EXHIBIT A

August 1, 2023

Mr. Henry Borbolla III, Chair
Ms. Gloria M. Tarpley, Vice Chair
Mr. Vernon Evans, Secretary
Mayor Eric Johnson
Mayor Mattie Parker
Mr. Vincent Hall
Mr. Ben Leal
Mr. William Meadows
Mr. Raj Narayanan
Mr. Mario Quintanilla
Ms. DeMetris Sampson
Ms. Darlene Freed

Dear Board Members:

The FY24 Budget demonstrates DFW's resiliency and continued strong growth with record passengers, non-airline revenues, and net revenues to the DFW capital account. It also reflects the current economic reality of inflation and a tight labor market in almost all areas. The FY24 Budget is based on the terms of the new Use Agreement which impacts cost allocations and how rates and charges are established. Also, DFW used its remaining $100 million of Federal Relief Proceeds (FRPs) in FY23 so there are no FRPs left to offset airline costs in FY24.

Since the negotiated new Use Agreement dictated a new business model and there were no more FPRs to subsidize airline cost, management's focus during budget development was to ensure that the total cost per enplanement (CPE) in FY24 was as close to, or lower than, the amount negotiated with the airlines. The following table compares airline cost and CPE as negotiated as part of the Use Agreement (i.e., the Financial Plan) for FY24 and the FY24 Budget. It also shows that management's budget goal to reduce CPE was attained.

	Financial Plan	FY24 Budget	Variance $	Variance %
Airline Cost (Ms)	$607.9	$613.3	$5.4	0.9%
Cost per Enplanement	$14.72	$14.68	-$0.04	-0.3%

Sean Donohue,
Chief Executive Officer
Dallas Fort Worth
International Airport
P.O. Box 619428
DFW Airport, TX 75261-9428

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The total FY24 Budget request, as shown in the following table, includes the traditional request for $10 million of Board controlled contingency outside the rate base.

Annual Expenditures (in Millions)	FY23 Outlook	FY24 Budget	FY24 vs FY23 Increase (Decrease) Amount	FY24 vs FY23 Increase (Decrease) Percent
Operating expenses	$623.8	$672.4	$48.7	7.8%
Gross debt service	540.9	570.8	29.9	5.5%
Total expenditures budget within rate base	$1,164.6	$1,243.2	$78.6	6.7%
Board contingency outside rate base	10.0	10.0		
Total budget with contingency	$1,174.6	$1,253.2		

The operating expense budget is up $48.7 million (7.8%) due to costs related to increased passengers, fixed contract increases, inflation in service contracts, parts, and utilities, and continued investments in digital technology. The debt service budget is up $29.9 million (5.5%) due primarily to new debt issued during FY23 (including new debt for two American Airlines facilities) and the planned issuance of $300 million of new debt in FY24.

Copies of the Proposed FY24 Budget, a redlined version of the FY24 Schedule of Charges, and the related Official Board Actions (OBAs) are enclosed for your review. An overview of the FY24 Budget and FY24 Schedule of Charges will be presented to the Finance/Audit Committee on Tuesday, August 8 and the full Board on Thursday August 10.

If you have any questions, please contact me or Chris Poinsatte.

Regards,

Sean Donohue
Chief Executive Officer

Attachments

cc: Executive Management Team
Abel Palacios

Sean Donohue,
Chief Executive Officer
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EXHIBIT A

FY 2024 Proposed Budget

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

EXHIBIT A

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Introduction

Board of Directors


Henry Borbolla III
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Darlene Freed
Mayor Pro Tem
Grapevine

DFW'S Vision Statement

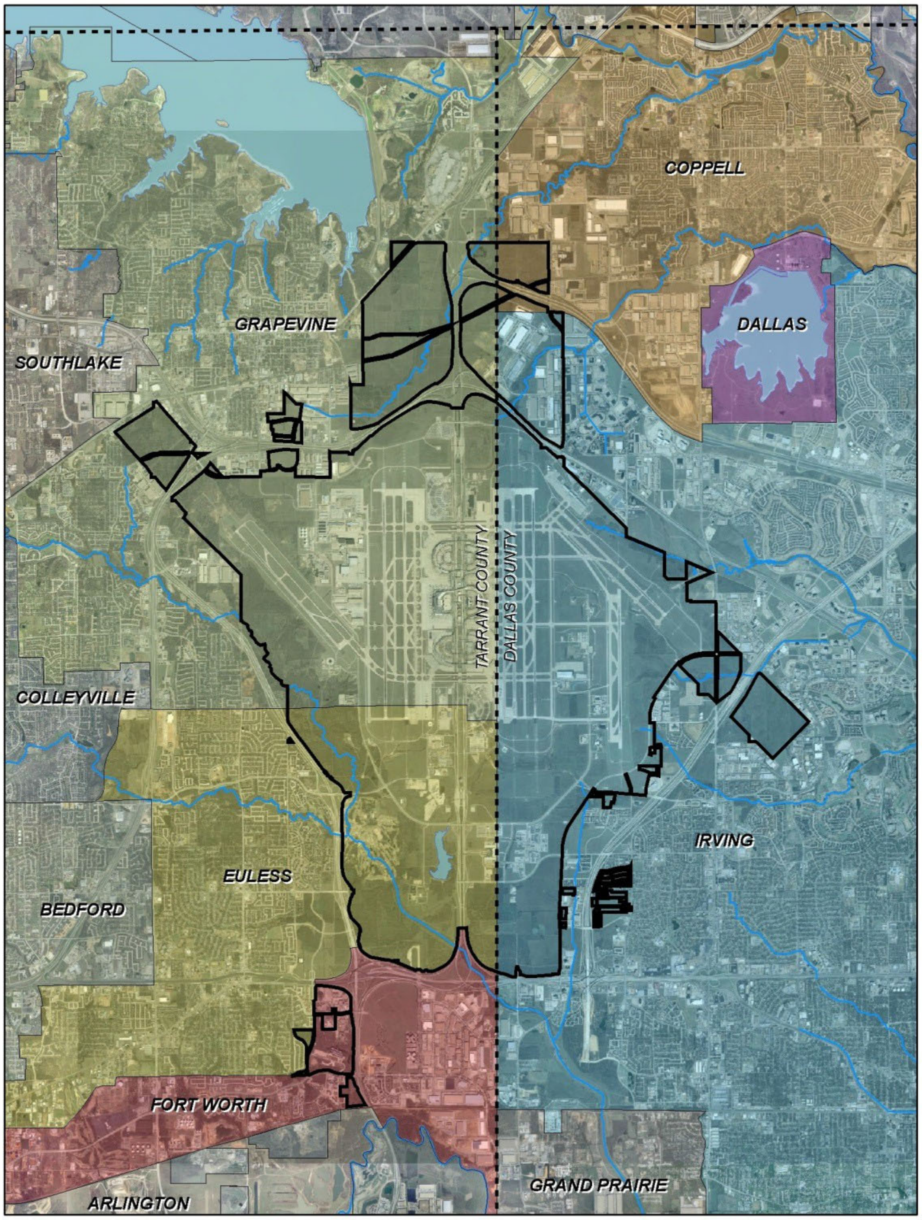
Travel. Transformed.

DFW'S Mission Statement

We discover new ways to care for our customers, inspire our employees, and strengthen our communities to create an exceptional Airport experience. Every Day.

Airport Background

The Dallas Fort Worth International Airport Board (the "Airport" or "DFW") was created by a Contract and Agreement between the Cities of Dallas and Fort Worth (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, Euless and Fort Worth, and within Dallas and Tarrant counties.

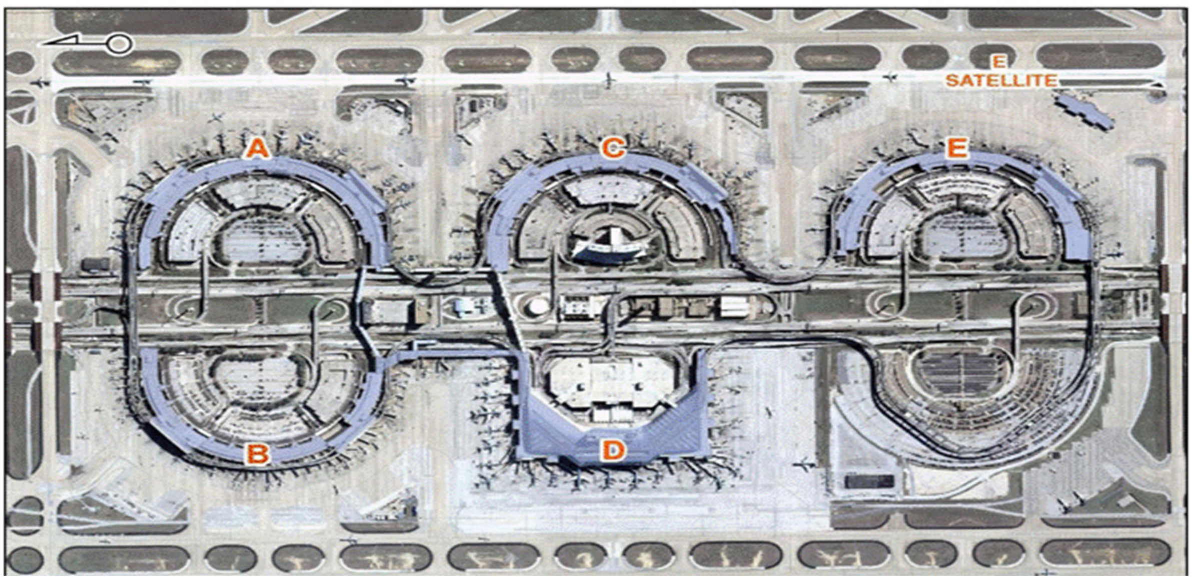


Source: DFW Airport Information Services Technology

DFW consists of 26.9 square miles (17,183 acres), one of the largest land mass airports in the world. Celebrating nearly 50 years of operations, DFW is one of the most connected airports worldwide. Globally, DFW is the second busiest airport based on passengers and total nonstop destinations and the third busiest airport based on operations. As of June 28, 2023, DFW operated daily passenger flights to 254 destinations worldwide, including 191 nonstop domestic destinations and 63 nonstop international destinations. DFW is located within a four-hour flight time of 98% of the U.S. population and its central location is the focal point of one of the nation's largest intermodal hubs, connecting air, rail and interstate highway systems. DFW is known as the economic engine for North Texas, serving as the grantee/operator of Foreign Trade Zone No. 39.

Terminals

The Airport has five terminals (A, B, C, D and E) totaling 7 million square feet of building space, with approximately 170 aircraft boarding gates, 361 ticketing positions, including self-service kiosks, and 15 security checkpoints, eight of which have Transportation Security Administration (TSA) precheck checkpoints. The Airport opened the newly constructed High-C Gates in Terminal C (Gates C35 – C39) in FY22.



DFW Terminal Complex

American Airlines (American or AA) operates mainline domestic service in Terminals A, B, C and D. All of American's international arrivals are in Terminal D. Their international departures are primarily in Terminal D, with several operated from Terminals A and C. American Eagle operates regional domestic service in Terminals B, D and E. The airline's international arrivals are in Terminal D with international departures in Terminals B, D and E. Most other airlines' domestic flights operate from Terminal E. Except for pre-cleared international flights, other international arrivals and most departures operate from Terminal D, with a few international departures in Terminal E.

Terminal D has 2.8 million square feet and 30 gates. Seventeen gates are preferentially leased to American Airlines. The remaining 13 gates are common use. The preferential gate lease is under the new 10-year Use and Lease Agreement (Use Agreement), effective October 1, 2023.

The Airport's U.S. Customs and Border Protection (CBP) facilities are in Terminal D. This facility has the capacity to handle approximately 2,800 international customers per hour and customers can retrieve their luggage from any one of eight bag carousels.

The Airport is responsible for custodial services in all Terminals while American is responsible for facilities maintenance in Terminal A, Terminal C and the Terminal E satellite. American also handles the maintenance of the Terminal D baggage system, the leased boarding bridges in Terminal D, and six boarding bridges in Terminal B. The Airport handles facilities maintenance for the balance of Terminals B, D and E, and outsources most of the maintenance and janitorial functions to third parties. The costs associated with the Airport's maintenance of these facilities are included in DFW's operating budget. The costs of maintenance activities paid directly by American Airlines are not included in the Airport's operating budget or financial statements.

Airfield

DFW is one of the highest capacity airports in the world with seven runways: two diagonal runways and five north/south parallel runways. Four of the Airport's parallel runways are 13,400 feet in length. The Airport has the capacity to land, park and gate the A380, currently the largest passenger airliner in the world. The Airport's designated hourly capacity arrival/departure flow is approximately 170 aircraft operations per hour under reduced instrument flight conditions and approximately 226 to 264 aircraft operations per hour under optimum visual flight conditions, a condition that prevails approximately 94% of the time.

Integrated Operations Center (IOC)

The IOC provides "360-degree situational awareness" of all Airport operations with a common, complete operating picture from both customer and operator perspectives. DFW continues to enhance the mission effectiveness of the IOC by integrating processes to be more efficient, collaborating with stakeholders to optimize value and selectively adding tools that provide targeted efficiencies.

Skylink Automated People Mover (APM)

The Skylink APM system carries approximately 129,000 passengers and employees each day (47 million annually prior to the COVID-19 pandemic) between DFW's five terminals. Skylink trains are on the secure side of the terminals and travel in concentric loops in both directions. There are two Skylink stations in each terminal and trains average two-minute headways. Skylink normally operates around the clock with 16 two-car trains.

