COUNCIL CHAMBER

102380

September 22, 2010

WHEREAS, the Dallas/Fort Worth International Airport ("the Airport") serves the aviation needs of the owner cities of Dallas and Fort Worth; and

WHEREAS, the Dallas/Fort Worth International Airport Board ("the Board") presented the 2010-2011 Annual Budget to the City Council of the City of Dallas for its approval in accordance with the Contract and Agreement between the cities of Dallas and Fort Worth, dated April 15, 1968, as amended, which established the Board as the operating Board of Directors for the Airport;

Now, Therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:

SECTION 1. That the City Council hereby approves the 2010-2011 Dallas/Fort Worth International Airport Board Annual Budget, attached hereto as **Exhibit A**.

SECTION 2. That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.

APPROVED BY
CITY COUNCIL

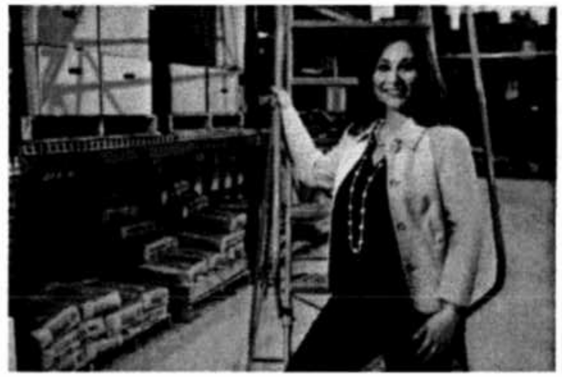
SEP 22 2010

Deborah Watkins
City Secretary

102380

DALLAS/FORT WORTH
INTERNATIONAL AIRPORT

FY 2011 ADOPTED BUDGET



Finance Department
P.O. Box 619428
DFW Airport, Texas 75261-9428

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DFW's Vision Statement

"DFW International Airport - Connecting the World"

Board of Directors

Lillie M. Biggins Fort Worth	**Jeffrey Wentworth** Fort Worth	**Brenda E. Reyes** Dallas	**Betty J. Culbreath** Dallas	**Forrest Smith** Dallas	**Bernice J. Washington** Dallas
Mayor, Thomas C. Leppert Dallas	**Robert Hsueh** **Board Secretary** Dallas	**Benjamin Muro** **Board Chair** Dallas	**Francisco Hernandez** **Board Vice Chair** Fort Worth	**Mayor, Mike Moncrief** Fort Worth	**Rick Stopfer** Irving (not shown)

DFW's Mission Statement

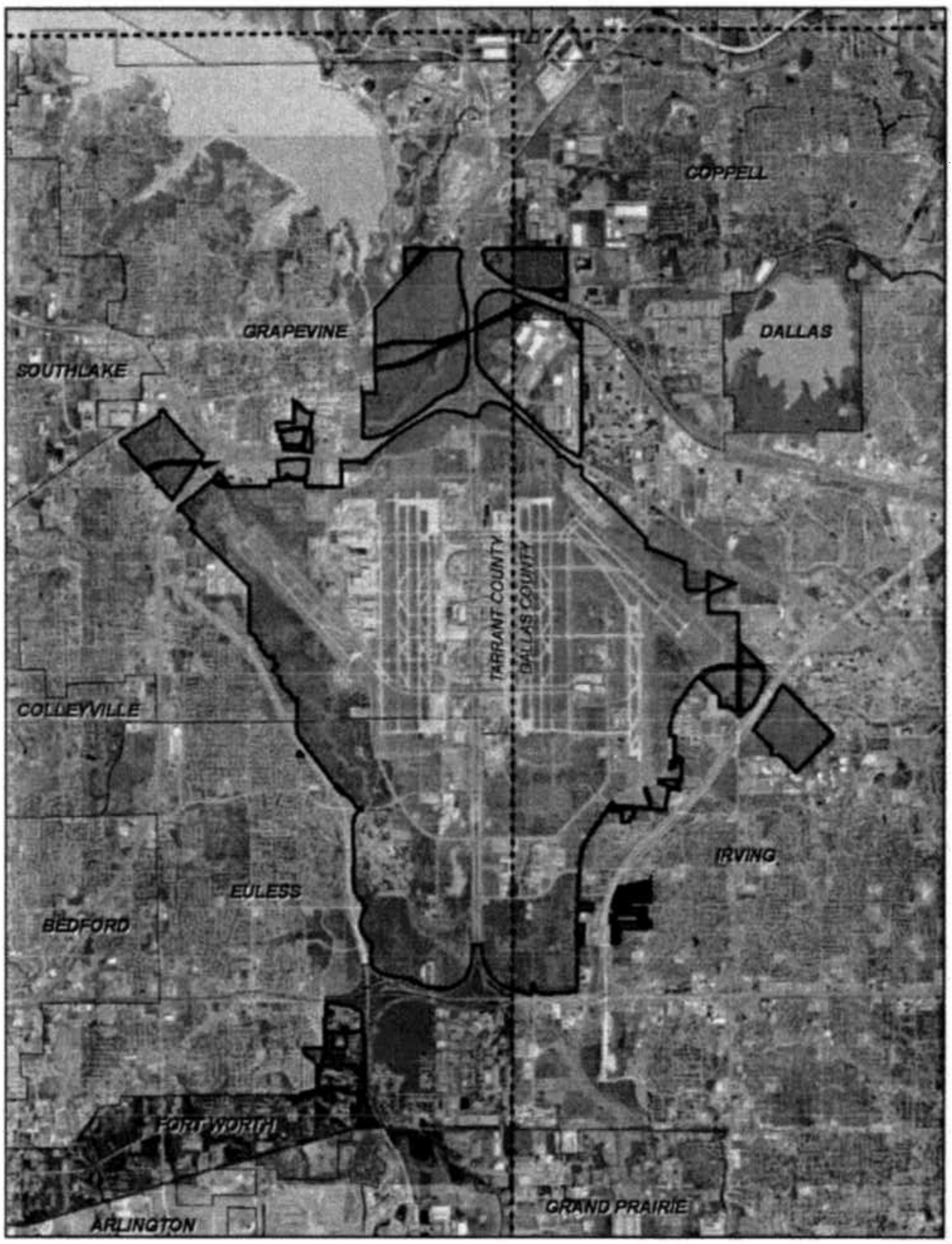
DFW International Airport will provide
our Customers outstanding facilities and services,
expanding global access and economic benefits to those we serve.

DFW's Primary Business Goal

Grow the core business of domestic and international passenger
and cargo airline service.

Airport Background

The Dallas/Fort Worth International Airport (the "Airport" or "DFW") was created by a "Contract and Agreement" between the Cities of Dallas, Texas, and Fort Worth, Texas ("the Cities") on April 15, 1968 for the purpose of developing and operating an airport as a joint venture between the Cities. Although owned by Dallas and Fort Worth, DFW is located within the boundaries of the Cities of Grapevine, Coppell, Irving, and Euless, and within Dallas and Tarrant Counties.



Source: DFW Airport Information Technology Services/GIS Group

DFW is located within a four-hour flight time of 95% of the U.S. population and currently ranks third among the world's busiest airports in terms of operations and seventh in terms of passengers. Its central location is the focal point of one of the nation's largest intermodal hubs, connecting air, rail, and interstate highway systems. DFW currently operates daily passenger flights to 176 destinations worldwide, including 138 nonstop domestic destinations and 38 nonstop international destinations. The Airport is recognized as a premier inland cargo hub, served by major international cargo carriers. According to the Texas Department of Transportation, DFW is the primary economic engine for North Texas, driving $16.6 billion of economic impact, supporting 305,000 jobs, and generating $7.6 billion in payroll annually.

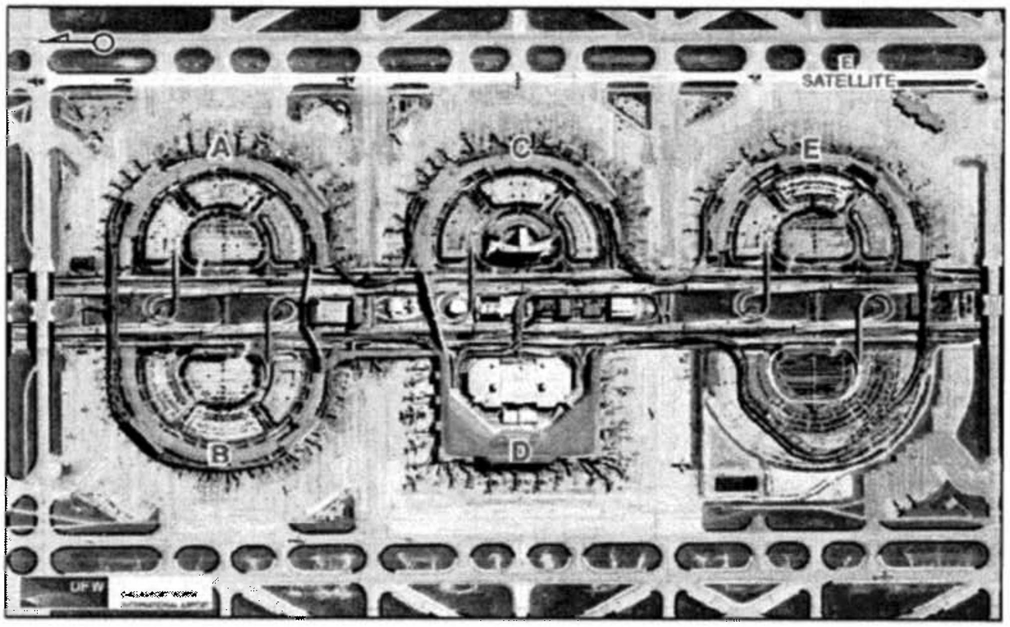
DFW Infrastructure

Airfield - DFW has more operational capacity than any airport in the world with seven runways: two diagonals and five north/south parallels. Four of DFW's runways are 13,400 feet in length. DFW is prepared for future growth and has the capacity to land the A380. Construction of the Southeast Quadrant Perimeter Taxiway was completed in December 2008 to enhance aircraft operational efficiency, safety and prevent runway incursions. The Airport's designated hourly capacity arrival/departure flow is approximately 186-193 aircraft operations per hour under reduced instrument flight conditions and approximately 270-279 aircraft operations per hour under optimum visual flight conditions, a condition that prevails approximately 94% of the time. DFW estimates that it is using approximately 50%-60% of its maximum landing capacity at this time.

Terminals - DFW has five terminals (A, B, C, D, and E) totaling 4.7 million square feet of building space, including 155 aircraft boarding gates, 183 ticket positions, 171 self service kiosks, and 20 security checkpoints. As of June 30, 2010, 30 of the 155 gates were not regularly scheduled, including nine gates in the dormant Terminal E Satellite facility that is connected to Terminal E via a tunnel. This additional space will create an "empty chair" that will be beneficial as DFW renovates its terminals over the next seven years. Collectively, the airlines averaged 6.7 turns per active gate for the first six months of FY 2010. American Airlines vacated the Terminal A Satellite facility (not shown in picture below) when Terminal D was opened in 2005. This facility, which requires a bus transfer, is scheduled to be used as a General Aviation Facility beginning in FY 2011.

American Airlines operates domestic service in Terminals A and C and both domestic and international service in Terminal D. American Eagle operates domestic service in Terminal B and international service in Terminal D. All other domestic flights operate from Terminal E. All international flights operate from DFW's International Terminal D. Terminal D has 1.6 million square feet and 27 gates. All terminal gate leases expire September 30, 2010 along with the current Use Agreement; however, a new ten-year Use Agreement has been negotiated with the Airlines. DFW's Federal Inspection Service (FIS) facilities are located in Terminal D. The Airport's FIS facility is approximately 406,000 square feet with 60 inspection booths and eight bag carousels. The FIS has the capacity to handle approximately 2,800 international customers per hour.

DFW Terminal Complex



DFW is responsible for all of the janitorial and facility maintenance in Terminals B, D and E, and baggage maintenance in Terminals B and E. Most of the maintenance and janitorial functions is contracted out to third parties. Costs associated with maintenance of these facilities are included in DFW's operating budget. American Airlines is responsible for the majority of the facilities maintenance and custodial services in Terminals A and C and all of the baggage maintenance in Terminals A, C and D. The cost of these maintenance activities are paid directly by American Airlines and are not included in DFW's operating budget or financial statements.

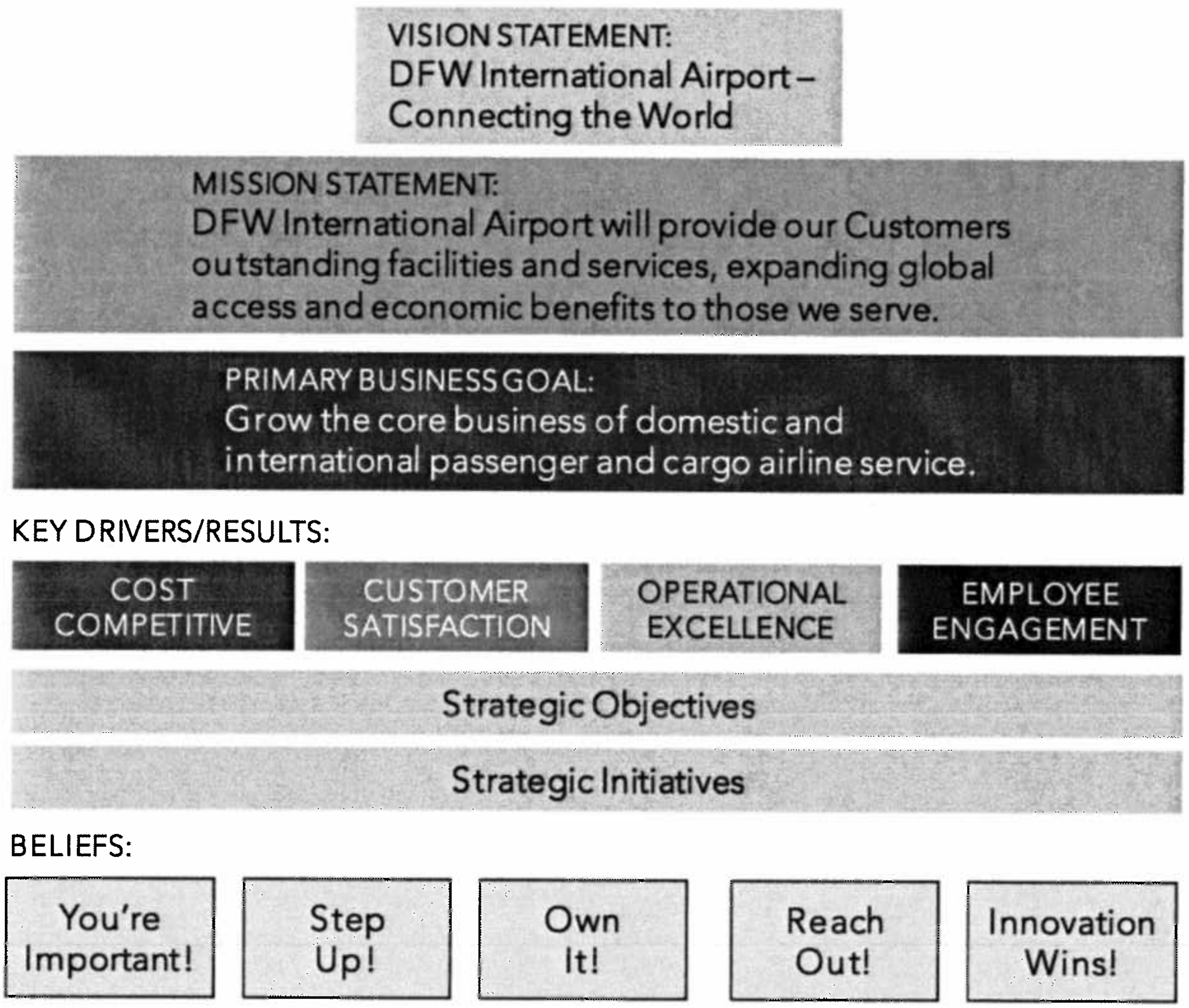
Transit System – DFW's people mover system ("Skylink") is used to transport passengers and employees between terminals on the secure side of the terminal. DFW operates 16 to 24 fully automated cars on Skylink during normal operations. Skylink cars circle the five terminals in two directions with an average time between terminals of 2 minutes. There are two Skylink stations in each terminal. The average customer ride is about 5 minutes.

DFW also uses busses to transport passengers and employees between terminals on the non-secure side, the Grand Hyatt Hotel, parking lots and the Consolidated Rental Car Facility. DFW uses 26 busses to shuttle passengers between the terminals and Grand Hyatt; 61 busses between remote and express parking lots and the terminals; 32 busses between employee parking lots and the terminals; and 46 busses between the terminals and the Consolidated Rental Car Facility.

Airport Operations Center/Emergency Operations Center (AOC/EOC) – DFW's AOC/EOC serves as a single point of contact to centralize communications for DFW's passengers, guests, tenants, employees, and contractors. This includes the 9-1-1 call management of police, fire and emergency medical response teams and 3-1-1 non-emergency services. The AOC and EOC handle an average of 26,400 and 1,950 calls, respectively, each month.

Strategic Plan

DFW updated its Strategic Plan in FY 2010 keeping the same overall structure as its previous Plan. This critical document maintains the Airport's Vision and Mission Statements and identifies the critical strategies and key drivers/results required to achieve the Primary Business Goal of growing the core business of domestic and international passenger and cargo airline service. DFW has taken a balanced approach to its Strategic Plan. Management is focused on being cost competitive, satisfying the customer, and achieving operational excellence, through engaged employees. A schematic of the Strategic Plan follows:



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Recent Significant Events

The following table highlights DFW's Key Airport Measure Scorecard for FY2010 and FY 2011. Some of DFW's more significant recent accomplishments follow the scorecard.

Key Airport Metrics Scorecard - FY 2011 Budget with Outlook

Mgmt Cntrl		Key Airport Metrics Comparison	FY10 Budget	FY10 Outlook	FY11 Budget	FY11 vs FY10Bud	FY11 vs FY10OL
		Cost Competitive					
	L1	Total Airline Cost (M$)	$215.3	$203.0	$207.2		
	L1	Airline Cost Per Enplanement (CPE)**	$7.30	$6.78	$6.89		
	L1	Net Revenues to DFW Capital Account**	$23.5	$23.5	$51.7		
	L2	Rev. Mgmt Revenues per Enplanement	$6.85	$6.97	$7.07		
	L2	Full CPE Relative Ranking - Per Lrg. Hubs	1st	1st	1st		
	L2	Parking Rev. per Orig. Passenger	$7.51	$7.68	$7.98		
	L2	Concession Revenue per Enplanement	$1.65	$1.69	$1.64		
	L2	Acres Leased	1,099	1,099	1,099		
	L2	Underlying Bond Rating	AA-/A1/A+	AA-/A1/A+	AA-/A1/A+		
		Customer Satisfaction					
	L1	DFW's ACI Customer Survey Score**	4.15	4.15	4.15		
		Operational Excellence					
	L1	% Level 1 Goals & Initiatives Achieved**	90%	90%	90%		
	L1	FAA 139 Safety Deficiencies	0	0	0		
	L1	Environment Enforcement Violation Notices	0	0	0		
	L1	M/WBE Goals (GS/Prof/Const)	25/27/30%	25+/27+/30+%	25/27/30%		n/a
		Employee Engagement					
	L1	Engagement Index**	67%	67%	67%		n/a
	L1	Engagement Survey Participation	80%	80%	80%		n/a
		Core Business					
	L1	Total Passengers (M$)	55.5	56.3	57.3		
	L2	International Passenger Destinations	38	38	39		
	L2	Cargo Landed Weights (Billions)	2.88	3.04	3.04		

Management Control Status Bar — Higher control — Some influence — Some control

Results Status Bar — Improved/Constant — Exceeded by >5% — Worse by >5% — Worse by 1-5%

** FY11 Incentive Program (prel.)

Grow Core Business

- Expanded air service to 8 new domestic destinations, 1 new international destination (American Airlines to San Salvador), and one new cargo destination (Qantas to Sydney) in past year.
- Identified needs and alternatives for addressing regional international marketing deficiencies.

Cost Competitive

- Reached agreement on Use Agreement business terms with Airlines with approval anticipated by September 30, 2010.
- Current FY 2010 Outlook projects non-airline revenues to be $7 million better (higher) than budget and expenses to be $5 million better (lower) than budget, resulting in a reduced projected cost per enplanement of $6.78 from $7.29.
- Developed and implemented new methodology to bid terminal maintenance contracts that have significantly lowered ongoing terminal maintenance costs.

Customer Satisfaction

- Finished 3rd in the world in customer satisfaction based on the Airports Council International (ACI) survey for airports with over 40 million passengers for calendar 2009; and tied for first amongst DFW's competitive set.
- Completed the $45M Terminal Refurbishment Program providing improvements to bathrooms, lighting, and other critical elements desired by customers.
- Selected and contracted with vendor for new Parking Control System.

Operational Excellence

- Received airline agreement to proceed with $2.3 billion Terminal Renewal and Improvement Program (TRIP) as part of the new Use Agreement.
- Completed advanced planning and programming of TRIP with construction of Terminal A, Section A scheduled to begin in February 2011.
- Launched major jet bridge replacement project for Terminals A and C.
- Recognized nationally as leaders in sustainability, energy efficiency, environmental protection, and irregular operations.

Employee Engagement

- Increased employee engagement scores (67%) and participation (86%) over the previous year; approaching the first quartile in national comparison among all companies.
- Expanded DFW's wellness program to help contain healthcare costs.
- Achieved 75% participation in Dallas Morning News Top Workplaces Survey.

DFW Controlling Documents and Business Model

In addition to the Contract and Agreement between the Cities, DFW is governed by several other key documents, including the 30th Supplemental Bond Ordinance which modified the original 1968 Concurrent Bond Ordinance (collectively called the "Bond Ordinances"); and the Use Agreements between DFW and the Signatory Airlines (signed in 1974). The current Use Agreements expire on September 30, 2010; however, a new Use Agreement (described below) has been negotiated, but not yet signed. Collectively, these agreements are called the "Controlling Documents."

