considerably less, but these may not reflect "mature" operating costs. The above DC-9-30 cost per block hour includes **fuel** expense at approximately \$1.02 cents per gallon.

The unit costs for non-aircraft operating expenses, including station costs, landing fees, promotion and sales, system overhead, and other indirect costs are based on AirTran's system average experience. **In** this analysis, indirect costs associated with the beyond ATL portion of the traffic are assigned to the Beyond segments, not the ICT-ATL segment.

The resultant forecast annual cost is \$14.9 million for the ICT-ATL segment.

This is an average of \$3,145 per block hour, or approximately equal to the proposed “contract rate” of \$3,100 per block hour. The proposed contract rate is, therefore, found to be reasonable for calculating the costs of service. *Also*, since the fuel consumption rate of DC-9-30 aircraft is between 800 and 900 gallons per hour, the proposed fuel adjustment formula of \$8 per block hour for each 1 cent change in fuel price from the stipulated base fuel price is also reasonable.

## **2.5 Forecast Normal Year P&L -- Contribution to AirTran’s System Results**

Table 14 shows the forecast P&L for the proposed service using the unit costs (as distinct from the “contract” costs.) The purpose of this table is to not only show the ICT-ATL segment P&L, but also the Beyond ATL contribution to AirTran’s system. The local segment is forecast just above break-even. However, allocation of beyond revenue, net of related costs, produces a \$3.0 million contribution to AirTran’s system results. This is without any allocation of capacity costs for transporting beyond **ATL** passengers, because no additional flights or capacity will be added that directly relates to the Wichita service.

A more conservative treatment of Beyond ATL contribution is to include aircraft capacity costs on the theory that beyond traffic will often displace other traffic demand for existing services and/or lead to the increase in capacity to handle such traffic. On a fully allocated basis at system costs, the allocated capacity costs would be \$3.3 million, or \$300,000 above the projected net contribution.

The most appropriate assessment of the true financial contribution of the beyond traffic net revenues for AirTran is probably about mid-way between these two extremes, or approximately \$1.4 million. (This is before account is given for the start-up period.)

## **2.6 Forecast P&L for ICT-ATL Segment With Provision for Initial Losses**

Table 15 shows the forecast P&L results for the ICT-ATL segment, using only allocated revenues and proposed “contract costs”. On a normal year basis, an operating profit of \$264,000 is projected. This is a slim profit margin of just under **2%**.

For most new routes, particularly when it is by a carrier that is new to a city, as is the case here, there is an initial period where “less than normal” results are achieved, as market development and awareness of the service build. This is usually referred to as the “start-up” or “spool-up” period. Typically a carrier will offer lower than normal introductory fares. So, even if traffic objectives are achieved, revenues and profit are not.

The “spool-up” period is assumed at 90 days, and assumed to produce an average of 20% less revenue than the normal forecast (declining from 30% below normal in month one to 10% below normal in month three.) This results in a forecast reduction of \$748,000 in revenue and profit during this period. Thus, for the first full year, the forecast operating loss is \$484,500.

Although a specific 2<sup>nd</sup> year forecast is not made here, the second year is expected to be profitable. At Moline, Bloomington and other medium sized points that AirTran entered and was successful in the first year, traffic and load factors continued to increase significantly for the second year of service.

### **3.0 Comments on Proposed Terms of the “Block Hour Agreement”**

Most elements regarding the “cost of service” in the proposed agreement are found to be reasonable in relation to AirTran’s actual costs. As previously noted, the block time estimate, the \$3,100 block hour cost rate, and the fuel escalation adjustment terms are reasonable. However, the fuel escalation clause, as now drafted, applies only to fuel price increases above a base period price of \$.95 per gallon. Fuel prices have dropped in recent months, by perhaps 20 cents per gallon. This arguably, should reduce the “base rate block hour” cost, and the cost adjustment provisions should apply for both increases and price declines.

The calculation of payments due under the agreement, as presently drafted, would be based on the revenue shortfall “based on daily aggregate revenue”, with the invoice indicating the dates of the shortfall. There is no provision for profitable days to offset revenue shortfalls on other days. This means that normal fluctuations in the daily variation of travel demand, that often “wash-out” over a longer period of time, would not, as the agreement is presently structured. Based on available data, SH&E cannot provide a reliable forecast of the potential payment amounts due to daily variations. However, since the “normal” forecast is only a 2% profit margin, it is probable that daily variations could result in a significant number of “shortfall” days.

SH&E recommends that the “Shortfall” calculations be based on longer periods of time – monthly, quarterly, or longer periods. It is possible that interim payments could be provided to ease the carrier’s cash flow requirement, but that profits in defined periods offset shortfall obligations in other periods. There are a number of ways that this could be structured in a negotiating process that would be substantially better than current proposed methodology.

The agreement indicates that “AirTran’s standard accounting procedures” will be used to determine gross passenger segment revenue. This is an acceptable and

fair provision, but some explanation and verification of what these procedures are should be sought before entering into the agreement. For example, the revenue allocation method used in this study, essentially allocated 60% of the connecting traffic revenue to the ICT-ATL segment. If AirTran's allocation procedures differ, and were to result in an allocation of **55%** of the revenues to the local segment, then the difference would amount to approximately \$600,000 lower revenue, and a corresponding reduction in the forecast ICT-ATL P&L. SH&E is not necessarily recommending a different method, but rather pointing out that whatever method is used can significantly affect the payments that will be required.

The proposed agreement also proposes certain other direct cost concessions in airport charges and coverage of certain promotional expenses. It should be noted that these costs are essentially included in the "Block Hour" cost rate, although on a system average basis, as opposed to specific costs at Wichita. To the extent such cost concessions are allowed, one could argue that some reduction in the "Block Hour" **cost** rate should be made.

#### **4.0 Assessment of the Potential Payments Under Terms of the "Block Hour Guarantee" Agreement**

The City's maximum financial obligation under the proposed "Block Hour Guarantee" is **\$2.5** million per year over a two-year period (exclusive of proposed cost concessions). AirTran's two-year service obligation will amount to **cost** expenditures on the order of \$30 million. The city's guarantee is, therefore, approximately 16.7% of the total **costs** of service.

While SH&E believes that its route and financial forecasts are reasonable and represent a "most likely" scenario, no assurance can be provided that the forecasts will in fact be accurate. The airline industry is highly volatile and many unforeseen factors can affect projected results. But, importantly, SH&E forecasts a relatively narrow profit margin of **2%** for the normal periods of the first year. Thus, even a small variance in the predicted revenues can significantly impact payments required to cover revenue shortfalls. For example, a **5%** difference in annual revenue for the first year would amount to an additional \$750,000 payment, all other factors equal (i.e., \$15 million x 5%).

The contract provision for payment of daily shortfalls also significantly increases the payments that are likely to be required and are difficult to predict.

In short, our forecast indicates that approximately \$750,000 may be required to cover "spool-up" period losses (assuming profitable days offset loss days), and the remaining service period should be profitable as a whole. However, we would

advise that whatever the maximum obligation is under the contract, that that amount be considered to be genuinely “at risk”. To reduce its financial exposure, the City should consider reducing the two-year service period to one year and/or explore other areas of negotiation with AirTran.

## **5.0 Estimated Economic Benefits of AirTran Service**

In this report, the economic benefits that are expected to accrue to Wichita are estimated in terms of (1) expected increase in passengers using Wichita’s Mid-Continent Airport, (2) the proportion of Wichita’s total air travel markets that are likely to gain significant fare reductions due to AirTran’s entry, and (3) the amount of air fare savings that are estimated to accrue to passengers traveling in markets where AirTran has services, including passengers traveling on flights of other carriers that have lowered fares to be competitive with AirTran. There would be additional economic benefits and economic activity related to an increase in traffic at Wichita, but these are not estimated in this report.

### **5.1 Expected Increase in Wichita’s Air Passengers**

It is estimated that Wichita Mid-Continent Airport’s total passengers will increase by approximately 10%, or 103,000 passengers (arriving plus departing) during the first year of service, and somewhat greater amount in the second year of service. (Table 16) This estimate is based on the passenger traffic stimulation described in the forecast, but with a significant reduction in the stimulation of traffic forecast for AirTran’s competitors. The estimate of additional traffic carried by other airlines assumes that 90% of the forecast Atlanta market is achieved, but only 50% of the traffic stimulation in the AirTran’s connecting markets. (For the purpose of the route analysis forecast, it was assumed that all carriers would fully match AirTran’s fares. In practice, most competing carriers match new low-fare entrant fares on a capacity controlled basis. For the route forecast, AirTran’s market share is based on a full matching of low fares. If this was not the case, then, AirTran’s forecast market share and traffic would be higher than forecast. However, for the purpose of estimating economic benefits in a conservative fashion, it is assumed that “other carriers” only partially match AirTran’s fare reductions.)

### **5.2 O&D Markets Benefiting from Air Tran’s Fare Reductions**

AirTran will be offering low-fare service (either direct or connecting service) in just over 25 city-pair markets. For the 12 months ended June 30, 2001, these markets generated 255,300 O&D passengers, or approximately 24% of Wichita’s total domestic O&D passengers for the same period. Thus, city-pair markets that account for nearly one-quarter of Wichita’s air travel will benefit from

significantly lower fares with Air Tran entry.

### **5.3 Fare Savings for Wichita O&D Passengers**

The assumed average air fares for AirTran result in fare savings of approximately 40% in the local Wichita-Atlanta market, and an average of **30%** for passengers in the connecting markets.

The estimate of fare savings due to AirTran entry assumes that all AirTran passengers would have paid the most recent existing average fare (YE 2Q 2001), and that one-half of connecting passengers using services of “other carriers” in AirTran markets achieve the same fare savings (and **75%** of the other carrier passengers in the nonstop Atlanta market.) Again, as discussed above, the assumption of fare savings for passengers using other carriers is a conservative estimate.

With these assumptions, the estimated fare savings amount to **\$19.8** million per year (assuming year 2 is the same as year 1). This is an estimated savings of \$10.0 million for passengers using AirTran services, and \$9.8 million for passengers using competitive services in the same markets. (Table 17) The average fare savings for per one-way passenger for all forecast passengers in the AirTran service markets is estimated at \$46.

### **6.0 Terms and Conditions of the Report**

SH&E has over **35** years experience in providing economic consulting services to the aviation industry and has performed many route evaluation studies similar to that performed in this study. SH&E has used and relied on publicly available information and data in preparing this report which are customary in these types of assignments, but have not taken any steps to further verify the accuracy of these data.

