NEW ISSUE – BOOK-ENTRY ONLY **RATINGS: See "RATINGS" herein**

In the respective opinions of Bond Counsel to the City to be delivered upon the issuance of the Series 2009C Bonds, under existing law and assuming compliance by the City and County of Denver, Colorado (the "City"), with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be met subsequent to the issuance of the Series 2009C Bonds, with which the City has certified, represented and covenanted its compliance, interest on the Series 2009C Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2009C Bonds are held by a person who is a "substantial user" of the Airport System or a "related person," as those terms are used in Section 147(a) of the Code, and is not a specific preference item or included in a corporation's adjusted current earnings for purposes of the federal alternative minimum tax. Also, in the respective opinions of Bond Counsel to the City to be delivered upon the issuance of the Series 2009C Bonds, under existing law and to the extent interest on the Series 2009C Bonds is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State of Colorado. See "TAX MATTERS" for a more detailed discussion.

CITY AND COUNTY OF DENVER, COLORADO

FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION

$104,655,000

AIRPORT SYSTEM REVENUE BONDS, SERIES 2009C

CUSIP© NO. 249182 AR7*

Dated: Date of Delivery **Price: 100%** **Due: November 15, 2022**

The Series 2009C Bonds are being issued by authority of the City's home rule charter and ordinances adopted pursuant thereto for the purpose of (1) current refunding all of the outstanding tax-exempt Airport System Subordinate Commercial Paper Notes, Series A, (2) funding an increase in the amount on deposit in the Bond Reserve Fund and (3) paying costs of issuing the Series 2009C Bonds as described herein. Capitalized terms used on this cover page are defined herein.

The Series 2009C Bonds will be issued in fully registered form and registered initially in the name of Cede & Co., as partnership nominee of The Depository Trust Company, New York, New York, the securities depository for the Series 2009C Bonds. Beneficial Ownership Interests in the Series 2009C Bonds, in non-certificated book-entry only form, may be purchased in authorized denominations (initially $100,000 and any integral multiple of $5,000 in excess thereof, with certain exceptions) by or through participants in the DTC system. Beneficial Ownership Interests will be governed as to the receipt of payments, notices and other communications, transfers and various other matters with respect to the Series 2009C Bonds by the rules and operating procedures applicable to the DTC book-entry system as described herein.

The Series 2009C Bonds will be dated the date of issuance and delivery thereof and will mature on the date specified above, subject to tender for purchase and redemption prior to maturity as described herein. The Series 2009C Bonds are variable rate securities which may bear interest from time to time, at the election of the City and subject to the conditions described herein, in one of several authorized interest rate modes, including a Daily Rate, a Weekly Rate, a Monthly Rate, a Semiannual Rate, a Term Rate, a Flexible Rate, an Auction Rate or a Fixed Rate, although no conversion from a Fixed Rate is permitted. The Series 2009C Bonds will bear interest initially at a Weekly Rate, determined in the manner and payable on the dates described herein. The interest rates for the Series 2009C Bonds will be determined by the Remarketing Agent, initially being Piper Jaffray & Co.

The Series 2009C Bonds are special obligations of the City, for and on behalf of its Department of Aviation, payable solely from and secured by a pledge of the Net Revenues of the Airport System and certain Airport System funds and accounts as described herein. None of the properties of the Airport System is subject to any mortgage or other lien for the benefit of the Owners or Beneficial Owners of the Series 2009C Bonds, and neither the full faith and credit nor the taxing power of the City is pledged to the payment of the Series 2009C Bonds. The Series 2009C Bonds do not constitute general obligations of the City, the State or any political subdivision or agency of the State within the meaning of any constitutional, home rule charter or statutory limitation of the City or the State.

At all times during which the Series 2009C Bonds bear interest at a Daily Rate, a Weekly Rate or a Monthly Rate, the City is required, with certain limited exceptions described herein, to maintain a credit facility to provide credit and/or liquidity support for the Series 2009C Bonds. The initial credit facility for the Series 2009C Bonds will be an irrevocable, direct pay letter of credit issued by JPMorgan Chase Bank, National Association.

J.P.Morgan

The initial Series 2009C Credit Facility provides credit and liquidity support for the Series 2009C Bonds while bearing interest only at a Daily Rate, a Weekly Rate or a Monthly Rate, and permits the Paying Agent to draw an amount sufficient to pay (1) the principal, the redemption price and, if not paid from remarketing proceeds, the Purchase Price of the Series 2009C Bonds plus (2) up to 43 days' accrued interest on the Series 2009C Bonds computed at a maximum rate of 12% per annum. The initial Series 2009C Credit Facility expires on November 5, 2012, unless earlier terminated or extended in accordance with its terms, and may be replaced with a Substitute Series 2009C Credit Facility. The Series 2009C Bonds are subject to mandatory tender for purchase prior to the expiration, termination or certain replacements of the Series 2009C Credit Facility as described herein.

This Official Statement describes the Series 2009C Bonds only during such time as they bear interest at a Daily Rate, a Weekly Rate or a Monthly Rate and are secured by a Series 2009C Credit Facility issued by JPMorgan Chase Bank, National Association. If the Series 2009C Bonds are converted to any other Rate Period or are remarketed without a Series 2009C Credit Facility issued by JPMorgan Chase Bank, National Association, a reoffering document will be prepared in connection with such conversion.

The purchase and ownership of Beneficial Ownership Interests in the Series 2009C Bonds involve investment risk. Prospective purchasers should read this Official Statement in its entirety, giving particular attention to the matters discussed under "RISKS AND OTHER INVESTMENT CONSIDERATIONS."

Purchasers of Beneficial Ownership Interests in the Series 2009C Bonds will be deemed to have consented to certain proposed amendments to the City's General Bond Ordinance as discussed herein.

The Series 2009C Bonds are offered when, as and if issued, subject to the approval of their validity and enforceability by Hogan & Hartson LLP, Denver, Colorado, Bond Counsel, and Bookhardt & O'Toole, Denver, Colorado, Bond Counsel. Certain legal matters will be passed upon for the City by David R. Fine, Esq., City Attorney, and Peck, Shaffer & Williams LLP, Denver, Colorado, Special Counsel to the City; for JPMorgan Chase Bank, National Association by Chapman and Cutler LLP, Chicago, Illinois; and for the Underwriter by Sherman & Howard L.L.C., Denver, Colorado, and GCR, LLP, Denver, Colorado. It is expected that delivery of the Series 2009C Bonds will be made through the facilities of DTC on or about November 6, 2009.

PiperJaffray.

Dated: October 29, 2009

* None of the City, the Department or the Underwriter is responsible for the accuracy of the CUSIP information, which is included solely for the convenience of the purchasers of the Series 2009C Bonds.

PRELIMINARY NOTICES

This Official Statement does not constitute an offer to sell the Series 2009C Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, salesman or other person has been authorized by the City, the Financial Consultants or the Underwriter to give any information or to make any representation other than those contained herein, and if given or made, such other information or representation must not be relied upon as having been authorized by the City or any other person. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described herein since the date hereof.

The information contained in this Official Statement has been obtained from the City and other sources that are deemed reliable. The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information, and this Official Statement is not to be construed as the promise or guarantee of the Underwriter.

The order and placement of materials in this Official Statement, including the appendices, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement, including the appendices, must be considered in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provisions or sections of this Official Statement. The offering of the Series 2009C Bonds is made only by means of this entire Official Statement.

This Official Statement is submitted in connection with the initial offering and sale of the Series 2009C Bonds and may not be reproduced or used, in whole or in part, for any other purpose.

Neither the Securities and Exchange Commission nor any state securities regulatory authority has approved or disapproved of the Series 2009C Bonds or passed upon the adequacy or accuracy of this Official Statement. Any representation to the contrary is a criminal offense.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM (“ORIGINAL BOUND FORMAT”) OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITE: HTTP://WWW.MERITOS.COM. THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR IF IT IS PRINTED IN FULL DIRECTLY FROM SUCH WEBSITE.

