

STRATEGIC OPERATING PLAN FY2013



EXECUTIVE SUMMARY

Charlotte Douglas International Airport is the second busiest Airport on the Eastern seaboard. It is served by six major airlines, AirTran/Southwest, American, Delta, JetBlue, United, and US Airways; and three foreign flag carriers, Air Canada Jazz, Insel Air, and Lufthansa German Airlines.

CLT remains US Airways' largest passenger hub and US Airways continues to focus more of their network operations at the Airport. CLT Passenger traffic has grown from 2.9 million enplanements in 1982 when the current terminal opened, to over 18.2 million domestic and 1.3 million international enplanements in 2011, a record number for CLT and an increase of 2% over 2010.

Currently, passenger airlines operate an average of 718 flights per day to 138 non-stop destinations in the United States, Canada, Mexico, Europe, South America and the Caribbean. During 2011, US Airways began new non-stop seasonal service to Dublin, Ireland and Madrid, Spain. Insel Air also initiated service from Curacao to Charlotte. 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 – 2011



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.

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 airline industry has historically operated in an atmosphere of uncertainty, and that remains the case today. Looking into FY2013, as a major hub commercial service airport, CLT continues to address several challenges and issues related to the uncertainties facing its airline partners.

The volatility of oil prices continues to impact airlines' operations and profitability. Many airlines have mitigated the impacts of high fuel prices by reducing capacity in their networks, focusing on margins rather than market share. These practices result in uneven and unpredictable passenger growth for the airports they serve, including CLT. A robust 10.7% passenger growth at CLT in 2010, was followed by a two percent increase in 2011. Monthly reports for the first half of 2012 indicate about 5% passenger growth.

Summary of Needs

Year	Budget	Positions
FY2008	\$139,980,590	268
FY2009	\$162,189,637	268
FY2010	\$144,417,360	268
FY2011	\$130,833,877	268
FY2012	\$143,628,766	266
FY2013	\$161,689,851	308

Amid challenging market conditions, AMR, the parent company of American Airlines, declared bankruptcy in November 2011. American continues normal operations while exploring options to reorganize, including a possible merger with another carrier. US Airways, CLT's predominate carrier, is actively pursuing a merger with American, while American's management remains cool to the idea. Many of the possible outcomes of the American bankruptcy have potential impacts on operations at the Airport. With roughly 75% of passenger traffic connecting through CLT as opposed to beginning or ending their destination here, the Airport is alert to any changes in US Airways hub operations.

It is important for Airport management to monitor developing challenges while remaining focused on its mission of providing the highest quality product for the lowest possible cost. Pursuit of this mission has resulted in a cost structure that makes CLT the least expensive airport in the country for airlines - a strong competitive advantage for attracting air service. Airport Management will also continue to look for other revenue streams to help mitigate any reduction in revenues from the airlines resulting from changes in air service. One such example is the restructuring of CLT's concession services. Through contract changes and an RFP process in 2010, the Airport divided Food & Beverage and Retail concessions among two concessionaires, allowing each to focus exclusively on its respective area. The result has been a six percent increase in food and beverage revenues and a 21% increase in retail revenues. Both concessionaires continue to present new concepts and designs to meet ever changing passenger demands.

The Airport also continues to look beyond commercial airline operations to develop as a platform for regional economic development. In June 2010, the Airport and Norfolk Southern signed a Master Development Agreement for the construction of an intermodal facility located on Airport property. A first of its kind facility, the Intermodal is a public-private partnership which uses property within the footprint of CLT's airfield that would otherwise remain undeveloped. The location of the intermodal also provides convenient truck access to a major interstate and access to vacant land which can be developed into a center for transportation logistics.



Norfolk Southern broke ground on the intermodal site in May 2012, and when it is completed in 2014, the new facility is forecasted to double the capacity of the existing facility near Uptown. The relocation of Norfolk Southern's truck/rail intermodal operations from Uptown to the Airport will reduce the amount of truck traffic in the city street grid, promote the development of land on Charlotte's west side, and generate one million dollars in annual revenue to the Airport.

