Association of Corporate Counsel Presentation

February 1, 2023

Byron's SouthEnd
Charlotte, North Carolina

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From Flights to FTX:

A 2023 Economic and Legal Forecast

JOHN E. SILVIA
DYNAMIC ECONOMIC STRATEGY

Association of Corporate Counsel Charlotte

Economic Update

Higher for Longer Reality

Subpar Growth Outlook for 2023, Persistent Inflation,

John E. Silvia

Dynamic Economic Strategy

February, 1, 2023

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Cycle Signals: Outlook for 2023 Continued Sub-Trend Growth

- Jobless Claims—down versus a month ago consistent with positive job gains
  - Initial claims,4Wk MA down but continuing claims above a month ago
  - Employment gains momentum slows– three-month below twelve-month average
- ISM-Manufacturing—Signals of Moderation in Growth and Prices
  - ISM-Dec. @ 48.4, Below 3Q average; orders and production below breakeven
  - Employment above breakeven; supplier deliveries down
  - Prices paid @39.4, indicates reduced input price pressures and big drop from 3Q average
- Factory Orders October above 2M ago, Unfilled Orders up L3M
  - Non-defense, ex-aircraft, core orders and shipments (Nov.) above September
  - Unfilled orders +3.9% YOY, slower growth signals supply-side catch-up, again slower gains YOY
- Building Permits—Total and Single Family down in Nov., below 3M ago.
  - Pending Home Sales down in Nov., down YOY, Home prices fall in Oct., down last three months
- Confidence (Conf Bd) Dec. above Oct., present and expectations up
  - Net Jobs plentiful up in Dec. and above October

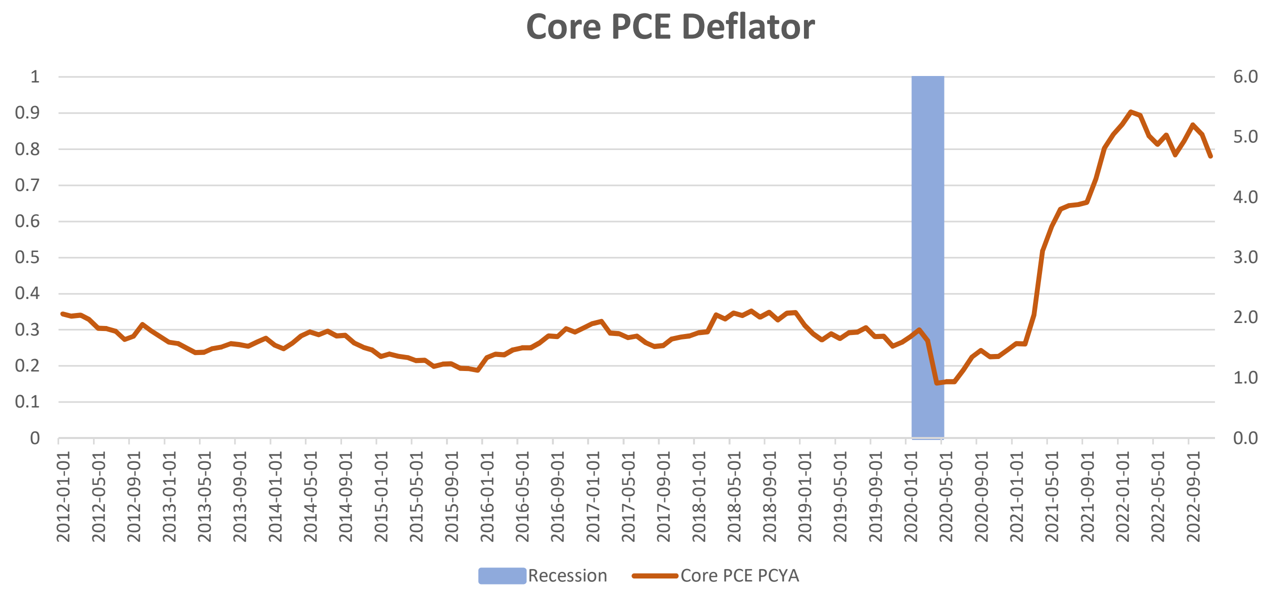
Negative Financial Signals: Lower Equity Returns, Slower Profits, Higher Rates, Dollar up

- Equity Market: SPX 500 @ 3895.08 (01/06/2023), below a month ago, and down 16.72% YOY
  - Global Impact---One-third of S&P 500 rev3nues earned abroad, Euro and U.K. recession, China slowdown
  - “IMF Warns of Growing Global Risks,” Oct. 11, WSJ
- Dollar Index: DXY @ 103.91 (01/06/2023), below a month ago, up 8.52% YOY, flight to safety
  - Real broad dollar index (Dec.) below Oct. and below 3M ago
- Pre-tax Corporate Profits (3Q 2022): up 0.3% but growth slower last five quarters
  - Profits up 9.73% YOY, compared to down 3.1% in 2020, up 37.42% in 2021
- Ten-Year (3.563%, 01/05/2023), below month ago, reduced inflation/Fed moves?
  while Two-Year (4.28%, 01/05/2023), lower-- discounting fewer Fed moves, lower inflation fears
- Leading Index: down in November. Down last 9 months. Slowdown last six months (-3.7% L6M)
  - Widespread weakness for indicators
- Quality Spreads: IG (AA) and ICE HY Master spreads (01/05/2023)
  - HY and AA spreads above a month ago, a realistic pricing of credit risk given recession forecasts?

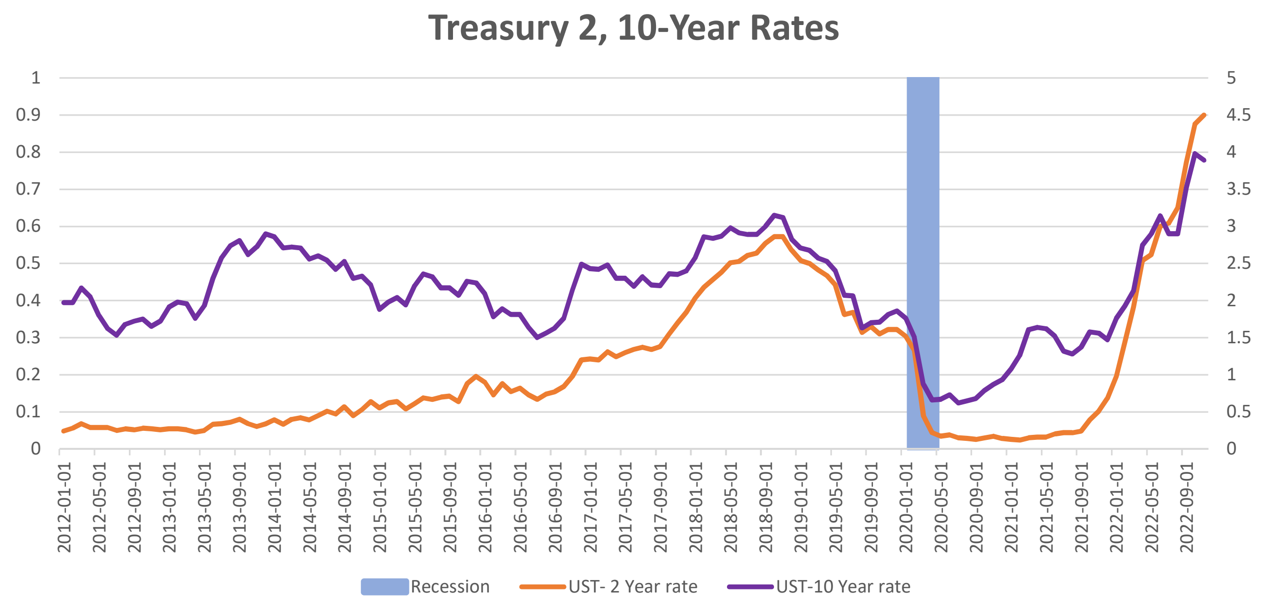
So, What Does All This Mean? Signals for Slower Growth, Lower Inflation in 2023

