

**STRATEGIC OPERATING PLAN
FY2012 & FY2013**



EXECUTIVE SUMMARY

Charlotte Douglas International Airport is the second largest airport on the Eastern Seaboard. It is served by six major airlines, AirTran (merging with Southwest Airlines), American, Delta, JetBlue, United/Continental, and US Airways; and two foreign flag carriers, Air Canada Jazz and Lufthansa German Airlines.

CLT serves as US Airways' largest passenger hub. Passenger traffic at the Airport has grown from 2.9 million enplanements in 1982 when the current passenger terminal opened, to over 17.8 million domestic and 1.2 million international enplanements in 2010, a record number for CLT and an increase of 10.7% over 2009. This growth was the highest of all major airports in the world outside of Asia.

Currently, passenger airlines operate on average over 700 flights per day to 138 non-stop destinations in the United States, Canada, Mexico, Europe, South America and the Caribbean. During 2010, new non-stop service began to Rome, Italy; Ottawa, Canada; Puerto Vallarta and Los Cabos, Mexico. US Airways also began seasonal service from Charlotte to Madrid, Spain and Dublin, Ireland in May 2011. By virtue of the Airport and the passenger airlines that serve it, citizens of the Charlotte Region have access to one-stop service to most airports in the United States.

CLT is also home to significant military, cargo and corporate aviation operations. Many of the corporate aircraft are stored and maintained at one of the 15 corporate aviation facilities on the Airport. The remaining corporate and private aircraft are accommodated by the fixed based operator, Wilson Air Center, which operates this facility on behalf of the City. The Charlotte Air Cargo Center is home to more than 20 operators. The NC Air National Guard and NC National Guard both have facilities on Airport premises.

Passenger Enplanements from 1976 – 2010



The Airport is operated financially on a fully self-sustaining basis – no general fund revenues have been or are appropriated to the cost of facilities or operations. The Airport generates revenues sufficient to fund all capital and operating costs, including the cost of City furnished services.

During 2010, the CLT was honored to be named “Best Airport” and winner of the prestigious Eagle Award by International Air Transport Association (IATA). The award recognized CLT for its outstanding performance in customer satisfaction, cost efficiency, and continuous improvement.

Vision

We will serve as an economic engine of the Carolinas, facilitating the movement of people and goods, creating jobs and enterprise.

Mission

We will be the preferred transportation center and airline hub by providing the highest quality product for the lowest possible cost.

Key Issues and Challenges

The sluggish economy continues to impact daily operations. While most facets of Airport operations and revenues have experienced growth in 2010, several continue to operate below 2008 levels, including air cargo, as well as general and corporate aviation.

The economic downturn also severely impacted airline operations and revenue. As a result, airlines continue to seek ways to operate profitably and are using new methods to cut costs and increase revenues: greater emphasis on airline alliances and capacity reductions.

Airline alliances are agreements which allow partner airlines to sell tickets to additional destinations by routing the passengers through the alliance network of hubs. The airlines funnel passengers through the hubs, which reduces the need for an extensive and expensive point-to-point system while reducing redundancy of routes by multiple carriers.

Summary of Needs

	Budget	Positions
FY2008 Actual	\$139,980,590	268
FY2009 Actual	\$162,189,637	268
FY2010 Actual	\$144,417,360	268
FY2011 Actual	\$130,833,877	268
FY2012 Actual	\$143,628,766	266
FY2013 Requested	\$145,431,480	266



In an effort to return to profitability, airlines are also reducing their seat capacity, which results in increased demand for seats and higher pricing. Seat-capacity system-wide fell 9% in 2009 and rebounded by 2% in 2010. Many of these reductions were achieved by reducing point-to-point service and routing passengers through hubs.

Both of these trends bode well for CLT, as it remains US Airways' largest hub. Nevertheless, given the cyclical nature of the airline industry, the Airport remains focused on its mission to provide the highest quality product at the lowest possible cost. This allows CLT to remain an attractive airport to any airline and reduces our dependency on any one airline.

The Airport was fortunate to experience strong growth in both its passenger and operational activities in 2010 while many of our peer airports did not enjoy a similar level of growth. This growth stresses CLT's existing capacities and requires facility