The Controlling Documents define how DFW manages its business affairs. DFW does not collect any local tax revenue to fund its operations. The Controlling Documents require that Gross Revenues of the Airport be deposited into the "102 Revenue and Expense Fund." Gross Revenues are defined as all Airport revenues and receipts except:

- Bond proceeds
- Passenger Facility Charge (PFC) proceeds used to fund capital projects (rather than for debt service)
- Interest earned on unspent bonds, Construction Improvement Fund (CIF), and PFC receipts
- Grant proceeds used to fund capital projects
- Sale of land or mineral rights, including natural gas royalties

New Use Agreement Business Model

DFW has been a residual airport for the past 36 years, whereby revenues equaled expenses and the Airlines paid the net operating cost (expenses less non-airline revenues) of the Airport primarily through landing fees and terminal rentals. DFW and the Airlines have been negotiating a new "hybrid model" agreement over the past 18 months that will significantly change the way DFW approaches its business. It is expected that the DFW Board of Directors and the Airlines will approve the new ten-year Use Agreement in September 2010 with an effective date of October 1, 2010. The FY 2011 Budget is predicated on the new model.

The new model is summarized in the following chart. The items highlighted in yellow become the key metrics for DFW in the future.

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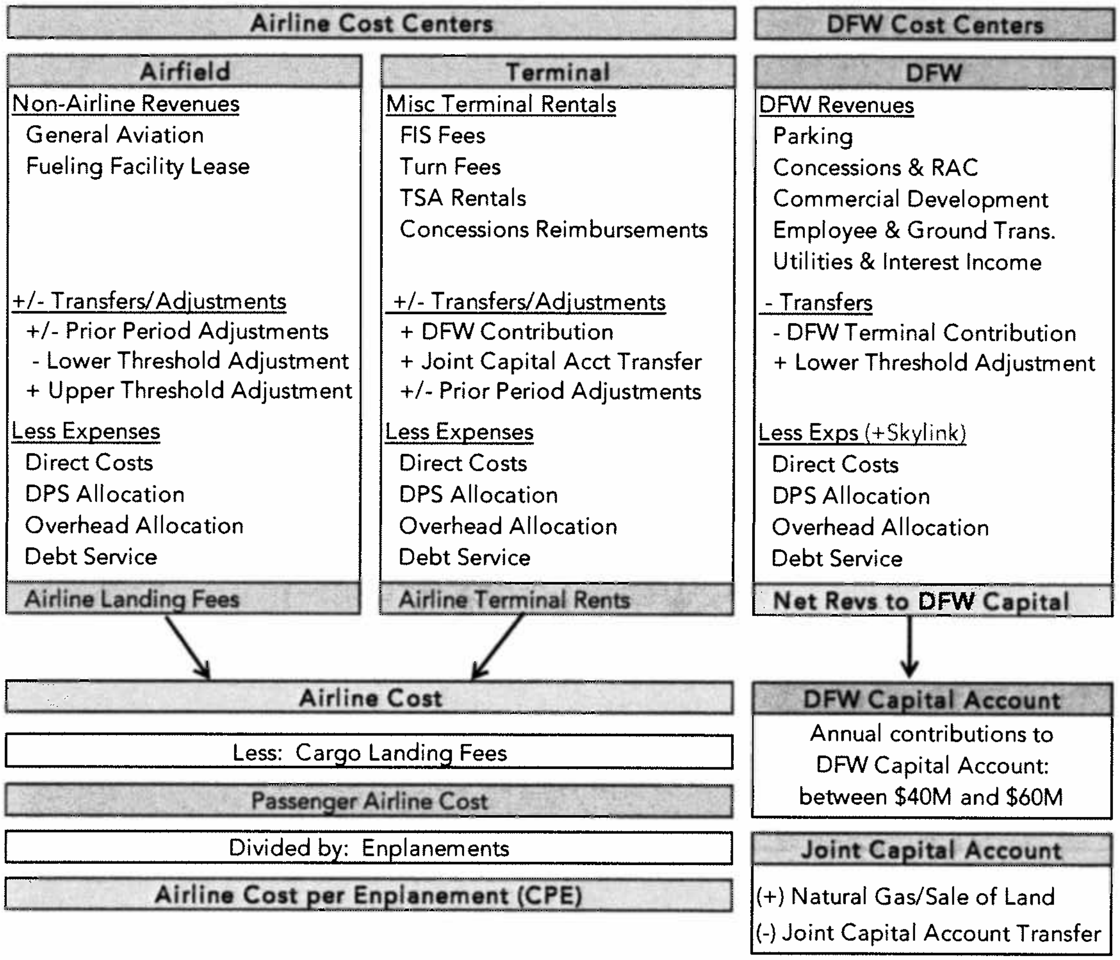


The primary difference between the new model and the original model is that net revenue from non-airline sources (i.e., the DFW Cost Center) are retained by the Airport and transferred annually into the DFW Capital Account in an amount not less than $40 million ("Lower Threshold Amount"), but not more than $60 million ("Upper Threshold Amount"). In the past, these revenues were used to offset or subsidize airline rates and charges. If Net Revenues to the DFW Capital Account are budgeted to be less than the Lower Threshold Amount, the Airlines will make a "Lower Threshold Adjustment" in an amount sufficient to achieve the Lower Threshold through an increase in landing fees. Conversely, if Net Revenues are budgeted to be higher than the Upper Threshold Amount, DFW will transfer 75% of the excess amount as an "Upper Threshold Adjustment" to reduce budgeted landing fees. The Threshold Amounts will be adjusted annually for inflation.

Landing fees and terminal rental rates for the Airline Cost Centers will be based solely on the cost to provide these services. At the end of each year, DFW will perform a reconciliation or "true-up" such that revenues equal the actual cost to provide these services. Any difference will become a "Prior Period Adjustment Amount" and be charged or credited to that cost center in a future year. In the past, DFW would "settle" with the Airlines by issuing them a payment or receiving a payment from them in the same year.

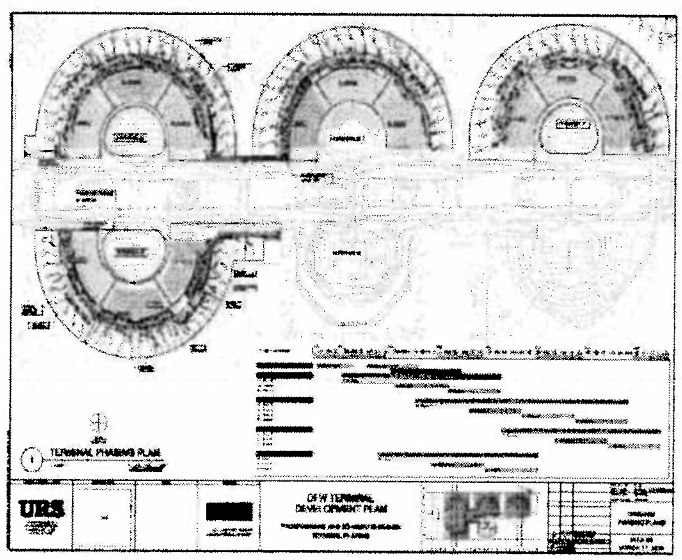
Some of the other more significant differences are summarized below:

- All DFW cost center business units, products, and services are expected to break even or be profitable.
- Overhead is allocated on direct costs rather than acres.
- Department of Public Safety (DPS) costs are allocated on actual usage rather than acres.
- Landing fees under the new model are lower than prior years, while terminal rents are higher due to the actual cost to provide the services.
- DFW pays for part of terminal space ("DFW Contribution") and for the costs of the Skylink system.
- Capital transfers to reduce airline cost will continue, but be phased-out over seven years.
- Rolling coverage is used rather than annual coverage paid by the airlines.

Capital Funds

Under the terms of the proposed new Use Agreement, there will be two capital funds: the DFW Capital Account and the Joint Capital Account. Additional information may be found in the Capital Section of this Report.

The DFW Capital Account is DFW's discretionary account. It may be used for any legal purpose and does not require airline approval. DFW plans to use this fund for renewals and replacements, and other discretionary projects. The DFW Capital Account will be initially funded with $32 million of existing and unassigned beginning cash, plus the cash related to all non-Joint Capital Account projects in progress as of September 30, 2010. Future funding for the DFW Capital Account will come from Net Revenues of the DFW Cost Center plus interest income.



The Joint Capital Account requires airline approval for money to be spent; however as part of the new Agreement, the Airlines have agreed to fund the Terminal Development Program and $220 million of other "Pre-approved" projects from this Capital Account. The Joint Capital Account will be initially funded with all remaining unassigned cash as of September 30, 2010, plus cash associated with certain projects in progress at that time. Future funding for this account will come from natural gas royalties, sale of land proceeds, and interest income. As part of the proposed new Use Agreement, a Joint Capital Account Transfer of $28 million will be made in FY 2011 to the Terminal Cost Center to lower terminal rentals. This transfer will be reduced by $4 million each year until it is totally phased out after seven years.

Fund Structure

Although DFW uses the word "fund" to describe the designation of the source and prospective use of proceeds, DFW operates as an enterprise fund and does not utilize traditional "fund accounting" commonly used by government organizations. The following table summarizes the primary funds will be used by DFW:

Number	Fund Description	Primary Use
101	Fixed Assets and Long Term Debt	Balance Sheet
102	Operating Revenues and Expenses	Operations
252	Passenger Facility Charges (PFC)	Capital/Debt Service
320s/330s	Joint Capital Account and Bond Funds	Capital/Debt Service
340s	DFW Capital Account and Bond Funds	Capital/Debt Service
500-600s	Debt Service and Sinking Funds	Debt Service
907	Facility Improvement Corporation (FIC)	Rental Car Facility
910	Public Facility Improvement Corporation (PFIC)	Grand Hyatt Hotel

DFW's financial statements are issued in conformance with Generally Accepted Accounting Principles (GAAP) and include all DFW's funds, whereas the Budget document focuses on revenues and expenses included in the 102 Fund. DFW manages its day-to-day operations primarily through the 102 Fund in accordance with the Controlling Documents. Projected cash flows and budgets for the FIC/RAC (907) Fund and PFIC/Grand Hyatt Hotel (910) Fund are also included in the back of this Budget Book.

Basis of Budgeting

The 102 Fund Budget is commonly called the Operating Budget, but it contains elements that are not "expenses" under GAAP such as debt service, reserve requirements, and certain expenditures that may be capitalized under GAAP.

Capital expenditures are funded through the issuance of Joint Revenue Bonds, grants, PFC's, or through the DFW or Joint Capital Accounts. From a process standpoint, the Board of Directors does not approve an overall capital budget (although a list of projected expenditures for capital projects is included in this book). Rather, the Board approves projects to be funded with bond proceeds before the bonds are sold and establishes individual capital project budgets as contracts for large bond-funded projects are awarded. DFW Management uses the budgets included in the Capital Funds section of this book as the basis for reporting the status capital projects to the Board.

Budget Schedule

DFW's fiscal year begins October 1. The FY 2011 Expense Budget was compiled by the departments in May 2010, and then reviewed and modified by Executive Staff in June 2010. A presentation was made to representatives of the Signatory Airlines on June 23, 2010 with other follow-up review sessions. A "preview" of the FY 2011 Budget was presented to the Board of Directors on June 29, 2010 and the Board of Directors approved the budget at the regularly scheduled Board meeting on August 5, 2010. The FY 2011 Budget must be submitted to the City Managers of Dallas and Fort Worth by August 15, 2010 with approval of the two City Councils by September 30, 2010.

Presentation of Amounts & Comparisons to Prior Years

The FY 2011 Budget is presented in tables and charts that are rounded to millions and thousands. Therefore, some columns and charts may not balance due to rounding differences. Certain FY 2010 and FY 2009 amounts are reclassified to reflect the FY 2011 presentation and/or to adjust for newly revised industry benchmarks.

FY 2010 Revenue and Expense Outlook

During FY 2011 Budget generation, DFW updated the revenue and expense projections for the remainder of FY 2010. The "FY 2010 Outlook" reflects a $7 million increase in non-airline revenues (from $366 million to $373 million), and a $5 million decrease in operating expenses (from $588 million to $583 million) and is included in many revenue tables to provide the most accurate comparisons to the FY 2011 Budget.

Executive Summary

FY 2010 has been an exciting year at DFW. In addition to focusing on cost containment and revenue growth, DFW Management is nearing completion of a new Use Agreement with the Airlines and the initial design of a $1.9 billion Terminal Renewal and Improvement Program (TRIP). The TRIP is a phased renovation of Terminals A, B, C, and E. Construction is scheduled to start in February 2011 (see Capital section for more detail). These two major accomplishments will have significant impact on DFW's operations, customer experience, and finances for the next decade and beyond.

The FY 2011 Budget has been constructed based on the proposed new Use Agreement model which is discussed in more detail at Introduction. In the past, DFW operated as a "residual airport" where the Airlines received the benefit of all non-airline revenues (which offset the cost to operate the Airport). In the new "hybrid" model, DFW retains all non-airline revenues less related expenses in its Capital Account; while the Airlines pay DFW's cost to operate the airfield and to maintain the terminals.

As part of the negotiation, DFW and the Airlines developed and utilized a ten-year financial planning model to project revenues, expenses, capital project costs, and debt requirements for the next ten years. These projections are the basis for a new DFW Financial Plan that will be published later in the year. The amounts in the following table are from the agreed-upon Financial Model negotiated by DFW and the Airlines. The table clearly highlights that the Operating Budget and Airline Costs will increase significantly over the next ten years, primarily due to the planned issuance of approximately $2 billion of new debt and inflation.

Key Metrics per Financial Model	FY 2010 Fin'l Model	FY 2011 Fin'l Model	FY 2020 Fin'l Model	CAGR (FY11-20)
Operating Exps (M)	$325.6	$348.7	$478.0	3.6%
Net Debt Service (M)	94.9	97.8	233.2	10.1%
Total Budget (M)	$420.5	$446.5	$711.2	13.7%
Airline Cost (M)	$210.0	$220.3	$422.0	7.5%
Airline Cost per Enplanement (CPE)	$7.21	$7.40	$12.00	5.5%

There are two critical points to be made regarding this table: first, the Airlines understand that their costs will increase over time and they are willing to pay the increased cost to redevelop DFW's four oldest terminals; and, second the Airlines also recognize that DFW will still be one of the lowest cost airports in the country after the TRIP is complete.

DFW's Strategic Plan highlights cost competiveness as one of its four Key Drivers/Results. The Airport prides itself on being one of the lowest cost airports in the country (see CPE section below). DFW is committed to remain in the first quartile of low cost airports throughout the next ten years. The Airport's "stretch goal" is to be the lowest cost airport in its competitive set of large hub airports in 2020.

Key Airport Metrics

The new business model included in the Use Agreement requires management to focus on three Key Airport Metrics:

1. Maintaining a competitive Total Airline Cost (lower is better).
2. Maintaining a competitive Airline Cost per Enplanement – CPE (lower is better).
3. Growing Net Revenues to DFW Capital Account (more is better).

The first two metrics are driven primarily by cost, but the third metric is driven by growing revenues and containing cost. This is an important distinction from the past. It places significant importance on growing the "bottom line" for the DFW Cost Center, rather than just focusing on the budget or expense side of the equation.

The following table compares the Key Airport Metrics between the FY 2010 Budget, the FY 2011 Budget, and the projection for FY 2011 from the Use Agreement Financial Plan (FP). In each case, the metric has improved in FY 2011 from last year's budget and from the projection included in the Financial Model for FY 2011. These metrics are explained in more detail in the following pages and sections.

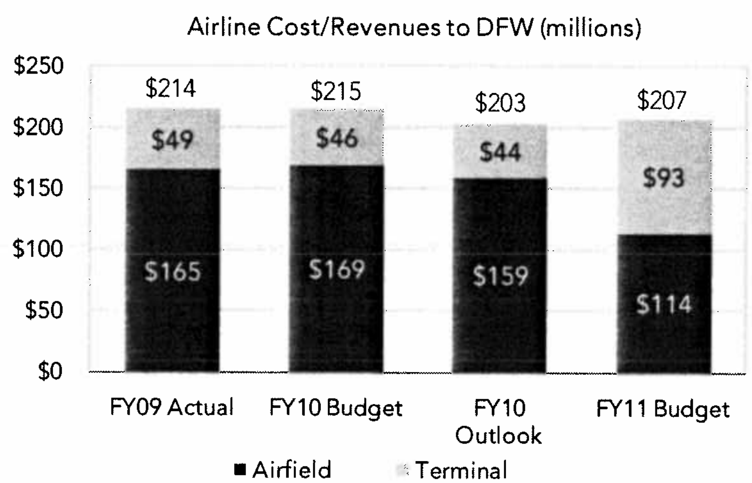
Key Airport Metrics	FY10 Budget	FY11 Fin'l Plan	FY11 Budget	Better (Worse) FY11 vs. FY10B	Better (Worse) FY11 vs. FY11FP
Total Airline Cost ($M)	$215.4	$220.3	$207.1	$8.3	$13.2
Airline Cost per Enplanement (CPE)	$7.29	$7.40	$6.90	$0.39	$0.50
Net Revs. to DFW Capital Account ($M)	$23.5	$48.9	$51.7	$28.2	$2.8

Key Airport Metric #1 - Total Airline Cost

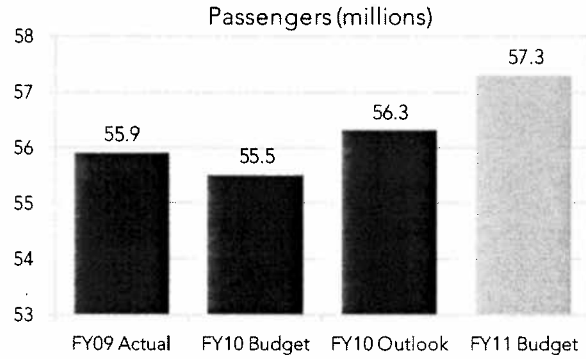
Airline Cost is the revenue paid to DFW by the Airlines through landing fees, terminal rents, and other miscellaneous airfield and terminal charges (such as common use gate fees, Federal Inspection System fees, and aircraft parking). The following chart highlights the calculation of total Airline Landing Fees, Airline Terminal Rents, Total Airline Cost, and Passenger Airline Cost per Enplanement (CPE) for the FY 2011 Budget under the proposed new Use Agreement model. Comparisons to prior years and more information may be found in the Airline Cost Centers Section.

Airline Cost Centers FY 2011 Budget (millions)			
Airfield		**Terminal**	
Non-Airline Revenues		**Misc Terminal Revenues**	
General Aviation	$2	Gate Turn Fees/FIS	$23
Fueling Facility	5	TSA Rent/Conc. Reimbursables	6
Total Revenues	7	**Transfers**	
		(+) DFW Terminal Contribution	15
		(+) Joint Capital Acct Transfer	28
		Total Revenues/Transfers	72
Less Expenses		**Less Expenses**	
Expenses	(63)	Expenses	(131)
Debt Service (net of PFCs)	(59)	Debt Service (net of PFCs)	(11)
Total Expenses	(121)	Total Expenses	(142)
Airline Landing Fees	**$114**	**Airline Terminal Rents**	**$70**
Airline Cost (landing fees, terminal rents, FIS, turn fees)			**$207**
Less: Cargo Landing Fees			$9
Passenger Airline Cost			**$197**
Divided by: Enplanements			28.7
Airline Cost per Enplanement (CPE)			**$6.90**

The chart compares total Airline Cost in the FY 2011 Budget with the FY 2009 Actual, FY 2010 Budget and Outlook. The chart also highlights the changes in airfield costs and terminal costs over this period. Total Airline Cost compares favorably to FY 2009 Actual and FY 2010 Budget and just slightly up from the FY 2010 Outlook. The cost shift from airfield to terminal in FY 2011 is due to the proposed new Use Agreement and reflects DFW's projected cost to operate the airfield and the terminal.



Passengers



Total passengers are projected at 57.3 million in FY 2011, a 1.8 million (3.2%) increase over the FY 2010 Budget and a 1.1 million (1.8%) increase over the FY 2010 Outlook primarily due to an improving economy and continued growth for American Airlines and American Eagle Airlines.

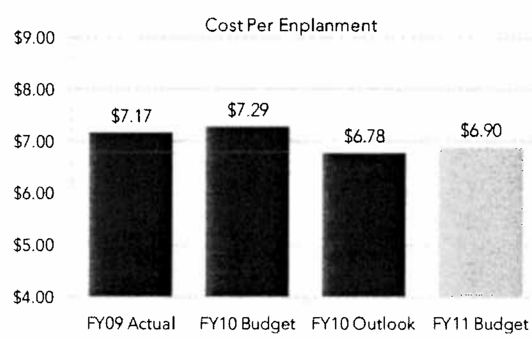
The table below shows the distribution between originating, destination and connecting passengers for FY 2009 Actual, FY 2010 Budget and Outlook, and the FY 2011 Budget. Originating passengers originate their trip at DFW. Destination passengers live in another city and arrive at DFW for work or pleasure. Originating and destination passengers are commonly referred to as O&D passengers. Connecting passengers are traveling through DFW to get to their final destination. Connecting passengers are budgeted to represent 58.3% of DFWs total passengers in FY 2011, which is consistent with the FY 2010 Outlook. The decrease in destination passengers in FY 2011 as compared to the FY 2010 budget is due primarily to the FY 2010 Budget reflecting an overly optimistic forecast for travelers destined for DFW. Enplanements represent all passengers boarding a plane at DFW.

