

Updated Competition Plan

Oakland International Airport (OAK)

(FY 01-02)



Prepared for
Federal Aviation Administration

Update submitted by
Port of Oakland
Aviation Division
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OaklandInternational

FAA Competition Plan

October 1, 2001

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1) Overview

This document is an update to the original Oakland International Airport Competition Plan dated September 7, 2001 and approved by the FAA on February 14, 2001.

Oakland International (OAK) is known nation-wide as a leading airport facility that fosters airline competition and accommodates new entrant carriers. Although Southwest Airlines operates approximately 62% of the daily non-stop domestic capacity at OAK, this market share has declined from 70% just 24 months ago. This change comes not because of service reductions at Southwest, but because of new entrants and expansion of service by other carriers at OAK.

At OAK, airport policies create significant financial incentives for incumbent airlines to pursue handling agreements with new entrant carriers, thereby increasing competition. Airlines do not hold leases, there are no exclusive use boarding rooms or gates, and incumbent carriers are competing vigorously to handle new airlines. Oakland International is nearly an ideal setting to foster airline competition.

In September 2001, the Port of Oakland was directed by a Court of Appeals to prepare a Supplemental Environmental Impact Report under California law to remedy certain deficiencies identified in the original EIR for the Airport Development Program (ADP). The Court of Appeals has directed the lower court to determine which portions of the ADP may proceed. This legal decision will potentially delay the 12-gate expansion, new parking garage, ticket counter expansion, and other related projects by two to four years. This Updated Competition Plan outlines the ways in which the Port plans to accommodate growth of incumbent airlines and new entrants in the interim period.

2) Availability of Gates and Related Facilities

A. Number of gates available at the airport by lease arrangement, i.e., exclusive, preferential, or common use.

Oakland International currently has 12 domestic gates and two international gates in Terminal 1, and 8 domestic gates in Terminal 2 for a total of 22 gates. Both international gates operate as domestic gates when necessary. Currently, all but three gates at Oakland International operate on a preferential basis on month to month

permits. Preferential status is available to carriers on the basis of availability and minimum operational requirements. The three remaining non-preferential use gates include both international gates and one domestic gate in Terminal 1 which are used as assigned by Airport Operations.

B. Gate-use monitoring policy.

OAK's Airside Operations department monitors and assigns all gate usage. On a weekly basis, all flight schedules are analyzed and mapped to determine availability of space.

C. Differences, if any, between gate-use monitoring policy at PFC-financed facilities, facilities subject to PFC assurance #7, and other gates.

No difference.

D. Has the PFC competitive assurance #7 operated to convert previously exclusive-use gates to preferential-use gates or has it caused such gates to become available to other users?

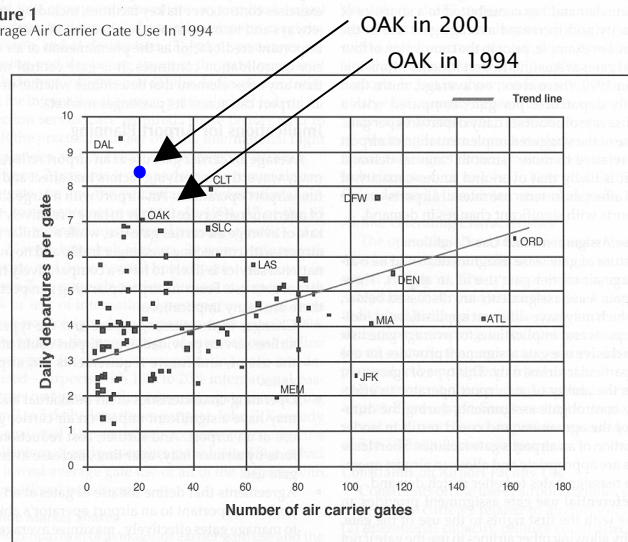
Oakland has not offered exclusive gates to airlines. OAK offers only preferential-use permits to airlines, which are revocable upon 30-days written notice, based upon availability and minimum use requirements.

E. Gate Utilization (departures/gate) per week and month.

In September 2001 approximately 1,372 flights per week were scheduled to depart from Oakland International. With 23 gates, our airport-wide average utilization per gate is 59.7 flights per week and 258.7 per month.

When looking only at OAK's 21 domestic gates, that utilization

Figure 1
 Average Air Carrier Gate Use In 1994



Source: Handbook of Airline Economics, *Aviation Daily*

increases to 68.6 flights per week and 297.3 per month.

Figure 1 below compares OAK's relative number of gates and gate utilization with other medium hub airports in the nation.

F. Policy regarding "recapturing" gates that are not being fully used.

The Port of Oakland is executing a standardized Airline Operating Agreement and a standardized Space and Use Permit with each commercial and cargo airline operating at OAK. The excerpts below detail the policies as set forth in the Airline Space and Use Permit and Airline Operating Agreement:

Space identified as "Preferential" in paragraph A-1 shall be preferential use space, of which Airline shall have first priority of use for its own aircraft operations. The Port shall retain the right to schedule the use of this space on a second priority use basis to other airline operators. Port also reserves the right to require the removal of an aircraft from any preferential use space at any time that is more than one (1) hour before or after the aircraft's scheduled departure time, provided that the Port shall provide a space on the Airport to park such aircraft.

-Excerpt from Airline Space/Use Permit sec. A7-(C).

