



MUNICIPAL SECONDARY MARKET DISCLOSURE INFORMATION COVER SHEET

Submitted to
Nationally Recognized Municipal Securities Information Repositories
pursuant to Securities and Exchange Commission rule 15c2-12
June 30, 2007

Issuer's Name: **Port of Seattle**

CUSIP Numbers: Information relates to **all securities** issued by the issuer having the following six-digit number(s): **735387**, **735388**, **735389**, **735371**, **735397**

Description of information attached: **Annual Disclosure Report**

Number of pages of attached information: **38 in this document including cover sheet. The Audited Financial Statements, as required under SEC rule 15c2-12, are filed separately.**

Fiscal Period Covered: **January 1, 2006 to December 31, 2006**

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

A handwritten signature in cursive script that reads 'Dan Thomas'.

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Source is Port of Seattle if not otherwise indicated

I. Issues Covered in this Annual Disclosure Report:

Six-digit CUSIP Number **735388**

- Revenue Bonds Series, 1996A and 1996B (“96AB”)
- Revenue Bonds Series, 1997A and 1997B (“97AB”)
- Revenue Refunding Bonds, Series 1998A (“98A”)
- Subordinate Lien Revenue Refunding Bonds, 1998 (“98SL”)
- Subordinate Lien Revenue Bonds Series 1997 (“97SL”)
- Subordinate Lien Revenue Bonds Series 1999A and 1999B (“99AB”)
- Revenue Bonds, Series 2000A and 2000B, and Revenue Refunding Bonds, Series 2000C and 2000D (“00ABCD”)
- Revenue Bonds, Series 2001A and 2001B, and Revenue Refunding Bonds, Series 2001C and 2001D (“01ABCD”)
- Revenue Bonds, Series 2003A and 2003B (“03AB”)

Six-digit CUSIP Number **735389**

- Subordinate Lien Revenue Bonds, Series 2003C (“03C”)
- Revenue Refunding Bonds, Series 2004 (“04”)
- Intermediate Lien Revenue and Refunding Bonds, Series 2005A (“05A”)
- Intermediate Lien Revenue Refunding Bonds, Series 2005B (“05B”)
- Subordinate Lien Revenue Bonds, Series 2005D (“05D”)
- Intermediate Lien Revenue Refunding Bonds, Series 2006 (“06”)

Six-digit CUSIP Number **735387**

- Passenger Facility Charges Revenue Bonds Series 1998A and 1998B (“98PFC”)

Six-digit CUSIP Number **735397**

- Special Facility Revenue Bonds (Terminal 18 Project) Series 1999A, 1999B, and 1999C (“99SF”)
- Special Facility Revenue Bonds (SEATAC Fuel Facilities LLC) Series 2003 (“03SF”)

Six-digit CUSIP Number **735371**

- Limited Tax General Obligation Bonds, Series 2000A and 2000B (“00GO”)
- Limited Tax General Obligation Bonds, Series 2004A, 2004B and Limited Tax General Obligation Refunding Bonds 2004C (“04GO”)
- Limited Tax General Obligation Refunding Bonds 2006 (“06GO”)

II. Statement of Changes to Continuing Disclosure

Change in format/presentation of the **Historical Debt Service Coverage** schedule. During 2006, the format of the referenced schedule changed by reclassifying revenue and expense line items. While the prior years balances have been conformed to the current year format, the net revenue available for debt service and coverage ratios were not impacted.

Change in format/presentation of the **Calculation of Airline Terminal Rents** schedule. During 2006, the Port entered into the new Airline Agreements (see the Changes in the Type of Airline Agreements section). Accordingly, this schedule's format/presentation was modified (see the Changes in the Method of Charging for the Use of Airport Facilities).

Change format/presentation of the **Calculation of Airline Landing Fees** schedule. During 2006, the Port entered into the new Airline Agreements (see the Changes in the Type of Airline Agreements section). Accordingly, this schedule's format/presentation was modified (see the Changes in the Method of Charging for the Use of Airport Facilities).

III. Disclosure Items

Port Historical Operating Results as of December 31, 2006

	(in thousands)				
	2002	2003	2004	2005	2006
REVENUES:					
Operating					
Aviation					
Property Rentals	\$ 89,844	\$ 96,471	\$ 161,170	\$ 189,915	\$ 209,975
Landing Fees ⁽¹⁾	73,250	83,159	45,569	47,107	46,730
Parking ⁽²⁾	40,233	40,217	42,584	47,359	53,628
Security grants ⁽³⁾	4,972	1,575	1,196	1,162	1,276
Other Revenues	10,734	11,728	17,279	26,272	25,891
Total Aviation Revenues	<u>219,033</u>	<u>233,150</u>	<u>267,798</u>	<u>311,815</u>	<u>337,500</u>
Seaport					
Property rentals ⁽⁴⁾	41,100	49,699	51,119	61,086	71,314
Equipment rentals	7,588	7,433	9,922	11,244	10,441
Distribution and Storage ⁽⁵⁾	4,762	19	16	8	7
Security grants ⁽³⁾	379	4,501	23,199	5,462	4,268
Other Revenues ⁽⁶⁾	34,497	26,079	24,814	26,454	24,475
Total Seaport Revenues	<u>88,326</u>	<u>87,731</u>	<u>109,070</u>	<u>104,254</u>	<u>110,505</u>
Other					
Other Revenues ⁽⁷⁾	—	872	334	456	444
TOTAL OPERATING REVENUES	<u>\$307,359</u>	<u>\$321,753</u>	<u>\$377,202</u>	<u>\$416,525</u>	<u>\$448,449</u>
EXPENSES:					
Operating					
Aviation	\$113,063	\$113,385	\$109,334	\$122,666	\$126,635
Seaport	53,722	48,956	63,454	46,383	46,384
Environmental ⁽⁸⁾	8,607	4,071	2,200	7,739	(1,262)
Administration	45,547	42,655	48,282	49,407	51,808
TOTAL OPERATING EXPENSES BEFORE DEPRECIATION	<u>\$220,939</u>	<u>\$209,067</u>	<u>\$223,270</u>	<u>\$226,195</u>	<u>\$223,565</u>
DEPRECIATION	<u>84,853</u>	<u>85,076</u>	<u>110,175</u>	<u>129,788</u>	<u>140,189</u>
TOTAL OPERATING EXPENSES	<u>305,792</u>	<u>294,143</u>	<u>333,445</u>	<u>355,983</u>	<u>363,754</u>
OPERATING INCOME	<u>\$1,567</u>	<u>\$27,610</u>	<u>\$43,757</u>	<u>\$60,542</u>	<u>\$84,695</u>

(1) Prior to 2004, the Airport operated under an Airport-wide residual agreement that, among other things, required payments by signatory airlines sufficient to meet a 1.25 to 1.35-times debt service coverage for approved projects.

(2) Includes public parking and employee parking. Revenues derived from car rental companies are included as "property rentals."

(3) Security grants include Operation Safe Commerce and TSA operating grant revenues.

(4) In 2003, the Seaport Division had an increase in container terminal rental revenues after an increase in the blended rate charged to tenants and from increased T-18 net revenues, following a bond defeasance completed in 2002.

(5) Declining revenue due to warehouse and chill lines of business closure in May 2002.

(6) Largest components of Other Revenues include berthage & moorage and sales of utilities. Corporate services department revenues were included in 2002.

(7) Includes combined revenues of the corporate services department and the Economic Development Division.

(8) Starting in 2002, the Port established a new policy for reserving for environmental liabilities when the likelihood of the liability is probable and the amount can be reasonably estimated. When an Environmental Reserve is established, an expense is recorded in the current period for the future liability.

Source: Port of Seattle.

Management Discussion of Historical Financial Results

Per GASB 34, the Port's Audited Financial Statements now include Management's Discussion and Analysis (MD&A). Please see this section of the Statements for the Management Discussion of Historical Financial Results.

Management Discussion of Expected Results

Information presented in this section is found elsewhere in this disclosure document so has not been separately repeated here.

Amount and Percentage of Operating Revenues by Division

In 2006, the Seaport Division and the Aviation Division accounted for approximately \$110.5 million (24.7%) and approximately \$337.5 (75.3%) of the Port's total operating revenues, respectively.

