GREAT BRANDS THINK TWICE
“Our core values guide what we see as our corporate responsibility. Operating responsibly — on the ground and in the sky is inseparable from our success.”

–JetBlue, The Blue Review 2014
An airline that can handle the fast-paced nature of this city and its people. An airline that promotes diversity, integrity and equal opportunity for all. An airline that is as unique as the city itself.

New York thrives because it recognizes the value of opportunity and forward thinking. JetBlue has aspired to these values. JetBlue described New York’s John F. Kennedy Airport (JFK) as its ‘most significant’ lease agreement.

JetBlue is currently considering contracting with AIRMALL, a German-owned concessions management company, at JFK Terminal 5.

The following pages paint a picture of a company, AIRMALL, that falls short of the values that define New York and JetBlue.
Why would JetBlue undermine its core values for a contract that won’t benefit New York, New Yorkers or New York’s Hometown Airline?

AIRMALL is a Bad Fit for JetBlue.
JetBlue’s lease with the Port Authority of New York and New Jersey (PANYNJ) states that the airline will develop and operate a “premier world-class retail program,” defined as one that “consistently scores within the top ten percent (10%) of industry-recognized surveys.”

The standard industry metric to assess the success of an airport’s concessions program is “sales per enplaned passenger.” According to Airport Revenue News’ (ARN) 2015 Fact Book, the average sales per enplanement at the four airports where AIRMALL operates was $11.25 in 2014, more than four dollars less than JFK’s sales per enplanement ($15.29) that year. In 2014, AIRMALL’s $11.25 figure fell short of the top 10% for medium and large hub airports in the US.
JetBlue markets itself as the airline for young people. Roughly 25% of JetBlue’s customers at JFK Terminal 5 fall into the “millennial” generation.

Millennials have significantly altered the landscape of retail and food consumption in the U.S. According to a 2013 study by the Urban Land Institute, more than 1/3 of millennials say they rarely or never go to an enclosed mall.

Not only are they shunning shopping malls they are seeking out fresher and healthier food and chains.
And it’s not just millennials. Customers of all ages are seeking higher-end, healthier food options: a trend, which has been reflected in airports such as JFK where quality in dining establishments has been increasingly prioritized.

AIRMALL manages 138 storefronts in its four airport locations. 43% of these stores are fast food style concepts, including McDonald’s, Burger King, SBARRO, Auntie Anne’s and Subway, etc.

Any forward-looking airport or airline should be developing a concessions program that acknowledges that millennials—and the public at large—are moving away from shopping malls and fast-food style restaurants.

Burger King’s Big King
JetBlue’s lease agreement with the Port Authority states that the concessions program shall exhibit the airline’s commitment to the maximum financial return to the Port Authority.

AIRMALL claims that its model has set a new standard for profitability across the industry.

The PANYNJ’s financial return is based on the percentage of concessions sales retained by the PANYNJ.

In 2013, 3 out of 4 airports* where AIRMALL manages the concessions program retained a lower percentage of sales than the national average for airports of its respective size.**

*Rent data was not available for Boston Logan International Airport in ARN Fact Book 2013
**ACI-NA released its 2015 Concessions Benchmarking Survey Summary Results in April 2016. In 2014, only one of the three airports (PIT) where AIRMALL manages the concessions program retained a lower percentage of sales than the national average for airports of its respective size.
Large Hub Airports

2013 Rent Percent of Gross Concessions Sales:
BWI* vs. Average for Large Hub Airports

<table>
<thead>
<tr>
<th>Service</th>
<th>AIRMALL’s % concessions sales to Baltimore Airport (Food &amp; Beverage and Retail)</th>
<th>National Average % Concessions Sales for Large Hub Airports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food &amp; Beverage</td>
<td>17.9%</td>
<td>16.1%</td>
</tr>
<tr>
<td>Retail</td>
<td>17.9%</td>
<td>15.7%</td>
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</tbody>
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*BWV is considered a Large Hub Airport, according to Airport Revenue News Factbook