- **Four Sector Model: Subpar Growth, Persistent Inflation, War Tensions**
- Risk –volatility in existing paradigm--versus uncertainty—Inflation concerns, Fed Reaction, Ukraine
- Growth: Slower job gains but real personal income/consumer sentiment up last six months
    - China recovery mixed-COVID, Euro weak/U.K. recession, Japan 3.4% (BOJ)
    - Labor Participation rates stay low, limits potential GDP growth going forward
    - Fed-Atlanta Nowcast raised to 3.9% for 4Q
- Inflation: Core PCE Deflator (+3.6% L3M, +4.7% L12M), continues to exceed Fed's 2% target
    - Powell—raised rates since March, expect another 50bp on February 1
    - Commodity prices —Prices Paid –ISM manufacturing lower, below breakeven, PPM below 3M ago
- Interest Rates: Benchmark UST 10-Y rate lower—inflation and Fed expectations lowered
    - UST 2-Y rates lower---expect less Fed action on rates, inflation
    - Real 1Y, 10Y rates signify a return to more reasonable pricing
    - Underpricing of risk (AA, High Yield) persists
- Corporate Earnings: Pre-tax profits up in 3Q 2022, +9.73% YOY, although gains slowing
- Dollar: Year-over-year up 8.52%, signals reduced flight to safety, Fed to halt raising rates ahead

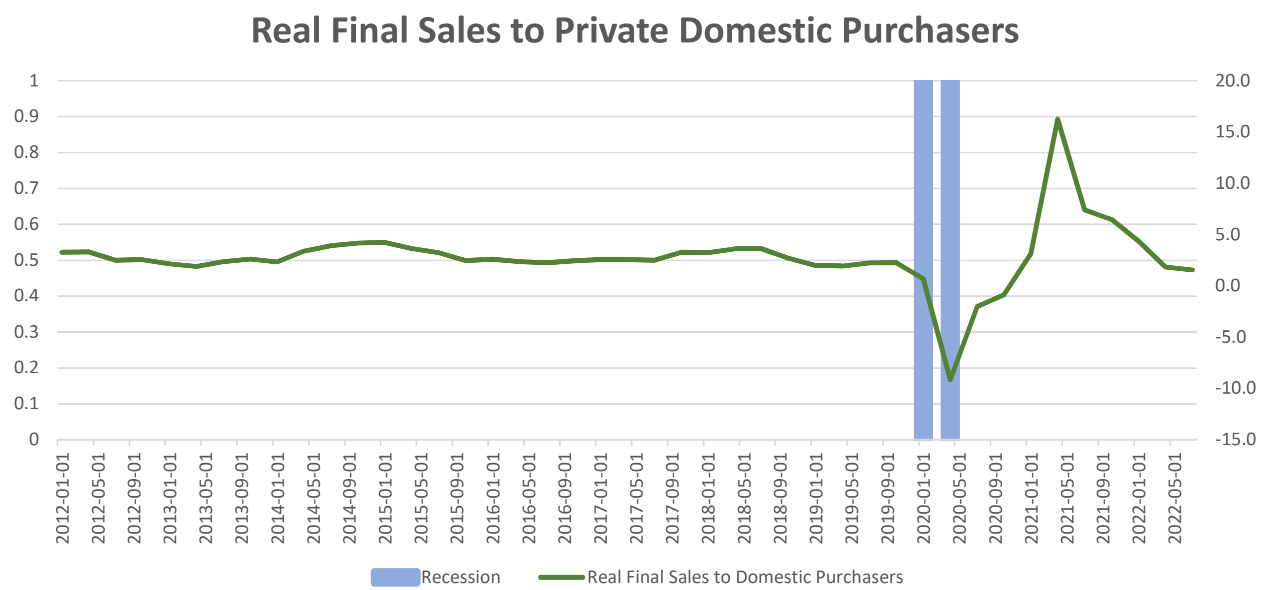
Keying off the Fundamentals: Inflation



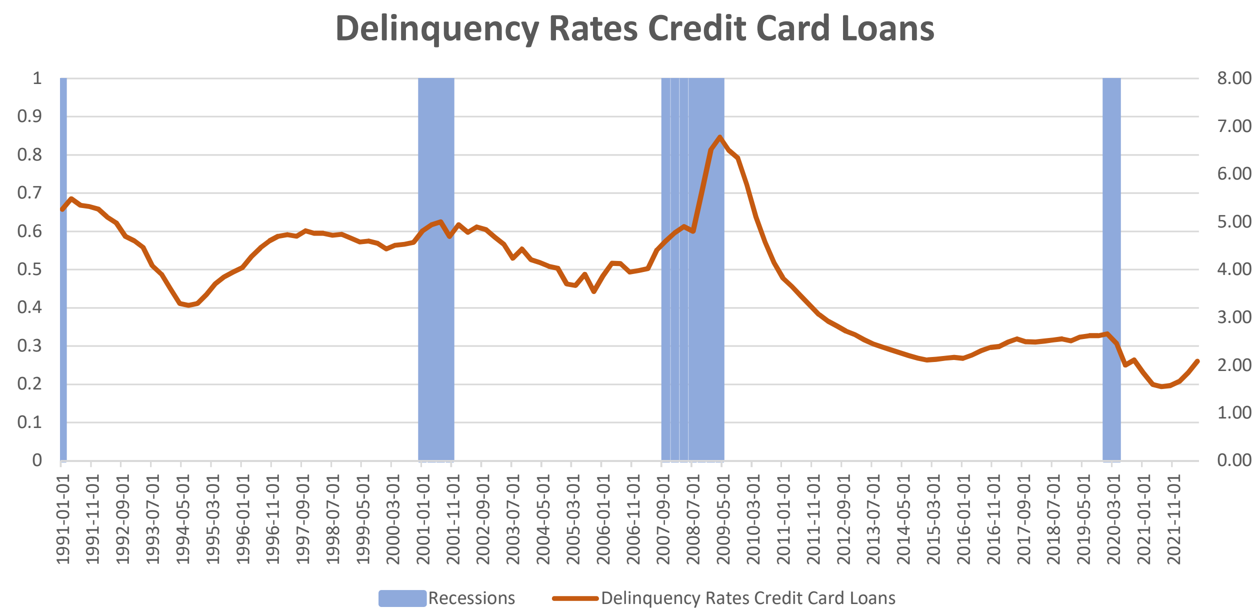
Keying off the Fundamentals: Interest Rates



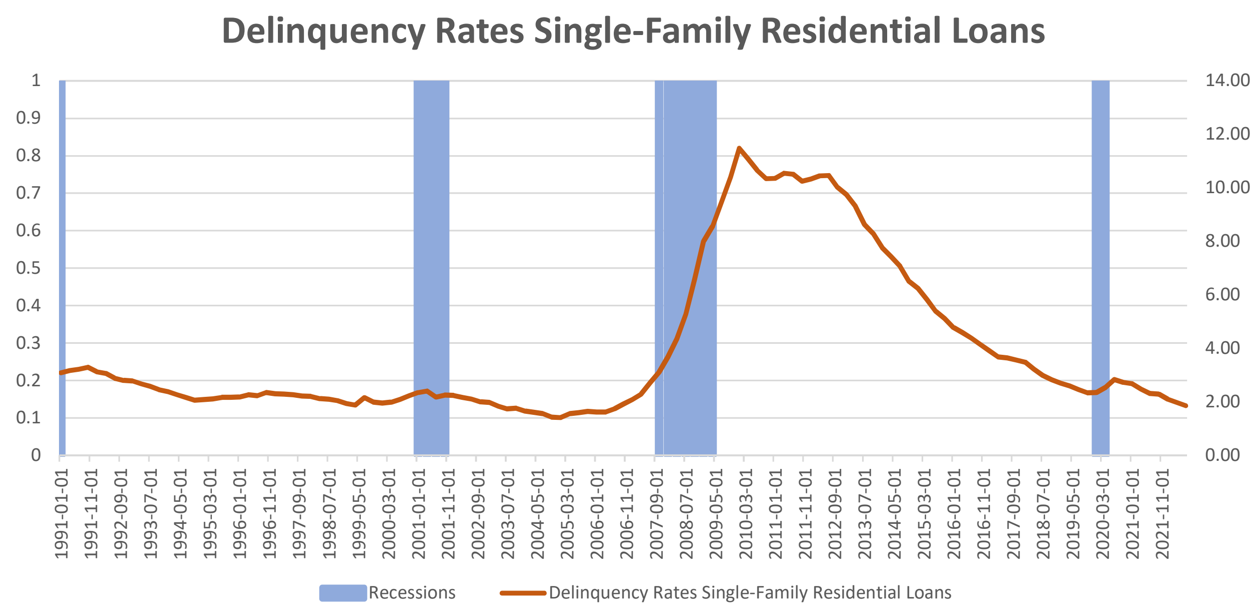
Keying off the Fundamentals: Growth



One Signal On Credit Risk: Rising



Second Signal On Credit Risk: Flat



Details Matter: Covenants and Disclosures—We don’t need any stickin’ disclosures

- “SPAC Boom Ends in Frenzy of Liquidation,” Dec. 25, 2022, WSJ
- “The $80tn “hidden debt” and what it really means, Calling something debt is a choice,” Dec. 12, 2022, FT
- “We haven’t reduced financial risk, just transformed it,” Dec. 10, 2022, FT
- Why the Investing Pros Were Such Suckers for FTX With billions of dollars at stake, lots of smart people turned a blind eye to the crypto company’s red flags Nov. 18, 2022, WSJ
- “FTX collapse puts its auditors in the spotlight,” Nov. 13, 2022 FT
- “Sam Bankman-Fried Led ‘Years-Long Fraud’ at FTX,SEC Says,” Dec. 13, 2022 WSJ
  - “Mr. Bankman-Fried also failed to disclose special treatment that FTX gave to Alameda on its platform, and financial risks posed by the relationship between the exchange and the hedge fund, the SEC alleged.” Dec. 13, 2022, WSJ