**While SH&E believes that its analyses and conclusions in this report are accurate, SH&E explicitly accepts no liability for any actions taken by any party based on this report.**

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**Analysis of Proposed AirTran  
Wichita-Atlanta Service**

Route Analysis Tables

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**Table 1**

**AirTran Airways Schedule for Proposed  
Wichita - Atlanta Nonstop Service**

**Daily Roundrip Operated With B-717 / DC-9-30 Aircraft**

Daily	Daily	Daily				Daily	Daily	Daily
9:40	15:10	20:30	Leave	Atlanta	Arrive	9:10	14:40	20:05
↓	↓	↓				↑	↑	↑
10:50	16:20	21:40	Arrive	Wichita	Leave	6:00	11:30	16:55

*Note: All times are local.*

Table 2

## Traffic and Revenue Forecast for Wichita - Atlanta Nonstop Service by AirTran Airways

Market	Code	YE 2Q 2001 O&D Psgrs	Annual Growth	CY 2002 O&D Psgrs	Service Stim.	CY 2002 O&D Traffic W/Stim.	Fare Stim.	O & D Psgrs W/Stim.	AirTran Market Share	AirTran Forecast Psgrs	AirTran Avg. Fare	AirTran Passenger Revenue
<b>Local Market</b>												
Atlanta	ATL	32,950	0.0%	32,950	1/	32,950	2.603	85,761	73.1%	62,730	\$125	\$7,841,312
<b>FL Connocctina Markets</b>												
New York	NYC	32,570	0.0%	32,570		32,570	1.522	49,579	20.0%	9,893	\$165	\$1,632,325
Orlando	ORL	27,680	0.0%	27,680	1/	27,680	1.482	41,010	37.8%	15,501	\$135	\$2,092,668
Washington	WAS	27,230	0.0%	27,230		27,230	1.412	38,452	16.6%	6,389	\$150	\$958,362
Philadelphia	PHL	14,910	0.0%	14,910		14,910	1.734	25,860	22.9%	5,919	\$155	\$917,461
Boston	BOS	14,570	0.0%	14,570		14,570	1.715	24,988	15.1%	3,766	\$165	\$621,452
Tampa	TPA	12,650	0.0%	12,650		12,650	1.442	18,240	37.9%	6,919	\$145	\$1,003,183
Baltimore	BWI	12,180	0.0%	12,180		12,180	1.468	17,875	13.5%	2,418	\$150	\$362,739
Miami	MIA	11,190	0.0%	11,190		11,190	1.220	13,655	32.6%	4,454	\$155	\$690,301
New Orleans	MSY	9,680	0.0%	9,680		9,680	1.267	12,265	9.0%	1,107	\$150	\$166,024
Fort Lauderdale	FLL	8,830	0.0%	8,830		8,830	1.593	14,065	42.5%	5,972	\$150	\$895,858
Raleigh/Durham	RDU	7,830	0.0%	7,830		7,830	1.740	13,623	9.0%	1,220	\$145	\$176,916
Pittsburgh	PIT	5,870	0.0%	5,870		5,870	1.847	10,841	7.8%	846	\$150	\$126,897
Dayton	DAY	5,420	0.0%	5,420		5,420	1.747	9,468	15.7%	1,482	\$150	\$222,317
Jacksonville	JAX	5,310	0.0%	5,310		5,310	1.500	7,965	14.1%	1,122	\$140	\$157,017
Fort Myers	FMY	4,340	0.0%	4,340		4,340	1.153	5,006	17.8%	893	\$145	\$129,548
Greensboro	GSO	3,330	0.0%	3,330		3,330	1.620	5,396	35.3%	1,906	\$145	\$276,387
Savannah	SAV	3,110	0.0%	3,110		3,110	1.619	5,034	43.0%	2,163	\$135	\$292,032
Pensacola	PNS	2,360	0.0%	2,360		2,360	1.554	3,668	43.6%	1,598	\$140.	\$223,688
Buffalo	BUF	2,200	0.0%	2,200		2,200	1.121	2,467	47.5%	1,172	\$165	\$193,406
Tallahassee	TLH	1,510	0.0%	1,510		1,510	1.210	1,827	48.2%	881	\$140	\$123,364
Gulfport	GPT	1,060	0.0%	1,060		1,060	1.537	1,629	38.3%	591	\$140	\$82,702
Toledo	TOL	930	0.0%	930		930	1.506	1,401	70.4%	986	\$150	\$147,924
Akron/Canton	AKO	880	0.0%	880		880	1.878	1,653	33.2%	549	\$150	\$82,312
Myrtle Beach	MYR	840	0.0%	840		840	1.335	1,121	45.0%	505	\$140	\$70,652
Flint	FNT	500	0.0%	500		500	1.272	636	100.0%	636	\$150	\$95,431
Newport News/Norfolk	PHF	5,370	0.0%	5,370		5,370	1.022	5,490	15.5%	851	\$150	\$127,634
Total Connecting		222,350		222,350		222,350	1.499	333,213	23.9%	79,739	\$149	\$11,868,600
Total Route		255,300		255,300		255,300				142,470		\$19,709,912
Seats per Flight										107		
Annual Seats										234,330		
Load Factor										60.8%		

Table 3

**O&D Passengers Growth and Fare Changes In Wichita Markets  
with Potential Service by AirTran  
YE 2Q 1998 & YE 2Q 2001**

Market	Code	O&D Passengers		Percent Change	Avg. Annual Growth	Average Fare		Percent Change	Avg. Annual Growth
		YE 2Q '98	YE 2Q '01			YE 2Q '98	YE 2Q '01		
<u>Local Market</u>									
Atlanta	ATL	29,090	32,950	13.3%	4.2%	\$192	\$213	10.7%	3.5%
<u>FL Connectina Markets</u>									
Savannah	SAV	2,420	3,110	28.5%	8.7%	\$213	\$202	-5.4%	-1.8%
Myrtle Beach	MYR	500	840	68.0%	18.9%	\$171	\$178	4.2%	1.4%
Jacksonville	JAX	4,560	5,310	16.4%	5.2%	\$192	\$196	2.0%	0.7%
Orlando	ORL	34,310	27,680	-19.3%	-6.9%	\$143	\$168	17.7%	5.6%
Fort Lauderdale	FLL	9,130	8,830	-3.3%	-1.1%	\$183	\$221	20.7%	6.5%
Miami	MIA	11,750	11,190	-4.8%	-1.6%	\$180	\$183	1.5%	0.5%
Tampa	TPA	13,110	12,650	-3.5%	-1.2%	\$154	\$197	27.8%	8.5%
Raleigh/Durham	RDU	5,780	7,830	35.5%	10.6%	\$269	\$230	-14.4%	-5.1%
Fort Myers	FMY	3,670	4,340	10.3%	5.7%	\$143	\$163	14.2%	4.5%
Tallahassee	TLH	880	1,510	71.6%	19.7%	\$161	\$164	1.8%	0.6%
Greensboro	GSO	2,250	3,330	48.0%	14.0%	\$213	\$217	1.7%	0.6%
Newport News	PHF	340	110	-67.6%	-31.4%	\$172	\$153	-11.0%	-3.8%
Philadelphia	PHL	15,960	14,910	-6.6%	-2.2%	\$257	\$245	-4.5%	-1.5%
Baltimore	BWI	7,970	12,180	52.8%	15.2%	\$245	\$207	-15.6%	-5.5%
Boston	BOS	15,560	14,570	-6.4%	-2.2%	\$261	\$259	-0.8%	-0.3%
New York	NYC	33,570	32,570	-3.0%	-1.0%	\$267	\$234	-12.4%	-4.3%
Washington	WAS	27,620	27,230	-1.4%	-0.5%	\$214	\$200	-6.7%	-2.3%
Pensacola	PNS	1,450	2,360	62.8%	17.6%	\$188	\$202	7.5%	2.5%
Pittsburgh	PIT	7,130	5,870	-17.7%	-6.3%	\$219	\$250	14.0%	4.5%
Buffalo	BUF	2,580	2,200	-14.7%	-5.2%	\$302	\$182	-39.9%	-15.6%
Akron/Canton	AKO	980	880	-10.2%	-3.5%	\$197	\$254	29.0%	8.9%
Gulfport	GPT	850	1,060	24.7%	7.6%	\$156	\$200	28.1%	8.6%
Dayton	DAY	5,840	5,420	-7.2%	-2.5%	\$190	\$239	25.4%	7.8%
Toledo	TOL	970	930	-4.1%	-1.4%	\$169	\$211	24.8%	7.7%
Flint	FNT	310	500	61.3%	17.3%	\$170	\$183	7.7%	2.5%
New Orleans	MSY	9,900	9,680	-2.2%	-0.7%	\$173	\$183	5.4%	1.8%
Subtotal Connecting Markets		219,390	217,090	-1.0%	-0.4%	\$209	\$210	0.3%	0.1%
Total All Above Markets		248,480	250,040	0.6%	0.2%	\$207	\$210	1.5%	0.5%
Wichita - City Total		1,199,720	1,047,130	-12.7%	-4.4%	\$185	\$204	10.3%	3.3%

Table 4

**Development of Assumed Average Fares for AirTran Wichita Service  
Based on AirTran Experience in Selected Markets**

Market	Average Fares - YE 2Q 2001					Wichita Ave Fare w. AirTran	Routed Miles	Ave. Fare per Mile
	MLI	BMI	MSP	DFW	HOU			
ATL	\$114	\$125	\$124	\$135	\$119	\$125	780	\$0.1603
MCO	\$121	\$120	\$141	\$156	\$129	\$135	1,184	\$0.1140
TPA	\$130	\$131	\$155	\$158	\$137	\$145	1,186	\$0.1223
FLL	\$129	\$138	\$164	\$170	\$147	\$150	1,362	\$0.1101
FMY	\$137	\$136	\$143	\$155	\$151	\$145	1,296	\$0.1119
MIA	\$139	\$130	\$168	\$165	\$155	\$155	1,375	\$0.1127
VPS	\$129	\$125	\$135	\$142	\$133	\$135	1,000	\$0.1350
JAX	\$121	\$128	\$151	\$147	\$143	\$140	1,050	\$0.1333
SAV	\$125	\$124	\$132	\$136	\$143	\$135	994	\$0.1358
GPT	\$136	\$127	\$134	x	x	\$140	1,131	\$0.1238
MYR	\$126	\$115	\$125	\$137	\$146	\$140	1,096	\$0.1277
GSO	\$123	\$130	\$146	\$159	\$149	\$145	1,087	\$0.1334
RDU	\$128	\$142	\$142	\$166	\$137	\$145	1,136	\$0.1276
PHF	\$142	\$140	\$136	\$134	\$152	\$150	1,288	\$0.1165
NYC	\$161	\$150	\$163	\$169	\$179	\$165	1,542	\$0.1070
WAS	\$145	\$143	\$136	\$168	\$153	\$150	1,314	\$0.1142
PHL	\$144	\$155	\$134	\$168	\$174	\$155	1,445	\$0.1073
BOS	\$154	\$146	\$169	\$167	\$168	\$165	1,726	\$0.0956
BUF	x	x	x	\$177	\$152	\$165	1,492	\$0.1106
AKO	x	x	x	\$153	\$153	\$150	1,309	\$0.1146
DAY	x	x	x	\$161	\$143	\$150	1,213	\$0.1237
TOL	x	x	x	\$146	\$130	\$150	1,330	\$0.1128
FNT	x	x	y	\$148	\$146	\$150	1,426	\$0.1052
Average						\$148	1,272	\$0.1180

