

M E M P H I S

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TM

A Culture of Collaboration for Financial Strength in Any Environment

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To Understand Memphis International, You First Must Understand our Heritage and our Role in the Memphis Community



Memphis' Heritage is in Trade, Distribution and Entertainment

- Trade and Distribution
 - 1800s Trading post
 - 4th Largest U.S. Inland Port (Mississippi River)
 - 3rd Largest U.S. Rail Center (5 Class-1 railroads)
 - 3rd Busiest U.S. Trucking Corridor (I-40 and I-55, I-20, I-69 “NAFTA Highway,” plus seven U.S. highways)
 - FedEx established in 1973
 - Heavy Investment in Time Critical Logistics, Especially for Bio-logistics

Memphis' Heritage is in Trade, Distribution and Entertainment

- Entertainment

- Elvis is Dead --- Graceland Lives On
 - 2nd Most Visited House in the U.S.
- Home of the Blues
 - Beale Street
 - Stax Records
- Birthplace of Rock'n Roll
 - Sun Studios
- Voted Best Zoo in the United States
- Gateway to Tunica Mississippi Casino District

Airport Demands of the Memphis Region

- 2nd largest U.S. orthopedic device manufacturing center
- Number 2 Nike city
- Major computer and DVD distribution
- Regional hub for Southern U.S. Automotive suppliers
- Home to St. Jude Children's Research Hospital
- World renowned medical center
- Growing bioscience entrepreneurship center
- 8 Fortune 1000 World HQ
- International tourist destination and regional cultural hub

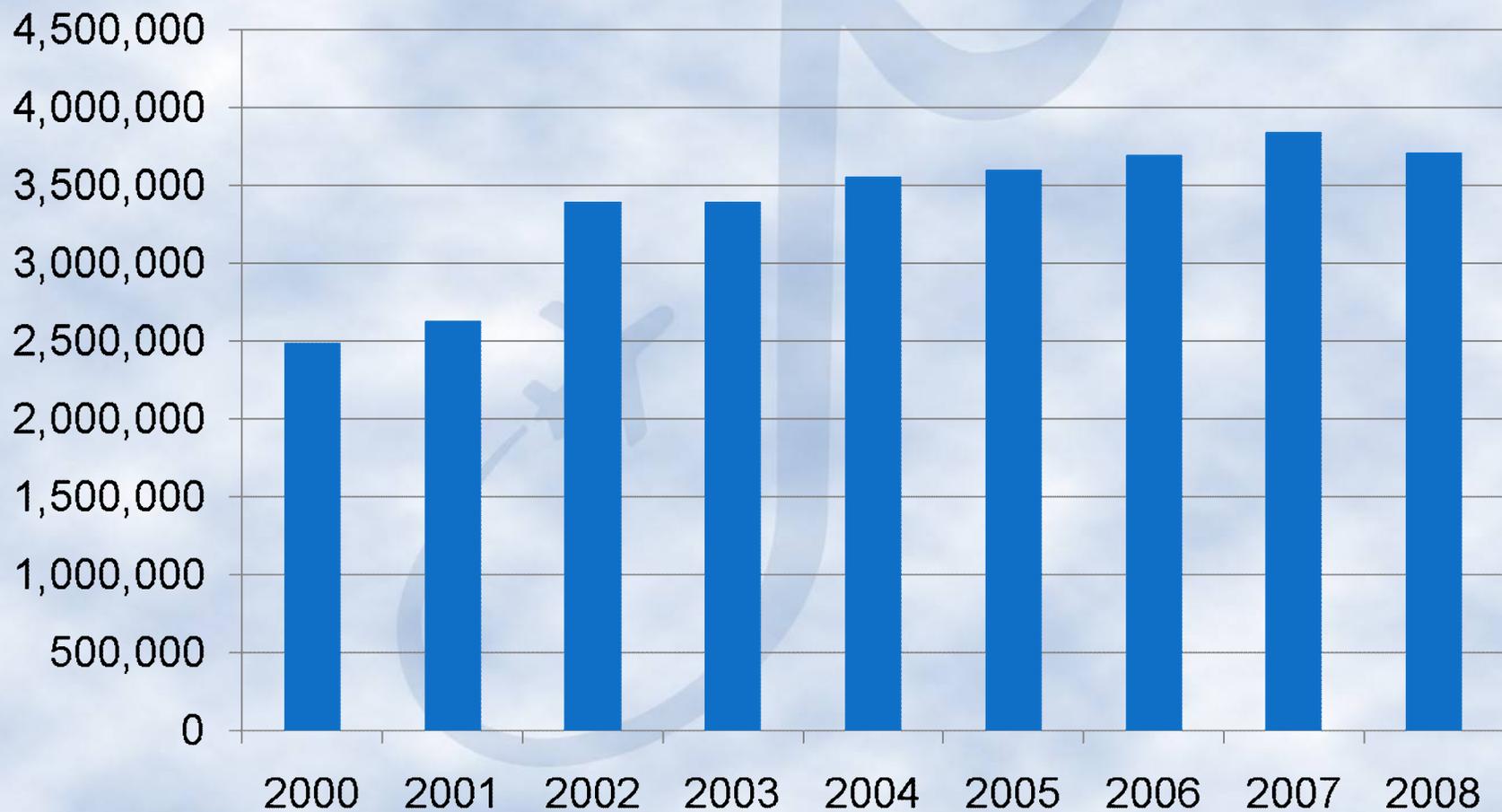
Our Community Demands Dictate What We Are Today

