

2008 Financial Performance

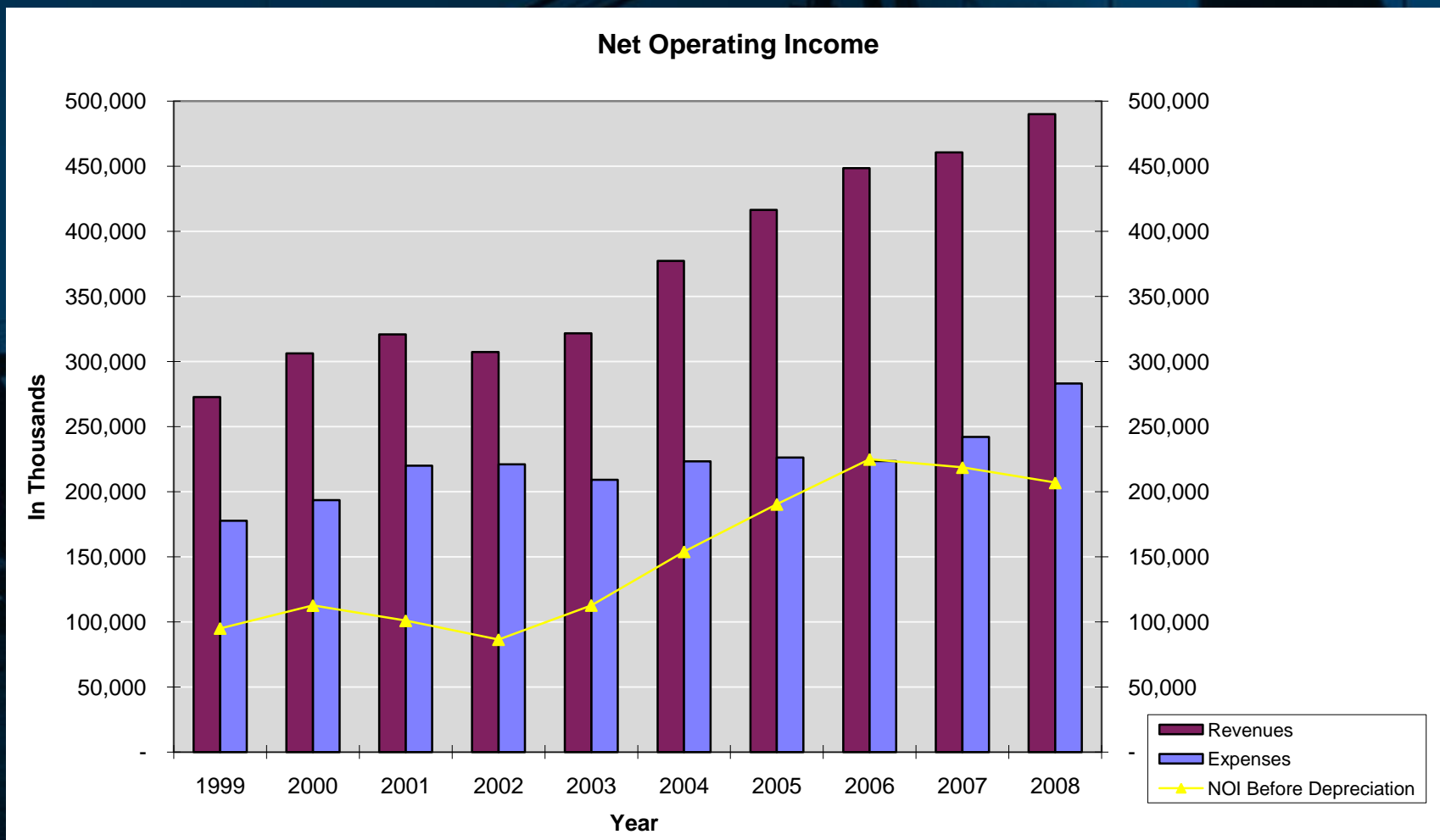
Port of Seattle

March 5, 2009

Total Port Income Summary

(\$ in thousands)	2007	2008	2008	2008 Bud vs. Act	
	Actual	Actual	Budget	Var \$	Var %
Operating Revenues	461,146	489,347	476,477	12,870	2.7%
Operating Expenses	<u>241,618</u>	<u>279,656</u>	<u>265,391</u>	<u>(14,265)</u>	<u>-5.4%</u>
Income before Depreciation	219,528	209,691	211,086	(1,395)	-0.7%
Depreciation	<u>141,588</u>	<u>145,849</u>	<u>147,070</u>	<u>1,221</u>	<u>0.8%</u>
Income after Depreciation	<u><u>77,939</u></u>	<u><u>63,843</u></u>	<u><u>64,017</u></u>	<u><u>(174)</u></u>	<u><u>-0.3%</u></u>