* * *

SELECTED CITY OFFICIALS AND CONSULTANTS

Mayor

John W. Hickenlooper

City Council

Jeanne Robb, President

Carol Boigon	Peggy A. Lehmann
Charles V. Brown, Jr.	Douglas D. Linkhart
Jeanne Faatz	Paul López
Rick Garcia	Carla Madison
Michael B. Hancock	Judy H. Montero
Marcia M. Johnson	Chris Nevitt

Auditor

Dennis J. Gallagher

Cabinet Officials

Guillermo "Bill" V. Vidal....... Deputy Mayor, Manager of the Department of Public Works
Derek Brown .... Manager of the Department of General Services
Kim Day .... Manager of the Department of Aviation
Alvin J. LaCabe, Jr. .... Manager of the Department of Public Safety
Peter J. Park........................... Manager of Community Planning and Development
Kevin Patterson .... Manager of the Department of Parks and Recreation
Pat Wilson Pheanious .... Manager of the Department of Human Services
Claude J. Pumilia.................... Manager of Finance/Chief Financial Officer/*Ex-Officio* Treasurer
Nancy J. Severson.................. Manager of the Department of Environmental Health
David R. Fine, Esq................. City Attorney

Clerk and Recorder, *Ex-Officio* Clerk

Stephanie Y. O'Malley

Department of Aviation

Patrick Heck .... Acting Deputy Manager of Aviation/Finance and Administration
Patrick Heck .... Deputy Manager of Aviation/Revenue Management and Business Development
Sally Covington .... Deputy Manager of Aviation/Public Relations and Marketing
John Kinney........................... Deputy Manager of Aviation/Operations
Kenric G. Greene................... Deputy Manager of Aviation/Maintenance
David Rhodes, P.E. .... Deputy Manager of Aviation/Planning and Development
Robert W. Kastelitz .... Deputy Manager of Aviation/Technologies
Xavier S.L. DuRán, Esq. .... Director of Airport Legal Services

Airport Consultant

Jacobs Consultancy Inc.
Burlingame, California

Financial Consultants

Jefferies & Company, Inc. New York, New York	Estrada Hinojosa & Company, Inc. Dallas, Texas

Bond Counsel

Hogan & Hartson LLP Denver, Colorado	Bookhardt & O'Toole Denver, Colorado

Special Counsel

Peck, Shaffer & Williams LLP
Denver, Colorado

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OFFICIAL STATEMENT

RELATING TO

CITY AND COUNTY OF DENVER, COLORADO

FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION

$104,655,000

AIRPORT SYSTEM REVENUE BONDS, SERIES 2009C

INTRODUCTION

This Official Statement, which includes the cover page, prefatory information and the appendices, furnishes information in connection with the issuance and sale by the City and County of Denver, Colorado (the "City"), for and on behalf of its Department of Aviation (the "Department"), of its $104,655,000 Airport System Revenue Bonds, Series 2009C (the "Series 2009C Bonds").

Unless otherwise defined herein, capitalized terms used herein are defined in "APPENDIX B – GLOSSARY OF TERMS."

The Issuer

The City is a political subdivision of the State of Colorado (the "State"). The Denver Municipal Airport System (the "Airport System") is owned by the City and the power to operate, maintain and control the Airport System is vested in the Department. The City by ordinance has designated the Department as an "enterprise" within the meaning of the State constitution with the authority to issue its own revenue bonds or other financial obligations in the name of the City. Denver International Airport (the "Airport") is the primary asset of the Airport System.

Denver International Airport

General. The Airport is the primary air carrier airport for the Denver air service region. According to preliminary statistics for 2008 compiled by Airports Council International, the Airport was ranked as the 5th busiest airport in the nation and the 10th busiest airport in the world based on total passengers in 2008. See "THE AIRPORT SYSTEM," "DENVER INTERNATIONAL AIRPORT" and "AVIATION ACTIVITY AND AIRLINES."

Passenger Traffic and Associated Revenue; Cost Per Enplaned Passenger. Currently, 26 passenger airlines provide scheduled service at the Airport, including the ten largest U.S. passenger airlines (based on scheduled enplaned passengers), five foreign flag passenger airlines and ten regional/commuter airlines. In addition, several passenger charter airlines and all-cargo airlines provide service at the Airport. In 2008, the Airport served approximately 25.7 million enplaned passengers (passengers embarking on airplanes), the highest number in the history of the Airport and the former Stapleton International Airport ("Stapleton"). Approximately 55.9% of the passengers enplaned in 2008 were passengers originating their travel at the Airport and 44.1% were passengers making connecting flights at the Airport.

Since the Airport opened in 1995 and prior to 2009, with the exceptions of 2001 and 2002, the Airport has generally experienced continued growth in both passenger traffic and associated revenues. In the first six months of 2009, however, the Airport experienced declines in passenger traffic and associated revenues. Several factors, including the global and national economic recession that began in 2008, weakened demand for air travel and reduced airline passenger capacity, started to negatively impact levels of passenger traffic and associated revenues at the Airport in 2008. While the number of enplaned passengers at the Airport increased 2.8% in 2008 compared to 2007, the number of enplaned passengers at the Airport decreased 2.8% through August 2009 compared to the same period in 2008.

Operating revenues at the Airport, consisting of facility rentals, concession revenues, parking revenues, car rentals, landing fees, aviation fuel tax and other sales and charges, had shown continual growth since the downturns in 2001 and 2002, largely as the result of increases in passenger traffic. In 2008, the rentals, fees and charges received from airlines operating at the Airport under use and lease agreements and other agreements with the City constituted approximately 51.9% of the Gross Revenues (as defined in "APPENDIX B – GLOSSARY OF TERMS") of the Airport System, while non-airline revenues, including concession, car rental, parking and other revenues at the Airport, constituted approximately 48.1% of the Gross Revenues of the Airport System. As operations at the Airport increased, operating costs at the Airport also increased, although not to the same extent, resulting in a decline in the cost per enplaned passenger at the Airport from $15.20 in 2002 to $10.95 in 2008. Operating revenues at the Airport in 2008 increased 2.0% and operating expenses, exclusive of depreciation and amortization, at the Airport increased 28.6%, each when compared to 2007. In response to the current global and national economic conditions and the condition of the airline industry, Airport management has implemented measures to reduce operating costs in the Airport's 2009 budget, and this 2009 reduced budget is being used as the base budget in developing, reviewing and establishing the 2010 budget.

Future levels of aviation activity and enplaned passenger traffic at the Airport will depend on many local, regional, national and international factors, including economic and political conditions, aviation security and public health concerns, the financial health of the airline industry and of individual airlines, airline service and routes, airline competition and airfares, airline mergers, alliances and consolidations, availability and price of aviation and other fuel, employee cost and availability and labor relations within the airline industry and capacity of the national air traffic control system and of the Airport.

For further information regarding passenger traffic at the Airport, associated revenue of the Airport System and planned reductions in operating and maintenance costs in the Airport's 2009 budget, as well as the development of the Airport's 2010 budget, see generally "RISKS AND OTHER INVESTMENT CONSIDERATIONS," "AVIATION ACTIVITY AND AIRLINES," "FINANCIAL INFORMATION – Historical Operations – Management's Discussion and Analysis of Financial Performance – Passenger Facility Charges," "REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Key Factors Affecting Future Airline Traffic – FINANCIAL ANALYSIS – Operation and Maintenance Expenses – Nonairline Revenue."

Major Air Carriers Operating at the Airport. The principal air carrier operating at the Airport is United Airlines ("United"), one of the largest airlines in the world. The Airport is a primary connecting hub in United's route system both in terms of passengers and flight operations. Under a Use and Lease Agreement with the City (the "United Use and Lease Agreement"), United currently leases 40 of the existing 92 full service jet gates at the Airport, as well as a 16-gate regional jet facility. United, together with its recently discontinued low-fare Ted brand and its United Express commuter affiliates (collectively, the "United Group"), accounted for approximately 48.2% of passenger enplanements at the Airport in 2008 and approximately 46.4% of passenger enplanements at the Airport in the first eight months of 2009, as well as approximately 54.2% of the airline rentals, fees and charges component of the Airport System's operating revenues in 2008. In 2008, United began to significantly reduce its consolidated domestic capacity, its consolidated overall capacity and its workforce, and such reductions are expected to continue.

Frontier Airlines Inc. ("Frontier") has the second largest market share at the Airport, which serves as Frontier's only hub. In April 2008, Frontier Airlines Holdings Inc. ("Frontier Holdings"), the parent company of Frontier, together with Frontier and Lynx Aviation Inc. ("Lynx"), a Frontier subsidiary (collectively, the "Frontier Companies"), filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code. The Frontier Companies received approval of a plan of reorganization in September 2009 and emerged from bankruptcy on October 1, 2009, as a subsidiary of Republic Airways Holdings, Inc. ("Republic Holdings"). As part of its bankruptcy proceedings and pursuant to a consensual agreement between the City and Frontier (the "Frontier Stipulated Order"), Frontier assumed its Use and Lease Agreement with the City, which was amended to reduce the number of gates that had been used by Frontier and eliminate certain administrative space such as ticket counters and office space that had been used by Frontier. Frontier, together with its Frontier JetExpress commuter affiliate (together, the "Frontier Group"), accounted for approximately 25.5% of passenger enplanements at the Airport in 2008 and approximately 23.5% of passenger enplanements at the Airport in the first eight months of 2009, as well as approximately 14.7% of the airline rentals, fees and charges component of the Airport System's operating revenues in 2008.

Southwest Airlines ("Southwest"), which commenced service at the Airport in January 2006, has the third largest market share at the Airport and has experienced strong and continued growth in airline service at the Airport. When Southwest commenced service at the Airport in 2006, it served ten cities from Denver, compared to the 31 cities to which it currently provides nonstop service from Denver. Southwest accounted for approximately 9.3% of passenger enplanements at the Airport in 2008 and approximately 13.9% of passenger enplanements at the Airport in the first eight months of 2009. Southwest also accounted for approximately 6.9% of the airline rentals, fees and charges component of the Airport System's operating revenues in 2008.

Except for the United Group, the Frontier Group and Southwest, no single airline accounted for more than 5% of passenger enplanements at the Airport in 2008, or more than 5% of either the airline rentals, fees and charges component of the Airport System's operating revenues or the Airport System's Gross Revenues in 2008.

For further information regarding the major air carriers operating at the Airport and the fare and service competition initiated by Southwest at the Airport see "RISKS AND OTHER INVESTMENT CONSIDERATIONS," "AVIATION ACTIVITY AND AIRLINES – Airline Information – *United – Frontier – Southwest* – Aviation Activity," "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements – United Use and Lease Agreement," "AIRLINE BANKRUPTCY MATTERS," "REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS AND RATIONALE FOR FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Airport Role – Hub for United and Frontier Airlines – Ninth Busiest for Southwest Airlines Airport – Historical Airline Traffic – Key Factors Affecting Future Airline Traffic."