DFW Controlling Documents

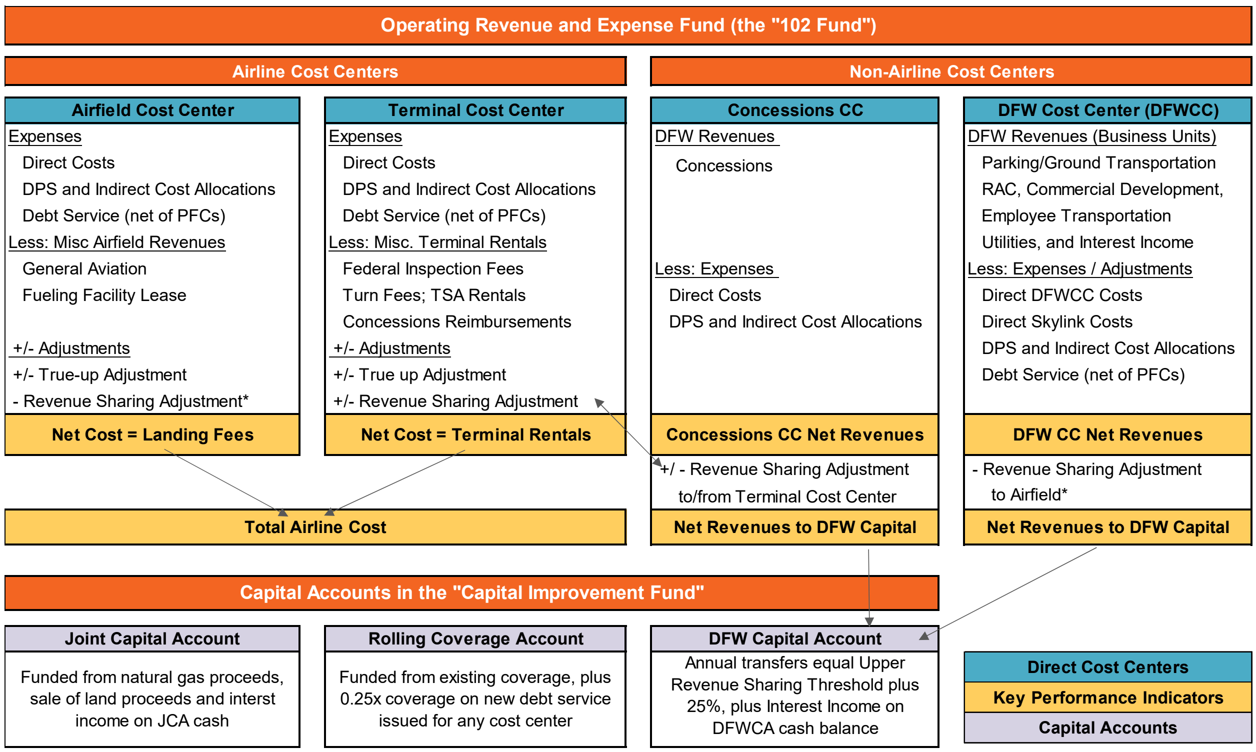
DFW is governed by several key documents, including the Contract and Agreement, signed by the Cities of Dallas and Fort Worth, to own and operate the Airport, the Master Bond Ordinance and the Use and Lease Agreements with the Signatory Airlines. Collectively, these agreements are called the Controlling 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 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, proceeds transferred from a Capital Account, grant proceeds used to fund capital projects, and any sale of land or mineral rights (including natural gas royalties), and revenues of the Public Facility Improvement Corporation (PFIC).

Strategic Plan

DFW Airport adopted the organization's current Strategic Plan in FY22. The structure of the plan is shown below. DFW's Strategic Plan is available at:
https://www.dfwairport.com/business/about/strategicplan/

DFW's Airline Use Agreement Rate Model

The Airline Use Agreement is a hybrid model, whereby the Signatory Airlines pay landing fees and terminal rentals based on the net costs to provide those services. DFW retains a portion of the net revenues from non-airline business units (e.g., parking) in the DFW Cost Center (DFWCC). The following chart summarizes the Use Agreement rate model that becomes effective in FY24.



* Revenue sharing to Airfield only occurs if Concessions CC net revenues are not sufficient to meet the revenue sharing formula in Section 5.7(c)(i) of the Use Agreement.

Airline Cost Centers

The Airline Cost Centers (consisting of Airfield Cost Center and the Terminal Cost Center) are cost recovery in nature, such that the amount charged to the airlines equals the net cost to DFW to provide those facilities and services, after certain adjustments. Landing fees and terminal rental rates are based on the net cost to operate, maintain and finance the airfield and terminals, respectively. DFW charges the direct operating and maintenance costs for the airfield and terminals, plus allocated Department of Public Safety (DPS) costs and indirect operating costs, plus debt service net of PFCs to each cost center; then DFW subtracts ancillary revenues generated in these cost centers and credits or charges certain transfers and/or adjustments (see Revenue Sharing Adjustments and True-Up Adjustments below).

The budgeted landing fee rate is determined by dividing the net cost of the Airfield Cost Center by projected landed weights. The budgeted terminal rental rate is determined by dividing the net cost of the Terminal Cost Center by total airline leased square footage. The Airport charges an equalized terminal rental rate for all five terminals.

Concessions Cost Center (CCC)

Terminal concessions revenues paid to the Airport along with the associated direct expenses plus allocated DPS and indirect costs for terminal concessions are included in the CCC. A portion of the Net Revenues derived from this cost center may be transferred to the Terminal Cost Center to reduce terminal rents with the remainder, if any, transferred to the DFW Capital Account.

DFW Cost Center (DFWCC)

The DFWCC includes all revenues, interest income, direct expenses, allocated DPS and indirect expenses, and debt service net of PFCs for the non-airline business units, except for terminal concessions. The DFWCC also pays for the costs associated with the Skylink people mover system. A portion of the Net Revenues from this cost center may be transferred to the Airfield Cost Center to reduce landing fees with the remainder transferred to the DFW Capital Account.

Joint Capital Account (JCA)

Funds in the JCA generally require DFW and Signatory Airline approval before money can be spent. The JCA is funded from the proceeds from natural gas royalties and the sale of land, plus interest income on the JCA. Supplemental funding for projects paid from the JCA may come from grants and/or the issuance of debt.

Rolling Coverage Account

The Rolling Coverage Account was established by the Use Agreement to implement “rolling coverage.” Each year, the Rolling Coverage Account is rolled into the Operating Revenue and Expense Fund as a source of revenue and then transferred back into the Rolling Coverage Account as excess revenue at the end of the year. The Rolling Coverage Account must equal 25% of aggregate debt service each year. If new debt is issued during a fiscal year or if the Rolling Coverage Account balance is otherwise reduced, rates under the Use Agreement are established to generate the incremental coverage required to fund 25% of the new debt service.

DFW Capital Account

This is DFW’s discretionary account and is funded from Net Revenues from the DFWCC and CCC (after the Revenue Sharing Adjustments), plus interest income from the DFWCA. Supplemental funding for projects paid from the DFW Capital Account may come from grants, insurance proceeds and/or the issuance of debt. Funds in this account may be used for any legal purpose without airline approval.

Revenue Sharing Threshold and Adjustments

The Use Agreement established a Lower Threshold Amount and an Upper Threshold Amount (the “Threshold Amounts”), which are increased annually by 3.5% or CPI, whichever is higher. The base Lower Threshold Amount is $56,202,018 and the base Upper Threshold Amount is $84,303,371 in FY24. The benefit of Lower Sharing Threshold and the Lower Threshold Revenue Sharing Adjustment is that it guarantees that DFW will have a minimum level of cash to transfer to the DFW Capital Account each year to pay debt service and replace assets on a timely basis.

DFW's Fund Structure

Although DFW uses the word "fund" to describe the designation of the source and prospective use of proceeds, DFW is an enterprise fund and does not utilize fund accounting commonly used by government organizations. The following table summarizes DFW's primary funds.

Number	Fund Description	Primary Use
101	Fixed Assets and Long-Term Debt	Capital Assets/Bonds
102	Operating Revenues and Expenses	Operations
252	Passenger Facility Charges (PFC)	Collections/Debt Service
320s/330s	Joint Capital Account and Bond Funds	Capital/Bond Proceeds
340s	DFW Capital Accounts and Bond Funds	Capital/Bond Proceeds
500-600s	Debt Service and Sinking Funds	Principal and Interest
907/910s	Public Facility Improvement Corporation (PFIC)	RAC/Hotels/Campus West/19th Street Cargo

DFW's financial statements are issued in conformance with Generally Accepted Accounting Principles (GAAP) and include all DFW's funds, whereas the Annual Budget focuses on revenues and expenses included in the 102 Fund only. DFW's day-to-day operating business with the airlines is transacted in the 102 Fund in accordance with the Controlling Documents.

Public Facility Improvement Corporation (PFIC)

The DFW Airport PFIC owns and operates the Grand Hyatt Hotel in Terminal D and the Hyatt Place Hotel in Southgate Plaza, as well as the Rental Car Facility (RAC) and rental car bus transportation services, and an office complex on the west side of the Airport (called Campus West). Revenues, expenses and capital projects of the PFIC are not included in this budget document. These businesses are excluded from the airline rate base and are not part of the Use Agreement. DFW issued bonds to refinance the bonds issued by the PFIC for the construction of the Grand Hyatt Hotel. This debt service is recorded in the 102 Fund. The PFIC transfers funds in an amount equal to the Grand Hyatt's debt service so that there is no impact on the airline rate base.

Basis of Budgeting

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

Capital expenditures are funded through Joint Revenue Bonds, grants, PFCs or cash in the DFW or Joint Capital Accounts. From a process standpoint, the Board of Directors approves the Operating Budget. The Board reviews the capital budget shown in this document as part of the Annual Budget process but does not approve the capital budget.

The Board approves a total annual budget each year that consists of operating expenditures and debt service. Management has authority to move money between budget categories. The FY24 budget includes contingency fund outside the rate base that required Board approval ($10 million).

Presentation of Amounts and Prior Years Actuals

The FY24 Budget is presented in tables and charts that are rounded to millions and thousands. Some columns and charts may not appear to add-up or foot due to rounding differences. Certain prior year amounts have been reclassified to reflect the FY24 presentation.

Budget Schedule

DFW's fiscal year begins October 1. The FY24 Expenditure Budget was compiled by the various DFW departments in June and reviewed and modified by executive management in June and July. Presentations were made to representatives of the Signatory Airlines on June 22, 2023, with follow-up information provided a few weeks later on July 21, 2023. The proposed FY24 Budget is presented to the Finance/Audit Committee and the DFW Board on August 8 and 10, 2023, respectively. On August 10, 2023, the DFW Board approves the submission of the budget to the City Managers of Dallas and Fort Worth. The budget is transmitted to the Cities by August 15 and the two City Councils are required to approve the budget by September 30, 2023.

Executive Summary – FY24 Budget

The FY24 Budget demonstrates DFW's resiliency and continued strong growth with record passengers, non-airline revenues and net revenues to the DFW capital account. It also reflects the current economic reality of inflation and a tight labor market in almost all areas. The FY24 Budget is based on the terms of the new Use Agreement, which impacts cost allocations and how rates and charges are established.

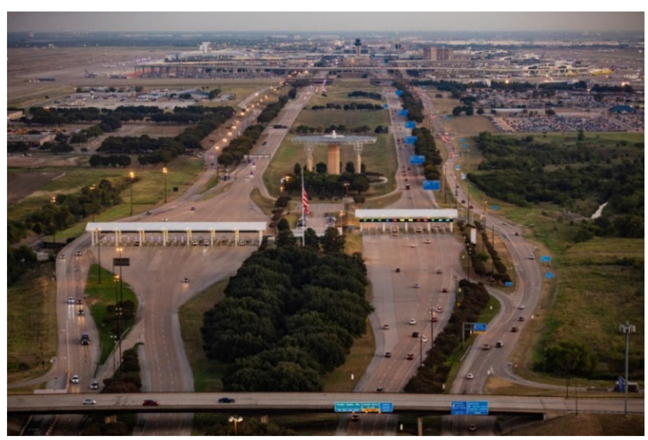
Since the negotiated new Use Agreement dictated a new business model and cost structure, management's focus during budget development was to ensure that the total cost per enplanement (CPE) to the airlines to operate at DFW in FY24 was as close to, or lower than, the amount negotiated for FY24. The following table compares airline cost and CPE as negotiated as part of the Use Agreement (i.e., the Financial Plan) for FY24 and the FY24 Budget. It also shows that management's budget goal to reduce CPE was attained.

	Financial Plan	FY24 Budget	Variance $	Variance %
Airline Cost (Ms)	$607.9	$613.3	$5.4	0.9%
Cost per Enplanement	$14.72	$14.68	-$0.04	-0.3%

DFW has recovered more quickly than other large-hub airports around the world primarily due to increased air service provided by American Airlines (American or AA).

- **Passengers** are budgeted at **a record 81.6 million** in FY24, a 2.6 million (3.2%) increase over the FY23 Outlook and ***11.4% higher than FY19*.**
- **Non-airline revenues** are budgeted at a **record $520.4 million** in FY24, a $20.2 million (4.0%) increase over the FY23 Outlook and ***30.3% higher than FY19*.**
- **Non-airline net revenues** are budgeted at $229.9 million in FY24, a $13.1 million (5.4%) decrease from the FY23 Outlook primarily due to new debt service allocations included in the new use agreement (see below). However, this is still ***50.9% higher than FY19*.**
- **Net revenues transferred to the DFW capital account** are budgeted in FY24 at a **record of $120.7 million.**

The FY24 Expenditure Budget is $1.243 billion, a $78.6 million (6.7%) increase from the FY23 Outlook.



- The FY24 Operating Expense Budget is $672.4 million, a $48.7 million (7.8%) increase from the FY23 Outlook primarily due to costs related to increased passengers, fixed contract increases, inflation in service contracts, parts, and utilities, continued investments in digital technology and restoration of CEO contingency.
- The debt service budget is $570.8 million, a $29.9 million (5.5%) increase from the FY23 Outlook primarily due to new debt issued in FY23, including for two AA facilities, and the planned issuance of $300 million

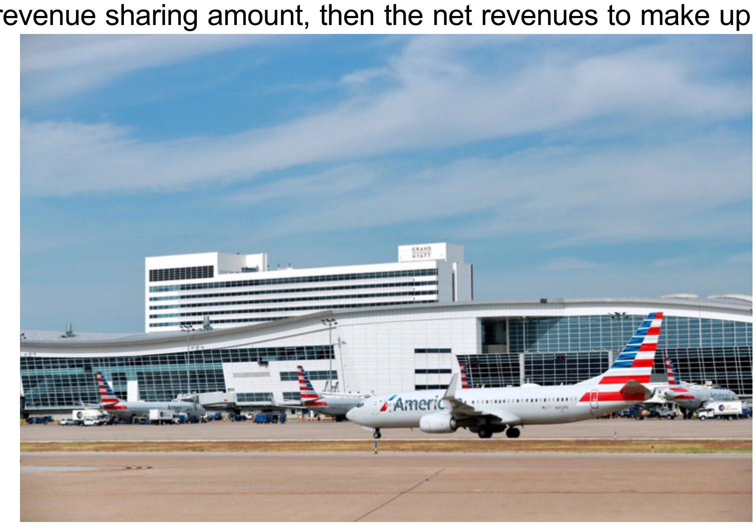
commercial paper in FY24, partially offset by savings from past refundings.