Net Operating Income

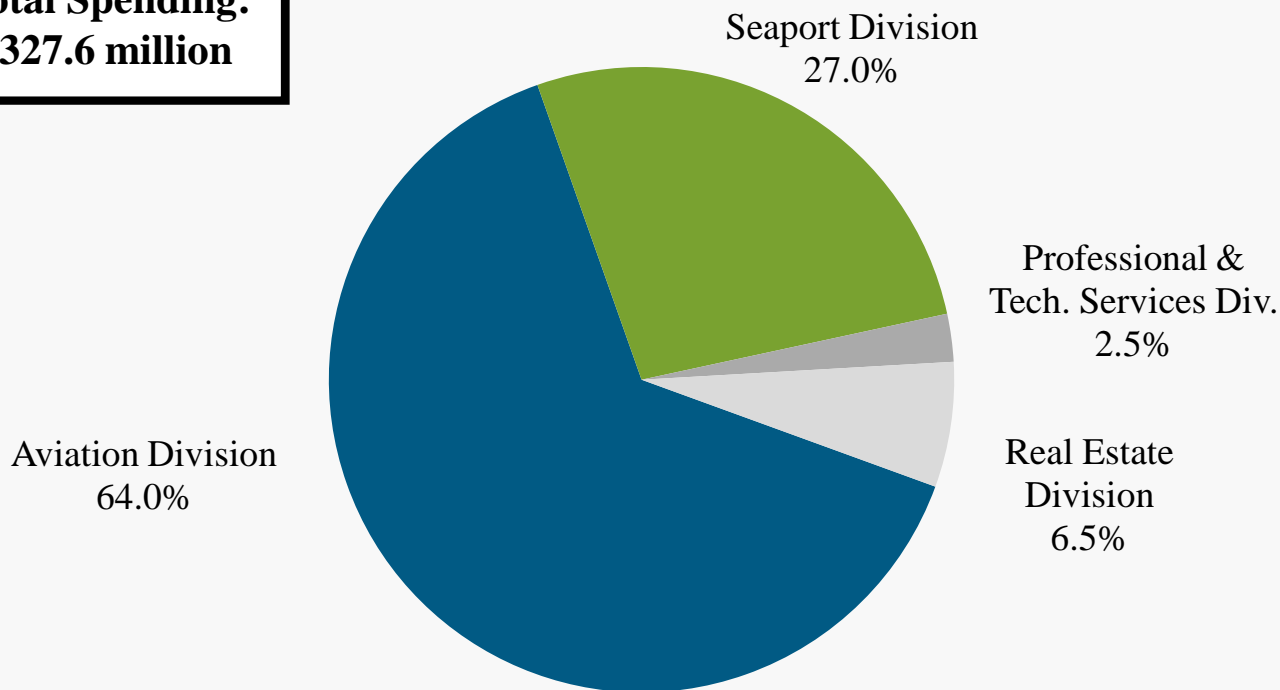


Non-Ops Income Summary

(\$ in millions)	2007 Actual	2008 Actual	2008 Budget	Bud Var
Revenue Bond Interest Expense	(113.0)	(107.2)	(118.9)	11.7
Interest Income (Expense)	57.2	35.7	20.9	14.8
Other Non-Op Revenue (Expense)	(29.6)	(6.1)	(11.3)	5.2
Ad Valorem Tax Revenue	68.6	75.7	75.9	(0.2)
Grants & Donations	94.9	40.8	80.0	(39.2)
Public Expense	(8.7)	(26.8)	(21.6)	(5.2)
GO Bond Interest Income (Expense)	(15.6)	(16.7)	(15.2)	(1.5)
PFC Income	63.1	62.8	62.4	0.4
CFC Income	22.6	23.5	20.3	3.2
PFC Bond Interest	(11.8)	(11.4)	(11.4)	(0.0)
Total	127.7	70.2	81.1	(10.9)

2008 Capital Spending by Division

**Total Spending:
\$327.6 million**



Total Port 2008 Capital Spending

Division	2008 Actual	2008 Budget	Budget Variance	Plan of Finance
(\$ in millions)				
Aviation	209.8	303.8	94.1	354.2
Seaport	88.5	126.9	38.4	132.0
Real Estate	21.2	125.3	104.1	118.1
Corporate	8.1	22.0	13.9	14.8
Total	327.6	578.1	250.5	619.1

A dark blue-tinted background image showing the silhouettes of an airport terminal. On the left, a large cargo crane is visible. On the right, several people are silhouetted against a large glass window, with one person in the foreground talking on a mobile phone. The overall scene is industrial and modern.