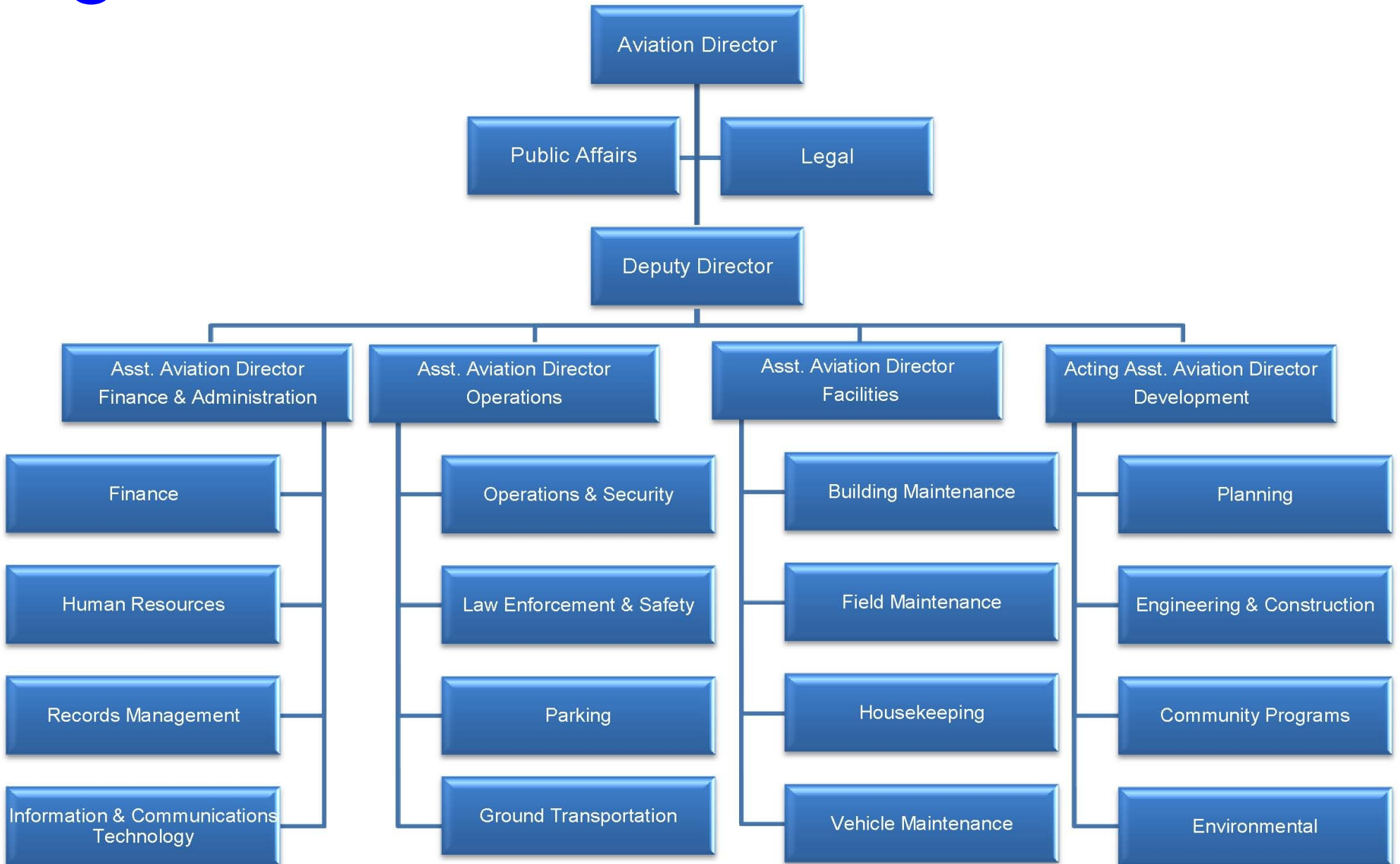
expansion to serve current and projected passenger levels. The Airport's Capital Improvement Plan includes several projects that will be initiated in FY2012 and FY2013; however, as with all development, the Airport will implement these projects with the focus on maintaining costs and schedules.

It is important to note that while CLT's overall passenger traffic increased in FY2010, this increase was due mainly to the growth in connecting traffic while local passenger traffic was only 98% of FY2008 levels. Based upon the first nine months of FY2011, the Airport projects local enplanements for the fiscal year at 4,971,020, a new record. CLT will continue to monitor these trends and plan future growth at the Airport accordingly.

CLT opened its newest runway in January 2010, increasing airfield capacity 33% and reducing delay avoidance costs to the airlines. The new runway also exacerbated the Airport's impact on its neighbors and changed the existing noise contours. The Airport continues to implement available measures, including the FAA's FAR Part 150 Program to mitigate the impact of aircraft noise in the community. A revised Part 150 Plan will enable CLT to extend the benefits of the federal program to eligible properties. Despite efforts to mitigate noise impact, litigation is a significant possibility for FY2012 and FY2013.

There is no certainty in our environment. This condition has existed for the past several years and we expected it to continue for the foreseeable future.