Medium Hub Airports

2013 Rent Percent of Gross Concessions Sales:
PIT and CLE* vs. Average for Medium Hub Airports

<table>
<thead>
<tr>
<th>Service</th>
<th>AIRMALL’s % concessions sales to Pittsburgh Airport (Food &amp; Beverage and Retail)</th>
<th>National Average % Concession Sales for Medium Hub Airports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food &amp; Beverage</td>
<td>12.7%</td>
<td>11.7%</td>
</tr>
<tr>
<td>Retail</td>
<td>16.1%</td>
<td>16.1%</td>
</tr>
</tbody>
</table>

*PIT and CLE are considered Medium Hub Airports according to Airport Revenue News Fact Book

If AIRMALL’s concessions program at BWI had generated rents to the MAA at the national large hub average, it would have generated $4.4 million more in revenue in 2013.

If the concessions program at PIT had generated rents to the Allegheny County Airport Authority at the national medium hub average, it would have generated $1.4 million more in revenue in 2013.

If the concessions program at CLE had generated rents to the City of Cleveland at the national medium hub average, it would have generated $1 million more in revenue in 2013.
PIT: The “Gold” Standard

“The program at Pittsburgh International Airport has remained the gold standard for airport concessions since its inception.”

–AIRMALL Press Release, February 2011

Pittsburgh International Airport (PIT) is an example of why, as a metric, percentage of sales remitted to the airport is so important. In 2014, the following medium hub airports — San Jose, William P. Hobby, New Orleans and Austin — had sales per enplanement of $8.78, $9.23, $10.43 and $9.03, respectively, while AIRMALL’s concessions program at PIT had sales per enplanement (SPE) of $12.57.

However, PIT received lower rent revenue per enplanement than the four airports mentioned above. Additionally, although PIT had a higher SPE, San Jose, Houston William P. Hobby, New Orleans and Austin received $2 million or more in rent revenue than the Allegheny County Airport Authority.

So although individual passengers were spending a high dollar amount inside PIT’s terminals, those high spends were not translating into increased rent revenue for the airport.
As a developer, AIRMALL, develops, leases and manages the concessions without directly operating any food & beverage or retail units. As such, AIRMALL takes a percentage of the concessions’ sales revenue as payment for managing the program.

In San Jose, New Orleans, Houston William P. Hobby and Austin airports, concessionaries directly lease with the airport. In these cases, a developer does not take a cut of the concession sales revenue not retained by the concessionaires. All of that money is paid directly to the airport authority.

To highlight further, according to AIRMALL's lease with the Allegheny County Airport Authority, from the effective date until the extended term date, AIRMALL takes forty-one percent (41%) of the rent, while the remaining fifty-nine percent (59%) rent is paid to the airport authority.
AIRMALL manages the concessions program at CLE. Between 2011 and 2015, AIRMALL failed to meet its contractual minimum annual guarantee (MAG) to the City of Cleveland three times.

The MAG is intended to be a worst-case scenario figure—it only takes effect if it exceeds the amount the Airport would receive as a percentage of rent.

In 2011, AIRMALL did not meet its original $4.5 million MAG payment. The City of Cleveland passed an ordinance lowering the MAG to $4 million.

In both 2014 and 2015, AIRMALL had its minimum rent obligation to the City reduced from $4.75 million to $3.5 million.
A March 2014 survey of 437 out of approximately 800 employees of Airmall’s subtenants conducted by UNITE HERE showed that under AIRMALL’s concessions at BWI, surveyed African-American workers were six times more likely than surveyed white workers to work fast food jobs. Surveyed white workers were six times more likely than surveyed African-Americans to work as bartenders or servers.

"Unless direct and immediate steps are taken to promote equal opportunity at the airport’s concessions program, the State of Maryland’s relationship with AIRMALL needs to be reevaluated."