This Agreement, as approved by the Port Attorney, shall become effective upon execution by the parties hereto and continue until the earlier of (I) the termination of this agreement by Port pursuant to Article 10 of this Agreement, (ii) the cancellation of this Agreement by either party on thirty (30) days' prior written notice to the other party...

-Excerpt from Airline Operating Agreement – Art. 4 -
Term

These two provisions conjunctively enable the Airport to revoke an airline's privilege to preferential use of a gate with 30 days prior notice, or, alternatively, to use a gate with a one hour notice for that day.

Generally, the Airport uses four or five turns per day minimum usage as the criterion for assignment of preferential gate status. Further, the Airport's rates and charges create a significant economic disincentive for any airline to use a gate with preferential status for less than four operations per day. Under Port Ordinance No. 3634

(previously Ord. No. 1149) – Schedule “A” – Rates and Charges, the CY 2001 charge for a loading bridge on a preferential use basis is \$19,086 per month and the charge for secondary use of a loading bridge is \$114.40 per enplaning operation. A carrier with three operations per day can save \$140,000 per year by not having a “preferential gate” (analysis below).

Comparison of OAK's Preferential and Secondary Use Loading Bridge Charges

Primary Use, Loading Bridge

Rate/Charge	Operations / Day	Cost / Day	Cost / Year
\$ 19,086.00 /Mo.	N/A	\$ 627.42	\$ 229,032

Secondary Use, Loading Bridge

Rate/Charge	Operations / Day	Cost / Day	Cost / Year	Annual Difference
\$ 0.88 /Enp. PAX				
	1 Operation Per day	\$ 78.85	\$ 27,912	\$ 201,120
	2 Operations Per day	\$ 157.70	\$ 55,824	\$ 173,208
	3 Operations Per day	\$ 236.54	\$ 83,737	\$ 145,295
	4 Operations Per day	\$ 315.39	\$ 111,649	\$ 117,383
	5 Operations Per day	\$ 394.24	\$ 139,561	\$ 89,471
	6 Operations Per day	\$ 473.09	\$ 167,473	\$ 61,559
	7 Operations Per day	\$ 551.94	\$ 195,385	\$ 33,647
	8 Operations Per day	\$ 630.78	\$ 223,298	\$ 5,734
	9 Operations Per day	\$ 709.63	\$ 251,210	\$ (22,178)

Assumption 1: B 737-300 Operation with 70% Load Factor
 Assumption 2: Assumed 97% completion factor for annual service.
 Source: Port Ordinance 1149 – Schedule “A” – Rates and Charges

In June 2000, the Port revoked an airline’s preferential gate privileges with a 30-day notice because that gate was not being used for at least four aircraft turns per day.

G. Use/lose or use/share policies for gates and other facilities.

Because there are no leases or lease and use agreements for airline gates and other facilities at OAK, the airport has no “use it or lose it” provisions.

H. Plans to make gates and related facilities available to new entrants or to air carriers that want to expand service at the airport; methods of accommodating new gate demand by air carriers at the airport (common-use, preferential-use, or exclusive-use gates); and length of time between when an air carrier initially contacts the airport and could begin serving it.

OAK's Airport Development Program (ADP) adds 12 gates, new ticket counters, a multi-story parking garage, and other enhancements. In the interim, OAK is focusing on making new space available in two ways:

1. Maximize utilization of assets already in place

Oakland International is deploying cutting edge facility utilization technology with common use ticketing equipment (CUTE) at ticket counters and gates. OAK is installing this equipment and emulating each airline's respective reservation system in both terminals. At completion, all airlines operating at OAK will use identical check-in and gate CUTE equipment, while the system's software translates each air carrier's reservations system (e.g. Sabre) to operate seamlessly from any station. This provides maximum flexibility in assigning gates, even on a per flight basis, thereby increasing the opportunity for competition. The Port of Oakland is financing all costs associated with installation and maintenance of the CUTE equipment and software using PFC revenues.

Currently, the CUTE facilities already installed include 11 departure gates, 4 outbound baggage belts, 21 ticketing positions, 5 common use offices, and 2 baggage make-up areas.

2. Build new facilities

In 1998, OAK's management designed and built seven Airline General Manager offices and common-use outbound operational facilities for international operators who generally operate between two and five flights per week. This capacity has since been completely occupied.

In 1999 Oakland International designed and built another seven airline offices for new entrant carriers. These seven offices are

leased and occupied by new entrant carriers that commenced service at OAK in 2000.

Demand in 2001 has remained strong. To accommodate additional airlines, the Port is building out the last remaining space in the Terminal 1 concourse to create another six offices. To accommodate the growing needs of incumbent carriers, a series of modular buildings have been added near the terminal buildings. At present, two airlines and one ground handler are operating from these facilities located on the AOA, with additional modular facilities planned as needed.

With all ticket counters now fully allocated to incumbent carriers, a new suite of ticket counter space is under design. The additional 20 positions will be CUTE and are being designed for international operators and large charter carriers. Additional flexibility will be added by the opening of the 20 new positions since once open and occupied, they will open 11 positions currently used for international airlines and make them available for domestic airlines.

Within the past year, Oakland International has been able to accommodate new airlines with as little as two months notice. For those airlines that contacted OAK while in their advanced planning stages (pre-decision), that lead-time was as much as 5 months.

I. How are complaints of denial of reasonable access by a new entrant or an air carrier that wants to expand service resolved?

The airport strives to accommodate any airline looking to expand or initiate service in Oakland. With the high rate of utilization at OAK, carrier demand in 2001 exceeded the airport's supply of available gates, ticket counters and airline ticket offices.