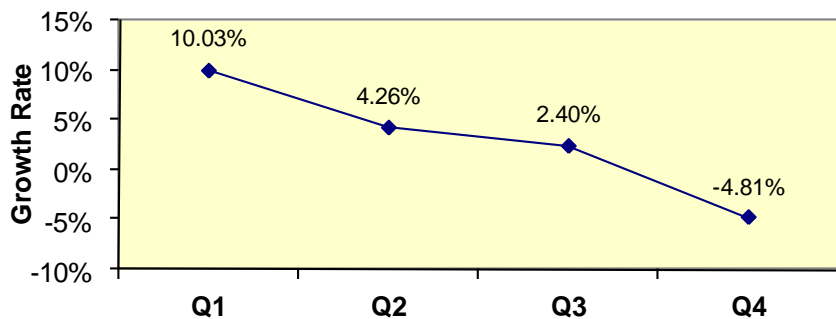
Aviation Division

2008 Financial Performance

- Airline activity:
 - Enplanements down 4.8% in Q4, up 2.7% for year
- Non-aeronautical NOI flat vs. 2007; up \$6M vs. 2008 budget
 - Revenues up 5.1%, offset expense increases
- O & M costs over budget due to exceptional items
 - Additional Other Post Employment Benefit (OPEB) costs
 - Environmental reserves
 - Capital write offs
 - Snow event
- Airline cost per enplanement (CPE) of 11.87 up 1.1 % over 2007
 - Excluding exceptional items, CPE = 11.17, below 2007, and below budget of 11.63
- Major project milestones:
 - Third Runway opened on November 20th

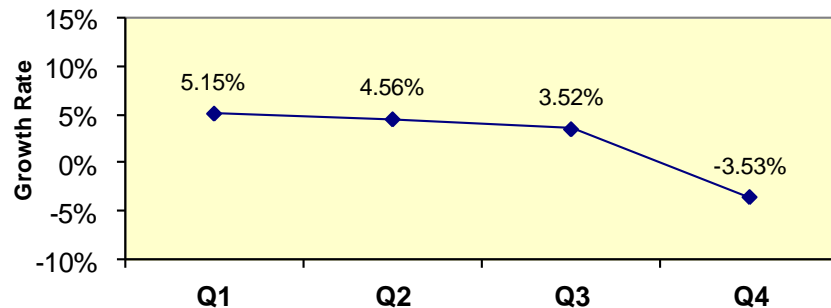
<i>\$ in 000s</i>	2006 Actual	2007 Actual	2008 Budget	2008 Actual	Actual/Budget Var \$ Var %	
Operating Revenues						
Airline Revenues	186,372	193,872	197,567	202,833	5,266	2.7%
Non-Airline Revenues	141,501	143,975	149,036	151,321	2,285	1.5%
Operating Grant / Fuel Hydrant	9,627	9,640	9,238	4,526	(4,712)	-51.0%
Total Operating Revenues	<u>337,500</u>	<u>347,487</u>	<u>355,842</u>	<u>358,680</u>	<u>2,839</u>	<u>0.8%</u>
Total Operating Expenses	<u>160,811</u>	<u>171,624</u>	<u>187,982</u>	<u>194,042</u>	<u>(6,060)</u>	<u>-3.2%</u>
Net Operating Income	176,689	175,864	167,860	164,639	(3,222)	-1.9%
Capital Expenditure	362,110	298,387	303,835	209,813	94,022	30.9%
Key Measures						
Passenger Airline CPE	11.79	11.73	11.63	11.87	(0.24)	-2.1%
Non-Aeronautical NOI	92,938	87,714	81,706	87,787	6,081	7.4%
Traffic						
Enplanements	14,982	15,662	16,040	16,085	45	0.3%
Landed Weight	20,362	21,014	21,320	21,516	196	0.9%

Enplanements vs. Prior Year



Enplanements	2007 Actual	2008 Actual	Change	% Change
YTD TOTAL	15,661,753	16,085,311	423,558	2.70%

Landed Weight vs. Prior Year



Landed Weight	2007 Actual	2008 Actual	Change	% Change
YTD TOTAL	21,014,331	21,516,007	501,676	2.39%