- A dual hub airport
 - FedEx WorldHub and International Headquarters
 - The New Delta Airlines
- 1 in 4 jobs in the MSA directly or indirectly tied to the airport

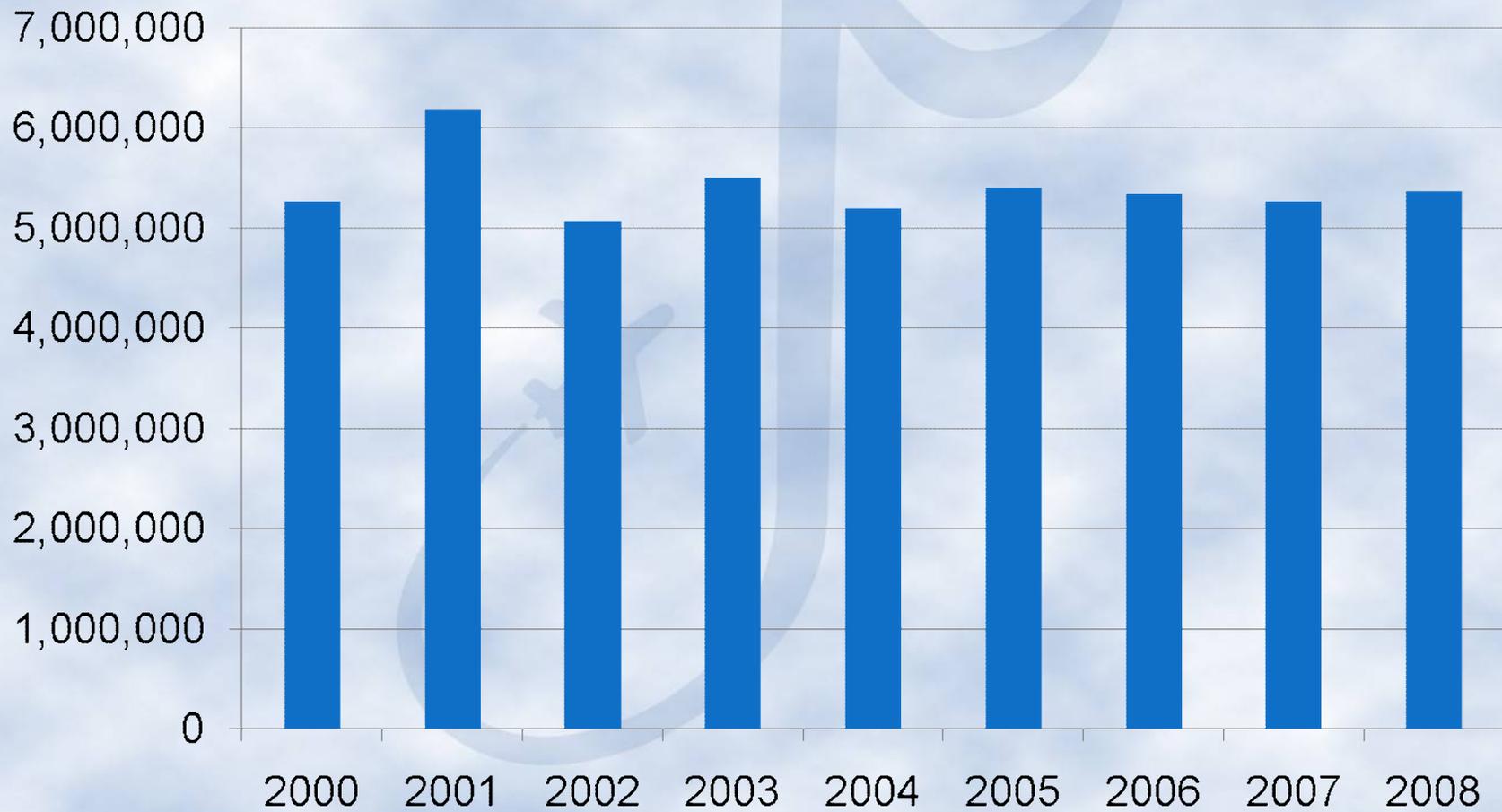
Unprecedented Air Cargo Leadership

- #1 Cargo Airport in the World for 17 Consecutive Years
- #1 Rating for 3 of past 4 Years in *Air Cargo World* Magazine Survey of Customers and Users