Port Outstanding Debt (Amounts in \$ millions)

Type of Debt	12/31/2006	6/30/2007
General Obligation	417	417
Revenue		
Senior Parity	1,125	1,334
Intermediate	578	578
Subordinate		
Long-term	601	601
Commercial Paper Authority*	250	250
Other		
PFC – backed stand alone	227	227
Special Facility Revenue Bonds – Fuel	119	117
TOTAL	3,316	3,524

* The total authorized amount of Commercial Paper is \$250 million. The actual amount outstanding as of 12/31/2006 and 6/30/2007 was \$160.575 million and \$137.980 million, respectively

Port of Seattle Estimated Debt Limit as of June 2007

Value of Taxable Property ⁽¹⁾	\$298,755,199,059
Debt Limit, Non-Voted General Obligation Bonds (.25% of Value of Taxable Property)	\$ 746,887,998
Less: Outstanding Non-Voted General Obligation Bonds	416,645,000
Less: Capital leases and other general obligations	-
Remaining Capacity of Non-Voted General Obligation Debt	<u>\$ 330,242,998</u>
Debt Limit, Total General Obligation Debt (.75% of Value of Taxable Property)	\$ 2,240,663,993
Less: Total Outstanding General Obligation as of	416,645,000
Remaining Capacity of Total General Obligation Debt	<u>\$ 1,824,018,993</u>

(1) Assessed valuation figure as reported in the 2007 King County's Assessor Annual Report. This 2007 assessed valuation figure is the basis for 2007 tax collections.

Source: Port of Seattle.

2006 Port of Seattle Revenue Bond Debt Service (in thousands of dollars)

First Lien Revenue Bonds	Interest	\$ 66,418.5
	Principal	36,710.0
Intermediate Lien Revenue Bonds	Interest	21,105.4
	Principal	530.0
Subordinate Lien Revenue Bonds	Interest	25,495.6
	Principal	8,060.0
Subordinate Lien Notes (Commercial Paper) *	Interest	7,402.5
	Principal	2,583.4

* This is based on amortization of outstanding Commercial Paper on December 31, 2006. Total CP authority is \$250 million, but actual amount outstanding varies.

2006 Port of Seattle Limited Tax G.O. Bond Debt Service (in thousands of dollars)

Year	Principal	Interest	Total Debt Service
2006	\$ 17,910.0	\$ 22,227.3	\$ 40,137.3

Source: Port of Seattle

Tax Levy: Recent Tax Levy Activity

2006 Tax Year

Port District Assessed Valuation	\$270,571,089,668
Maximum Levy	\$78,064,389
Total Tax Levy	\$62,785,789
Total Tax Levy Rate	0.23330
Tax Levy Allocable for Limited Tax General Obligation Bonds	\$40,137,281
Tax Levy Allocable for General Purposes	\$22,648,508

Source: King County Assessor's Office and Port of Seattle

Industrial Development Levy or Dredging Levy

The Port did not levy the Industrial Development Levy or the Dredging Levy in 2006.

Tax Levy: "Tax Collection Record"

<u>Year</u>	<u>Amount of Levy*</u>	<u>Amount Collected in Year Due</u>	<u>% Collected in Year Due</u>	<u>Amount Collected as of 12/31/06</u>	<u>% of Levy Collected as of 12/31/06</u>
2006	\$62,805,612.70	\$61,701,749.47	98.24%	\$61,701,749.47	98.24%
2005	62,799,550.36	61,704,536.02	98.26	62,546,126.65	99.60%
2004	59,680,131.74	58,630,164.78	98.24	59,582,483.18	99.84%
2003	58,028,845.44	56,372,464.20	97.15	57,980,039.81	99.92%
2002	39,818,500.85	38,972,071.15	97.87	39,805,947.57	99.97%

* The amount of the levy varies from the budgeted amount because of adjustments in assessed values and levy rates made by the County.
Source: Port of Seattle, from King County Tax Receivables

Port of Seattle Capital Improvement Program for Period Ending December 31, 2006^(a)

	Estimated Total Costs	Currently Funded ^(b)	Future Bonds	Other ^(c)
Phase 1				
Third Runway	1,128,801,000	1,061,806,000	66,995,000	
South Terminal Expansion Program	431,899,000	431,899,000		
Terminal and Tenants	334,521,000	323,962,000	10,559,000	
Infrastructure	236,941,000	234,236,000	2,705,000	
Airfield	195,545,000	195,271,000	274,000	
Satellite Transit System ^(d)	160,171,000	160,171,000		
Landside	142,402,000	142,402,000		
Aviation Division Wide	94,919,000	82,673,000	12,246,000	
Security	32,320,000	32,320,000		
Business Development	17,629,000	17,629,000		
	2,775,148,000	2,682,369,000	92,779,000	
Noise	414,641,000	371,669,000	22,082,000	20,890,000
All Other				
Security	215,333,000	191,968,000	23,365,000	
Aviation Division Wide	162,726,000	130,666,000	32,060,000	
Landside	147,619,000	144,219,000	3,400,000	
South Terminal Expansion Program	134,162,000	125,094,000	9,068,000	
Infrastructure	102,238,000	91,258,000	10,980,000	
Stormwater	92,834,000	58,150,000	34,684,000	
Terminal and Tenants	80,930,000	55,666,000	25,264,000	
Airfield	69,110,000	60,080,000	9,030,000	
Business Development	37,782,000	35,457,000	2,325,000	
	1,042,734,000	892,558,000	150,176,000	
Total Aviation Division	4,232,523,000	3,946,596,000	265,037,000	20,890,000
% of total - Aviation	100.00%	93.24%	6.26%	0.49%

SEAPORT DIVISION (2007-2011)

Total Seaport Division **587,830,000**

PROFESSIONAL AND TECHNICAL SERVICES AND ECONOMIC DEVELOPMENT (2007-2011)

Total P&TS and Economic Development **65,918,000**

Total Port of Seattle \$4,886,271,000

(a) Committed Program only.

(b) Includes existing revenue bond proceeds, PFC Bond proceeds, PFC revenues, Airport Improvement Program. (AIP) grants, Transportation Security Administration (TSA) grants, Letter of Intent grants, and the Airport Development Fund.

(c) Includes expected future AIP grants, PFC revenues, and other/equity.

(d) The FAA refers to this program as the Passenger Conveyance System.

Source: Port of Seattle.

Historical Debt Service Coverage for Period Ending December 31, 2006

Historical Debt Service Coverage Revenue Bonds (in thousands) For the Years Ended December 31

<u>Fiscal Year</u> ^(a)	<u>2002</u> <u>as restated</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Gross Revenue available for revenue bond debt service ^(b)	\$ 307,360	\$ 321,318	\$ 375,960	\$ 412,481	\$ 439,819
Operating Expenses	220,939	209,067	223,270	226,195	223,564
Less Port general purpose tax levy	<u>(15,131)</u>	<u>(32,772)</u>	<u>(20,865)</u>	<u>(24,233)</u>	<u>(23,828)</u>
Adjusted Operating Expenses	<u>205,808</u>	<u>176,295</u>	<u>202,405</u>	<u>201,962</u>	<u>199,736</u>
Non-operating revenue (net) ^(c)	11,622	10,262	6,053	18,776	24,659
Net revenue available for first lien debt service	<u>\$ 113,174</u>	<u>\$ 155,285</u>	<u>\$ 179,608</u>	<u>\$ 229,295</u>	<u>\$ 264,742</u>
Debt service on first lien bonds	\$ 67,782	\$ 78,577	\$ 75,535	\$ 84,614	\$ 87,876
Coverage on first lien bonds	1.67x	1.98x	2.38x	2.71x	3.01x
Net revenue available for intermediate lien debt service ^(d)	N/A	N/A	N/A	<u>\$ 144,681</u>	<u>\$ 176,866</u>
Debt service on intermediate lien bonds ^(d)	N/A	N/A	N/A	\$ 2,167	\$ 7,269
Coverage on intermediate lien bonds ^(d)	N/A	N/A	N/A	66.77x	24.33x
Net revenue available for subordinate lien debt service	<u>\$ 45,392</u>	<u>\$ 76,708</u>	<u>\$ 104,073</u>	<u>\$ 142,514</u>	<u>\$ 169,597</u>
Debt service on subordinate lien bonds	\$ 13,112	\$ 16,748	\$ 23,382	\$ 27,813	\$ 39,067
Coverage on subordinate lien bonds	3.46x	4.58x	4.45x	5.12x	4.34x

(a) During 2003, the Port changed its methodology with respect to the calculation of total revenue available for revenue bond debt service and of net expenses payable from revenue and restated 1999 through 2002 periods presented to reflect the change. The Port has determined that unrealized gains and losses on investments should not be considered in the revenue calculation. Commercial paper fees are added back to the expense calculation.