- DFW used its remaining $100 million of Federal Relief Proceeds (FRPs) in FY23 so there are no FRPs remaining to help offset airline costs in FY24.
- Airline costs and CPE are budgeted to increase $139.3 million (29.4%) and $2.81 million (23.7%) from the FY23 Outlook, respectively, largely because $100 million of FRPs were used in FY23 to reduce airline costs. *Without FRPs in FY23, the increases in airline costs and CPE would be $39.3 million (6.8%) and $0.28 (1.9%), respectively. The increased airline costs will result in higher landing fees and terminal rental rates.* **It is important to note that the airlines were fully aware, as part of the Use Agreement negotiations, that their costs would increase to these levels in FY24.**

New Use and Lease Agreement

DFW signed a new 10-year Use and Lease Agreement (Use Agreement) with signatory airlines that becomes effective for FY24. The following section highlights the major business terms of the new Use Agreement and how the terms are different from the prior agreement:

- Rates and charges are calculated based on **four primary cost centers**: airfield, terminal, concessions cost center (CCC) and DFW cost center (DFWCC). The CCC is new. *It was added so that most of the revenue sharing could be made to the terminal cost center, rather than only the airfield cost center in the past agreement.*
- The **upper threshold** increases annually by 3.5% or the change in the consumer price index (CPI), whichever is higher. The prior agreement allowed CPI adjustments only. *This ensures that the DFW net revenues transferred to the DFW Capital Account will always increase.*
- The **airline revenue share** is first transferred from the CCC to reduce the net terminal cost center, rather than reducing the net airfield cost center in the past. If CCC net revenues are insufficient to achieve the total revenue sharing amount, then the net revenues to make up the difference are transferred from the DFWCC to the airfield cost center. *This change results in lower terminal rentals and higher landing fees.*



- **Federal inspection services (FIS) facility fee** is set at $7.70 per international deplaning passenger and adjusted by CPI annually.
- **Common use turn fees** for use of common use gates and space are calculated based on cost recovery in the new agreement rather than the change in the terminal rental rates in the past agreement. *This has the impact of reducing the cost to the Other Airlines over time.*
- **Debt service and passenger facility charges** (PFCs) are allocated to cost centers based on the cost center that benefited from the financed asset. In the prior agreement, debt was allocated based on fixed percentages. *This results in different net debt service allocations*

to the cost centers and generally shifts net debt service cost from the airfield to the terminal and DFW cost centers.

- The new agreement includes **$4.9 billion of pre-approved capital projects** including the Central Terminal Area (CTA) Expansion Program, a new Terminal F and 19 Infrastructure Capital Program (ICP) projects. *This will ultimately drive the addition of more debt in the future, primarily in FY25 and FY26. The FY24 budget assumes $300 million of new money.*

FY24 Budget Comparisons and Walkforward

The table below compares the Expenditure Budget between the FY23 Outlook and the FY24 Budget. The FY24 Expenditure Budget (within the rate base) is $1.243 billion, a $78.6 million (6.7%) increase from the FY23 Outlook. The total expenditure budget within the rate base is used to calculate airline rates and charges (e.g., landing fees and terminal rental rates) per the terms of the Use Agreement.

			FY24 vs FY23 Increase (Decrease)	
Annual Expenditures (in Millions)	FY23 Outlook	FY24 Budget	Amount	Percent
Operating expenses	$623.8	$672.4	$48.7	7.8%
Gross debt service	540.9	570.8	29.9	5.5%
Total expenditures budget within rate base	$1,164.6	$1,243.2	$78.6	6.7%
Board contingency outside rate base	10.0	10.0		
Total budget with contingency	$1,174.6	$1,253.2		

The Airport has historically requested $10 million of Board contingency as part of its budget request from the Owner Cities. This contingency can only be used with approval of the DFW Airport Board of Directors, which includes the mayors of Dallas and Fort Worth. This contingency has been used in the past when non-airline revenues are significantly higher than budget and when large and unexpected expenses are required, such as a new security requirement or when the Airport desires to make an incremental contribution to its pension plans.

Operating Expense Budget Walkforward

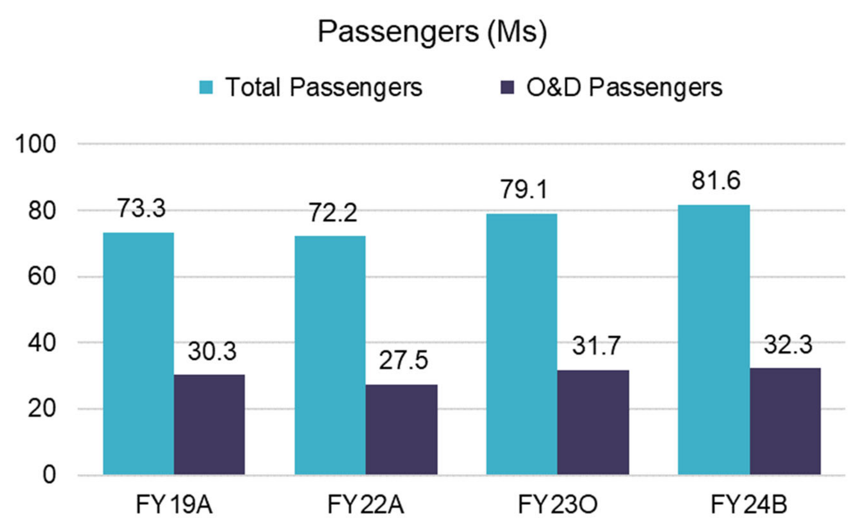
The following table summarizes the major changes in operating expenses between the FY23 Outlook and the FY24 Budget. The major driver of the FY24 Budget increase is fixed contract increases. See the Expenditure Section for more detailed discussion of this Walkforward.

FY23 Outlook to FY24 Budget

Operating Expenses (in Millions)	Total
FY23 Outlook	$623.8
Budget reductions	(10.8)
Employee related increases	14.8
Customer related increases	4.9
Fixed contract increases	19.2
Digital and technology investments	6.9
Other increases	13.2
Operating reserve adjustments	0.5
Net increase	48.7
FY24 Budget	$ 672.4

Passengers, Operations and Landed Weights

The following chart compares total passengers and originating and destination (O&D) passengers for FY19 Actuals, FY22 Actuals, FY23 Outlook and FY24 Budget. The FY24 passenger budget is 81.6 million, a 2.6 million (3.2%) increase over the FY23 Outlook and an 11.4% increase over FY19 due primarily to increased service by American Airlines.



Originating passengers begin their trip at DFW. Destination passengers live elsewhere and fly to DFW for business or leisure. Passengers who travel through DFW to get to their final destinations are connecting passengers. Enplanements represent all passengers boarding a plane. Changes in these passenger metrics are important because they are the key revenue drivers for the parking (originating passengers), concessions (enplanements) and rental car (destination passengers) businesses. Given American's strategy to utilize DFW's hub heavily, connecting passengers are budgeted to grow faster than originating or destination passengers in FY24.

	FY22	FY23	FY24	FY24 vs FY23	
	Actuals	Outlook	Budget	Amount	Percent
Passengers (Millions)					
Origination	15.5	17.9	18.2	0.3	1.9%
Destination	12.0	13.8	14.0	0.2	1.5%
Connecting	44.7	47.3	49.4	2.0	4.3%
Total Passengers	72.2	79.1	81.6	2.6	3.2%
Enplanements	36.1	39.5	40.8	1.3	3.3%
FIS Deplaned	4.1	5.1	5.3	0.2	3.1%
Landed Weights (Billions)	45.1	48.6	50.9	2.3	4.7%
Operations (Thousands)	638	669	716	46.2	6.9%

FY24 landed weights are projected to be 4.7% higher and operations are projected to be 6.9% higher than the FY23 Outlook primarily due to the continued growth in American Airlines at DFW. Operations are projected to grow faster than landed weights because American plans to add back some regional jets as the pilot shortage is partially resolved.

Revenues Overview

The following table summarizes revenues by cost center for the FY22 Actuals, FY23 Outlook and the FY24 Budget. The FY24 increase in terminal revenues is due to the use of $100 million of FRPs in FY23 to offset terminal costs. The FY24 increase in non-airline revenues is due to an increase in passengers, revenue per passenger and interest income.

	FY22	FY23	FY24	FY24 vs FY23	
Millions	Actuals	Outlook	Budget	Amount	Percent
Revenues					
Airfield Cost Center	$184.5	$192.7	$192.7	$0.0	0.0%
Terminal Cost Center	398.2	450.2	570.3	120.0	26.7%
Non-Airline Cost Centers*	335.1	372.0	411.2	39.2	10.5%
PFCs and Other	148.8	163.6	189.8	26.2	16.0%
Federal Relief Proceeds	65.7	100.0	0.0	(100.0)	-100.0%
Total Revenues	$1,132.4	$1,278.5	$1,363.9	$85.5	6.7%

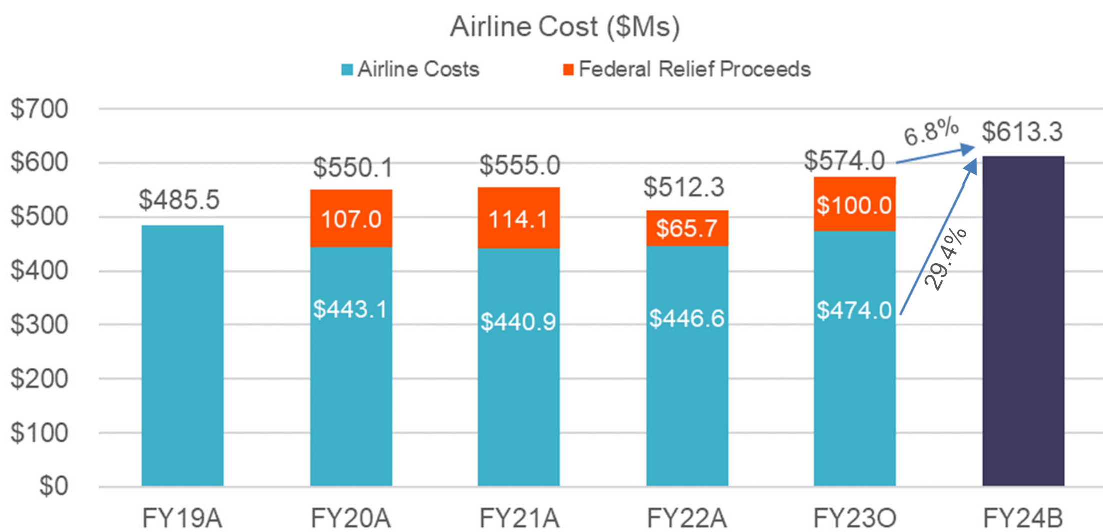
*Excludes revenue sharing to Airline Cost Centers

DFW collects a $4.50 PFC from most enplaned revenue passengers to pay for eligible debt service. Other revenues relate to a payment from the PFIC in an amount equal to the debt service on the Grand Hyatt Hotel and a new payment from AA to pay for debt service on two AA facilities on the Airport. These revenues are used as offsets to debt service to calculate net debt service.

Airline Cost

Airline cost represents the fees paid to DFW by the passenger and air cargo carriers, primarily for landing fees and terminal rents. The FY24 Airline Cost Budget is $613.3 million, $139.3 million (29.4%) higher than the FY23 Outlook; or just $39.3 million (6.8%) higher excluding $100 million of FRPs applied in FY23. The increase in airline costs is also due to the net impact of higher operating costs, less revenue sharing from non-airline cost centers, and reduced debt service costs. **It is important to note that the airlines were fully aware, as part of the use agreement negotiations, that their costs would increase to these levels in FY24.**

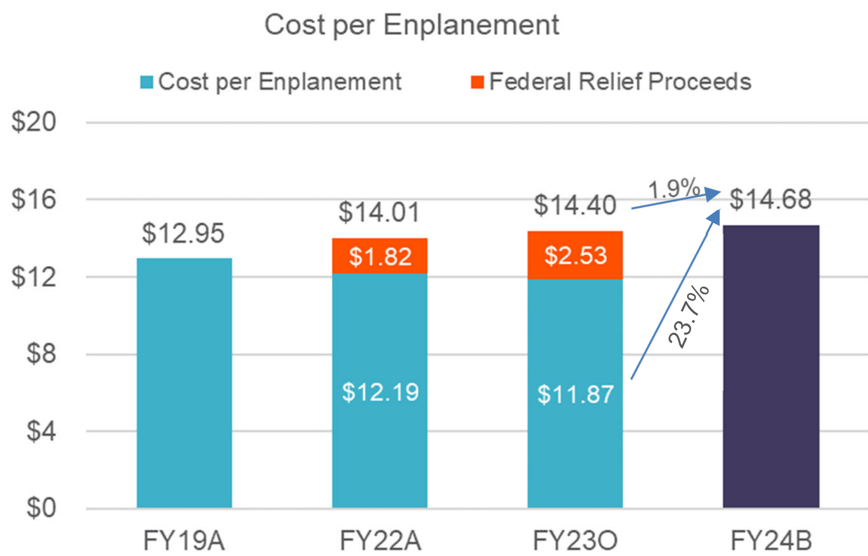
The following chart compares airline cost for FY19 to FY22 Actuals, FY23 Outlook and FY24 Budget. DFW has been able to keep airline costs relatively flat through the pandemic due to the use of FRPs, which are not being applied to the rate base in the FY24 Budget.