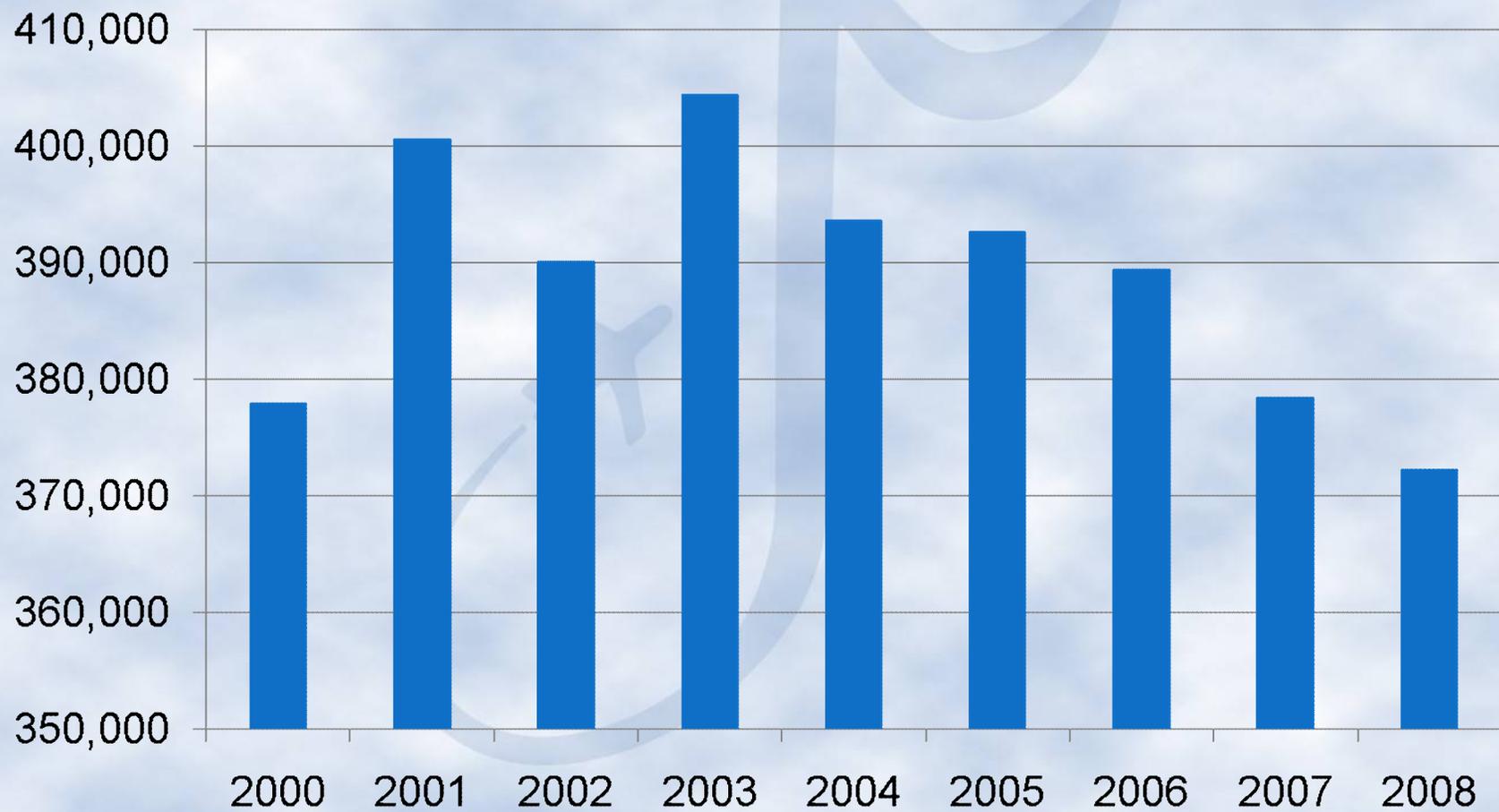
Total Air Cargo in Metric Tons



Passenger Enplanements



Total Aircraft Operations



Memphis International Airport – Master Plan 2027

- Phase 1 (complete)
 - Data gathering
 - Forecasts of aircraft operations and projected passenger growth
 - Theoretical facility requirements to meet the assumed demands
- Phase 2 (complete by year-end 2009)
 - Formulate and evaluate alternatives to meet the expected requirements
 - Prepare an implementation plan