<i>\$ in 000s</i>	2006 Actual	2007 Actual	2008 Budget	2008 Actual	Actual/Budget Var \$	Var %
Aeronautical Revenues						
Landing Fees	46,730	53,188	58,878	65,633	6,756	11.5%
Terminal Rental	128,957	129,200	126,224	125,548	(676)	-0.5%
Other Aero Revenues	10,685	11,569	12,465	11,651	(814)	-6.5%
Total Aero Revenues	186,372	193,957	197,567	202,833	5,266	2.7%
Non-Aeronautical Revenues						
Public Parking	52,617	55,463	60,870	59,111	(1,759)	-2.9%
Rental Cars	34,010	36,408	36,014	36,019	5	0.0%
Concessions	28,322	31,085	31,853	33,547	1,694	5.3%
Other Non-airline Revenues	26,552	21,020	20,300	22,644	2,344	11.5%
Total Non-airline Revenues	141,501	143,975	149,036	151,321	2,284	1.5%
Other Revenues	9,627	9,640	9,238	4,526	(4,712)	-51.0%
Total Revenues	337,500	347,572	355,842	358,680	2,838	0.8%

Comparison to 2008 Budget:

- Airline revenues based on cost recovery.
- Parking revenue down due to decline in long term transactions.
- Concessions revenues increased in space rent, food & beverages, and personal services.
- Lease overpayment in form of capitalized interest in amount of \$5 million for Fuel Hydrant affected Other Revenues.

Comparison to 2007 Results:

- Non-aero 5.1% growth vs. 2007.
 - Concessions + 7.9%
 - Parking + 6.6%

Operating Expenses

<i>\$ in 000s</i>	2006 Actual	2007 Actual	2008 Budget	2008 Actual	Actual/Budget	
					Var \$	Var %
Expenses						
Airport Expenses	119,191	126,171	134,061	142,318	(8,257)	-6.2%
Corporate & Capital Development Expenses	26,441	29,717	36,368	35,119	1,249	3.4%
Police Costs	14,007	14,386	16,340	15,287	1,053	6.4%
Seaport & Real Estate Expenses	1,173	1,350	1,212	1,317	(105)	-8.6%
Total Operating Expenses	<u>160,811</u>	<u>171,624</u>	<u>187,982</u>	<u>194,042</u>	<u>(6,060)</u>	<u>-3.2%</u>
Exceptional items:						
Other Post Employment Benefits (OPEB) Accrual				4,407		
Environmental Reserves				2,542		
Capital Writeoffs				2,824		
Snow Event				1,303		
				<u>11,076</u>		
O&M Excluding Exceptional Items				<u><u>182,966</u></u>	5,016	2.7%