Organizational Chart FY2012

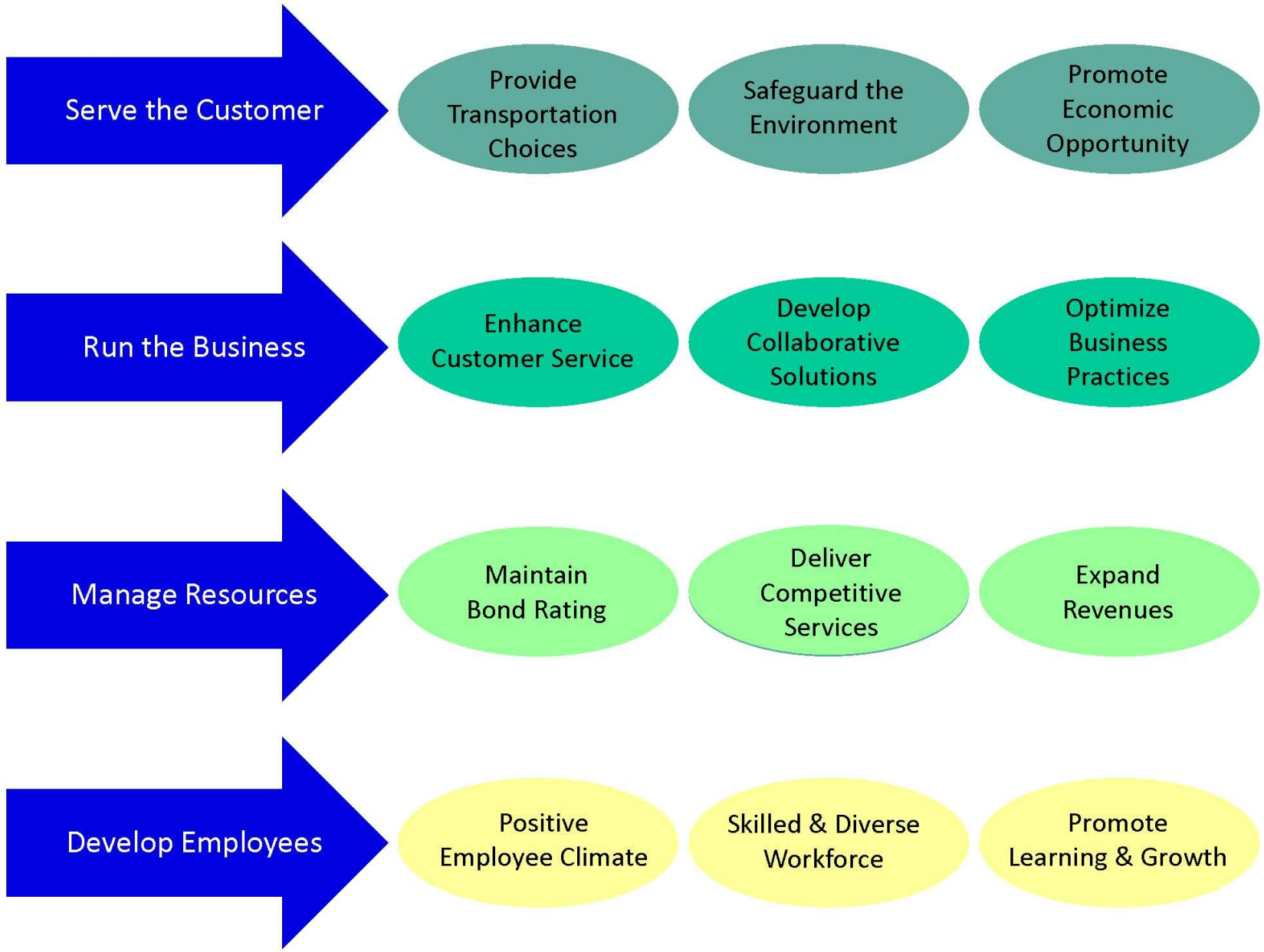


Recent Accomplishments

- Recipient of International Air Transport Association's Eagle Award for 2010 Best Airport
- Maintained and increased bond ratings
- Led the industry in operating cost per passenger to airlines
- Additional domestic and international air service in declining economy
- Recipient of 2010 ANNIE Award by Airline Network News and Analysis (ANNA) for highest passenger growth in airports with more than 10 million passengers
- Approval of Master Development Agreement of Intermodal Facility
- Construction of Photovoltaic Rooftop Project
- Construction of new Air Rescue Fire Fighting Facility – 1st LEED Certified Building on property
- Terminal modifications, including checkpoint expansion, ticketing renovation and Concourse E expansion
- Completion of Taxiway D North Extension



Links to Corporate Strategy



Serve the Customer

Each day at the Airport there are more than 700 aircraft departures as of May 2011, and approximately 105,000 people passing through the Terminal. Additionally, there are cargo operations, military operations (with on-site facilities for the North Carolina Air National Guard and North Carolina National Guard), corporate aviation operations, general aviation and trucking facilities. The Airport grounds include a 1.7 million square foot passenger terminal, 500,000 square feet of cargo facilities, and 26,700 public and employee parking spaces. Serving over 38 million passengers in 2010, CLT is the nation's seventh busiest airport in operations according to ACI North America, and the 11th busiest airport in the nation in passenger enplanements according to the FAA.