Passenger Airline Cost Per Enplanement

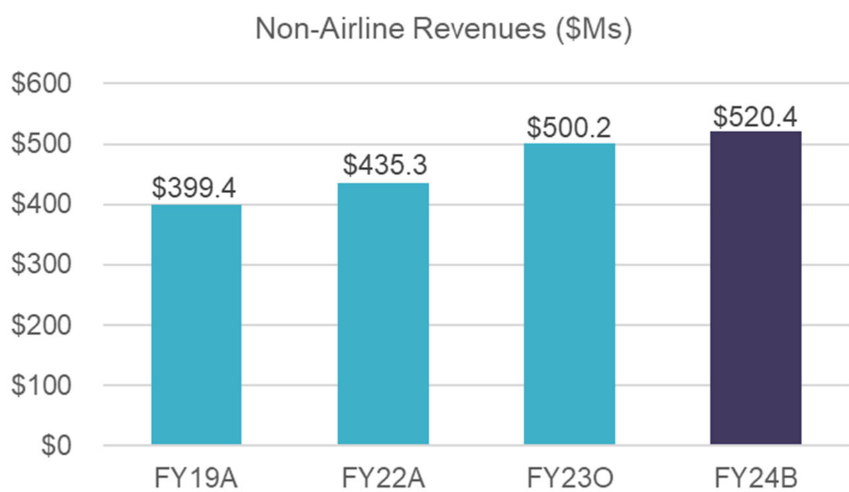
CPE represents total passenger airline revenue (cost to the airlines) paid to DFW divided by the number of enplaned passengers. It excludes cargo landing fees. CPE is a standard airline industry metric. Enplaned passengers (the denominator) are a key revenue/cost driver for the airlines; however, not for airports. Airport costs are primarily fixed and are directly related to the operation and maintenance of Airport terminals, facilities and runways. Debt service is highly fixed unless the Airport has refundings available in the fiscal year, which could allow for some debt restructuring. Notwithstanding, the industry uses this indicator as a cost performance metric.

The chart on the following page shows CPE for FY19 Actuals, FY22 Actuals, FY23 Outlook and the FY24 Budget. CPE is budgeted to increase 23.7% in FY24 because airline costs are projected to grow faster (29.4%) than the increase in passenger traffic (3.2%). Lower CPEs in FY22 and FY23 were due to the application of FRPs to help reduce airline costs. Without the application of FRPs, the FY24 CPE budget increase from the FY23 Outlook would be 1.9%.

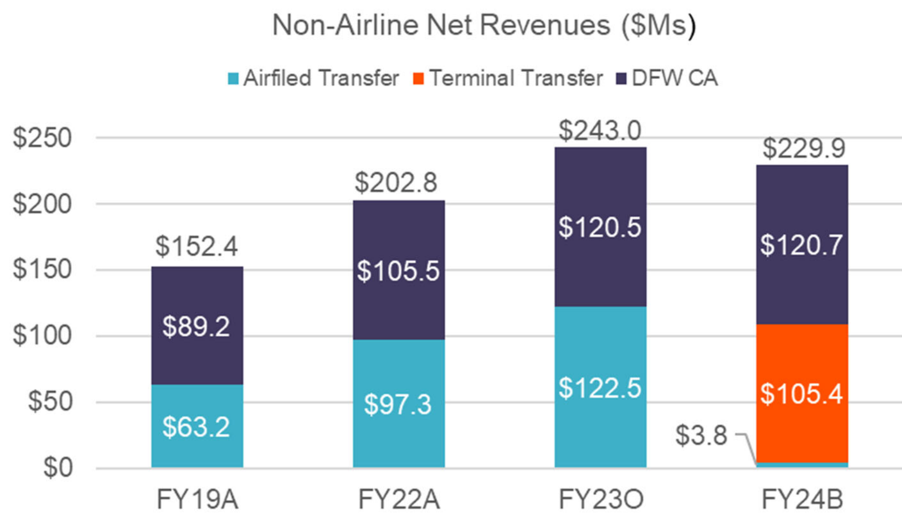


Non-Airline Revenues and Net Revenues

The following chart compares non-airline cost centers (DFW and Concessions cost centers in FY23) revenues for the periods FY19 Actuals, FY22 Actuals, FY23 Outlook and FY24 Budget. Non-airline revenues achieved record levels in FY24, $121.0 million (30.3%) higher than FY19 and $20.2 million (4.0%) higher than the FY23 Outlook due to increased passenger-related revenues, more commercial development acres under lease and higher interest income due to higher rates. See more detail in the Non-Airline Cost Centers section.



The chart on the following page highlights the sharing of non-airline revenues between the airlines and the DFW Capital Account for FY19 Actuals, FY22 Actuals, FY23 Outlook and FY24 Budget. The Use Agreement requires DFW to share 75% of net revenues over the "upper threshold" ($84.3 million in FY24) with the airlines. Non-airline net revenues are budgeted at $229.9 million in FY24, $13.1 million lower than FY23 due to a higher upper threshold and changes in debt service allocation percentage (per the new Use Agreement).



Revenue and Expense Budget Exposures

The FY24 revenue budget includes an estimated $2 million to $3 million of exposure from rental car revenues that could result in DFW not attaining its revenue budget targets. The rental car companies reduced their fleet inventories during the pandemic, resulting and then experienced increased demand during post pandemic recovery. This resulted in significantly higher daily rates. As the industry recovered, the average daily rental rate started to decline due to replenishment in fleet inventories and new competitions from low budget rental car companies. If rental car companies are unable to maintain pricing at FY23 level, their percentage rent paid to DFW will decrease.

The FY24 expense budget includes incremental increases based on passenger growth projections and inflation. However, there are cost exposures such as higher contract bids during Energy, Transportation and Asset Management department (ETAM) contract solicitations. A specific exposure item is electric cost. DFW is rebidding its electric contract in FY24 for the first time in eight years. Consistent with past years, the FY24 budget does not include any funds for winter weather.

DFW has $8 million of CEO contingency to utilize first should line-item budgets be adequate to cover these exposures. The budget also includes $10 million of Board-controlled contingency (outside of the rate base) to mitigate additional operating expense exposures or to fund new strategic priorities that arise during the fiscal year, especially if non-airline revenues are higher than projected.

Airline Cost Centers

Airline Cost Centers and Airline Cost Walkforward

There are two airline cost centers, Airfield and Terminal. The airlines pay landing fees to cover the net cost of the airfield and terminal rents to cover the net cost of the terminals. At the end of each fiscal year, DFW performs a reconciliation, or true-up, of actual costs paid and revenues received. For airfield variances (i.e., if revenues collected exceed or are lower than the actual costs), then the Airport provides a credit or adds an incremental charge to the following fiscal year's landing fee to settle the difference (called a true-up adjustment). For a terminal variance, DFW or the airlines make a one-time payment to the other party to settle the difference.

Airline Cost Walkforward

The following table is a walkforward of airline cost from the FY23 Outlook to the FY24 Budget. To explain the table, a decrease in non-airline revenue, like passenger facility charges, is shown as a positive number because airlines will pay higher fees due to the decrease of this revenue (i.e., increase airline cost). Similarly, a reduction in expenditure, like debt service, will decrease airline costs.

Airline Cost Walkforward (in Millions)	Total
FY23 Outlook	$474.0
Debt & use agreement items	
Decrease in debt service	(28.0)
Increase in revenue sharing threshold	4.6
Decrease in passenger facility charges	18.4
Total Debt and Use Agreement	(4.9)
Net operating expenses changes	
Reduction in federal relief proceeds	100.0
Increase in operating expenses	29.6
Decrease in transfer from non-airline cost center	14.5
Increase in other non-airline revenues	0.1
Total net operating expenses	144.2
Total increases	139.3
FY24 Budget	$613.3

Summary of Airline Cost

The following table summarizes airline costs included in FY22 Actuals, FY23 Outlook and FY24 Budget. The FY24 Budget increased 29.4% mainly due to zero FRPs application and less non-airline revenue sharing. The FY24 Budget increase would be 6.8% if $100 million of FRPs had not been applied to this cost center in FY23.

Airline Revenue/Costs (in Millions)	FY22 Actuals	FY23 Outlook	FY24 Budget	24 vs 23 Inc (Dec) Amount	24 vs 23 Inc (Dec) Percent
Landing Fees	72.1	55.0	173.0	$118.0	214.5%
Terminal Leases	319.9	341.8	355.1	13.3	3.9%
FIS Fees	25.8	38.6	42.9	4.3	11.2%
Turn Fees & Terminal Office Rents	27.9	37.9	41.8	3.9	10.3%
Aircraft Parking	0.8	0.8	0.4	(0.3)	(45.4%)
Total Airline Revenue/Cost	$446.6	$474.0	$613.3	$139.3	29.4%

DFW signed a new Use Agreement with Signatory Airlines, effective October 1, 2023. The new Use Agreement changed how net revenues from non-airline cost centers are shared. This change is the predominant reason for airfield costs going up by $118 million. The terminal leases increase of $13 million is the net impact of revenue sharing with this cost center less the $100 million of FRPs that were included in the FY23 Outlook.

Airfield Cost Center

The table below compares the FY22 Actuals, FY23 Outlook and FY24 Budget for the Airfield Cost Center. This is a residual cost center, so revenues equal expenses with landing fees as the balancer. The remaining balance of net airfield revenue in FY22 of $11.6 million was before settlement and was applied as a reduction in the FY23 landing fees. The increase in FY24 landing fees is due to the shifting of revenue sharing to the Terminal Cost Center per the new Use Agreement.

Airfield CC (in Millions)	FY22 Actuals	FY23 Outlook	FY24 Budget	24 vs 23 Inc (Dec) Amount	24 vs 23 Inc (Dec) Percent
Revenues					
Landing Fees	$83.7	$55.0	$173.0	$118.0	214.5%
Transfer from Non-Airline CC	97.3	122.5	3.8	(118.7)	(96.9%)
Other	15.1	15.2	15.9	0.7	4.4%
Total Revenues	196.1	192.7	192.7	0.0	0.0%
Expenditures					
Operating Expenses	117.6	116.8	134.4	17.6	15.0%
Net Debt Service	66.9	75.8	58.3	(17.5)	(23.1%)
Total Expenditures	184.5	192.7	192.7	0.0	0.0%
Net Airfield Revenue	$11.6	$0.0	$0.0	$0.0	0.0%

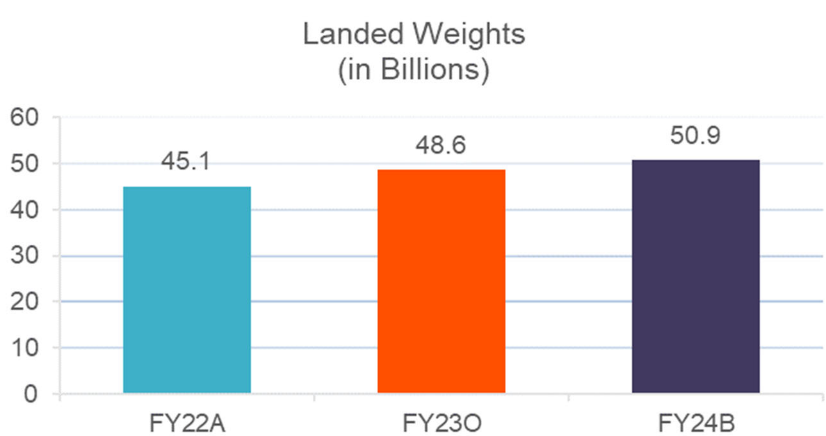
Calculation of Landing Fees

The following table shows the calculation of landing fees for the three periods. Net debt service decreases $17.5 million in FY24 due to revised debt and PFC allocations in the new Use Agreement. The decrease in the transfer from the non-airline cost centers of $118.7 million is also due to changing terms in the new Use Agreement. The FY24 landing fees budget is $173.0 million, an increase of $118.0 million from the FY23 Outlook due to lower transfers from the non-airline cost centers per the new Use Agreement.

	FY22	FY23	FY24	24 vs 23 Inc (Dec)	
Airfield CC (in Millions)	Actuals	Outlook	Budget	Amount	Percent
Expenditures					
Operating Expenses	$117.6	$116.8	$134.4	$17.6	15.0%
Net Debt Service	66.9	75.8	58.3	(17.5)	(23.1%)
Total Expenditures	184.5	192.7	192.7	0.0	0.0%
Revenues					
Transfer from Non-Airline CC	97.3	122.5	3.8	(118.7)	(96.9%)
Aircraft Parking	0.8	0.8	0.4	(0.3)	(45.4%)
Corporate Aviation	4.0	4.1	4.3	0.2	5.0%
Fuel Facility Ground Lease	6.5	7.1	7.5	0.4	6.1%
DPS	4.0	3.4	3.7	0.3	10.0%
Trueup activity	(11.6)	0.0	0.0	0.0	0.0%
Other	(0.0)	(0.1)	0.0	0.1	(100.0%)
Revenues before Landing Fees	101.0	137.7	19.7	(117.9)	(85.7%)
Landing Fees	$83.5	$55.0	$173.0	$118.0	214.4%

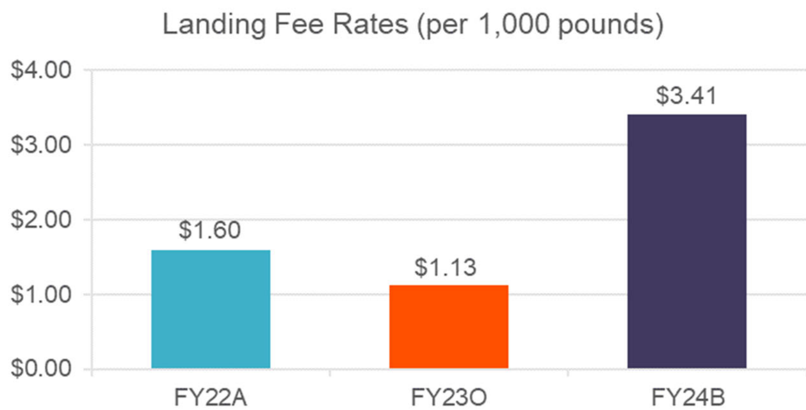
Landed Weights

Landed weights are budgeted at 50.9 billion tons in FY24, a 2.3 billion (4.7%) increase from the FY23 Outlook. The increase is primarily driven by increases in operations.



Landing Fee Rates

The landing fee rate is assessed per 1,000 pounds of maximum approved landed weight for each specific aircraft, as certified by the FAA. Changes in landed weights will not affect total landing fee revenues 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. The landing fee increase in FY24 is directly tied to the revised revenue sharing terms in the new Use Agreement.