Internally, Airport management has new personnel in several top management positions. With the retirement of the Deputy Aviation Director and three Assistant Aviation Directors over the past year, new appointments have been made at both the Assistant Aviation Director and supervisor levels.

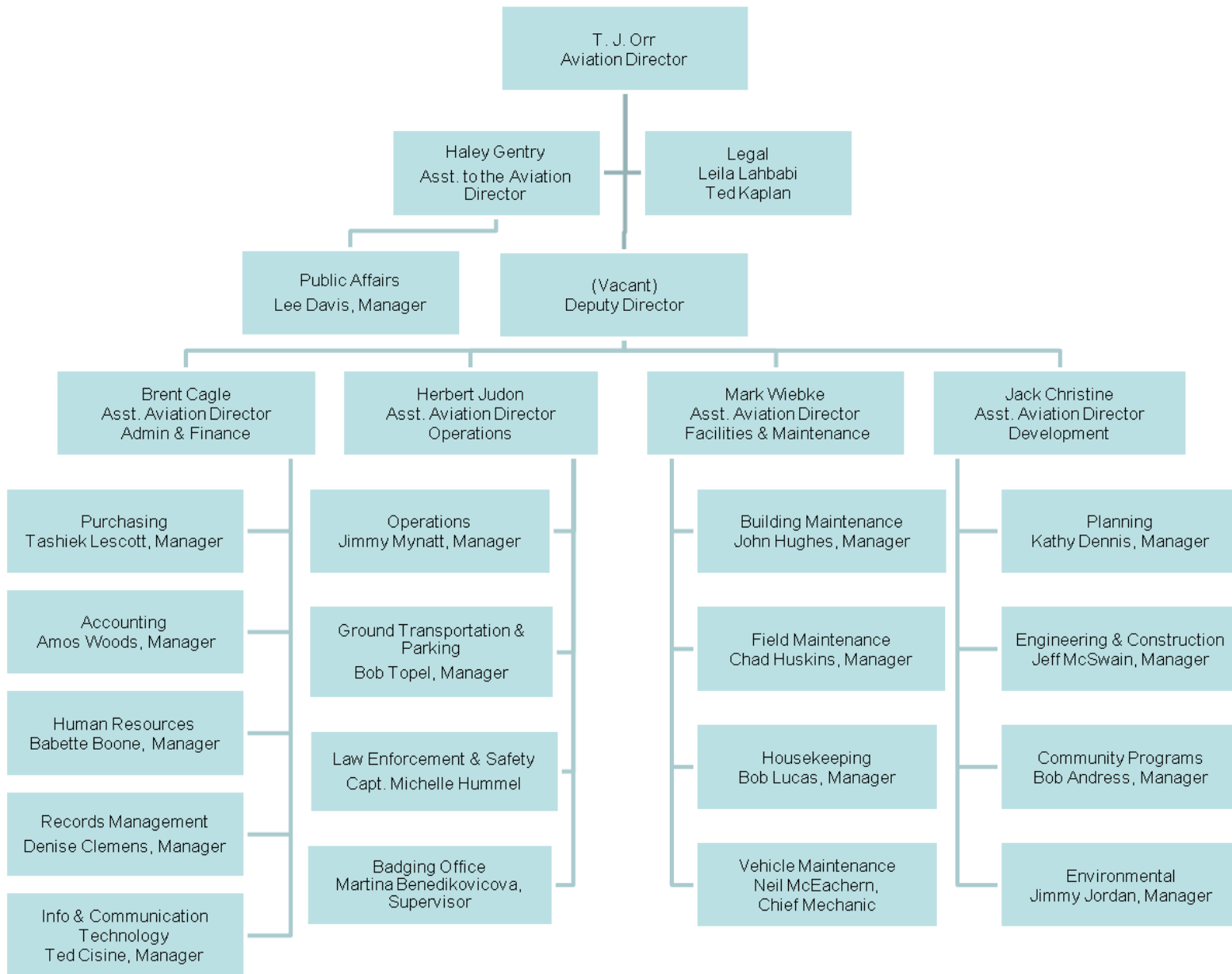
In recognition of the potential for a loss of momentum resulting from a nearly wholesale change in second level management as the Assistant Directors take the reins of their new assignments, the Aviation Director is working closely with them on a daily basis to ensure a seamless transition and no loss of momentum.