The Airport Capital Program. The City has a capital program for the Airport System that represents the City's current expectations of future Airport System capital needs in order to maintain, reconstruct and expand Airport facilities in 2009 and through 2012 (the "2009-2012 Capital Program"). These capital needs are expected to be financed with a combination of Airport System revenue bonds, commercial paper notes, installment purchase agreements, federal grants and Airport System moneys. Certain capital projects at the Airport for 2009 in the 2009-2012 Capital Program have been initially financed with federal grants and available Airport System moneys. See "CAPITAL PROGRAM" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS AND RATIONALE FOR FINANCIAL FORECASTS – FINANCIAL ANALYSIS – Airport Capital Program."

The Series 2009C Bonds

Authorization. The Series 2009C Bonds are being issued by authority of the City's home rule charter (the "City Charter"), the State's Supplemental Public Securities Act and the General Bond Ordinance approved by the Denver City Council (the "City Council") on November 29, 1984, as amended and supplemented (the "General Bond Ordinance"), and a supplemental ordinance (the "Series 2009C Supplemental Ordinance") to be approved by the City Council prior to the delivery of the Series 2009C Bonds. The General Bond Ordinance, the Series 2009C Supplemental Ordinance and any Supplemental Ordinances adopted by the City Council after the adoption of the Series 2009C Supplemental Ordinance are referred to herein collectively as the "Senior Bond Ordinance." The covenants and undertakings of the City with respect to the Series 2009C Bonds are covenants and undertakings of the City, for and on behalf of the Department. Certain amendments to the Senior Bond Ordinance have been proposed by the City but have not been adopted by the City Council (the "Proposed Amendments"). See "Consent to Proposed Amendments to the Senior Bond Ordinance" below, "THE SERIES 2009C BONDS – Authorization," "SECURITY AND SOURCES OF PAYMENT – Proposed Amendments to the Senior Bond Ordinance," "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE" and "APPENDIX D – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE."

Purpose. The proceeds of the Series 2009C Bonds, together with other available Airport System moneys, will be used to (1) current refund all of the outstanding tax-exempt Airport System Subordinate Commercial Paper Notes, Series A, currently outstanding in the aggregate principal amount of $100,000,000 (the "Refunded Subordinate Bonds"), (2) fund an increase in the amount on deposit in the Bond Reserve Fund and (3) pay the costs of issuing the Series 2009C Bonds. See also "Plan of Financing" below, "APPLICATION OF PROCEEDS" and "FINANCIAL INFORMATION – Subordinate Bonds and Other Subordinate Obligations – *Subordinate Commercial Paper Notes* – Plan of Financing."

General Provisions. The Series 2009C Bonds will be issued in the principal amount specified on the cover page hereof, will be dated their date of issuance (the "Issue Date") and will mature on the date specified on the cover page hereof, subject to tender for purchase and redemption prior to maturity as provided in "THE SERIES 2009C BONDS – Tenders – Redemption Prior to Maturity." Whenever the Series 2009C Bonds are in a Daily Rate Period, a Weekly Rate Period or a Monthly Rate Period (each defined below), the Series 2009C Bonds are required to be in denominations of $100,000 and any integral multiple of $5,000 in excess thereof, except that one Series 2009C Bond may be in a greater denomination as necessary to aggregate the total principal amount of the Series 2009C Bonds then outstanding ("Authorized Denominations"). See "THE SERIES 2009C BONDS – General Provisions."

Book-Entry Only System. The Series 2009C Bonds will be issued in fully registered form and registered initially in the name of Cede & Co., as partnership nominee of The Depository Trust Company, New York, New York ("DTC"), which will serve as securities depository for the Series 2009C Bonds. Ownership interests in the Series 2009C Bonds ("Beneficial Ownership Interests"), in non-certificated book-entry only form, may be purchased in Authorized Denominations by or through participants in the DTC system ("DTC Participants"). Such Beneficial Ownership Interests will be recorded in the name of the purchasers thereof ("Beneficial Owners") on the books of the DTC Participants from whom they are acquired, and will be governed as to payment of principal and interest, the receipt of notices and other communications, transfers and various other matters with respect to the Series 2009C Bonds by the rules and operating procedures applicable to the DTC book-entry system as described in "THE SERIES 2009C BONDS – DTC Book-Entry System" and "APPENDIX E – DTC BOOK-ENTRY SYSTEM."

Zions First National Bank, Denver, Colorado, will serve as paying agent (the "Paying Agent") and registrar (the "Registrar") for the Series 2009C Bonds. Payments with respect to the Series 2009C

Bonds will be made by the Paying Agent to Cede & Co., as the Owner of the Series 2009C Bonds, for subsequent credit to the accounts of the Beneficial Owners as discussed in "APPENDIX E – DTC BOOK-ENTRY SYSTEM."

Interest. The Series 2009C Bonds will bear interest from time to time in one of several interest rate modes (each a "Rate Period"), with interest to be determined on a daily basis (the "Daily Rate Period" or the "Daily Rate"), a weekly basis (the "Weekly Rate Period" or the "Weekly Rate"), a monthly basis (the "Monthly Rate Period" or the "Monthly Rate"), a semiannual basis (the "Semiannual Rate Period" or the "Semiannual Rate") or a term basis (the "Term Rate Period" or the "Term Rate"), referred to herein collectively as the "Variable Rate Periods" or the "Variable Rates," a flexible basis (the "Flexible Rate Period" or the "Flexible Rate"), an auction basis (the "Auction Rate Period" or the "Auction Rate") or a fixed basis (the "Fixed Rate Period" or the "Fixed Rate"). The City may elect from time to time to change the Rate Period of the Series 2009C Bonds, although no conversion from the Fixed Rate Period is permitted. Except in the case of a conversion from a Daily Rate Period to a Weekly Rate Period or from a Weekly Rate Period to a Daily Rate Period, the Series 2009C Bonds will be subject to mandatory tender for purchase on the date of conversion to a different Rate Period (the "Conversion Date") as described herein. See "THE SERIES 2009C BONDS – Interest – Rate Periods – Conversion to a Different Rate Period – Tenders."

This Official Statement describes the Series 2009C Bonds only during time as they bear interest at a Daily Rate, a Weekly Rate or a Monthly Rate and are secured by a Series 2009C Credit Facility issued by JPMorgan Chase Bank, National Association ("JPMorgan"). If the Series 2009C Bonds are converted to any other Rate Period or are remarketed without a Series 2009C Credit Facility issued by JPMorgan, a reoffering document will be prepared in connection with such conversion.

The Series 2009C Bonds will bear interest initially at a Weekly Rate to be determined as described herein, with a maximum rate (other than with respect to Series 2009C Bonds tendered for purchase ("Tendered Series 2009C Bonds") and purchased pursuant to a Series 2009C Credit Facility (defined below), referred to herein as "Series 2009C Credit Facility Bonds"), of 12% per annum (the "Maximum Rate"). The interest rates for the Series 2009C Bonds will be determined by a remarketing agent (the "Remarketing Agent") for the Series 2009C Bonds pursuant to a remarketing agreement with the City (a "Remarketing Agreement"). Initially, Piper Jaffray & Co. will serve as the Remarketing Agent for the Series 2009C Bonds. See "THE SERIES 2009C BONDS – Interest – Rate Periods" and "THE REMARKETING AGREEMENT."

Tender for Purchase and Redemption Prior to Maturity. Series 2009C Bonds bearing interest at a Daily Rate, a Weekly Rate or a Monthly Rate are subject to mandatory tender for purchase prior to maturity under certain circumstances, and are also subject to tender for purchase at the option of the registered owners thereof (the "Owners") as described herein. In addition, the Series 2009C Bonds are subject to redemption prior to maturity at the option of the City. See "THE SERIES 2009C BONDS – Tenders – Redemption Prior to Maturity."

Security and Sources of Payment. The Series 2009C Bonds are special obligations of the City, for and on behalf of the Department, payable solely from and secured by a pledge of Net Revenues (as defined herein) of the Airport System and certain Airport System funds and accounts held under the Senior Bond Ordinance, on a parity with all other bonds that may be issued and outstanding from time to time under the Senior Bond Ordinance, referred to herein collectively as the "Senior Bonds" or the "Bonds." The aggregate principal amount of Senior Bonds currently outstanding is approximately $4.0 billion, and the aggregate principal amount of Senior Bonds expected to be outstanding upon issuance of the Series 2009C Bonds and the Series 2009A-B Bonds described in "Plan of Financing" below (collectively, the "Series 2009A-C Bonds") is approximately $4.3 billion. See "FINANCIAL INFORMATION – Senior Bonds – *Outstanding Senior Bonds*." None of the properties of the Airport

System are subject to any mortgage or other lien for the benefit of the Owners or Beneficial Owners of the Series 2009C Bonds. Neither the full faith and credit nor the taxing power of the City is pledged to the payment of the Series 2009C Bonds. The Series 2009C Bonds do not constitute general obligations of the City, the State or any political subdivision or agency of the State within the meaning of any constitutional, home rule charter or statutory limitation of the City or the State. See "*Series 2009C Credit Facility*" below and "SECURITY AND SOURCES OF PAYMENT – Pledge of Net Revenues."