Cargo

DFW Airport is increasingly being recognized as an attractive cargo gateway, providing direct access to the fast-growing Sunbelt region and acting as a superior connecting point for cargo flowing between Asia and Latin America. The Airport's prime U.S. central location allows diverse cargo to reach millions of customers by road, which will accelerate DFW's growth as the Sunbelt region's preeminent point of entry for cross-border e-commerce. The Airport's air freighter network serves 20 of the world's top cargo hubs reaching several continents by plane in a matter of hours. Cargo represents 8.4% of DFW's budgeted landing fees in FY24.

Cargo Tonnage (in 000s)

FY	Cargo Tonnage (US tons)	Change	Percent
FY22A	941	(43)	(4.4%)
FY23O	795	(146)	(15.5%)
FY24B	811	16	2.0%

FY23 began under challenging business conditions with global cargo demand down 15.5% and will continue to be muted due to supply chain disruptions, global economic slowdown, high inflation, the increased value of the U.S. dollar compared to other currencies and the ongoing war in Ukraine. On the positive side, DFW is experiencing the fastest growth among all U.S. airports in cross-border e-commerce and has improved the speed and efficiency of cargo clearance and processing. FY24 cargo tonnage is projected to grow 2% due to demand increase across the region.

Terminal Cost Center

The table below compares the FY22 Actuals, FY23 Outlook and FY24 Budget for the Terminal Cost Center. Since this is a residual cost center, revenues equal expenses. The $7.1 million variance for FY22 Actuals resulted in a true-up credit the following year. Revenue variances between the FY24 Budget and the FY23 Outlook are explained below.

Terminal CC (in Millions)	FY22 Actuals	FY23 Outlook	FY24 Budget	24 vs 23 Inc (Dec) Amount	24 vs 23 Inc (Dec) Percent
Revenues					
Operating Revenue					
Terminal Leases	$327.0	$341.8	$355.1	$13.3	3.9%
FIS Fees	25.8	38.6	42.9	4.3	11.2%
Turn Fees	24.8	34.6	24.9	(9.7)	(28.1%)
Other Terminal Rents	3.1	3.3	17.0	13.6	409.7%
Other	21.6	26.2	25.0	(1.1)	(4.4%)
Federal Relief Proceeds	65.7	100.0	0.0	(100.0)	(100.0%)
Total Operating Revenue	468.1	544.4	464.9	(79.6)	(14.6%)
Transfers					
DFW Terminal Contribution	2.8	5.8	0.0	(5.8)	(100.0%)
Transfer from Non-Airline CC	0.0	0.0	105.4	105.4	n/a
Total Transfers	2.8	5.8	105.4	99.6	n/a
Total Revenues	471.0	550.2	570.3	20.0	4.9%
Expenditures					
Operating Expenses	252.1	308.4	320.5	12.1	3.9%
Net Debt Service	211.8	241.8	249.8	8.0	3.3%
Total Expenditures	463.9	550.2	570.3	20.0	3.6%
Net Terminal Revenue	$7.1	(0.0)	$0.0	$0.0	0.0%

Terminal Leases

The FY24 terminal lease budget is $355.1 million, $13.3 million (3.9%) higher than the FY23 Outlook, due to the net impact of zero FRPs being applied in FY24 and higher operating expenses and net debt service, partially offset by revenue sharing with the Terminal Cost Center in FY24, a change made in the new Use Agreement.

Federal Inspection Services (FIS) Facility Fees

Under the new Use Agreement, the FIS Facility Fee Rate is adjusted by the percentage increase in CPI. The rate for FIS per international passenger clearing customs at DFW is budgeted at $8.15 for FY24. The FY24 FIS revenue budget is $42.9 million, $4.3 million (11.2%) higher than the FY23 Outlook due to the combination of a rate increase and an increase in FIS passengers. FIS passengers do not include arriving passengers from countries where passengers clear U.S. Customs in that country (e.g., Canada).

Turn Fees and Other Terminal Rents

Turn fees are paid by airlines for common use gates in Terminals D and E in lieu of permanently renting space. Per the terms of the new Use Agreement, revenues are cost recovery. Turn fee rates are calculated by determining the common-use square footage multiplied by the terminal rental rate, before credits, and then dividing that amount by the weighted turns by aircraft type forecast for that year. The turn fee budget for FY24 is $24.9M, a $9.7 million decrease (28.1%) from FY23 Outlook, due to the change in methodology used for the turn fee calculation. The FY24 other terminal rent budget is $17.0 million, an increase of $13.6 million from the FY23 Outlook due to rate increases.

Other Terminal Revenues

Other terminal revenues include TSA rents, concessions operations and maintenance (O&M) reimbursements, catering fees and allocable miscellaneous DPS revenues. 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. Other terminal revenues are $1.1 million (4.4%) lower than the FY23 Outlook, due primarily to lower allocable DPS revenues and TSA rent revenue.

Transfers

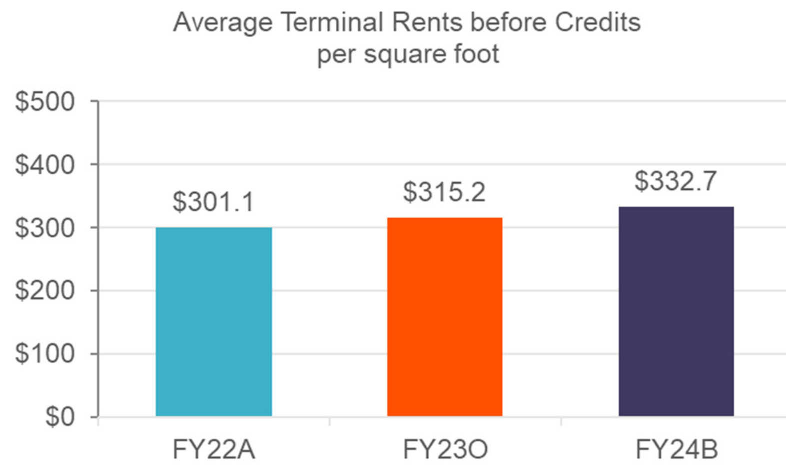
Per the terms of the new Use Agreement, DFW transfers a portion of net revenues generated from the Concessions Cost Center to the Terminal Cost Center. From a cost center standpoint, this transfer is shown as a source of cash in the Terminal Cost Center and a use of cash for non-airline cost centers. This is new in FY24 and replaces the DFW Terminal Contribution which was part of the previous Use Agreement.

Average Terminal Rents Before Credits

Total terminal operations, maintenance and debt service costs, including utilities for the five terminals, are divided by leasable square feet to calculate an average lease rate per square foot. American Airlines pays directly for the maintenance costs of Terminals A, C, E Satellite and D south expansion area. Additionally, American Airlines handles Terminal D baggage maintenance, the airline's leased boarding bridges in Terminal D and six jet bridges in Terminal B. These costs are added into the numerator of this formula to derive the fully loaded average rate. American Airlines receives a rent credit for the costs they incur. The credit in FY24 is $47.5 million.

The chart on the following page compares average terminal rents before credits for FY22 Actuals, FY23 Outlook and FY24 Budget. Terminal rental rate is budgeted at $332.7 per square foot for FY24, an increase of $17.4 (5.5%) from FY23 Outlook. The increase in the FY24 Budget is the net result of new revenue sharing to the terminal offset by increases in operating costs and net debt service charged and the negative impact from zero FRPs in FY24.

Total terminal leased square footage in FY24 remained relatively flat to FY23 Outlook at 1.21 million square feet.



CPE Calculation

The following table shows the cost per enplanement calculation and compares CPE for FY22 Actuals, FY23 Outlook and FY24 Budget. CPE only includes passenger-related airline revenues (i.e., costs). It excludes cargo and general aviation revenues. CPE increases since budgeted costs are rising faster than enplanements. The overall increase is impacted by the loss of FRPs in FY24.

It is important to note that the airlines were fully aware of this increase. The financial plan model used to negotiate the Use Agreement included a forecast of CPE of $14.72 in FY24. The FY24 Budget is $0.04 cents less than this CPE.

	FY22	FY23	FY24	24 vs 23 Inc (Dec)	
Cost Per Enplanement (in Millions)	Actuals	Outlook	Budget	Amount	Percent
Enplanements [(1)]	36.1	39.5	40.8	1.3	3.2%
Passenger Airline CPE					
Airline Cost/Revenue	$446.6	$474.0	$613.3	$139.3	29.4%
Less: Cargo	(7.0)	(5.2)	(14.5)	(9.3)	181.1%
Total PAX Airline Revenue	439.6	468.9	598.8	129.9	27.7%
Cost per Enplanement (CPE) [(2)]	$12.19	$11.87	$14.68	$2.81	23.7%

[1] Corporate Aviation enplanements are excluded from CPE calculation

[2] Actual rates, not in millions

EXHIBIT A

Non-Airline Cost Centers

Per the new Use Agreement there are two non-airline cost centers, the DFW Cost Center (DFWCC) and the Concessions Cost Center (CCC). The table below compares the FY22 Actuals, FY23 Outlook and FY24 Budget for the non-airline cost centers. DFW transfers 75% of net revenues in excess of the "upper threshold" ($84.3 million in FY24) to airline cost centers to reduce terminal rents and landing fees. This is called the threshold adjustment.

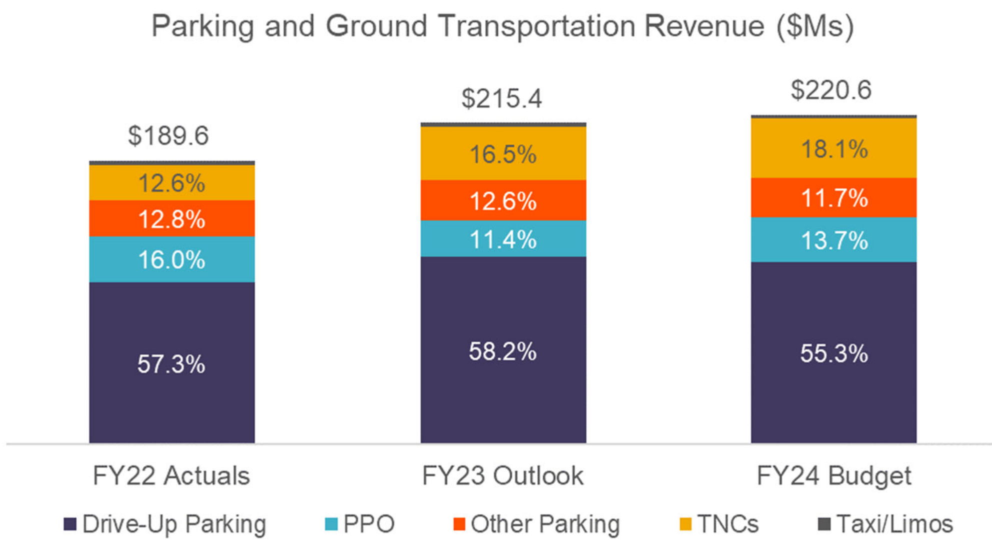
Under the existing Use Agreement, the threshold adjustment is transferred to the Airfield Cost Center as a reduction in landing fees. Under the new Use Agreement, a major portion of the threshold adjustment will be transferred to the Terminal Cost Center and reduce terminal rents.

Non-Airline Cost Centers (in Millions)	FY22 Actuals	FY23 Outlook	FY24 Budget	24 vs 23 Inc (Dec) Amount	24 vs 23 Inc (Dec) Percent
Revenues					
Parking	$189.6	$215.4	$220.6	$5.1	2.4%
Concessions	100.0	111.2	121.4	10.3	9.2%
Rental Car (RAC)	41.2	47.8	44.6	(3.2)	(6.7%)
Commercial Development	65.7	73.2	77.0	3.8	5.1%
Subtotal	396.6	447.6	463.6	15.9	3.6%
Employee Transportation	16.9	22.5	24.6	2.1	9.5%
Utilities & Miscellaneous	10.8	11.0	10.2	(0.8)	(7.7%)
DPS	1.8	1.5	1.7	0.2	13.6%
Interest Income	9.2	17.6	20.3	2.7	15.5%
Total Revenues	435.3	500.2	520.4	20.2	4.0%
Expenditures					
Operating Expenses	132.4	150.4	167.8	17.4	11.6%
Net Debt Service	46.7	46.5	64.9	18.4	39.6%
Total Expenditures and Debt Service	179.1	196.9	232.8	35.8	18.2%
Gross Margin	256.2	303.3	287.6	(15.7)	(5.2%)
Less: Terminal Contribution	2.8	5.8	0.0	(5.8)	(100.0%)
Less: Skylink	50.5	54.5	57.7	3.2	5.8%
Non-Airline Net Revenues	$202.8	$243.0	$229.9	($13.1)	(5.4%)
Transfer to Airfield Cost Center	97.3	122.5	3.8	(118.7)	(96.9%)
Transfer to Terminal Cost Center	0.0	0.0	105.4	105.4	n/a
Amount to DFW Capital Account	105.5	120.5	120.7	0.2	0.2%
Allocation of Non-Airline Net Revenues	$202.8	$243.0	$229.9	($13.1)	(5.4%)

Non-airline cost centers have four business units that focus on increasing net revenues (parking, concessions, rental car and commercial development). The other business units generally use pricing that is cost-based, except interest income.

Parking

The following chart shows the composition of parking revenues by parking product including prepaid parking online (PPO), taxis/limos, transportation network company (TNC) and other (valet and off-airport parking) for FY22 Actuals, FY23 Outlook and FY24 Budget.



Background

Parking is DFW's largest source of non-airline revenue. Customers are charged parking fees based on the length of stay and the parking product used. The following table highlights parking products and parking rates. No parking rate changes are assumed in the FY24 budget.

DFW Parking Rate Summary

Parking Product	Rate	Description
Terminal	$27	daily garage
Express	$15 / $18	daily uncovered / covered
Remote	$12	daily uncovered
Terminal Intraday	$9-10	2-6 hours
Express Intraday	$2-4	up to 6 hours
Remote Intraday	$1-3	up to 6 hours
Drop-Off	$2	8-30 minutes
Meeter-Greeter	$3	30 minutes-2 hours
Pass-Throughs	$6	0-8 minutes
TNC	$6	up to 2 hours
Taxi, Limos	$4	up to 2 hours

PPO pricing varies by length of stay, advance purchase, trip purpose (business vs. leisure) and level of inventory sold. Fees are paid by taxis, limos, TNCs and other shared-ride transportation companies that require Airport access to drop-off and pick-up passengers. DFW also collects 35% of gross sales from valet and 12% from off-airport parking. The Airport contracts directly with a third party to provide a DFW branded valet service.