	FY09	FY10	FY10	FY11	Inc (Dec)	
Passengers (millions)	Actual	Budget	Outlook	Budget	FY11B to FY10B	
Originating	12.1	11.9	12.4	12.6	0.7	6.%
Destination	10.9	11.6	11.1	11.3	(0.3)	(3.%)
Connecting	32.9	32.0	32.8	33.4	1.4	4.%
Total Passengers	55.9	55.5	56.3	57.3	1.8	3.2%
Enplanements	28.0	27.8	28.2	28.7	0.9	3.2%

Changes in these metrics are important because they are the key revenue drivers for parking (originating passengers), concessions (enplanements), and rental car (destination passengers).

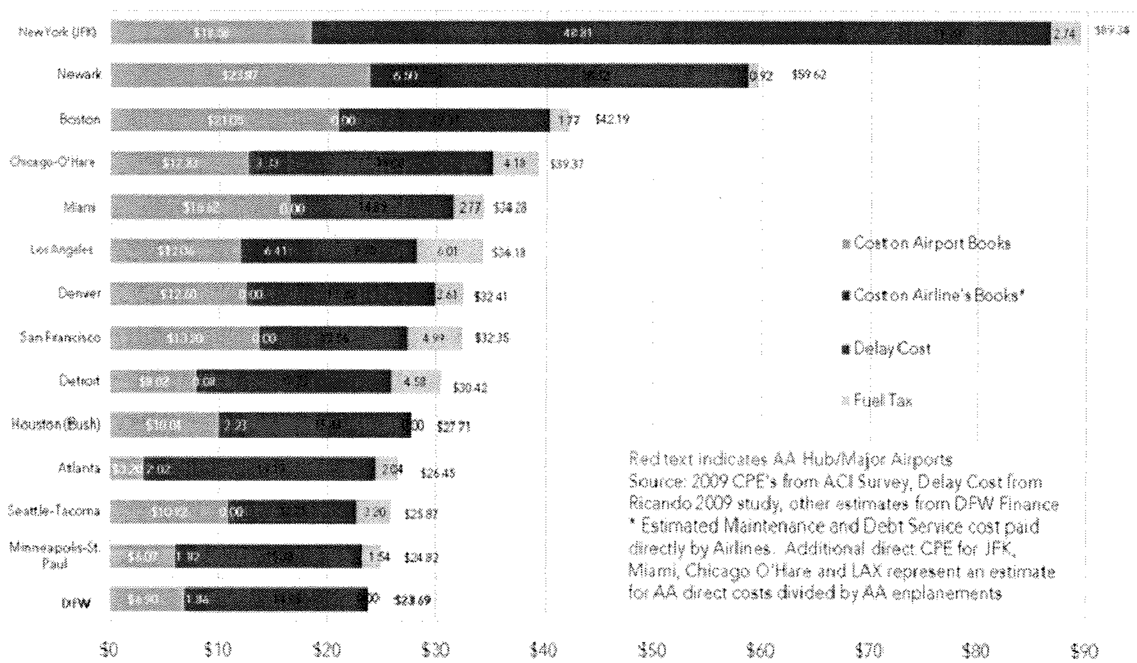
Key Airport Metric #2 - Cost per Enplanement (CPE)

CPE is defined as Total Passenger Airline Cost (i.e., revenue paid to DFW) divided by the number of enplaned passengers. This is a metric used by the airline industry to compare costs between airports. The problem with the metric is that Airport costs are not incurred based on enplanements, but it is an industry accepted metric. CPE is budgeted to decrease $0.39 (5.4%) in FY 2011 from the FY 2010 Budget due to a 3.2% increase in enplanements and a decrease in Passenger Airline costs. There is a slight increase from the FY 2010 Outlook due to fixed cost increases (see Expense section).



The following chart highlights DFW's "fully loaded" CPE with the fully loaded CPE projections for DFW's competitive set of 13 of the largest U.S. hub airports for the latest data available (FY 2009 or FY 2008). American Airline's other hubs are designated in red letters. Fully loaded cost is the most meaningful comparison because it includes most of the costs incurred by airlines to operate at an airport including what they pay the airport (light blue), what they pay directly for terminal maintenance and terminal debt service (dark blue), an estimate of what they pay for delay costs (red), plus estimated fuel taxes and fees (yellow).

Full Loaded Cost per Enplaned Passenger

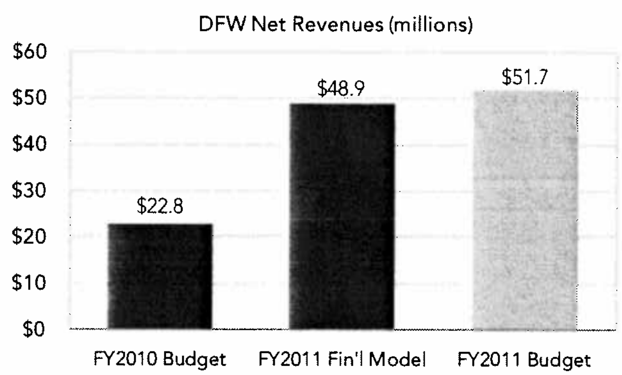


This chart shows that DFW is well-positioned from a cost standpoint against the competitive set and that DFW is clearly American Airlines' lowest cost hub airport (compared to New York, Chicago, Los Angeles and Miami), a contributing factor for why American continues to grow service at DFW.

Key Airport Metric #3 - Net Revenues to DFW Capital Account

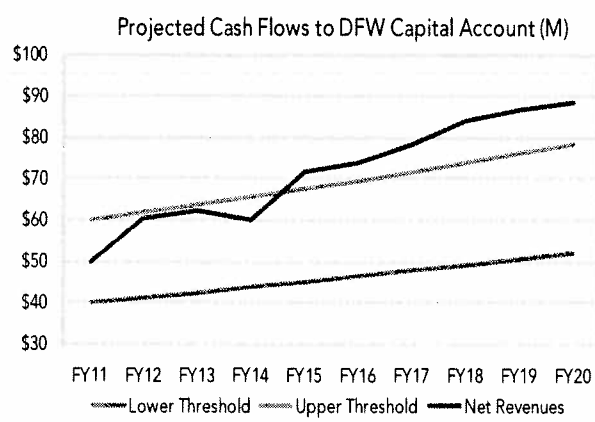
Under the proposed new Use Agreement model, DFW retains 100% of the Net Revenues from non-airline sources. At the end of each year, these funds will be transferred to the DFW Capital Account. In return, DFW agreed to assume responsibility for a portion of the terminal costs ("DFW Terminal Contribution") and 100% of the costs of DFW's people mover system, Skylink. With the new focus on generating positive cash flows from its non-Airline sources, DFW will strive to ensure that all business units and services are priced at break even or above. In the past, this was not always necessary because losses from a particular service were covered by landing fees. The following table shows the calculation of Net Revenues to the DFW Capital Account per the FY 2011 Budget. See the DFW Cost Center section for more information on the revenues from the various business units.

DFW Cost Center FY 2011 Budget (millions)	
DFW Revenues	
Parking	$101
Concessions	47
Rental Car	26
Commercial Development	30
Employee & Ground Transportation	15
Interest Income	6
Utilities & Miscellaneous	14
Total DFW Revenues	237
Less Transfers	
(-) DFW Terminal Contribution	(15)
(-) DPS Revs (allocated with DPS Exps)	(7)
Less Expenses (includes Skylink)	
Expenses	(135)
Debt Service (net of PFCs)	(28)
Total Expenses and Transfers	(185)
Net Revenues to DFW Capital	**$52**



The chart compares Net Revenues to the DFW Capital Account between the FY 2010 Budget, the FY 2011 Forecast included in the Use Agreement financial planning model, and the FY 2011 Budget.

The significant increase in the FY 2011 Budget is due to the new model. In the past, the Capital Accounts were funded through Debt Service Coverage payments made by the Airlines each year ($52.2 million in FY 2010) less agreed-upon reimbursements from the Capital Account back to the Operating Fund ($29.4 million in FY 2010). In the new model, the Airlines do not pay Coverage. Rather, DFW has established a "rolling coverage" cash reserve account to meet the requirements of the bond ordinances.



DFW will reinvest the Net Revenues from the DFW Cost Center into Airport capital improvements. As part of the Use Agreement negotiations, DFW agreed to limit the amount that would be transferred to the DFW Capital Account in each year ("Upper Threshold"), based on its projected future capital needs. In exchange, the Airlines agreed to a minimum amount that would be transferred each year ("Lower Threshold"). The chart shows the projected cash flow to the DFW Capital Account over the next ten years per the financial model. When Net Revenues exceed the Upper

Threshold as they are projected to do in FY 2015, then 75% of the surplus would be transferred as a credit to the Airfield Cost Center, and the remaining 25% would be retained in the DFW Cost Center. This provides a double incentive for DFW to grow Net Revenues (i.e., lower Airline Cost and higher Net Revenues to the DFW Capital Account).

102 Fund Revenue Comparisons

The following table highlights Revenues for FY 2009 Actual, FY 2010 Budget and Outlook, and the FY 2011 Budget. See the Airline Cost Centers and DFW Cost Center sections for variance explanations. The swing in revenues between Airfield and Terminal is the result of the proposed new Use Agreement. PFCs are shown separately because they are allocated as part of Net Debt Service to each cost center. There is a $28 million Joint Capital Account transfer that is part of the Terminal Cost Center beginning in FY 2011.

Revenues (millions)	FY 2009 Actual	FY 2010 Budget	FY 2010 Outlook	FY 2011 Budget	Inc (Dec) FY11 B vs FY10 B		Inc (Dec) FY11 B vs FY10 OL	
Revenues								
Airfield Revenues	$171.6	$177.0	$167.4	$123.9	($53.0)	(30.0%)	($43.5)	(26.0%)
Terminal Revenues	51.8	48.7	47.2	126.9	78.2	160.6%	79.7	168.8%
DFW Revenues	229.6	221.5	227.6	237.0	15.5	7.0%	9.4	4.1%
PFCs	123.7	113.0	113.0	130.6	17.6	15.6%	17.6	15.6%
Capital Transfers	39.6	29.4	29.4	0.0	(29.4)	(100.0%)	(29.4)	(100.0%)
Total Revenues	$616.3	$589.6	$584.6	$618.4	$28.9	4.9%	$33.8	5.8%

Passenger Facility Charges

DFW collects a $4.50 PFC from all enplaned passengers and places the PFCs into a separate fund that may be used to pay for eligible debt service on outstanding debt. The increase in PFC revenue allocated to the 102 Fund is due to the increased eligible debt service (see chart below). The increased PFCs pay for all but $1.8 million of the debt service increase.

102 Expense Budget Comparisons

The following table highlights 102 Fund expenses for FY 2009 Actual, FY 2010 Budget and Outlook, and the FY 2011 Budget. The table on the following page shows a Walkforward from the FY 2010 Budget to the FY 2011 Budget by major cost drivers. Variance explanations for each of the cost drivers are included in the Operating Expenses section.

Expenses (millions)	FY 2009 Actual	FY 2010 Budget	FY 2010 Outlook	FY 2011 Budget	Inc (Dec) FY11B vs FY10B		Inc (Dec) FY11B vs FY10 OL	
Expense Budget								
Operating Expenses	$321.3	$332.0	$327.0	$334.9	$2.9	0.9%	$7.9	2.4%
Increase in Ops Reserve	0.0	(3.5)	(3.5)	1.0	4.5	n/a	4.5	n/a
Debt Service	295.6	261.1	261.1	228.4	(32.7)	(12.5%)	(32.7)	(12.5%)
Total Expense Budget	$616.9	$589.6	$584.6	$564.3	($25.3)	(4.3%)	($20.3)	(3.5%)
Contingency O/S Rate Base		$2.5		$5.0				
Total Budget w/ Contingency		$592.1		$569.3				

Expense Budget Walkforward (millions)	Ops Exps	Ops Reserve	Debt Service	Total Budget
FY 2010 Budget	$332.0	($3.5)	$261.1	$589.6
Major Cost Increases				
Debt Service increase	-	-	19.5	19.5
Operating Reserve increase	-	3.9	-	3.9
Pension Plan & OPEB contributions	3.1	-	-	3.1
Health Care	2.3	-	-	2.3
Contract increases	2.9	-	-	2.9
Enhanced Security for TSA mandates	2.8	-	-	2.8
Merit pool (2.5%), effective January	1.4	-	-	1.4
Fire Station #6, opens March	0.9	-	-	0.9
Fill vacant positions	0.7	-	-	0.7
Other, net	0.0	-	-	0.0
Total Cost Increases	14.1	3.9	19.5	37.5
Major Cost Reductions				
Switch to Rolling Coverage	-	-	(52.2)	(52.2)
Asset Mgmt and ITS contracts	(6.7)	-	-	(6.7)
Utilities/fuel contracts reductions	(3.0)	-	-	(3.0)
Bad Debt	(1.0)	-	-	(1.0)
Total Budget Reductions	(10.7)	0.0	(52.2)	(62.9)
Net Inc (Dec) in Budget	3.4	3.9	(32.7)	(25.4)
FY 2011 Budget	$335.4	$0.4	$228.4	$564.3

Capital Programs and the Issuance of New Debt

DFW is entering into a major renovation program of Terminals A, B, C, and E that is projected to cost approximately $2.3 billion over the next seven years. Final budgets and financing plans are still under consideration and should be finalized near the end of FY 2010. Management is currently projecting to borrow between $500 million and $1 billion during FY 2011, with the first issuance of new debt scheduled for October or November FY 2010. Initial cash flow projections are included in the Capital Budget section. Debt service is not projected to increase during FY 2011 because all interest associated with new borrowings is expected to be capitalized.

Natural Gas Revenues

DFW's Bond Ordinances require natural gas royalty revenues to be deposited into the Capital Improvement Fund. Per the proposed new Use Agreement, these revenues are deposited into the Joint Capital Account. The estimated natural gas royalty revenues for FY 2011 are $22.3 million. Estimated royalty revenue for FY 2010 is $21.0 million. A list of past natural gas royalties is included in the Capital section.

DFW also receives fees for pipeline, property and surface use fees from natural gas drilling and piping activity. These are considered gross revenues of the Airport per the Bond Ordinances and are included as Commercial Development revenues.

Debt Service Coverage Calculation

DFW's Bond Ordinances require DFW to maintain a debt service coverage ratio of 1.25 times debt service. The following table provides two coverage calculations, with and without natural gas. In prior years, DFW's coverage was always 1.25% due to the residual nature of the Use Agreement. In the future, DFW's coverage ratio should average between 1.4x and 1.6x.

Coverage Calculation (millions)	Per Bond Ordinance	Including Natural Gas
Total 102 Fund Revenues	$615.8	$615.8
Less: Total Operating Expenses	(335.8)	(335.8)
Net Cash Flows from Operations	280.0	280.0
Add: Rolling Coverage	57.1	57.1
Add: Natural Gas Revenues	n/a	22.3
Total Available For Debt Service	337.1	359.4
Debt Service	228.4	228.4
Coverage	1.48	1.57

Airline Cost Centers (Revenues)

There are two Airline cost centers in the proposed new Use Agreement: Airfield and Terminal. The airlines pay DFW landing fees to cover the cost of the airfield and terminal rents to pay for most of the cost of the terminal. Federal Aviation Administration (FAA) regulations restrict an Airport from making a profit on aviation activities. Consequently, the airfield and terminals must be priced to cover costs. If there is a variance (i.e., if revenues collected exceed or are less than the actual cost) in a year, airports must credit or charge the difference back to the airlines. Some do this in the current year (DFW's old model). Others make the refund/charge in a future period (DFW's new model). This is the way that DFW's proposed new Use Agreement will work.

Airfield Cost Center Revenues

The following table compares Airfield revenues for FY 2009 Actual, FY 2010 Budget, and FY 2011 Budget. The FY 2010 Outlook is not included due to the change in rate setting methodologies.

Airfield CC Revs (millions)	FY 2009 Actual	FY 2010 Budget	FY 2011 Budget	Inc (Dec)	Percent
Airfield Revenues					
Landing Fees	$164.4	$170.0	$113.9	($56.1)	(33.0.%)
Aircraft Parking	0.4	0.3	0.3	0.1	20.8.%
General Aviation	1.4	1.4	1.7	0.3	18.8.%
Fuel Farm	5.4	5.3	5.4	0.1	2.2.%
Total Airfield Revenues	$171.6	$177.0	$121.3	($55.6)	(31.4.%)

Landing Fee Revenues

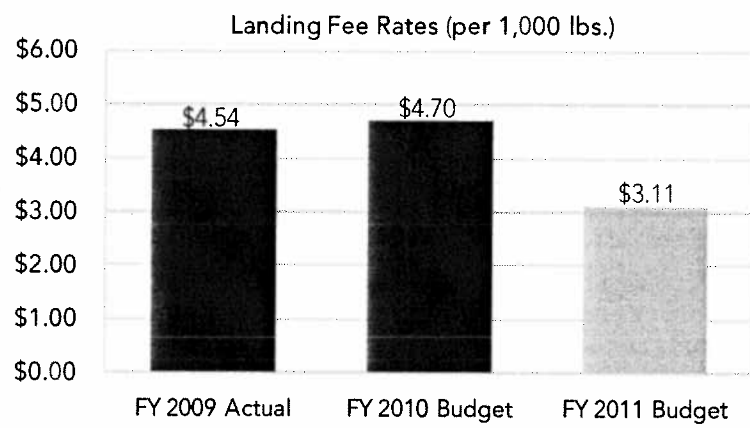
The FY 2011 Landing Fees Budget is $113.9 million. This amount is $56.1 million (33.0%) less than the FY 2010 Budget due to the methodology change in the proposed new Use Agreement. Under the old residual model, the airfield was allocated more costs and also covered any shortfall in Net Revenues from other cost centers. Under the new model the airfield only pays the costs of the Airfield, which is much lower. The Landing Fee decrease is offset by an increase in terminal rents (see below).

The following chart highlights the calculation of Landing Fees and the Landing Fee Rate for the FY 2011 Budget.

Landing Fees FY 2011 Budget (millions)	
Non-Airline Revenues	
General Aviation	$2
Fueling Facility	5
Total Revenues	7
Less Expenses	
Expenses	(63)
Debt Service (net of PFCs)	(59)
Total Expenses	(121)
Airline Landing Fees	**$114**
Divided by Landed Weights (B)	36.7
Airline Landing Fee Rate	**$3.11**

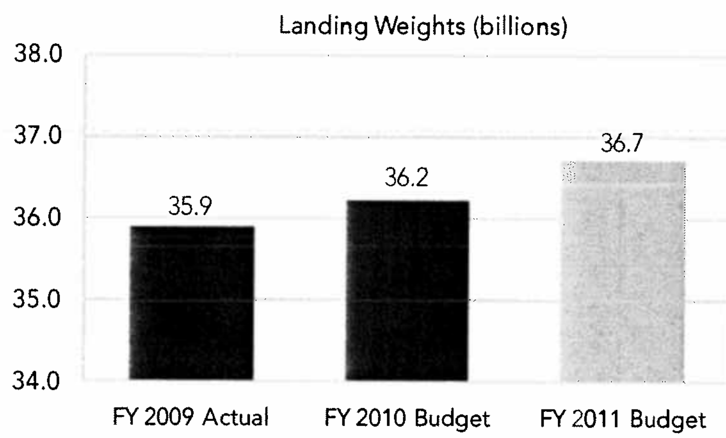
Landing Fee Rates

The chart compares landing fees for FY 2009 Actual, FY 2010 Budget, and FY 2011 Budget. The landing fee rate is assessed per 1,000 pounds of maximum approved landed weight for each specific aircraft as certified by the FAA. The average landing fee rate per thousand pounds in FY 2011 decreases $1.59 (33.8%) to $3.11 from the FY 2010 rate of $4.70 due the proposed new Use Agreement Model. To give this some context, the cost to land a domestic Boeing 737 aircraft would have cost an airline $648 in FY 2010, versus $439 in FY 2011.



Landing Weights

Changes in landed weights will not affect total Landing Fees because DFW must charge the Airlines collectively for the cost to operate the airfield. Thus, an increase in landed weights will lower the average landing fee rate; and a decrease in landed weights will cause the landing fee rate to increase. A comparison of landed weights between



FY 2009 and the FY 2011 Budget is shown in the chart. Landed weights are projected to increase approximately 1% due to expected additional service primarily from American Airlines and cargo.

Cargo

DFW has grown its cargo business over the past ten years and is recognized by the industry as one of the top cargo airports in the world. Recently DFW was named "Best Cargo Airport" in North America by the Air Cargo Excellence Survey. The Airport's prime location allows assorted cargo to reach millions of U.S. customers by road while also reaching several continents by plane in a matter of hours as well. More than 50 million consumers can be reached within 24 hours by truck, and 98 percent of the U.S. population can be reached via truck within 48 hours or less. Approximately 8.3% of all landing fees come from cargo aircraft for the FY 2011. The FY 2011 Budget is 751.175 tons up 6.0% over FY 2010.

General Aviation

General Aviation (GA) fees consist of fueling and aircraft services fees. The FY 2011 GA budget is $1.7 million, a $0.3 million (18.8%) increase from the FY 2010 Budget due to an increase of GA traffic from the Super Bowl.

Fuel Farm

The Fuel Farm budget represents the fees the Airlines pay to cover debt service and overhead of the Fuel Farm and will increase annually at the rate of CPI. The FY 2011 Fuel Farm Budget is $5.4 million.

Terminal Cost Center Revenues and Rents

The following table compares Terminal Cost Center revenues for FY 2009 Actual, FY 2010 Budget, and the FY 2011 Budget. FY 2010 Outlook is not provided due to the change in rate setting methodologies. Variance explanations follow.