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2023 Legal Forecast

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1. Economic Trends

- Sales weakening
- Inflation drives CGS up
- Interest rates raise cost of debt
- Dollar weakening
- Supply chain
- Impact on profits/EBITDA
- M&A activity down
    Except Section 363 M&A deals

2. Restructurings, insolvencies and Chapter 11 filings

- 2022 – 18% increase in Chapter 11 filings from 1st half to 2nd half
- 4th Qtr 2022 Chapter 11 filings busiest quarter since 4th Qtr 2020
- Venue
  - $100+ million – 77% - DE, SD Texas, or SDNY
  - $10+ million – 41% - DE, SD Texas or SDNY
  - Judge Jones SD Texas

    Party City and Serta Simmons

    "I want to go faster"

- Types of Chapter 11 cases
  - Way beyond Chapter 11 or Chapter 7
  - Prepackaged with RSA

    Carestream
  - Prearranged with RSA
  - Section 363 sale
  - Free fall

    Revlon, SAS, Celsius, Cineworld, FTX
  - Have you been DIP'ed?

    Carestream

- Chapter 11 is the ultimate capitalist model

  … in the right court, it’s completed unregulated

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3. Trends in Chapter 11

- DIPs provided by third-parties, not pre-petition lenders
- First Day DIP is Plan with Exit Financing

  Carestream

- DIP Captive of Rogue Management

  Bang Energy

- Prearranged Plan that isn't prearranged

  DIP Milestones

  "Toggle Event"

  Section 363 sale

  Party City

- Plan Class Voting out the window

  Serta Simmons

- Black Swan Event – Give the Money Back
  - Revlon
- Chapter 7 as a Strategic liquidation tool
  - Barnett Corporation
- Crypto – who owns the accounts
  - Celsius

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- First Day Orders limit creditors' rights
  - Prohibition on modifications to contracts
  - Worldwide automatic stay
- Immense pressure on First Day Hearing/Orders
  - Dean Foods objection

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Major industry developments and highlights:

- **In 2022 there was an 18% increase in filing frequency from the first half to the second half, with December being the busiest month of the year.**
- **From 2021 to 2022, chapter 11 filing frequency dropped 4%; excluding the real estate sector, this decrease was just 1%.**
- **The sector with the biggest increase in cases with more than $100 million in liabilities was the financials sector, and the sector with the biggest increase in cases with more than $10 million in liabilities was the consumer staples sector.**
- **Crypto companies became a trend after the midyear, with FTX's free-fall accounting for the largest case, along with smaller filings from Core Scientific, BlockFi, Celsius Network and Voyager Digital.**
- **The financials sector took the largest share of the year's billion-dollar filings, which have historically been led by energy and consumer discretionary filings.**
- **Energy and consumer discretionary filings, which set record highs in 2020, fell steeply in 2021 and were down further to record lows in 2022.**
- **Inflation and supply-chain issues were running themes for 2022's chapter 11 filers.**
- **Noted pockets of increased bankruptcy activity were construction filings, especially in the first half of the year, and New York-based hotels filing toward the end of the year.**
- **The year had an increased prevalence of DIP facilities provided by third parties, as well as DIPs seeking interim approval of rollups**

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The first half of 2022 set the First Day record for fewest chapter 11 filings over any calendar half-year, but chapter 11s picked up in the second half, with the fourth quarter ending up as the year's busiest quarter and December closing out as its busiest month. Excluding real estate cases, which peaked in 2021, the frequency of chapter 11 cases fell by only 1% in 2022. Despite the waning of the Covid-19 pandemic, companies continue to cite the health crisis as at least part of the reason for their bankruptcy filings. However, during 2022 the reasons attributed for chapter 11 filings moved away from pandemic factors such as work stoppages and lower demand to supply-side macroeconomic factors, including supply-chain issues, labor costs and inflation. Rising interest rates and the collapse of crypto are also becoming prominent features in debtors' explanations for their bankruptcy filings.

The fourth quarter of 2022 was the busiest quarter for chapter 11 filings since the fourth quarter of 2020. After an isolated spike in filings in June, filings began picking up in October, during which the 200th chapter 11 with more than $10 million in liabilities filed for the year. Although filings in 2022 lagged behind 2021 for the bulk of the year, the gap between 2021 and 2022 filings narrowed from a high of 30% in May down to 25% in July, 12% in October and 4% as of the end of December.

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2022 Chapter 11s Reporting More Than $1 Billion in Liabilities						
Company	Petition Date	Industry	Liability Range	Case Type	Funded Debt	Prepack?
Seadrill New Finance Limited	11-Jan	Energy	$1B - $10B	Reorganization	$611.1M	Prepackaged
GWG Holdings	20-Apr	Financials	$1B - $10B	Reorganization	$2.1B	Freefall
Talen Energy Group	9-May	Utilities	$1B - $10B	Reorganization	$4.4B	Prenegotiated
TPC Group	1-Jun	Materials	$1B - $10B	Reorganization	$1.2B	Prenegotiated
Revlon	15-Jun	Consumer Staples	$1B - $10B	Reorganization	$3.5B	Freefall
LaForta - Gestão e Investimentos, Sociedade Unipessoal	16-Jun	Energy	$1B - $10B	Sale	$947.0M	Freefall
SAS	5-Jul	Industrials	$1B - $10B	Reorganization	$1.5B	Freefall
Voyager Digital Holdings	5-Jul	Financials	$1B - $10B	Dual Track	$1.1B	Prenegotiated
Celsius Network	13-Jul	Financials	$1B - $10B	Dual Track	None	Freefall
Aearo Technologies	26-Jul	Industrials	$1B - $10B	Reorganization	None	Prepackaged
OSG Group Holdings	6-Aug	Communication Services	$1B - $10B	Reorganization	$824.M	Prepackaged
Altera Infrastructure	12-Aug	Energy	$1B - $10B	Reorganization	$1.6B	Prenegotiated
Endo International	16-Aug	Healthcare	$1B - $10B	Sale (Credit Bid)	$8.1B	Prenegotiated
Carestream Health	23-Aug	Healthcare	$1B - $10B	Reorganization	$1.0B	Prepackaged
Lumileds Holding	29-Aug	Industrials	$1B - $10B	Reorganization	$1.7B	Prepackaged
Cineworld	7-Sep	Communication Services	$10B - $50B	Reorganization	$5.1B	Freefall
FTX Trading	11-Nov	Financials	$10B - $50B	Dual Track	None	Freefall
BlockFi	28-Nov	Financials	$1B - $10B	Dual Track	$275.0M	Freefall
Reverse Mortgage Investment Trust	30-Nov	Financials	$10B - $50B	Liquidation	$1.4B	Freefall
AIG Financial Products	14-Dec	Financials	$10B - $50B	Dual Track	$37.7B	Freefall
Core Scientific	21-Dec	Information Technology	$1B - $10B	Reorganization	$908.0M	Prenegotiated