DFW has five terminal parking garages, two express lots and two remote lots. All lots except remote north are currently open. The remote north lot, which was closed due to COVID, is scheduled to reopen in the first quarter of 2024. Express south and the "C" section of the Terminal C garage are budgeted to be closed in the second quarter of 2024 due to the construction of Terminal F and the Terminal C renovation.

FY24 Budget

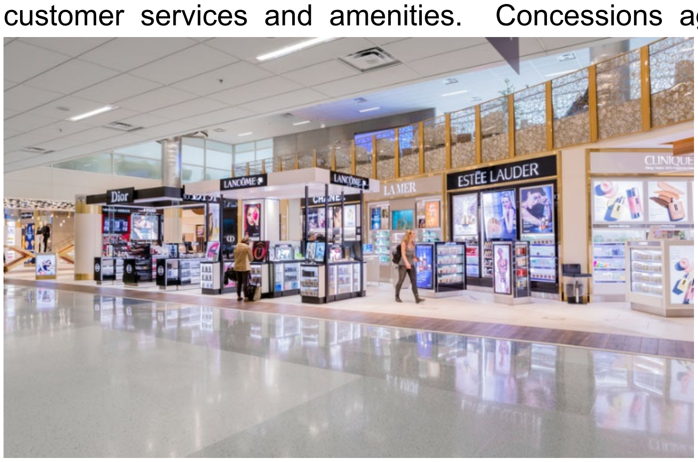
The FY24 parking revenue budget is $220.6 million, an increase of $5.1 million (2.4%) from the FY23 Outlook. A strong local economy fueling more originating passengers and PPO growth contribute to revenue gains. Those factors offset an estimated $3.5 million impact from lot closures in 2024. Key drivers of PPO's $5.7 million increase include: (1) implementation of a new reservations and yield management system in the second quarter of 2024, (2) initiatives to enhance customer experience via streamlined booking journey and self-service tools, and (3) advanced pricing and yield management tactics. The FY24 parking revenue budget does not assume any rate increases.

PPO will continue to be marketed as a low-cost, safe and convenient parking option in FY24; however, given the closure of one of the Terminal C parking garages and the heavy utilization of Terminal D, PPO sales will be limited during certain peak travel periods in 2024. Future plans for PPO may include premium nested lots for elite customers, loyalty programs, dynamic pricing, bundling and cross-selling opportunities.

Concessions

Background

Terminal concessions consist of food and beverage, retail and duty free, advertising, and various customer services and amenities. Concessions agreements normally consist of leases or contracts that generally range from 5 to 10 years and are based on percentage rents subject to a minimum annual guarantee. DFW also issues short-term permits for kiosks and storage locations. As of June 30, 2023, the Airport had 217 total locations. Concessions revenues include sponsorships, advertising and communications services. DFW's 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 not tied directly to enplanements.

FY24 Budget

The FY24 concessions and advertising budgets total $121.4 million, a $10.3 million (9.2%) increase from the FY23 Outlook due primarily to a 3.3% increase in passenger enplanements and the planned opening of about 13 new locations.

Rental Car Center (RAC)

Background

The RAC covers 155 acres and includes a common building with individual counters and back office space for each rental car company. The facility includes a parking garage for ready and return car spaces, a bus maintenance facility, overflow surface parking areas and individual rental company service sites that feature car wash racks, maintenance bays and fueling systems. The Airport collects ground leases and percentage rents (10% of sales) from rental car companies. The ground lease rate increases 3% each year. The Airport has agreements with six rental car companies representing 12 brands, providing a total inventory of approximately 25,000 cars.

DFW management has very little control over rental car company activities. RAC sales and DFW revenues tend to follow the economy. RAC revenues can rise or fall based on the number of DFW destination passengers, the percentage of destination passengers renting cars, the average stay per renter and the average daily price charged for the cars.

Before the pandemic, rental car companies experienced significant competition from TNCs. This trend reversed during the pandemic as customers preferred driving rental cars. The rental car companies also reduced their fleet inventories during the pandemic, resulting in fewer rental cars available with increasing demand. As a result, there were significant price increases from average per day rates in the $40s to $50s pre-pandemic to rates ranging from $65 to $80 per day during post-pandemic recovery. However, DFW is observing a declining average daily rate trend in recent months due to an increase in fleet inventory and increased competition from low budget rental car companies and TNCs. The average rental days has also experienced a decline.

FY24 Budget

The FY24 rental car revenue budget is $44.6 million, a $3.2 million (6.7%) decrease from the FY23 Outlook due to expected continued decline in daily rates toward pre-pandemic level and decrease in the average days the renter is renting the car. DFW estimates a $2 million to $3 million revenue exposure for rental cars if average daily rental rates continue to decline.

Commercial Development

Background

The Airport has a total land mass of 17,183 acres. As of May 31, 2023, DFW has 2,523 revenue generating acres, with approximately 2,682 acres of additional land available for future development. DFW focuses primarily on developing land that has airport synergy, such as logistics and warehousing.

Commercial Development revenues include ground leases, foreign trade zone tariff and facility rents generated from non-terminal Airport facilities and property and surface use fees primarily from natural gas drilling. Multiyear 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 78% of the ground lease revenue is based on negotiated rates; 22% is based on the airport services ground rental rate, which includes primarily older leases that have airfield access. The airport services ground rental rate per acre changes annually with inflation and will be $35,128 in FY24.

FY24 Budget

The FY24 Commercial Development revenue budget is $77.0 million, a $3.8 million (5.1%) increase from the FY23 Outlook. FY24 reflects an increase of $2.1 million in new ground lease rents (110 acres developed in FY23, plus an additional 139 acres to be developed in FY24) and an increase of $1.7 million due to higher lease rates. Many of the new ground leases are located in the logistics developments in the southern part of the Airport.

Other DFW Revenues and Expenses

The fees charged in this category are generally established to recover costs, except interest income.

Employee Transportation

DFW charges fees for employees to access the transportation system that takes them from employee parking lots to the terminals. For most employees, the employer (e.g., airlines, concessionaires) pays these fees. The FY24 Budget is $24.6 million, a $2.1 million (9.5%) increase from the FY23 Outlook, due to an increase in the number of employees. There is no rate increase in FY24.

Utilities & Miscellaneous

This revenue category represents fees charged to non-airline users of utilities, heating ventilation and air conditioning, trash removal, water and certain permit and accounting fees. Utility charges to users are based on the cost to provide the services. The FY24 Budget is $10.2 million, a $0.8 million (7.7%) decrease from the FY23 Outlook largely due to lower permit fees.

DPS Revenues

DPS receives federal reimbursements from the TSA for law enforcement officers, plus fees for badging, fire training and other services. The FY24 DPS revenue budget is $8.6 million, a $0.3 million (3.9%) decrease from the FY23 Outlook, due to lowered badging service charges and decrease in public safety training revenues.

Interest Income

Interest income includes interest earned on investments from the Operating Revenue and Expense Fund, three-month Operating Reserve, Debt Service Reserve Fund and Rolling Coverage Account. The FY24 interest income budget is $20.3 million, a $2.7 million (15.5%) increase from the FY23 Outlook due primarily to higher projected interest rates.

Net Debt Service

The FY24 net debt service budget is $64.9 million, an $18.4 million (39.6%) increase from the FY23 Outlook primarily due to revised debt service allocations in the new Use Agreement.

Skylink

Expenses and debt service related to Skylink are recovered in the DFW Cost Center per the Use Agreement. The FY24 Budget is $57.7 million, a $3.2 million (5.8%) increase from the FY23 Outlook primarily due to annual contract escalation in the maintenance contract due to the age of Skylink.

Operating Expenses

FY24 Expenditure Budget and Walkforward

The FY24 Budget is $1.243 billion, an increase of $78.6 million (6.7%) from the FY23 Outlook.

Annual Expenditure (in Millions)	FY22 Actuals	FY23 Outlook	FY24 Budget	24 vs 23 Inc (Dec) Amount	24 vs 23 Inc (Dec) Percent
Operating Expenses	$548.6	$623.8	$672.4	$48.7	7.8%
Gross Debt Service	478.3	540.9	570.8	29.9	5.5%
Total Expenditures Budget within rate base	$1,026.9	$1,164.6	$1,243.2	$78.6	6.7%

The following table is a walkforward between the FY23 Outlook and the FY24 Budget. The reference letters in the table are cross-referenced to the variance explanations that follow.

Budget Walkforward (millions)

		Total	DFW	Airline
	FY23 Outlook	$623.8	$198.5	$425.3
A.	Budget reductions	(10.8)	(3.8)	(6.9)
B.	Employee related increases	14.8	6.8	8.0
C.	Customer related increase	4.9	3.0	1.9
D.	Fixed contract increases	19.2	7.8	11.4
E.	Digital and technology investments	6.9	2.2	4.7
F.	Other increases	13.2	5.0	8.2
G.	Operating reserve adjustments	0.5	(1.8)	2.4
	Net Increase	48.7	19.1	29.6
	FY24 Budget	$672.4	$217.6	$454.9

A. Budget reductions ***($10.8) million***

The FY24 Budget reflects a $3.1 million reduction for non-recurring winter weather related expenditures that occurred in FY23 and are included in the FY23 Outlook. Consistent with past years, DFW has removed all costs related to winter weather from the budget. If costs are incurred for winter weather, it will be handled with contingency. Other reductions include assessments of the Airport infrastructure ($3.5 million), conversion of existing ITS contractors to in-house staff ($1.8 million – see offsetting cost increase below), consulting services utilized in FY23 for the new Use Agreement and parking call center ($1.4 million), contract labor reductions ($0.4 million) and other one-time FY23 items ($0.6 million).

B. Employee related increases ***$14.8 million***

The FY24 Budget includes a 4% merit pool for general employees, annualization of FY23 merit increases, DPS step increases, and funds for potential salary adjustments ($8.4 million). The budget includes a reduction in the vacancy rate from 13% in FY23 to 10% in the FY24, which increases costs $1.9 million plus associated pension and health care costs. Other increases include actuarially required pension/other postemployment benefit contributions ($2.6 million), health care costs ($1.2 million), and ITS contractors converting to Board employees ($0.7 million).

C. Customer related increases ***$4.9 million***

Passenger levels are projected to increase 3.2% compared to FY23 Outlook. Accordingly, certain service levels need to be increased to cover the needs of passengers.

- Busing costs are increasing $2.5 million from the FY23 Outlook due to increases in service level for airline and concessionaire employees ($1.5 million) and Terminal Link ($0.9 million) and reopening of the Remote North lot in March 2024 ($1.0 million). These increases are partially offset by the reduction in Express busing ($0.9 million) due to closure of the Express South lot in April 2024 in preparation for new Terminal F construction.
- Wheelchair assistance services costs are increasing $1.7 million compared to the FY23 Outlook due to a new contract that includes higher wages and more service.
- One of the Terminal C parking garages will be closed during FY24 as construction of the Central Terminal Area Expansion Program begins. The budget includes $0.4 million of incremental contract labor to help customers find parking spots in the other Terminal C garages and Terminal D.
- Increase of $0.3 million for an American Disabilities Act (ADA) initiative facilitated by risk management.

D. Fixed Contract increases ***$19.2 million***

This category relates primarily to annualized fixed contract increases from operational contracts. These increases are related to inflation and not related to higher service levels.

- Utilities increase of $6.6 million includes a 43.9% electricity rate increase effective January 2024 ($5.9 million) and water ($1.5 million) partially offset by gas (-$0.8 million). The current electric contract has been in place for 8 years and was awarded at a very favorable rate. This contract will be awarded in the first quarter of FY24. Management is assuming a 37.1% contract increase based on current rates compared to 8 years ago.
- New facility maintenance contracts ($2.5 million) and baggage handling system ($0.9 million) approved by the Board of Directors in FY23 partially offset by reductions in conveyances (-$0.3 million).

- Equipment and supplies increase of $2.9 million includes janitorial supplies ($0.5 million), pavements materials ($0.5 million), computer spares and expandable supplies ($0.5 million), non-capital equipment leases ($0.5 million), airfield lighting ($0.3 million), informs/badging/credentialing ($0.3 million), other repairable supplies ($0.3 million).
- A $2.2 million fixed contract escalation for FY24 Skylink maintenance.
- Other maintenance contracts increase of $2.1 million includes window cleaning ($0.6 million), sign and marking roadway work ($0.5 million), engineering evaluations ($0.4 million), airfield paint ($0.3 million), and power washing ($0.3 million).
- Expected increases to property casualty insurance premiums based on higher asset replacement values ($1.2 million). This estimated cost increase was provided by DFW's insurance broker.
- Other contract increases include ramp cleaning ($0.6 million), seat and electrical power maintenance ($0.5 million), trash and podium management ($0.2 million), employee checkpoint screening ($0.2 million), resilience stress testing and other miscellaneous contracts ($0.3 million), partially offset by decrease in custodial staffing (-$0.8 million).

E. Digital/Technology ***$6.9 million***

This category relates to cost increases associated with DFW's commitment to implementing its Digital Strategy and 5-year ITS Strategic Plan. Most of these increases relate to annualization of contracts awarded in FY23 and contracts that have fixed annual cost increases. Since most new technology investments are cloud-based, they are charged to the operating budget. In the past, these costs were not cloud-based and were capitalized.

- Technology contract increases and upgrades of ($6.9 million) for cloud services including Oracle Fusion, Salesforce CRM, Smartnet, business intelligence software and the new comprehensive wireless platform system. Also included in this section are incremental cyber security investments such as Cisco network firewall, privileged access management software, antivirus and scanning tools.

F. Other increases ***$13.2 million***

- Restore CEO Contingency inside the rate base ($8.0 million increase) – CEO Contingency is included in the rate base and may be used by the CEO at his discretion.
- Professional services ($2.4 million) including reverting property studies, master planning assessments, legal and other projects.
- Reinstatement of non-capital items such as permits and code inspections ($1.2 million).
- Employee staff training and development ($0.6 million), driven by higher retention and new positions.
- Other net ($0.9 million) includes nine new headcounts, contract labor and other various items.

G. Operating Reserve ***$0.5 million***

DFW's Bond Ordinances and Use Agreement require the Airport to maintain a 90-day operating reserve and $0.5 million is the amount necessary to achieve that requirement for FY24.