Expense Variance Explanations

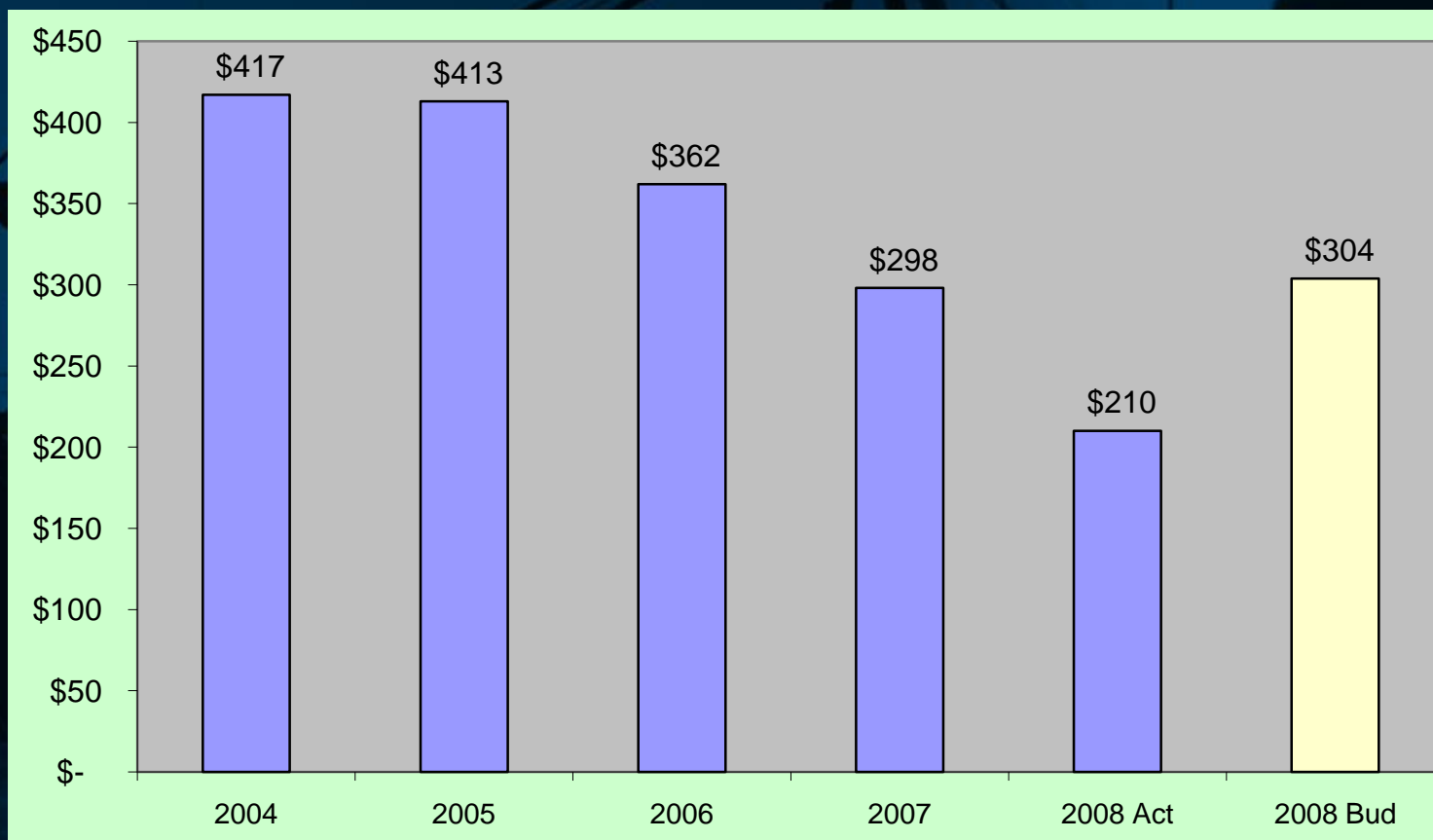
<u>Exceptional Items</u>	\$ in 000s
OPEB - Retired Firefighters' post-employment benefits	(4,407)
Environmental Reserves	
Lora Lake	(810)
Angle Lake School Fire	(469)
Fuel Farm Environmental Investigation	(271)
Legacy Fuel Master System Project	(224)
All Other	(769)
Capital Writeoffs	
South Access Study	(1,646)
Lora Lake	(528)
16C Pavement Joint Resealing	(350)
All Other	(299)
Snow Event	(1,303)
Subtotal	<u>(11,076)</u>
Other	
Security Fund Expense	(774)
Credit Card Processing Fees	(673)
Worker's Compensation - Major injury expenses, claim of former employee	<u>(1,983)</u>
	<u>(3,430)</u>
Other Savings - Net	<u>6,249</u>
Total	<u><u>(8,257)</u></u>

Key Indicators

<i>\$ in 000s</i>	2006 Actual	2007 Actual	2008 Budget	2008 Actual	Actual/Budget Var \$ Var %	
Non-Aero Financial Performance						
Revenues	141,501	143,975	149,036	151,321	2,284	1.5%
Operating Expense	48,563	56,261	67,330	63,534	3,796	5.6%
NOI	<u>92,938</u>	<u>87,714</u>	<u>81,706</u>	<u>87,787</u>	<u>6,081</u>	<u>7.4%</u>
Aeronautical Operating Expense	112,465	114,764	120,652	129,648	(8,996)	-7.5%
Airport Vitality Measures						
Operating Cost / Enpl	10.73	10.97	11.72	12.06	(0.34)	-2.9%
Non-Airline Revenues / Enpl	9.45	9.19	9.29	9.41	0.12	1.2%
Passenger Airline CPE	11.79	11.73	11.63	11.87	(0.24)	-2.1%
Other Key Measures						
Non-Airline Revenue / Total Rev	41.9%	41.4%	41.9%	42.2%	0.31%	0.7%
Parking Revenue / Enpl	3.51	3.54	3.79	3.77	(0.02)	-0.5%
Concession Revenue / Enpl	1.89	1.98	1.99	2.09	0.10	5.0%
Primary Concession Sales / Enpl	9.00	10.02	10.15	10.29	0.14	1.4%
Traffic						
Enplanements	14,982	15,662	16,040	16,085	45	0.3%
Landed Weight	20,362	21,014	21,320	21,516	196	0.9%
Airline Surplus/Deficit						
Landing Fees	2,016	1,585	(19)	(8,224)	(8,205)	n/a
Terminal Rents	<u>(7,669)</u>	<u>8,153</u>	<u>0</u>	<u>9,065</u>	<u>9,065</u>	<u>n/a</u>
Net Surplus/(Deficit)	<u>(5,652)</u>	<u>9,738</u>	<u>(19)</u>	<u>841</u>	<u>860</u>	<u>n/a</u>