Terminal CC Revs (millions)	FY 2009 Actual	FY 2010 Budget	FY 2011 Budget	Inc (Dec)	Percent
Terminal Rentals	$19.0	$17.2	$70.0	$52.8	306.9%
Utilities	12.4	10.8	0.0	(10.8)	(100.0%)
Federal Inspection Fees (FIS)	9.9	10.8	15.3	4.5	42.1%
Turn Fees	7.1	6.3	7.6	1.3	20.0%
TSA/Supp Rent	2.9	2.7	1.6	(1.1)	(42.3%)
Concessions O&M Reimbursem	0.5	0.9	4.4	3.5	393.2%
Joint Capital Account Transfer	0.0	0.0	28.0	28.0	n/a
Total Terminal Revenues	$51.8	$48.7	$126.9	$78.2	160.6%

Terminal Rentals

The FY 2011 Terminal Lease Budget is $70.0 million, a $52.8 million (306.9%) increase from the FY 2010 Budget primarily due to the new model. DFW has achieved significant reductions in terminal maintenance, custodial and ITS costs from the FY 2010 Budget (see the Operating Expense section).

Terminal lease fees are charged to airlines based on the projected costs to operate the terminals, plus overhead, DPS and debt service allocations. Under the proposed new Use Agreement terminal rates must cover all terminal costs and will be averaged for all airlines leasing space in all five terminals. The Airlines will no longer be direct billed for HVAC, water and trash utilities as those will be included in the terminal rental rates.

The chart shows the calculation of Terminal Rents for the FY 2011 Budget. Comparisons are not provided for expenses because the proposed new Use Agreement calculation is very different from the past.

Terminal Rents FY 2011 Budget (millions)	
Misc Terminal Revenues	
FIS Fees	$15
Gate Turn Fees	8
TSA Rents	2
Concessions Reimbursables	4
Transfers	
(+) Joint Capital Acct Transfer	28
(+) DFW Terminal Contribution	15
Total Revenues/Transfers	72
Less Expenses	
Expenses	(131)
Debt Service (net of PFCs)	(11)
Total Expenses	(142)
Airline Terminal Rents	**$70**

FIS Fees

The Federal Inspection Fees (FIS) Budget for FY 2011 is $15.3 million, a $4.5 million (42.1%) increase from the FY 2010 Budget due to a change in methodology in the FIS calculation. FIS fees under the prior model were $4.80 per passenger. In the proposed new Use Agreement, FIS fees are calculated based on a share of terminal costs for the FIS facility and is budgeted at $5.83 per passenger.

Turn Fees

Turn fees are paid by airlines to DFW for using gates in Terminals D and E in lieu of permanently renting space. Turn fees under the proposed new Use Agreement will increase by 1.2x in 2011 versus FY 2010 and then increase at the same percentage that terminal rates increase after FY 2011.

Concessionaire Reimbursements

Concessionaires are required to reimburse the Airport (for Terminals B, D and E) and American Airlines (for Terminals A and C) for the allocated maintenance cost per square foot of the terminals. In the past, DFW would collect the amount due to American Airlines, but not record the revenue on DFW's books. Beginning in FY 2011 with the proposed new Use Agreement, DFW will show this revenue on its books; thus, the $3.5 million increase.

Transfers - Joint Capital Account Transfer

DFW and the Airlines have agreed, as part of the proposed new Use Agreement, to make an annual transfer from the Joint Capital Account to the Terminal Cost Center to offset terminal rates. The annual transfer for FY 2011 was set at $28 million. This amount will decrease by $4 million annually and phase out completely after 7 years. In prior years, DFW made capital transfers to reduce airline cost, but the transfer was not credited to the Terminal Cost Center.

Transfers - DFW Terminal Contribution

As part of the proposed new Use Agreement, DFW has agreed to pay for a portion of the Terminal cost. This amount is based on DFW's proportionate share of expenses for common use and vacant space in the terminals. From a cost center standpoint, this contribution is shown as a source of cash. However, from a total 102 Fund perspective it is not a revenue, just a transfer. DFW can reduce its contribution to the Terminal Cost Center by leasing more space to other airlines or tenants and by reducing costs in the terminals.

DFW Cost Center Revenues

In the proposed new Use Agreement, all non-Airline revenues are part of the DFW Cost Center. After being netted with transfers, direct expenses related to the business units, and an allocation for DPS, Overhead and Debt Service, the remaining Net Revenues are transferred into the DFW Capital Account (see Introduction for further discussion). For FY 2011, $51.7 million is budgeted to be deposited into the DFW Capital Account at the end of the fiscal year.

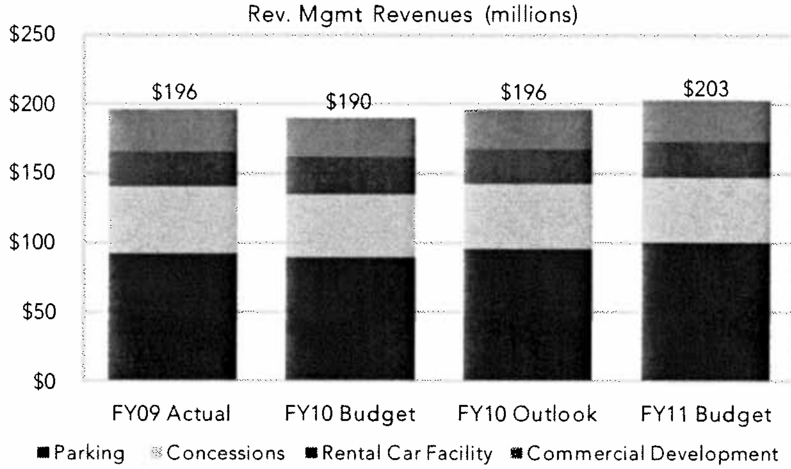
DFW Cost Center FY 2011 Budget (millions)	
DFW Revenues	
Parking	$101
Concessions	47
Rental Car	26
Commercial Development	30
Employee & Ground Transportation	15
Interest Income	6
Utilities & Miscellaneous	14
Total DFW Revenues	237
Less Transfers	
(-) DFW Terminal Contribution	(15)
(-) DPS Revs (allocated with DPS Exps)	(7)
Less Expenses (includes Skylink)	
Expenses	(135)
Debt Service (net of PFCs)	(28)
Total Expenses and Transfers	(185)
Net Revenues to DFW Capital	**$52**

The table below compares DFW Revenues for FY 2009 Actuals, FY 2010 Budget and Outlook, and the FY 2011 Budget. DFW Cost Center Revenues are budgeted to be $237.0 million in FY 2011, a $15.5 million (7.0%) increase over the FY 2010 Budget and a $9.4 million (4.1%) increase over the FY 2010 Outlook. Revenues are divided into Revenue Management Revenues (managed to maximize Net Revenues) and Other DFW Cost Center Revenues (managed for a break-even or slightly better). Variances are explained on the following pages. DFW Cost Center expenses are not compared due to the change in the business model this year.

DFW Revenues (millions)	FY 2009 Actual	FY2010 Budget	FY2010 Outlook	FY2011 Budget	Inc (Dec) from 10B	Inc (Dec) from 10 OL
Revenue Management						
Parking	$92.7	$89.4	$95.2	$100.5	$11.1	$5.3
Concessions	47.8	45.9	47.4	46.9	1.0	(0.5)
Rental Car Facility	25.7	27.1	25.4	25.6	(1.5)	0.2
Commercial Development	29.5	27.7	28.3	29.6	1.9	1.3
Total Revenue Management	195.7	190.1	196.3	202.6	12.5	6.3
Other DFW Revenues						
Employee Transportation	8.4	8.4	7.8	7.9	(0.5)	0.1
Taxi, Limo & Shuttle Fees	5.8	6.3	6.9	6.8	0.5	(0.1)
Non Terminal Utilities	4.4	4.1	3.6	4.7	0.6	1.1
DPS Revenues	5.2	6.1	5.8	6.8	0.7	1.0
Interest Income	8.6	4.4	4.2	5.9	1.5	1.7
Other Revenue	1.5	2.1	3.0	2.2	0.1	(0.7)
Total Other DFW Revenues	33.9	31.4	31.3	34.4	3.0	3.1
Total DFW Revenues	$229.6	$221.5	$227.6	$237.0	$15.5	$9.4

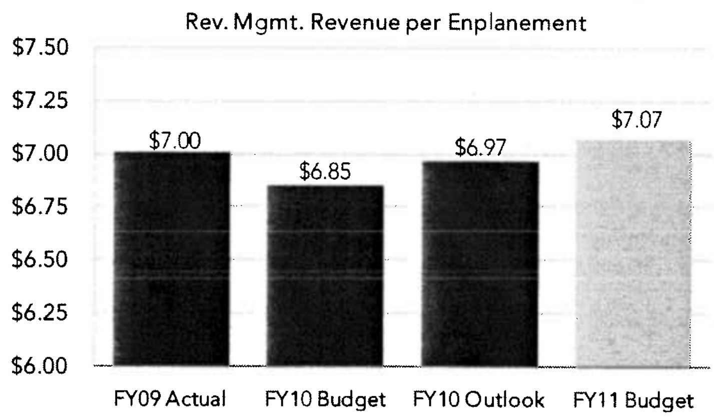
Revenue Management Revenues

DFW's Revenue Management Division manages four different business units that strive to maximize Net Revenues for the organization: Parking, Concessions, Rental Car Facility (RAC), and Commercial Development.



Key Airport Metric (KAM) – Revenue Management Revenue per Enplanement

One of Management's most important Key Airport Metrics (i.e. Level 1 Metric) is Revenue Management's Revenue per Enplanement because these business units are critical for the growth of Net Revenues in the DFW Cost Center. Management's goal is to increase revenue per enplanement.



The key driver for Parking, Concessions, and the RAC are passengers (although each has a different denominator: originating passengers, enplanements, and destination passengers, respectively). The chart at right compares this KAM for FY 2009 Actual, FY 2010 Budget and Outlook, and FY 2011 Budget.

Parking Business Unit

The Parking Business Unit (PBU) is DFW's most significant source of non-airline revenue. Customers are charged parking fees based on the length of stay and the parking facility used. The Airport has a total of 40,078 public parking spaces and four different parking products: terminal (25,856 spaces at $17 per day); infield lots (2,430 spaces at $17 per day); covered and uncovered Express lots (7,000 spaces at $10–12 per day); and uncovered Remote spaces lots (4,792 spaces at $8 per day, picture shown on left). The Airport is unique from an airport

parking perspective because the Airport has parking plazas on the north and south ends of International Parkway (i.e., the entrances to the Airport), so that all customers and visitors must go through the plazas to access the Airport. In addition, many patrons drive through the Airport while traveling from north to south or south to north. These patrons pay a $1 pass through fee if they have a toll tag and $2 if paying with cash. The Airport also has a $1 drop–off fee for times between 8 minutes to 30 minutes and escalating fees up to $6 (proposed at $7 in FY 2011) for times up to six hours. Any stay over six hours is considered one full day. The PBU is also responsible for bussing customers from the parking lots to the terminals (Express and Remote products) and between the terminals (Terminal Link). DFW also collects a privilege fee of 10% (of sales) from off-Airport parking providers.

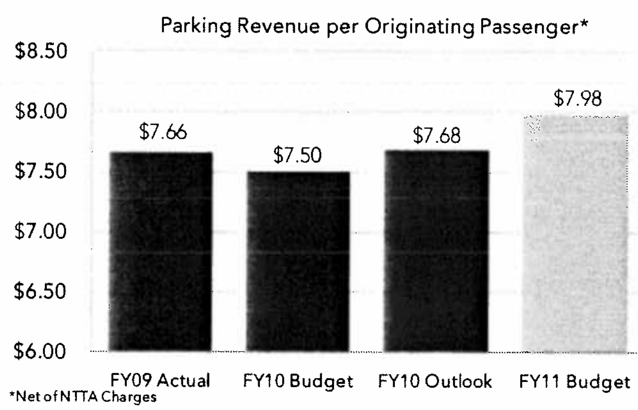
The FY 2011 Parking Revenue Budget is $100.5 million, an $11.1 million (12.4%) increase from the FY 2010 Budget and a $5.3 million (5.6%) increase from the FY 2010 Outlook, primarily due to a budgeted parking rate increase and an increase in originating passengers. Terminal and Intraday Hour stays are budgeted to be increased $1 to $2 (see table below). This is projected to generate an additional $4.7 million of revenues over the FY 2010 Outlook effective October 1, 2010. It is also assumed that terminal parking will be negatively impacted by TRIP construction of Terminal A during the second half of FY 2011 (negative impact of $0.9 million).

Public Parking Rate Changes	Current	FY 2011 Budget	Increase
Terminal Parking w/Tolltag	$17.00	$18.00	$1.00
Terminal Parking no Tolltag	$17.00	$19.00	$2.00
Intraday 2-3 Hours	$4.00	$5.00	$1.00
Intraday 3-6 Hours	$6.00	$7.00	$1.00

The rate increases will keep DFW parking prices more consistent with other major hub airports and provide funding for the new parking control system, new parking plazas, and the expansion of Express parking planned in FY 2011.

Key Airport Metric (KAM) – Parking Revenue per Originating Passenger

The primary drivers for parking revenues are originating passengers, parking prices, and average length of stay. The goal is to maximize revenue per originating passenger. One of DFW's goals is to increase the percentage of originating passengers parking at the Airport (37% per a survey). The remaining customers either drop off or park off-airport. The chart compares parking revenue per originating passenger. The improvement in FY 2011 is due primarily to the proposed rate increase.



Concessions Business Unit

Terminal concessions primarily consist of food and beverage, retail and duty free, advertising, and various customer services/amenities.

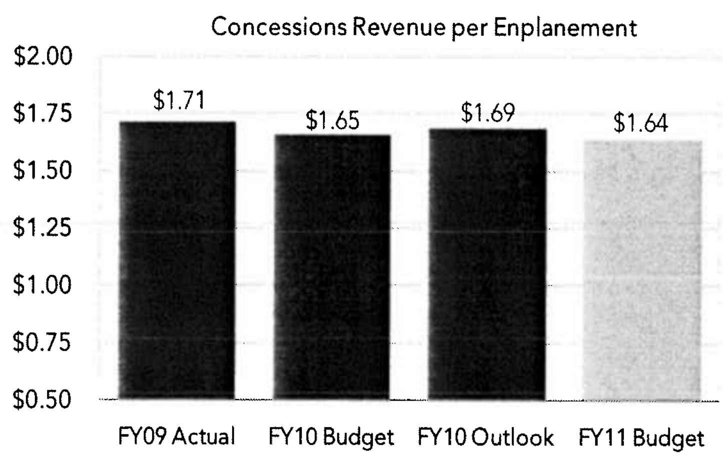
Concessions agreements generally are for a term of 5 to 10 years and include a Minimum Annual Guarantee (MAG) and percent rent. DFW frequently combines concessions locations (in multiple terminals) into one package to help concessionaires spread risk. At June 30, 2010, the Airport had 217 total locations and 98 packages. Approximately 71% of packages are currently paying percentage rent. Concessions revenues also include contracts for sponsorships and communications services which generally have periodic or one-time payments that may be amortized over the life of the contract.

Concessions' goal is to optimize retail, services, and food and beverage options for customers to increase revenue per enplanement; and to grow new revenue streams from sponsorships, communications, and advertising that are not tied directly to enplanements.

The FY 2011 Concessions Budget is $46.9 million, a $1.0 million (2.2%) increase from the FY 2010 Budget and a $0.5 million (1.1%) decrease from the FY 2010 Outlook. Concessions are projected to be impacted negatively by the construction of the TRIP and will decrease by $.9 million. Passenger Services revenues will decline by $0.6 million due to the non renewal of Smart Carte, New Zoom and other contracts. These decreases have been offset by some new concessions locations, including Pappadeaux.

Key Airport Metric (KAM) - Concessions Revenue per Enplanement

The KAM for Concessions is DFW revenue per enplaned passenger. This is an industry accepted metric in addition to sales per enplanement. DFW uses revenue per enplanement as its KAM because it measures the revenue that the Airport receives, rather than concessionaire sales. The decrease in revenue per enplanement is related primarily to the impact of construction in Terminal A.



Rental Car Center (RAC) Business Unit

The RAC covers 145 acres and includes a common rental building with individual counters and back office space for each rental car company, a parking garage for ready and return car spaces, a bus maintenance facility, overflow surface parking areas and individual rental company service sites including car wash racks, maintenance bays and fueling systems. The Airport collects ground lease, percentage rent (based on 10% of sales), and O&M expenses from the rental car companies. The ground lease increases 3% each year.

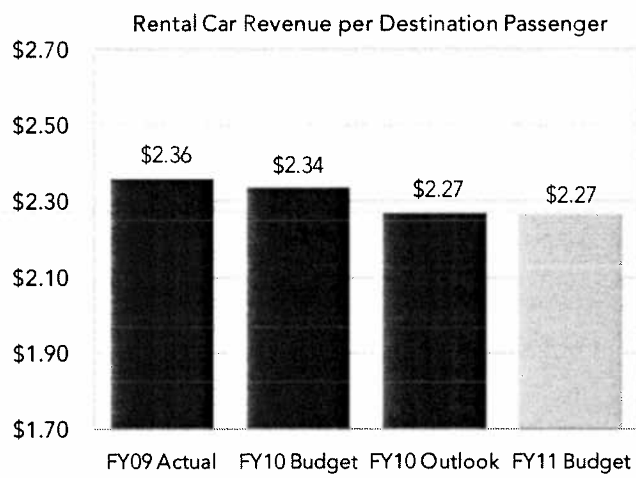
There are 8 rental car companies with 9 brands operating from the RAC, with a total available inventory of approximately 25,000 cars. The largest three rental car companies and their market share are Hertz (27%), Avis (22%), and Vanguard (20%). There are no major off–airport rental car operations competing with the Airport.

DFW management has very little control over rental car company activities. It assists the RAC companies where possible and maintains the RAC facility to high standards. RAC revenues are based on daily rates, length of stay and percent of destination passengers renting cars. Most RAC patrons are business travelers. RAC sales and DFW revenues tend to follow the economy.

The FY 2011 Rental Car Revenue Budget is $25.6 million, a $1.5 million (5.5%) decrease from the FY 2010 Budget and $0.2 million (0.8%) increase from the FY 2010 Outlook. The RAC budget for FY 2010 was overstated because the budget for destination passengers was estimated too high and average length of stay was lower than expected. The FY 2011 Budget is based on the assumption that revenue per passenger will continue to decline.

Key Airport Metric (KAM) – RAC Revenues per Destination Passenger

The KAM for the RAC is based on destination passengers (i.e. passengers from other cities that fly to DFW for business or pleasure). The budget includes the assumption that revenues per passenger will continue to decline due to a weak economy. DFW has little control over this KAM.



Commercial Development Business Unit

The Airport has a total landmass of 18,092 acres. As of June 30, 2010, 7,281 acres have been developed and are being used for runways, taxiways, terminals, roads, and commercially developed property. Management estimates that approximately 6,600 acres of additional land is available for future development. A commercial development land use plan has been completed and approved by the Board. The Airport focuses primarily on developing land that has airport synergy such as logistics and warehousing. Any land lease over 40 years requires the approvals of the Cities of Dallas and Fort Worth.

Commercial Development revenues include ground leases, foreign trade zone tariff and facility rents generated from non-terminal Airport facilities, property and surface use fees resulting from natural gas drilling. Multi-year lease agreements are negotiated with tenants on a square foot or acre basis. Some facilities such as the Hyatt Regency Hotel and Bear Creek Golf Course also have percentage rent components.

The key drivers for commercial development revenues are acres developed and the average ground rental rate. Approximately 40% of the ground lease revenue is based on negotiated rates and 60% on the Airport Services ground rental rate. The Airport Services ground rental rate per acre is $25,000 in FY 2011, up from $21,953 per acre in FY 2010.

The FY 2011 Commercial Development Revenue Budget is $29.6 million, a $1.9 million (6.8%) increase from the FY 2010 Budget and a $1.3 million (4.6%) increase from the FY 2010 Outlook. This is due primarily to an increase in the Airport Services ground rental rate. The FY 2011 Budget includes the assumption that no new acres are developed during the year.

Another important assumption is that American Airlines will continue to lease Hangar #5 after the lease expires on December 31, 2010. If American does not assume this lease, then DFW will lose $2.4 million in annual revenue. If this occurs, DFW will reduce the Commercial Development Revenue Budget for the remainder of the year for presentation purposes.

Other DFW Revenues

The fees charged in this category are established to cover costs (except interest income). Certain categories like taxi fees are regulated such that DFW is supposed to charge break even pricing. There are no settlements or "true-ups" in these cost centers.

Employee Transportation

DFW charges fees to employees who use the terminals for providing transportation from the parking lots to the terminals. Many times the companies or airlines pay these fees for their employees. The FY 2011 Employee Transportation Budget is $7.9 million, a $0.5 million (5.9%) decrease from the FY 2010 Budget and a $0.1 million (1.2%) increase from the FY 2010 Outlook due to lower numbers of employees. No price increase is assumed for FY 2011.

Taxi, Limo and Shuttle Fees

These fees are paid by taxis, limos, shuttles and other shared-ride transportation companies that require access to the airport to drop-off and pick-up passengers. Taxis and shuttle providers suffered in FY 2009 due to a customer preference shift from taxis to drop-offs, but have steadily increased in FY 2010. Accordingly, the FY 2011 revenues are $6.8 million, a $0.5 million (7.9%) increase from the FY 2010 budget and are flat with the FY 2010 Outlook.

DPS Revenues

The Department of Public Safety (DPS) receives revenues from the TSA, badging, fire training and other services. FY 2011 DPS revenues are $6.8 million, a $.7 million (11.5%) increase over the FY 2010 Budget and a $1.0 (17.2%) million increase over the FY 2010 Outlook primarily due to increases in TSA funding (see increased security mandates in Operating Expense section) and increased badging fees required to cover costs of badging.

Utilities (Non Terminal)

The Utilities (Non Terminal) category represents fees charged to non-Airline users of utilities, HVAC, trash removal, and water usage. Utility charges to users are based on the cost to provide the services. The FY 2011 Utilities (Non Terminal) budget is $4.7 million, a $1.1 million (30.1%) increase from the FY 2010 Outlook due to a change in the calculation of rates for these services to bring revenues more in line with the cost to provide the services. Not all utilities fees will cover cost in the FY 2011. Rather than increase rates more in FY 2011, Management intends to gradually increase rates to fully recover the costs over a period of years.