Operating Budget by Category

The table below compares the FY23 Outlook with the FY24 Budget by expense category. Variance explanations by major cost driver follow in the walkforward. All categories are higher year over year.

Operating Expense (in Millions)	FY22 Actuals	FY23 Outlook	FY24 Budget	24 vs 23 Inc (Dec) Amount	Percent
Salaries & Wages	$159.3	$174.0	$184.4	$10.4	6.0%
Benefits	67.8	79.0	83.7	4.6	5.9%
Facility Maintenance Contracts	100.5	119.0	124.0	5.0	4.2%
Other Contract Services	137.6	152.0	162.9	10.9	7.1%
Utilities	29.4	31.0	37.7	6.6	21.3%
Equipment and Other Supplies	20.4	27.9	28.4	0.4	1.5%
Insurance	11.3	14.1	15.3	1.2	8.9%
Fuels	3.9	4.7	4.8	0.0	1.1%
General, Administrative and Other	5.9	9.1	10.0	0.9	9.7%
CEO Contingency	-	-	8.0	8.0	N/M
Subtotal	536.0	610.9	659.1	48.1	7.9%
Change in Operating Reserve	12.6	12.8	13.4	0.5	4.2%
Total Expense	$548.6	$623.8	$672.4	$48.7	7.8%

Salaries and Wages

The FY24 salaries and wages budget is $184.4 million, a $10.4 million (6.0%) increase from the FY23 Outlook of $174.0 million due to the reduced vacancy rate ($1.8 million). The hiring of new and vacant positions has been staggered throughout FY24 based on operational needs ($0.4 million). The FY24 Budget includes a 4% merit pool for general employees, annualization of FY23 merit increases, DPS step increases, and funds for potential salary adjustments ($8.4 million), partially offset by an increase in vacation usage and a reduction in overtime (-$0.2 million).

Benefits

The FY24 benefits budget is $83.7 million, a $4.6 million (5.9%) increase from the FY23 Outlook of $79.0 million. The change is primarily due to an increase in actuarially determined defined benefit plan/OPEB contributions ($2.6 million), a 4.8% increase in healthcare costs as determined by DFW's health care consultant ($1.2 million), and other benefits associated with the additional positions assumed to be filled due to lower vacancy rates ($0.8 million).

Contract Services

The FY24 contract services budget is $286.9 million, a $15.9 million (5.9%) increase from the FY23 Outlook of $271.0 million due to increases in digital/technology ($6.4 million), busing ($2.5 million), facility maintenance ($2.5 million), Skylink ($2.2 million), wheelchair assistance ($1.7 million), baggage handling system ($0.9 million), ramp cleaning ($0.6 million), seat and electrical power maintenance ($0.4 million), trash and podium maintenance ($0.3 million), power washing in parking areas ($0.3 million), airfield lighting certifications ($0.3 million), signage ($0.2 million) offset by ITS contractors converting to in-house (-$1.8 million) and reduced custodial staff (-$0.8 million).

Utilities

The FY24 utilities budget is $37.7 million, a $6.6 million (21.3%) increase from the FY23 Outlook of $31.0 million. The increase is due to an increase in electricity rate, effective January 2024 ($5.9 million), and water ($1.5 million), partially offset by a reduction in gas (-$0.8 million).

Equipment and Supplies

The FY24 equipment and supplies budget is $28.4 million, a $0.4 million (1.5%) increase from the FY23 Outlook of $27.9 million primarily driven by inflation and passenger increases.

Insurance

The FY24 insurance budget is $15.3 million, a $1.2 million (8.9%) increase from the FY23 Outlook of $14.1 million primarily due to a rate increase in property insurance premiums.

Fuels

The FY24 fuels budget is $4.8 million, which is flat to the FY23 Outlook. The increase in CNG costs is expected to be offset by CNG credits.

General and Administrative

The FY24 general and administrative expenses budget is $10.0 million, a $0.9 million (9.7%) increase from the FY23 Outlook of $9.1 million due to increases in employee related training.

CEO Contingency

The FY24 Budget includes $8.0 million of CEO contingency inside the rate base to be spent at the CEO's discretion for projects and unforeseen events during the fiscal year such as winter weather.

Operating Reserve

DFW is required to have a 90-day cash reserve for operating expenses. The FY24 change in operating reserve budget of $13.4 million is the amount necessary to fund the reserve. This is a $0.5 million increase from the FY23 Outlook.

Department Overview

DFW is organized into divisions, which are comprised of departments. The table below is a comparison of FY22 Actuals, FY23 Outlook and FY24 Budget by department and division.

(in Millions)	FY22 Actuals	FY23 Outlook	FY24 Budget	24 vs 23 Inc (Dec) Amount	24 vs 23 Inc (Dec) Percent
Public Safety	$91.6	$100.6	$104.3	$3.7	3.7%
Airport Operations	9.7	11.0	11.5	0.4	4.0%
Integrated Operations Center	7.9	8.8	8.7	(0.1)	-0.9%
Environmental Affairs	9.4	11.9	13.0	1.2	9.9%
Operations	118.6	132.2	137.5	5.2	3.9%
Parking	50.9	61.1	65.1	4.0	6.6%
Concessions	3.1	3.4	3.6	0.2	5.0%
Customer Experience	62.6	76.5	79.4	2.9	3.8%
Revenue Management and CX	116.7	141.1	148.2	7.1	5.0%
Business Diversity & Development	1.6	1.9	2.1	0.1	7.0%
Communications and Marketing	10.5	12.3	12.7	0.4	3.3%
Human Resources	8.5	10.4	11.6	1.2	11.1%
Risk Management	13.7	17.0	18.7	1.6	9.6%
Administration and Diversity	34.3	41.6	45.0	3.3	8.0%
Information Technology Services	66.2	73.8	80.6	6.8	9.2%
Aviation Real Estate	1.6	1.7	1.2	(0.5)	-28.6%
Treasury Management	1.4	1.6	1.8	0.2	12.0%
Finance	6.8	8.0	7.9	(0.1)	-1.2%
Procurement & Materials Mgmt	4.7	5.8	6.3	0.4	7.4%
Finance and ITS	80.8	90.9	97.7	6.9	7.6%
Government Relations	0.6	0.9	1.0	0.0	3.2%
Research & Analytics	2.0	2.5	2.8	0.3	11.8%
Airline Relations & Cargo	2.1	2.4	2.4	0.0	0.2%
Global Strategy & Development	4.7	5.8	6.2	0.3	5.6%
Innovation	3.1	3.6	4.0	0.4	10.7%
Commercial Development	1.8	2.0	2.8	0.7	36.5%
Energy, Transport., and Asset Mgmt	145.1	162.5	174.0	11.5	7.1%
Planning	6.7	7.3	8.2	0.9	12.5%
Controls and Analytics	0.0	0.7	0.9	0.2	28.5%
Design, Code & Construction	8.3	2.5	3.7	1.2	48.4%
Infrastucture and Development	161.9	175.0	189.5	14.5	8.3%
Legal	2.4	3.0	3.8	0.8	25.5%
Audit Services	2.5	2.9	2.9	(0.0)	-0.3%
Executive Office	6.1	6.8	7.2	0.3	5.1%
Non-Departmental	17.4	20.7	22.5	1.8	8.7%
Contingency	0.0	0.0	8.0	8.0	N/M
Operating Reserve	12.6	12.8	13.4	0.5	4.2%
Total Operating Expenses	$548.6	$623.8	$672.4	$48.7	7.8%

Net Debt Service Budget

The FY24 Net Debt Service Budget is $381.0 million, a $10.4 million (2.8%) increase from the FY23 Outlook as shown in the table below:

Debt Service (in Millions)	FY23 Outlook	FY24 Budget	24 vs 23 Inc (Dec) Amount	24 vs 23 Inc (Dec) Percent
Gross Debt Service and Coverage				
Bond Debt Service	$514.6	$528.4	$13.9	2.7%
Commercial Paper	1.9	6.6	4.7	240.5%
PFIC Related Bond Debt Service[1]	5.3	5.1	(0.1)	-2.8%
DFW Capital Acct Debt Service[2]	12.4	-	(12.4)	-100.0%
AA Facility Debt Service	6.7	30.6	24.0	100.0%
Gross Debt Service and Coverage	$ 540.9	$ 570.8	$ 29.9	5.5%
Offsets to Debt Service				
PFCs for Existing Debt Service	(145.9)	(154.1)	8.1	5.6%
PFIC Transfers[1]	(5.3)	(5.1)	(0.1)	-2.8%
DFW Capital Acct Transfers[2]	(12.4)	-	(12.4)	-100.0%
AA Facility Debt Service	(6.7)	(30.6)	24.0	100.0%
Total Offsets	$(170.3)	$(189.8)	$19.5	11.5%
Net Debt Service Paid by Rate Base	$ 370.6	$ 381.0	$ 10.4	2.8%

[1]Public Facility Improvement Corp for Grand Hyatt and Hyatt Place Infrastructure

[2]Airport Headquarters and Terminal-E Garage

Debt Service has increased for FY24, attributable to the issuance of new money and interim finance refundings issued in FY23 for DFW's capital programs and projects financed for American Airlines. Net debt service is higher in FY24, a result of higher gross debt service and a 100% reduction of DFW Capital Account transfers, but partially offset by higher PFCs due to increased passengers and new AA payments for the debt associated with their facilities.

PFCs are currently being collected by the airlines under the authority of Application 11-10-C-00-DFW from revenue enplaned passengers (about 91% of all passengers). These funds are used by the Airport to pay debt service on FAA-approved projects primarily for Terminal D and Skylink. PFIC debt service relates to debt associated with the Grand Hyatt Hotel. This debt service is transferred into the Interest and Sinking Funds from the PFIC.

The following table shows the breakout of the $10.4 million Net Debt Service increase by cost center.

	Cost Centers			
		Airline		
Net Debt Service Variance (in Millions)	DFWCC	Airfield	Terminal	Total
Bond Debt Service and Commercial Paper	46.5	(101.9)	73.9	18.5
PFCs	26.5	(84.3)	65.9	8.1
Total Debt Service Variance	20.0	(17.5)	8.0	10.4

Positions

The following table shows positions by division from the FY23 Outlook plus an addition of nine positions. The total FY24 budgeted salary and benefit increase for these positions is approximately $0.5 million.

Division	FY23 Outlook	Changes	FY 24 Budget
Operations	938	1	939
Revenue Management	470	-	470
Infrastructure and Development	406	1	407
CFO, Airline Business and Technology	344	4	348
Administration and DEI	112	-	112
Global Strategy and Development	26	2	28
Executive Office	15	-	15
Audit Services	13	1	14
Innovation	9	-	9
Legal	3	-	3
Total DFW	2,336	9	2,345

A total of five new positions have been added in Procurement and Materials Management (3), Aviation Real Estate (1), Controls and Analytics (1) to support the growth of DFW's capital programs in the coming years. The remaining positions were added in Audit (1), Airfield Operations (1) and Global Strategy and Development (2) to support digital transformation and training requirements.

Capital Budget

DFW has two primary capital accounts to fund capital projects: DFW Capital Account and Joint Capital Account.

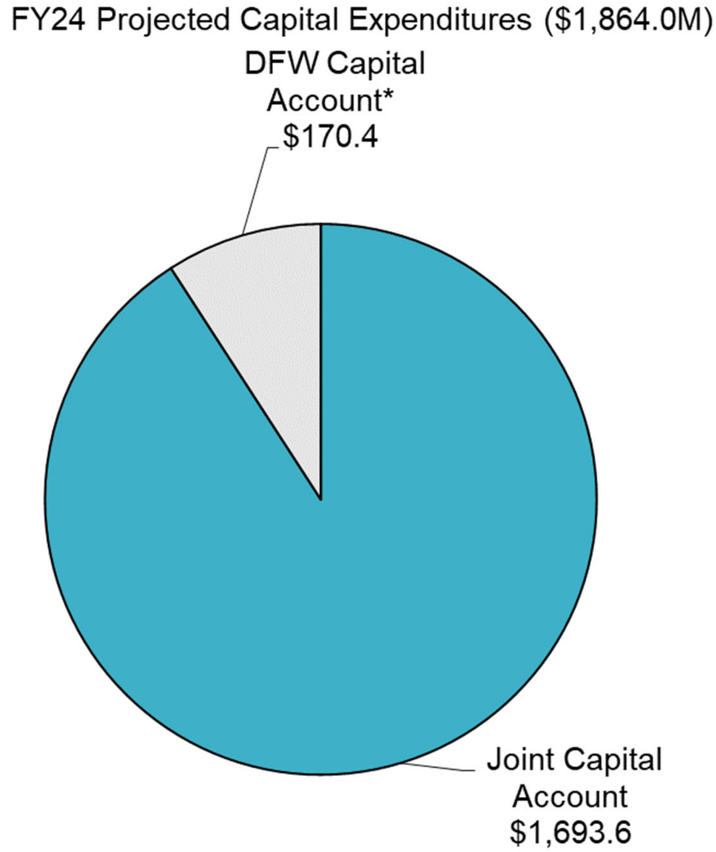
The DFWCA is the Airport's discretionary account. It may be used for any legal purpose and does not require airline approval. DFW uses this fund for renewals and replacements and other discretionary projects. Funding for the DFWCA comes from the DFW Cost Center net revenues and interest income and is supplemented with grants and debt proceeds. DFW has numerous capital projects underway and funded from the DFWCA (see detailed pages that follow).

The JCA generally requires airline approval for capital projects, which are typically funded through natural gas royalties, sale of land proceeds and interest income and supplemented with grants and debt proceeds.

DFW is engaged in a large capital plan, including the first phase of Terminal F (adds 15 new gates) and the Central Terminal Area Expansion program, which includes the renovation of Terminal C and the addition of nine new gates on two piers on Terminals A and C. These programs are discussed in more detail in the Major Capital Project Descriptions section. The next largest capital program, the Infrastructure Capital Program, involves the renewal of aging critical airside and landside infrastructure. DFW Airport is the third largest airport in the world in terms of land mass with over 17,000 acres, which includes a significant amount of infrastructure to maintain. Much of the airfield, landside, utilities, and other infrastructure were constructed in 1970s.

Projected Capital – Uses of Cash by Capital Account

DFW projects to spend approximately $1.86 billion on capital expenditures in FY24 as summarized in the following chart.