Oakland International experienced growth in 2001 that surpassed the Port's ability to expand facilities. During two independent disputes in 2001, the Port mediated negotiations between a new entrant carrier and an incumbent airline with excess capacity. In both instances, service was inaugurated with minimal disruption to existing operations

Depending on proposed schedules, airlines wishing to inaugurate service at OAK may face a wait to begin their operation. In 2001

airport officials have turned away some new air service due to a lack of facilities. One domestic scheduled jet carrier, one widebody domestic scheduled charter carrier, one scheduled international carrier, and two scheduled independent commuter carriers have requested access to operate at OAK. The carriers are now waiting for additional capacity to be built or for an incumbent carrier to reduce/cease operations to make operational space available.

J. Number of carriers in the past year that have requested access or sought to expand, how were they accommodated, and the length of time between any requests and access.

Airline	Destination	First Contact	Inaugural Flight	Elapsed Time
Southwest	SLC/LSV/ONT	Oct-00	Dec-00	2 Months
Aloha	LAS	Dec-00	Feb-01	2 Months
Southwest	LAS/SNA	Mar-01	Feb-01	1 Month
Southwest	PHX/SAN	Mar-01	Feb-01	1 Month
Spirit	DTW	May-01	Feb-01	3 Months
Delta	ATL	Jun-01	Mar-01	3 Months
Allegro	CUN/PVR/SJD	Sep-01	May-01	4 Months

In each case of new service, the airline and airport have worked together to ensure all operational requirements were fulfilled before startup. The above time spans are not necessarily indicative of the amount of time required to start service at OAK. Different airlines require different lead times for new service. Oakland International can efficiently add a carrier with two to three months of lead-time.

In the past year, there have been five airlines that were advised that they must wait for additional capacity to be built or for an incumbent carrier to reduce/cease operations to make operational space available (see I. above). All new entrants that have started service within the past year have chosen to inaugurate service while handled by an incumbent carrier to take advantage of significant cost savings.

3) Leasing and Subleasing Arrangements¹

A. Is a subleasing agreement with an incumbent carrier necessary to obtain access.

¹ The Port of Oakland does not lease space to airlines under long-term agreements. All airlines operate under month to month permits and none of the gates at OAK are “exclusive use”. The following responses answer the issues raised with respect to agreements reached between the Port and airlines operating at Oakland International.

No. The Port of Oakland does not require new entrant carriers to reach a sub-tenant arrangement with an incumbent carrier to begin service. However, due to the unprecedented demand from new entrant carriers, the airport strongly encourages new entrants to examine the economic benefits of partnering with an incumbent carrier for startup operations. In the past year, airlines have begun service at OAK with one or two flights per day in domestic service and one flight per week for international service. With this limited schedule, an airline can often operate more profitably by obtaining ground-handling services from an incumbent that has already made the necessary investment in equipment and may already have staff available to turn the aircraft.

B. How the airport assists requesting airlines obtain a sublease.

The Port of Oakland's Airline Entry Package contains a comprehensive contact list of on-airport ground handlers, air carriers, and food providers. At the new entrant's request, the airport introduces the airline to Station Managers of incumbent carriers that may be interested in providing services to new entrants to begin the evaluation and/or negotiation process for handling.

C. Airport oversight policies for sublease fees and ground handling arrangements.

The Port of Oakland is executing a standardized Airline Operating Agreement and Airline Space and Use Permit with each commercial and cargo airline operating at OAK. The excerpt below details the Port's policy:

***Assignment and Subletting.** Airline may not assign this Permit or any of the rights granted to it hereunder or sublet the Assigned Space or any portion thereof except to assign the right to use no more than forty-nine percent (49%) of the Assigned Space to another airline pursuant to a handling agreement, provided that the Airline shall (i) charge the assignee no more than one hundred and twenty-five percent (125%) of the proportionate charges the airline pays the port for such portion of the Assigned Space, (ii) pay the Port a [an] assignment processing fee in the amount indicated in Attachment A, paragraph A-8 to this Permit, (iii) provide the Port with a copy of said assignment, and handling agreement, and (iv) obtain the prior express written consent of Airport General Manager in*

each instance which may be granted or withheld in the Port's sole discretion.

-Excerpt from Space/Use Permit Attachment (B) Section (L)

D. Airport policies regarding sublease fees (e.g., no more than 15 percent above the standard airport-determined fee).

Oakland International's Space and Use Permit contains provisions precluding incumbent carriers from charging more than 25% above the standard airport rates and charges. See above (C.) for specific detail.

E. How complaints by subtenants about excessive sublease fees or unneeded bundling of services are resolved.

In each instance of complaint about unfair treatment of sublessors, the Port negotiates and uses its contractual leverage with the primary lessor to help resolve conflict between both parties. All airlines operating at OAK under the Space/Use Permit will have agreed not to charge more than 125% of the actual charges that the airline pays the Port (see above 3C).

In 2001 there were three instances of expressed conflict between incumbent and new entrant carriers that engaged in lessor/sublessor agreements.