Other Revenues

Other Revenues include miscellaneous permit fees and accounting fees. The FY 2011 Budget for Other Revenue is $2.2 million a $0.1 million (6.6%) increase from the FY 2010 budget.

Interest Income

Interest income includes interest earned on investments from the Operating Revenue & Expense Fund, the 3 month Operating Reserve, and Debt Service Reserve Fund, and the Rolling Coverage Account. The FY 2011 Interest Income budget is $5.9 million, a $1.7 million (40.8%) increase from the FY 2010 Outlook and a $1.5 million increase from the FY 2010 Budget due to forecasting higher interest rates (1.53% in FY 2011 versus 1.31% in FY 2010) and larger cash balances due to the addition of the Rolling Coverage Account in FY 2011.

FY 2011 Expense Budget by Major Cost Driver

The FY 2011 Budget is $564.3 million, a decrease of $25.3 million (4.3%) from the FY 2010 Budget; and a $20.3 million (3.5%) decrease from the FY 2010 Outlook. A summary of the FY 2009 Actual, FY 2010 Outlook and Budget, and FY 2011 Budget and a walk-forward between the FY 2010 Budget and the FY 2011 Budget follow.

Expenses (millions)	FY 2009 Actual	FY 2010 Budget	FY 2010 Outlook	FY 2011 Budget	Inc (Dec) FY11B vs FY10B		Inc (Dec) FY11B vs FY10 OL	
Expense Budget								
Operating Expenses	$321.3	$332.0	$327.0	$334.9	$2.9	0.9%	$7.9	2.4%
Increase in Ops Reserve	0.0	(3.5)	(3.5)	1.0	4.5	n/a	4.5	n/a
Debt Service	295.6	261.1	261.1	228.4	(32.7)	(12.5%)	(32.7)	(12.5%)
Total Expense Budget	$616.9	$589.6	$584.6	$564.3	($25.3)	(4.3%)	($20.3)	(3.5%)
Contingency O/S Rate Base		$2.5		$5.0				
Total Budget w/ Contingency		$592.1		$569.3				

Operating Expenses in the FY 2010 Outlook are $5.0 million less than the FY 2010 Budget because the FY 2010 Outlook has no Contingency ($2.5 million), less Contract expenses ($2.4 million), and less Utility and Fuel expense ($1.7 million) somewhat offset by additional Salaries and Benefits ($1.6 million) due to the lump sum payout.

	Expense Budget Walk-forward (millions)	Ops Exps	Ops Reserve	Debt Service	Total Budget
	FY 2010 Budget	$332.0	($3.5)	$261.1	$589.6
	Major Cost Increases				
A	Debt Service increase	-	-	19.5	19.5
B	Operating Reserve increase	-	3.9	-	3.9
C	Pension Plan & OPEB contributions	3.1	-	-	3.1
D	Health Care	2.3	-	-	2.3
E	Contract increases	2.9	-	-	2.9
F	Enhanced Security for TSA mandates	2.8	-	-	2.8
G	Merit pool (2.5%), effective January	1.4	-	-	1.4
H	Fire Station #6, opens March	0.9	-	-	0.9
I	Fill vacant positions	0.7	-	-	0.7
	Total Cost Increases	14.1	3.9	19.5	37.5
	Major Cost Reductions				
J	Switch to Rolling Coverage	-	-	(52.2)	(52.2)
K	Asset Mgmt and ITS contracts	(6.7)	-	-	(6.7)
L	Utilities/fuel contracts reductions	(3.0)	-	-	(3.0)
M	Bad Debt	(1.0)	-	-	(1.0)
	Total Budget Reductions	(10.7)	-	(52.2)	(62.9)
	Net Inc (Dec) in Budget	3.4	3.9	(32.7)	(25.4)
	FY 2011 Budget	$335.4	$0.4	$228.4	$564.3

Note: The reference letters in the previous table are a cross-referenced to the variance explanations in the Expense Comparison by Summary Account discussed further in this section.

A. Debt Service Increase $19.5 million

In FY 2010, DFW took a one-time reduction in debt service of $17.7 million due to a modification in Interest & Sinking Fund payments. In addition, actual debt service payments are scheduled to increase by $1.8 million in FY 2011 compared to FY 2010 resulting in the total increase of $19.5 million. Note that all but $1.8 million of this increase is offset by increased Passenger Facility Charge (PFC) revenues.

B. Operating Reserve $3.9 million

DFW is required to have a 90 day cash reserve for operating expenses. The budget in FY 2010 reflected a $3.5 million reduction in the operating reserve because of budgeted expense reductions in that year. In FY 2011, the actual reserve needs to be increased by $0.4 million due to a net cost increase of $3.4 million. Thus, on a budget to budget comparison, the operating reserve increase is $3.9 million.

C. Pension Plan & OPEB Contributions $3.1 million

The funding requirements for the defined benefit retirement plan and Other Post Employment Benefits (OPEB) are actuarially determined for DFW each year. The FY 2011 contribution has increased $3.1 million due primarily to investment losses in the Retirement Plans that reflected the overall decline in national financial markets in 2008. This loss was partially offset by gains in 2009. Market losses and gains are recognized for funding purposes over a 5 year period. This incremental funding requirement is expected to continue for several years.

D. Health Care Costs /Benefits $2.3 million

Health care costs, which include medical benefits, long term disability (LTD) short term disability (STD) and life insurance, are increasing in FY 2011 due to health care cost inflation, provisions in the new health care legislation and an increase in budgeted personnel. The budget includes the assumption that employees will pay their share of the increased cost.

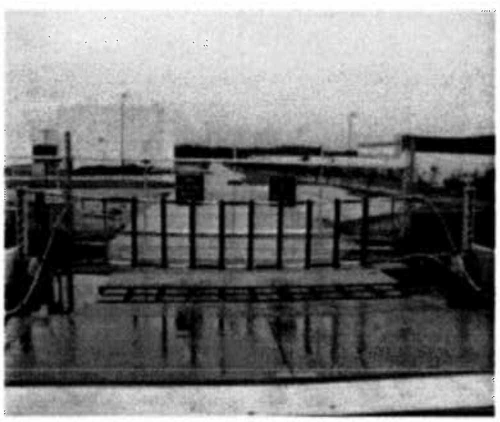
E. Contract Increases $2.9 million

The following table shows major contract increases for FY 2011.

Contract Increases (000s)	
Fixed Annual Contract Increases	
Bussing	$514
Terminal B MEPS	473
Enhanced Scope of Services	
Conveyances	538
Pest Control	486
Grounds maintenance	481
UPS maintenance	250
Perimeter fence	150
Total Contract Increases	$2,892

The bussing contracts (Terminal Link, employee parking and Express) and Terminal B MEPS increases result from structured contractual increases tied to annual inflation. Conveyances expense (elevators and escalators) is expected to increase as the contract is rebid in FY 2011. DFW is budgeting for additional pest control services to offset the potential increase in rodent issues that may result from TDP construction in the terminals. Ground maintenance is increasing to address additional landside acreage that will be maintained in FY 2011. Acreage maintained by contractors will increase from 1,754 to 3,642 as landside landscaping services are transferred from in house personnel to contractors. Uninterruptible Power Source (UPS) maintenance will increase in FY 2011 due to the addition of maintenance contracts for 110 Terminal D UPS units in FY 2010. Perimeter Fence maintenance will be an annual contract service beginning in FY 2011, whereas previously it had been done on an ad-hoc basis.

F. Enhanced Security for TSA Mandates — $2.8 million



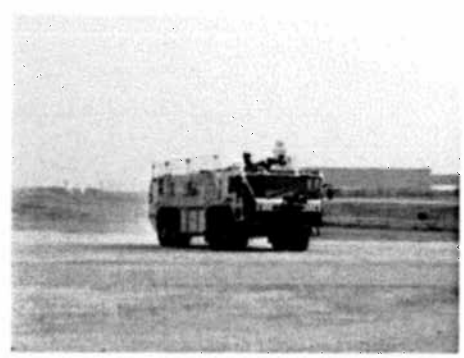
Due to continued heightened security needs and mandates issued by the TSA to airports, the Department of Public Safety is budgeting to deploy an additional 40 civilian security guards and increase staff overtime to enhance security in the terminals and at the airport perimeter. Some of this increase is offset by increased TSA reimbursements ($0.6 million).

G. Merit Pool — $1.4 million

The budget includes a merit pool equal to 2.5% of salaries for eligible employees, effective January 1, 2011.

H. Fire Station # 6 — $0.9 million

In March, 2011, a new fire station (Fire Station #6) will open. Station 6 will be located in International Commerce Park and will be staffed by 27 firefighters. The budget includes $0.9 million for the cost of salaries and benefits for personnel for the last 7 months of FY 2011. Prior to March, new firefighter and station costs will continue to be charged to the DFW Capital Account.



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I. Fill Vacant Positions — $0.7 million

DFW budgeted to hold many positions open in FY 2010 to reduce the budget. The FY 2011 budget includes the assumption that DFW will begin to fill those positions during the coming year. The workload for the organization is expected to increase significantly with the Terminal Development Plan implementation. This will have major impacts on workloads, especially in customer service, operations, and maintenance.

J. Implementation of Rolling Coverage — Savings -$52.2 million

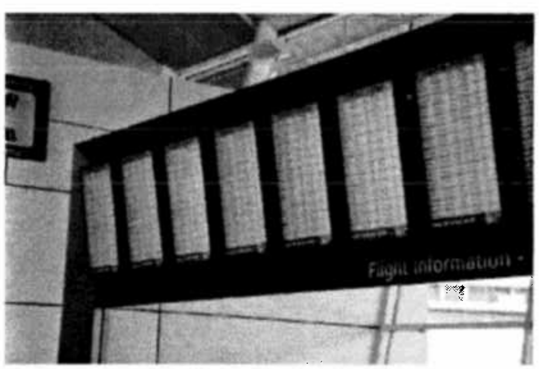
As part of the proposed new Use Agreement, DFW will implement "Rolling Coverage," rather than charging the airlines for this coverage each year through rates and charges. At the end of FY 2010, DFW will use the Coverage paid to DFW by the Airlines in FY 2010 to establish a "Rolling Coverage" cash reserve account that is used to achieve the debt service coverage required by the Bond Ordinances (see calculation in Executive Summary section). The net result of this change is a $52.2 million reduction in the budget.

K. Asset Management/ITS Contracts — Savings -$6.7 million

The following table shows the reductions in Asset Management and ITS contracts.

Contract Savings (000s)	
Terminal D Custodial	($2,315)
Terminal D MEPS	(1,825)
Non-Public MEPS	(1,102)
ITS contract reductions	(1,472)
Total Contract Savings	($6,714)

DFW management continues to find ways to reduce costs to offset the majority of its cost increases each year. This has been exemplified in Asset Management and Information Technology Services (ITS) over the past year. Asset Management has been able to significantly reduce the costs of Terminal D Custodial, Terminal D MEPS, and non-public MEPS contracts by implementing best practice standards in contracts as they are rebid. DFW should continue to see improvements in MEPS and Custodial contracts in the future as the Terminal B and Terminal E contracts are rebid. The savings shown for Terminal D MEPS assume that bids received later this year will be equivalent to the lowest responsive bidder in FY 2010.



ITS has a number of outsourced contracts in the terminals. ITS has creatively consolidated these contracts and in-sourced some functions to create $1.5 million of savings in the terminal CCTV system, Airport Operations Data Base (AODB) system, and in the parking system. ITS expects to be able to continue this consolidation/in-sourcing strategy in FY 2011.

L. Utilities and Fuel

Savings - $3.0 million

DFW has entered into long-term electric and natural gas contracts during for FY 2011 that will result in savings of $2.7 million compared to the FY 2010 budget. An additional $0.4 million will be saved in Fuels, primarily CNG. The picture is of the DFW Central Utilities Plant (CUP). The major changes by account are shown in the table below.

Utilities & Fuel (millions)	FY10 Budget	FY11 Budget	Inc (Dec)	%
Electricity	$22.4	$19.9	($2.5)	(11.2%)
Natural Gas	2.2	2.0	(0.2)	(9.0%)
Water	2.0	2.0	(0.0)	(0.5%)
Wastewater	1.4	1.4	-	0.0%
Solid Waste	1.5	1.6	0.1	6.7%
Fuel	4.4	4.0	(0.4)	(9.1%)
Total	$33.9	$30.8	($3.0)	(8.9%)

M. Bad Debt

Savings - $1.0 million

DFW maintains a reserve for bad debts to account for the inability of any airlines or tenants to pay their obligations to the airport. The airport has had good experience with accounts receivable for the past several years, and the current reserve of $1.2 million plus an addition of $0.3 million in FY 2011 is adequate to cover expected bad debts for FY 2011.

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Operating Budget by Category

The following tables compare the FY 2010 Budget with the FY 2011 Budget by expense category. Variance explanations by major cost driver follow in the Walk-forward.

Operating Budget (millions)	FY 2009 Actuals	FY 2010 Budget	FY 2011 Budget	Inc (Dec) Dollar	Inc (Dec) Percent
Operating Costs					
Salaries & Wages	$105.4	$108.4	$113.4	$5.0	4.6%
Benefits	55.5	50.2	55.6	5.4	10.8%
Contract Services	104.3	111.2	107.5	(3.7)	(3.3%)
Equipment & Supplies	13.8	17.1	16.7	(0.4)	(2.3%)
Utilities	33.7	31.3	28.7	(2.6)	(8.3%)
Insurance	4.3	4.7	4.9	0.2	4.3%
General, Administrative, & Other	4.3	9.1	8.6	(0.5)	(5.5%)
Total Operating Budget	321.3	332.0	335.4	3.4	1.0%
Operating Reserve	0.0	(3.5)	0.4	3.9	(100.0%)
Budget including Operating Reserve	$321.3	$328.5	$335.8	$7.3	2.2%

	Budget Walk-forward (millions)	Sals	Bens	Conts	Supp	Util	Ins	G&A	Total
	FY 2010 Budget	$108.4	$50.2	$111.3	$17.1	$31.3	$4.7	$9.0	$332.0
	Major Cost Increases								
C	Pension Plan & OPEB	-	3.1	-	-	-	-	-	3.1
D	Health Care	-	2.3	-	-	-	-	-	2.3
E	Contract Increases	-	-	2.9	-	-	-	-	2.9
F	Enhanced Security	2.8	-	-	-	-	-	-	2.8
G	Merit pool (2.5%)	1.4	-	-	-	-	-	-	1.4
H	Fire Station #6	0.9	-	-	-	-	-	-	0.9
I	Fill vacant positions	0.7	-	-	-	-	-	-	0.7
	Other, net	(0.8)	-	-	-	-	0.2	0.6	0.0
	Total Cost Drivers	5.0	5.4	2.9	-	-	0.2	0.6	14.1
	Major Cost Reductions								
K	AM/ITS Contract Savings	-	-	(6.7)	-	-	-	-	(6.7)
L	Utilities and Fuel	-	-	-	(0.4)	(2.6)	-	-	(3.0)
M	Bad Debt	-	-	-	-	-	-	(1.0)	(1.0)
	Total Savings	-	-	(6.7)	(0.4)	(2.6)	-	(1.0)	(10.7)
	FY 2011 Proposed Budget	$113.4	$55.6	$107.5	$16.7	$28.7	$4.9	$8.6	$335.4

Salaries and Wages

The FY 2011 Salaries and Wages budget is $113.4 million, a $5.0 million (4.6%) increase over the FY 2010 Budget of $108.4 million due to $2.8 million for increased security needs, a 2.5% merit pool of $1.4 million, $0.9 million for the opening of fire station #6, and $0.7 million to fill vacant

positions. These increases are somewhat offset by decreases in temporary personnel and the assumed vacancy factor.
The FY11 Budget also includes funds for the employee excellence rewards and management incentive programs that include net payments of $3,000 to $9,000 for senior staff members based on achievement of Airport wide and individual performance goals and objectives.

Benefits

The FY 2011 Benefits budget is $55.6 million, a $5.4 million (10.8%) increase from FY 2010 due to a $3.1 million increase for retirement and a $2.3 million increase for health care costs.

Contract Services

The FY 2011 Contract Services budget is $107.5 million, a $3.8 million (3.4%) decrease from the FY 2010 Budget of $111.2 million due to contract savings of $6.7 million shown in the table above, somewhat offset by contract increases of $2.9 million, also shown in a table above.

Equipment and Supplies

The FY 2011 Equipment and Supplies budget is $16.7 million, a $0.4 million (2.4%) decrease from the FY 2010 Budget of $17.1 million primarily due to a decrease in fuels of $0.4 million

Utilities

The FY 2011 Utilities budget is $28.7 million, a $2.6 million (8.2%) decrease from the FY 2010 Budget of $31.3 million due to decreases in electricity ($2.5 million) and natural gas ($0.2 million) rates for FY 2011.

Insurance

The FY 2011 Insurance budget is $4.9 million, a $0.2 million (4.2%) increase from the FY 2010 Budget of $4.7 million due to increased premiums.

General and Administrative (G&A)

The FY 2011 General and Administrative budget is $8.6 million, a $0.4 million (4.4%) decrease from the FY 2010 Budget of $9.0 million due to a decrease in bad debt expense of $1.0 million, somewhat offset by an increase in memberships & sponsorships of $0.3 million, business development costs of $0.1 million, training costs of $0.1 million and an increase in fingerprinting costs of $0.1 million. The G&A budget also includes $2.5 million contingency to fund unexpected costs. A portion of this may be used in FY 2011 for a revised management incentive compensation program that is still under development or for incremental base or lump sum merit increases for employees if DFW is exceeding its financial performance targets during the year.

Contingency Outside of Rate Base

Beginning in FY 2010, DFW began to add contingency outside of the rate base to the budget. This is done so that the Airlines do not have to pay for the contingency during the year in the rate base, but provides management with flexibility should costs rise unexpectedly and provides management an incentive to budget costs more accurately. The $2.5 million increase in FY 2011 is due to the proposed new Use Agreement. This allows management the opportunity to make investments in DFW Cost Centers during the year, if management foresees that DFW Revenues will exceed the projections included in the budget. Management must obtain Board of Director approval prior to using this contingency.

Net Debt Service Budget

The FY 2011 Debt Service Budget is $97.7 million, a $1.8 million (1.9%) increase from the FY 2010 Budget as shown in the table below.

Debt Service (millions)	FY 2009 Actuals	FY 2010 Budget	FY 2011 Budget	Inc (Dec)
Principal and Interest	$296.6	$261.6	$229.0	($32.6)
Coverage	(59.1)	(52.2)	0.0	52.2
Offsets to Debt Service	(1.0)	(0.5)	(0.6)	(0.1)
Debt Service paid by PFC	(123.8)	(113.0)	(130.7)	(17.7)
Total	$112.8	$95.9	$97.7	$1.8

Positions

The following table summarizes the total number of operating and capital positions assumed in the FY 2011 Budget. Operating positions are paid out of the 102 fund. Salaries of capital positions are capitalized and paid from the capital accounts. A summary of positions by department is included in the Appendix.

Positions	FY 2010	Transfer to TRIP	Backfill TRIP Transfers	New TRIP Positions	New in FY 2011	FY 2011 Budget
Operating	1,851	(17)	12		44	1,890
Capital	76	17		16		109
Total	1,927	0	12	16	44	1,999

The new operating positions consist of 40 new security officers (See F above), 2 new ITS positions for in-sourcing (see L above), 1 new AVP in Risk Management and 1 new Admin Assistant in Asset Management. The new capital positions are in support of the TRIP and are primarily in Airport Development (7), Risk Management (5), Customer Service (2) and Public Affairs (2). Note that management is still assessing its full needs for TRIP support. These numbers may change during the year as this review process is completed.

Overview

DFW is organized into Divisions (managed by EVPs) which are comprised of Departments (managed by VPs). Each departmental page includes a summary of the department's major functions and a walkforward of the FY 2011 Budget by major cost driver. The following table is a budget comparison by department.