Series 2009C Credit Facility. With certain limited exceptions described herein, all times during which the Series 2009C Bonds bear interest at a Daily Rate, a Weekly Rate or a Monthly Rate, the City is required to maintain a credit facility (a "Series 2009C Credit Facility") to provide credit and/or liquidity support with respect to the Series 2009C Bonds.

Concurrently with the issuance of the Series 2009C Bonds, the City will cause to be delivered to the Paying Agent a Series 2009C Credit Facility with respect to the Series 2009C Bonds. The initial Series 2009C Credit Facility will be an irrevocable, direct pay letter of credit issued by JPMorgan (the "JPMorgan Series 2009C Letter of Credit") pursuant to a Reimbursement Agreement (the "JPMorgan Reimbursement Agreement") between the City, for and on behalf of the Department, and JPMorgan. See "THE INITIAL SERIES 2009C CREDIT FACILITY."

The JPMorgan Series 2009C Letter of Credit provides credit and liquidity support for the Series 2009C Bonds while bearing interest at a Daily Rate, a Weekly Rate or a Monthly Rate, and will permit the Paying Agent to draw an amount sufficient to pay (1) the principal or redemption price of the Series 2009C Bonds and (2) if not paid from remarketing proceeds, the purchase price (the "Purchase Price") of the Series 2009C Bonds tendered or deemed tendered for purchase ("Tendered Series 2009C Bonds") as described in "THE SERIES 2009C BONDS – Tenders," plus (3) up to 43 days' accrued interest on the outstanding Series 2009C Bonds computed at the Maximum Rate. See "THE INITIAL SERIES 2009C CREDIT FACILITY – The JPMorgan Series 2009C Letter of Credit."

The JPMorgan Series 2009C Letter of Credit expires on November 5, 2012, unless earlier terminated or extended in accordance with its terms, and may be replaced with a different Series 2009C Credit Facility (a "Substitute Series 2009C Credit Facility"). The Series 2009C Bonds are subject to mandatory tender for purchase prior to the expiration, termination or certain replacements of the Series 2009C Credit Facility. See "THE SERIES 2009C BONDS – Tenders – *Mandatory Tenders*," "SECURITY AND SOURCES OF PAYMENT – Series 2009C Credit Facility – *Substitute Series 2009C Credit Facility*," "THE INITIAL SERIES 2009C CREDIT FACILITY."

Certain information relating to JPMorgan has been furnished by JPMorgan for use in this Official Statement. See "THE INITIAL SERIES 2009C CREDIT FACILITY – JPMorgan."

Further Information. For further information regarding the Series 2009C Bonds, see generally "THE SERIES 2009C BONDS," "SECURITY AND SOURCES OF PAYMENT," "THE INITIAL SERIES 2009C CREDIT FACILITY," "FINANCIAL INFORMATION – Senior Bonds," "APPENDIX B – GLOSSARY OF TERMS," "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE," "APPENDIX D – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE" and "APPENDIX E – DTC BOOK-ENTRY SYSTEM"

Plan of Financing

Jefferies & Company, Inc. and Estrada Hinojosa & Company, Inc. (the "Financial Consultants"), have prepared the plan of financing (the "Plan of Financing") in connection with the issuance of the Series 2009C Bonds and the issuance of the Series 2009A-B Bonds described below.

On October 28, 2009, the City issued its Airport System Revenue Bonds, Series 2009A, in the aggregate principal amount of $170,190,000 (the "Series 2009A Bonds"), and its Taxable Airport System Revenue Bonds, Series 2009B (Build America Bonds – Direct Payment), in the aggregate principal amount of $65,290,000 (the "Series 2009B Bonds," and together with the Series 2009A Bonds, the "Series 2009A-B Bonds"), as Senior Bonds for the purpose of funding a portion of the 2009-2012 Capital Program and the purchase and retirement of portions of the City's outstanding Airport System Revenue Bonds, Series 2006B, Series 2007D2 and Subseries 2008A4 (the "Purchased Senior Bonds"). The Plan of Finance also assumes the issuance by the City, for and on behalf of the Department, of additional Senior Bonds in 2009 for the purpose of refunding certain outstanding Senior Bonds in order to achieve a reduction in the overall Debt Service Requirements for all outstanding Senior Bonds, as well as the issuance of additional Senior Bonds and commercial paper notes between 2010 and 2012 for the purpose of funding certain projects in the 2009-2012 Capital Program. See "CAPITAL PROGRAM," "FINANCIAL INFORMATION – Senior Bonds – Subordinate Bonds and Other Subordinate Obligations – Plan of Financing," "REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT."

Report of the Airport Consultant

Jacobs Consultancy Inc. (the "Airport Consultant") has been retained by the City as its Airport Consultant and in such capacity has prepared the Report of the Airport Consultant dated October 12, 2009 (the "Report of the Airport Consultant"), included herein as "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT." The Report of the Airport Consultant presents certain airline traffic and financial forecasts for calendar years (each a "Fiscal Year") 2009 through 2015, including the assumptions upon which the forecasts are based, and also incorporates certain elements of the Plan of Financing. Also presented in the Report of the Airport Consultant is a sensitivity test of the Airport's forecast financial results to a hypothetical reduction in passenger numbers, which could occur under conditions of prolonged economic recession, restricted seat capacity, high airfares and reduced connecting airline service. The Report of the Airport Consultant should be read in its entirety for an understanding of the assumptions and rationale underlying the financial forecasts contained therein. See also "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Forward Looking Statements; Report of the Airport Consultant," "AVIATION ACTIVITY AND AIRLINES – Airline Information," "CAPITAL PROGRAM," "FINANCIAL INFORMATION – Plan of Financing" and "REPORT OF THE AIRPORT CONSULTANT."

The Report of the Airport Consultant was prepared in connection with, but prior to the actual offering and sale of, the Series 2009A-C Bonds, and consequently makes various assumptions as to the principal amounts and Debt Service Requirements of the Series 2009A-C Bonds. In addition, on the date of the Report of the Airport Consultant, it had not yet been determined if the City would purchase and retire any outstanding Airport System Revenue Bonds or, if so, the Series and principal amounts thereof, and therefore no debt service savings from the purchase and retirement of Purchased Senior Bonds is assumed in the financial forecasts. The Report of the Airport Consultant will not be revised to reflect differences between the principal amounts and Debt Service Requirements of the Series 2009A-C Bonds as estimated therein and the actual principal amounts and Debt Service Requirements of the Series 2009A-C Bonds as marketed, or to reflect the purchase and retirement of the Purchased Senior Bonds. However, the Airport Consultant has demonstrated compliance with the Additional Bonds Test (defined herein) by a certificate of compliance provided to the City in connection with the issuance of the Series 2009A-B Bonds, and the Report of the Airport Consultant indicates that the Airport Consultant will demonstrate compliance with the Additional Bonds Test by a certificate of compliance provided to the City in connection with the issuance of the Series 2009C Bonds. See also "SECURITY AND SOURCES OF PAYMENT – Rate Maintenance Covenant – Additional Parity Bonds," "REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE – Additional Parity Bonds."

Consent to Proposed Amendments to the Senior Bond Ordinance

Purchasers of Beneficial Ownership Interests in the Series 2009C Bonds will be deemed to have consented to the Proposed Amendments to the Senior Bond Ordinance proposed by the City as discussed in "SECURITY AND SOURCES OF PAYMENT – Proposed Amendments to the Senior Bond Ordinance." The Proposed Amendments are set forth in "APPENDIX D – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE."

Continuing Disclosure

The Senior Bond Ordinance requires the City to prepare and mail to Owners of Senior Bonds requesting such information certain financial reports and an annual audit related to the Airport System prepared in accordance with U.S. generally accepted accounting principles, a copy of which is also required to be filed with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access ("EMMA") system. In addition, pursuant to Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time ("Rule 15c2-12"), which prohibits underwriters from purchasing or selling certain municipal securities unless the issuers of those securities agree to provide continuing disclosure information for the benefit of the owners of those securities, does not apply to the Series 2009C Bonds as initially issued, the City will nevertheless deliver a Continuing Disclosure Undertaking (the "Continuing Disclosure Undertaking") in which it will agree to provide or cause to be provided annually via EMMA certain additional financial information and operating data concerning the Airport System and other obligated persons and to provide contemporaneous notice of certain enumerated events if determined to be material. See "CONTINUING DISCLOSURE" and "APPENDIX H – FORM OF CONTINUING DISCLOSURE UNDERTAKING" for a description of the annual information and the notices of material events to be provided and other terms of the Continuing Disclosure Undertaking.

The City has delivered continuing disclosure undertakings in connection with the issuance of various series of its outstanding Senior Bonds, and believes that it has continually complied with the requirements set forth in Rule 15c2-12 and its previous continuing disclosure undertakings.

Additional Information

Brief descriptions of the Series 2009C Bonds, the City, the Department, the Airport, the Airport System, the Senior Bond Ordinance and certain other documents are included in this Official Statement and the appendices hereto. The descriptions of the documents, statutes, reports or other instruments included herein do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such document, statute, report or other instrument. During the offering period of the Series 2009C Bonds, a copy of the Senior Bond Ordinance may be obtained from the City and the Department.