1. Conflict began because the incumbent airline provided allegedly poor customer service to passengers while handling the entrant's flights. Although the new entrant carrier's frequency did not economically support utilizing independent staff, it expressed a concern that the poor service given by the incumbent carrier was damaging the good reputation and strong image the entrant was trying to build. In the end, the Port convinced both carriers to share eight ticketing positions and approved of the entrant operating with its own contracted customer service agents, instead of the incumbent's customer service agents.
2. The second instance involved a carrier that entered into a sub-occupancy agreement to inaugurate service with two daily frequencies. After 12 months in the market, the "entrant" expressed its desire to expand service and thus increase its ticket counter space requirements. The incumbent carrier claimed that additional space was unavailable. The Port then provided the "entrant" two common use positions and converted two adjacent

ticketing positions into common use positions with preferential rights for the “entrant” and an adjacent carrier.

3. A third instance involved a mainline carrier that was reluctant to give up two ticketing positions to accommodate a new entrant. The Port was able to convince the mainline carrier that it possessed excess ticket capacity by providing an analysis of ticket and baggage make-up utilization for all carriers. Further the port provided the incumbent carrier a copy of last year’s approved Competition Plan, explaining that the Port had an affirmative duty to make best efforts to accommodate new entrants. The incumbent carrier acquiesced, and the Port made minor capital improvements and installed CUTE equipment.

F. How independent contractors who want to provide ground handling, maintenance, fueling, catering or other support services but have been unable to establish a presence at the airport are accommodated.

Oakland International has a very limited amount of space available for ground handling operators and consequently has not rented any new space to a ground handler in over five years. All new ground handling, maintenance, catering and other support services must establish a relationship with an airline already operating at OAK to begin operation.

OAK has entered into an agreement with a consortium of airlines to maintain and operate OAK’s commercial aviation fuel farm and hydrant system. The airline consortium, Oakland Fuel Facilities Corporation, contracts with Swissport to perform into-plane fueling. Fueling on the airport’s North Field for general aviation is provided by the airport’s single FBO, Kaiser Air.

In-flight catering at OAK is provided by one operator (CA1) that operates from the airport’s only on-airport catering facility.

G. Are formal arrangements in place to resolve disputes among air carriers regarding the use of airport facilities?

As the airport retains control over gate assignments, the airport General Manager has the responsibility of giving final determination in resolving disputes about the use of airport facilities.

4) Patterns of air service

A. Number of Markets Served

In 2001, Oakland International had service to 27 non-stop domestic markets and eight non-stop international markets. Oakland additionally serves 74 domestic destinations with same plane (direct) service.

B. Non-Stop Markets Served and Flight Frequency

Domestic

Market	Code	09/01		09/00		Market	Code	09/01		09/00	
		Dep/Day	Carriers	Dep/Day	Carriers			Dep/Day	Carriers	Dep/Day	Carriers
Albuquerque	ABQ	2	1	2	1	Los Angeles	LAX	36	3	37	3
Atlanta	ATL	2	1	0	0	Nashville	BNA	1	1	1	1
Boise	BOI	1	1	1	1	New York	JFK	2	1	1	1
Burbank	BUR	15	1	15	1	New York	EWR	2	1	2	1
Chicago	ORD	4	1	4	1	Ontario	ONT	15	1	13	1
Dallas/Fort Worth	DFW	7	2	6	2	Orange County	SNA	13	2	12	2
Detroit	DTW	7	1	0	0	Phoenix	PHX	12	2	9	2
Denver	DEN	1	1	5	1	Portland	PDX	11	2	11	2
Honolulu	HNL	1	1	1	1	Reno	RNO	6	2	7	2
Houston	IAH	3	1	2	1	Salt Lake City	SLC	4	1	3	1
Kahului	OGG	1	1	1	1	San Diego	SAN	15	1	11	1
Kansas City	MCI	2		1	1	Seattle	SEA	15	2	15	2
Kona	KOA	1	1	0	0	Spokane	GEG	1	1	1	1
Las Vegas	LAS	13	3	9	2						

International

Market	Code	Dep/Wk.	Carriers	Market	Code	Dep/Wk.	Carriers
Cancun, MX	CUN	2	1	Zacatecas, MX	ZCL	2	1
Guadalajara, MX	GDL	7	1	Papeete, PF (Tahiti)	PPT	1	1
Leon, MX	BJX	2	1	Paris, FR (ORY)	ORY	1	1
Puerto Vallarta, MX	PVR	2	1				
San Jose Del Cabo, MX	SJD	2	1				

5) Gate Assignment Policy

- A. Gate assignment policy and method of informing existing carriers and new entrants of this policy. This would include standards and guidelines for gate usage and leasing, such as security deposits, minimum usage, if any, fees, terms, master agreements, signatory and non-signatory requirements.**

Each airline considering service at Oakland International is given an Airline Entry Package. This binder, continually updated, includes copies of all policies, agreements, and rates and charges that are applicable to air service at OAK.

<u>OAK Airline Entry Package</u>	<u>Table of Contents</u>
1. Cover Letter	
2. Maps	
3. General Information About Oakland International Airport	
4. Start to Finish	
5. Pre-Operations Questionnaire	
6. Required Documents	
7. Office of Equal Opportunity	
8. Rates and Charges	
9. Regular (Forms)	
10. Agreements	
→ Airline Operating Agreement	
→ Space Use Agreement	
→ Irrevocable Letter of Credit	
11. World Airport Rankings	
12. OAK Airport Statistics	
13. OAK Airport Development Plan	

- B. How announcements are made to tenant air carriers when gates become available. Do all tenant air carriers receive information on gate availability and terms and conditions by the same process at the same time?**

Airlines are notified in writing, as gates become available for preferential designation. Written notification includes an estimated date of availability for each opening.

Each carrier is required to submit its request in writing to the Port for consideration. The request must provide current schedule information and any planned schedule additions.