 - Financial feasibility analysis
 - New Airport Layout Plan will be drafted to illustrate best alternatives for implementation

2027 is a Long Way Away in Today's Economic Environment

- Unstable and Unpredictable:
 - Fuel Prices
 - Credit and Liquidity Markets
 - Domestic and International Economies
- We started predicting impacts last June
 - Identified sensitivities
 - Began realistic conversations

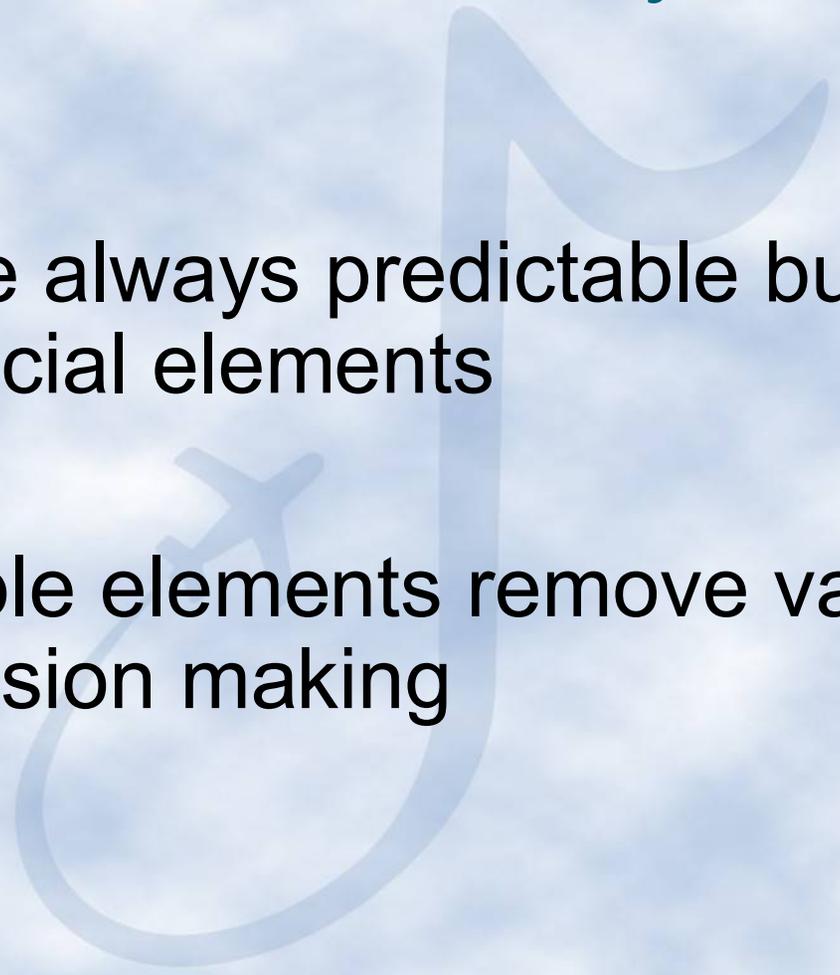
Three Core Principles Guide our Planning