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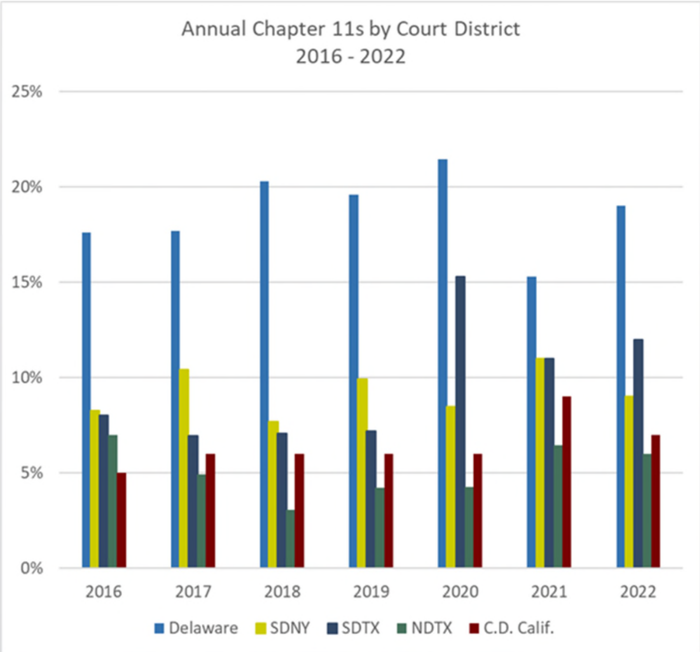
Bankruptcy Court Filing Districts

Across all First Day liability ranges, Delaware accounted for just under 20% of cases, followed by Texas' Southern District with 12% and SDNY with 9%:



With respect to cases with liabilities in excess of $100 million, Delaware, SDTX and SDNY made up 77% of the total. While the composition across these districts has varied over the past several years, the combined share of the three has changed much more subtly, with 2017, 2018, 2019, 2020 and 2022 each at 77%, 2016 at 75% and 2021 at 69%. In 2022, Delaware's share of $100-million-plus liability filings in 2022 more than doubled each of SDNY's and SDTX's. SDNY's share grew from 12% to 16%, and SDTX's share was unchanged at 20%.

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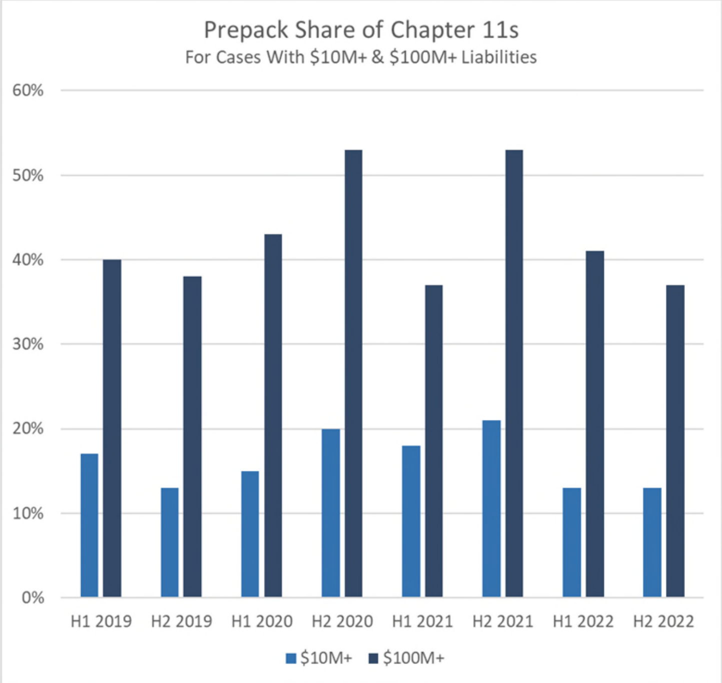
Prepackaged Plans

Approximately 46% of prepackaged or prenegotiated cases in 2022 fell within the billion-dollar-and-up range. Across all liability ranges and excluding the real estate sector, which consists primarily of single-asset real estate cases, prearranged chapter 11s made up roughly 13% of cases in both halves of the year, which is below recent averages. For cases with over $100 million in liabilities (still excluding real estate) - the liability range where prearranged cases predominate - the percentage of chapter 11s filed as prearranged cases fell from 53% in 2021's second quarter to 41% in the first half of 2022 and then further to 37% in the second half.



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Carestream Health commenced a prepackaged case in August with the support of its existing lenders, exiting 38 days after its petition date. **Lumileds**, another August billion-dollar filer, ran a 63-day prepackaged confirmation process, which was longer than **Cypress Environmental**'s 45-day prepack, which provided 100% of new equity to prepetition and DIP lender Argonaut Private Equity. Integrated customer communications and engagement services company **OSG Group** ran an even shorter process, confirmed in 24 days and effective just 25 days after entering bankruptcy.

Sungard Availability Services, a data center services provider, found itself back in bankruptcy after a 24-hour speedy prepack three years earlier. This time around, Sungard pursued a toggle sale/plan process. In 2022 there was a very quick prepack from **Seadrill New Finance**, which achieved a one-day confirmation (and its effective date nine days after the petition date) for its prepack designed to amend and extend approximately $622.7 million of senior secured notes and to issue pro forma equity to the senior secured noteholders as part of the broader Seadrill restructuring.

In contrast, the highest-profile true free-falls of the year were undoubtedly **FTX** and **Revlon**, discussed further below.

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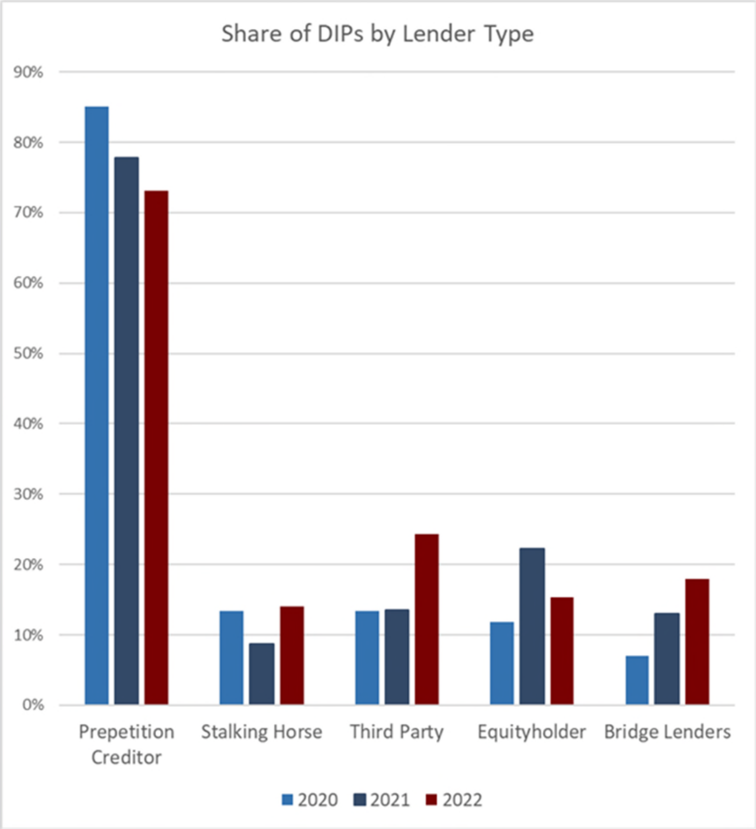
DIP Financing Trends

In 2022 we saw a rise in DIP financing provided by third parties, alongside a continuing drop in the share of DIPs provided by prepetition lenders (which nevertheless still account for super-majority of DIPs):