($ in 000's)	FY 2009 Actuals	FY 2010 Budget	FY 2011 Budget	$ Inc/(Dec)
Asset Management Department	$67,204	$73,416	$69,724	($3,692)
Energy & Transportation Management	58,968	58,075	56,906	(1,169)
Department of Public Safety	49,438	49,886	56,586	6,700
Airport Operations Department	9,099	9,574	10,134	561
Environmental Affairs Department	4,939	4,988	5,048	61
Planning Department	1,606	1,690	1,759	69
Airport Development Department	1,272	1,370	404	(966)
Total Operations	**$192,525**	**$198,998**	**$200,561**	**$1,563**
Parking Department	36,748	37,050	38,917	1,867
Concessions Department	2,093	2,210	2,131	(78)
Commercial Development Department	1,909	2,074	2,279	206
Total Revenue Management	**$40,750**	**$41,333**	**$43,328**	**$1,995**
Marketing Services Department	4,504	4,996	5,000	4
Air Service Development Department	2,037	2,491	2,584	93
Customer Service Department	10,219	10,834	11,424	589
Aviation Real Estate	1,299	1,258	1,366	109
Marketing & Terminal Management	**$18,059**	**$19,580**	**$20,374**	**$795**
Human Resources Department	3,816	4,505	4,716	211
Procurement & Materials Management Dpt	4,177	4,730	4,904	174
Internal Communications & Diversity	805	947	1,026	79
Business Development & Diversity	1,469	1,602	1,132	(470)
Risk Management	6,545	7,535	7,672	137
Administration and Diversity	**$16,812**	**$19,319**	**$19,450**	**$131**
Information Technology Services Dpt	27,633	30,191	30,085	(106)
Treasury Management	1,229	1,276	1,319	42
Finance Department	5,344	5,613	5,943	330
Finance and ITS	**$34,207**	**$37,081**	**$37,347**	**$266**
Governmental & Stakeholders	**$2,907**	**$2,826**	**$3,241**	**$414**
Non-Departmental	**$8,462**	**$1,317**	**$481**	**($836)**
Legal Department	1,830	2,247	2,061	(186)
Audit Services Department	1,961	2,065	1,997	(67)
Executive Office	3,733	3,705	3,762	57
Bad Debt		1,225	300	(925)
Total Before Contingency	321,246	329,696	332,902	3,207
Contingency	0	2,264	2,500	236
Operating Expenses	**$321,246**	**$331,960**	**$335,402**	**$3,443**

Expense Budget Walk-forward

	Expense Budget Walk-forward (millions)	Ops Exps	Ops Reserve	Debt Service	Total Budget
	FY 2010 Budget	$332.0	($3.5)	$261.1	$589.6
	Major Cost Increases				
A	Debt Service increase	-	-	19.5	19.5
B	Operating Reserve increase	-	3.9	-	3.9
C	Pension Plan & OPEB contributions	3.1	-	-	3.1
D	Health Care	2.3	-	-	2.3
E	Contract increases	2.9	-	-	2.9
F	Enhanced Security for TSA mandates	2.8	-	-	2.8
G	Merit pool (2.5%), effective January	1.4	-	-	1.4
H	Fire Station #6, opens March	0.9	-	-	0.9
I	Fill vacant positions	0.7	-	-	0.7
	Total Cost Increases	14.1	3.9	19.5	37.5
	Major Cost Reductions				
J	Switch to Rolling Coverage	-	-	(52.2)	(52.2)
K	Asset Mgmt and ITS contracts	(6.7)	-	-	(6.7)
L	Utilities/fuel contracts reductions	(3.0)	-	-	(3.0)
M	Bad Debt	(1.0)	-	-	(1.0)
	Total Budget Reductions	(10.7)	0.0	(52.2)	(62.9)
	Net Inc (Dec) in Budget	3.4	3.9	(32.7)	(25.4)
	FY 2011 Budget	$335.4	$0.4	$228.4	$564.3

The letters above are referenced on the individual department pages.

Asset Management

Asset Management (AM) manages DFW's physical infrastructure assets. Services include facilities maintenance, commissioning/retro-commissioning of physical assets, infrastructure/ facility management, solid waste management, and customer support. The department ensures the safe and efficient operation of a world class airport through core business activities of maintenance, repair, renewal, operation, and special support.

Budget Comparison and Walk-forward

	FY 2009 Actuals	FY 2010 Budget	FY 2011 Budget
Expenses (000s)			
Salaries & Wages	$8,471	$9,580	$10,127
Benefits	4,303	4,724	4,982
Contract Services	48,612	51,232	47,045
Equipment & Other Supplies	4,300	6,250	5,806
Utilities	1,438	1,464	1,607
General, Administrative, & Other	80	164	157
Total Expenses	$67,204	$73,416	$69,724

Walk-forward from FY2010 Budget

	(000s)	Reference
FY 2010 Budget	$73,416	
Salaries & Wages	406	I
Merit	141	G
Benefits	257	C,D
Contract Services	(4,187)	E, L
Utilities	143	M
General, Administrative, & Other	(7)	
Other, Net	(445) [1]	
Total FY 2011 Proposed Budget	$69,724	

[1] Due to reducing a provision for Terminal D baggage parts.

Energy & Transportation Management

Energy & Transportation Management (E&TM) manages DFW's utility services and transportation systems infrastructure. Services include energy management, thermal energy production and distribution, potable water and sanitary sewer system operation, pretreatment plant operation, spent aircraft deicing fluid collection, and storage system operation, Skylink system operation and vehicle fleet maintenance. The department ensures the safe and efficient operation of a world class airport through core business activities of maintenance, repair, renewal and operation based on sustainable principles.

Budget Comparison and Walk-forward

	FY 2009 Actuals	FY 2010 Budget	FY 2011 Budget
Expenses (000s)			
Salaries & Wages	$6,799	$6,900	$7,083
Benefits	3,248	3,311	3,721
Contract Services	14,359	14,368	15,254
Equipment & Other Supplies	4,187	5,412	5,474
Utilities	30,325	27,965	25,253
General, Administrative, & Other	49	120	121
Total Expenses	$58,968	$58,075	$56,906

Walk-forward from FY2010 Budget

	(000s)	Reference
FY 2010 Budget	$58,075	
Salaries & Wages	50	I
Merit	133	G
Benefits	410	C,D
Skylink	176	
Contract Services	710	E,L
Utilities	(2,712)	M
General, Administrative, & Other	1	
Other, Net	62	
Total FY 2011 Proposed Budget	$56,906	

[1] Due to new programs that include deicing system and leak detection

Department of Public Safety (DPS)

It is the mission of the DFW Airport Department of Public Safety to ensure the protection of life and property through the effective and efficient delivery of professional public safety services to the airport community.

The Police Divisions provide law enforcement support for passenger pre-board security screening at terminal checkpoints and inside/outside of the terminals; criminal investigation; disseminate intelligence information; prosecute criminal cases; provide ancillary services in support of law enforcement; record processing; and evidence tracking.

The Fire Divisions provide aircraft rescue fire fighting response, structural fire response, hazardous material mitigation, emergency medical response, fire code inspection, assistance in code development, reviews all facility construction plans, develops and delivers fire safety education and investigates all fires.

Special Services Divisions provide security services to the Air Operations Area, passenger terminals and the Airport Administration building, emergency management & planning, security identification, and access devices as well as 9-1-1 alarm monitoring and public safety radio dispatch services.

Budget Comparison and Walk-forward

	FY 2009 Actuals	FY 2010 Budget	FY 2011 Budget
Expenses (000s)			
Salaries & Wages	$32,126	$32,498	$36,918
Benefits	13,915	14,150	15,905
Contract Services	1,582	1,524	1,637
Equipment & Other Supplies	1,336	1,251	1,577
Utilities	9	0	11
General, Administrative, & Other	469	463	537
Total Expenses	$49,438	$49,886	$56,586

Walk-forward from FY2010 Budget

	(000s)	Reference
FY 2010 Budget	$49,886	
Salaries & Wages	4,030	F,I
Merit	390	G
Benefits	1,755	C,D
Contract Services	114	
Utilities	11	L
Other, Net	326	
General, Administrative, & Other	74	
Total FY 2011 Proposed Budget	$56,586	

Airport Operations

Airport Operations is responsible for managing airside and landside operations, ground transportation, Corporate Aviation and technical training. The overall goal of Operations is to ensure the continuous availability of aviation support services and facilities for efficient and safe operations. Through this department, a clear line of responsibility for operational decisions is available to all DFW tenants, concessionaires, and service consumers 24 hours per day.

The Airport Operations Center (AOC) serves as DFW's central point of communications and provides real-time situational awareness of day to day operations and emergency events impacting DFW operational capability. The AOC provides a central point for DFW information, work and service requests processing, as well as, detailed reporting of DFW business operations on a 24/7 basis; comprehensive logistical support during emergencies and direct support to DFW's Emergency Operations Center (EOC) when activated.

Airfield Operations is responsible for ensuring the airfield is managed and maintained in compliance with Code of Federal Regulations - CFR139. This includes safety, security, and training associated with activities on the airfield and managing the General Aviation business.

Ground Transportation regulates commercial transportation service providers operating at the Airport and monitors standards to ensure that the safest, highest quality and best-managed transportation services are readily available to the traveling public. Ground Transportation also administers the parking citation appeal hearing and collection processes.

Budget Comparison and Walk-forward

	FY 2009 Actuals	FY 2010 Budget	FY 2011 Budget
Expenses (000s)			
Salaries & Wages	$5,527	$5,773	$5,747
Benefits	2,758	2,744	3,052
Contract Services	243	282	529
Equipment & Other Supplies	543	725	741
General, Administrative, & Other	28	51	65
Total Expenses	$9,099	$9,574	$10,134

Walk-forward from FY2010 Budget

	(000s)	Reference
FY 2010 Budget	$9,574	
Salaries & Wages	(133)	
Merit	108	G
Benefits	309	C,D
Contract Services	247 [1]	
Other, Net	16	
General, Administrative, & Other	14	
Total FY 2011 Proposed Budget	$10,134	

[1]Due to Taxi Inspection Program

Environmental Affairs

Environmental Affairs implements comprehensive environmental compliance programs throughout DFW Airport; advises the Board of Directors, Executive and Senior Staff, and department personnel regarding the mission critical priorities of pollution prevention, source reduction, waste minimization, and continuous improvement; provides regulatory and technical guidance to DFW departments, tenants, and contractors engaging in activities subject to environmental laws, regulations, rules, and enforcement agency policy; and manages a compliance-focused Environmental Management System and twenty one core compliance programs.

The Planning Section provides support to capital development projects by conducting required environmental analyses responsive to the National Environmental Policy Act and Federal Aviation Administration requirements. The Noise Compatibility Office operates and maintains the noise and flight track monitoring system; addresses community concerns; provides public outreach and ensures compliance with applicable aircraft noise-related laws, regulations, and conditions contained in DFW's Final Environmental Impact Statement.

Budget Comparison and Walk-forward

	FY 2009 Actuals	FY 2010 Budget	FY 2011 Budget
Expenses (000s)			
Salaries & Wages	$1,780	$1,732	$1,714
Benefits	852	850	967
Contract Services	2,111	2,181	2,181
Equipment & Other Supplies	143	138	109
General, Administrative, & Other	53	87	77
Total Expenses	$4,939	$4,988	$5,048

Walk-forward from FY2010 Budget

	(000s)	Reference
FY 2010 Budget	$4,988	
Salaries & Wages	(50)	
Merit	32	G
Benefits	117	C,D
Other, Net	(29)	
General, Administrative, & Other	(10)	
Total FY 2011 Proposed Budget	$5,048	

Planning

Planning is responsible for directing and coordinating the overall planning activities of DFW including facilities, airfield, and transportation/roadway planning, and for directing DFW's signage program. Facility Planning ensures that development activities are consistent with DFW's Development Plan and are undertaken in a timely manner in order to satisfy demand and articulates strategic direction for DFW capacity expansion by continuously updating DFW's Master Plan, including all terminal facilities.

Airfield Planning provides strategic direction on planning DFW's runway, taxiway, and airspace systems. Close coordination is maintained with the Federal Aviation Administration (FAA) to ensure that all applicable regulations and directives are properly maintained and addressed in all future plans.

Transportation/Roadway Planning develops the DFW Board's long-term ground transportation plans to improve DFW circulation, regional access, rail transit service, and parking. Transportation/Roadway Planning ensures that development of the regional transportation system recognizes and addresses the needs of DFW patrons and employees for improved facilities.

Budget Comparison and Walk-forward

	FY09 Actuals	FY10 Budget	FY11 Budget
Expenses (000s)			
Salaries & Wages	$750	$760	$912
Benefits	388	335	385
Contract Services	434	531	410
Equipment & Other Supplies	15	33	21
Total Expenses	$1,606	$1,690	$1,759

Walk-forward from FY 2010 Budget

	(000s)	Reference
FY 2010 Budget	$1,690	
Salaries & Wages	152	I
Merit	3	G
Benefits	50	C,D
Contract Services	(121)	
Other, Net	(15)	
Total FY 2011 Proposed Budget	$1,759	

Airport Development and Engineering (ADE)

Airport Development & Engineering (ADE) has overall responsibility for the efficient, economical design and construction of facility development and major rehabilitation projects at DFW. ADE also provides technical support services and/or personnel to other departments at DFW as needed in fulfilling DFW's mission. With the exception of Airport Code Compliance all costs related to ADE are funded by the 301 Fund, not the 102 Fund.

The Airport Development & Engineering Department is broken down into six sections:

VP Office – Airport Development & Engineering

Building / Structural (Vertical) Engineering & Construction

The Building / Structural (Vertical) Engineering & Construction section is responsible for managing all aspects of the programming, design, and implementation of vertical construction and rehabilitation projects. Sections are comprised of Architects, Professional Engineers, Project Managers, Construction Managers and support staff.

Civil / Airfield (Flat) Engineering & Construction

The Civil / Airfield (Flat) Engineering & Construction section is responsible for managing all aspects of the programming, design and implementation of civil and airfield (flat) construction and rehabilitation projects. Sections are comprised of Architects, Professional Engineers, Project Managers, Construction Managers and support staff.

Project Administration

The Project Administration section provides administrative and analytical support, estimating, budgeting, trend analysis, contract administration, project schedule administration, and resource projections in support of the Building / Structural (Vertical) Engineering & Construction section and the Civil / Airfield (Flat) Engineering & Construction section. Sections are comprised of Administrators, Accountants, Scheduling and Estimating Professionals and support staff.

Survey

The Survey section provides boundary surveys, topographic surveys, as-built and design surveys, and other land surveying services in support of the Building / Structural (Vertical) Engineering & Construction sections, the Civil / Airfield (Flat) Engineering & Construction section, the Commercial Development Department and the Operations Department. This section is comprised of a Land Surveyor, Survey Technicians, Survey Party Chiefs, and Land Survey Instrument Operators.

Airport Development and Engineering (ADE) Continued

Code Compliance

The Code Compliance section is responsible for enforcing DFW Airport's design criteria and building standards in assuring compliance to the code and standards for tenant and DFW Airport development projects and the remainder of expenses are being transferred to capital. This section is comprised of Building Official, Engineers, Inspectors, and support staff. This budget reflects the work on non-Airport related projects. The remaining expenses are reflected in the Capital Fund.

Budget Comparison and Walk-forward

	FY 2009 Actuals	FY 2010 Budget	FY 2011 Budget
Expenses (000s)			
Salaries & Wages	$787	$799	$263
Benefits	347	360	128
Contract Services	188	196	5
Equipment & Other Supplies	2	5	1
Insurance	0	0	0
Utilities	0	0	0
General, Administrative, & Other	(51)	11	6
Total Expenses	$1,272	$1,370	$404

Walk-forward from FY2010 Budget

	(000s)	Reference
FY 2010 Budget	$1,370	
Salaries & Wages	(536) [1]	
Merit	5	G
Benefits	(232) [1]	C,D
Contract Services	(191)	
Other, Net	(8) [1]	
General, Administrative, & Other	(4)	
Total FY 2011 Proposed Budget	$404	

[1] Transferred to Capital for TRIP

Parking Operations

Parking Operations is responsible for parking products, pricing, service delivery and reporting. Parking negotiates various business agreements in order to better manage costs, improve customer service and increase revenues. The management team develops and implements new programs, working with Marketing to promote products that will increase customer satisfaction and generate the greatest value for DFW Airport.

The Parking Operations section is responsible for the collection and security of revenue generated from on-Airport parking; providing parking information; executing marketing promotions; and ensuring the proper operation of all parking-related equipment, systems, and facilities. Customer Relations handles customer feedback and monitors all electronic parking transactions for accuracy, administering billing changes as necessary. The Bussing section, which is staffed by DFW employees, provides transportation services to DFW Remote Lots and the Trinity Railway Express. The Contract Bussing group is responsible for monitoring the contracted transportation services for Terminal Link, Express Parking and Employee Shuttle.

Budget Comparison and Walk-forward

	FY 2009 Actuals	FY 2010 Budget	FY 2011 Budget
Expenses (000s)			
Salaries & Wages	$13,977	$14,051	$13,571
Benefits	7,800	7,760	8,857
Contract Services	14,390	14,499	15,784
Equipment & Other Supplies	482	571	503
General, Administrative, & Other	99	169	202
Total Expenses	$36,748	$37,050	$38,917

Walk-forward from FY2010 Budget

	(000s)	Reference
FY 2010 Budget	$37,050	
Salaries & Wages	(734)	
Merit	254	G
Benefits	1,097	C,D
Contract Services	1,285	E
General, Administrative, & Other	33	
Other, Net	(69)	
Total FY 2011 Proposed Budget	$38,917	

Concessions

The Concessions department is responsible for the management and administration of all passenger-related concessions and related revenues within the airport terminals, rental car revenue, telecommunication, and selected airport properties outside the terminals including the hotels and gas/convenience stores.

Budget Comparison and Walk-forward

	FY 2009 Actuals	FY 2010 Budget	FY 2011 Budget
Expenses (000s)			
Salaries & Wages	$1,280	$1,265	$1,217
Benefits	533	532	552
Contract Services	213	332	282
Equipment & Other Supplies	15	16	16
General, Administrative, & Other	52	65	65
Total Expenses	$2,093	$2,210	$2,131

Walk-forward from FY2010 Budget

	(000s)	Reference
FY 2010 Budget	$2,210	
Salaries & Wages	(71) [1]	
Merit	23	G
Benefits	20	C,D
Contract Services	(50) [1]	
Other, Net	0	
Total FY 2011 Proposed Budget	$2,131	

[1] Transferred to Capital for TRIP

Commercial Development

The Commercial Development Department plans, develops, markets and leases airline hangars, air-cargo and logistics facilities and commercially available land at DFW. Commercial Development also evaluates and implements business opportunities that diversify DFW's revenue stream.

Budget Comparison and Walk-forward

	FY 2009 Actuals	FY 2010 Budget	FY 2011 Budget
Expenses (000s)			
Salaries & Wages	$1,180	$1,232	$1,206
Benefits	448	484	539
Contract Services	219	220	383
Equipment & Other Supplies	10	12	12
General, Administrative, & Other	52	126	140
Total Expenses	$1,909	$2,074	$2,279

Walk-forward from FY2010 Budget

	(000s)	Reference
FY 2010 Budget	$2,074	
Salaries & Wages	(49)	
Merit	23	G
Benefits	56	C,D
Contract Services	163	
General, Administrative, & Other	14	
Other, Net	0	
Total FY 2011 Proposed Budget	$2,279	

Marketing Services

Marketing Services is responsible for developing and executing DFW's trade and consumer marketing plans in order to drive increased revenues and new airline business to DFW. Marketing Services is charged with conducting and analyzing customer research in order to highlight consumer perceptions and behavior changes that could be impacting DFW's non-airline revenues. In response to the identifiable needs and wants of its customers, Marketing Services then develops a marketing plan that utilizes advertising, website, interactive communications, and promotions to try to influence behavior change to the benefit of DFW's revenue stream.

In order to attract airlines and air service to DFW, Marketing Services is also responsible for developing an aggressive marketing program that utilizes advertising, direct mail, interactive communications, promotions, and trade shows. This group also works on cooperative advertising with eligible airlines that provide service from DFW in order to promote new service and ensure its long-term viability in the DFW marketplace.

The brand image is an important part of DFW's strategic marketing efforts. Marketing Services is responsible for ensuring that a consistent brand image is portrayed to every one of DFW's audiences. These efforts are achieved by providing brand orientation information to internal departments and external groups.

Budget Comparison and Walk-forward

	FY 2009 Actuals	FY 2010 Budget	FY 2011 Budget
Expenses (000s)			
Salaries & Wages	$1,078	$1,162	$1,112
Benefits	430	453	506
Contract Services	2,269	2,488	2,448
Equipment & Other Supplies	14	50	50
General, Administrative, & Other	713	844	884
Total Expenses	$4,504	$4,996	$5,000

Walk-forward from FY2010 Budget

	(000s)	Reference
FY 2010 Budget	$4,996	
Salaries & Wages	(70) [1]	
Merit	21	G
Benefits	53	C,D
Contract Services	(40) [1]	
General, Administrative, & Other	40	
Total FY 2011 Proposed Budget	$5,000	

[1] Transferred to Capital for TRIP

Air Service Development

In order to expand the economic benefits for Dallas, Fort Worth, and the region, DFW works to aggressively develop and grow the airport's air service core business. Air Service Development is responsible for developing and implementing both the comprehensive air service strategy, as well as, the marketing programs designed to attract new entrant, domestic and international, carriers to DFW. In addition, Air Service Development also encourages existing DFW carriers to both enter into new markets, as well as, to increase service in markets which are already served. Increases in air service either through new entrant carriers, or via existing carriers, provide substantial economic benefit for the Dallas/Fort Worth Metroplex.

As with the larger global economy, the aviation industry is undergoing significant transformation as it faces new cost challenges. Global Airlines are reducing capacity and flight operations and, as such, DFW's Air Service Development department is working within an increasingly competitive environment where other destinations are becoming more aggressive in competing for the same scarce resource, scheduled air service.

Air Service Development focuses on both domestic and international passenger and cargo airlines, respectively. These sections are responsible for formulating strategic plans that include top target markets and airlines, monitoring airline business trends, targeting potential airline services, and presenting business case presentations for target airlines to review. Through the business case presentations, Air Service Development promotes DFW by highlighting its numerous advantages and world-class facilities, and provides analytical demonstrations of the viability of the DFW market for new airlines and new service.

Budget Comparison and Walk-forward

	FY 2009 Actuals	FY 2010 Budget	FY 2011 Budget
Expenses (000s)			
Salaries & Wages	$632	$874	$937
Benefits	284	340	367
Contract Services	710	802	805
Equipment & Other Supplies	3	5	3
General, Administrative, & Other	407	471	471
Total Expenses	$2,037	$2,491	$2,584

Walk-forward from FY2010 Budget

	(000s)	Reference
FY 2010 Budget	$2,491	
Salary	46	I
Merit	18	G
Benefits	28	C,D
Contract Services	3	E
Other, Net	(20)	
General, Administrative, & Other	18	
Total FY 2011 Proposed Budget	$2,584	

Customer Service

DFW's prestigious award winning Customer Service Department oversees the Ambassador Volunteer Program, Ground Transportation Service, Rental Car Center (RAC), and Terminal Management.

Ambassadors are located throughout the terminals offering friendly, accurate and expedient assistance responding to inquiries regarding airport services, facilities, flight assistance, tourism and general information.

Ground Transportation service consists of Guest Assistants, located curbside at each terminal to provide taxicabs which are safe and reliable, information, and address special transportation services or needs. Ground Transportation Agents and Shift Supervisors support Guest Assistants and the traveling public by ensuring that curbside operations meet public demands and offers guest vehicle assistance (e.g. dead batteries, flat tires, etc.). The team monitors parking zones and enforces parking regulations including unattended curbside vehicles.