Predictability

Sustainability

Flexibility

Predictability



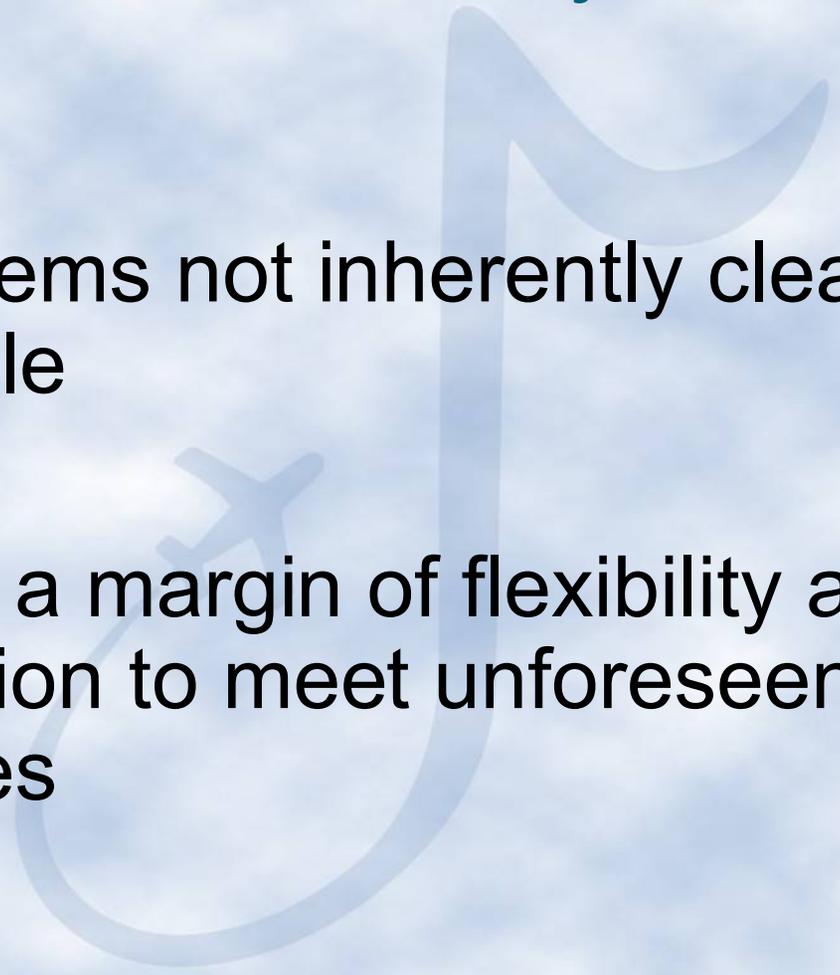
- There are always predictable business and financial elements
- Predictable elements remove variables from decision making

Sustainability



- Assess long-term impacts of decisions within established financial and business goals
- Reduces stress – near-term decisions must not become future headaches

Flexibility



- Identify items not inherently clear or predictable
- Preserve a margin of flexibility allowing for modification to meet unforeseen challenges

Planning with Predictability-Sustainability-Flexibility

Requires:

- Partnership
- A Culture of Collaboration
- Balance

Community

Vendors
Airport Team

Airline Partners

What is Memphis International Doing Today

- Capital Improvements/Development moving forward (predictable/sustainable)
 - Preparing for future
 - Costs won't get cheaper
 - Worst time to commit resources is when behind the curve
- Avoiding long-term debt (flexible/sustainable)
 - Prevents a fixed cost that has to be put on the backs of airlines and tenants
 - Use creativity to tap short-term credit markets