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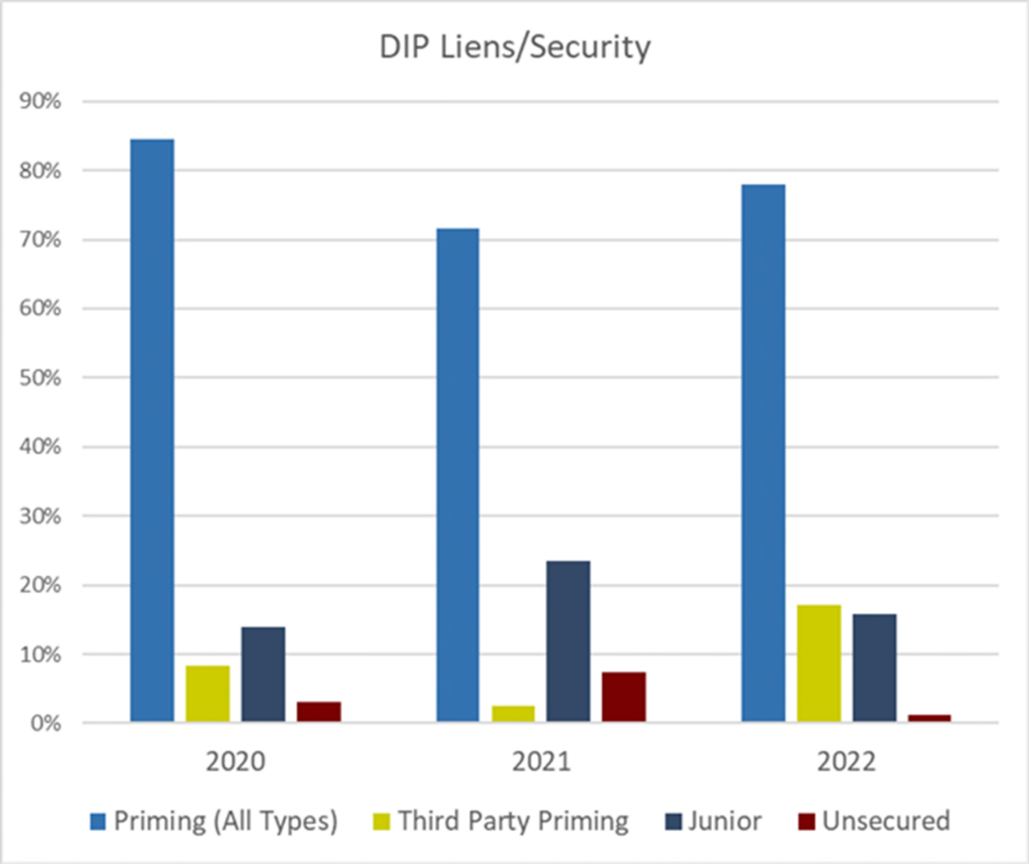
In addition to the increased prevalence of third-party-provided DIP financing facilities from 2021 to 2022, the proportion of DIPs lent by third parties seeking to prime the liens of prepetition secured parties increased significantly:



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DIP Lenders as Stalking Horses

A number of 2022's debtors ran sale processes with the DIP lender also serving as stalking horse bidder, and in some cases the lender was also the prepetition lender. In almost all of these cases, the stalking horse ultimately prevailed as the successful bidder and purchaser, including in the following cases in which there were no other qualified bids: **Gold Standard Baking**'s credit bid sale to the DIP lender and stalking horse, **Pareteum Corp.**'s sale to stalking horse bidders Circles MVNE Pte. Ltd. (also serving as DIP lender) and Channel Ventures Group LLC (the former minority holder of the company's first lien debt and agent and lender under an existing junior subordinated secured debt facility), insurance brokerage services provider **Vesta Holdings**' sale to the stalking horse, an affiliate of existing lenders and DIP lender, **NewAge Inc.**'s sale to the stalking horse and DIP lender, and **Corsicana Bedding**'s sale to stalking horse, prepetition and DIP agent.

Stimwave Technologies Inc. also achieved a sale of substantially all of its assets to an affiliate of prepetition and DIP lender Kennedy Lewis, but only after a "competitive" auction; the debtors describing this as a "unicorn" sale that would result in full or close to full payment to GUCs, and overcoming an objection from the wife of the debtors' former CEO, who alleged that the sale was based on "insider manipulation."

An exception to the stalking horse prevailing as the purchaser was **EYP Group Holdings Inc.**, in which third-party Page Southerland Page Inc. was ultimately approved as the purchaser, over stalking horse, prepetition and DIP lender Ault Alliance. The auction had been adjourned several times, after the debtors and the official committee of unsecured creditors reached an agreement on the designation of Page's bid as a qualified bid.

Despite eventual approval of nearly all of these sales to DIP lenders and/or existing lenders, the debtors had some roadblocks to approval of bid protections, including Judge J. Kate Stickles' denial of bid protections for the stalking horse in the **Gold Standard Baking** case in light of objections from the U.S. Trustee and official committee of unsecured creditors, and Judge Lisa G. Beckerman sustaining the UCC's objection to a breakup fee for the stalking horse bidders in Pareteum Corp. Judge Laurie Selber Silverstein ultimately approved Vesta's bid procedures, overcoming concerns that $1.5 million in expense reimbursement for the stalking horse bidder, a consortium of first lien lenders, was a "disguised breakup fee." Judge Silverstein also approved a breakup fee and expense reimbursement in **NewAge Inc.**, finding that the eventual purchaser - stalking horse and DIP lender - was not an insider on the basis of what was known at the time of the bid procedures hearing.

Certain other debtors proposed bid procedures without a breakup fee or expense reimbursement, including Stimwave, which did not contemplate any breakup fee or expense reimbursement for the stalking horse, which the debtors stressed would not impede overbids. **MD Helicopters** also did not have any proposed breakup fee or expense reimbursement and achieved an eventual sale to the stalking horse affiliated with Zohar funds (holders of certain of the debtors' equity and first lien obligations). That case ended with a structured dismissal, despite opposition to the sale from the state of the Netherlands, which had its motion for stay pending appeal of the sale denied.

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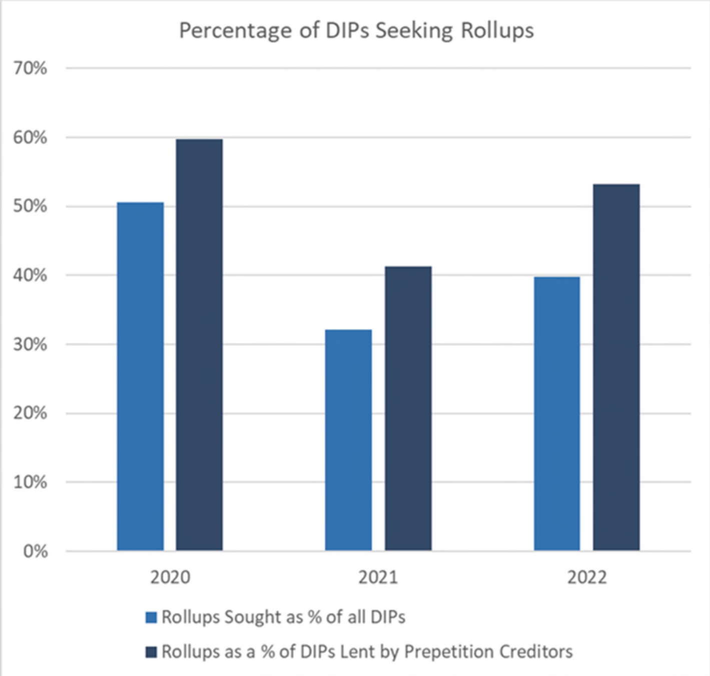
Rollups

The percentage of DIP motions seeking rollups of prepetition debt in 2022 has rebounded from a marked drop last year:



Of the 20 DIPs in 2022 that sought interim approval of rollups, only one was pushed to the final order for approval (**Phoenix Services**), while one was rejected altogether (**Storcentric**), one was axed along with the entire DIP facility (**Buyk**), and one was terminated in connection with the company's pivot to an alternative DIP facility containing no rollup (**Cineworld**).

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Industrials / Construction

Industrials sector cases in 2022 nearly doubled their 2021 levels, with an emphasis on construction and building products companies, particularly in the first half of the year, which accounted for 11 of the year's 14 cases in these categories. All but two of these filers reported liabilities of $10 million to $50 million. Construction and building products companies cited delays and uncertainty caused by the Covid-19 pandemic, broader supply-chain issues and increased labor and material costs.

Airlines / Aerospace

The airline industry and the aerospace and defense industry together made up approximately 18% of industrials sector cases in 2022. Georgia-based regional airline **ExpressJet Airlines** filed after ceasing all air charter and scheduled flight services. ExpressJet had operated as a regional airline contracting with Continental, JetBlue, American and United, but ExpressJet stopped United Express flying operations in 2020 and, despite restarting commercial operations in 2021, the company faced issues related to airline industry consolidation. Scandinavian airline **SAS**, the largest filer in this category regarding liabilities with $1.5 billion of funded debt, filed in the wake of a pilots' union strike and an inability to obtain concessions from aircraft lessors. SAS also attributes the bankruptcy filing to the Covid-19 pandemic, which has "battered" the airline industry, leading to a 56% reduction of revenue in fiscal year 2020 and a 70% reduction in fiscal year 2021, as compared with 2019, while ExpressJet pinned its filing on difficulty in scaling operations and the effects of the Covid-19 pandemic on travel and inflation - including a 50% to 100% increase in fuel costs. SAS ultimately settled its union strike, which had threatened its restructuring, in December, and its June passenger numbers were up 217% year over year.

In the aerospace corner of the industrials sector, **MD Helicopters**, a Mesa, Ariz.-based Zohar portfolio company and manufacturer of commercial, military, law enforcement and air-rescue helicopters, led in liabilities with $420 million in first and second lien debt. The company attributed the filing to headwinds related to the U.S. military's withdrawal from Afghanistan, along with supply-chain issues stemming from Covid-19.