Capital Spending 2004 - 2008

\$ in millions



2008 Capital Spending: Major Variances

	2008	2008			2008	
<i>\$ in 000s</i>	Actual	Budget	Variance	%	POF	Explanation
Rental Car Facility	39,592	58,181	(18,589)	-32.0%	79,469	Project suspended pending improvement in bond market
MT 100% Baggage Screening	35,012	46,000	(10,988)	-23.9%	58,634	Work not completed as planned; extended into 2009
STEP Security Bag and Checkpoint	14,158	24,183	(10,025)	-41.5%	20,614	Dispute resolution process resulted in delays
Alaska Air 2 Step	188	7,099	(6,911)	-97.4%	7,086	Delayed as a result of delays to C-1 project
3RW Overflights Acquisition	11,502	18,013	(6,511)	-36.1%	15,013	Offers made on all parcels but not all closed during the year
North Expressway Relocation	20,546	26,000	(5,454)	-21.0%	17,000	Contractors still completing punch lists
Consolidated Warehouse	1,383	5,302	(3,919)	-73.9%	5,546	New site presented to Commission
ARFF Station Update	147	3,625	(3,478)	-95.9%	4,402	Re-scoped and redesigned after bids exceeded estimates
Garage Escalators and "A" Elevator	297	3,066	(2,769)	-90.3%	2,100	Delayed due to bid climate and to ensure multiple bidders
Home Insulation Retrofit	1	2,291	(2,290)	-100.0%	1,661	Slowed while research on remaining eligible parcels completed
Third Runway Projects	27,433	30,045	(2,612)	-8.7%	49,366	
All Other	86,987	110,075	(23,088)	-21.0%	142,713	
Total	209,813	303,835	(94,022)	-30.9%	354,238	

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Seaport Division

2008 Financial Performance

Seaport Business Goals

Provide Compelling Value and Asset Utilization

- Total 2008 TEU volume was 1,704K down (13.6%) from 2007. Full inbound TEU's were down (17.2%) and full outbound down (11.9%).
- Grain record volume at 6.4 million metric tons is up 20% from 2007.
- Cruise record passenger volumes of 886,000 an increase of 13.5% over 2007.

Seaport Organizational Goals

Environmental Stewardship:

- One environmental/regulatory violation – dredging depth.
- Developed and implemented plan for ship and cargo handling equipment emissions reduction for Northwest Ports Clean Air Strategy.
- Received \$8.8 million in retroactive cleanup grant money from the Department of Ecology.

Regional Transportation:

- SR-519 Phase II Memorandum of Agreement finalized.
- Alaskan Way Viaduct agreement reached on south end interchange design.

Security: Leadership role with Tacoma in the Transportation Worker Identification Credential (TWIC) roll-out.

Seaport 2008 Operating Results

<i>In \$ Thousands</i>	2007	2008	2008	2008 Bud Var	
	Actual	Actual	Budget	\$	%
Operating Revenue	77,630	85,423	82,771	2,653	3%
Environmental Grants	973	8,833	207	8,626	4174%
<u>Security Grants</u>	<u>1,292</u>	<u>850</u>	<u>5,004</u>	<u>(4,154)</u>	-83%
Total Revenue	79,895	95,106	87,982	7,125	8%
Direct Expenses	17,359	21,877	21,993	116	1%
Security Expense	2,256	1,715	6,180	4,466	72%
Environmental Reserve	4,983	5,996	950	(5,046)	-531%
<u>Allocations</u>	<u>11,423</u>	<u>15,829</u>	<u>14,357</u>	<u>(1,472)</u>	-10%
Total Expense	36,020	45,417	43,480	(1,936)	-4%
Net Operating Income (NOI)	43,875	49,689	44,501	5,188	12%
NOI Excl Envir Grants/Reserve	47,884	46,853	45,245	1,608	4%

Seaport Division Key Variances

Revenue Detail (\$'s in Millions)

2008 Full Year	Variance to Budget Better (Worse)
Containers	\$(.8)
Support Properties	\$.4
Cruise	\$ 1.4
Grain	\$ 1.4
Docks/Industrial Properties	\$.3
Security	\$(4.2)
Environmental Grants	\$8.6
Total	\$7.1

Seaport Division Key Variances

Expense Detail (\$'s in Millions)