Run the Business

CLT maintains one of the nation's busiest airfields with over 529,000 operations annually and a Level 5 air traffic control facility that tracks over 100 flights in a given hour. The technologically advanced airfield consists of four runways capable of handling all types of aircraft. The day-to-day operation is focused on delivery of the highest quality product for the lowest possible cost to all customers. Supplying Airport customers with a quality, state-of-the-art facility while meeting all safety and security requirements is fundamental to all functions. Airport management continues to look to the future and to insure CLT is on the leading edge of the industry. Infrastructure enhancements, technological advancements and capital improvements are tools used to put CLT in the top tier of the country's airports.

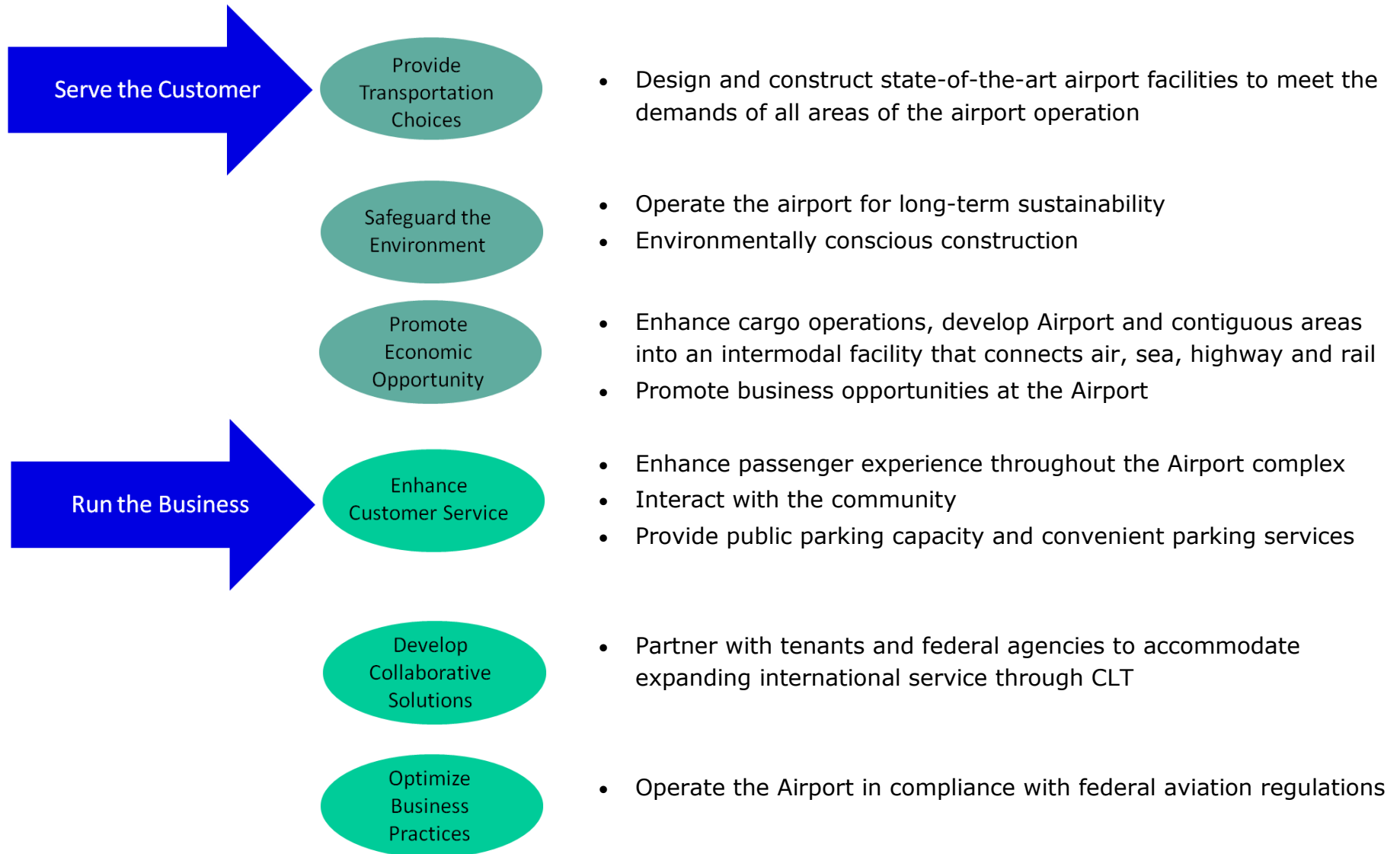
Manage Resources

The Airport is an enterprise fund and uses no local tax dollars. We have a pro-business attitude and provide an infrastructure platform for the private sector. We pride ourselves on exceptional bond ratings and our ability to maintain those in an industry with a history of operational and financial volatility. The Airport's financial self-sufficiency is a benefit to the community and is often envied throughout the country. Additionally, the efficient operating philosophy practiced by CLT produces some of the lowest operating costs to airlines in the country. The Airport has been recognized as an economic engine of the Carolinas which contributes \$10 billion to the local economy annually while employing 100,000 people.