Table 4

**Development of Assumed Average Fares for AirTran Wichita Service  
Based on AirTran Experience in Selected Markets**

Market	Average Fare in BeyondATL Market More or Less than Average ATL Fare					Average 5-Mkt "Add-on"	Assumed ICT "Add-on"	ICT More (less) vs 5-MM
	MLI	BMI	MSP	DFW	HOU			
ATL	\$0	\$0	\$0	\$0	\$0			
MCO	\$7	-\$5	\$17	\$21	\$10	\$10	\$10	\$0
TPA	\$16	\$6	\$31	\$23	\$18	\$19	\$20	\$1
FLL	\$15	\$13	\$40	\$35	\$28	\$26	\$25	-\$1
FMY	\$23	\$11	\$19	\$20	\$32	\$21	\$20	-\$1
MIA	\$25	\$5	\$44	\$30	\$36	\$28	\$30	\$2
VPS	\$15	\$0	\$11	\$7	\$14	\$9	\$10	\$1
JAX	\$7	\$3	\$27	\$12	\$24	\$15	\$15	\$0
SAV	\$11	-\$1	\$8	\$1	\$24	\$9	\$10	\$1
GPT	\$22	\$2	\$10	x	x	\$11	\$15	\$4
MYR	\$12	-\$10	\$1	\$2	\$27	\$6	\$15	\$9
GSO	\$9	\$5	\$22	\$24	\$30	\$18	\$20	\$2
RDU	\$14	\$17	\$18	\$31	\$18	\$20	\$20	\$0
PHF	\$28	\$15	\$12	-\$1	\$33	\$17	\$25	\$8
NYC	\$47	\$25	\$39	\$34	\$60	\$41	\$40	-\$1
WAS	\$31	\$18	\$12	\$33	\$34	\$26	\$25	-\$1
PHL	\$30	\$30	\$10	\$33	\$55	\$32	\$30	-\$2
BOS	\$40	\$21	\$45	\$32	\$49	\$37	\$40	\$3
BUF	x	x	x	\$42	\$33	\$38	\$40	\$3
AKO	x	x	x	\$18	\$34	\$26	\$25	-\$1
DAY	x	x	x	\$26	\$24	\$25	\$25	\$0
TOL	x	x	x	\$11	\$11	\$11	\$25	\$14
FNT	x	x	x	\$13	\$27	\$20	\$25	\$5

Source: DOT O&D Survey, YE 2Q 2001; SH&E Estimates

Table 5

**Comparison of Assumed AirTran Average Fares at Wichita  
to Actual Kansas City & Tulsa Fares  
YE 2Q 2001**

Market	Code	ICT YE 2Q 2001 O&D Psgrs	Assumed AirTran Fare	MCI Avg. Fare All Carriers	TUL Avg. Fare All Carriers	Ratio AirTran ICT Fare	
						MCI	TUL
Atlanta	ATL	32,950	\$125	\$137	\$204	0.91	0.61
New York	NYC	32,570	\$165	\$204	\$273	0.81	0.60
Orlando	ORL	27,680	\$135	\$114	\$134	1.18	1.00
Washington	WAS	27,230	\$150	\$192	\$215	0.78	0.70
Philadelphia	PHL	14,910	\$155	\$249	\$280	0.62	0.55
Boston	BOS	14,570	\$165	\$198	\$247	0.83	0.67
Tampa	TPA	12,650	\$145	\$121	\$139	1.20	1.04
Baltimore	BWI	12,180	\$150	\$131	\$153	1.15	0.98
Miami	MIA	11,190	\$155	\$150	\$183	1.03	0.85
New Orleans	MSY	9,680	\$150	\$98	\$113	1.53	1.33
Fort Lauderdale	FLL	8,830	\$150	\$135	\$155	1.11	0.97
<b>Average Top 10 Cx Mkts</b>						<b>1.02</b>	<b>0.87</b>
Raleigh/Durham	RDU	7,830	\$145	\$124	\$128	1.17	1.13
Pittsburgh	PIT	5,870	\$150	\$156	\$255	0.96	0.59
Dayton	DAY	5,420	\$150	\$153	\$237	0.98	0.63
Newport News/Norfolk	PHF	5,370	\$150	\$182	\$213	0.82	0.70
Jacksonville	JAX	5,310	\$140	\$137	\$146	1.02	0.96
Fort Myers	FMY	4,340	\$145	\$136	\$161	1.07	0.90
Greensboro	GSO	3,330	\$145	\$179	\$153	0.81	0.95
Savannah	SAV	3,110	\$135	\$152	\$211	0.89	0.64
Pensacola	PNS	2,360	\$140	\$158	\$170	0.89	0.82
Buffalo	BUF	2,200	\$165	\$124	\$232	1.33	0.71
<b>Average Next Top 10 Cx Mkts</b>						<b>0.99</b>	<b>0.80</b>
Tallahassee	TLH	1,510	\$140	\$205	\$174	0.68	0.80
Gulfport	GPT	1,060	\$140	\$149	\$127	0.94	1.10
Toledo	TOL	930	\$150	\$146	\$148	1.03	1.01
Akron/Canton	AKO	880	\$150	\$121	\$154	1.24	0.97
Myrtle Beach	MYR	840	\$140	\$111	\$208	1.26	0.67
Flint	FNT	500	\$150	\$150	\$154	1.00	0.97

Source: *USDOT O&D* Survey. via Database Products

Table 6

## Analysis of Fare Elasticity Following Market Entry by AirTran

Market	Average Daily O&D Passengers				Average Fare				Calculation of Fare Elasticity		
	Period Before	Period After	Increase	Ratio After to Before	Period Before	Period After	Fare Change	Ratio After to Before	Loa of Fare-Chg	Log of Pax Chg	Fare Elasticity
	AirTran	AirTran	Psgrs	Before	AirTran	AirTran		Before			
<b>Atlanta Markets</b>											
Houston	974	1,409	435	1.45	\$211	\$130	-\$81	0.62	-0.210	0.160	-0.8
Hartford	514	885	371	1.72	\$242	\$124	-\$118	0.51	-0.290	0.236	-0.8
Richmond	426	700	274	1.64	\$223	\$118	-\$105	0.53	-0.276	0.216	-0.8
Greensboro	310	575	265	1.85	\$229	\$113	-\$116	0.49	-0.307	0.268	-0.9
Buffalo	269	443	174	1.65	\$169	\$119	-\$50	0.70	-0.152	0.217	-1.4
<b>Dayton</b>	261	521	260	2.00	\$178	\$116	-\$62	0.65	-0.186	0.300	-1.6
Average	459	756	297	1.65	\$209	\$120	-\$89	0.58	-0.240	0.216	-0.9
Moline	41	134	94	3.30	\$186	\$111	-\$75	0.60	-0.224	0.519	-2.3
Akron	24	264	240	11.00	\$186	\$89	-\$97	0.48	-0.320	1.041	-3.3
Flint	18	185	167	10.23	\$139	\$87	-\$52	0.63	-0.203	1.010	-5.0
Bloomington	17	159	142	9.19	\$206	\$118	-\$88	0.57	-0.242	0.963	-4.0
Average	25	186	161	7.43	\$179	\$101	-\$78	0.56	-0.248	0.871	-3.5
Wichita (Forecast)	90	211	120	2.33	\$213	\$125	-\$88	0.59	-0.231	0.368	-1.6
<b>Florida (Onestop Connexl Markets</b>											
Moline											
Orlando	44	140	96	3.19	\$148	\$103	-\$45	0.70	-0.157	0.504	-3.2
<b>Tampa</b>	26	63	37	2.45	\$155	\$112	-\$43	0.72	-0.141	0.389	-2.8
Ft. Lauderdale	11	31	21	2.97	\$173	\$119	-\$54	0.69	-0.162	0.473	-2.9
Bloomington											
Orlando	20	177	158	8.96	\$158	\$101	-\$57	0.64	-0.194	0.952	-4.9
Tampa	12	39	28	3.41	\$130	\$120	-\$10	0.92	-0.035	0.532	-15.3
Ft. Lauderdale	7	23	16	3.33	\$143	\$124	-\$19	0.87	-0.062	0.522	-8.4
Average MLI&BML	20	79	59	4.01	\$151	\$113	-\$38	0.75	-0.126	0.603	-4.8
Wichita (Forecast)											
Orlando	76	118	42	1.56	\$168	\$135	-\$33	0.80	-0.095	0.193	-2.0
Tampa	35	50	15	1.44	\$197	\$145	-\$52	0.74	-0.133	0.159	-1.2
Ft. Lauderdale	24	39	15	1.60	\$221	\$150	-\$71	0.68	-0.168	0.205	-1.2

1/ First ATL market group based on 3Q97 and 3Q98 data; second ATL group based on annual data, usually 1996 & 1998, or 1997 & 1999.

Florida markets based also on annual data.

Source: DOT 06 D Survey and DOT Consumer Fares Report.



Table 7

## Fare Stimulation Methodology and Assumptions

Market	Code	ICT Avg. Fare YE 2Q 01	Assumed Ave Fare w. AirTran	Change in Ave Fare	Ratio	Fare
					New Fare to YE 2Q 01	Stim at -1.2 Elast.
1/						
<u>Local Market</u>						
Atlanta	ATL	\$213	\$125	-\$88	0.59	2.603
<u>FL Connecting Markets</u>						
New York	NYC	\$234	\$165	-\$69	0.70	1.522
Orlando	ORL	\$168	\$135	-\$33	0.80	1.482
Washington	WAS	\$200	\$150	-\$50	0.75	1.412
Philadelphia	PHL	\$245	\$155	-\$90	0.63	1.734
Boston	BOS	\$259	\$165	-\$94	0.64	1.715
Tampa	TPA	\$197	\$145	-\$52	0.74	1.442
Baltimore	BWI	\$207	\$150	-\$57	0.73	1.468
Miami	MIA	\$183	\$155	-\$28	0.85	1.220
New Orleans	MSY	\$183	\$150	-\$33	0.82	1.267
Fort Lauderdale	FLL	\$221	\$150	-\$71	0.68	1.593
RaleighDurham	RDU	\$230	\$145	-\$85	0.63	1.740
Pittsburgh	PIT	\$250	\$150	-\$100	0.60	1.847
Dayton	DAY	\$239	\$150	-\$89	0.63	1.747
Jacksonville	JAX	\$196	\$140	-\$56	0.71	1.500
Fort Myers	FMY	\$163	\$145	-\$18	0.89	1.153
Greensboro	GSO	\$217	\$145	-\$72	0.67	1.620
Savannah	SAV	\$202	\$135	-\$67	0.67	1.619
Pensacola	PNS	\$202	\$140	-\$62	0.69	1.554
Buffalo	BUF	\$182	\$165	-\$17	0.91	1.121
Tallahassee	TLH	\$164	\$140	-\$24	0.85	1.210
Gulfport	GPT	\$200	\$140	-\$60	0.70	1.537
Toledo	TOL	\$211	\$150	-\$61	0.71	1.506
AkronCanton	AKO	\$254	\$150	-\$104	0.59	1.878
Myrtle Beach	MYR	\$178	\$140	-\$38	0.79	1.335
Flint	FNT	\$183	\$150	-\$33	0.82	1.272
Newport News	PHF	\$153	\$150	-\$3	0.98	1.022

1/ All markets at -7.2 elasticity, except Atlanta and Orlando at -1.8 elasticity.  
Higher elasticity in these two markets based on analysis of AirTran experience.  
and inclusion of service stimulation. See Table 6.