Responding to the growing needs of passengers and to achieve operational efficiencies in service delivery, numerous complex construction projects have commenced in recent months. These include a \$120 million, seven-story parking deck in front of the Terminal, which when complete in 2014, will accommodate hourly passenger parking as well as a consolidated rental car facility. CLT is also redesigning and expanding the current entrance roads to the Airport. These projects must be completed while the existing road system, parking facilities, and Terminal remain in operation, requiring intense planning and coordination. In 2013, the Airport intends to fund through additional revenue bonds a four gate annex to Concourse A and the completion of Concourse E which will bring the total number of gates at the Terminal to 111.

In light of these issues and challenges, Airport management is redoubling its commitment to a lean, flexible organization that can respond efficiently and effectively to its ever-changing environment. The Airport intends to cautiously implement its strategic growth plan in FY2013 while focusing on its mission to control cost while delivering the highest quality product to its consumers.



Organizational Chart FY2013



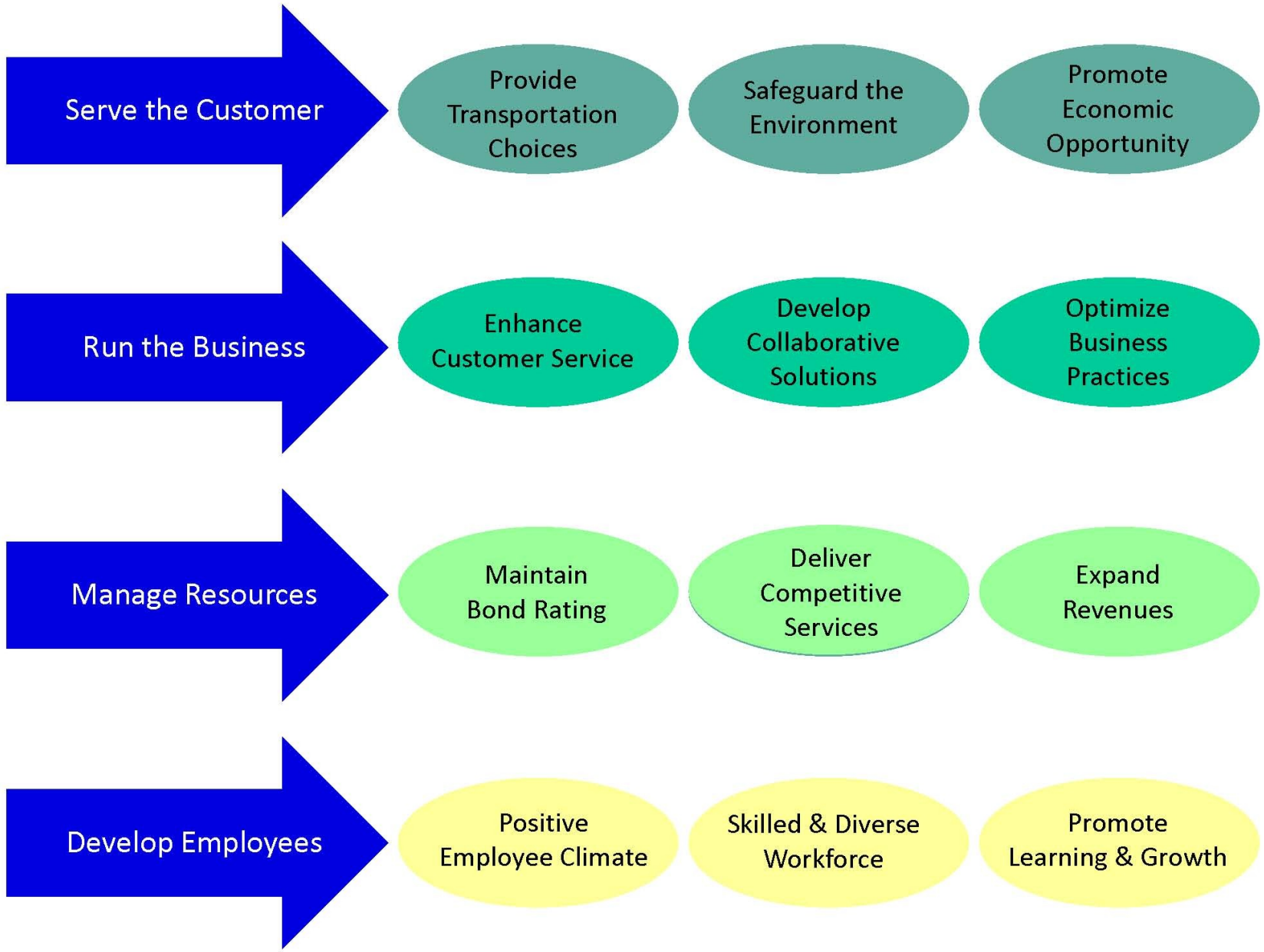
Recent Accomplishments

- Airport bond rating increased by Moody's from A1 to Aa3
- Issued \$139,270,000 in General Airport Revenue Bonds
- Issued \$60,295,000 in Special Facility Bonds
- Led industry in operating cost per passenger to the airlines
- Completion of Runway 18C Rehabilitation
- Completion of the Airport Recycling Center
- Completion of the East Terminal expansion project
- Received design approval from the TSA for the Inline Baggage System
- Began construction of Hourly Parking deck with Consolidated Rental Car Facility
- Implemented parking revenue control system upgrade
- Completed refresh and upfit of Arrivals/Baggage Claim Area
- Implemented new taxi operation system to increase customer service
- Raised an estimated \$22,000 for LifeSpan at the Annual Runway 5K Run/Walk
- Exceed United Way Goal for 2011, raising \$18,849



Arrivals/Baggage Claim Area with terrazzo flooring, digital monitors, new ceiling panels, energy-efficient lighting, and counter upgrades

Links to Corporate Strategy



Serve the Customer

Each day at CLT, there are more than 670 aircraft departures as of January 2012, 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 1.8 million square foot passenger terminal, 500,000 square feet of cargo facilities, and 26,700 public and employee parking spaces.

Run the Business

CLT maintains one of the nation's busiest airfields with over 539,000 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 through fiscal conservative management. 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, intranet site and quarterly employee meetings, contributes to successful employee communication and interaction.