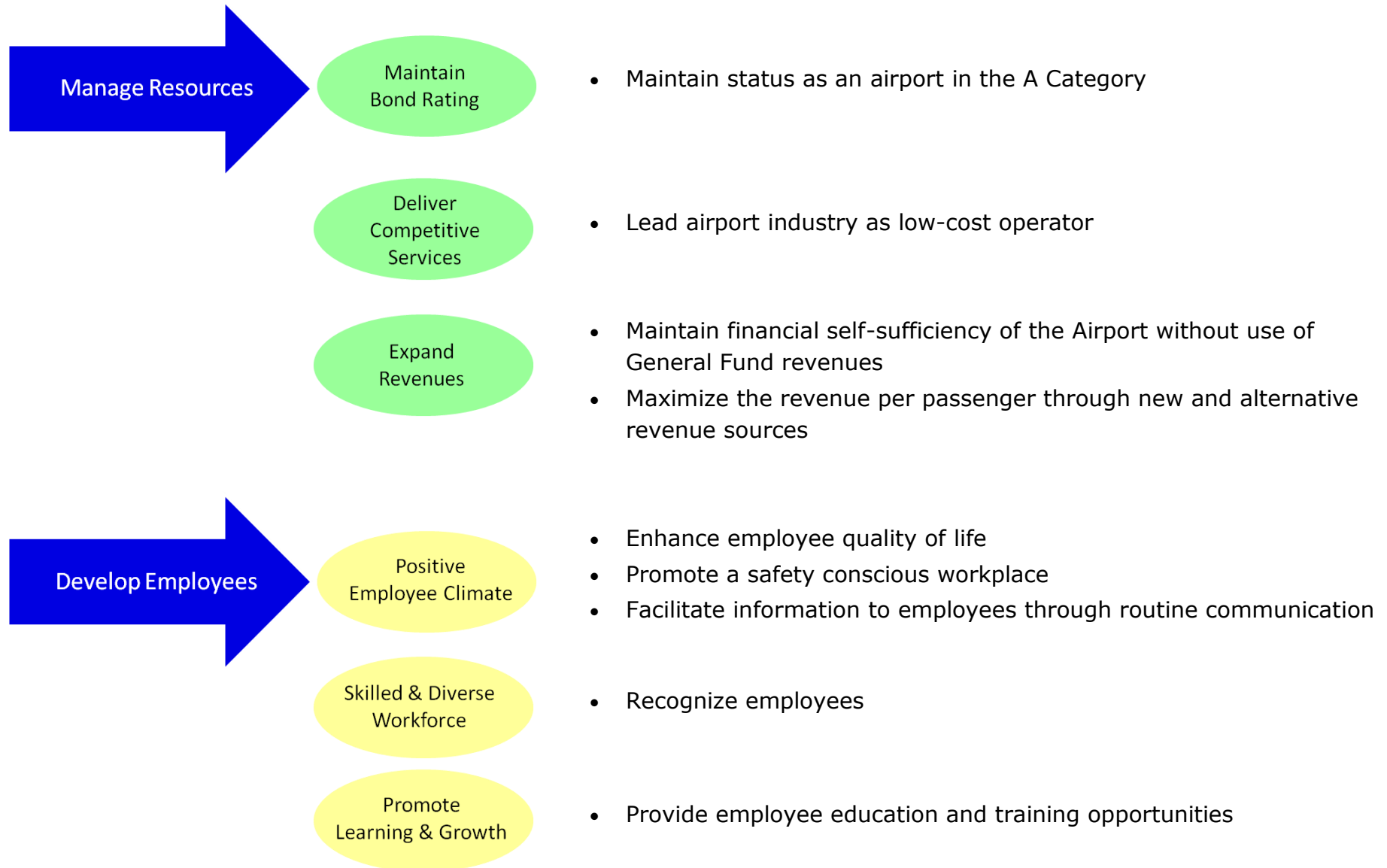
Develop employees

The Aviation Department employs 266 full-time equivalent employees and over 100 temporary employees in varying positions including skilled crafts, technical and general labor, office personnel, law enforcement, administrative and professional classifications. Our employees are important to the success of our organization, which is why we invest in resources, training and development opportunities, and team building experiences for our employees. A communications program, including a bi-monthly newsletter and quarterly employee meetings, contributes to successful employee communication and interaction.