What is Memphis International Doing Today

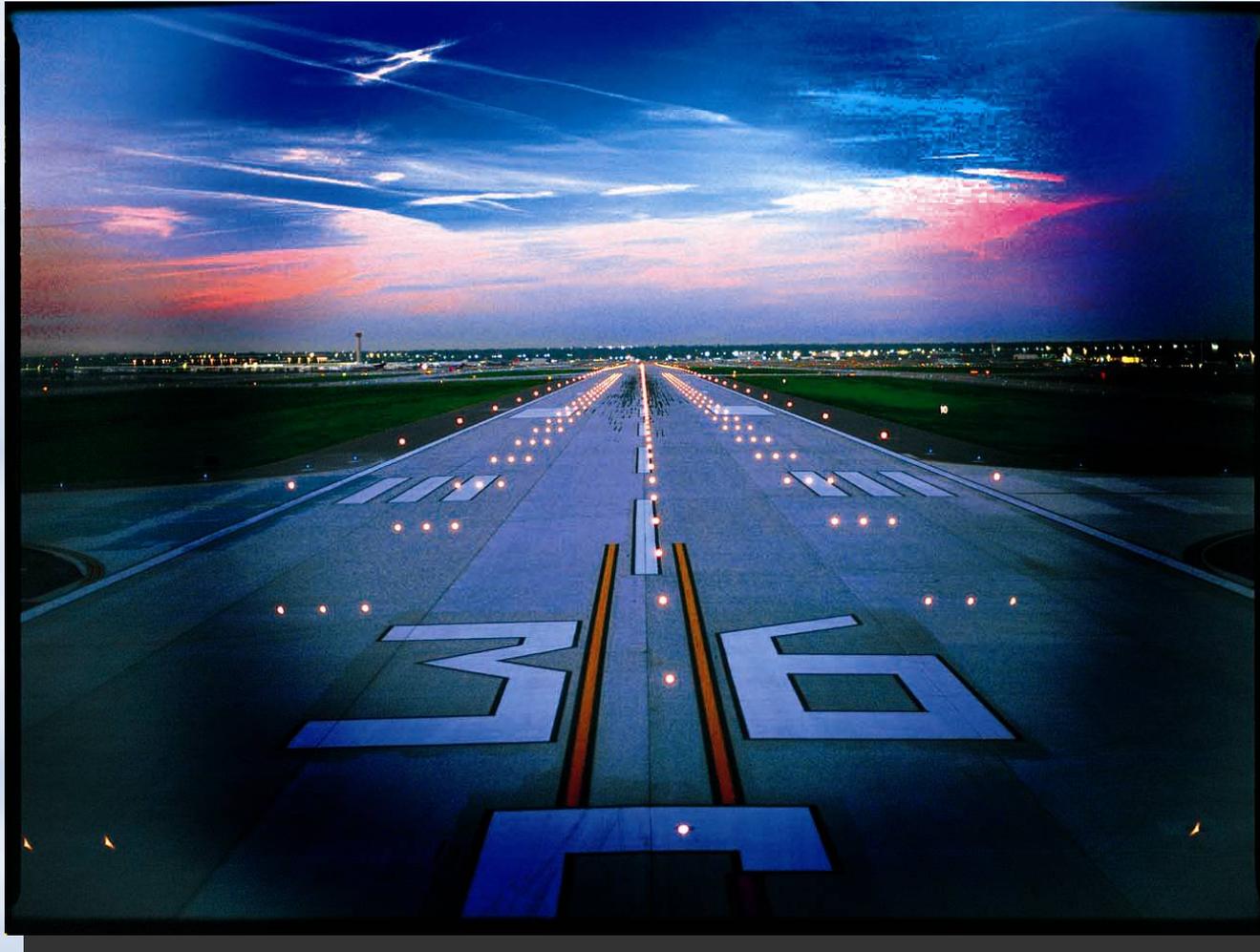
- Froze 50% of capital outlay and asked management to prioritize needs with 50% less (sustainable/flexible)
- Remove non-critical expenses (predictable/sustainable)
 - Soft hiring freeze
 - No layoffs or pay cuts
- FAA Approval for Reimbursement of Projects after the fact (flexible)



Memphis: America's Aerotropolis™
Where Runway, Road, Rail & River Merge™



Connectivity ... Speed ... Agility



Predictability ... Sustainability ... Flexibility



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