Preferential gate decision criteria include:

- Gate availability
- Current schedules and needs
- Confirmation of service expansion
- Demonstrated inability to maintain service level without Preferential gate

C. New policies that have been adopted or actions that have been taken to ensure that new entrant carriers have reasonable access to the airport and that incumbent carriers can expand their operations.

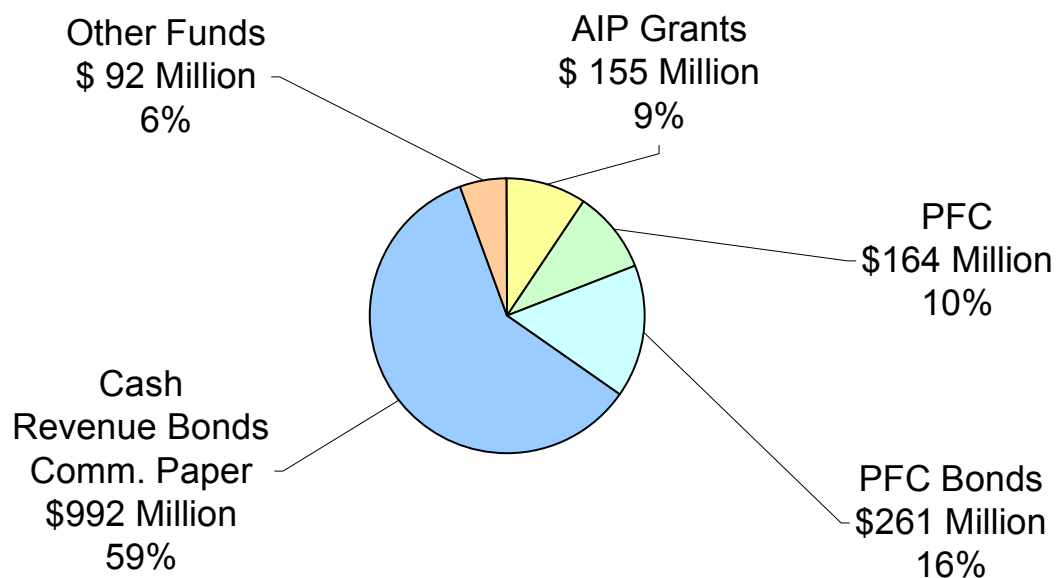
In OAK's Space / Use Agreement, incumbent carriers are authorized to charge a 25% premium to new entrants on rates and charges that can be prorated to a new entrant under a handling arrangement. This policy enhances competition by encouraging incumbent carriers to pursue new entrant handling opportunities. The financial advantages that come with economies of scale still make this a more profitable alternative for most new entrant carriers with limited daily service as well as eliminating the front-end capital costs of real estate development, equipment and the hiring of an entirely new team of employees. New entrant carriers can use the resources of incumbent carriers in the short run, until they are able to add enough flight frequency, usually 3-5 flights per day, to warrant an independent operation (i.e. one that can operate profitably). The end result is a more efficient utilization of the capacity at incumbent airline stations and a strong financial incentive to make use of existing space.

6) Financial Constraints

A. The major source of revenue at the airport for terminal projects.

Based on OAK's Capital Improvement Program, \$1.7 Billion (2001-2012) is expected to be funded as follows:

Oakland International Airport \$1.7 Billion Capital Improvement Program



B. Rates and charges methodology (residual, compensatory, or hybrid).

Oakland International operates under a hybrid rate-setting methodology. There are separate cost centers at OAK: Airfield and Taxiways, Terminal Building Complex, Tank Farm and Hydrant

System, Cargo, Roadways and Landside, Airline Maintenance Base, and North Field (GA).

OAK has three main commercial air service related cost centers: Terminal Building Complex, Tank Farm/Hydrant Fueling System, and Airfield. All of these cost centers use a residual rate-setting methodology. All other cost centers use a compensatory rate-setting methodology.

C. Past use, if any, of PFC's for gates and related terminal projects.

PFC #	Project	Amount
3	Gate 26A Loading Bridge	\$ 350,000
3	Gate 26A Holdroom	\$ 2,470,000
5	Terminal 1 & 2 Connector	\$ 5,400,000
6	International Gate Jetway	\$ 300,000
7	Baggage Claim Improvement	\$ 2,030,000
7	RON Apron	\$ 591,496
8	MUSE Common Use Gate System	\$ 1,500,000
Total:		\$12,641,496

7) Airport Controls Over Airside and Groundside Capacity

A. Majority-in-interest (MII) or “no further rates and charges” clauses covering groundside an airside projects.

Oakland International does not have MII clauses in airline agreements.

B. List any capital construction projects that have been delayed or prevented because an MII was invoked.

Not Applicable.

C. Plans, if any, to modify existing MII agreements?

Not Applicable.

8) Whether the airport intends to build or acquire gates that would be used as common facilities.

A. The number of common-use gates available at the airport today.

Six gates have already been fully converted with ARINC's MUSE system, employing Common Use Terminal Equipment (CUTE) hardware and software that creates a "shared use" environment at the boarding gates. Oakland International is in the process of installation of ARINC's MUSE system at all boarding gates. By 2002 all gates in Terminal 1 are slated to be CUTE facilities and Terminal 2 is scheduled for conversion by 2003.

There presently are one domestic and two international gates that are not assigned preferentially to any airline at Oakland International, and are operating as true common use gates.