2008 Full Year	Variance to Budget Better (Worse)
Environmental Reserve	\$(5.0)
Maintenance	\$(1.3)
Corporate	\$(1.7)
Litigated Injuries & Damages	\$.8
Security Expenses	\$4.4
All Other	\$.9
Total Expense	\$(1.9)

Operating Expenses Yr to Yr Change

Expenses (\$'s in Millions)

Key Expense Changes 2008 Actual vs. 2007 Actual	Expense Incr (Decr)
Salaries & Benefits (includes 6 FTE Reorg Transfers)	\$ 1.8
Expense Projects	\$ 3.7
Maintenance (includes \$.6 customer reimburse offset)	\$ 1.0
Litigation Reserve Change	\$(1.5)
Capital to Expense in 2007	\$(1.4)
Allocations (Corporate and Division)	\$ 4.4
Environmental Reserve	\$ 1.0
Other	\$.4
Total Expense Change	\$9.4

Seaport Business Groups

NOI Before Depreciation (\$'s in Millions)

	2008 Actual NOI	Variance to Budget Better (Worse)
Containers	\$33.3	\$(2.2)
Container Support Props	\$1.2	\$0.0
Cruise	\$4.6	\$0.7
Grain	\$5.0	\$1.9
Docks/Indust Props	\$3.9	\$1.0
Security	\$(1.2)	\$0.2
Envir Grants/Reserve	\$2.8	\$3.6
Total Seaport	\$49.7	\$5.2

Seaport Capital 2008

2008 Actual	Approved Budget	Variance to Budget	Est. Act. as % of App. Bud	Plan of Finance
\$88.5	\$126.9	\$38.4	70%	\$132.0

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Real Estate Division

2008 Financial Performance

Real Estate 2008 Key Events

- Establishment of Real Estate Division effective January 1, 2008
- Completion of Fishermen's Terminal and Shilshole Bay Marina capital projects
- Odyssey lease terminated
- Sale of Pier 48
- North Bay Resolution
- Eastside Rail Corridor

Real Estate Business Goals

Provide Compelling Value and Asset Utilization

- **Occupancy Rates:** Commercial property at 97% occupancy, above target of 95% and above market average of 89%.
- **FT/Marina Occupancy:** Two of five exceed full year occupancy targets. Bell Harbor, Fishermen's Terminal and Shilshole Bay Marina below targets.

Real Estate Organizational Goals

- **Relationships:** 48 speaking engagements.
- **Environmental Stewardship:** No environmental/regulatory violations.
- **High Performance Workplace:** Occupational Injury Rate at 11.12 down from 12.25 in 2007.

Real Estate Division 2008 Operating Results

<i>In \$ Thousands</i>	2007	2008	2008	2008 Bud Var	
	Actual	Actual	Budget	\$	%
Operating Revenue	32,196	34,905	31,290	3,615	12%
<u>Environmental Grants</u>	<u>531</u>	<u>1</u>	<u>893</u>	<u>(892)</u>	-100%
Total Revenue	32,727	34,906	32,183	2,723	8%
Direct Expenses	28,991	36,402	30,310	(6,092)	-20%
Environmental Reserve	8	604	950	346	36%
<u>Allocations</u>	<u>860</u>	<u>1,841</u>	<u>1,506</u>	<u>(334)</u>	-22%
Total Expense	29,859	38,847	32,767	(6,081)	-19%
Net Operating Income (NOI)	2,868	(3,941)	(584)	(3,357)	-575%
NOI Excl Envir Grants/Reserve	2,345	(3,338)	(527)	(2,811)	-533%

Real Estate Division 2008 Key Variances

Revenue Detail (\$'s in Thousands)

2008 Full Year Business Unit	Variance to Budget Better (Worse)
Recreational Boating	(\$219)
Fishing & Commercial	\$ 132
Commercial Properties	\$ 748
Third Party Management	\$2,339
RE Development & Planning	\$ 603
Facilities/Maintenance	\$12
Environmental Grants	(\$892)
Total	\$2,723

Real Estate Division 2008 Key Variances

Expense Detail (\$'s in Thousands)

2008 Full Year Expense	Variance to Budget Better (Worse)
Capital to Expense	\$(7,274)
Bad Debt Expense	\$ 1,158
Third Party Management	\$ (1,000)
Salaries and Benefits	\$ 545
Outside Services	\$ 461
Maintenance Expense	\$ (385)
Environmental Reserve	\$346
All Other	\$68
Total Expense	(6,081)

Real Estate Business Groups

NOI Before Depreciation (\$'s in Thousands)