Established in 1994, the Rental Car Center provides a modern consolidated facility that increased parking capacity, improved customer service and operational efficiency.

The Terminal Management team is a critical link between tenant airlines, contractors, concessions and essential stakeholders to insure compliance of DFW Airport Board expectations. Safety, security, guest relations, gate scheduling and ramp operations for Terminal D, service recovery, cleanliness and facility maintenance compose the multi-layered levels of oversight provided by Terminal Management.

Budget Comparison and Walk-forward

	FY 2009 Actuals	FY 2010 Budget	FY 2011 Budget
Expenses (000s)			
Salaries & Wages	$5,306	$5,462	$5,698
Benefits	2,839	2,891	3,318
Contract Services	1,694	2,073	1,969
Equipment & Other Supplies	240	234	247
Insurance	0	0	0
Utilities	0	0	0
General, Administrative, & Other	140	174	193
Total Expenses	$10,219	$10,834	$11,424

Walk-forward from FY2010 Budget

	(000s)	Reference
FY 2010 Budget	$10,834	
Salaries & Wages	129	I
Merit	107	G
Benefits	427	C,D
Contract Services	(104) [1]	
Other, Net	12	
General, Administrative, & Other	19	
Total FY 2011 Proposed Budget	$11,424	

[1] Transferred to Capital for TRIP

Aviation Real Estate

Aviation Real Estate serves as the liaison between the Airport and the tenants of all passenger terminals and aviation-related facilities, including air cargo and hangars. Through permits and leases, Aviation Real Estate manages the contractual relationship with the tenants. The department is also responsible for aviation facilities strategic planning, with the goal of maximizing efficiency within the terminals and other aviation facilities. Aviation Real Estate will be finalizing the new Use Agreement negotiation efforts to replace the current agreement for FY 2011.

Budget Comparison and Walk-forward

	FY 2009 Actuals	FY 2010 Budget	FY 2011 Budget
Expenses (000s)			
Salaries & Wages	$725	$697	$710
Benefits	278	282	336
Contract Services	275	235	277
Equipment & Other Supplies	7	19	19
General, Administrative, & Other	14	26	26
Total Expenses	$1,299	$1,258	$1,366

Walk-forward from FY2010 Budget

	(000s)	Reference
FY 2010 Budget	$1,258	
Salaries & Wages	0	
Merit	13	G
Benefits	54	C,D
Contract Services	42	
Other, Net	0	
Total FY 2011 Proposed Budget	$1,366	

Human Resources

Human Resources (HR) provides a full array of services to support DFW's mission, the CEO's priorities, management, and employees. The primary functions are to develop and implement programs to enhance the effectiveness of the workforce. HR is responsible for consulting and advising management on employee relations issues, including employee corrective action, complaints, and grievances; and assisting employees with concerns. In addition, HR develops and administers policies and procedures to ensure compliance with federal and state regulations. HR also has responsibility for coordinating the recruitment and staffing activities of DFW.

Compensation and benefit programs are designed and implemented to meet workforce needs in a fiscally responsible manner competitive with the marketplace. These programs cover health and welfare benefits, as well as, all other benefits including the administration of the retirement plans. In the area of organizational development, HR is responsible for developing, implementing, and managing DFW's training and development program including DFW's core curriculum, career development, and performance management. HR is also responsible for administering the Human Resources Information System (HRIS), PeopleSoft, and maintaining all personnel records and reports

Budget Comparison and Walk-forward

	FY 2009 Actuals	FY 2010 Budget	FY 2011 Budget
Expenses (000s)			
Salaries & Wages	$1,789	$2,003	$2,141
Benefits	913	944	1,064
Contract Services	571	975	886
Equipment & Other Supplies	25	53	53
General, Administrative, & Other	519	530	572
Total Expenses	$3,816	$4,505	$4,716

Walk-forward from FY2010 Budget

	(000s)	Reference
FY 2010 Budget	$4,505	
Salaries & Wages	98	I
Merit	40	G
Benefits	120	C,D
Contract Services	(90)	
General, Administrative, & Other	42	
Other, Net	0	
Total FY 2011 Proposed Budget	$4,716	

Procurement

Procurement & Materials Management (PMM) provides DFW-wide centralized procurement, materials management, and reprographic services in accordance with federal, state, local laws/regulations and DFW policies. PMM manages professional services contracts/ procurements and P-card program and prepares Official Board Actions (OBAs) for Board meetings. The Central Warehouse provides central receipt, financial and physical management of inventory, management of excess and obsolete property, and provides DFW-wide mail service. Print Services provides centralized reproduction, printing, and binding services for departments within the Airport.

Budget Comparison and Walk-forward

	FY 2009 Actuals	FY 2010 Budget	FY 2011 Budget
Expenses (000s)			
Salaries & Wages	$2,293	$2,329	$2,371
Benefits	1,047	1,064	1,217
Contract Services	375	630	742
Equipment & Other Supplies	337	505	374
General, Administrative, & Other	124	201	200
Total Expenses	$4,177	$4,730	$4,904

Walk-forward from FY2010 Budget

	(000s)	Reference
FY 2010 Budget	$4,730	
Salaries & Wages	(2)	
Merit	44	G
Benefits	152	C,D
Contract Services	113	
General, Administrative, & Other	(2)	
Other, Net	(132)	
Total FY 2011 Proposed Budget	$4,904	

Internal Communications and Diversity

Internal Communications and Diversity manages and provides strategic direction for DFW Airport's internal communication and diversity programs. The Internal Communications team is responsible for writing and managing the content, messaging, and distribution of all employee communications. One of the key objectives of Internal Communications is to create awareness and educate employees on key DFW Airport initiatives, as well as, manage and create communication vehicles to inform staff of business news and recognize the efforts of DFW Airport employees. The Internal Communications team manages the Connected Online (intranet site) and other internal communication vehicles. The team also supports departments across the Airport to develop strategic communication plans that integrate department goals with the overall goals of the Airport.

Diversity programs at DFW are designed to ensure that the Airport's workforce reflects the cultural diversity of the community and our customers. The team is responsible for the design and development of all Diversity training, mentoring programs and cultural awareness events. It also supports the Diversity Leadership Council and Employee Resource Groups in achieving DFW's Key Results, by increasing employee engagement and fostering an inclusive work environment. In addition, the Diversity staff monitors and manages distribution of DFW's workforce demographic reports to identify hiring opportunities and works closely with Human Resources on recruiting and retention strategies, to support a diverse workforce. The staff also is responsible for the design and distribution of DFW's Affirmative Action Plan for Veterans and Persons with Disabilities, Vets-100 report and other reports related to Diversity.

Budget Comparison and Walk-forward

	FY 2009 Actuals	FY 2010 Budget	FY 2011 Budget
Expenses (000s)			
Salaries & Wages	$468	$466	$510
Benefits	187	201	202
Contract Services	128	246	281
Equipment & Other Supplies	11	16	16
General, Administrative, & Other	10	17	17
Total Expenses	$805	$947	$1,026

Walk-forward from FY2010 Budget

	(000s)	Reference
FY 2010 Budget	$947	
Salaries & Wages	33	I
Merit	10	G
Benefits	1	C,D
Contract Services	35	
Other, Net	0	
Total FY 2011 Proposed Budget	$1,026	

Business Diversity and Development

Business Diversity & Development Department (BDDD) is responsible for administering the Board's Disadvantaged and Minority/Women-owned Business Enterprise (DBE & M/WBE) Programs. BDDD has the overall responsibility to administer, monitor and enforce the DBE and M/WBE policies, standards and procedures as well as govern the implementation, interpretation and application of the business process in a manner to achieve the DBE and M/WBE Program goals and objectives. It is charged with increasing the opportunities to involve DBE and M/WBE firms by creating a level playing field on which DBE and M/WBE firms can compete fairly for DFW's Board contracts, subcontracts, purchases, third party contracts, and concessions.

Budget Comparison and Walk-forward

	FY 2009 Actuals	FY 2010 Budget	FY 2011 Budget
Expenses (000s)			
Salaries & Wages	$679	$733	$526
Benefits	281	304	256
Contract Services	320	361	261
Equipment & Other Supplies	4	17	17
General, Administrative, & Other	185	187	71
Total Expenses	$1,469	$1,602	$1,132

Walk-forward from FY2010 Budget

	(000s)		Reference
FY 2010 Budget	$1,602		
Salaries & Wages	(207)	1	
Merit	10		G
Benefits	(48)		C,D
Contract Services	(100)	1	
Utilities	0		
General, Administrative, & Other	(116)	2	
Other, Net	(10)	1	
Total FY 2011 Proposed Budget	$1,132		

[1] Transferred to Capital for TRIP
[2] Transferred to Public Affairs memberships

Risk Management

Risk Management's primary objective is to manage risks to DFW International Airport. This include identifying, analyzing and evaluating exposures, intervening with loss prevention measures that reduce, mitigate or transfer costs, and ensuring compliance with all applicable laws and regulations. Areas of general administration include liability claims management, safety training, management of self-funded, fully insured, and partial claims administered programs involving areas of property and casualty liability, general liability, errors and omissions, employment liability, fiduciary/fidelity exposures, contractual review/interpretation, breach of contract, auto liability, driver safety and workers' compensation liability and short/long term disability. Risk Management also oversees both the DFW health and wellness program, LiveWell, and the newly created Integrated Disability Management program in an effort to develop preventative health and wellness programs that impact positive behavioral changes, as well as, enhance productivity and absence management issues involving family medical leave, short and long term disability, and workers' compensation.

Budget Comparison and Walk-forward

	FY 2009 Actuals	FY 2010 Budget	FY 2011 Budget
Expenses (000s)			
Salaries & Wages	$659	$789	$800
Benefits	808	1,412	1,217
Contract Services	610	500	596
Equipment & Other Supplies	69	25	50
Insurance	4,321	4,735	4,935
General, Administrative, & Other	78	74	74
Total Expenses	$6,545	$7,535	$7,672

Walk-forward from FY2010 Budget

	(000s)	Reference
FY 2010 Budget	$7,535	
Salaries & Wages	(4)	
Merit	15	G
Benefits	(196) [1]	D
Contract Services	96	
Insurance	200	
Other, Net	25	
Total FY 2011 Proposed Budget	$7,672	

[1] STD claims were transferred to department budgets

Information Technology Services

Information Technology Services (ITS) is responsible for delivering technology solutions to DFW and is divided into four sections. Enterprise Systems is responsible for the development, and maintenance of technology solutions for DFW human resource, procurement, fixed asset, parking, data architecture, and public safety systems. Systems Operations is responsible for the development, implementation, maintenance, and administration of the voice and data communications infrastructure, desktop and server computing environments, and data base administration. Business Solutions is responsible for the development and implementation of executive decision support systems, records management, CADD/GIS, web development, and the implementation of work-flow technologies. Terminal Systems is responsible for the development and maintenance for life safety systems, security systems and passenger service systems.

Budget Comparison and Walk-forward

	FY 2009 Actuals	FY 2010 Budget	FY 2011 Budget
Expenses (000s)			
Salaries & Wages	$8,807	$9,015	$9,783
Benefits	3,506	3,797	4,421
Contract Services	11,230	13,663	12,381
Equipment & Other Supplies	1,904	1,583	1,423
Utilities	1,924	1,835	1,781
General, Administrative, & Other	264	299	297
Total Expenses	$27,633	$30,191	$30,085

Walk-forward from FY2010 Budget

	(000s)	Reference
FY 2010 Budget	$30,191	
Salaries & Wages	585 [1]	
Merit	183	G
Benefits	624	C,D
Contract Services, Net	(1,282)	L
Utilities	(54)	M
General, Administrative, & Other	(2)	
Other, Net	(160)	
Total FY 2011 Proposed Budget	$30,085	

[1] Insourcing 5 positions

Finance and Treasury Management

The Finance department was reorganized into two departments in FY 2008: Finance and Treasury Management. The Treasury Management department was created to focus on DFW's financial stewardship. Each department is overseen by a Vice President, reporting to the CFO.

Finance

Finance is comprised of four groups: Accounting, Financial Planning, Capital Planning, and Business Analysis. Accounting is responsible for financial reporting, general ledger accounting, internal controls, revenue collections, accounts payable, accounts receivable, payroll, and fixed assets. Financial Planning is responsible for developing and monitoring DFW's operating Budget and Outlooks for revenue and expenses. This group is also responsible for establishing DFW's rates, fees and charges and performing departmental financial analysis. Capital Planning is responsible for developing and monitoring DFW's Capital Budget and forecast. The Business Analysis group analyzes DFW's business units to determine profitability, implementation of activity based costing, project analysis, process improvement and management methodologies for proper allocations of revenues and expenses.

Treasury / Cash Management

Treasury/Cash Management is responsible for providing strategic financial management for the Airport. This includes overseeing debt issuance/management, cash management, banking relations, DFW investments, retirement fund investments, and grants and PFC administration.

Budget Comparison and Walk-forward

	FY 2009 Actuals	FY 2010 Budget	FY 2011 Budget
Expenses (000s)			
Salaries & Wages	$4,160	$4,207	$4,290
Benefits	1,779	1,855	2,123
Contract Services	497	553	530
Equipment & Other Supplies	52	83	90
General, Administrative, & Other	83	190	229
Total Expenses	$6,572	$6,889	$7,262

Walk-forward from FY2010 Budget

	(000s)	Reference
FY 2010 Budget	$6,889	
Salaries & Wages	3	
Merit	80	G
Benefits	268	C,D
Contract Services	(23)	
General, Administrative, & Other	39	
Other, Net	7	
Total FY 2011 Proposed Budget	$7,262	

Public Affairs

The Public Affairs Department is responsible for all governmental matters affecting DFW on a local, regional, state and national level, including communications with the Board, DFW's owner cities, other North Texas governmental entities, the Texas State Legislature, and members of the U.S. Congress. The Department also provides a wide range of public and media relations services, special events planning, community relations, and corporate communications, serving as the lead department for external communications. The former Government & Stakeholder Affairs Department was combined into Public Affairs in 2010.

Budget Comparison and Walk-forward

	FY 2009 Actuals	FY 2010 Budget	FY 2011 Budget
Expenses (000s)			
Salaries & Wages	$904	$971	$1,040
Benefits	368	385	363
Contract Services	1,427	1,355	924
Equipment & Other Supplies	16	49	50
Insurance	0	0	0
Utilities	0	0	0
General, Administrative, & Other	192	66	864
Contingency	-	-	0
Operating Reserve	-	-	0
Total Expenses	$2,907	$2,826	$3,241

Walk-forward from FY2010 Budget

	(000s)	Reference
FY 2010 Budget	$2,826	
Salaries & Wages	50	
Merit	19	G
Benefits	(22)	C,D
Contract Services	(431) [1]	
General, Administrative, & Other	798 [2]	
Other, Net	0	
Total FY 2011 Proposed Budget	$3,241	

[1] Due to savings in Public Relations and Government legal contracts

[2] Due transfer of memberships/sponsorships from other departments to this division.

Note: This is a new Division in FY 2011.

Legal

The Legal Department is responsible for providing advice and counsel to the Airport Board and Staff and for overseeing the prosecution and defense of litigation involving DFW Airport. Legal Department attorneys are provided by the Dallas and Fort Worth City Attorney's Offices in accordance with the 1968 Contract and Agreement.

Budget Comparison and Walk-forward

	FY 2009 Actuals	FY 2010 Budget	FY 2011 Budget
Expenses (000s)			
Salaries & Wages	$246	$241	$240
Benefits	114	113	131
Contract Services	1,455	1,786	1,582
Equipment & Other Supplies	7	8	8
General, Administrative, & Other	8	100	100
Total Expenses	$1,830	$2,247	$2,061

Walk-forward from FY2010 Budget

	(000s)	Reference
FY 2010 Budget	$2,247	
Salaries & Wages	(1)	
Merit	5	G
Benefits	19	C,D
Contract Services	(203)	
General, Administrative, & Other	0	
Other, Net	(5)	
Total FY 2011 Proposed Budget	$2,061	

Audit Services

The Department of Audit Services is an independent appraisal function that reviews and evaluates DFW activities as a service to the Board of Directors and management. The Department of Audit Services reports directly to the Board of Directors through the Finance/Audit Committee. The department performs work contributing to the safeguarding of assets; economical and efficient use of resources; accomplishment of established objectives and goals; compliance with laws, regulations, and DFW policies; and the reliability and integrity of information used by decision-makers.

Budget Comparison and Walk-forward

	FY 2009 Actuals	FY 2010 Budget	FY 2011 Budget
Expenses (000s)			
Salaries & Wages	$1,154	$1,229	$1,147
Benefits	495	520	531
Contract Services	250	262	264
Equipment & Other Supplies	10	18	18
General, Administrative, & Other	53	37	37
Total Expenses	$1,961	$2,065	$1,997

Walk-forward from FY2010 Budget

	(000s)	Reference
FY 2010 Budget	$2,065	
Salaries & Wages	(103) [1]	
Merit	22	G
Benefits	11	C,D
Contract Services	2	
General, Administrative, & Other	0	
Other, Net	0	
Total FY 2011 Proposed Budget	$1,997	

[1] Transferred to Capital for TRIP

Executive Office

The Chief Executive Officer, as the chief administrator and executive officer of the DFW Airport Board, recommends policies to the Board of Directors for the planning, constructing, maintaining, operating and regulating of DFW. The Chief Executive Officer, along with the Executive Staff (6 Executive Vice Presidents and support staff), oversees the implementation of adopted policies and is responsible for conducting monthly and special meetings with the Board of Directors. This budget also includes salaries and wages of support staff for the CEO, Executive Staff, and the budgets for Public Affairs, and Government & Stakeholder Affairs.

Budget Comparison and Walk-forward

	FY 2009 Actuals	FY 2010 Budget	FY 2011 Budget
Expenses (000s)			
Salaries & Wages	$2,303	$2,331	$2,405
Benefits	661	728	896
Contract Services	125	50	49
Equipment & Other Supplies	23	26	23
Insurance	0	0	0
Utilities	0	0	0
General, Administrative, & Other	621	570	389
Total Expenses	$3,733	$3,705	$3,762

Walk-forward from FY2010 Budget

	(000s)	Reference
FY 2010 Budget	$3,705	
Salaries & Wages	29	
Merit	45	G
Benefits	168	C,D
Contract Services	(1)	
General, Administrative, & Other	(181)	
Other, Net	(3)	
Total FY 2011 Proposed Budget	$3,762	

Total Airport Non-Departmental

The Total Airport Non-Departmental budget reflects the change in Operating Reserve, payroll accruals, and salary and benefits savings that are recognized at a Board wide, rather than departmental level.

Budget Comparison and Walk-forward

	FY 2009 Actuals	FY 2010 Budget	FY 2011 Budget
Expenses (000s)			
Salaries & Wages	$1,528	$1,350	$950
Benefits	6,932	(33)	(470)
General, Administrative, & Other	2	0	0
Total Expenses	$8,462	$1,317	$481

Walk-forward from FY2010 Budget

	(000s)	Reference
FY 2010 Budget	$1,317	
Salaries & Wages	(400)	
Benefits	(437)	D
Contract Services	0	
Total FY 2011 Proposed Budget	$481	

Non-Dept contained the pension fund contribution in FY2009. Salaries contain the payroll accrual and incentive plan budgets.

New Position Summary

Positions	FY 2010	Transfer to TRIP	Backfill TRIP Transfers	New TRIP Positions	New in FY 2011	FY 2011 Budget
Operating	1,851	(17)	12		44	1,890
Capital	76	17		16	0	109
Total	1,927	0	12	16	44	1,999

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Position Walk-forward

FY 2011 Position Summary

Division/Department/Section	FY2009	FY 2010	Transfers to TRIP	New Personnel	Backfill of TRIP Transfers	Transfer into TRIP	New TRIP	Total FY 2011
Executive Office	15	15						15
Public & Gov't Affairs	10	10						10
Legal	4	4						4
Audit Services	15	15	(2)			2		15
Administration & Diversity								
Human Resources	26	27	(1)		1	1		28
Internal Communications & Diversity	6	6						6
Procurement & Materials Mgmt	40	40	(1)		1	1		41
Risk Management	10	11	(1)	1		1	5	17
Business Development & Diversity	9	9	(2)		1	2	1	11
Total Admin & Diversity	91	93	(5)	1	3	5	6	103
Finance & ITS								
Finance	50	50	(1)		1	1		51
Treasury Management	8	8						8
Information Technology Services	115	120	(4)	2	3	4	1	126
Total Finance & ITS	173	178	(5)	2	4	5	1	185
Marketing & Terminal Management								
Air Service Development	9	9						9
Aviation Real Estate	8	8						8
Customer Service	121	121	(1)		1	1	2	124
Marketing Services	14	14						14
Total Marketing & Term Mgmt	152	152	(1)	0	1	1	2	155
Operations								
Airport Operations	112	112	(1)		1	1		113
Asset Management	180	180		1				181
Department of Public Safety	502	521	(2)	40	2	2		563
Energy & Transportation Mgmt	125	125						125
Environmental Affairs	29	29						29
Planning	14	14						14
Airport Development	88	88					7	95
Total Operations	1,050	1,069	(3)	41	3	3	7	1,120
Revenue Management								
Commercial Development	15	15						15
Parking Operations	359	359						359
Concessions	17	17	(1)		1	1		18
Total Revenue Management	391	391	(1)	0	1	1	0	392
Total DFW	1,901	1,927	(17)	44	12	17	16	1,999

Capital Budget

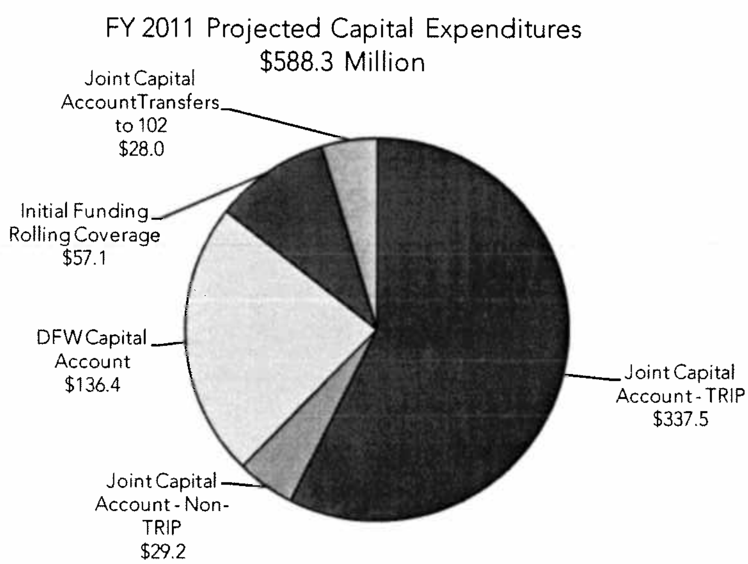
Under the terms of the new Use Agreement, there will be two capital funds: the DFW Capital Account and the Joint Capital Account.