B. The number of common-use gates the airport intends to build or acquire and timeline. Intended financing.

The Oakland International Airport Development Program (ADP) is delayed at present. In September 2001, neighboring communities of the Airport won a lawsuit on appeal that challenged the state environmental document (EIR) for the ADP. The Port is presently examining its options regarding the California Court of Appeals' reversal of the EIR for the ADP. The Port could appeal the decision to the California Supreme Court, revise and correct its EIR, prepare a new EIR, or look to other solutions. Depending on which approach is taken and proves successful, two to four more years may be added to the ADP process timeline.

Under the ADP, Oakland International will build 12 new permanent gates, each of which will employ CUTE, to expand the existing capacity at OAK through the addition of a new terminal and concourses.

Currently in the planning and design phase, this project is expected to be completed by 2009-2011. The project is expected to be funded by a combination of PFC, AIP, PFC Bonds, Port Cash/Revenue Bonds, and other funds as described in the pie chart shown above (6A). As noted in answer 8 (A) above, the airport is in the process of converting existing gates to CUTE by 2002 in terminal one and 2003 in terminal two.

C. Are any air carriers that have been serving the airport for more than three years relying exclusively on common use gates?

No.

D. Whether common-use gates will be constructed in conjunction with gates leased through exclusive or preferential-use arrangements.

Oakland International does not have exclusive agreements with airlines. Of the 12 gates in Terminal one, all will be converted to CUTE. Carriers with preferential assignments will retain their preferential status. Currently, there are 9 Gates with preferential-use permits in Terminal 1. All gates in Terminal 2 are assigned preferentially to Southwest Airlines.

In the future, all additional gates and ticket counters built at Oakland International will employ CUTE technology.

E. Whether gates being used for international service are available for domestic service.

OAK's two international gates can be used for both international and domestic operations.

F. Do air carriers that only serve domestic markets now operate from international gates?

Yes. Continental Airlines operates two flights every day to Houston and one to Newark from an international gate. In addition, United Airlines operates one domestic flight per day from the same gate.

9) Airfare Comparison

Table 1: Airport Competition Plan - Fare Data, Airport-Carrier Summary
Airport Data Summarized by Carrier

Year	Airport	Carrier	Zero-Fared	Total Passengers	Avg Fare	Trip Length	MktSh
1999 OAK		99	13,470	161,830	\$163.50	1,089	2%
		AA	27,270	259,170	\$255.44	1,869	3%
		AS	9,100	912,130	\$87.51	580	10%
		DL	10,580	155,790	\$222.17	1,952	2%
		HP	7,060	288,520	\$142.59	1,223	3%
		UA	55,330	992,000	\$198.99	1,205	11%
		WN	195,800	6,133,760	\$84.22	531	69%
		Total		318,700	8,906,600	\$108.12	702
1999 SFO		99	172,150	1,016,910	\$264.93	1,966	5%
		AA	331,060	1,944,200	\$275.04	2,027	9%
		AS	15,160	662,690	\$102.99	683	3%
		CO	117,910	1,109,560	\$253.18	2,201	5%
		DL	214,100	1,737,780	\$232.34	1,834	8%
		F9	2,080	178,180	\$189.16	1,362	1%
		FF	-	146,760	\$144.34	2,587	1%
		HA	5,950	189,660	\$204.39	2,435	1%
		HP	52,210	708,630	\$130.54	1,230	3%
		NW	135,500	1,090,180	\$219.41	1,947	5%
		QQ	7,010	272,460	\$58.14	355	1%
		TW	113,640	601,720	\$190.50	2,144	3%
		TZ	1,660	492,260	\$150.86	2,212	2%
		UA	803,650	10,369,730	\$203.58	1,203	46%
		US	162,910	933,750	\$253.67	2,390	4%
		WN	37,990	829,810	\$91.59	751	4%
Total		2,179,750	22,472,900	\$206.17	1,500	100%	
1999 SJC		99	24,320	221,010	\$244.36	1,585	2%
		AA	160,990	1,711,760	\$234.68	1,455	17%
		AS	8,260	910,460	\$91.50	650	9%
		CO	12,840	201,310	\$244.55	2,085	2%
		DL	26,520	393,270	\$215.04	1,496	4%
		HP	6,230	449,120	\$160.00	1,133	4%
		NW	22,950	159,140	\$242.15	1,939	2%
		QQ	27,310	1,040,740	\$72.92	398	10%
		TW	24,910	177,920	\$194.89	2,062	2%
		UA	77,670	1,132,600	\$238.46	1,319	11%
		WN	94,160	3,707,890	\$80.36	461	37%
Total		486,220	10,111,570	\$144.61	897	100%	
1999 SMF		99	15,770	159,080	\$187.26	1,383	2%
		AA	40,930	264,670	\$232.76	1,942	4%
		AS	7,780	452,130	\$104.82	634	6%
		DL	26,610	425,980	\$186.48	1,415	6%
		HP	10,460	551,920	\$142.72	962	8%
		NW	15,170	148,790	\$206.63	1,919	2%
		TW	19,900	172,340	\$186.53	1,997	2%
		UA	75,090	1,240,290	\$184.15	1,208	18%
		WN	98,270	3,632,150	\$81.00	513	51%
Total		312,130	7,070,350	\$125.66	862	100%	

Source: US DOT Origin and Destination Survey

Table 1: Airport Competition Plan - Fare Data, Airport-Carrier Summary
Airport Data Summarized by Carrier