Inquiries regarding information about the Airport System contained in this Official Statement may be directed to the Airport Department of Finance and Administration at (303) 342-2200. Inquiries regarding other City financial matters contained in this Official Statement may be directed to R.O. Gibson, Director of Financial Management, Department of Finance, at (720) 913-9383.

Investment Considerations

The purchase and ownership of Beneficial Ownership Interests in the Series 2009C Bonds involve investment risk. Prospective purchasers should read this Official Statement in its entirety, giving particular attention to the matters discussed under "RISKS AND OTHER INVESTMENT CONSIDERATIONS."

Forward Looking Statements

This Official Statement, including particularly the Report of the Airport Consultant, contains statements relating to future results that are "forward looking statements" as defined in the Federal Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "anticipate," "forecast," "project," "intend," "propose," "plan," "expect," "assume" and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements. See "FORWARD LOOKING STATEMENTS," "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Forward Looking Statements; Report of the Airport Consultant," "REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT."

Miscellaneous

The cover page, inside cover page, prefatory information and appendices to this Official Statement are integral parts hereof and must be read together with all other parts of this Official Statement.

Information contained in this Official Statement has been obtained from officers, employees and records of the City and the Department and from other sources believed to be reliable. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the City, the Department or the Airport System since the date hereof. So far as any statements made in this Official Statement involve matters of opinion, forecasts, projections or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

This Official Statement is not to be construed as a contract or agreement between the City, for and on behalf of the Department, or the Underwriter and the purchasers, Owners or Beneficial Owners of any of the Series 2009C Bonds.

APPLICATION OF PROCEEDS

The proceeds of the Series 2009C Bonds, together with other available Airport System moneys, will be used to (1) current refund the Refunded Subordinate Bonds, (2) fund an increase in the amount on deposit in the Bond Reserve Fund and (3) pay the costs of issuing the Series 2009C Bonds. See also "FINANCIAL INFORMATION – Subordinate Bonds and Other Subordinate Obligations – *Subordinate Commercial Paper Notes* – Plan of Financing."

A portion of the net proceeds of the Series 2009C Bonds, together with other available Airport System moneys, will be deposited to an irrevocable escrow account (the "Refunded Subordinate Bonds Escrow Account") to be established pursuant to an escrow agreement (the "Escrow Agreement") to be entered into by and between the City and Zions First National Bank, Denver, Colorado, as escrow agent, and utilized, together with any earnings on such deposits, to redeem and pay the Refunded Subordinate Bonds in accordance with the schedule set forth in the Escrow Agreement.

The following table sets forth the estimated sources and uses of funds in connection with the issuance of the Series 2009C Bonds and the refunding of the Refunded Subordinate Bonds.

Sources:	
Principal amount of the Series 2009C Bonds	$104,655,000
Uses:	
Deposit to the Refunded Subordinate Bonds Escrow Account	$100,000,000
Deposit to the Bond Reserve Fund[1]	3,819,751
Payment of costs of issuance[2]	835,249
	$104,655,000

[1] To fund an increase in the Minimum Bond Reserve required as a result of the issuance of the Series 2009C Bonds. See also "SECURITY AND SOURCES OF PAYMENT – Bond Reserve Fund."

[2] Includes underwriting fees, the initial fees for the Series 2009C Credit Facility, legal fees and other costs of issuance for the Series 2009C Bonds. See also "UNDERWRITING."

THE SERIES 2009C BONDS

The following is a summary of certain provisions of the Series 2009C Bonds during such time as the Series 2009C Bonds bear interest at a Daily Rate, a Weekly Rate or a Monthly Rate and are subject to the DTC book-entry system. Reference is hereby made to the Senior Bond Ordinance in its entirety for the detailed provisions pertaining to the Series 2009C Bonds, including provisions applicable upon conversion to a Rate Period other than a Daily Rate, a Weekly Rate or a Monthly Rate or upon discontinuance of participation in the DTC book-entry system. See also "APPENDIX B – GLOSSARY OF TERMS," "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE" and "APPENDIX D – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE" for a summary of certain provisions of the Senior Bond Ordinance and the Proposed Amendments, including, without limitation, certain covenants of the City, the rights and remedies of the Owners of the Series 2009C Bonds upon an Event of Default (as defined herein) under the Senior Bond Ordinance, provisions relating to amendments of the Senior Bond Ordinance and procedures for defeasance of the Series 2009C Bonds.

Authorization

Pursuant to the home rule article of the Colorado Constitution, the State's Supplemental Public Securities Act and the City Charter, the City, for and on behalf of the Department, may issue bonds payable solely from Net Revenues to defray the cost of acquiring, improving and equipping municipal airport facilities. Such revenue bonds constitute special obligations, do not evidence a debt or indebtedness of the City, the State or any political subdivision or agency of the State within the meaning of any constitutional, charter or statutory provision or limitation and may be issued without prior voter approval.

Pursuant to the City Charter, the City by ordinance has designated the Department as an "enterprise" within the meaning of the Colorado Constitution. The Department is owned by the City, and the Manager of the Department of Aviation (the "Manager") is the governing body of the Department. See "THE AIRPORT SYSTEM – Management." The Department has the authority to issue its own bonds or other financial obligations in the name of the City payable solely from revenues of the Airport System, as authorized by ordinance after approval and authorization by the Manager. The assets of the Airport System are owned by the City and operated by the Department as a self-sustaining business activity. The Department is not authorized to levy any taxes in connection with the Airport System.

The Series 2009C Bonds will be issued pursuant to the Senior Bond Ordinance, including any Proposed Amendments that may be adopted after issuance of the Series 2009C Bonds. See "SECURITY AND SOURCES OF PAYMENT – Proposed Amendments to the Senior Bond Ordinance," "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE" and "APPENDIX D – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE."

General Provisions

The Series 2009C Bonds will be dated the Issue Date thereof, will be issued in the aggregate principal amount and will mature on the date specified on the cover page hereof and will be subject to tender for purchase and redemption prior to maturity as described in "Tenders – Redemption Prior to Maturity" below.

The Authorized Denominations for the Series 2009C Bonds while in a Daily Rate Period, a Weekly Rate Period or a Monthly Rate Period are $100,000 and any integral multiple of $5,000 in excess thereof, except that any one Series 2009C Bond may be a greater denomination as necessary to aggregate the total principal amount of the Series 2009C Bonds then outstanding.

DTC Book-Entry System

The Series 2009C Bonds will be issued in fully registered form and registered initially in the name of Cede & Co., as nominee of DTC, which will serve as securities depository for the Series 2009C Bonds. Beneficial Ownership Interests in the Series 2009C Bonds, in non-certificated book-entry only form, may be purchased in Authorized Denominations by or through DTC Participants. Such Beneficial Ownership Interests will be recorded in the name of the Beneficial Owners on the books of the DTC Participants from whom they are acquired. Transfers of Beneficial Ownership Interests will be effected by entries made on the books of the DTC Participants acting on behalf of the Beneficial Owners. References herein to the Owners of the Series 2009C Bonds mean Cede & Co. or such other nominee as may be designated by DTC, and not the Beneficial Owners. For a more detailed description of the DTC book-entry system, see "APPENDIX E – DTC BOOK-ENTRY SYSTEM."

Payments with respect to the Series 2009C Bonds will be made by the Paying Agent to Cede & Co., as the Owner of the Series 2009C Bonds, for subsequent credit to the accounts of the Beneficial Owners as discussed in "APPENDIX E – DTC BOOK-ENTRY SYSTEM."

None of the City, the Department, the Underwriter, the Paying Agent or the Registrar has any responsibility or obligation to any Beneficial Owner with respect to (1) the accuracy of any records maintained by DTC or any DTC Participant, (2) the distribution by DTC or any DTC Participant of any notice that is permitted or required to be given to the Owners of the Series 2009C Bonds under the Senior Bond Ordinance, (3) the payment by DTC or any DTC Participant of any amount received under the Senior Bond Ordinance with respect to the Series 2009C Bonds, (4) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2009C Bonds or (5) any other related matter.

Interest

General. The Series 2009C Bonds will bear interest from time to time at a Daily Rate, a Weekly Rate, a Monthly Rate, a Semiannual Rate, a Term Rate, a Flexible Rate, an Auction Rate or a Fixed Rate. All Series 2009C Bonds, except for Series 2009C Credit Facility Bonds, are required to bear interest for the same Rate Period. The Series 2009C Bonds will bear interest initially at a Weekly Rate. The City may elect periodically to change the Rate Period of the Series 2009C Bonds, in which event the Series 2009C Bonds will be subject to mandatory tender for purchase on the Conversion Date, except in the case of conversion from a Daily Rate Period to a Weekly Rate Period or from a Weekly Rate Period to a Daily Rate Period. Conversion to a different Rate Period is subject to a number of conditions. See "Conversion to a Different Rate Period" and "Tenders – *Mandatory Tenders*" below.

This Official Statement describes the Series 2009C Bonds only during time as they bear interest at a Daily Rate, a Weekly Rate or a Monthly Rate and are secured by a Series 2009C Credit Facility issued by JPMorgan. If the Series 2009C Bonds are converted to any other Rate Period or are remarketed without a Series 2009C Credit Facility issued by JPMorgan, a reoffering document will be prepared in connection with such conversion.