The DFW Capital Account is DFW's discretionary account. It may be used for any legal purpose and does not require airline approval. DFW plans to use this fund for renewals and replacements, and other discretionary projects. The DFW Capital Account will be initially funded with $32 million of existing and unassigned beginning cash plus the cash related to all non-Joint Capital Account projects in progress as of September 30, 2010. Future funding for the DFW Capital Account will come from Net Revenues of the DFW Cost Center plus interest income. This money is deposited into the Joint Capital Fund on the first day of the next fiscal year. There are certain limitations to the amounts that can be deposited into the DFW Capital Account, but the limitations are not projected to take place until approximately FY 2015, so they are not discussed in this document. This will be discussed in more detail in the DFW Financial Plan that will be published later this summer.

The Joint Capital Account requires Airline approval for money to be spent; however as part of the new Agreement, the Airlines have agreed to fund the Terminal Renewal and Improvement Program and $220 million of other "pre-approved" projects from this Capital Account. The Joint Capital Account will be initially funded with all remaining unassigned cash as of September 30, 2010 plus cash associated with certain projects in progress at that time. Future funding for this account comes from natural gas royalties, sale of land proceeds, and interest income. As part of the new Use Agreement, a Joint Capital Account Transfer of $28 million will be made in FY 2011 to the Terminal Cost Center to lower terminal rentals. This transfer will be reduced by $4 million each year until it is totally phased out after seven years.

Projected Capital – Uses of Cash by Capital Account

DFW projects to spend approximately $588.3 million on capital expenditures in FY 2011 as summarized in the following chart.



The following table summarizes total projected capital expenditures for projects to be in progress during FY 2011.

Capital Budget (millions)	Actual FY 2009	Forecast FY 2010	Active Projects in FY 2011: Prior Years	Projected FY 2011	Future Years	Total Budget
DFW Capital Account	101.7	96.7	161.4	136.4	55.9	353.7
Joint Capital Acccount						
TRIP	0.0	0.4	43.5	337.5	TBD	TBD
Non-TRIP	37.9	5.2	5.1	29.2	95.8	130.1
Total Capital	$139.6	$102.4	$210.0	$503.2	TBD	TBD

The following table shows cash flow projections for the DFW capital projects. New projects are highlighted in blue and are subject to change.

DFW CAPITAL ACCOUNT Project Name	Prior Years	FY11	Future Years
Reclaimed Water System Phase I	$3.4	$10.3	$5.0
Rehab Airfield Pavements - 17L/35R, TWYs C,L,Q	1.0	7.3	0.1
Expand North Express (800 spaces - covered)	0.0	6.2	0.0
FY11 Rehabilitate Airfield Pavements	0.0	5.9	8.8
FY11 ITS Infrastructure/Hardware/Systems/	0.0	5.7	0.0
Rehab Lighting & Pavement-West Airfield FY10	0.6	5.1	2.9
Terminal D Improvements	5.5	4.5	0.0
FY10 Replace Passenger Buses	0.1	4.2	0.6
Public Safety Station 6	4.6	4.1	(0.0)
FY08 Rehab Landside Pavements	1.7	4.0	0.0
FY10 Express\Terminal Link Van Replacements	0.0	3.9	0.0
Rehabilitate Landside Roads & Bridges	0.0	3.7	0.0
FY09 Rehab Airfield Pavements	7.9	3.7	0.0
Structural Fire Trucks	0.0	3.4	0.0
CCTV System Head-End Expansion	1.3	3.1	0.7
Corporate Aviation (CA) Facility	0.1	2.9	0.0
FY11 Rehabilitate Airfield Lighting Systems	0.0	2.8	2.8
FY11 ADE Overhead	0.0	2.6	0.0
Replace Express Vans	0.0	2.2	0.0
CD Land Leasing Analysis	0.1	1.8	0.0
Fire Training Center Rehab (Construction)	0.0	1.8	20.6
Demolish 2 Skychefs Facilities	0.0	1.8	0.6
Air Service Incentive Program (ACIP)	4.9	1.8	0.3
Rehab Airfield Lighting FY10/11	7.6	1.7	(0.0)
Super Bowl 2011 Improvements / Repairs	0.4	1.7	0.0
Telephone System-Terminals/Board Bldgs	0.8	1.6	0.0
Rehab Water System FY06	5.0	1.5	0.0
FY07 Refurbish Fire System Components	0.4	1.5	0.0
Renew Roofing & Waterproofing FY08	2.7	1.5	(0.0)
Rehab Parking Lots FY08	2.1	1.4	(0.0)
Rehab Afld Pvmnts Full & Shallow R/W 18R (ESP)	1.0	1.4	(0.0)
ATSAC-Term A	34.5	1.4	0.0
Replace Structural Fire Truck	0.0	1.3	1.3
AODB/RMS Replacement	0.5	1.2	(0.0)
FY11 Natural Gas Reimbursable Salaries	0.0	1.0	0.0
Projects < $1M	75.4	26.7	12.4
TOTAL DFW CAPITAL ACCOUNT	$161.4	$136.4	$55.9

The following projects will be funded from the Joint Capital Account during FY 2011.

JOINT CAPITAL ACCOUNT	Prior		Future	FY11 Funding Source			
Project Name	Years	FY11	Years	DFW	Joint	Grants	Debt
Terminal Renewal/Improvement Program (TRIP)	$48.6	$337.5	TBD	$0.0	$0.0	$4.5	$362.2
Non-TDP							
Radio Simulcast (potential DHS grant reimb)		0.2	12.4				0.2
Elevated Water Tower construction		1.2	10.4				1.2
W Airfield/Mid-Cities Blvd Road Improves		0.5	23.3				0.5
No/So Parking Control Plaza		1.0	20.2				1.0
No/So Parking Admin Building		0.7	7.5				0.7
Parking Control System	1.6	12.3	9.1				12.3
Southwest Holdpad Deicing Site	1.5	4.1	0.0				4.1
CCTV Head-End Expansion 100% TSA Grant	0.0	4.5	1.5			4.5	
Rehab Landside Bridges FY08 (Terminal C)	2.0	0.0	(0.0)				0.0
Rehab Aircraft Deicing Fluid System	0.0	0.5	0.5				0.5
Rehab Open Storm Channels	0.0	1.0	3.0				1.0
Rehabilitate AOA Storm Sewers	0.0	0.8	2.3				0.8
Replace E AF Sanitary Sewer Lift Station	0.0	1.6	4.8				1.6
Rehab/Recon Water Pump Stations	0.0	0.2	0.0				0.2
Rehabilitate Energy Plaza - Utility Vault	0.0	0.4	0.4				0.4
Rehab Landside Roads/Bridges FY11	0.0	0.4	0.4				0.4
TOTAL JOINT CAPITAL ACCOUNT	$5.1	$29.2	$95.8	$0.0	$0.0	$4.5	$24.6
TOTAL JOINT + DFW CAPITAL ACCOUNT	$215.1	$503.2	TBD	$98.4	$0.0	$33.3	$402.0

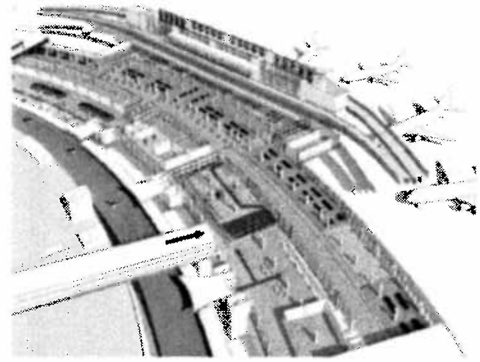
Capital Project Approval Process

In FY 2010, DFW management developed a ten year capital plan as the basis for negotiating the Use Agreement. The projects above were derived from that plan. Most of the new projects on the above list are officially in a "planning status." When the project manager is ready to initiate the project, they prepare a detailed capital worksheet including alternatives and present this to the Capital Committee for review and approval. Executive Management approval is required for projects over a certain limit. Projects on this list may be modified or eliminated if planning assumptions on costs and benefits do not materialize upon more detailed analysis. It is possible that new projects may come-up during the fiscal year due to the nature of an Airport. This "just-in-time" capital planning process provides flexibility to manage the process most effectively. From a process standpoint, the Board of Directors does not approve an overall capital budget; instead, the Board approves projects to be funded with bond proceeds before the bonds are sold and reviews individual capital projects as contracts for those projects are brought to the Board for approval.

Major Capital Project Descriptions

There are several major capital initiatives included in the FY 2011 Capital Budget including:

- Terminal Renewal and Improvement Program (TRIP) – As DFW's domestic terminals approach end of useful life, a major rehabilitation/redevelopment program is planned for terminals A, B, C and E. The current estimate is approximately $1.9 billion. Programming and design is currently underway, with construction scheduled to begin after February 2011 with completion scheduled in 2017. A final budget will be developed by the end of the fiscal year. Approximately $337.5 million is anticipated to be spent during FY 2011.



- Airfield Rehabilitation – To maximize the remaining useful life of DFW's airfield infrastructure, condition-based major rehabilitation is conducted annually. For FY 2011, approximately $30.9 million is planned for life-extending rehabilitation of airfield pavements and airfield lighting systems. These projects will be reimbursed with 75% AIP grants.

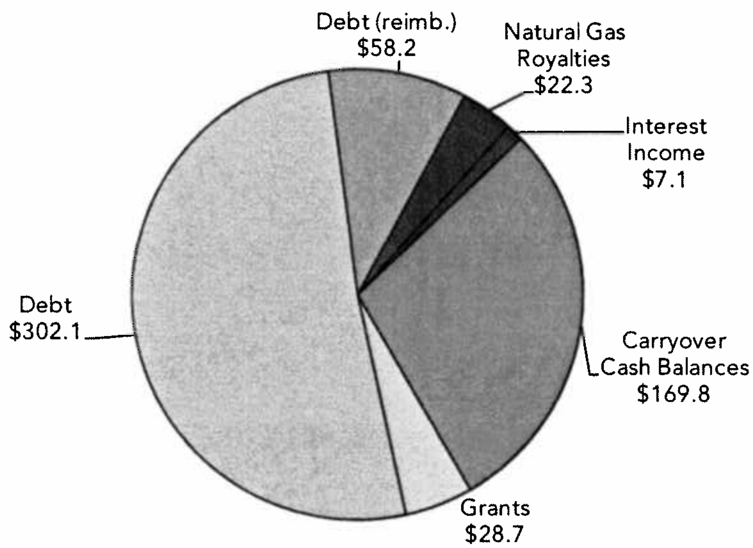
- Parking System and Infrastructure Renewal – As DFW's current parking system, toll booths and related infrastructure reach end of useful life and has surpassed its original design capacity, a major renewal is planned to design and install a new Parking Control System which will be capable of emerging business requirements and enhanced functionality. Additionally, the current north and south parking toll plazas and administration buildings will be renovated. Approximately $13.9 million is anticipated to be spent during FY 2011.

- Reclaimed Water System Expansion and Other Utility Infrastructure Renewal – Design and construction of infrastructure to receive, store, and distribute reclaimed water for use in irrigation, natural gas production, and process cooling operations. This project will provide a less expensive long-term sustainable non-potable water supply. Additionally, various utility systems are planned for renewal as they approach end of useful life, including planned construction of an elevated water storage tank at the northwest quadrant of DFW Airport to improve water distribution system reliabilities, efficiencies, and to meet fire flow demands. Approximately $23 million is anticipated to be spent during FY 2011.

Capital Projects - Sources of Cash

DFW's capital programs are funded from a variety of sources as shown in the following chart. The table highlights the walk forward of DFW's capital funds.

FY 2011 Capital Sources of Cash
$588.3 Million



Airport Capital Funds Walkforward
(In Millions)

Capital Walkforward (millions)	Joint Capital	DFW Capital	Total
Beginning Cash Per Use Agreement (10/1/10)	$81.4	$32.0	$113.4
Assigned Balances	115.9	173.9	289.8
Beginning Available Cash (10/1/10)	$197.3	$205.9	$403.3
Sources of Funds:			
Grants	$4.5	24.2	28.7
Debt	286.9	15.2	302.1
Debt (reimbursement)	50.3	8.0	58.2
Natural Gas Royalties	22.3	-	22.3
Interest Income	6.2	1.0	7.1
Total Sources	$370.2	$48.3	$418.5
Less:			
Capital Uses	($366.7)	(136.4)	(503.2)
Joint Capital AccountTransfers to 102	(28.0)	-	(28.0)
Initial Funding Rolling Coverage	(57.1)	-	(57.1)
Total Uses	(451.8)	(136.4)	(588.3)
Total Ending Cash Balance	$115.7	$117.8	$233.5
Less: Unspent Assigned	(16.8)	(102.8)	(119.7)
Add: Cash From DFW Cost Center	-	50.2	50.2
Unassigned Balance Available	$98.9	$65.2	$164.1

Natural Gas Proceeds

Natural Gas Proceeds will be deposited into the Joint Capital Account. The following table shows current programming to date of the $186 million of proceeds for the one-time bonus paid to DFW in October 2007. Beginning in FY 2011, the $51 million uncommitted balance reflected below will transfer over to the new capital accounts.

Natural Gas Sources and Uses (millions)	Amount
Sources	
One-Time Bonus Payment	$186
Investment Earnings (Estimated through Sep-10)	16
Natural Gas Royalty Revenue (Through Sep-10)	78
Total Sources Through FY 2010:	279
Uses (Actual + Remaining Commitments):	
Reimburse Owner Cities for original contribution	(20)
777 Program -Transfer to 102	(28)
777 Program - Transfer to 302	(28)
Terminal Improvement Program	(45)
FY 2010 Cash Transfer to 102	(5)
Terminal Projects:	(63)
Commercial Development Projects:	(22)
Other Projects:	(12)
Total Uses Programmed Through FY10:	(222)
Unassigned Balance (Through September 2010)	$51

Debt Issuances

DFW projects to borrow between $500 million and $1 billion during FY 2011, primarily to fund the TRIP and other projects. DFW must have cash available to pay for contracts as they are let. DFW's debt plans will be finalized later in the fiscal year when the timing, phasing and final TRIP budgets are established. This information will be included in the DFW Financial Plan when it is published later in the year.

Grant Funds - Airport Improvement Program

Airport Improvement Program (AIP) grants are issued by the FAA on an annual basis for entitlement and discretionary purposes. Entitlements are funds allocated to airports based on passenger and cargo enplanements. Airports compete for and are awarded discretionary funds based on a priority system administered by the FAA. The following table highlights the FAA entitlement and discretionary funds projected to be outstanding in FY 2011.

Federal AIP Grant Summary (000s)

Grant Number	Award Date	Grant Amount	Grant Drawdowns: Prior Years	Grant Drawdowns: Balance 9/30/10	Grant Drawdowns: Proj. FY 2011	Balance 9/30/11
Entitlement						
89-09	25-Jun-09	$9,213	$4,606	$4,607	$4,607	$0
95-10	24-Mar-10	4,784	0	4,784	4,784	0
TBA-10	Unknown	4,784	0	4,784	0	4,784
Total Entitlement		18,781	4,606	14,175	9,391	4,784
Discretionary						
91-09	17-Jun-09	8,642	4,321	4,321	4,321	0
92-09	11-Sep-09	1,200	200	1,000	1,000	0
93-10	29-Dec-09	2,315	300	2,015	2,015	0
Total Discretionary		12,157	4,821	7,336	7,336	0
Totals		$30,938	$9,427	$21,511	$16,727	$4,784

The FY 2010 entitlement grant requested funding for the following projects:

2010 AIP Grant Appl ($000s)	AIP	DFW	Total Cost
Rehab Airfield Aprons	$ 451	$ 382	$ 833
Rehab Airfield Lighting	607	913	1,520
Rehab Airfield Pavements	6,142	3,754	9,896
Airfield Pavement Evaluation	338	112	450
Purchase Friction Tester	52	18	70
Design/CM/Equip Fire Training	1,623	610	2,233
Runway Extension LOI	6,000	-	6,000
Rehab Runway 13L/31R	7,370	1,272	8,642
Total	$ 22,583	$ 7,061	$ 29,644

The Airport is scheduled to receive $6 million in FY 2010 for the reimbursement under an FAA Letter of Intent ASW-00-1 signed May 2001 to provide federal funding for the design and construction of Runway Extension 17C, 18R, and 18L and the Northwest Holding Apron projects. The FY 2010 payment will represent the 11th of 11 agreed-upon installment payments from the FAA.

Consolidated Rental Car Facility/Facility Improvement Corporation

In March 2000, DFW Airport consolidated the North and South Rental Car Facilities into a single consolidated facility just south of the South Remote Parking lot. This facility was constructed with two Facility Improvement Corporation (FIC) bond sales totaling $159.6M (Series 1998 and 1999). These bonds were secured solely by a $4 transaction fee per daily car rental which is also used to pay for RAC capital projects. In January 2008, DFW and the Rental Car Companies entered into an agreement whereby DFW will begin collecting a Customer Transaction Charge (CTC), to cover the maintenance and operating expenses of the RAC bus fleet which was previously paid by the Rental Car Companies. The current CTC fee is $2.20 per transaction day and will be adjusted to collect actual costs.

Approximately half of the forecasted FY 2011 capital expenditures are for replacement of eight (8) RAC buses. This is a continuation of a phased replacement of 46 original buses which have been in service since the RAC opened in 2000. This bus fleet replacement program entails conversion to cleaner burning Compressed Natural Gas (CNG) to further DFW's efforts to achieve the highest level of environmental leadership. Additionally, these CNG-fueled bus purchases are expected to qualify for a Texas Emissions Reduction Program (TERP) grant totaling approximately $1.3M.

RAC Residual Account (000s)	2009 Actual	2010 Outlook	2010 Budget	2011 Budget
Transaction Days	4,128	4,026	4,094	4,169
Beginning Cash Balance	$21,682	$23,146	$23,146	$10,124
Revenues:				
$4 Customer Facility Charge	16,510	16,104	16,376	16,676
$2.20 Customer Transp. Charge	9,270	8,857	9,007	9,172
Investment Earnings	430	215	289	187
TERP grant for CNG buses	0	0	0	1,300
Gross Revenue	26,210	25,176	25,672	27,334
Expenses:				
Busing Operations Expense	(9,343)	(9,007)	(9,007)	(9,172)
Total Expenses	(9,343)	(9,007)	(9,007)	(9,172)
Net Income from Operations	16,867	16,169	16,666	18,162
Less: Debt Service Expense	(14,690)	(14,681)	(14,681)	(12,951)
Less: Capital Expenditures	(300)	(14,453)	(14,910)	(6,251)
Less: Administrative Fees	(413)	(57)	(87)	(62)
Income after Debt Service & Capex	1,465	(13,022)	(13,012)	(1,101)
Ending Cash Balance	$23,146	$10,124	$10,134	$9,023

Grand Hyatt Hotel/PFIC

In July 2005 DFW Airport opened a 298 room Grand Hyatt Hotel located on top of DFW Airport's new International Terminal D. This $62.3M hotel was financed through the Public Facility Improvement Corporation (PFIC) in 2001. The PFIC was created by the Airport Board to provide financing and management for the Grand Hyatt Hotel. Debt service incurred from construction of the Grand Hyatt is funded from Hotel operating profits. In the event Hotel revenues are insufficient to cover debt service, DFW Airport's Discretionary 302 fund will guarantee any shortfalls. The Airport Board is required under the PFIC Rules and Regulations to approve the annual budget. The annual budget for FY 2011 is as follows:

As specified in the Trust Indenture for the PFIC, the distribution of net revenues generated from the Grand Hyatt operations, flows to three (3) DFW-controlled accounts. The following table shows projected cash balances of those funds:

Grand Hyatt Owners Cash Walkforward (000s)	Surplus Redemption	FF&E	Capital	Total
Est. Beginning Cash Balance - October 1, 2010	$18,173	$1,451	$2,616	$22,240
Net Operating Income from Grand Hyatt *	4,908			4,908
FF&E Cash Flow Distribution (5% of Revenues)	(1,366)	1,366		0
Capital Cash Flow Distribution (2% of Revenues)	(546)		546	0
Less: Debt Service	(4,527)			(4,527)
Less: FY11 FF&E Expenditures (est) *		(1,000)		(1,000)
Less: FY11 Capital Expenditures (est) *	(13,000)		0	(13,000)
Add: Investment Earnings	226	9	33	268
Ending Cash Balance (September 30, 2011)	$3,869	$1,826	$3,195	$8,890

* Estimated - Hyatt has not yet completed their budget for FY2011

As DFW's Grand Hyatt Hotel has only been open since 2005, only minor FF&E and Capital expenditures have been needed thus far. The Hotel's first renovation is scheduled for FY 2011 which has required design funding for FY 2010. Major rehabilitation is not expected until sometime in the 6 – 8 year time frame. Current and forecasted funding balances are projected to be sufficient to meet all future Capital and FF&E hotel needs.