**Table 8**

**CSI Market Share Forecast for AirTran Service  
In Beyond Atlanta Connecting Markets**

ICT Market	Code	CSI				AirTran CSI Share
		Market	FL	DL	Other	
<b><u>Local Market</u></b>						
Atlanta	ATL	78.35	49.48	19.93	8.95	63.1%
<b><u>Connecting Markets</u></b>						
New York	NYC	50.99	6.35	3.11	41.53	12.5%
Orlando	ORL	24.06	5.49	1.69	16.89	22.8%
Washington	WAS	33.93	3.09	3.36	27.48	9.1%
Philadelphia	PHL	21.22	3.27	1.51	16.44	15.4%
Boston	BOS	22.22	2.24	1.61	18.37	10.1%
Tampa	TPA	17.31	3.97	1.68	11.66	22.9%
Baltimore	BWI	15.35	0.93	1.33	13.09	6.0%
Miami	MIA	16.36	2.88	1.39	12.08	17.6%
New Orleans	MSY	7.51	0.49	0.27	6.76	6.5%
Fort Lauderdale	FLL	16.56	4.55	1.44	10.57	27.5%
Raleigh/Durham	RDU	11.10	0.72	1.08	9.30	6.5%
Pittsburgh	PIT	10.54	0.56	0.68	9.30	5.3%
Dayton	DAY	7.62	1.00	0.43	6.19	13.2%
Jacksonville	JAX	11.57	1.05	1.46	9.06	9.1%
Fort Myers	FMY	5.71	0.59	1.48	3.64	10.3%
Greensboro	GSO	6.30	1.91	1.22	3.17	30.3%
Savannah	SAV	5.41	2.06	1.21	2.15	38.0%
Pensacola	PNS	4.69	1.81	0.31	2.57	38.6%
Buffalo	BUF	6.38	2.71	0.66	3.00	42.5%
Tallahassee	TLH	3.40	1.47	1.25	0.68	43.2%
Gulfport	GPT	3.06	0.96	0.39	1.71	31.3%
Toledo	TOL	2.29	1.50	0.43	0.37	65.4%
Akron/Canton	AKO	1.88	0.53	0.00	1.35	28.2%
Myrtle Beach	MYR	2.76	1.11	1.48	0.18	40.1%
Flint	FNT	1.77	1.77	0.00	0.00	100.0%
Newport News	PHF	8.17	0.86	1.93	5.38	10.5%

Source: SH&E Networks, December 2001 Schedules

**Table 9**

**Estimate of AirTran Market Share with Premium**

Market	Code	AirTran CSI Share	AirTran Mkt Shr Premium 1/	Forecast AirTran Mkt Shr
<b><u>Local Market</u></b>				
Atlanta	ATL	63.1%	10.0%	73.1%
<b><u>FL Connecting Markets</u></b>				
New York	NYC	12.5%	7.5%	20.0%
Orlando	ORL	22.8%	15.0%	37.8%
Washington	WAS	9.1%	7.5%	16.6%
Philadelphia	PHL	15.4%	7.5%	22.9%
Boston	BUS	10.1%	<b>5.0%</b>	15.1%
Tampa	TPA	22.9%	15.0%	37.9%
Baltimore	BWI	6.0%	7.5%	13.5%
Miami	MIA	17.6%	15.0%	32.6%
New Orleans	MSY	6.5%	<b>2.5%</b>	9.0%
Fort Lauderdale	FLL	27.5%	15.0%	42.5%
RaleighDurham	RDU	<b>6.5%</b>	2.5%	9.0%
Pittsburgh	PIT	5.3%	2.5%	<b>7.8%</b>
Dayton	DAY	13.2%	<b>2.5%</b>	15.7%
Jacksonville	JAX	9.1%	<b>5.0%</b>	14.1%
Fort Myers	FMY	10.3%	<b>7.5%</b>	17.8%
Greensboro	GSO	30.3%	<b>5.0%</b>	35.3%
Savannah	SAV	38.0%	<b>5.0%</b>	43.0%
Pensacola	PNS	38.6%	<b>5.0%</b>	43.6%
Buffalo	BUF	42.5%	<b>5.0%</b>	47.5%
Tallahassee	TLH	43.2%	<b>5.0%</b>	48.2%
Gulfport	GPT	31.3%	5.0%	36.3%
Toledo	TOL	65.4%	<b>5.0%</b>	70.4%
AkronCanton	AKO	28.2%	5.0%	33.2%
Myrtle Beach	MYR	40.0%	<b>5.0%</b>	45.0%
Flint	FNT	100.0%	0.0%	100.0%
Newport News	PHF	10.5%	5.0%	15.5%

1/ Estimated based on AirTran experience in other markets, 2Q 2001.

**Table 10**

**Distribution of Local and Connecting Passengers for Selected AirTran Routes and Average Load Factors**

**YE 2Q 2001**

AirTran Route	YE 2Q 01 Coupon O&D Passengers			% Distribution		Load Factor
	Local	Beyond	Total	Local	Beyond	
	ATL O&D	ATL O&D		Local	Beyond	
Moline	60,190	93,340	153,530	39%	61%	67.3%
Bloomington	65,850	91,110	156,960	42%	58%	71.0%
Houston	107,950	183,160	291,110	37%	63%	76.0%
Dallas/Ft. Worth	149,140	231,490	380,630	39%	61%	86.9%
Buffalo	92,540	77,810	170,350	54%	46%	75.3%

**Source: DOT O&D Survey, and DOT T-100 Database.**

Table 11

## Computation of Air Tran Forecast RPMs and Segment Revenue

(Revenues Allocated on Mileage Pro-Rate Basis)

Market	Code	Forecast Psgrs	Miles as Flown			Forecast RPMs			Percent of RPMs		Forecast Passenger Revenue		
			Local	Beyond	Total	Local	Beyond	Total	Local	Beyond	Total	Local	Beyond
<b>Local Market</b>													
Atlanta	ATL	62,730	780	0	780	48,929,790	0	48,929,790	100.0%	0.0%	\$7,841,312	\$7,841,312	\$0
<b>FL Connectina Markets</b>													
New York	NYC	9,893	780	762	1,542	7,716,445	7,538,373	15,254,818	50.6%	49.4%	\$1,632,325	\$825,690	\$806,635
Orlando	ORL	15,501	780	404	1,184	12,090,970	6,262,502	18,353,472	65.9%	34.1%	\$2,092,668	\$1,378,616	\$714,052
Washington	WAS	6,389	780	534	1,314	<b>4,983,480</b>	3,411,767	8,395,247	59.4%	40.6%	\$958,362	\$568,890	\$389,471
Philadelphia	PHL	5,919	780	665	1,445	4,616,899	3,936,202	8,553,102	54.0%	46.0%	\$917,461	\$495,238	\$422,222
Boston	BOS	3,766	780	946	1,726	2,937,773	3,562,991	6,500,763	45.2%	54.8%	\$621,452	\$280,842	\$340,610
Tampa	TPA	6,919	780	406	1,186	5,396,432	2,808,912	8,205,344	65.8%	34.2%	\$1,003,183	\$659,766	\$343,417
Baltimore	BWI	2,418	780	577	1,357	1,886,241	1,395,335	3,281,576	57.5%	42.5%	\$362,739	\$208,501	\$154,237
Miami	MIA	4,454	780	595	1,375	3,473,772	2,649,864	6,123,636	56.7%	43.3%	\$690,301	\$391,589	\$298,712
New Orleans	MSY	1,107	780	424	1,204	863,327	469,296	1,332,623	64.8%	35.2%	\$166,024	\$107,557	\$58,467
Fort Lauderdale	FLL	5,972	780	582	1,362	4,658,461	3,475,928	8,134,389	57.3%	42.7%	<b>\$895,858</b>	\$513,046	\$382,811
Raleigh/Durham	RDU	1,220	780	<b>356</b>	1,136	951,688	434,360	1,386,049	68.7%	31.3%	\$176,916	\$121,474	\$55,442
Pittsburgh	PIT	846	780	526	1,306	659,864	444,985	<b>1,104,849</b>	59.7%	40.3%	\$126,897	\$75,788	\$51,109
Dayton	DAY	1,482	780	433	1,213	1,156,051	641,756	<b>1,797,807</b>	<b>64.3%</b>	35.7%	\$222,317	\$142,958	\$79,360
Jacksonville	JAX	1,122	780	270	1,050	874,810	302,819	<b>1,177,629</b>	74.3%	25.7%	\$157,017	\$116,641	\$40,376
Fort Myers	FMY	893	780	516	1,296	696,880	461,013	1,157,892	60.2%	39.8%	<b>\$129,548</b>	<b>\$77,969</b>	\$51,579
Greensboro	GSO	1,906	780	307	1,087	<b>1,486,770</b>	585,177	2,071,947	71.8%	28.2%	\$276,387	\$198,327	<b>\$78,060</b>
Savannah	SAV	2,163	780	214	994	1,687,299	462,926	2,150,224	78.5%	21.5%	\$292,032	<b>\$229,160</b>	\$62,872
Pensacola	PNS	1,598	780	272	1,052	1,246,260	434,593	1,680,854	74.1%	25.9%	\$223,688	\$165,852	\$57,836
Buffalo	BUF	1,172	780	712	1,492	914,283	834,577	1,748,860	52.3%	47.7%	\$193,406	\$101,110	\$92,296
Tallahassee	TLH	881	780	223	<b>1,003</b>	687,312	196,501	883,813	<b>77.8%</b>	22.2%	\$123,364	\$95,936	\$27,428
Gulfport	GPT	591	780	351	1,131	460,771	207,347	668,117	69.0%	31.0%	\$82,702	\$57,036	\$25,666
Toledo	TOL	986	780	550	1,330	769,207	542,389	1,311,596	58.6%	<b>41.4%</b>	\$147,924	\$86,753	\$61,172
Akron/Canton	AKO	549	780	529	<b>1,309</b>	428,023	290,287	718,310	59.6%	40.4%	\$82,312	\$49,048	\$33,264
Myrtle Beach	MYR	505	780	316	1,096	393,630	159,471	553,100	71.2%	28.8%	\$70,652	\$50,281	\$20,370
Flint	FNT	636	780	646	1,426	496,240	410,988	907,228	54.7%	45.3%	\$95,431	\$52,199	\$43,232
Newport News	PHF	851	780	508	1,288	663,699	432,255	1,095,954	60.6%	39.4%	\$127,634	\$77,294	\$50,340
Total Connecting		79,739				62,196,585	42,352,615	104,549,200			<b>\$11,868,600</b>	\$7,127,563	<b>\$4,741,037</b>
Total Route		142,470				111,126,375	42,352,615	153,478,990			\$19,709,912	514,968,875	\$4,741,037