Daily Rate Periods. The Remarketing Agent for the Series 2009C Bonds bearing interest at the Daily Rate is to establish the Daily Rate by 10:00 a.m., New York City time, on each Business Day. The Daily Rate for any day that is not a Business Day is to be the Daily Rate established for the immediately preceding Business Day. Upon conversion from a Daily Rate Period to a different Rate Period, the last Daily Rate Period prior to conversion is to be the day immediately preceding the Conversion Date. Each Daily Rate is to be made available by the Remarketing Agent by telephonic or electronic notice to the Treasurer, the Paying Agent and the provider of the Series 2009C Credit Facility (the "Series 2009C Credit Facility Provider"). On the last Business Day of each month during which the Series 2009C Bonds have borne interest at a Daily Rate, the Remarketing Agent is to give notice to the Paying Agent by Electronic Means (as defined in "APPENDIX B – GLOSSARY OF TERMS") of the Daily Rates that were in effect for each day of such month for which the Series 2009C Bonds bore interest at the Daily Rate.

Weekly Rate Periods. Weekly Rate Periods generally will commence on a Wednesday and end on Tuesday of the following week. However, the initial Weekly Rate Period following conversion from a Daily Rate Period or a Monthly Rate Period is to commence on the Conversion Date and end on Tuesday of the following week; and the last Weekly Rate Period prior to conversion to a different Rate Period is to end on the last day immediately preceding the Conversion Date to the new Rate Period. The Weekly Rate for each Weekly Rate Period is to be effective from and including the commencement date of such Weekly Rate Period and remain in effect through and including the last day thereof. Each Weekly Rate is to be determined by the Remarketing Agent no later than the Business Day immediately preceding the commencement date of the Weekly Rate Period to which it relates, with telephonic or electronic notice thereof to be given by the Remarketing Agent to the Paying Agent by the close of business on such Business Day. The Paying Agent is to promptly notify the Treasurer and any Series 2009C Credit Facility Provider by Electronic Means of the Weekly Rate so determined.

Monthly Rate Periods. Monthly Rate Periods generally will commence on the first day of each calendar month and be effective to but not including the first day of the following calendar month. However, the initial Monthly Rate Period following conversion from a Daily Rate Period or a Weekly Rate Period is to commence on the Conversion Date; and the last Monthly Rate Period prior to conversion to a different Rate Period is to end on the last day immediately preceding the Conversion Date. The Monthly Rate for each Monthly Rate Period is to be effective from and including the commencement date of such Monthly Rate Period and remain in effect through and including the last day thereof. Each Monthly Rate is to be determined by the Remarketing Agent no later than the Business Day immediately preceding the commencement date of the Monthly Rate Period to which it relates, with telephonic or electronic notice thereof to be given by the Remarketing Agent to the Paying Agent by the close of business on such Business Day. The Paying Agent is to promptly notify the Treasurer and any Series 2009C Credit Facility Provider by Electronic Means of the Monthly Rate so determined.

Determination of Interest Rates. The rate of interest for the Series 2009C Bonds bearing interest at a Daily Rate, a Weekly Rate or a Monthly Rate (other than Series 2009C Credit Facility Bonds) is required to be determined by the Remarketing Agent as the lesser of: (1) the minimum rate of interest that, in the judgment of the Remarketing Agent, would cause the Series 2009C Bonds to have a market value equal to the principal amount thereof plus accrued interest, taking into account prevailing market conditions as of the date of determination; or (2) the Maximum Rate. All determinations of interest rates by the Remarketing Agents are conclusive and binding upon the City, the Paying Agent, the Series 2009C Credit Facility Provider and the Owners of the Series 2009C Bonds.

In the event that the Remarketing Agent is unable or fails to determine or notify the Paying Agent of the interest rate for a Rate Period, the interest rate for the Series 2009C Bonds is to automatically, without notice or mandatory tender, convert to a Weekly Rate. Until the interest rate is again determined by the Remarketing Agent and notification thereof is delivered to the Paying Agent, the interest rate is to be equal to the Alternate Rate (as defined in "APPENDIX B – GLOSSARY OF TERMS"), but in no event in excess of the Maximum Rate.

Interest on Series 2009C Bonds bearing interest at a Daily Rate, a Weekly Rate or a Monthly Rate is to be calculated on the basis of a 365- or 366-day year, as appropriate, for the actual number of days actually elapsed, and is payable on the first Business Day of each calendar month following a month in which interest for such Rate Period has accrued (each an "Interest Payment Date"). The first Interest Payment Date for the Series 2009C Bonds will be the first Business Day of December 2009. If any payment in respect of the Series 2009C Bonds is due on a day that is not a Business Day, such payment may be made, and will not accrue additional interest if made, on the next succeeding Business Day. The Interest Payment Dates for Series 2009C Credit Facility Bonds will be those specified in the related Series 2009C Credit Facility.

Series 2009C Credit Facility Bonds. Series 2009C Credit Facility Bonds will bear interest at the rates calculated in the manner and payable on the dates set forth in the Series 2009C Credit Facility. Series 2009C Credit Facility Bonds may be remarketed when and as provided in the Series 2009C Credit Facility and the Series 2009C Supplemental Ordinance, and if remarketed will no longer bear interest as Series 2009C Credit Facility Bonds. See "THE INITIAL SERIES 2009C CREDIT FACILITY – The JPMorgan Reimbursement Agreement."

Conversion to a Different Rate Period

The City may from time to time convert the Series 2009C Bonds to a different Rate Period. The Conversion Date for conversion from a Daily Rate Period, a Weekly Rate Period or a Monthly Rate Period to any other Rate Period is to be an Interest Payment Date for the Rate Period from which conversion is being made. Except in the case of conversion from a Daily Rate Period to a Weekly Rate Period or from a Weekly Rate Period to a Daily Rate Period, on the Conversion Date, the Series 2009C Bonds are subject to mandatory tender for purchase as described in "Tenders – *Mandatory Tenders*" below. Conversions from a Daily Rate Period to a Weekly Rate Period or from a Weekly Rate Period to a Daily Rate Period do not cause the Series 2009C Bonds to be subject to mandatory tender for purchase.

Conversions are subject to a number of conditions, including the requirement that there be provided to the Paying Agent and the applicable Remarketing Agent a Favorable Opinion of Bond Counsel (as defined in "APPENDIX B – GLOSSARY OF TERMS") to the effect that the proposed conversion will not adversely affect the validity of the Series 2009C Bonds being converted or any exclusion from gross income for federal income tax purposes to which interest on the Series 2009C Bonds would otherwise be entitled. In the event that the conditions for conversion are not satisfied, the Series 2009C Bonds are still to be purchased on the proposed Conversion Date, but the new Rate Period will not take effect and the Series 2009C Bonds will remain in the Rate Period then in effect. Reference is made to the Series 2009C Supplemental Ordinance for the other conditions applicable to conversion of Series 2009C Bonds.

Not less than 15 days prior to the proposed Conversion Date, the Paying Agent is to mail (by first class mail) a written notice of the conversion to the related Owners, as prepared and delivered by the City to the Paying Agent, which notice is to state (1) the proposed Conversion Date, (2) the Rate Period to which the conversion is to be made, (3) in the case of conversion to a Term Rate Period the duration of the Term Rate Period, (4) in the case of a conversion to a Semiannual or Term Rate Period the first Interest Payment Date following such conversion (which is to be the 15^{th} day of the first May or November after the proposed Conversion Date) and any difference between the duration of the first

Semiannual or Term Rate Period commencing on such Conversion Date and subsequent Semiannual or Term Rate Periods occurring prior to the next Conversion Date, (5) that, except in the case of conversion from a Daily Rate Period to a Weekly Rate Period or from a Weekly Rate Period to a Daily Rate Period, the Series 2009C Bonds will be subject to mandatory tender for purchase on the Conversion Date, (6) the time at which such Series 2009C Bonds are to be tendered for purchase and the address to which the Series 2009C Bonds are to be delivered, and (7) a description of the consequences of the failure to obtain the Favorable Opinion of Bond Counsel.

Tenders

Optional Tenders. The Beneficial Owners of Series 2009C Bonds bearing interest at a Daily Rate, a Weekly Rate or a Monthly Rate may elect to have their Series 2009C Bonds (or portions thereof in amounts equal to Authorized Denominations) purchased at a price (the "Purchase Price") equal to 100% of the principal amount of such Series 2009C Bonds (or portions thereof) plus accrued interest to the purchase date. Prior to conversion to a different Rate Period, such Series 2009C Bonds may be tendered for purchase, at the applicable Purchase Price payable in immediately available funds, on any Business Day upon delivery of an irrevocable written notice of tender to the applicable Remarketing Agent and the Paying Agent (1) not later than 11:00 a.m., New York City time, on a Business Day in the case of Series 2009C Bonds bearing interest at a Daily Rate or (2) not later than 5:00 p.m., New York City time, on a Business Day not fewer than seven days prior to the purchase date specified by the Beneficial Owner in such notice in the case of Series 2009C Bonds bearing interest at a Weekly Rate or a Monthly Rate.