Year	Airport	Carrier	Zero-Fared	Total Passengers	Avg Fare	Trip Length	MktSh
2000	OAK	99	18,480	171,290	\$ 176.89	1,229	2%
		AA	29,260	345,600	\$ 238.82	1,599	4%
		AQ	4,600	109,300	\$ 267.59	2,387	1%
		AS	14,060	916,590	\$ 93.59	578	9%
		DL	12,060	159,950	\$ 232.98	1,917	2%
		HP	5,890	348,760	\$ 160.89	1,311	4%
		UA	54,240	1,024,680	\$ 216.37	1,245	10%
		WN	291,430	6,652,550	\$ 91.33	556	67%
	Total		435,880	9,864,640	\$ 119.77	739	100%
2000	SFO	99	157,240	979,770	\$ 286.29	2,032	4%
		AA	297,170	2,439,850	\$ 291.59	1,844	11%
		AS	20,620	662,210	\$ 114.75	710	3%
		CO	113,110	1,052,970	\$ 301.28	2,208	5%
		DL	219,820	1,869,330	\$ 249.73	1,914	8%
		HA	20,600	268,210	\$ 208.02	2,424	1%
		HP	16,960	736,350	\$ 144.91	1,244	3%
		N7	3,800	400,570	\$ 109.32	784	2%
		NW	145,070	1,164,200	\$ 240.99	1,939	5%
		TW	95,090	665,600	\$ 210.24	2,198	3%
		TZ	4,130	550,850	\$ 162.79	2,223	2%
		UA	728,800	9,728,340	\$ 235.76	1,316	42%
		US	165,770	1,140,710	\$ 259.92	2,437	5%
		WN	53,510	931,070	\$ 99.10	791	4%
	Total		2,050,600	22,956,090	\$ 231.85	1,569	100%
2000	SJC	99	27,090	221,830	\$ 255.63	1,682	2%
		AA	177,270	2,982,980	\$ 217.22	1,183	27%
		AS	11,600	944,570	\$ 104.04	653	9%
		CO	17,200	288,480	\$ 299.61	2,128	3%
		DL	30,910	468,160	\$ 249.29	1,662	4%
		HP	6,370	536,400	\$ 170.31	1,141	5%
		NW	21,970	185,760	\$ 267.48	1,943	2%
		TW	25,960	202,810	\$ 210.96	2,086	2%
		UA	77,520	1,189,990	\$ 273.58	1,390	11%
		WN	139,900	4,030,810	\$ 89.08	489	36%
	Total		536,100	11,067,860	\$ 169.67	988	100%
2000	SMF	99	15,750	159,360	\$ 197.56	1,461	2%
		AA	33,670	261,980	\$ 249.25	1,946	3%
		AS	10,440	445,860	\$ 115.09	656	6%
		CO	4,820	86,440	\$ 203.93	1,989	1%
		DL	28,220	426,810	\$ 199.76	1,505	6%
		HP	10,360	622,270	\$ 148.44	1,009	8%
		NW	16,630	166,060	\$ 217.51	1,909	2%
		TW	18,580	184,470	\$ 207.36	2,041	2%
		UA	70,720	1,230,710	\$ 200.67	1,280	16%
		WN	147,330	3,978,270	\$ 89.06	561	53%
	Total		356,540	7,562,320	\$ 134.75	923	100%

Source: US DOT Origin and Destination Survey

Table 2 - Airport Competition Plan - Fare Data, Market Summary
 Summarized information by airport market
 for all O and D routes with an average of 10 or more PAX/day

			Short-Haul (750 Nonstop Miles or Less)					
Year	Airport	Market Type	City-Pairs	%	Passengers	%	Stage Length	Yield
1999	OAK	Non-Low-Fare	7	33%	35,000	0%	460	\$ 0.26
		Low-Fare	14	67%	7,008,060	100%	432	\$ 0.18
		Total	21		7,043,060		432	\$ 0.18
1999	SFO	Non-Low-Fare	23	82%	3,029,220	39%	507	\$ 0.20
		Low-Fare	5	18%	4,678,390	61%	420	\$ 0.20
		Total	28		7,707,610		454	\$ 0.20
1999	SJC	Non-Low-Fare	9	39%	67,980	1%	453	\$ 0.25
		Low-Fare	14	61%	6,605,580	99%	426	\$ 0.18
		Total	23		6,673,560		426	\$ 0.18
1999	SMF	Non-Low-Fare	14	56%	284,900	6%	423	\$ 0.30
		Low-Fare	11	44%	4,551,610	94%	450	\$ 0.17
		Total	25		4,836,510		448	\$ 0.18

			Long-Haul (Over 750 Nonstop Miles)					
Year	Airport	Market Type	City-Pairs	%	Passengers	%	Stage Length	Yield
1999	OAK	Non-Low-Fare	32	48%	689,080	37%	1,751	\$ 0.17
		Low-Fare	35	52%	1,174,460	63%	1,847	\$ 0.09
		Total	67		1,863,540		1,812	\$ 0.12
1999	SFO	Non-Low-Fare	155	90%	10,940,630	74%	2,185	\$ 0.13
		Low-Fare	18	10%	3,824,660	26%	2,002	\$ 0.12
		Total	173		14,765,290		2,137	\$ 0.12
1999	SJC	Non-Low-Fare	71	73%	2,662,670	77%	1,988	\$ 0.15
		Low-Fare	26	27%	775,340	23%	1,682	\$ 0.11
		Total	97		3,438,010		1,919	\$ 0.14
1999	SMF	Non-Low-Fare	68	70%	1,364,580	61%	1,955	\$ 0.13
		Low-Fare	29	30%	869,260	39%	1,692	\$ 0.10
		Total	97		2,233,840		1,853	\$ 0.12