**Table 12**

**Projected Operating Statistics for  
Nonstop Wichita - Atlanta Service**

**Three Daily Roundtrips**

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Annual Departures (100% Completion)	2,190
Annual Seats with 107 Seat 8-717	234,330
Segment Distance	780
Annual Aircraft Miles	1,708,200
ASM's	182,777,400
Segment <b>RPM's</b>	111,126,375
Block Hours per Flight	2.166
Annual Block Hours	4,744
AirTran Passengers	142,470
Segment Load Factor	60.8%

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Table 13

Forecast Operating Expenses for  
Wichita - Atlanta Service by AirTran Airways

Daily Roundtrip Operated B-717 / DC-9-30 Aircraft

Item	Unit Basis	Unit cost	Activity Units		Projected Expenses		Total
			Local	Beyond	Local	Beyond	
<b><u>Direct Operating Expenses 1/</u></b>							
Flying Operations	Per Block Hr.	\$1,245	4,744		\$5,905,707	--	\$5,905,707
Maintenance	Per Block Hr.	\$588	4,744		\$2,789,202	--	\$2,789,202
Ownership	Per Block Hr.	<u>\$177</u>	4,744		<u>\$839,607</u>	--	<u>\$839,607</u>
<b>Subtotal Direct</b>		<b>\$2,010</b>			<b>\$9,534,515</b>		<b>\$9,534,515</b>
<b><u>Indirect Operating Expenses</u></b>							
Passenger Service	per RPM	\$0.0063	111,126,375	42,352,615	\$700,096	\$266,821 3/	\$966,918
Aircraft & Traffic Servicing	per Seat	\$8.21	234,330	79,739	\$1,923,849	\$654,659 2/	\$2,578,508
Promotion & Sales	of Psgr Rev	12.1%	\$14,968,875	\$4,741,037	\$1,811,234	\$573,666	\$2,384,899
General & Administrative	per ASM	\$0.0052	182,777,400	42,352,615	<u>\$950,442</u>	<u>\$220,234 3/</u>	<u>\$1,170,676</u>
<b>Subtotal Indirect</b>					<b>\$5,385,622</b>	<b>\$1,715,380</b>	<b>\$7,101,001</b>
<b>Total Operating Expenses</b>	Resultant Ave/Bl.Hr.	<b>\$3,145</b>	<b>4,744</b>		<b>\$14,920,137</b>	<b>\$1,715,380</b>	<b>\$16,635,517</b>

Notes:

1/ Direct Operating Costs for AirTran DC-9-30.

2/ Beyond costs allocated on the basis of beyond passengers

3/ Beyond costs allocated on the basis of RPM's flown

Source: US DOT Form 41, YE2Q 2001

**Table 14**

**Forecast Financial Results for  
Wichita - Atlanta AirTran Airways Service**

**Assuming Experienced DC-9-30 AirTran Costs  
Normalized Year, Without Provision for "Spool-up"**

	Segment Contribution	Beyond Contribution	System Contribution
<b><u>Revenue</u></b>			
Passenger	<u>\$14,968,875</u>	<u>\$4,741,037</u>	<u>\$19,709,912</u>
Total	\$14,968,875	\$4,741,037	\$19,709,912
<b><u>Expenses</u></b>			
Direct	\$9,534,515	\$0 <sup>11</sup>	\$9,534,515
Indirect	\$5,385,622	\$1,715,380	\$7,101,001
Total Expenses	\$14,920,137	\$1,715,380	\$16,635,517
Operating Profit	\$48,738	\$3,025,658	\$3,074,396
Operating Profit Margin	0.3%		15.6%

1/ Assumes no assigned capacity cost for existing flights beyond ATL used for connections.  
If full capacity cost allocation were made at system DOC cost rate of \$. 0582 per ASM,  
then allocated DOC's would be:

ASMs (assuming 75% syst. L.F.)	56,470,154
DOC per ASM	\$0.0582
Beyond ATL Capacity Expense	\$3,286,563

**Table 15**

**Forecast Financial Results for  
Wichita - Atlanta AirTran Airways Service**

**Based on Contract Rate & Provision for "Spool-up" Period**

	<b>Segment Contribution</b>	<b>Beyond Contribution</b>	<b>System Contribution</b>
<b><u>Revenue</u></b>			
Passenger	<b><u>\$14,968,875</u></b>	<b><u>\$4,741,037</u></b>	<b><u>\$19,709,912</u></b>
Total	<b>\$14,968,875</b>	<b>\$4,741,037</b>	<b>\$19,709,912</b>
<b><u>Expenses</u></b>			
Block Hours	<b>4,744</b>		
Cost per Block Hour	<b>\$3,100</b>		
Total Expenses	<b>\$14,704,974</b>		
Operating Profit	<b>\$263,901</b>		
Operating Profit Margin	<b>1.8%</b>		
<b>Provision for "Spool-up" Period</b>			
90 Days at 20% of Normal Revenue	<b>-\$748,444</b>		
Operating Profit After "Spool-up"	<b>-\$484,543</b>		



Table 16

**Estimate of the Increase in Passengers at Wichita  
Due to Air Tran's Proposed Service**

	Wichita O&D Psgrs			% of Increase Achieved	Estimated Increase in O&D Psgrs
	Forecast without Air Tran	Forecast With Air Tran	Increase		
Local Atlanta Market	32,950	85,761	52,811	90%	47,530
Connecting Markets	<u>222,350</u>	<u>333,213</u>	<u>110,863</u>	50%	<u>55,432</u>
Total Air Tran Markets	255,300	418,974	163,674		102,961
Wichita City Total	1,047,130				
Estimated Achieved Increase as % of Wichita City-Total				10%	

**Source: Tables 2 and 3.**

Table 17

## Estimated Fare Savings Due to Air Tran Entry at Wichita

Market	Wichita O&D Psgrs W/Stim.	AirTran Market Share	AirTran Forecast Psgrs	Revenue at Air Tran Fares			Revenue at Existing Fares			Fare Savings due to Air Tran Entry					
				AirTran Avg. Fare	AirTran Passenger Revenue	Total Other Carriers Revenues	YE 2Q 0 Existing Fare	AirTran Passenger Revenue	Total Other Carriers Revenues	Air Tran Psgrs	Other Carriers Psgrs	Other Car. Achieved %	Other Carriers Achieved Savings	Total Fare Savings	
<b>Local Market</b>															
Atlanta	85,761	73.1%	62,730	\$125	\$7,841,312	\$2,878,782	\$213	\$13,361,596	\$4,905,445	\$5,520,284	\$2,641,502	75%	\$1,981,126	\$7,501,410	
<b>Air Tran Connectina Markets</b>															
New York	49,579	20.0%	9,893	\$165	\$1,632,325	\$6,548,192	\$234	\$2,316,714	\$9,293,670	\$684,389	\$2,745,478	50%	\$1,372,739	\$2,057,128	
Orlando	41,010	37.8%	15,501	\$135	\$2,092,668	\$3,443,676	\$168	\$2,603,434	\$4,284,189	\$510,766	\$840,512	50%	\$420,256	\$931,022	
Washington	38,452	16.6%	6,389	\$150	\$958,362	\$4,809,479	\$200	\$1,277,688	\$6,411,998	\$319,326	\$1,602,519	50%	\$801,259	\$1,120,585	
Philadelphia	25,860	22.9%	5,919	\$155	\$917,461	\$3,090,868	\$245	\$1,451,719	\$4,890,751	\$534,258	\$1,799,882	50%	\$899,941	\$1,434,199	
Boston	24,988	15.1%	3,766	\$165	\$621,452	\$3,501,590	\$259	\$974,173	\$5,489,008	\$352,721	\$1,987,418	50%	\$993,709	\$1,346,430	
Tampa	18,240	37.9%	6,919	\$145	\$1,003,183	\$1,641,552	\$197	\$1,360,869	\$2,226,850	\$357,687	\$585,298	50%	\$292,649	\$650,336	
Baltimore	17,875	13.5%	2,418	\$150	\$362,739	\$2,318,485	\$207	\$499,370	\$3,191,782	\$136,632	\$873,296	50%	\$436,648	\$573,280	
Miami	13,655	32.6%	4,454	\$155	\$690,301	\$1,426,206	\$183	\$814,867	\$1,683,567	\$124,566	\$257,361	50%	\$128,681	\$253,246	
New Orleans	12,265	9.0%	1,107	\$150	\$166,024	\$1,673,660	\$183	\$202,218	\$2,038,518	\$36,193	\$364,858	50%	\$182,429	\$218,622	
Fort Lauderdale	14,065	42.5%	5,972	\$150	\$895,858	\$1,213,865	\$221	\$1,320,435	\$1,789,156	\$424,577	\$575,291	50%	\$287,646	\$712,222	
Raleigh/Durham	13,623	9.0%	1,220	\$145	\$176,916	\$1,798,471	\$230	\$280,675	\$2,853,243	\$103,758	\$1,054,772	50%	\$527,386	\$631,144	
Pittsburgh	10,841	7.8%	846	\$150	\$126,897	\$1,499,315	\$250	\$211,588	\$2,499,958	\$84,691	\$1,000,643	50%	\$500,321	\$585,012	
Dayton	9,468	15.7%	1,482	\$150	\$222,317	\$1,197,835	\$239	\$353,870	\$1,906,634	\$131,553	\$708,799	50%	\$354,399	\$485,952	
Jacksonville	7,965	14.1%	1,122	\$140	\$157,017	\$958,031	\$196	\$220,127	\$1,343,091	\$63,110	\$385,060	50%	\$192,530	\$255,640	
Fort Myers	5,006	17.8%	893	\$145	\$129,548	\$596,329	\$163	\$145,916	\$671,673	\$16,368	\$75,343	50%	\$37,672	\$54,039	
Greensboro	5,396	35.3%	1,906	\$145	\$276,387	\$505,993	\$217	\$413,227	\$756,512	\$136,840	\$250,519	50%	\$125,260	\$262,100	
Savannah	5,034	43.0%	2,163	\$135	\$292,032	\$387,623	\$202	\$436,275	\$579,081	\$144,242	\$191,457	50%	\$95,729	\$239,971	
Pensacola	3,668	43.6%	1,598	\$140	\$223,688	\$289,819	\$202	\$323,021	\$418,520	\$99,333	\$128,700	50%	\$64,350	\$163,684	
Buffalo	2,467	47.5%	1,172	\$165	\$193,406	\$213,578	\$182	\$212,747	\$234,936	\$19,341	\$21,358	50%	\$10,679	\$30,020	
Tallahassee	1,027	48.2%	881	\$140	\$123,364	\$132,425	\$164	\$144,600	\$155,221	\$21,236	\$22,796	50%	\$11,398	\$32,634	
Gulfport	1,629	36.3%	591	\$140	\$82,702	\$145,424	\$200	\$118,341	\$208,091	\$35,639	\$62,667	50%	\$31,334	\$66,972	
Toledo	1,401	70.4%	986	\$150	\$147,924	\$62,165	\$211	\$208,080	\$87,445	\$60,156	\$25,280	50%	\$12,640	\$72,796	
Akron/Canton	1,653	33.2%	549	\$150	\$82,312	\$165,616	\$254	\$139,104	\$280,046	\$56,872	\$114,430	50%	\$57,215	\$114,087	
Myrtle Beach	1,121	45.0%	505	\$140	\$70,652	\$86,352	\$178	\$09,889	\$109,864	\$19,237	\$23,512	50%	\$11,756	\$30,994	
Flint	636	#####	636	\$150	\$95,431	\$0	\$183	\$116,648	\$0	\$21,217	\$0	50%	\$0	\$21,217	
Newport News/Norfolk	5,490	15.5%	851	\$150	\$127,634	\$695,813	\$153	\$130,000	\$708,709	\$2,365	\$12,896	50%	\$6,448	\$8,813	
Total Connecting	333,213	23.9%	79,739	\$149	\$11,868,600	\$38,402,364		\$16,365,674	\$54,112,510	\$4,497,074	\$15,710,146		\$7,855,073	\$12,352,147	
Total Route	418,974		142,470		\$19,709,912	\$41,281,146		\$29,727,270	\$59,017,955	\$10,017,358	\$18,351,648		\$9,836,199	\$19,853,557	

Source: From Table 2 and Table 7.