Strategic Initiatives—Linking Corporate Strategy to KBU Initiatives



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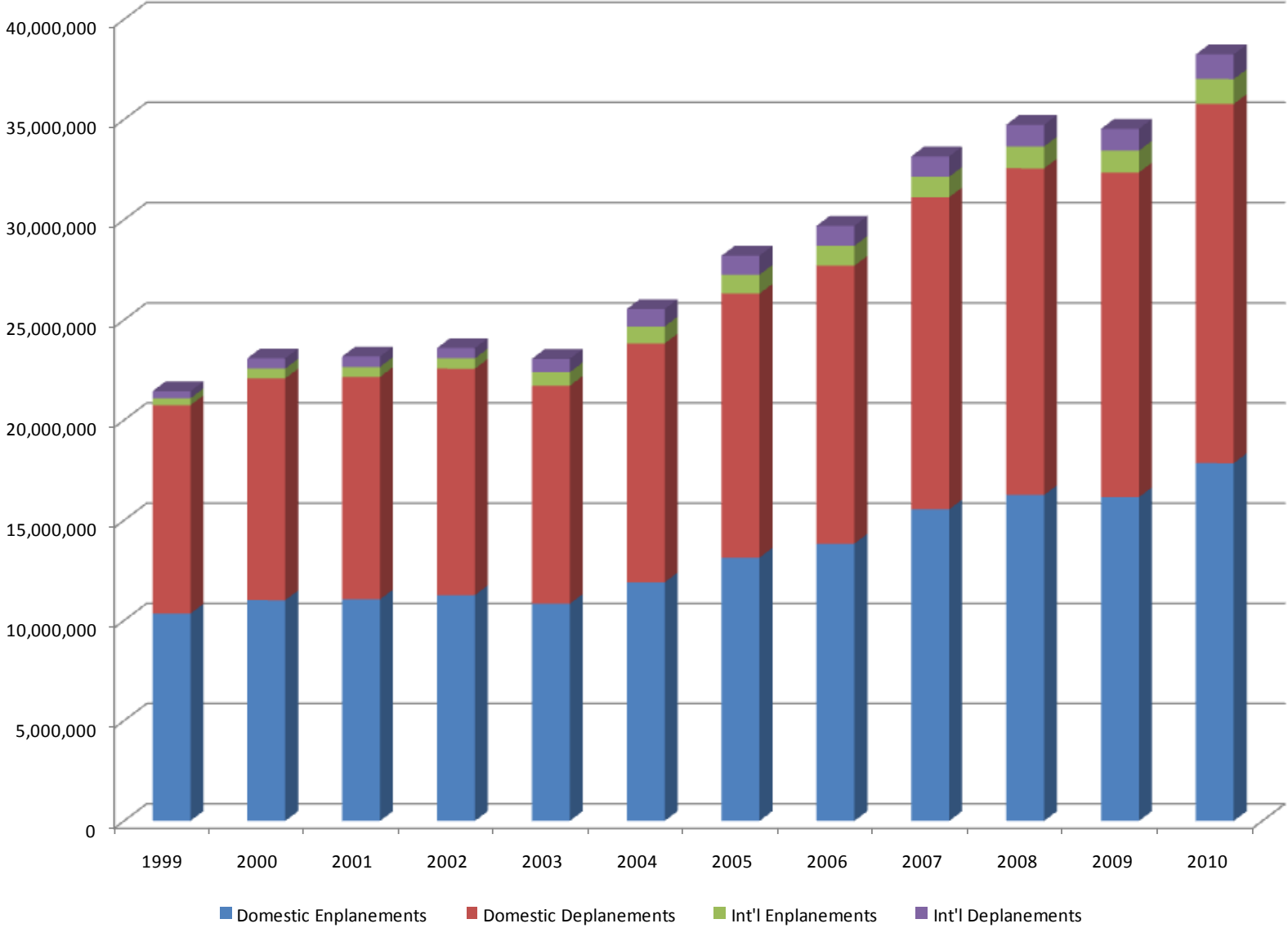
SERVICE DELIVERY

Core Service Areas

	Provide Transportation Choices	Safeguard the Environment	Promote Economic Opportunity	Enhance Customer Service	Develop Collaborative Solutions	Optimize Business Practices	Maintain Bond Rating	Expand Revenues	Deliver Competitive Services	Achieve Positive Employee Climate	Recruit and Retain a Skilled, Diverse Workforce	Promote Learning & Growth
Operations: includes Parking and Ground Transportation, Airport Police and Operations	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Development: includes Engineering/Construction, Environmental, Planning, Noise Mitigation & Land Acquisition	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Administration & Finance: includes Accounting, Human Resources, Contract Administration, Property Management, Information Technology				<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Facilities and Maintenance: includes Building Maintenance, Field Maintenance, Vehicle Maintenance, Janitorial Maintenance		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