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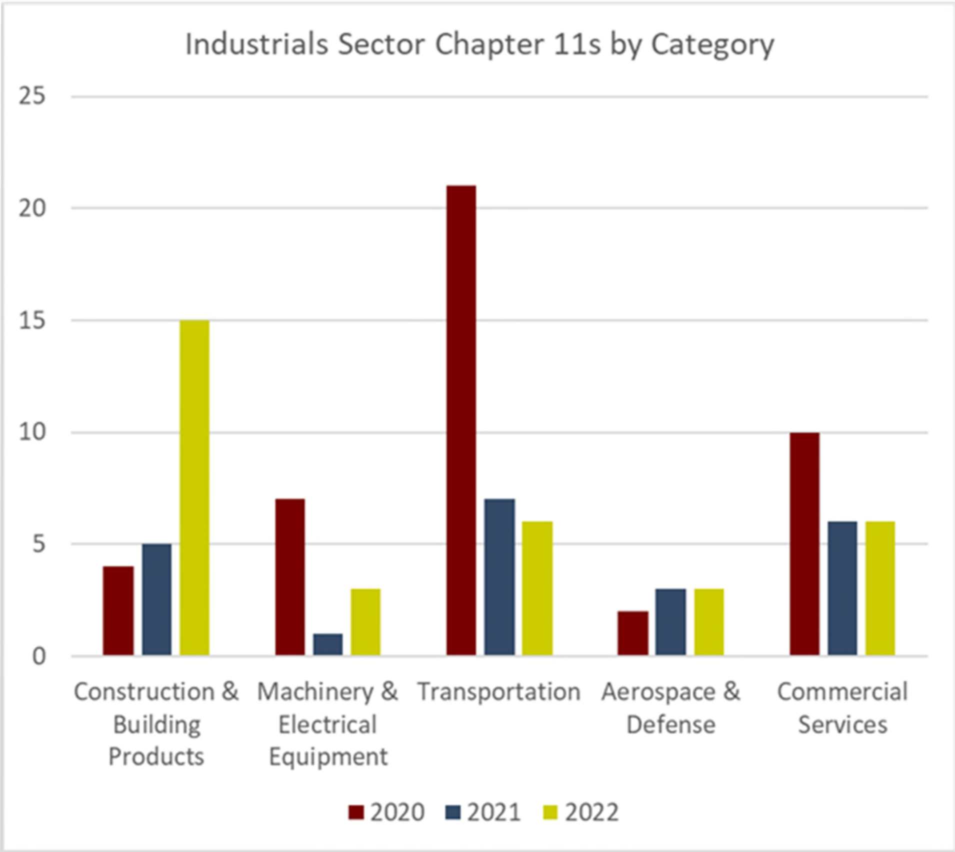
The chart below splits up industrials sector chapter 11s by category for the past three years:



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Crypto / Cyber

The well-documented wave of 2022 cryptocurrency bankruptcies began in July with the chapter 15 filing of defunct cryptocurrency hedge fund Three Arrows Capital and a chapter 11 filing from **Voyager Digital**. Voyager, which filed after issuing a default on its outstanding $650 million equivalent loan to Three Arrows, pinned its filing on a "short-term 'run on the bank'" from the downturn in the cryptocurrency industry generally and the default of a significant loan made to a third party. Voyager asserted it was not filing a "'free-fall' filing without direction," but rather filed with a plan of reorganization. Nonetheless, Voyager's plan, the debtors said, "effectively functions as a 'stalking horse' proposal," and Voyager would continue efforts to engage third parties to act as a plan sponsor or to otherwise provide financing in exchange for partial or full ownership of the reorganized company. Voyager initially sought a sale to FTX, but after FTX's collapse, the debtors switched gears to a bid from Binance.US.

FTX Group filed for chapter 11 in November 2022 after former CEO Sam Bankman-Fried resigned amid a scandal that prompted a run on the company, leaving it in a severe liquidity crisis. Successor CEO John Ray III, who "supervised" the Enron chapter 11 cases, says FTX exhibited a "complete failure of corporate controls and ... [an] absence of trustworthy financial information." FTX began to encounter difficulties after CoinDesk's reporting on the leak of Alameda Research's balance sheet on Nov. 2, which showed that approximately $5.8 billion of $14.6 billion of assets reported consisted of FTX's proprietary FTT token, with the bulk of the rest in Solana tokens. Fellow crypto exchange Binance announced its plans to liquidate a substantial amount of FTT on Nov. 6. On Nov. 8, Binance announced a proposed distressed acquisition of FTX.com, which Binance abandoned the next day after the diligence process uncovered a liability gap on FTX's balance sheet, reports of mishandled customer funds and U.S. agency investigations. FTX is pursuing a sale process and is also facing the U.S. Trustee's request for an examiner, which a group of bipartisan senators have also endorsed in a letter to Judge John Dorsey.

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Celsius Network joined the crypto filers later in July, without a plan or restructuring agreement but with the intention to try to build consensus around a reorganization. Celsius revealed connections to other cryptocurrency firms, disclosing a $40.6 million claim against Three Arrows Capital, and Alameda Ventures Ltd., Bankman-Fried's cryptocurrency fund, as one of Celsius' largest unsecured creditors. Crypto exchange services provider **BlockFi** filed at the end of November, tracing its filing to the crypto "contagion" and "unprecedented" FTX collapse. BlockFi filed to pursue a sale in parallel with a reorganization.

Each of these crypto companies filed with billions of liabilities, but smaller companies within the industry also filed, such as blockchain and cryptocurrency mining data center company **Compute North**, which ultimately filed a plan of liquidation after determining that a going-concern sale was "not likely," and blockchain tech company **Symbiont**. Information technology companies such as Compute North make up just 5% of 2022 chapter 11s.

The sector also had filings from cybersecurity software developer **Storcentric** and from mobile communications security technology company **Hoyos Integrity Corp.** Some of 2022's filers faced cyber attack-related business disruptions: **OSG**, which lamented "crippling" malware attacks leading to a $30 million revenue drop from projections because of a loss of customers, and **Gissing North America**, which was victim of two cyber attacks in late 2021.

In a sign of the times before the "crypto winter," April's single asset real estate filer **Mora House One** - a Los Altos, Calif., single-family home - was accepting cryptocurrency offers as well as cash for its property.

"First Day Bankruptcy Industry Update, 2022 Year in Review: After Record Low First Half, 2022 Ends with Q4 as Busiest Quarter; Supply-Side Macroeconomic Factors Permeate Filings", *Reorg*

CLT
CHARLOTTE DOUGLAS
INTERNATIONAL AIRPORT

Presented By Ted Kaplan

Chief Business & Innovation Officer
February 1, 2023

ABOUT CLT AIRPORT

TERMINAL OPENED
MAY 2, 1982

114
GATES

1,400
DAILY AIRCRAFT MOVEMENTS

118,000
DAILY PASSENGERS

100+
CONCESSIONS

21,000
PARKING SPACES

3
TOTAL RUNWAYS

6,000
ACRES OF LAND

1.8M Sq. Ft.
TERMINAL WITH 5 CONCOURSES

JANUARY 2024

NUMBERS & RANKINGS

43,302,230
PASSENGERS

519,895
AIRCRAFT MOVEMENTS

168,566
TONS OF CARGO

2021 ACI RANKINGS*

5th IN AIRCRAFT MOVEMENTS

6th IN TOTAL PASSENGERS

34th IN TOTAL CARGO **

* worldwide ACI rankings
** nationwide ACI rankings

ECONOMIC IMPACT

$32B
ANNUAL ECONOMIC IMPACT

5%
OF STATE GROSS PRODUCT

$1.82B
IN TAX REVENUE

Source: NC Department of Transportation Division of Aviation

AIRLINES

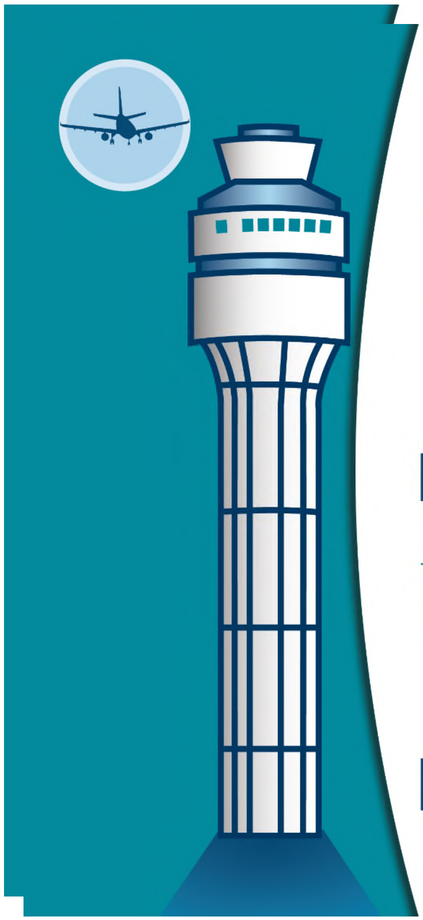
184
NONSTOP DESTINATIONS

37
INTERNATIONAL DESTINATIONS

3
US TERRITORIES

8
DOMESTIC AIRLINES

3
FOREIGN FLAG AIRLINES



CLT ECONOMIC IMPACT

CHARLOTTE DOUGLAS INTERNATIONAL AIRPORT GENERATES:

$32B ANNUAL ECONOMIC IMPACT
$1.82B IN TAX REVENUE
$9.9B IN PERSONAL INCOME
151,575 AIRPORT JOBS SUPPORTED

NC'S 72 AIRPORTS CONTRIBUTE:

$72B ANNUAL ECONOMIC IMPACT
$3.7B IN TAX REVENUE
$23B IN PERSONAL INCOME

AMONG NC'S 72 AIRPORTS, CLT MAKES UP:

44% ANNUAL ECONOMIC IMPACT
49% IN TAX REVENUE
43% IN PERSONAL INCOME
46% AIRPORT JOBS SUPPORTED
5% OF GROSS STATE PRODUCT

CLT SM

Still Leading in the New Normal

- ✓ Traffic has consistently recovered faster than U.S.—FY 2022 traffic 96% of FY 2019
- ✓ American prioritized CLT and DFW, positioning CLT for quicker recovery
- ✓ Retained top-tier financial metrics while preserving COVID grant capacity

Superior Financial Performance

- ✓ FY22 CPE: $1.57; Bond Order DSC: N/A; DCOH: 1,304 days
- ✓ Lowest large-hub airport CPE
- ✓ *Post-CIP* CPE forecast to be lower than virtually any large-hub airport *today,* solidifying cost advantage

Market Fundamentals Still Strong

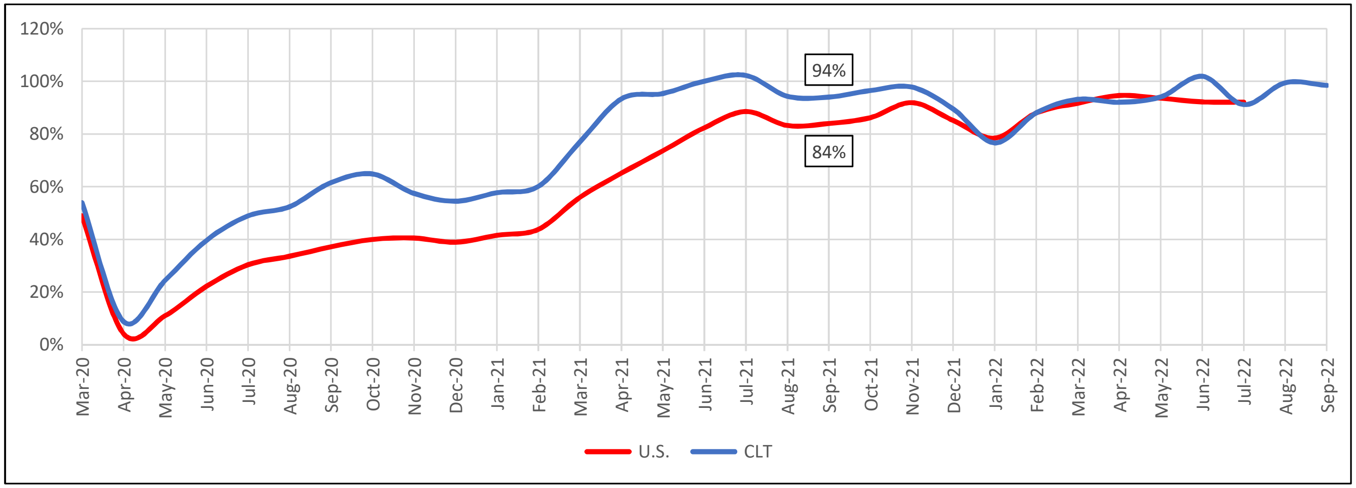
- ✓ Diverse and growing local economy continues to attract corporate relocations and new residents
- ✓ Vital national hub—third busiest single airline hub in nation and 1 of only 2 in geographically optimal Southeastern U.S.
- ✓ CLT remains central to American's long-term strategy

Continuing to Invest in Core Strengths

- ✓ CIP is demand-driven, affordable, and supported by airlines
- ✓ CIP is focused on increasing capacity affordably while preserving efficiency—the proven CLT formula for four decades
- ✓ Balanced funding plan strategic use of BIL and other federal grants minimizes new debt and keeps airline costs low