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**Analysis of Proposed AirTran  
Wichita-Atlanta Service**

Appendix Tables

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Table A-1

**Actual Market Share By Carrier in  
Potential Wichita Markets Served by AirTran  
YE 2Q 2001**

Market	Code	Total	TW	DL	AA	UA	NW	CO	HP	US	Commuter	Other
Atlanta	ATL	32,950	3,440	24,130	2,600	810	1,610	250	0	20	0	90
New York	NYC	32,570	14,760	3,240	4,940	4,720	2,720	1,960	0	200	0	30
Orlando	ORL	27,680	10,480	7,270	2,970	1,420	4,270	1,170	0	100	0	0
Washington	WAS	27,230	10,200	2,740	3,460	7,350	1,960	610	0	910	0	0
Philadelphia	PHL	14,910	6,740	1,140	1,460	2,060	920	420	0	2,170	0	0
Boston	BOS	14,570	6,760	1,380	1,970	2,690	1,430	160	0	180	0	0
Tampa	TPA	12,650	4,890	2,730	2,050	630	1,610	690	0	50	0	0
Baltimore	BWI	12,180	6,110	1,690	1,200	2,710	50	260	0	160	0	0
Miami	MIA	11,190	4,760	1,130	3,260	650	700	640	20	30	0	0
New Orleans	MSY	9,680	2,090	1,210	2,930	50	1,490	1,910	0	0	0	0
Fort Lauderdale	FLL	8,830	3,230	2,680	1,610	80	600	600	0	30	0	0
Raleigh/Durham	RDU	7,830	2,910	1,280	2,110	720	540	170	0	100	0	0
Pittsburgh	PIT	5,870	2,890	350	240	1,020	180	10	0	1,070	110	0
Dayton	DAY	5,420	4,390	350	170	490	20	0	0	0	0	0
Newport News/Norfolk	PHF	5,370	2,450	1,390	490	540	130	110	0	260	0	0
Jacksonville	JAX	5,310	1,640	1,770	790	140	710	210	0	50	0	0
Fort Myers	FMY	4,340	2,340	1,280	220	70	30	270	0	130	0	0
Greensboro	GSO	3,330	0	2,020	460	520	70	160	0	100	0	0
Savannah	SAV	3,110	0	2,220	510	220	0	120	0	40	0	0
Pensacola	PNS	2,360	0	1,140	10	0	400	320	0	60	430	0
Buffalo	BUF	2,200	0	790	250	850	180	0	0	130	0	0
Tallahassee	TLH	1,510	0	1,120	0	0	120	0	0	20	250	0
Gulfport	GPT	1,060	0	170	0	0	650	240	0	0	0	0
Toledo	TOL	930	0	790	40	0	100	0	0	0	0	0
Akron/Canton	AKO	880	0	520	0	260	20	0	0	80	0	0
Myrtle Beach	MYR	840	0	720	0	0	0	0	0	120	0	0
Flint	FNT	500	10	0	10	0	440	0	0	40	0	0
Subtotal Above		255,300	90,090	59,150	33,750	28,000	20,950	9,110	7,290	6,050	790	120

Source: US DOT O&D Survey, via Database Products

Table A-1

**Actual Market Share By Carrier in  
Potential Wichita Markets Served by AirTran  
YE 2Q 2001**

Market	Code	Total	TW	DL	AA	UA	NW	CO	HP	US	Commuter	Other
Atlanta	ATL	100.0%	10.4%	73.2%	7.9%	2.5%	4.9%	0.8%	0.0%	0.1%	0.0%	0.3%
New York	NYC	100.0%	45.3%	9.9%	15.2%	14.5%	8.4%	6.0%	0.0%	0.6%	0.0%	0.1%
Orlando	ORL	100.0%	37.9%	26.3%	10.7%	5.1%	15.4%	4.2%	0.0%	0.4%	0.0%	0.0%
Washington	WAS	100.0%	37.5%	10.1%	12.7%	27.0%	7.2%	2.2%	0.0%	3.3%	0.0%	0.0%
Philadelphia	PHL	100.0%	45.2%	7.6%	9.8%	13.8%	6.2%	2.8%	0.0%	14.6%	0.0%	0.0%
Boston	BOS	100.0%	46.4%	9.5%	13.5%	18.5%	9.8%	1.1%	0.0%	1.2%	0.0%	0.0%
Tampa	TPA	100.0%	38.7%	21.6%	16.2%	5.0%	12.7%	5.5%	0.0%	0.4%	0.0%	0.0%
Baltimore	BWI	100.0%	50.2%	13.9%	9.9%	22.2%	0.4%	2.1%	0.0%	1.3%	0.0%	0.0%
Miami	MIA	100.0%	42.5%	10.1%	29.1%	5.8%	6.3%	5.7%	0.2%	0.3%	0.0%	0.0%
New Orleans	MSY	100.0%	21.6%	12.5%	30.3%	0.5%	15.4%	19.7%	0.0%	0.0%	0.0%	0.0%
Fort Lauderdale	FLL	100.0%	36.6%	30.4%	18.2%	0.9%	6.8%	6.8%	0.0%	0.3%	0.0%	0.0%
Raleigh/Durham	RDU	100.0%	37.2%	16.3%	26.9%	9.2%	6.9%	2.2%	0.0%	1.3%	0.0%	0.0%
Pittsburgh	PIT	100.0%	49.2%	6.0%	4.1%	17.4%	3.1%	0.2%	0.0%	18.2%	1.9%	0.0%
Dayton	DAY	100.0%	81.0%	6.5%	3.1%	9.0%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Newport News/Norfolk	PHF	100.0%	45.6%	25.9%	9.1%	10.1%	2.4%	2.0%	0.0%	4.8%	0.0%	0.0%
Jacksonville	JAX	100.0%	30.9%	33.3%	14.9%	2.6%	13.4%	4.0%	0.0%	0.9%	0.0%	0.0%
Fort Myers	FMY	100.0%	53.9%	29.5%	5.1%	1.6%	0.7%	6.2%	0.0%	3.0%	0.0%	0.0%
Greensboro	GSO	100.0%	0.0%	60.7%	13.8%	15.6%	2.1%	4.8%	0.0%	3.0%	0.0%	0.0%
Savannah	SAV	100.0%	0.0%	71.4%	16.4%	7.1%	0.0%	3.9%	0.0%	1.3%	0.0%	0.0%
Pensacola	PNS	100.0%	0.0%	48.3%	0.4%	0.0%	16.9%	13.6%	0.0%	2.5%	18.2%	0.0%
Buffalo	BUF	100.0%	0.0%	35.9%	11.4%	38.6%	8.2%	0.0%	0.0%	5.9%	0.0%	0.0%
Tallahassee	TLH	100.0%	0.0%	74.2%	0.0%	0.0%	7.9%	0.0%	0.0%	1.3%	16.6%	0.0%
Gulfport	GPT	100.0%	0.0%	16.0%	0.0%	0.0%	61.3%	22.6%	0.0%	0.0%	0.0%	0.0%
Toledo	TOL	100.0%	0.0%	84.9%	4.3%	0.0%	10.8%	0.0%	0.0%	0.0%	0.0%	0.0%
Akron/Canton	AKO	100.0%	0.0%	59.1%	0.0%	29.5%	2.3%	0.0%	0.0%	9.1%	0.0%	0.0%
Myrtle Beach	MYR	100.0%	0.0%	85.7%	0.0%	0.0%	0.0%	0.0%	0.0%	14.3%	0.0%	0.0%
Flint	FNT	100.0%	2.0%	0.0%	2.0%	0.0%	88.0%	0.0%	0.0%	8.0%	0.0%	0.0%
Subtotal Above		100.0%	35.3%	23.2%	13.2%	11.0%	8.2%	3.6%	2.9%	2.4%	0.3%	0.0%

Source: US DOT O&D Survey, via Database Products

Table A-2

Analysis of AirTran Traffic & Service Shares in Selected Markets  
2Q 2001 & May 2001 Schedules