Each irrevocable written notice of tender (1) is to be delivered in accordance with the procedures established by DTC (or successor Securities Depository), and is to be in form satisfactory to the Remarketing Agent and the Paying Agent; (2) is to state (a) the principal amount of the Series 2009C Bond to which such irrevocable written notice relates, (b) that the Owner demands purchase of such Series 2009C Bond or a specified portion thereof in an amount equal to the lowest denomination then authorized or a whole multiple of such lowest denomination, (c) the date on which such Series 2009C Bond or portion is to be purchased and (d) payment instructions with respect to the Purchase Price; and (3) is to automatically constitute (a) an irrevocable offer to sell the Series 2009C Bond (or portion thereof) to which the notice relates on the purchase date at the Purchase Price, (b) an irrevocable authorization and instruction to the Paying Agent to effect transfer of such Series 2009C Bond (or portion thereof) upon payment of the Purchase Price to the Remarketing Agent on the purchase date, (c) an irrevocable authorization and instruction to the Paying Agent to effect the exchange of the Series 2009C Bond to be purchased in whole or in part for other Series 2009C Bonds in an equal aggregate principal amount so as to facilitate the sale of such Series 2009C Bond (or portion thereof to be purchased) and (d) an acknowledgment that such Owner will have no further rights with respect to such Series 2009C Bond (or portion thereof) upon payment of the Purchase Price thereof by the Paying Agent to the owner thereof on the purchase date, upon surrender of such Series 2009C Bond to the Paying Agent except that after the purchase date such Owner will hold any undelivered certificate as agent for the Paying Agent. The determination of the Paying Agent as to whether a notice of tender has been properly delivered will be conclusive and binding upon the Owner of the Series 2009C Bonds to which the notice relates.

At or before the close of business in New York City on the date set for purchase of the Tendered Series 2009C Bonds, and upon receipt by the Paying Agent of (1) the aggregate Purchase Price of the Tendered Series 2009C Bonds and (2) the Tendered Series 2009C Bonds by the times specified in the Series 2009C Supplemental Ordinance, the Paying Agent is to pay the Purchase Price of the Tendered Series 2009C Bonds to the Owners thereof. Such payments are to be made by wire transfer of immediately available funds. The Paying Agent is to apply in order (1) moneys paid to it by the Remarketing Agent as proceeds of the remarketing of such Series 2009C Bonds by such Remarketing Agent, (2) moneys paid to it for such purpose by the Series 2009C Credit Facility Provider, if any, under the terms of the Series 2009C Credit Facility and (3) other moneys made available by the City. ***If funds***

available for the purchase of all Tendered Series 2009C Bonds on any purchase date are insufficient, none of the Tendered Series 2009C Bonds will be purchased. In such event, the Paying Agent is to return all Tendered Series 2009C Bonds to the Owners thereof, which will thereupon bear interest at the Maximum Rate from such date until all the Series 2009C Bonds are further remarketed in accordance with the Series 2009C Supplemental Ordinance, return all moneys received for the purchase of such Tendered Series 2009C Bonds to the persons providing such moneys and notify the City and the Remarketing Agent of the return of such Tendered Series 2009C Bonds and moneys and the failure to make payment for such Tendered Series 2009C Bonds. See "THE INITIAL SERIES 2009C CREDIT FACILITY – The JPMorgan Reimbursement Agreement" and "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Factors Related to the Initial Series 2009C Credit Facility."

Mandatory Tenders. The Series 2009C Bonds are required to be tendered by the Owners thereof to the Paying Agent for purchase at a Purchase Price equal to the principal amount thereof plus accrued interest to the purchase date upon the occurrence of the following events:

(1) except in the case of a conversion from a Daily Rate Period to a Weekly Rate Period or from a Weekly Rate Period to a Daily Rate Period, upon conversion of the Series 2009C Bonds to another Rate Period;

(2) on the 5th day immediately preceding the day on which a Series 2009C Credit Facility providing liquidity and/or credit support with respect to the Series 2009C Bonds expires or terminates in accordance with its terms and is not replaced with a Substitute Series 2009C Credit Facility that is effective on or before such termination date;

(3) on the 5th day immediately preceding the day on which a Substitute Series 2009C Credit Facility becomes effective (a "Series 2009C Credit Facility Substitution Date");

(4) on the Business Day following the day on which the Paying Agent receives from the Series 2009C Credit Facility Provider, in accordance with the Series 2009C Credit Facility providing liquidity and/or credit support with respect to the Series 2009C Bonds, notice that a termination event or event of default under the related Series 2009C Credit Facility Agreement has occurred and pursuant to which the Series 2009C Credit Facility Provider may require a mandatory tender of the Series 2009C Bonds;

(5) on the Business Day following the day on which the Paying Agent receives from the Series 2009C Credit Facility Provider, in accordance with a Series 2009C Credit Facility providing liquidity and/or credit support with respect to the Series 2009C Bonds, notice of non-reinstatement of the Series 2009C Credit Facility; or

(6) on any other day (or if such day is not a Business Day, on the Business Day immediately following any other day) on which the Series 2009C Bonds are otherwise required to be purchased pursuant to the Series 2009C Credit Facility.

The Paying Agent is required to give notice to the Owners of the Series 2009C Bonds subject to mandatory tender by Electronic Means or, if such is not practicable, by first class mail, (a) not later than 15 days prior to the mandatory tender date in the case of a mandatory tender pursuant to paragraph (2) above, or (b) not later than the Business Day preceding the purchase date (in the case of paragraphs (3) or (4) above), stating that the Series 2009C Bonds will be subject to mandatory purchase, the purchase date, the time at which the Series 2009C Bonds are to be tendered for purchase and the address to which the Series 2009C Bonds are to be delivered. See also "Conversion to a Different Rate Period" above with respect to notice of mandatory tender in connection with a notice of conversion.

Payment of the Purchase Price of the Series 2009C Bonds to be purchased upon mandatory tender is to be made by the Paying Agent by wire transfer of immediately available funds. The Paying Agent is to apply in order (1) moneys paid to it by the Remarketing Agent as proceeds of the remarketing of such Series 2009C Bonds by the Remarketing Agent, (2) moneys paid to it for such purpose by the Series 2009C Credit Facility Provider, if any, under the terms of any Series 2009C Credit Facility and (3) other moneys made available by the City. ***If funds available for the purchase of all Tendered Series 2009C Bonds on any purchase date are insufficient, none of the Tendered Series 2009C Bonds will be purchased. In such event, the Paying Agent is to return all Tendered Series 2009C Bonds to the Owners thereof, which will thereupon bear interest at the Maximum Rate from such date until all the Series 2009C Bonds are further remarketed in accordance with the Series 2009C Supplemental Ordinance, return all moneys received for the purchase of such Tendered Series 2009C Bonds to the persons providing such moneys and notify the City and the Remarketing Agent of the return of such Tendered Series 2009C Bonds and moneys and the failure to make payment for such Tendered Series 2009C Bonds.*** See "THE INITIAL SERIES 2009C CREDIT FACILITY – The JPMorgan Reimbursement Agreement" and "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Factors Related to the Initial Series 2009C Credit Facility."

Failure to Deliver Series 2009C Bonds for Purchase. Interest on any Series 2009C Bond that is not delivered to the Paying Agent on the tender date will cease to accrue to the Owner thereof on the purchase date. Such Series 2009C Bond will be deemed to have been purchased on the date fixed for the purchase thereof, and ownership of such Series 2009C Bond (or portion thereof subject to tender) is to be transferred to the purchaser thereof. Any Owner of a Series 2009C Bond who fails to deliver such Series 2009C Bond for purchase will not be entitled to the benefits of the Senior Bond Ordinance except for the payment of the Purchase Price upon surrender of such Series 2009C Bond from moneys held by the Paying Agent for such payment.

Series 2009C Credit Facility Bonds and City Bonds Not Subject to Tender. Series 2009C Credit Facility Bonds and Series 2009C Bonds purchased by the City with amounts paid by the City or in respect of which reimbursements have been made by the City to a Series 2009C Credit Facility Provider as provided in the Series 2009C Supplemental Ordinance ("City Bonds") are not subject to the tender provisions of the Series 2009C Supplemental Ordinance.

Remarketing and Purchase. The Remarketing Agent for the Series 2009C Bonds is required to use its best efforts to remarket the Tendered Series 2009C Bonds on any optional or mandatory tender date. However, the Remarketing Agent is not required to purchase any such Tendered Series 2009C Bonds so remarketed. The Purchase Price of Tendered Series 2009C Bonds is to be paid from (1) moneys derived from the remarketing of such Tendered Series 2009C Bonds, (2) if such remarketing proceeds are insufficient, from moneys requested for the purchase of such Tendered Series 2009C Bonds under the Series 2009C Credit Facility and (3) to the extent moneys described in (1) and (2) are not sufficient, Net Revenues of the Airport System and certain funds and accounts as provided in the Senior Bond Ordinance.

Resale of Series 2009C Credit Facility Bonds and City Bonds. Series 2009C Credit Facility Bonds may be sold as provided in the Series 2009C Credit Facility. The Remarketing Agent for the Series 2009C Bonds is to offer for sale and use its best efforts to sell City Bonds at a price equal to the principal amount thereof plus accrued interest thereon, unless requested in writing not to do so by the Treasurer. City Bonds will cease to be deemed City Bonds upon the sale and delivery thereof to a third party and payment to the City of the principal of and interest accrued thereon. No City Bond is to be remarketed unless (1) the Paying Agent and the Remarketing Agent have received a Favorable Opinion of Bond Counsel, (2) the Series 2009C Credit Facility will thereafter be in effect and (3) the Series 2009C Credit Facility Provider consents thereto.