(b) Gross revenue represents total operating revenue adjusted for the following: Fuel hydrant rental income (applicable only in 2006, 2005, 2004 and 2003) and difference of escalating rental income on straight-line basis versus contracted amount are excluded.

(c) Nonoperating revenue (net) is adjusted for the following: Interest expense on any obligations incurred in connection with and payable from gross revenue, income which is not legally pledged for revenue bond debt services namely passenger facility charges, and customer facility charges, grant and donation revenue, public expense, and non-cash items are excluded.

(d) No intermediate lien bonds were issued prior to 2005.

Changes in the Identity of the Port's Treasurer

No Change

Changes in the Port's Investment Policy

Yes.

The Commission adopted an investment policy for the Port on June 11, 2002, that was amended on December 12, 2006. In summary, the amendment was two-fold: first to provide revenue and portfolio diversification enhancements, and secondly policy improvement/house-keeping changes. The revenue enhancement change allowed for securities lending and for the purchase of specific mortgage-backed securities. The portfolio diversification change extended the maturity date of

permitted securities from five (5) to (10) years, and allows for the purchase of specific mortgage-backed securities. While the amendment occurred in 2006, there were no securities out on loan or investments in mortgage-backed securities as of December 31, 2006. The policy improvement/house-keeping changes include formalizing a duration target, changes to Commercial Paper language, and a footnote clean-up. Details for the revenue and portfolio diversification enhancements are further described in the following paragraphs.

For the purpose of purchasing investments, the Port pools its own funds, including funds established with bond proceeds. Investment earnings from the pool are allocated monthly to each participating fund based upon the average daily balance of each fund.

Under the revised investment policy, the Port may invest in (i) U.S. Treasury securities; (ii) agency securities including mortgage backed securities of these agencies limited to (1) collateralized mortgage pools having a stated final maturity not exceeding the maturity limits of the policy (10 years), and (2) planned amortization and sequential pay classes of collateralized mortgage obligations collateralized by 15-year agency-issued pooled mortgage securities having a stated final maturity not exceeding the maturity limits of the policy; (iii) certificates of deposit with Washington State banks authorized by the State's Public Deposit Protection Commission; (iv) bankers' acceptances, on the secondary market, issued by any of the top 50 world banks in terms of assets; and (v) repurchase agreements, provided that (1) the repurchase agreement may not exceed 60 days; (2) the underlying collateral must be a security authorized by the investment policy for purchase; and (3) all underlying securities used for repurchase agreements are settled on a delivery versus payment basis. Securities collateralizing repurchase agreements must be marked to market daily and have a value of at least 102 percent of the cost of the repurchase agreement for terms less than 30 days and 105 percent for terms in excess of 30 days. Other permitted investments include reverse repurchase agreements with terms not exceeding 60 days, commercial paper on the secondary market, rated no lower than A1/P1 authorized by Washington State Investment Board Guidelines, and certain municipal bonds rated "A" or better by at least one nationally-recognized credit rating agency. The Port may now enter into a securities lending program through its custodian that requires all loaned securities be continuously collateralized at 102 percent. The Port's custodian, or its New York agent, must take possession of all Port securities.

The revised investment policy diversification parameters allow for 100 percent of the portfolio be invested in U.S. Treasury securities, 60 percent in agency securities, excluding agency discount notes, 20 percent in agency discount notes, 10 percent in agency mortgage-backed securities, 15 percent in certificates of deposit, 20 percent in bankers' acceptances, 20 percent in commercial paper, 15 percent in overnight repurchase agreements, 25 percent in term repurchase agreements, and five percent in reverse repurchase agreements.

Insurance

General Overview. The Port of Seattle has a comprehensive risk management program that financially protects the Port against loss from adverse events to its property, operations, 3rd party liabilities, and employees. The Port's insurance year for liability coverage runs from October 1, 2006 to October 1, 2007. The Port's insurance year for property coverage runs from July 1, 2006 to July 1, 2007. The Port utilized the services of Hugh Wood Incorporated for the placement of its liability insurance. Aon Risk Services remains as the broker for the Port's Owner Controlled Insurance Program (OCIP) for the Airport Capital Improvement Program. The OCIP program runs

through 12/31/2008. The Port utilizes Driver Alliant to purchase its property insurance. All of the Port's insurance carriers are rated "A" or better by the A.M. Best & Co. and includes AIG, Lexington (AIG), ACE, National Union, Illinois Union, Navigators, and Lloyds of London.

Property Insurance. For 2006-2007, the Port has maintained an "all risk" property insurance program for loss of and damage to Port property including business interruption and equipment breakdown with a \$350 million per occurrence limit (\$1 billion/occurrence at airport terminal) at a \$1 million per occurrence deductible. Terrorism coverage has been provided with a sub-limit of \$100 million per occurrence. Coverage limits for earthquake and flood are capped at an annual aggregate of \$10 million above a flat \$25 million deductible. Builders risk coverage for property in the course of construction has been provided with a sub-limit of \$50 million. For 2006-2007, the Port was able to secure a \$50,000 per occurrence deductible for builders risk (course of construction) coverage. The builders risk coverage extends to both contractors and the Port for property damage to the Port's Capital Improvement Program assets that are in the course of construction. The Port carries a separate employee fidelity bond for crime coverage (employee dishonesty) with a \$1 million policy limit and a \$25,000 per claim deductible.

For 2007-2008, the Port's "all risk" property insurance program is provided with a \$1 billion per occurrence limit and a \$1 million per occurrence deductible. Terrorism coverage is provided with a sub-limit of \$100 million per occurrence. Builders risk coverage for property in the course of construction is provided with a sub-limit of \$ 50 million for all scheduled projects valued at under \$50 million. For 2007-2008, the Port was able to secure a \$50,000 per occurrence deductible for the builders risk (course of construction) coverage. The builders risk coverage extends to both contractors and the Port for property damage to Port's Capital Improvement Program assets that are in the course of construction. The Port carries a separate employee fidelity bond for crime coverage (employee dishonesty) with a \$1 million policy limit and a \$25,000 per claim deductible. For the property insurance program beginning July 1 2007, and expiring June 30, 2008, the Port has decided not to purchase earthquake coverage due to cost and the small limits available relative to the Port's overall insurable values.

Liability Insurance. The Port purchases excess commercial general liability insurance which covers losses involving bodily injury and property damage that arise from claims against the Port by 3rd parties at all Port owned, rented or leased locations except the airport (which has a separate airport operator's liability policy). The excess general liability limit is \$50 million per occurrence with a \$1 million per claim retention. This excess liability coverage is for the Port's marine, automobile, employee benefits, and foreign liability exposures. Coverage includes events stemming from terrorism acts.

The Port purchases airport operator's liability insurance which covers losses involving property damage and bodily injury that arise out of airport operations. The limit of liability is \$300 million with a \$1 million per claim retention. Coverage for events stemming from terrorism and/or war is excluded.

Separate liability policies have been purchased to cover the Port's public officials' and employment practices liability (\$5 million limit/\$1 million per claim retention); fiduciary liability (\$5 million limit/no-deductible), and police professional liability (\$3 million limit/\$1 million per claim retention). The Port self-insures its workers' compensation exposure.

Third Party Agreements. Contractors, tenants, and lessees, are required to carry at least \$1 million of commercial general liability insurance (\$10 million for large construction projects and higher-risk projects) and automobile liability insurance of at least \$1 million (\$5 million for automobiles operated on the non-movement part of the aircraft operations area and \$10 million for automobiles operated on the aircraft movement area of the aircraft operations area). The Port requires airline tenants at Sea-Tac airport to provide between \$100 million and \$300 million per occurrence liability limits. Contractors must also provide proof of workers' compensation coverage for their employees as well as Washington State "stop-gap" coverage that covers employers' liability. The Port of Seattle requires all contractors, tenants, and lessees, to include the Port of Seattle as an "additional insured" as their interests appear for their work, operations, or other activities, on Port property. All contracts and lease agreements require that the Port, and its employees, officers, and commissioners are to be held harmless and indemnified for all claims that arise out of the acts of the contractors and lessees.