**A. Atlanta Markets**

Market	Code	2Q 2001 Passengers		FL Share	May 2001 CSI		FL Share	Ratio FL	AirTran
		FL	All Carriers		FL	All Carriers		Pax Share to CSI Share	Pct Points Premium/Gap
<b>Hubs</b>									
Memphis	MEM	18,550	106,220	17.5%	62.66	335.10	18.7%	0.93	-1.2%
Pittsburgh	PIT	17,170	97,890	17.5%	44.19	242.62	18.2%	0.96	-0.7%
Washington	WAS	67,960	318,950	21.3%	109.38	731.09	15.0%	1.42	6.3%
Chicago	CHI	82,960	334,810	24.8%	125.26	580.01	21.6%	1.15	3.2%
Miami	MIA	21,640	143,330	15.1%	42.41	462.82	9.2%	1.65	5.9%
Philadelphia	PHL	26,230	220,980	11.9%	52.13	349.21	14.9%	0.80	-3.1%
Houston	HOU	26,720	146,000	18.3%	71.20	413.21	17.2%	1.06	1.1%
Dallas/Fort Worth	DFW	36,150	247,070	14.6%	72.25	560.84	12.9%	1.14	1.7%
New York/Newark	NYC	93,840	647,500	14.5%	147.62	922.45	16.0%	0.91	-1.5%
Minneapolis	MSP	9,590	116,480	8.2%	39.91	238.13	16.8%	0.49	-8.5%
<b>Other Cities</b>									
Fort Myers	FMY	13,480	44,400	30.4%	25.30	238.79	10.6%	2.87	19.8%
Raleigh/Durham	RDU	30,070	132,140	22.8%	48.27	309.39	15.6%	1.46	7.2%
Jacksonville	JAX	23,180	93,580	24.8%	62.62	391.30	16.0%	1.55	8.8%
Savannah	SAV	12,270	45,770	26.8%	56.90	311.40	18.3%	1.47	8.5%
Boston	BOS	41,790	216,650	19.3%	64.69	350.07	18.5%	1.04	0.8%
New Orleans	MSY	27,650	87,820	31.5%	62.04	324.02	19.1%	1.64	12.3%
Fort Lauderdale	FLL	44,840	154,790	29.0%	86.77	437.79	19.8%	1.46	9.1%
Tampa	TPA	48,120	164,050	29.3%	114.21	484.37	23.6%	1.24	5.8%
Greensboro	GSO	19,560	63,020	31.0%	55.79	222.39	25.1%	1.24	6.0%
Orlando	ORL	69,710	180,340	38.7%	188.05	685.22	27.4%	1.41	11.2%
Buffalo	BUF	21,020	54,010	38.9%	46.91	138.88	33.8%	1.15	5.1%
Dayton	DAY	29,460	59,850	49.2%	64.29	166.55	38.6%	1.28	10.6%
Myrtle Beach	MYR	17,820	27,050	65.9%	49.85	108.22	46.1%	1.43	19.8%
Valparaiso	VPS	16,930	24,290	69.7%	57.38	110.90	51.7%	1.35	18.0%
Gulfport	GPT	17,170	23,760	72.3%	54.74	85.97	63.7%	1.13	8.6%
Toledo	TOL	14,150	19,110	74.0%	45.87	67.47	68.0%	1.09	6.1%
Moline	MLI	14,060	16,160	87.0%	51.90	58.26	89.1%	0.98	-2.1%
Flint	FNT	17,680	20,690	85.5%	66.73	69.73	95.7%	0.89	-10.2%
Akron/Canton	AKO	25,390	27,280	93.1%	74.85	76.77	97.5%	0.95	-4.4%
Bloomington	BMI	16,280	16,880	96.4%	54.48	55.72	97.8%	0.99	-1.3%
Newport News	PHF	28,310	29,050	97.5%	79.83	79.83	100.0%	0.97	-2.5%
<b>Hub Total</b>									
Weighted Average		400,810	2,379,230	16.8%	767.01	4,835.48	15.9%	1.06	1.0%
Simple Average				16.4%			16.0%	1.05	0.3%
<b>Other Cities 1/</b>									
Weighted Average		447,220	1,390,630	32.2%	1,083.67	4,432.71	24.4%	1.32	7.7%
<b>Simple Average</b>				<b>40.8%</b>			<b>31.0%</b>	<b>1.43</b>	<b>9.9%</b>
<b>Total Above</b>									
Weighted Average		949,750	3,879,920	24.5%	2,178.46	9,608.50	22.7%	1.08	1.8%
Simple Average				41.2%			36.7%	1.23	4.5%

1/ Excludes "non-competitive" cities, having greater than 89% FL Passenger Share

Source: US DO O&amp;D Survey via Database Products SH&amp;E Networks, May 2001 Schedules

Table A-2  
Analysis of AirTran Traffic & Service Shares in Selected Markets  
2Q 2001 & May 2001 Schedules

B. Florida Markets

Market	Code	2Q 2001 Passengers		FL Share	May 2001 CSI		FL Share	Ratio FL Pax Share to CSI Share	AirTran Pct. Points Premium/Ga
		FL	All Carriers		FL	All Carriers			
<b><u>Akron</u></b>									
Orlando	MCO	9,020	15,040	60.0%	760	1485	51.2%	117	8.8%
Tampa	TPA	4,980	10,650	46.8%	468	1029	45.5%	103	1.3%
Fort Lauderdale	FLL	2,120	4,540	46.7%	469	936	50.1%	0.93	-3.4%
Fort Myers	FMY	3,270	5,780	56.6%	0.87	404	21.6%	2.62	35.0%
Miami	MIA	560	2,230	25.1%	0.94	561	16.7%	1.51	8.4%
Weighted Average		19,950	38,240	52.2%	1878	4415	42.5%	1.23	9.6%
Simple Average				47.0%			37.0%	1.45	10.0%
<b><u>Dayton</u></b>									
Orlando	MCO	4,840	20,120	24.1%	511	2155	23.7%	101	0.3%
Tampa	TPA	3,610	18,350	19.7%	348	1928	18.0%	109	1.6%
Fort Lauderdale	FLL	1,630	10,590	15.4%	387	2220	17.4%	0.88	-2.0%
Fort Myers	FMY	1,240	10,710	11.6%	0.88	1402	6.2%	1.85	5.3%
Miami	MIA	690	8,910	7.7%	236	2293	10.3%	0.75	-2.5%
Weighted Average		12,010	68,680	17.5%	1569	9999	15.7%	1.11	1.8%
Simple Average				15.7%			15.1%	1.12	0.5%
<b><u>Oreenboro</u></b>									
Orlando	MCO	4,280	24,040	17.8%	269	3633	7.4%	2.41	10.4%
Tampa	TPA	2,470	15,590	15.8%	252	1448	17.4%	0.91	-1.5%
Fort Lauderdale	FLL	1,970	12,010	16.4%	208	14.58	14.3%	1.15	2.1%
Fort Myers	FMY	500	4,630	10.8%	0.78	1069	7.3%	1.48	3.5%
Miami	MIA	1,120	13,600	8.2%	0.75	1459	5.1%	1.60	3.1%
Weighted Average		10,340	69,870	14.8%	882	9068	9.7%	1.52	5.1%
Simple Average				13.8%			10.3%	1.51	3.5%
<b><u>Memphis</u></b>									
Orlando	MCO	3,470	33,020	10.5%	347	106.04	3.3%	3.22	7.2%
Tampa	TPA	1,870	22,430	8.3%	245	7631	3.2%	2.60	5.1%
Fort Lauderdale	FLL	2,520	12,410	20.3%	398	30.56	13.0%	1.56	7.3%
Fort Myers	FMY	830	4,070	20.4%	0.64	825	7.7%	2.63	12.6%
Miami	MIA	660	15,750	4.2%	1.89	4483	4.2%	0.99	0.0%
Weighted Average		9,350	87,680	10.7%	1243	266.00	4.7%	2.28	6.0%
Simple Average				12.7%			6.3%	2.20	6.5%
<b><u>Toledo</u></b>									
Orlando	MCO	5,560	13,440	41.4%	380	1386	27.4%	1.51	13.9%
Tampa	TPA	3,740	8,880	42.1%	312	1139	27.4%	1.54	14.7%
Fort Lauderdale	FLL	2,270	5,370	42.3%	395	1143	34.5%	1.22	7.7%
Fort Myers	FMY	2,260	5,760	39.2%	1.29	604	21.4%	1.83	17.8%
Miami	MIA	1,250	3,760	33.2%	1.93	885	21.8%	1.52	11.4%
Weighted Average		15,080	37,210	40.5%	1410	5157	27.3%	1.48	13.2%
Simple Average				39.6%			26.5%	1.52	13.1%

Source: US DO ORD Survey, via Database Products.SH&E Networks, May 2001 Schedules

**Table A-2  
Analysis of AirTran Traffic & Service Shares in Selected Markets**

**2Q 2001 & May 2001 Schedules**

**C. Northeast Markets**

Market	Code	2Q 2001 Passengers		FL Share	May2001 CSI		FL Share	Ratio FL	AirTran
		FL	All Carriers		FL	All Carriers		Pax Share CSI Share	Pct. Points Premium/Ga
<b><u>Houston</u></b>									
New York	NYC	10,890	242,820	4.5%	10.44	476.21	2.2%	2.05	2.3%
Washington	WAS	3,440	93,640	3.7%	6.45	250.76	2.6%	1.43	1.1%
Philadelphia	PHL	3,310	69,280	4.8%	3.42	158.80	2.2%	2.22	2.6%
Boston	BOS	3,430	67,410	5.1%	4.97	174.61	2.8%	1.79	2.2%
Weighted Average		21,070	473,150	4.5%	25.28	1,060.37	2.4%	1.87	2.1%
Simple Average				4.5%			2.4%	1.87	2.1%
<b><u>Dallas/Ft Worth</u></b>									
New York	NYC	8,460	331,320	2.6%	0.00	0.00	0.0%	--	2.6%
Washington	WAS	6,290	190,460	3.3%	0.75	465.49	0.2%	20.61	3.1%
Philadelphia	PHL	3,120	97,350	3.2%	0.00	0.00	0.0%	--	3.2%
Boston	BOS	3,250	111,410	2.9%	0.00	0.00	0.0%	--	2.9%
Weighted Average		21,120	730,540	2.9%	0.75	465.49	0.2%	18.05	2.7%
Simple Average				3.0%			0.0%	20.61	3.0%
<b><u>Memphis</u></b>									
New York	NYC	2,870	65,590	4.4%	5.74	174.94	3.3%	1.33	1.1%
Washington	WAS	3,350	48,710	6.9%	3.19	118.19	2.7%	2.55	4.2%
Philadelphia	PHL	750	24,920	3.0%	2.34	66.83	3.5%	0.86	-0.5%
Boston	BOS	1,640	23,050	7.1%	2.42	81.72	3.0%	2.40	4.1%
Weighted Average		8,610	162,270	5.3%	13.69	441.68	3.1%	1.71	2.2%
Simple Average				5.3%			3.1%	1.79	2.2%

Source: US DO O&D Survey, via Database Products, SH&E Networks; May 2007 Schedules