	2008 Actual NOI	Variance to Budget Better (Worse)
Recreational Boating	\$1,896	\$(244)
Fishing & Commercial	\$(1,515)	\$498
Commercial & Third Party	\$3,235	\$3,479
RE Development & Planning	\$(6,954)	\$(6,544)
Envir Grants/Reserve	\$(603)	\$(546)
Total Real Estate	\$(3,941)	\$(3,357)

Real Estate Capital 2008

2008 Actual	Approved Budget	Variance to Budget	Est. Act. as % of App. Bud	Plan of Finance
\$21.2	\$125.3	\$104.1	17%	\$118.1

Corporate Professional & Technical Services

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2008 Financial Performance

Corporate Key Events

- Audit Response Milestone Report submitted to the State Auditor's Office addressing his 51 recommendations
- Completed implementation of organizational changes outlined in 2007
- Six fellows participated in the Military Veterans Fellow Program
- Acquisition is nearly finalized for Eastside Rail Corridor
- Completed the 2007 Economic Impact Study

Corporate Business Goals

- Continued the strategic planning process with input from key stakeholders
- Continued to implement “Green Initiative” to the entire organization
- Continued to indentify potential budget savings
- Continued to develop alternatives for Rental Car funding
- Continued to enhance regional transportation and freight mobility

Corporate Indicators

- Annual Community Meetings: 240 participants
- Sea-Air School Programs: reached 10,000 students
- Sea-Air School Trade Class: 2445 attendees
- Participated in 26 career fairs, including 9 military fairs
- Wellness Incentive Program: 1024 employees achieved the 1,000 point goal
- Received 18 major awards in 2008 recognizing achievements in a number of areas

Major Awards in 2008

- Award For Excellence (Airport Facilities Council)
- Comprehensive Environmental Management Award (AAPA)
- 2008 Best in State Gold Award for Complexity (ACEC – WA)
- Best Concessions Award for Large Airports (ACI-NA)
- 2008 Environmental Achievement Award (ACI-NA)
- Best Workplaces Recycling Award (King County)
- Certificate of Achievement for Financial Reporting (GFOA)
- Distinguished Budget Award (GFOA)
- Award of Excellence - 2007 Airport Concessions Contest (ACI-NA)
- Patriot Award (ESRG)
- 5-star EnviroStars (King County)
- Diamond Award for Organizational Leadership (Commuter Challenge)

Corporate Operating Results

<i>In \$ Thousands</i>	2007 Actual	2008 Actual	2008 Budget	2008 Rvstd Bud	2008 Bud Var. \$	2008 Bud Var. %	Rvstd Bud Var. \$
Total Revenues	2,223	1,735	1,258	1,258	477	37.9%	477
Executive	2,293	2,333	2,633	2,633	300	11.4%	300
Commission	577	899	791	791	(109)	-13.8%	(109)
Legal	2,969	3,012	2,766	2,766	(246)	-8.9%	(246)
Risk Services	2,572	2,768	3,107	3,107	339	10.9%	339
Health & Safety Services	995	996	1,059	1,059	63	5.9%	63
Public Affairs	3,961	4,356	4,681	4,481	325	6.9%	125
External Affairs	821	1,097	1,460	1,460	363	24.8%	363
Economic & Trade Development	1,524	1,645	2,174	2,128	529	24.3%	483
Engineering	1,188	1,253	1,355	1,355	101	7.5%	101
Port Construction Services	2,268	1,965	1,500	1,434	(465)	-31.0%	(532)
Human Resources & Development	3,644	3,973	4,432	4,237	458	10.3%	263
Labor Relations	579	677	731	731	54	7.4%	54
Information & Communications Technology	13,346	14,577	15,010	14,647	433	2.9%	70
Finance & Budget	1,456	1,667	1,821	1,736	154	8.5%	69
Accounting & Reporting Services	6,174	5,863	7,189	6,232	1,326	18.4%	370
Office of Social Responsibility	200	1,246	1,738	1,678	492	28.3%	432
Consulting Services	3	-	17	17	17	100.0%	17
Regional Transportation	291	402	522	522	120	23.0%	120
Police	18,607	19,484	20,474	20,224	990	4.8%	740
Industrial Development Corporation	-	11	-	-	(11)	0.0%	(11)
Contingency	6,788	4,200	750	3,879	(3,450)	-460.0%	(321)
Total Expenses	70,257	72,425	74,210	75,116	1,785	2.4%	2,692
CDD Admin	-	93	-	-	(93)	0.0%	(93)
CPO	37	1,313	20	1,269	(1,293)	-6559.7%	(44)
Total CDD	37	1,406	20	1,269	(1,387)	-7032.9%	(138)