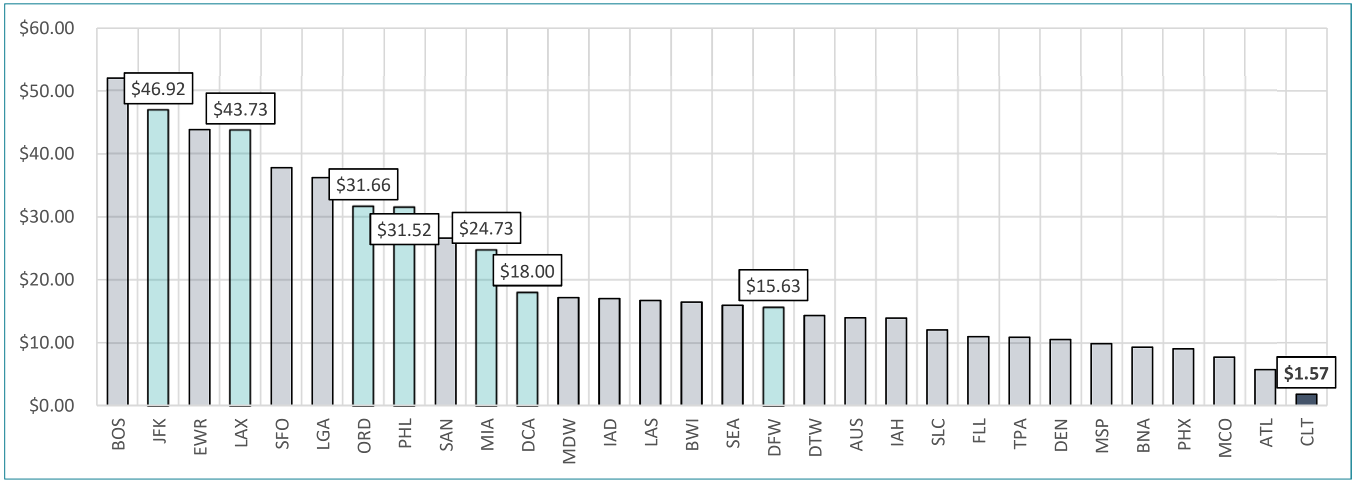
CLT

Percent Change in Domestic Enplanements Compared to Same Month in FY 2019

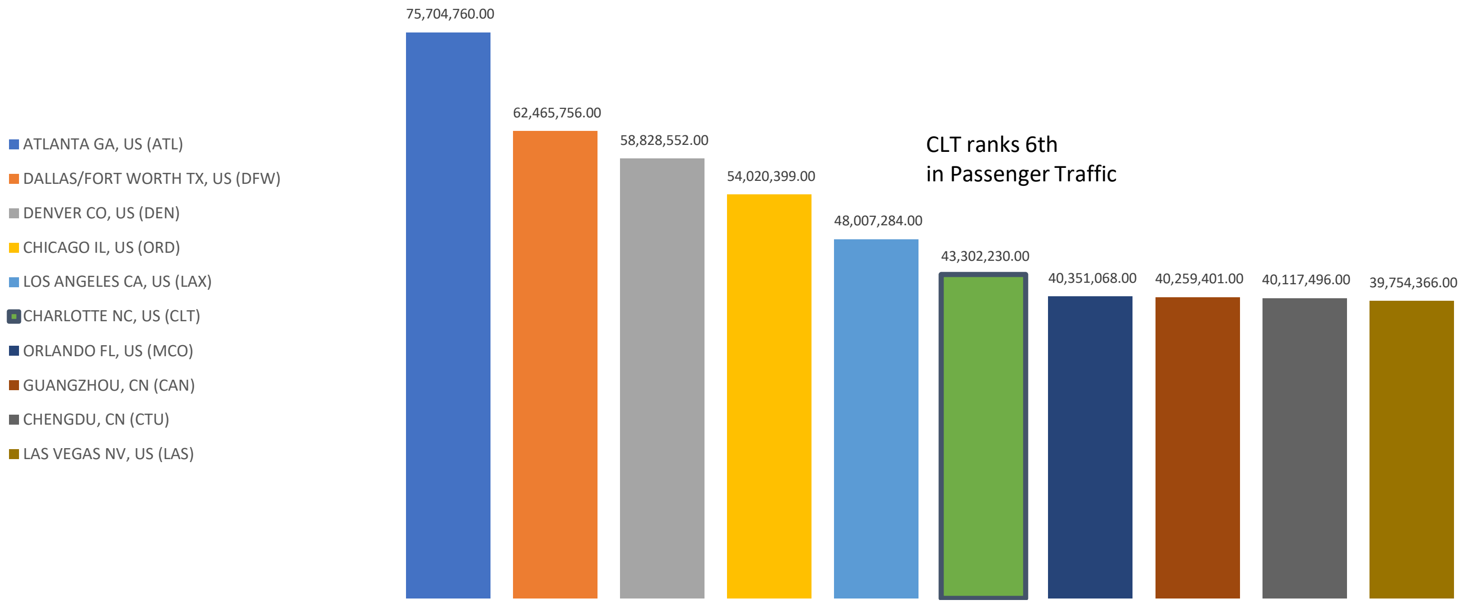


- Since January 2022, recovery has more closely paralleled national trends as service returns gradually to other hubs

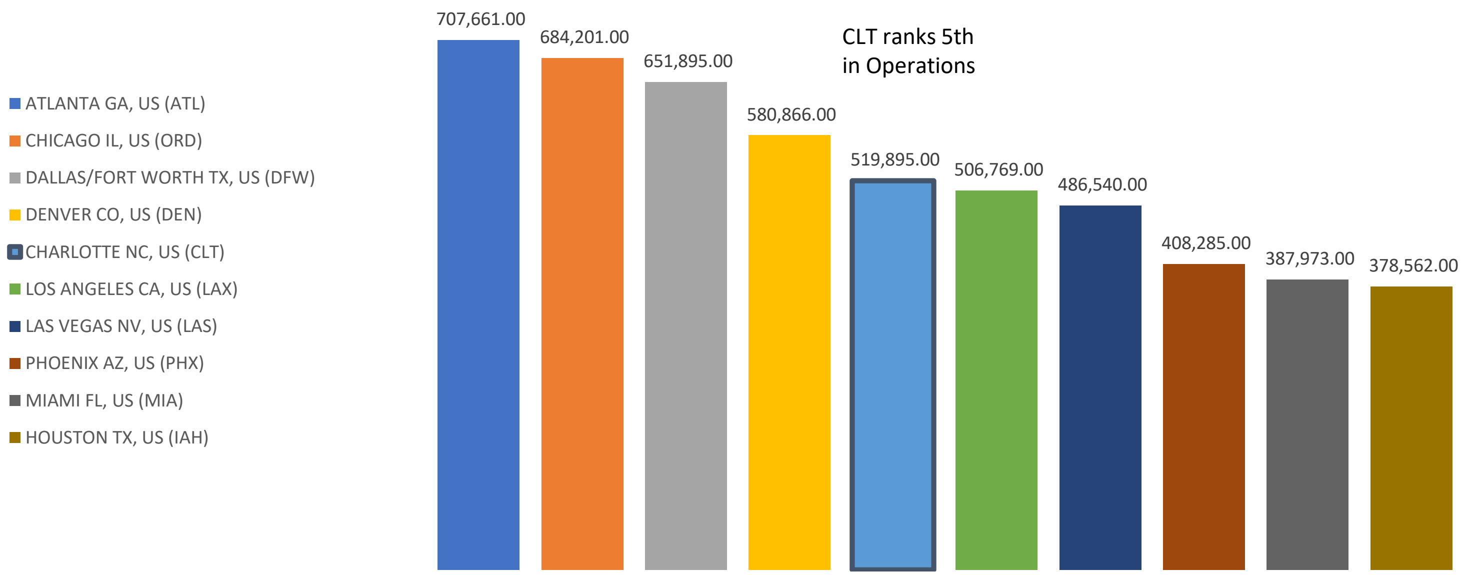
Source: *Enplaned passengers*—CLT – Airport data. U.S. – U.S. DOT T100 database, accessed via Diio Mi, October 2022. Data available only through July 2022. Only domestic shown due to 6-month delay in DOT international statistics.



Note: CPE=Cost per enplaned passenger. Light green airports are other AA hubs. CLT is Reconciled FY 2022
Source(s): CLT—Airport records. Net of airline revenue sharing. Other airports—FAA Form 127 data for FY 2021.

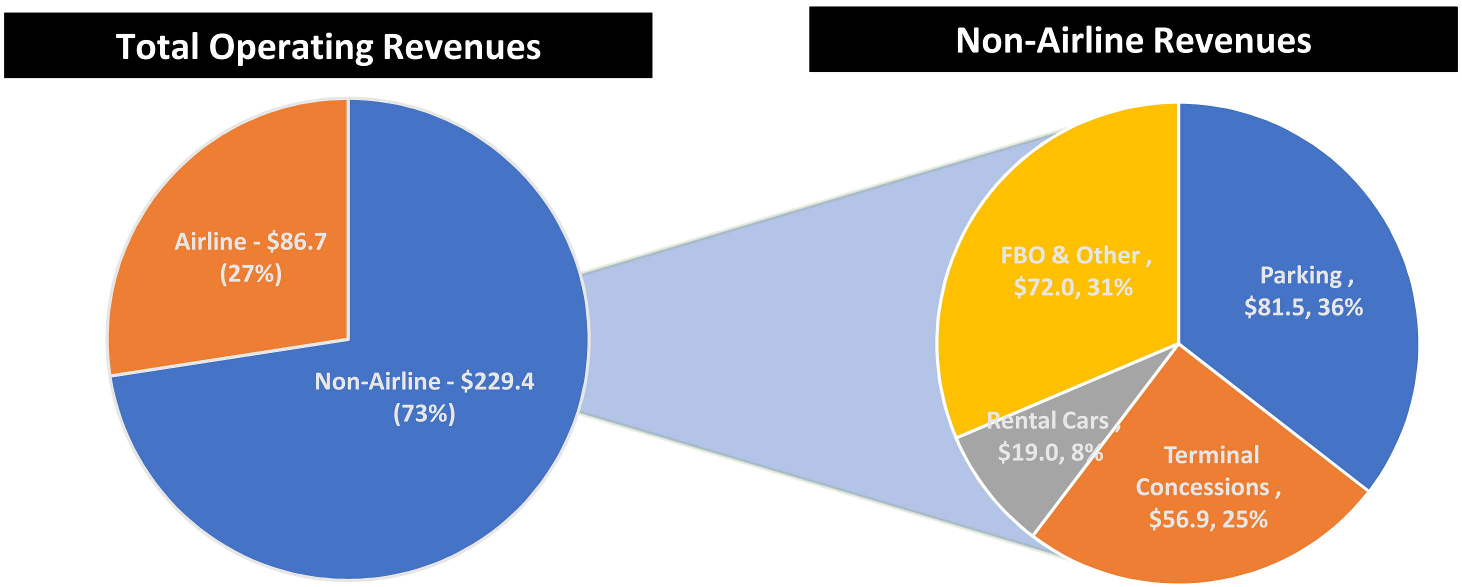


* Total passengers enplaned and deplaned, passengers in transit counted once



*Movements: landings and take-offs

- Nearly three-quarters of unaudited FY 2022 operating revenues were derived from non-airline sources



Note: Revenues in millions.

- Federal Statutes
  - rant Assurances
  - .S. DOT
  - AA
  - ate Statutes
  - ocal Ordinances


1897 MARKET
EAT
DRINK
EXPLORE


Check Point
American


WHISKY RIVER

Money made at the Airport Stays at the airport!


American


N558NN


FRONTIER
US AIRWAYS

SHUMAKER

Thank you for your attendance.

David Conaway ‖ dconaway@shumaker.com ‖ 704.945.2149

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