** Includes $33.1M debt financed for Commercial Development, excludes contingency*

The following table summarizes projected capital expenditures for projects to be in progress during FY24. Note that cash flow will lag the projected $1.86 billion, which is based on work performed. Also, the total capital project budget below ($8.6 billion) does not tie to the FY 2023A Official Statement (OS) total of $9.2 billion because the projects in the two documents cover different timeframes.

	Active Projects in FY 2024			
Capital Budget (Millions)	Prior Years	Projected FY 2024	Future Years	Total Budget
DFW Capital Account	$367.7	$170.4	$216.2	$754.2
Joint Capital Acccount	937.0	1,693.6	5,225.1	7,855.7
Total Capital	$1,304.7	$1,864.0	$5,441.3	$8,609.9

Capital Project Approval Process

DFW has a financial plan that includes the long-term capital plan.

There are new projects originating from this Capital Plan, which are officially in a planning status. When a project manager is ready to initiate one of the projects from the capital plan, a detailed capital worksheet is prepared, including alternatives, and presented to the Capital Council for review and approval. CEO approval is required for projects equal to or greater than $1 million. Projects on this list may be modified or eliminated if planning assumptions on costs and benefits do not materialize upon more detailed analysis. New projects may arise during the fiscal year due to the dynamic nature of the Airport. From a process standpoint, the Board of Directors does not approve the annual capital budget. Instead, the Board reviews individual capital projects as contracts for those projects are brought to the Board for approval and reviews projects in total as bonds are approved.

For most capital projects that require the issuance of debt, DFW must obtain airline approval of the projects before initiating the project. The new Use Agreement includes $4.9 billion of preapproved capital projects, including the CTA Expansion Program, the first phase of Terminal F and 19 Infrastructure Capital Program projects. Additionally, DFW has received airline approval for $1.8 billion of other projects under the current Use Agreement for a total of $6.7 billion of projects.

Capital Project – Major Projects and Programs

The Airport has approximately 306 approved capital projects currently underway with a total budget of $5.02 billion. Of this amount, $1.25 billion has been spent, $1.52 billion is committed, and $2.24 billion is unspent and uncommitted.

Some of the more significant projects are summarized below:

- *Central Terminal Area (CTA) Expansion Program ($2.72 billion)* – This program includes nine incremental gates in Terminal A and C on two new double-loaded piers, a tear-down and reconstruction of concourse level of Terminal C, reconstruction of the south Terminal C parking garages and rehabilitation of center and north garages, a new utilities corridor, and airfield ramp improvements. The renovations will include increased gate lounges and passenger flow space to enhance customer experience. DFW will use modular construction to replace concourse sections of the terminal while they are torn down. The program will be opened in phases with final date of beneficial occupancy at the end of 2028.

- *Terminal F Phase 1 ($1.63 billion)* – Terminal F Phase 1 includes 15 contact gates and seven operational hardstands to meet increased airline gate demand. Passenger parking and processing, bag processing and TSA clearance will be handled from Terminal E. The budget includes the terminal concourse, an underground baggage transfer system, utilities, new aircraft parking positions, operational hardstands and an expanded busing facility in Terminal D to accommodate international hardstands. Terminal F Phase 1 is scheduled to open in FY27. DFW plans to submit a new PFC application to the FAA in FY24 to fund a portion of the debt service on this project.

- *The Zero Carbon Electric Central Utility Plant (eCUP) ($206 million)* – The eCUP replaces the Airport's aging gas boilers and steam piping distribution system in its current Central Utility Plant with an efficient all-electric hot water system to address current and future cooling and heating demands. The eCUP provides incremental cooling, improves resiliency and efficiency, and transitions the Airport to electricity as the primary fuel source in support of DFW's Net Zero Carbon 2030 objective. The Airport has been awarded $44 million in grants for this project to date, with $62 million of additional grants to be obtained in the future.
- *International Parkway Modernization Program ($181 million)* – This program will build four new bridges exiting with right exit lanes on International Parkway into Terminals A, B, C and E and demolish the aging bridges that exit from the left and "flyover" International Parkway. The project budget also includes replacement of existing end-of-life, high mast light poles along International Parkway, as well as replace the aging bridge that traverses International Parkway in the north. The right turn exit bridges are eligible for FAA funding under the new legislation discussed below and DFW plans to apply for grants for this project.
- *Baggage Handling System (BHS) Upgrade Program ($165 million)* – This multiyear program will upgrade and renovate the BHS in Terminals A, B, C and D to ensure the maintainability and reliability of all operational systems for at least the next 10 years. Planning, design and construction of this program is being managed by American Airlines under a reimbursement agreement. American Airlines manages the baggage systems in these terminals.
- *Runway 17Right(17R) ($306 million)* – This project includes reconstruction of the Airport's primary departure runway, 17R, and its associated hold pads. Design is complete with substantial completion expected in the summer of 2025.
- *Aircraft Rescue Fire Fighting (AARF) Consolidation ($99 million)* – This project will consolidate DFW's four existing end of life ARFF stations into two locations. The design is nearly complete with construction estimated to be substantially complete by Spring 2026.

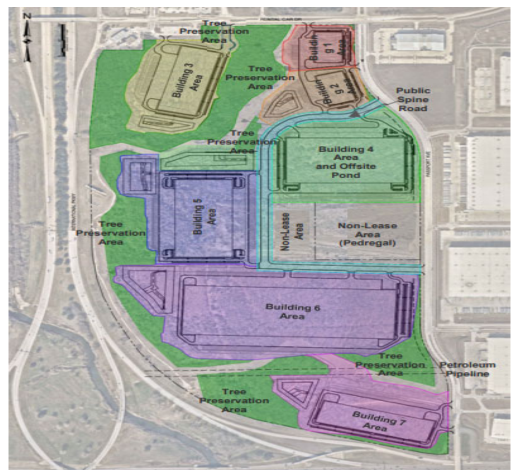
The Airport is expecting at least $46 million in grant funds to offset this project cost. The airlines have approved funding for this project.

The Airport has also developed a long-term Infrastructure Capital Program (ICP) to improve and maintain DFW's runways, bridges, roads and utilities through 2035. The phasing and implementation of the ICP will be based on asset evaluations that are completed by the Airport on a regular basis. The Airport is currently negotiating with the signatory airlines to include a portion of these projects as part of the next Use Agreement.

Landside Roads, Bridges and Rail

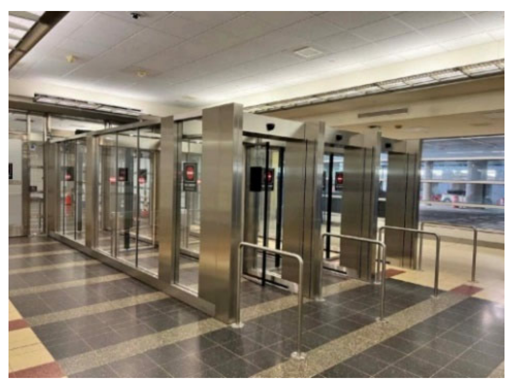
Landside infrastructure is part of the ICP program discussed above, which includes infrastructure renewal of roads and bridges that were validated by condition assessments to require reconstruction. A number of roads and bridges are in various stages of programming, design and construction. Approximately $31.4 million is estimated to be spent for reconstruction of roads and bridges during FY24.

Commercial Development and Other Facilities



Commercial Development, including eCommerce warehousing and distribution facilities, continues to grow to meet demand. The major Commercial Development projects for FY24 include a $42.7 million expansion of the Passport Business Park West located at the southeast quadrant of the Airport to develop approximately 181 acres to meet growing demand for logistics facilities. Also planned for FY24 is construction of a $43.1 million East to West Connector Roadway, which will serve as a primary north side roadway access into a future planned Bear Creek commercial development on the southwest quadrant of the Airport. The cost of this roadway will be offset by a $30.4 million grant. Approximately $33.1 million is anticipated to be spent on various Commercial Development projects during FY24.

Safety and Security



Security projects include an enterprise-wide replacement of DFW's Automated Access Control System, employee screening for entry into the terminals and Automated Exit Lane Breach Containment. Approximately $42.2 million is anticipated to be spent on Safety and Security initiatives in FY24.

Customer Experience

Various initiatives are currently underway to support the strategic DFW goal of creating an exceptional customer experience to align with the strategic plan. One of the major customer experience initiatives involves expansion and renovation of terminal restrooms to include smart capabilities and better accommodate forecasted passenger growth. There are a number of other customer service enhancements planned during FY24, including digital signage and wayfinding improvements in the terminal Skylink stations, Terminal D interior finish renewals, door sensors on terminal concessions locations to alert passengers to closed locations, biometric facial recognition, One-Stop Security Screening for inbound international passengers, and expansion of

5G wireless network campus-wide. Approximately $27.6 million is anticipated to be spent on Customer Experience initiatives in FY24.

DFW Capital Account

The following projects will be funded from the DFW Capital Account during FY24. Capital spending amounts are gross of grant reimbursements.

DFW CAPITAL ACCOUNT (In Millions) Project Name	Prior Years	FY24	Future Years
FY23 Bus Replacement	$.0	$27.2	$3.3
East/West Connector Road (Construction)	2.8	13.0	23.1
AA Flight Kitchen	98.4	7.9	.0
ARFF Station Consolidation - ARFF Road & Airfield Efficiencies	1.9	7.1	24.0
Air Service Incentive Program (ASIP)	49.5	6.4	7.5
Passport Business Park West	.0	5.4	37.3
AA Parts Distribution Facility	95.0	3.6	.0
121 Mustang Business Park	.0	3.6	10.7
Emergency Repair of W. 21st Street	1.0	2.9	.0
Parking Network Refresh FY23	.9	2.7	.0
NW Logistics	1.3	2.5	.0
Fire Support Vehicles - Mobile Command Post	.0	2.5	.0
FY21 DPS Front Line Vehicle Replacement	1.3	2.5	.0
IT Network Sys: Annual Technology Purchase	Annual	2.3	Annual
One Stop Security (OSS) Pilot Program	.1	2.1	.0
Ph. 1 High Mast Light Pole Replace-Non-Critical	3.2	1.9	.0
Weber Gruene Development	7.2	1.8	.0
North Destination District (previously N.Entertainment)	.0	1.8	12.5
Term D Millwork & Phenolic Panel Replacement	.9	1.7	.1
Pappadeaux's Escalator Replacement	.0	1.7	.5
Digital Platform Redevelopment	1.3	1.6	.2
Integrated Ops Ctr (IOC) - ITS General Systems (Back-up AOC site)	1.5	1.5	2.6
Automated Taxi Queue	.7	1.5	.1
EVIDS Display Refresh	.0	1.3	3.8
DCC Elevated Walkways Replacement	.3	1.2	.0
AOA Perimeter Security Access Gates	8.9	1.2	.2
Comprehensive Campus Connectivity 5G Deployment	.1	1.2	1.1
Data Center & Terminal UPS Replacement	.0	1.2	2.8
FIS Baggage Sign Improvements	.1	1.1	.0
2022 Non-Terminal Roofing Projects	.6	1.1	.6
Integrated Ops Ctr (IOC) - ITS General Systems	2.1	1.1	1.6
Replace Noise Monitoring Equip	1.4	1.1	.0
Hyatt Regency Hotel Garage Driveway Rehab	.0	1.0	1.8
IT EVIDS Platform Consolidation	1.4	1.0	.0
General Purpose Vehicles	Annual	1.0	Annual
Enterprise Network Access Layer	.0	1.0	2.0
Projects <1M	85.6	50.8	80.4
TOTAL DFW CAPITAL ACCOUNT	**$367.7**	**$170.4**	**$216.2**
TOTAL USES OF DFW CAPITAL ACCOUNT	**$367.7**	**$170.4**	**$216.2**

Joint Capital Account

The following projects will be funded from the Joint Capital Account during FY24. Capital spending amounts are gross of grant reimbursements.

JOINT CAPITAL ACCOUNT (In Millions) Project Name	Prior Years	FY24	Future Years
CTA Expansion Program	$183.3	$602.0	$1,934.7
Terminal F - Phase 1	64.2	197.0	1,394.8
SW End Around Taxiway	47.5	114.0	69.5
Runway 17R Reconstruction	45.5	105.0	155.5
International Parkway Modernization	21.3	64.0	95.7
Baggage Handling System (BHS) Improvements	25.0	40.0	100.0
Term B Mainline & E-Satellite Upgauge	1.5	36.2	12.3
IP Main Lanes Rehab/Asphalt Overlay (construction)	21.2	28.1	2.2
ARFF Station Consolidation (Construction)	6.0	21.2	72.1
West Warehouse Relocation	1.4	20.0	1.6
Airfield Remediation	4.3	15.9	.0
Collapsed Soil Sites (Ph 2)	14.0	15.6	.0
Terminal E Reconfiguration	.0	15.0	.0
Central Utility Plant (eCUP)	9.6	13.0	183.4
Terminal-D Plumbing & HVAC	.7	11.2	5.2
Employee Screening Portal & Associated Equip	6.9	10.3	2.6
Term A Roof Replacement	7.1	9.7	6.4
Holistic Airside Restroom Program (HARP) Ph 1 (B19 & E34)	.7	9.7	1.4
Skylink Auto Train Control (ATC) Replacement	25.5	9.3	.2
Spent Aircraft Deicing Fluid (SADF) Storage and Treatment (design & cc	.4	9.1	27.0
Term A, B, C, and E Waterproofing	9.3	9.1	.0
Rehab West Potable Water Pump Stations (equip, facility, civil) Constru	2.6	9.1	18.6
DPS Police Outdoor Range Upgrade	4.2	7.9	.0
Term E Satellite Conveyances (AA reimb)	.3	7.8	7.8
Automated Exit Lane Breach Containment (remaining exits)	.0	6.6	26.4
DCC PreProject Expenses Future (FY24-33)	Annual	6.0	54.0
Projects <6M	434.6	301.0	1,053.6
TOTAL JOINT CAPITAL ACCOUNT	**$937.0**	**$1,693.6**	**$5,225.1**
TOTAL DFW CAPITAL ACCOUNT	**$367.7**	**$170.4**	**$216.2**
TOTAL USES OF JOINT + DFW CAPITAL ACCOUNT	**$1,304.7**	**$1,864.0**	**$5,441.3**

Capital Projects - Sources of Cash

DFW's capital programs are funded from a variety of sources as shown in the following chart.

FY24 Capital Sources of Cash ($1,864.0M)