Table A-3

**Traffic Stimulation Analysis  
O&D Passengers & Average Fares  
in Selected AirTran Markets  
1996 - YE 2Q 2001**

Market	Year	All Carriers		Average Fare	% Change From Prior Year	
		O&D Psgrs	Psgr Revenue		Psgrs	Avg. Fare
<b><u>MLI-ATL</u></b>						
	1995	12,500	\$2,310,000	\$185	--	--
	1996	12,850	<b>\$2,550,000</b>	\$198	2.8%	7.4%
	1997	14,810	\$2,760,000	\$186	15.3%	-6.1%
	1998	22,460	<b>\$3,390,000</b>	\$151	51.7%	-19.0%
	1999	48,940	\$5,410,000	\$111	117.9%	-26.8%
	2000	70,250	<b>\$7,930,000</b>	\$113	43.5%	2.1%
	YE 2Q 200	68,980	\$7,918,480	\$115	-1.8%	1.7%
<b><u>MLI-MCO</u></b>						
	1995	12,090	\$1,840,000	\$152	--	--
	1996	15,960	<b>\$2,370,000</b>	\$148	32.0%	-2.4%
	1997	41,650	<b>\$4,670,000</b>	\$112	161.0%	-24.5%
	1998	50,960	\$5,230,000	\$103	22.4%	-8.5%
	1999	46,720	<b>\$5,020,000</b>	\$107	-8.3%	4.7%
	2000	44,280	<b>\$5,410,000</b>	\$122	-5.2%	13.7%
	YE 2Q 200	47,240	\$5,711,430	\$121	6.7%	-1.0%
<b><u>MLI-TPA</u></b>						
	1995	7,200	\$1,180,000	\$164	--	--
	1996	9,060	\$1,410,000	<b>\$156</b>	25.8%	<b>-5.0%</b>
	1997	9,370	\$1,450,000	\$155	3.4%	<b>-0.6%</b>
	1998	<b>10,550</b>	\$1,490,000	\$141	12.6%	<b>-8.7%</b>
	1999	22,940	<b>\$2,560,000</b>	\$112	117.4%	-21.0%
	2000	23,250	<b>\$2,910,000</b>	\$125	1.4%	12.2%
	YE 2Q 200	26,270	<b>\$3,478,310</b>	\$132	13.0%	5.8%
<b><u>MLI-FLL</u></b>						
	1995	3,930	\$720,000	\$183	--	--
	1996	4,180	<b>\$690,000</b>	\$165	6.4%	-9.9%
	1997	3,870	<b>\$670,000</b>	\$173	-7.4%	4.9%
	1998	6,070	<b>\$830,000</b>	\$137	56.8%	-21.0%
	1999	11,490	<b>\$1,370,000</b>	\$119	89.3%	-12.8%
	2000	10,690	<b>\$1,420,000</b>	\$133	-7.0%	11.4%
	YE 2Q 200	13,700	<b>\$1,883,490</b>	\$137	28.2%	3.5%

Table A-3

**Traffic Stimulation Analysis**  
**O&D Passengers & Average Fares**  
**in Selected AirTran Markets**  
 1995 - YE 2Q 2001

Market	Year	All Carriers		Average Fare	% Change From Prior Year	
		O&D Psars	Psgr Revenue		Psars	Avg. Fare
<b><u>BMI-ATL</u></b>						
	1995	3,890	\$780,000	\$201	--	--
	1996	4,250	\$930,000	\$219	9.3%	9.1%
	1997	6,310	\$1,300,000	\$206	48.5%	-5.9%
	1998	39,850	\$4,400,000	\$110	531.5%	-46.4%
	1999	<b>58,000</b>	\$6,860,000	\$118	45.5%	7.1%
	2000	71,150	\$8,600,000	\$121	22.7%	2.2%
	<b>YE 2Q 200</b>	68,930	\$8,586,510	\$125	-3.1%	3.1%
<b><u>BMI-MCO</u></b>						
	1995	6,200	\$830,000	\$134	--	--
	1996	7,230	\$1,140,000	\$158	16.6%	17.8%
	1997	63,130	\$6,420,000	\$102	773.2%	-35.5%
	1998	64,750	\$6,510,000	\$101	2.6%	-1.1%
	1999	55,750	\$5,810,000	\$104	-13.9%	3.7%
	2000	45,960	\$5,320,000	\$116	-17.6%	11.1%
	<b>YE 2Q 200</b>	45,410	\$5,520,900	\$122	-1.2%	5.0%
<b><u>BMI-TPA</u></b>						
	1995	3,310	\$490,000	\$148	--	--
	1996	2,830	\$500,000	\$177	-14.5%	19.3%
	1997	4,220	\$550,000	\$130	49.1%	-26.2%
	1998	9,770	\$1,160,000	\$119	131.5%	-8.9%
	1999	14,380	\$1,800,000	\$125	47.2%	5.4%
	2000	15,030	\$1,930,000	\$128	4.5%	2.6%
	<b>YE 2Q 200</b>	18,400	\$2,372,970	\$129	22.4%	0.4%
<b><u>BMI-FLL</u></b>						
	1995	630	\$130,000	\$206	--	--
	1996	790	\$170,000	\$215	25.4%	4.3%
	1997	2,520	\$360,000	\$143	219.0%	-33.6%
	1998	5,450	\$730,000	\$134	116.3%	-6.2%
	1999	8,360	\$1,040,000	\$124	53.4%	-7.1%
	2000	8,460	\$1,140,000	\$135	1.2%	8.3%
	<b>YE 2Q 200</b>	10,150	\$1,377,770	\$136	20.0%	0.7%

Table A-3

**Traffic Stimulation Analysis  
O&D Passengers & Average Fares  
in Selected AirTran Markets  
1995 - YE 2Q 2001**

Market	Year	All Carriers		Average Fare	% Change From Prior Year	
		O&D Psgrs	Psgr Revenue		Psgrs	Avg. Fare
<b><u>FNT-ATL</u></b>						
	1995	6,080	\$710,000	\$117	--	--
	1996	6,620	\$920,000	\$139	8.9%	19.0%
	<b>1997</b>	42,530	<b>\$3,770,000</b>	\$89	542.4%	-36.2%
	1998	67,690	<b>\$5,880,000</b>	\$87	59.2%	-2.0%
	1999	71,450	<b>\$6,340,000</b>	<b>\$89</b>	5.6%	2.1%
	2000	83,470	<b>\$9,080,000</b>	\$109	16.8%	22.6%
	YE 2Q 2001	82,710	<b>\$9,109,880</b>	\$110	-0.9%	1.3%
<b><u>CAK-ATL</u></b>						
	1995	10,060	\$1,740,000	\$173	--	--
	<b>1996</b>	8,770	\$1,630,000	<b>\$186</b>	-12.8%	7.5%
	1997	65,630	<b>\$5,300,000</b>	\$81	<b>648.3%</b>	-56.6%
	1998	96,460	<b>\$8,570,000</b>	\$89	47.0%	10.0%
	1999	126,570	<b>\$12,380,000</b>	<b>\$98</b>	31.2%	10.1%
	2000	137,710	<b>\$14,920,000</b>	\$108	8.8%	<b>10.8%</b>
	YE 2Q 2001	118,720	<b>\$12,884,770</b>	\$109	-13.8%	0.2%

Source: US DOT O&D Survey, via Database Products

Table A-4

Air Tran Load Factors in Selected ATL Markets

YE 1Q 2001

ATL Market	Code	Depts Performed	On-Board Psgrs	Available Seats	Load Factor	Avg. Depts Per Day Each Way	Avg. Per Dept Psgrs	Per Dept Seats
<b>Hubs</b>								
Memphis	MEM	2,873	205,321	305,959	67.1%	4	71	106
Houston	HOU	3,332	284,229	373,860	76.0%	5	85	112
Dallas/Ft. Worth	DFW	3,770	358,761	412,608	86.9%	5	95	109
<b>Other Cities</b>								
New Orleans	MSY	2,915	208,120	309,185	67.3%	4	71	106
Buffalo	BUF	2,165	172,745	229,516	75.3%	3	80	106
Dayton	DAY	2,791	198,357	298,485	66.5%	4	71	107
Toledo	TOL	1,028	67,628	109,016	62.0%	1	66	106
Moline	MLI	2,113	150,314	224,000	67.1%	3	71	106
Akron	CAK	2,795	222,816	296,294	75.2%	4	80	106
Bloomington	BMI	2,069	155,800	219,494	71.0%	3	75	106
Newport News	PHF	2,893	240,644	318,558	75.5%	4	83	110
Total Hubs		9,975	848,311	1,092,427	77.7%	14	85	110
Total Other Cities		18,769	1,416,424	2,004,548	70.7%	26	75	107
Total Above		28,744	2,264,735	3,096,975	73.1%	39	79	108
Total AirTran		95,742	7,496,474	10,364,444	72.3%	131	78	108

Source: US DOT T-100 Databank



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**EXHIBIT H**

**LOW FARE PLEDGE DRIVE  
STEERING COMMITTEE MEETING  
AGENDA**

**DATED  
NOVEMBER 28,2001**

# Low Fare Pledge Drive Steering Committee Meeting

## Agenda

November 28

### Summary of initiative to date:

1. In response to a community mandate to reduce fares and expand service, the City of Wichita, under the direction of Mayor Bob Knight, City Manager Chris Cherches, and Director of Airports Bailis Bell, launched an initiative on September 24 to recruit 3 low-fare airlines to serve the region of **South Central Kansas** through Wichita Mid-Continent Airport. Those airlines include:
  - AirTran Airways with service to the northeast and southeast regions of the United States through hub operations in Atlanta.
  - Frontier Airlines with service to the western regions of the United States through hub operations in Denver.
  - American Trans Air (ATA) with service to the north and northeast regions of the United States through hub operations at Chicago Midway.
  
2. On November 5, the low-fare initiative went region-wide with the endorsements and active participation by such groups **as**:
  - Regional Economic Area Partnership ( **REAP** ) .
  - Wichita Area Chamber of Commerce.
  - Wichita Airport Advisory Board.
  - Wichita Area Outlook Team
  - Business Investment Group (BIG).
  - Hutchinson/Reno County Chamber of Commerce.
  - Dozens of public and private organizations.
  
3. To date, this initiative has directly touched **an** estimated 400 businesses and organizations with air travel needs through direct presentations and hundreds more through media coverage in the Wichita, Newton, Hutchinson, Wellington, **Ark** City, and Winfield areas. The response **has** been overwhelmingly positive and very supportive.
  
4. The community's air service efforts will launch **a** formal pledge drive December 1 to secure total and pre-paid air travel pledge commitments to AirTran, Frontier, and/or ATA. The campaign will **be** conducted **from** 12/1/2001 until 1/15/2002. The goals will include:
  - Raising \$5,000,000.00 in air travel pledges to each of the targeted carriers, and

- Securing agreements from businesses and organizations to revise corporate *air* travel policy in support of the prospective, low-fare carriers.
5. The pledges will be incorporated into community proposals and presented to the targeted carriers between 1/15/2001 and 3/1/2001. If the efforts secure sufficient community support in the form of pre-paid air travel commitments, the first of the low-fare carriers will serve Mid-Continent Airport in June 2002.

### **Action items to launch the campaign:**

1. Launch the campaign with a mailing to all known businesses and organizations with air travel needs. Utilize the "Low Fare Strategy: Frequently Asked Questions" as an insert. Steering committee members should review the mail lists and note any additional companies and/or representatives to be included.
2. Assemble a list of ambassadors from each of the endorsing organizations. Assign 5-10 air service prospects to each ambassador. Ambassadors should initiate personal and phone contact with the air service prospects, answer questions about the opportunities, and invite the prospective companies to support the effort by making air travel pledges to the campaign and by modifying corporate travel policies in support of the targeted carriers.
3. Build a consortium of **banking** institutions across South Central Kansas to support, offer and promote the pre-paid air travel account programs locally in all communities within the region. Create a "brand image" for the programs and the access cards. The brand image should reflect a regional focus and tie in with air service development efforts to achieve competitive fares and expanded service levels. Participate in the selection process of an aviation consultant to oversee the set-up of the pre-paid travel account programs. Advise the consultant as needed.
4. Assess progress and revise strategies as necessary.