–Maryland State Conference NAACP President Gerald Stansbury, March 2014

*Source: Demographic data of 437 BWI workers, compiled by UNITE HERE Local 7
Baltimore and the State of Maryland

In March 2014, airport workers and community leaders held a civil disobedience action at the Maryland State House, which led to fourteen arrests, to protest the quality of jobs. The labor unrest, racial inequality and low wages provided by the jobs under AIRMALL’s program at BWI have been covered by numerous press outlets such as The Baltimore Sun, MSNBC and The Washington Post.
Atlanta

In September 2015, Atlanta airport workers staged a “Black Work Matters” Walk of Fame action at City Hall to demand that the City reject AIRMALL for a business opportunity at Atlanta Hartsfield-Jackson International Airport based on the company’s track record at BWI.

New York

In February 2016, New York City airport workers held a rally near JetBlue’s headquarters in Long Island City, Queens to demand that the company not partner with AIRMALL at JFK Terminal 5.
Baltimore and the State of Maryland

In April 2015, seven Baltimore City Council members sent a letter to AIRMALL’s German shareholders expressing disappointment at the quality of jobs provided in AIRMALL’s airport concessions program.

In February 2016, Maryland lawmakers introduced legislation that would require the Maryland Aviation Administration to reopen competitive bidding on AIRMALL’s contract at BWI in 2017, five years before the contract’s expiration date. The proposed legislation had over fifty co-sponsors in the Maryland State House and State Senate.

Political Headaches

“How long are we stuck with this cruddy contract?”

–Martin O’Malley, former Governor of Maryland, at July 2013 Maryland Board of Public Works meeting, regarding AIRMALL’s contract at BWI Airport
New York

“It is very concerning to me that a company with such a track record might be in consideration to manage the concessions program for an entire terminal at JFK.”

– New York State Senator James Sanders, Jr. (D-10th Senate District)

In February 2016, 13 of New York’s elected officials and community groups expressed their concern over AIRMALL USA being considered by JetBlue to develop, manage and operate food and beverage and retail concessions at John F. Kennedy International Airport (JFK) Terminal 5.

Atlanta

Georgia State Senator Vincent Fort and Atlanta-North Georgia Labor Council President Dewey McClain support Atlanta airport workers in telling the City to reject AIRMALL for business.
Despite competing for new contracts, AIRMALL has failed to grow and expand its market share. The last contract captured by AIRMALL was eight years ago in February 2008 at Cleveland Hopkins International Airport (CLE). AIRMALL has responded to seven Request for Proposals (RFP) or Request for Qualifications (RFQ) since then.

<table>
<thead>
<tr>
<th>RFP/RFQ</th>
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<th>Awarded To</th>
<th>AIRMALL Status</th>
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<tbody>
<tr>
<td>Los Angeles International Terminal, Terminal 2 &amp; Theme Building</td>
<td>May 2011</td>
<td>Westfield Concessions Management</td>
<td>Rejected</td>
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<tr>
<td>Los Angeles International Terminals 1, 3, &amp; 6</td>
<td>June 2011</td>
<td>Westfield Concessions Management</td>
<td>Rejected</td>
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<td>San Juan Luis Muñoz Marin International RFQ for private airport operator</td>
<td>July 2011</td>
<td>Aerostar Airport Holdings</td>
<td>Rejected</td>
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<tr>
<td>Philadelphia International Airport</td>
<td>January 2014</td>
<td>Marketplace Development</td>
<td>Rejected</td>
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<tr>
<td>Hartsfield-Jackson International Airport “Airport City” Development</td>
<td>December 2014</td>
<td>TBD</td>
<td>Made shortlist but did not end up bidding</td>
</tr>
<tr>
<td>Denver Int’l Airport Great Hall Project</td>
<td>January 2015</td>
<td>TBD</td>
<td>Did not make shortlist</td>
</tr>
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AIRMALL – A BAD FIT

“Integrity means doing the right thing — all the time.”

— JetBlue, The Blue Review 2014
This material was produced by the Airport Group of UNITE HERE.