Owner Controlled Insurance Program. The Airport Capital Improvement Program (ACIP) construction projects are insured against third party claims under an Owner Controlled Insurance Program (OCIP). The OCIP insures the Port, construction managers, eligible and enrolled contractors, and other designated parties for work performed under the ACIP. Certain Contractors and Subcontractors and their employees are excluded from this program, as defined by the scope of their operations.

Coverage under the OCIP includes General Commercial Liability, Excess Liability, Stop-Gap Employer's Liability, Excess Automobile Liability, Professional Liability Insurance and Contractor's Pollution Liability insurance. AIG is the primary insurer for the OCIP. The OCIP excludes workers compensation coverage for all contractors. The policy period for the OCIP insurance program runs from December 31, 2000 to December 31, 2008 (except the Excess Auto, which expired December 31, 2006). Depending on the line of coverage, OCIP policy per occurrence limits range from \$4,000,000 up to \$300,000,000.

Total Annual Enplanements

<u>Year</u>	<u>Domestic</u>	<u>International</u>	<u>Total</u>	<u>Annual Increase/(Decrease)</u>
2006 (entire year)	13,755,001	1,226,559	14,981,560	2.4%
January – April 2006	4,012,065	408,991	4,421,056	-----
January – April 2007	4,070,828	408,473	4,479,301	1.3%

Percentage of Domestic and International Flights

Of the approximately 15.0 million enplaned passengers served by the Airport in 2006, 8.2% were on international flights and 91.8% were on domestic flights.

Enplanement Market Share by Airline in 2006

<u>Rank</u>	<u>Airline</u>	<u>Enplaned Passengers</u>	<u>Share</u>
1	Alaska Airlines	5,434,755	36.3%
2	Horizon Air	<u>1,777,052</u>	<u>11.9%</u>
	Alaska Air Group	7,211,807	48.1%
3	United Airlines ⁽¹⁾	1,507,619	10.1%
4	Southwest Airlines	1,313,040	8.8%
5	Northwest Airlines	1,027,416	6.9%
6	American Airlines	847,239	5.7%
7	Delta Air Lines ⁽²⁾	839,876	5.6%
8	Continental Airlines	628,183	4.2%
9	America West Airlines ⁽³⁾	395,204	2.6%
10	US Airways ⁽⁴⁾	178,340	1.2%
11	Hawaiian Airlines	150,345	1.1%
12	Frontier Airlines	158,185	1.0%
	Others	<u>724,306</u>	<u>4.8%</u>
	Airport Total	14,981,560	100.0%

(1) United Airlines includes United Express.

(2) Delta Air Lines includes Delta Connection.

(3) America West includes America West Express.

(4) US Airways Group Inc. and America West Holdings Corp. merged in 2005.

Source: As reported to the Port by the airlines.

Number of U.S. Flagged and Foreign Passenger Airlines

17 U.S. flagged passenger airlines and 8 foreign flagged passenger airlines served the Airport as of December 2006.

List of Airlines Serving Seattle-Tacoma International Airport as of December 2006

Scheduled passenger service

United States flag airlines
AirTran Airways
Alaska Airlines
America West Airlines
American Airlines
Continental Airlines
Delta Air Lines
Frontier Airlines
Hawaiian Airlines
Horizon Air
Mesa Airlines (America West Express)
JetBlue Airways
Northwest Airlines
SkyWest Airlines (Delta Connection and United Express)
Southwest Airlines
Sun Country Airlines
United Airlines
US Airways

Foreign Flag Airlines
Air Canada
Air Canada Jazz
Asiana Airlines
British Airways
China Airlines
EVA Airways
Korean Air
Scandinavian Airlines System (SAS)

Charter passenger service

ATA Airlines
Allegiant Air
Champion Air
Executive Flight
Xtra Airways

All-cargo Service

Air Transport International
Airborne Express
Cargolux Airlines International
China Cargo Airlines ⁽¹⁾
Emery Worldwide ⁽²⁾
Empire Airlines
Evergreen International Airlines
FedEx
Kalitta Air, LLC
Kitty Hawk Air Cargo
Martinair Holland
UPS Air Cargo

Source: Port of Seattle records

(1) Service discontinued November 2006

(2) Service discontinued June 2006

Number of Total Airport Operations for 2006

The Airport accommodated 340,058 airline operations (takeoffs and landings) in 2006.

Primary Domestic Origin and Destination Markets 2006

Rank	Market of Origin or Destination	Top Domestic Passenger Origin-Destination Markets and Airline Service		
		Air miles from Seattle	Share of market ^{(1)(a)}	Average daily non-stop departures ^{(2)(b)}
1	Los Angeles ⁽³⁾	954	11.1%	35
2	Bay Area ⁽⁴⁾	678	9.3	39
3	Las Vegas, Nevada	866	4.5	15
4	New York, New York ⁽⁵⁾	2,421	4.0	10
5	Phoenix, Arizona	1,107	3.9	15
6	Chicago, Illinois ⁽⁶⁾	1,721	3.3	17
7	San Diego, California	1,050	3.0	8
8	Denver, Colorado	1,024	2.9	16
9	Spokane, Washington	224	2.7	23
10	Sacramento, California	605	2.4	10
11	Washington, D.C. ⁽⁷⁾	2,306	2.1	5
12	Dallas/Ft. Worth, Texas	1,660	2.0	12
13	Minneapolis/St. Paul, Minnesota	1,399	2.0	7
14	Salt Lake City, Utah	689	1.8	10
15	Honolulu, Hawaii	2,677	1.8	3
16	Anchorage, Alaska	1,449	1.7	18
17	Boston, Massachusetts	2,496	1.7	2
18	Boise, Idaho	399	1.7	9
19	Atlanta, Georgia	2,182	1.6	6
20	Orlando, Florida	2,553	1.5	2
21	South Florida ⁽⁸⁾	2,724	1.3	1
22	Reno, Nevada	564	1.3	6
23	Philadelphia, Pennsylvania	2,378	1.2	2
24	Houston, Texas ⁽⁹⁾	1,874	1.2	7
25	Baltimore, Maryland ⁽¹⁰⁾	2,335	1.0	0
26	Detroit, Michigan	1,927	<u>1.0</u>	<u>3</u>
	Sub total		72.1	282
	All Other Cities		<u>27.9</u>	<u>109</u>
	Total⁽¹¹⁾		<u>100%</u>	<u>392</u>

Note: Totals may not add to 100% as a result of rounding.

(1) Market Share based on number of enplaned passengers. Cities with at least one percent of Market Share.

(2) Official Airline Guides, Inc., on-line database for December 2006.

(3) Los Angeles International, Bob Hope (Burbank), John Wayne (Orange County), Ontario International, and Long Beach airports.

(4) San Francisco, Oakland, and Mineta San Jose international airports.

(5) John F. Kennedy International, LaGuardia, and Newark Liberty International airports.

(6) Chicago O'Hare International and Midway airports.

(7) Washington Dulles International and Reagan Washington National airports.

(8) Miami, Fort Lauderdale-Hollywood, and Palm Beach international airports.

(9) George Bush International Airport/Houston.

(10) Baltimore has no direct flights, however, the market share is due to connecting flights.

(11) Domestic destinations only. An additional 43 daily non-stop international departures contribute to the 435 total daily nonstop departures at the Airport.

Sources: (a) Bureau of Transportation Statistics, T-100 Domestic Market Schedule T2. (b) Port of Seattle.

Percentage of Origin and Destination (O&D) Passengers

The estimated percentage of O&D passengers is 73%, based upon a recent U.S. Department of Transportation survey, as of twelve months ending December 31, 2006.