			All Stage Lengths					
Year	Airport	Market Type	City-Pairs	%	Passengers	%	Stage Length	Yield
1999	OAK	Non-Low-Fare	39	44%	724,080	8%	1,689	\$ 0.18
		Low-Fare	49	56%	8,182,520	92%	635	\$ 0.14
		Total	88		8,906,600		721	\$ 0.15
1999	SFO	Non-Low-Fare	178	89%	13,969,850	62%	1,821	\$ 0.13
		Low-Fare	23	11%	8,503,050	38%	1,131	\$ 0.14
		Total	201		22,472,900		1,560	\$ 0.13
1999	SJC	Non-Low-Fare	80	67%	2,730,650	27%	1,950	\$ 0.15
		Low-Fare	40	33%	7,380,920	73%	558	\$ 0.16
		Total	120		10,111,570		934	\$ 0.15
1999	SMF	Non-Low-Fare	82	67%	1,649,480	23%	1,690	\$ 0.14
		Low-Fare	40	33%	5,420,870	77%	649	\$ 0.14
		Total	122		7,070,350		892	\$ 0.14

Source: U.S. DOT Origin and Destination Survey

Table 2 - Airport Competition Plan - Fare Data, Market Summary
Summarized information by airport market
for all O and D routes with an average of 10 or more PAX/day

			Short-Haul (750 Nonstop Miles or Less)					
Year	Airport	Market Type	City-Pairs	%	Passengers	%	Stage Length	Yield
2000	OAK	Low-Fare	14	74%	7,521,920	100%	434	\$ 0.19
		Non-Low-Fare	5	26%	31,400	0%	438	\$ 0.29
		Total	19		7,553,320		434	\$ 0.20
2000	SFO	Low-Fare	3	12%	2,591,080	35%	484	\$ 0.19
		Non-Low-Fare	22	88%	4,909,960	65%	446	\$ 0.24
		Total	25		7,501,040		459	\$ 0.22
2000	SJC	Low-Fare	14	61%	6,879,440	99%	431	\$ 0.21
		Non-Low-Fare	9	39%	67,640	1%	487	\$ 0.27
		Total	23		6,947,080		432	\$ 0.21
2000	SMF	Low-Fare	11	46%	4,724,400	94%	451	\$ 0.19
		Non-Low-Fare	13	54%	294,680	6%	432	\$ 0.30
		Total	24		5,019,080		450	\$ 0.20

			Long-Haul (Over 750 Nonstop Miles)					
Year	Airport	Market Type	City-Pairs	%	Passengers	%	Stage Length	Yield
2000	OAK	Low-Fare	41	52%	1,388,900	60%	1,900	\$ 0.10
		Non-Low-Fare	38	48%	922,420	40%	1,825	\$ 0.17
		Total	79		2,311,320		1,870	\$ 0.13
2000	SFO	Low-Fare	19	11%	3,454,170	22%	1,774	\$ 0.12
		Non-Low-Fare	153	89%	12,000,880	78%	2,249	\$ 0.14
		Total	172		15,455,050		2,143	\$ 0.14
2000	SJC	Low-Fare	28	26%	974,740	24%	1,871	\$ 0.11
		Non-Low-Fare	79	74%	3,146,040	76%	1,953	\$ 0.17
		Total	107		4,120,780		1,934	\$ 0.16
2000	SMF	Low-Fare	38	39%	1,277,910	50%	1,848	\$ 0.10
		Non-Low-Fare	59	61%	1,265,330	50%	1,865	\$ 0.15
		Total	97		2,543,240		1,856	\$ 0.12

			All Stage Lengths					
Year	Airport	Market Type	City-Pairs	%	Passengers	%	Stage Length	Yield
2000	OAK	Low-Fare	55	56%	8,910,820	90%	662	\$ 0.15
		Non-Low-Fare	43	44%	953,820	10%	1,780	\$ 0.17
		Total	98		9,864,640		770	\$ 0.16
2000	SFO	Low-Fare	22	11%	6,045,250	26%	1,221	\$ 0.13
		Non-Low-Fare	175	89%	16,910,840	74%	1,725	\$ 0.15
		Total	197		22,956,090		1,593	\$ 0.15
2000	SJC	Low-Fare	42	32%	7,854,180	71%	610	\$ 0.17
		Non-Low-Fare	88	68%	3,213,680	29%	1,922	\$ 0.17
		Total	130		11,067,860		991	\$ 0.17
2000	SMF	Low-Fare	49	40%	6,002,310	79%	748	\$ 0.14
		Non-Low-Fare	72	60%	1,560,010	21%	1,594	\$ 0.16
		Total	121		7,562,320		923	\$ 0.15

Source: U.S. DOT Origin and Destination Survey

Summary

In 2000, 99.6% of passengers flying to and from OAK in short haul markets had an opportunity to fly on a low-fare airline.

Oakland International's strategic marketing program identifies those markets which currently or potentially could support non-stop service. Once those markets are identified, the airport focuses on attracting airlines that might have interest in entering one of the individual markets with competitive service and economical fares.

Similarly, the airport identifies high fare markets that can support low fare competitive service and seeks out low fare carriers to provide that service.

It is the goal of OAK to be the "best value" airport in the Bay Area.