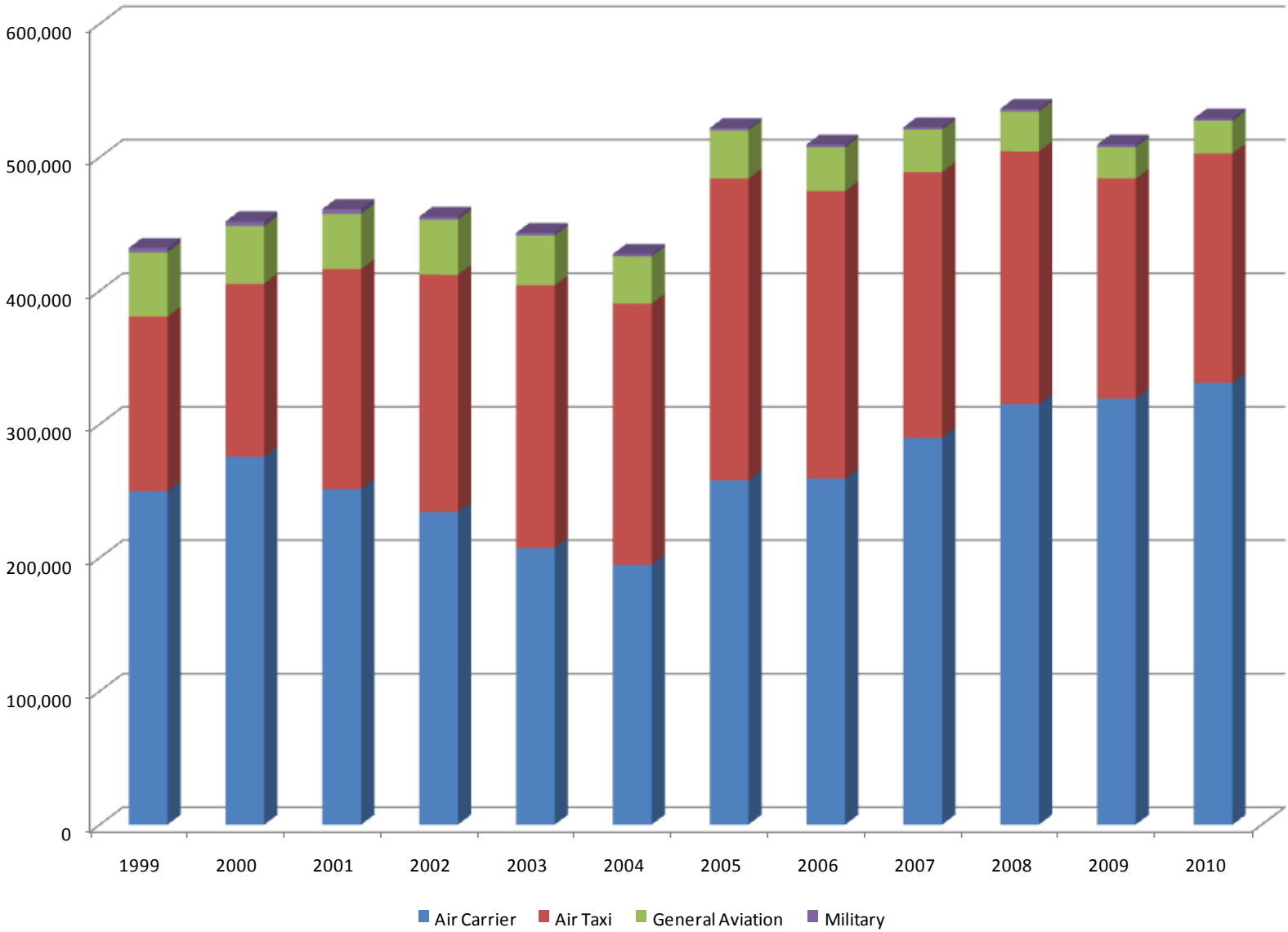
Service History & Trends

Domestic & International Passenger Activity 1999 – 2010



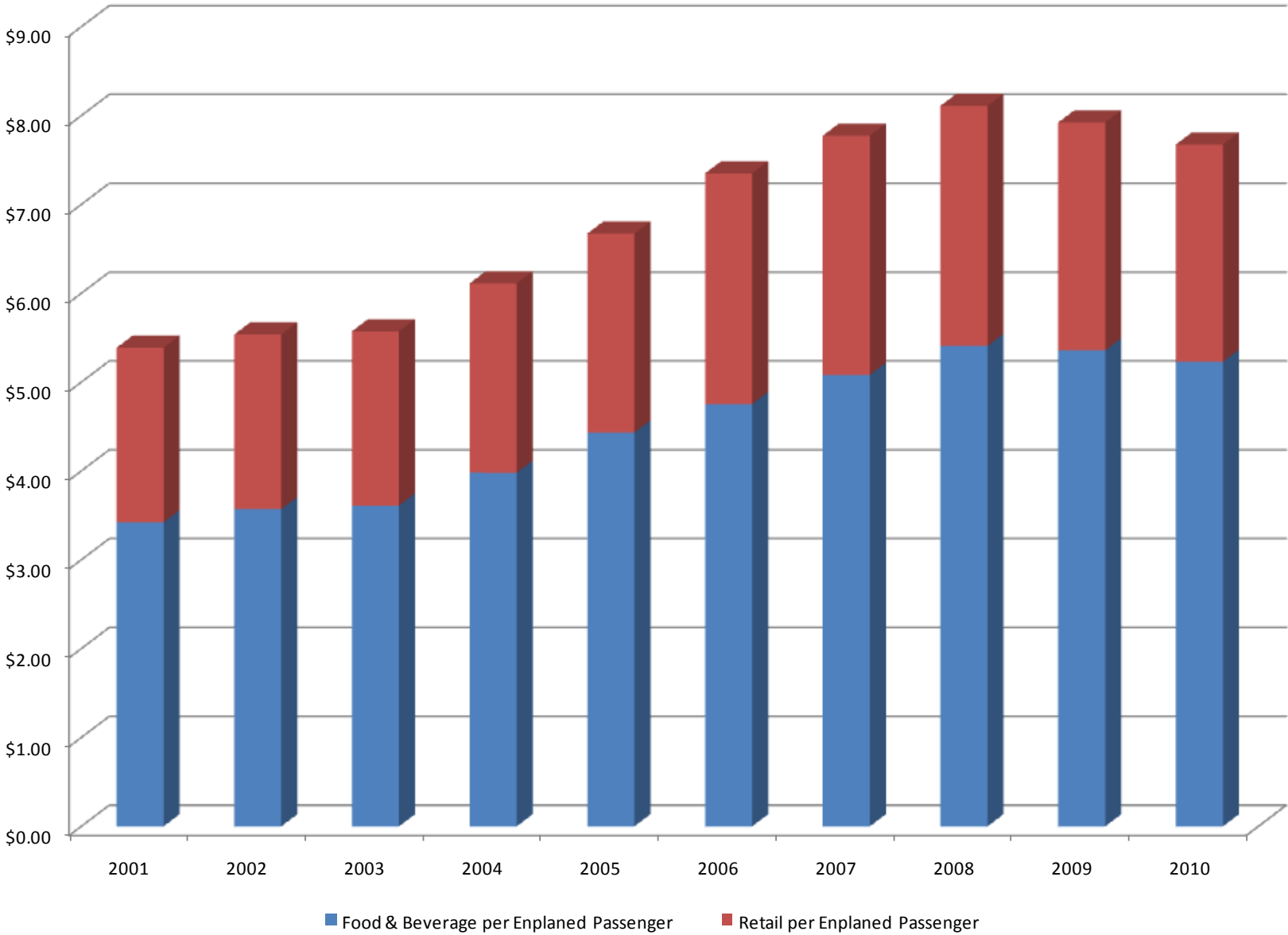
Service History & Trends

Aircraft Activity 1999 – 2010



Service History & Trends

Concession Revenues Per Enplaned Passenger 1999 – 2010





REQUEST FOR RESOURCES

Base Budget

Aviation base budget allocation is \$143,628,766 with 266 positions for FY2012 and requests a base budget allocation of \$145,431,480 with 266 positions for FY2013. The 266 positions reflect a decrease of two positions from FY2011 due to technology consolidation efforts at the City level.

Changes to Current Level

There are no changes to the current level budget outside of normal operating increases, such as salaries.

Service Level Changes

There are no service level changes in FY2012 and FY2013.

Revenues

The airport is completely self-supporting. Revenues come from user fees, rents received from tenants and sales of goods and services to passengers. The user fees are updated annually based upon the projected costs of operating the Airport for the next year. Rents and prices for goods sold are based upon market rates.

CIP Support

The anticipated capital budget for FY2012 is \$254,800,000 and \$286,900,000 for FY2013. The source for these funds will be Federal Aviation Administration Airport Improvement Grants, North Carolina Department of Transportation Grants (very minor), General Airport Revenue Bonds, Passenger Facility Charges, and pay as you go revenues.