Landed Weights of Top Ten Passenger Carriers for 2006

Rank		Metric Tons	% of Total
1	Alaska Airlines	6,525,473	32.1%
2	United Airlines	2,022,476	9.9%
3	Horizon Airlines	1,997,425	9.8%
4	Southwest Airlines	1,654,984	8.1%
5	Northwest Airlines	1,317,109	6.5%
6	Delta Airlines	1,009,155	5.0%
7	American Airlines	964,679	4.7%
8	Continental Airlines	691,681	3.4%
9	America West Airlines	452,272	2.2%
10	EVA	400,535	2.0%
	All Others ¹	3,314,747	16.3%
		20,350,536	100.0%

Source: As reported to the Port of Seattle by the airlines.

¹ includes passenger and cargo carriers

Number of Domestic Daily Non-stop Cities Served in 2006

Passenger airlines provided daily non-stop service to 70 cities.

List of International Daily Non-stop Cities Served in 2006

Non-stop daily international service was offered to 15 cities (some Mexico service is seasonal)

Amsterdam, Netherlands
Calgary, Alberta, Canada
Copenhagen, Denmark
Edmonton, Alberta, Canada
Kamloops, British Columbia, Canada
Kelowna, British Columbia, Canada
London, England
Los Cabos, Mexico
Puerto Vallarta, Mexico
Seoul, Korea
Taipai, Taiwan
Tokyo, Japan
Toronto, Ontario, Canada
Vancouver, British Columbia, Canada
Victoria, British Columbia, Canada

Source: Official Airline Guide (OAG)

Scheduled International Service

Country	Percent of Seating Capacity
Canada	43.5%
Japan	15.1%
United Kingdom	12.4%
Taiwan	10.1%
Korea	7.2%
Denmark	5.9%
Netherlands	5.7%
	<hr/> 100.0%

Source: Official Airline Guide, May 2007

Non-Stop Scheduled Departures by Airline

<u>Airline</u>	<u>Number of average daily departures</u>
Alaska Airlines	144
Horizon Air	129
Southwest Airlines	39
United Airlines	30
American Airlines	17
Delta Airlines	15
Northwest Airlines	15
Continental Airlines	14
SkyWest Airlines ^a	14
US Airways	10
Air Canada Jazz	5
Frontier Airlines	4
JetBlue Airways	3
Hawaiian Airlines	2
Sun Country Airlines	2
Air Canada	1
AirTran Airways ^b	1
Asiana Airlines ^c	1
British Airways	1
China Airlines	1
EVA Air	1
Korean Air	1
Midwest Airlines ^b	1
SAS Scandinavian Airlines	1
US Airways Express/Mesa Airlines	1
Total	<u>453</u>

(a) operates as Delta Connection and United Express carrier

(b) service frequency increases during the summer months

(c) service not daily but increased frequency during summer months

Source: Official Airline Guide, May 2007

Percentage of Enplanements Traveling to Asia

In 2006, approximately 2.6% of all enplanements, or 32% of international enplanements represented passengers traveling to Asia.

Number of Domestic and Foreign All-Cargo Airlines

13 domestic and foreign all-cargo airlines, having a market share greater than 0.5%, served the Airport in 2006 (these numbers do not include air mail).

Metric Tons of Enplaned and Deplaned Cargo

Total enplaned and deplaned cargo equaled 341,952 metric tons in 2006. This includes Domestic and International Air Freight and Domestic and International Air Mail.

Additional Pledged Revenue and any Changes of PFC Authorization

There were no changes in 2006.

Projects to be Funded with PFC Revenue -- Costs and Sources of Funds

PROJECTS TO BE FUNDED WITH PFC REVENUE--ESTIMATED COSTS AND SOURCES OF FUNDS
 Port of Seattle, Washington
 Seattle-Tacoma International Airport

	Gross project costs	Sources of funds				
		Federal grants-in-aid		Port funds ⁽¹⁾	Pay-as-you-go PFC Revenue	1998 PFC Bond proceeds
		Entitlement	Discretionary			
1998 PFC Bond Projects						
Third runway ⁽²⁾	\$1,060,801,000	\$93,900,000	\$202,635,256	515,524,780	134,407,964	\$114,333,000
South Terminal Expansion Program (STEP) ⁽³⁾	566,047,000			427,230,026	41,534,974	97,282,000
Passenger conveyance system ⁽⁴⁾	160,038,000			27,776,158	83,876,842	48,385,000
Total 1998 PFC Bond Projects	\$1,786,886,000	\$93,900,000	\$202,635,256	\$970,530,964	\$259,819,780	\$260,000,000
Other--impose and use						
ARFF regional training facility	\$6,880,689		\$4,503,000	927,689	\$1,450,000	
Runway safety area improvements	46,286,000		25,500,000	12,286,000	8,500,000	
Access roadway improvements	65,335,370			41,169,380	24,165,990	
Security system upgrade	32,818,365			20,515,365	12,303,000	
Airfield pavement and infrastructure improvements	46,981,877		7,883,000	10,887,568	28,211,309	
Noise programs ⁽⁵⁾	137,800,000		50,000,000	37,800,000	50,000,000	
Total other--impose and use	\$336,102,301		\$87,886,000	\$123,586,002	\$124,630,299	
Total projects	\$2,122,988,301	\$93,900,000	\$290,521,256	\$1,094,116,966	\$384,450,079	\$260,000,000

(1) Including, but not limited to, Airport Development Fund moneys and revenue bond and commercial paper proceeds.

(2) Excludes some associated costs - \$33 million for Safety Area and \$35 million for Noise projects. When these costs are included, total Third runway project costs are \$1,128,801,000.

(3) Formally known as "Terminal expansion--Concourse A". Includes associated security systems.

(4) Formally known as the Passenger Conveyance System. Also known as the Satellite Transit System.

(5) Total Noise project costs associated with the PFC Record of Decision (ROD)

Source: Port of Seattle.

Historical PFC Collection and Percentage of PFC Eligible Enplaned Passengers

Note that PFC collections figures are based on "PFC Quarterly Status Report – Revenue and Expenditures" filed with FAA and reported on a cash basis; thus PFC collections do not match the amounts reported in the Port of Seattle Financial Statements.

	<u>2006</u>
Enplaned passengers	14,981,560
Annual Percentage Increase	2.4%
Passenger Facility Charge (PFC)	\$ 4.50
Administration costs	0.12
Net PFC	<u>4.38</u>
PFC-eligible passengers	13,255,903
Percent of enplaned passengers	88.5%
PFC Collections	\$58,060,853

Historical Application of PFC Revenue

	<u>2006</u> ⁽¹⁾
Beginning Balance	11,466,532
Plus Deposits:	
Annual PFC Collections	58,060,853
Annual Interest Income	1,804,075
Total Deposits	<u>59,864,928</u>
Available amounts	<u>71,331,460</u>
Less withdraws:	
Annual Debt Services	20,422,428
Pay-as-you-go Expenditures	28,958,355
Total Withdraws	<u>49,380,783</u>
Ending Balances	<u>21,950,677</u>

⁽¹⁾ Figures are based on "PFC Quarterly Status Report - Revenue and Expenditures" filed with FAA

Annual PFC Debt Service Coverage

Note that PFC collections figures are based on “PFC Quarterly Status Report – Revenue and Expenditures” filed with FAA and reported on a cash basis; thus PFC collections do not match the amounts reported in the Port of Seattle Financial Statements.