S Strategic Initiatives—Linking Corporate Strategy to KBU Initiatives



Strategic Initiatives—Linking Corporate Strategy to KBU Initiatives



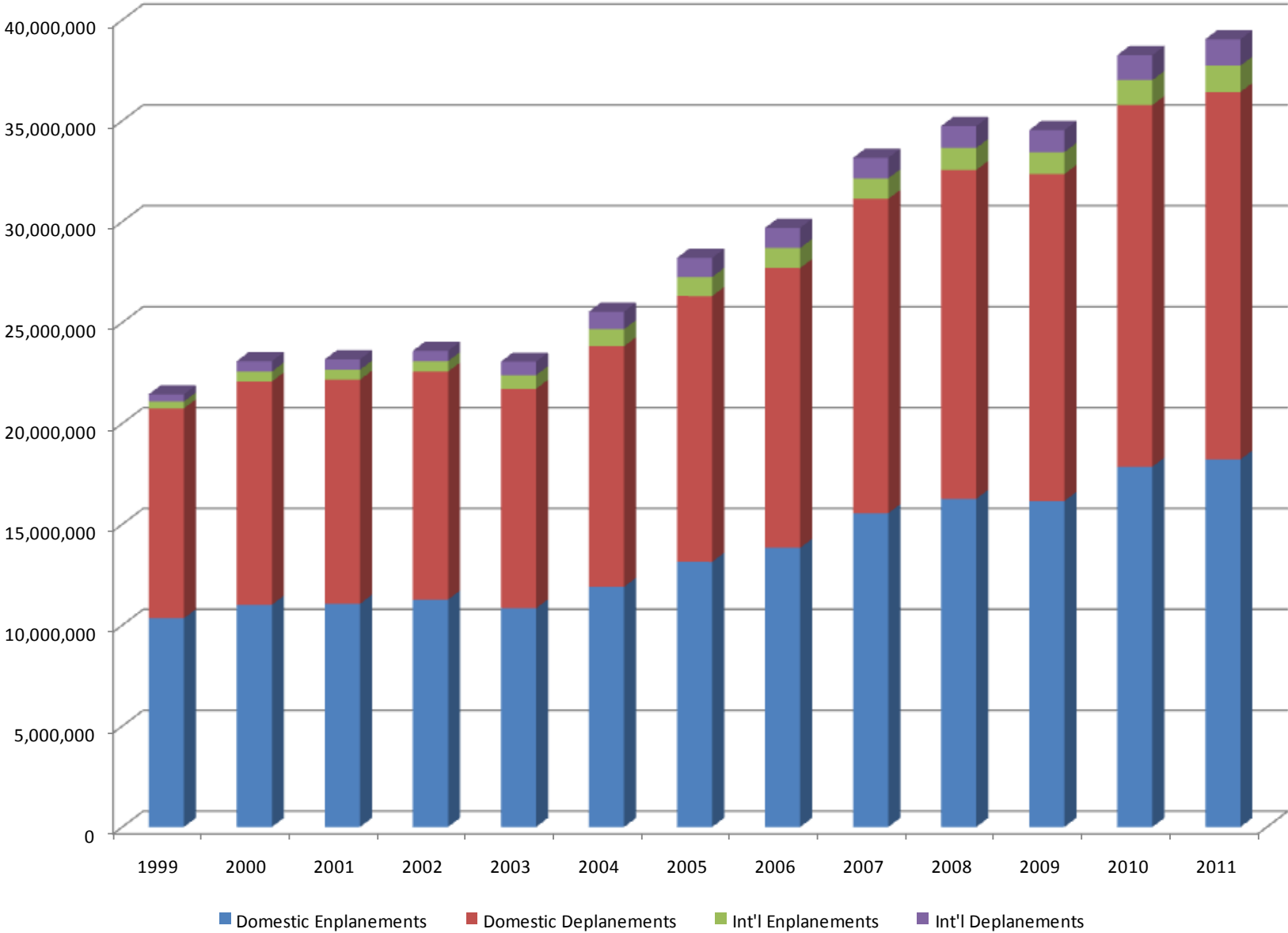
SERVICE DELIVERY

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"/>

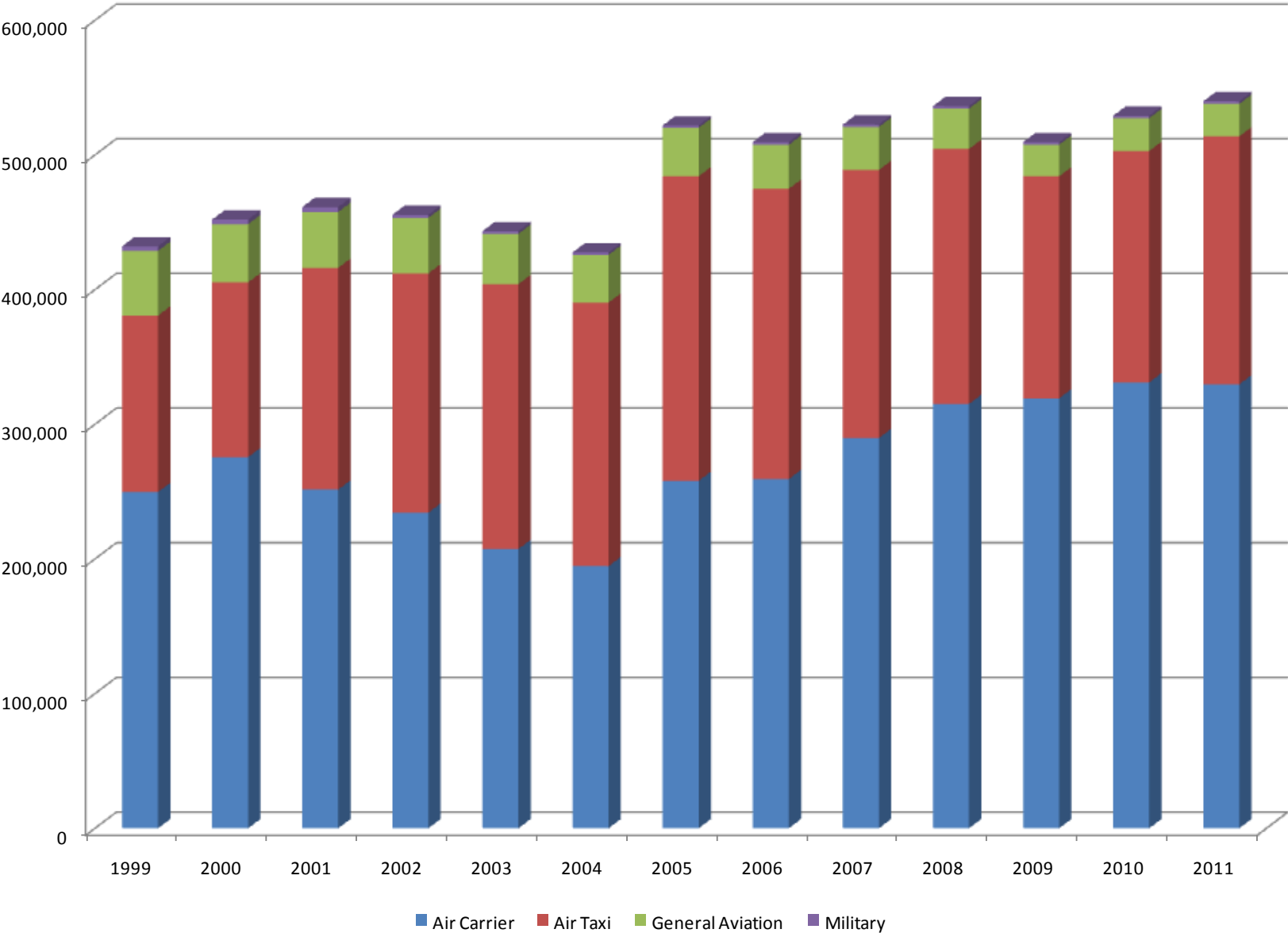
Service History & Trends

Domestic & International Passenger Activity 1999 – 2011



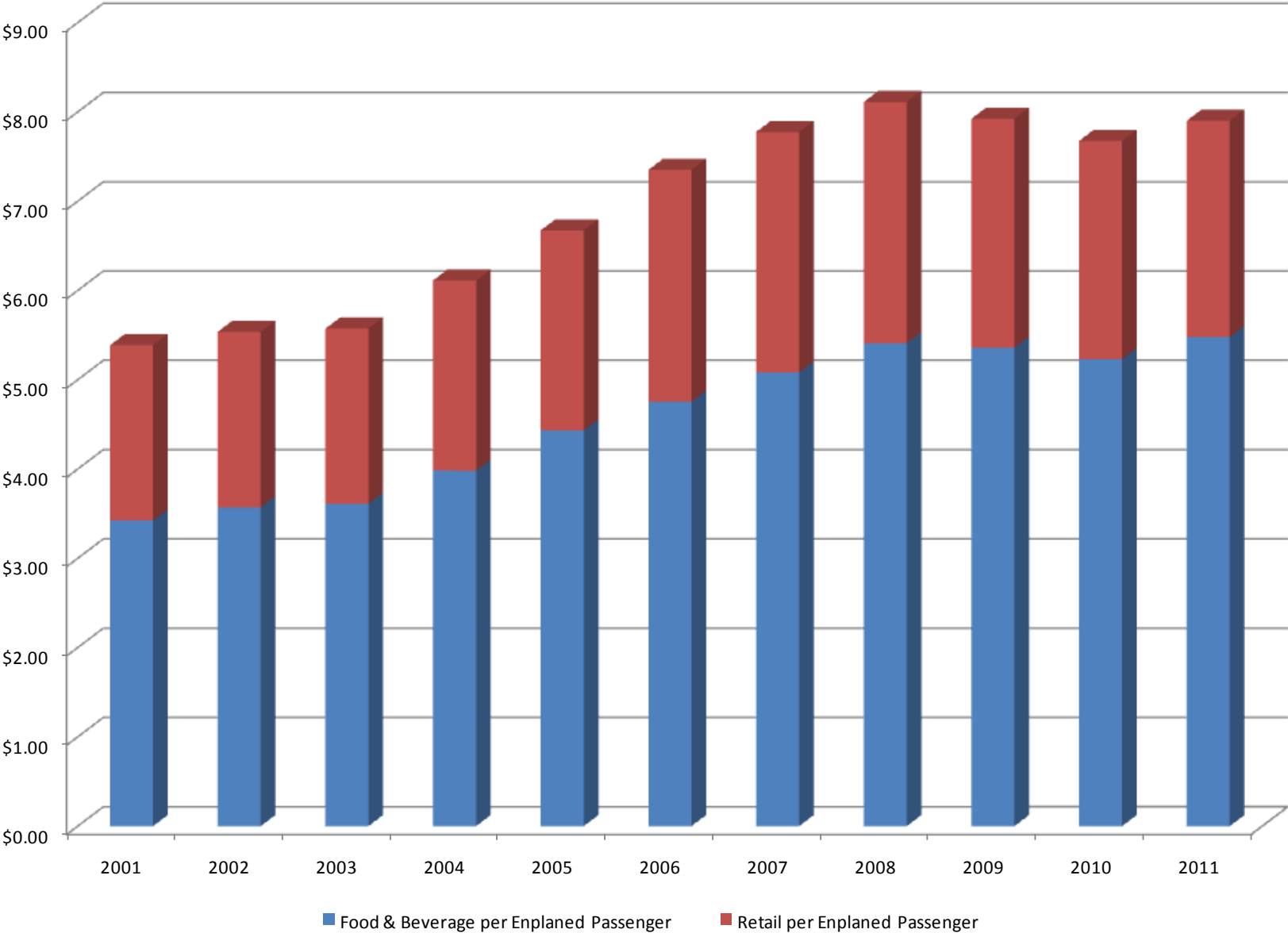
Service History & Trends

Aircraft Activity 1999 – 2011



Service History & Trends

Concession Revenues Per Enplaned Passenger 2001 – 2011



REQUEST FOR RESOURCES

Base Budget

Aviation base budget allocation is \$161,689,851 with 308 positions for FY2013.

Service Level Changes

Maintenance: seven new maintenance positions have been added to the FY13 budget. Increased passenger loads and airline operations as well as the transfer of some maintenance responsibilities from the airlines to the Airport necessitates an increase in personnel to continue to meet the needs of tenants and passengers.

Information Technology: eight new IT positions have been added to the FY13 budget to meet current operational needs.

Operations: six new operations positions have been added to the FY13 budget to meet current operational needs and complement restructuring of security, law enforcement and operational functions.

Security: two new security positions have been added to the FY13 budget. Growth, expansion and increased security requirements require additional resources to meet current needs.

Police: 22 new police positions have been added to the FY13 budget. This includes 17 new Airport police positions and five positions on loan from CMPD, which will be reimbursed.

Sustainability: a new sustainability position has been added to the FY13 budget. The Sustainability Program Specialist has provided the City with real and substantial monetary savings throughout the Airport environment, considerably lessening our carbon footprint. We anticipate ongoing and additional gains.

Legal: a new legal position has been added to the FY13 budget. Growth in operations has resulted in a related growth in the volume of legal services required—a trend expected to continue.

Changes to Current Level

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

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 FY2013 is \$93,591,726. 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.