		<u>2006</u>
PFC collections	[A]	\$58,060,853
PFC Capital and Revenue Fund interest income	[B]	<u>1,804,075</u>
PFC Revenue	[A]+[B]=[C]	\$59,864,928
First Lien PFC Reserve Account interest income	[D]	<u>777,362</u>
	[C]+[D]=[E]	\$60,642,290
Annual PFC Debt Service	[F]	\$20,422,428
Annual PFC Debt Service coverage		
PFC collections only	[A] / [F]	2.84
PFC Revenue	[C] / [F]	2.93
PFC Revenue and First Lien PFC Reserve Account Interest Income	[E] / [F]	2.97

PFC Unspent Authority & First Lien Sufficiency Covenant

First Lien Sufficiency Covenant Coverage is 1.33 which is calculated as followed:

	<u>2006</u>
Unspent PFC Authority (see detail below)	\$462,618,521
Plus Projected Additional Pledged Revenue	
Remaining Unspent PFC Authority	<u>\$462,618,521</u>
Remaining Aggregate PFC Debt Service	\$347,205,040
First Lien Sufficiency Covenant Coverage (minimum is 1.05)	1.33
<hr/>	
<u>Unspent PFC Authority</u>	
Beginning Aggregate PFCs authorized to be collected	\$624,215,369
Plus: Net Annual Adjustment to Authorization	\$0
Less: PFC Collected and Interest Earned	(\$59,864,928)
Ending Aggregate PFCs authorized to be collected	<u>\$564,350,441</u>
Less: Adjusted Costs	
Costs of Projects Paid	\$28,958,955
Costs of Projects Paid - Debt Service	\$20,422,428
Costs of Projects Obligated	\$96,592,299
Costs of Projects Obligated - Remaining Debt Service	\$347,205,040
Less: Projected Aggregate Debt Service	(\$347,205,040)
Less: Amount on deposit in the Funds	(\$44,241,762)
Less: Costs of Projects Paid from Bond Proceeds	\$0
Less: Costs of Projects Obligated from Bond Proceeds	\$0
Total Adjusted Costs	<u>\$101,731,920</u>
Total Unspent Authority	\$462,618,521

Airport LOI and Other Federal Grants - 2006

Operating grants:	\$ 0
Capital spending grants:	\$51,122,245

Aviation Division Operating Expenses for 2006

	2006 (in \$000's)
Direct Expense Cost Centers	
Administration salaries and benefits	26,464
Wages	46,580
Travel and other employee expenses	778
Outside services	31,998
Supplies	6,347
Utilities	15,273
Other direct expenses	11,542
Charges to capital projects	<u>(12,290)</u>
Total Direct Operating Expenses	126,692
Indirect Expense Cost Centers	
Corporate allocations	
Total Indirect Operating Expenses	34,119
	<hr/>
Total Operating Expenses	<u><u>160,811</u></u>
Summary by cost center	
Aeronautical ¹	111,146
Landside	34,575
Business Dev & Mgmt ²	20,123
Utilities ³	(6,135)
Other	<u>1,102</u>
Total Operating Expenses	<u><u>160,811</u></u>

1. Airfield and Air Terminal are combined to Aeronautical LOB; adjusted for the 17.5% non-aeronautical terminal costs.

2. Included 17.5% of the non-aeronautical terminal costs for Concessions.

3. The cost center summary shows utilities O&M expense as a negative amount due to other charges such as depreciation and capital costs included in the rate base for the purpose of internal and external billing.

Source: Port of Seattle, Aviation Division

Sources of Aviation Division Revenue for 2006⁽¹⁾

	2006 (in \$000's)	% of Total
Airline Revenues		
Landing Fees	46,730	14.19%
Terminal Rental	128,957	39.15%
Space Rentals	4,286	1.30%
Total Airline Revenues	<u>179,973</u>	<u>54.63%</u>
Non-Airline Revenues		
Aviation Properties		
Airfield Property Leases	6,399	1.94%
Aviation Properties		
In-Flight Kitchen	2,866	0.87%
Commercial Property Leases	7,623	2.31%
Aviation Properties Subtotal	<u>10,489</u>	<u>3.18%</u>
Landside		
Public Parking	52,617	15.97%
Rental Cars	34,010	10.32%
Employee Parking	5,061	1.54%
Ground Transportation	4,222	1.28%
Landside Subtotal	<u>95,910</u>	<u>29.11%</u>
Concessions		
Food and Beverage	8,664	2.63%
News and Gift	6,037	1.83%
Duty-Free	1,052	0.32%
Other Concessions	12,569	3.82%
Concessions Subtotal	<u>28,322</u>	<u>8.60%</u>
Utilities	6,394	1.94%
Other	386	0.12%
Total Non-Airline Revenues	<u>147,900</u>	<u>44.90%</u>
Security Grants	1,276	0.39%
Fuel Hydrant Revenue ⁽²⁾	274	0.08%
Total Aviation Division Revenues	<u>329,423</u>	<u>100.00%</u>

(1) Revenues are by business unit, and thus amounts in some categories may differ from amounts disclosed in other tables within this and other reports, which may be presented by account.

(2) Fuel Facility Revenue of \$8.08 million for the payment of Special Facility Bonds debt service is excluded.
Source: Port of Seattle, Aviation Division

Calculation of Airline Terminal Rents

Terminal Costs	2006 (in \$000's)
Cost Element	
a) Debt Service	71,719
Debt Service Coverage	-
b) Amortization	-
c) Interim Financing Costs	1,602
d) Terminal and Allocable O&M	81,646
e) Alloc Reserve Funds Deposits	-
f) Alloc P69 Debt Service	367
Subtotal	<u>155,334</u>
Less:	
Common Bridge/Gate Equip Revenues	(757)
Open Storage Revenue	(343)
Capital and O&M Costs for Airlines-Specific Systems	(12,344)
TSA Check Point Reimbursement	(1,188)
Terminal Costs to Airfield	(917)
Allocable Costs	<u>139,785</u>
Less: Terminal Costs for the Port, Public Areas, and Non-Aero	(24,462)
Add Back: Capital and O&M Costs for Airline-Specific Systems	<u>12,344</u>
Terminal Revenues	<u>127,667</u>
Add Back:	
Common Bridge/Gate Equip Revenues	757
Open Storage Revenue	343
Land for Common Gates	190
Terminal Revenue Requirement	<u>128,957</u>
Terminal Revenues Requirement	128,957
Terminal Revenues Billed	<u>122,275</u>
Surplus (Deficit)	(6,682)

Calculation of Airline Landing Fees

Landing Fee Costs	2006 (in \$000's)
Cost Element	
a) Debt Service - AF	12,028
Debt Service Coverage	-
b) Amortization	-
c) Airfield and Allocable O&M (1)	43,788
d) Interim Financing Costs	2,074
e) Alloc P69 Debt Service	218
f) Alloc Reserve Funds Deposits	-
g) Alloc Terminal Costs	917
Subtotal	<u>59,025</u>
Less:	
h) Other Airfield Revenues	
- Airfield Properties (O3330)	(6,399)
- Mobile Raven Expense (Grant Funded)	(1,248)
- ODP Operating Grant (O3341)	(88)
- ID Badging (O3343)	(680)
- Gate Parking & Fuel Flowage	(2,749)
- Ramp Tower Fee (O3322)	(857)
- Fuel Hydrant - Land Rental	(274)
Subtotal	<u>(12,295)</u>
Landing Fee Revenue Requirement	46,730
Less: Revenue Sharing	-
Landing Fee Revenues	<u>46,730</u>
Landing Fee Revenue Requirement	46,730
Landing Fee Billed	<u>49,703</u>
Landing Fee Surplus/Deficit	2,973
Total Landed Weight (2)	20,362
Landing Fee Rate (3)	2.30

1. Includes all direct charges, division and corporate allocations.

2. In 1,000 lb. units.

3. Per 1,000 lb. unit.

Source: Port of Seattle, Aviation Division

Changes in the Method of Charging for the Use of Airport Facilities

Information on the changes is reported in the "Airline Business Agreements" section.

Airline Business Agreements

Changes in the Type of Airline Agreements

The Port has entered into Signatory Lease and Operating Agreements effective January 1, 2006 (the “2006 Airline Agreements”). The term of each of the 2006 Airline Agreements expires on December 31, 2012, unless terminated earlier. The 2006 Airline Agreements replace the agreements in effect from January 1, 2004 through December 31, 2005.

The 2006 Airline Agreements include a compensatory rate setting methodology. The signatory airlines pay rates and charges calculated to equal the airfield and terminal revenue requirements, as defined in the 2006 Airline Agreements, of the Airport. The Port is responsible for any costs not otherwise paid by the signatory airlines and retains any net operating income. The 2006 Airline Agreements permit the Port to charge the airlines 100 percent of annual debt service allocated to the airlines unless the Port determines in its sole discretion that a charge above 100 percent and up to 125 percent of annual debt service is necessary to maintain the total Airport revenue bond coverage at 1.25 times the sum of the annual debt service. Shortfalls and overages in the amounts payable by the airlines are to be rolled into rate-setting for the following two fiscal years. Under certain circumstances, the Port is permitted to adjust terminal rents and landing fees midyear. The 2006 Airline Agreements also permit the Port to include in the airline rate base amortization charges for equity-funded airline-related projects after December 31, 2005. The 2006 Airline Agreements provide for common-use gates and preferential-use gates and do not permit gates to be assigned on an exclusive-use basis.

The 2006 Airline Agreements include a list of capital improvements and costs that were previously approved by the signatory airlines. The Port may proceed with any of those projects without further review by the signatory airlines unless at the time the Port elects to proceed with the construction of an approved project, the Port’s estimate of the approved project’s costs that will be added to the airline rate base exceeds 110 percent (in constant dollars) of the estimated cost at the time of approval, in which case the Port is required to notify the signatory airlines and, following any objection by a majority-in-interest, to delay the project for 180 days. As defined in the 2006 Airline Agreements, “majority-in-interest” means air carriers that account for more than 55 percent in number of the signatory airlines and that also account for more than 55 percent of the terminal rents and landing fees paid by all signatory airlines at the Airport during the immediately preceding fiscal year.

The 2006 Airline Agreements also provide for an additional \$1.85 billion approved capital budget for new capital projects expected to impact the airline rate base during the term of the 2006 Airline Agreements. For new capital improvements to the terminal or the airfield of \$2.5 million or more or for new capital improvements to roadways of \$4.5 million or more, the 2006 Airline Agreements require the Port to give to the signatory airlines notice and an opportunity to object and provide that for 180 days the Port may not proceed with construction of any new project objected to by a majority-in-interest. The Port also is required to give the signatory airlines an opportunity to object if at the time the Port elects to proceed with the new project the Port’s then-current estimate (calculated in constant dollars) exceeds 110 percent of the new project’s estimated total budget previously disclosed to the signatory airlines. In addition, the Port may not increase the amount of the approved capital budget for new projects if a majority-in-interest (taking into account only the signatory airlines voting, as opposed to all of the signatory airlines) vote “no,” although the Port may request approval again at a later date. Projects exempt from majority-in-interest review are improvements required by a federal or state authority with jurisdiction over the Airport, capital improvements of an emergency nature, capital repairs to or replacements of damaged or destroyed property, capital improvements made to settle claims or lawsuits or to comply with judicial or administrative orders against the Port and under certain circumstances, capital improvements required to make additional terminal space available to an air carrier. Projects that do not affect airline charges are not subject to any of the limitations described above.

The 2006 Airline Agreements do not require signatory airline approval of the issuance of debt as a condition to including either the cost of capital improvements or the related debt service in the airline rate base. The

2006 Airline Agreements provide, however, that the Port may not include in the airline rate base the capital costs of a capital improvement or the related debt service until the capital improvement is completed or until the capitalized interest fund for that capital improvement is exhausted.

Airlines representing approximately 99 percent of enplaned passengers in 2005 have signed 2006 Airline Agreements and are “signatory airlines.” Airlines that operate at the Airport but are not signatory airlines (“non-signatory airlines”) are permitted to land at the Airport and to use Airport facilities on a common-use basis in accordance with an operating permit. The 2006 Airline Agreements require that landing fees and charges for use of the Port’s gates and other facilities by non-signatory airlines be set at ten percent above the rates applicable to the signatory airlines under the 2006 Airline Agreements.

Port of Seattle Container Volumes⁽¹⁾ (in thousands)

<u>Year</u>	<u>International Containers</u>		<u>Domestic⁽²⁾</u>				<u>Total⁽³⁾</u>	
	<u>Inbound</u>	<u>Outbound</u>						
	<u>Metric</u> <u>Tons</u>	<u>Full</u> <u>TEU's</u>	<u>Metric</u> <u>Tons</u>	<u>Full</u> <u>TEU's</u>	<u>Empty</u> <u>TEU's</u>	<u>Total</u> <u>TEU's</u>	<u>TEU's</u>	
2006 ⁽⁴⁾	5,783	799	5,603	439	398	1,636	351	1,987

1) Approximate weight per TEU at the Port is seven metric tons of import cargo and 13 metric tons of export cargo.

2) Includes volumes handled by non-Port facilities in the Seattle harbor. Includes full and empty containers.

3) Total for the Seattle harbor. Total might not equal the sum of component parts due to rounding.

4) For the first five months of 2007 container traffic decreased 0.3% compared to the first five months of 2006.

Note: This table was called "International Containerized Trade" in Series 1996A&B and 1997A&B.

Source: Port of Seattle Container and Tonnage Statistics Reporting System.

Containerized Cargo Trends and Market Share for 2006 (TEU's in thousands)

Estimates based on information publicly available from West Coast ports.

Containerized Cargo Trends and Market Share for 2006

Seattle		
<u>TEU's</u>	<u>Estimated Percent of</u> <u>West Coast⁽¹⁾</u>	<u>Estimated Percent of</u> <u>Pacific Northwest⁽²⁾</u>
1,987	8.10%	30.70%

1. West Coast is Seattle, Tacoma, Portland, Oakland, Los Angeles, Long Beach, and Vancouver, BC.

2. Pacific Northwest is Seattle, Tacoma, Portland and Vancouver, BC.

Seattle Harbor Top Ten Foreign Trade Partners Total Exports and Imports for 2006⁽¹⁾

(in metric tons)

<u>Country</u>	<u>Import</u>	<u>Export</u>	<u>Total</u>	<u>Market</u> <u>Share</u>
China	2,446,130	2,087,685	4,533,815	23.2%
Canada⁽²⁾	3,586,513	660,731	4,247,244	21.8%
Japan	847,540	3,313,832	4,161,372	21.3%
Taiwan	348,381	1,794,912	2,143,293	11.0%
South Korea	458,629	547,321	1,005,950	5.2%
Mexico	472,674	30,430	503,104	2.6%
Thailand	252,043	181,534	433,577	2.2%
Indonesia	97,193	256,404	353,597	1.8%
Malaysia	87,999	182,843	270,842	1.4%
Philippines	45,112	189,544	234,656	1.2%
Other	685,362	934,916	1,620,278	8.3%
TOTAL	9,327,576	10,180,152	19,507,728	100.00%

(1) This table includes all cargoes that pass through the Seattle harbor, including cargoes handled by non-Port operators. Totals may not add to 100 percent due to rounding

(2) Canadian imports are primarily minerals, a bulk cargo not handled by the Port.

Source: U.S. Maritime Administration Foreign Waterborne Trade Statistics

Annual Throughput Volume (in TEU's) at Terminal 18

756,714 TEU's in 2006

Seattle's Share of Puget Sound Container Traffic

Seattle's share of Puget Sound (the ports of Seattle and Tacoma combined) container traffic in 2006 was 49.0%.

Exports and Imports (in TEU's) to and from Asia in 2006

Export: 394,672 full TEU's

Import: 775,800 full TEU's

Non-Container Cargo Trends in 2006

<u>Cargo</u>	<u>Metric Tons (in 1,000's Tons)</u>
Grain	5,902
Breakbulk	132
Liquid Bulks	<u>1,022</u>
Total	7,056

PORT OF SEATTLE CONTAINER TERMINALS in 2006

<u>Category</u>	<u>Terminal 5</u>	<u>Terminal 18</u>	<u>Terminal 25</u>	<u>Terminal 46</u>
Primary Lessee	Eagle Marine Services, Ltd. ^(a)	SSA Terminals, LLC and SSA Containers, Inc. ^{(b), (c)}	SSA Terminals, LLC	Total Terminals International LLC ^(d)
Terminal Area	182 acres (expansion area completed 1998) <i>Leased - 158 acres</i> <i>Available for expansion - 24 acres</i>	196 acres (expansion area completed 2002) <i>Leased - 196 acres</i>	32 acres ^(e) <i>Leased - 32 acres</i>	88 acres (improvements completed in 2004) <i>Leased - 88 acres</i>
Lease Expiration	2028	2032 ^(f)	2020, plus three 5-year extensions ^(e)	2015, plus one 10-year extension
Berth Facilities	2,900 feet	4,500 feet	1,200 feet	2,780 feet
Water Depth	45 ft to 50 ft below mllw	46 ft to 50 ft below mllw	45 ft to 50 ft below mllw	50 ft below mllw
Container Cranes ^(g)	Six (6) 100-ft gauge Post-Panamax cranes ^(h) .	One (1) 50-ft gauge Panamax crane ⁽ⁱ⁾ , Three (3) 50-ft gauge Post-Panamax cranes, and Three (3) 100-ft gauge Super Post-Panamax cranes ^(h) . Addition of Four (4) new 100-ft gauge Super Post-Panamax cranes installed during 2006 ^(j) .	Three (3) 50-ft gauge Panamax cranes ^(j) .	One (1) 50-ft gauge Panamax crane, Two (2) 100-ft gauge Post-Panamax cranes, and Three (3) 100-ft gauge Super Post-Panamax cranes ^(h) .
Gross Revenues	\$22,898,115	\$14,160,504 ^(k)	\$2,557,572	\$10,358,593

(a) Eagle Marine Services, Ltd. is a subsidiary of American President Lines, Ltd.

(b) Original lease named SSA Terminals, LLC and Stevedoring Services of America, Inc. as Lessees. Subsequent Lessee name changes from Stevedoring Services of America, Inc. to SSA Marine, Inc., and then to SSA Containers, Inc. were solely changes in identity and not in ownership or control.

(c) SSA Terminals, Inc. can be sole signer with consent from SSA Containers, Inc.

(d) Total Terminals International LLC is a joint venture between Marine Terminals Corporation and Hanjin Shipping Company, Ltd.

(e) An Amendment to the Terminal 25 lease was executed in May 2006 that will expand the site area to include Terminal 30 (an increase of approximately 38 acres) and will extend the Terminal 25/30 lease to a term of 30 years from the date of Substantial Completion of the defined Terminal 25/30 site improvements. Construction on the Terminal 25/30 site improvements is expected to commence in late-2007, with Substantial Completion anticipated in mid-2009.

(f) An Amendment to the Terminal 18 lease was executed in 2007 that will automatically extend the term of the Terminal 18 lease. This automatic lease extension will extend the Terminal 18 lease to be co-terminus with the Terminal 25/30 lease, for a term of 30 years from the date the Port achieves Substantial Completion of the required improvements at Terminal 25/30 - see note (e) above.

(g) Panamax cranes are designed to service container ships that can pass through the Panama Canal (up to a width of 106 feet). Post-Panamax cranes and Super Post-Panamax cranes are designed to service container ships with a width in excess of 106 feet that are too wide to pass through the Panama Canal. Post-Panamax cranes are able to service vessels with a width to accommodate up to 17 rows of containers. Super Post-Panamax cranes are able to service vessels with a width to accommodate 18 or more rows of containers.

(h) Cranes owned by Port of Seattle.

(i) Crane declared surplus in 2006 with sale or disposal targeted during 2007.

(j) Cranes owned by Lessee.

(k) Terminal 18 revenues are reported net of debt service paid on Special Facility Revenue Bonds Series 1999.

Source: Port of Seattle

Non-Container Terminal Leases for 2006

Terminal	2006 Facility Gross Revenue	Primary Lessee	Primary Operations	Date of Lease Expiration
T-91	\$5,720,741	City Ice & Cold Storage Trident Seafoods Corporation American Seafoods Company First Student, Inc. Arctic Storm, Inc. Olympic Tug & Barge Glacier Fish Company Supreme Alaskan Seafoods	Cold Storage Seafood Processing Plant Fishing Vessels Storage of School Buses Fishing Vessels Fishing Vessels Fishing Vessels Fishing Vessels	03/31/2008; 06/30/2019 & 02/29/2024 ⁽¹⁾ 11/30/2020 05/31/2008 07/31/2007 ⁽³⁾ 09/30/2006 ⁽⁴⁾ 06/30/2007 ⁽⁴⁾ 3/31/2007 ⁽⁴⁾ 10/31/2006 ⁽⁴⁾
T-115	4,271,618	Northland Services Seafreeze Polar Supply Co., Inc. Shultz Distributing, Inc. Sea Pac Transport Services	Barges Seafood Processing & Storage Manufacturing, Storage & Distribution of Concrete Commercial Vehicle Fueling Storage of Materials &Equipment	12/31/2032 12/31/2017 12/31/2009 08/09/2011 11/30/2007 ⁽³⁾
T-86	6,220,066	Louis Dreyfus Corporation	Bulk Grain	11/14/2010
T-102	2,116,674	Mountaineers Books Bowhead Transportation Company Puget Sound Institute of Pathology Department of Homeland Security Virtuoso, Inc. The Retec Group, Inc. Starbucks, Inc. AKS PS Inc. Blockbuster Entertainment, Inc. Japan Radio, Co. Ltd. Marine Terminals Corp.	General Office & Warehouse General Office & Warehouse General Office & Laboratory Government – General Office General Office & Storage General Office & Storage General Office and Warehouse General Office and Storage General Office General Office & Warehouse General Office	08/31/2008 08/31/2009 7/31/2011 01/31/2008 08/31/2009 12/31/2006 ⁽²⁾ 10/31/2008 03/14/2009 09/30/2008 05/31/2008 08/31/2009
T-106	717,044	Ash Grove Cement West, Inc. Conglobal Industries, Inc.	Industrial Storage Container Storage and Repair	12/31/2010 08/18/2007 ⁽³⁾
T-108	751,236	Conglobal Industries, Inc. Nuprecon	Container Storage and Repair Construction Equipment Storage & Distribution	08/18/2007 ⁽³⁾ 07/31/2007 ⁽³⁾
T-104	685,010	Western Cartage, Inc.	Truck and Trailer Parking	06/30/2010
T-103	535,725	General Construction Company Northwest Aggregates Company	Industrial Storage Rock Sales, Transport & Storage	06/30/2011 11/30/2011

(1) Expiration dates of 4 lease agreements with City Ice & Cold Storage, two leases expire 02/29/2024.

(2) Lease is in the process of being renewed for 5 years

(3) Lease is in the negotiating stage for renewal

(4) Lease is in the process of being renewed for 1 year

Source: Port of Seattle

Seaport Division Operating Revenue for 2006

Port of Seattle Seaport Division 2006 Operating Revenue

	Revenue <i>(in millions)</i>	% of Total
Cargo and Cruise Services		
Containers	\$ 50.1	45.4%
Cargo Docks	9.3	8.4%
Cruise	5.5	4.9%
Subtotal	<u>64.9</u>	<u>58.7%</u>
Non-Cargo		
Harbor Services	8.5	7.7%
Property Management/Business Development	34.3	31.1%
Security	2.7	2.5%
Subtotal	<u>45.6</u>	<u>41.3%</u>
Total Seaport Operating Revenue	<u><u>\$ 110.5</u></u>	<u><u>100.0%</u></u>

Note: Amounts and percentages may not foot due to rounding.
Source: Port of Seattle.

Seaport Division Revenues and Expenses for 2006

This information is reported in the table “Port Historical Operating Results as of December 31, 2006”, and in the Port’s Financial Statements.

Percentage of Non-Cargo Revenue

This information is included in the table “Seaport Division 2006 Operating Revenue.”

Value and Type of Goods Imported and Exported Through the Port

In 2005 (the year for which the most current data are available), the value of international goods handled by the Port was approximately \$36.7 billion.

In terms of commodity value, leading import products include Wearing Apparel; Motor Vehicle Parts; Footwear; Electrical/Electronic Eqpt., Parts; Games, Video Games; Office & DP Machines, Parts; Furniture; Audio Equipment; Heavy Machinery, Machines; Toys. Leading export products include Industrial Equipment; Oilseeds; Inorganic Chemicals; Grains, Cereals; Frozen Fish; Beef, Pork, Poultry; Paper; Animal Feeds; Tobacco; Frozen Vegetables.

Rent Schedule and Debt Service Coverage for Terminal 18

	9/1/2006
Net Revenue Available for Debt Service ⁽¹⁾	17,359,928
Series 1999 Bond Net Debt Service ⁽²⁾	7,822,836
Coverage	2.22

(1) Rent for the months of September 2005 through August 2006, net of Senior Payments

(2) Debt Service paid Net Revenue Available (excludes debt service paid from escrow for defeased bonds)

NOTE: On January 6, 2006 the Port defeased \$59,740,000 of Series 1999A bonds.