Summary of Certain Interest and Tender Provisions

The following table provides a brief summary of various provisions of the Series 2009C Bonds applicable during a Daily Rate Period, Weekly Rate Period or Monthly Rate Period. All times are New York, New York, time. While the Series 2009C Bonds are in the DTC book-entry system, references to the "Owner" in the following table are to DTC or its nominee. ***Each Beneficial Owner of a Series 2009C Bond may desire to make arrangements with a DTC Participant to receive notices or communications with respect to matters described in the table.*** See "APPENDIX E – DTC BOOK-ENTRY SYSTEM."

	DAILY RATE	WEEKLY RATE	MONTHLY RATE
Interest Payment Dates	First Business Day of each calendar month.	First Business Day of each calendar month.	First Business Day of each calendar month.
Interest Rate Determination	10:00 a.m. on each Business Day.	No later than Tuesday or next Business Day preceding the effective date of the interest rate.	No later than the Business Day preceding the first day of each calendar month.
Effective Date of Interest Rate	Each Business Day, and for non-Business Day, the preceding Business Day.	Wednesday of each week.[1]	First day of each calendar month.
Written Notice from Paying Agent to Owners of a Rate Period Change	Mailed at least 15 days prior to the effective date.	Mailed at least 15 days prior to the effective date.	Mailed at least 15 days prior to the effective date.
Optional Tender Dates; Notice of Optional Tender	Any Business Day prior to conversion. Notice to Paying Agent not later than 11:00 a.m. on a Business Day.	Any Business Day prior to conversion. Notice to Paying Agent not later than 5:00 p.m. on a Business Day not fewer than 7 days prior to the purchase date.	Any Business Day prior to conversion. Notice to Paying Agent not later than 5:00 p.m. on a Business Day not fewer than 7 days prior to the purchase date.
Mandatory Tender Date Upon Conversion of Rate Period[2]	Conversion Date.	Conversion Date.	Conversion Date.
Delivery of Tendered Series 2009C Bonds	In accordance with the procedures of DTC.	In accordance with the procedures of DTC.	In accordance with the procedures of DTC.
Payment for Tendered Series 2009C Bonds	By close of business on the purchase date.	By close of business on the purchase date.	By close of business on the purchase date.

[1] The length of the period, the day of commencement and the last day of the period may vary in the event of a conversion to or from a Weekly Rate. See "Interest – *Weekly Rate Periods*" above.

[2] Not applicable for conversion from a Daily Rate Period to a Weekly Rate Period or from a Weekly Rate Period to a Daily Rate Period.

Redemption Prior to Maturity

Optional Redemption. The Series 2009C Bonds are subject to redemption by the City, in whole or in part, at a redemption price equal to 100% of the principal amount thereof plus accrued interest, if any, to the redemption date, on the following dates: (1) if the Series 2009C Bonds are in a Daily Rate Period or a Weekly Rate Period, on any Business Day; (2) and if the Series 2009C Bonds are in a Monthly Rate Period, on any Interest Payment Date.

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Mandatory Sinking Fund Redemption. The Series 2009C Bonds are also subject to mandatory sinking fund redemption prior to maturity at a redemption price equal to 100% of the principal amount thereof plus accrued interest, if any, to the redemption date, on November 15 in each of the years and in the principal amounts set forth in the following table.

Mandatory Sinking Fund Redemption Schedule

Year of Redemption	**Principal Amount to be Redeemed**
2018	$11,195,000
2019	25,710,000
2020	25,795,000
2021	25,180,000
2022 (maturity)	16,775,000

The City has the option of reducing the principal amount of the Series 2009C Bonds to be redeemed on any mandatory sinking fund redemption date by any amount (equal to the smallest denomination then authorized pursuant to the Series 2009C Supplemental Ordinance or whole multiples of such smallest denomination) up to the principal amount of the Series 2009C Bonds which have been redeemed prior to or will be redeemed on such redemption date under any other provision of the Series 2009C Supplemental Ordinance or which otherwise have been delivered to the Registrar for cancellation (and which have not previously been applied to reduce the principal amount of the Series 2009C Bonds). The City may exercise such option by delivering to the Paying Agent, on or before the 45th day preceding such redemption date, a written notice stating the amount of such reduction.

Notice of Redemption. Notice of the prior redemption of any Series 2009C Bonds is to be given by or at the direction of the Treasurer in the name of the City: (1) by publication of such notice at least once, not more than 30 days nor less than 15 days prior to the redemption date in a financial newspaper published in New York, New York, as the Treasurer may determine; and (2) by sending a copy of such notice by first-class mail or by telegram, telex, telecopy, overnight delivery or other telecommunication device capable of creating a written notice, not more than 30 days nor less than 15 days prior to the redemption date to (a) the underwriter of the Series 2009C Bonds, or any successor thereof known to the Treasurer, (b) the Paying Agent, the Registrar, the Remarketing Agent and the Series 2009C Credit Facility Provider or any successors thereof known to the Treasurer and (c) to any Owner of any such Series 2009C Bonds at the address appearing on the registration books or records in the custody of the Registrar. The actual receipt by any Owner of notice of redemption is not a condition precedent to such redemption, if the notice has in fact been duly given, and failure to receive such notice will not affect the validity of the proceedings for such redemption or the cessation of interest on the redemption date. In addition, neither the failure to give such notice of redemption nor any defect therein in respect of any Series 2009C Bond will affect the validity of any proceedings for redemption of any other Series 2009C Bond.

In addition to the notice provided above, the Treasurer is required to provide further notice of redemption to DTC (or its nominee), to one or more national information services that disseminate notices of redemption of obligations similar to the Series 2009C Bonds, to any rating agency that is then maintaining a rating on such Series 2009C Bonds and to *The Bond Buyer*, but failure to give such further notice or any defect therein will not affect the validity of any proceedings for redemption if the notice described in the previous paragraph has been given.

If at the time any notice for the redemption of any Series 2009C Bonds is required to be given, moneys sufficient to redeem all of such Series 2009C Bonds have not been deposited as required, the notice is to state that redemption is conditional upon the required deposit of such moneys.

If, on the redemption date, the Paying Agent holds sufficient moneys for the redemption of all the Series 2009C Bonds to be redeemed at the applicable redemption price, and if notice of redemption has been duly given, then from and after the redemption date any such redeemed Series 2009C Bonds will cease to bear interest and will no longer be entitled to any benefits of the Senior Bond Ordinance except the right to receive payment of such redemption price.

A certificate by the Treasurer that notice has been given as required by the Series 2009C Supplemental Ordinance will be conclusive against all parties; and no Owner may object thereto or may object to the cessation of interest on the redemption date on the ground that such Owner failed to actually receive such notice.

Redemption of Beneficial Ownership Interests. The Registrar will be required to send notice of redemption of the Series 2009C Bonds only to Cede & Co. (or subsequent nominee of DTC) as the Owner thereof. Receipt of such notice initiates DTC's standard call. In the event of a partial call, the Beneficial Ownership Interests to be redeemed will be determined in accordance with the rules and procedures of the DTC book-entry system as described in "APPENDIX E – DTC BOOK-ENTRY SYSTEM." DTC Participants are responsible for notifying the Beneficial Owners of the redemption of their Beneficial Ownership Interests, and for remitting the redemption price thereof to such Beneficial Owners. Any failure by DTC or DTC Participants to notify a Beneficial Owner of any such notice of redemption and its content or effect will not affect the validity of the redemption of the Series 2009C Bonds properly called for redemption or any other action premised on that notice.

Redemption of Series 2009C Credit Facility Bonds. The Series 2009C Supplemental Ordinance provides that the City is to redeem the outstanding Series 2009C Credit Facility Bonds as provided in the Series 2009C Credit Facility.

SECURITY AND SOURCES OF PAYMENT

Pledge of Net Revenues

The Series 2009C Bonds are special obligations of the City, for and on behalf of the Department, payable solely from the Net Revenues on a parity with all other outstanding Senior Bonds. The Series 2009C Bonds also are payable under certain circumstances from the Bond Reserve Fund as discussed in "Bond Reserve Fund" below. The City has irrevocably pledged the Net Revenues and funds on deposit in the Bond Fund and the Bond Reserve Fund to the payment of the Senior Bonds. The Series 2009C Bonds do not constitute general obligations of the City, the State or any other political subdivision or agency of the State, and neither the full faith and credit nor the taxing power of the City is pledged to the payment of the Series 2009C Bonds. None of the properties of the Airport System has been pledged or mortgaged to secure payment of the Series 2009C Bonds.

"Net Revenues" is defined in the Senior Bond Ordinance to mean Gross Revenues of the Airport System remaining after the deduction of Operation and Maintenance Expenses. "Gross Revenues" generally constitutes any income and revenue lawfully derived directly or indirectly by the City from the operation and use of, or otherwise relating to, the Airport System, whether resulting from an Improvement Project or otherwise, and includes primarily the rentals, rates, fees, and other charges for the use of the Airport System, or for any service rendered by the City in the operation thereof. Gross Revenues do not include, among other things, any passenger taxes or other passenger charges, including passenger facility charges ("PFCs"), imposed for the use of the Airport System, except to the extent included as Gross Revenues by the terms of any Supplemental Ordinance. Prior to the adoption of the Series 2009A-B Supplemental Ordinance, no Supplemental Ordinance has included revenue from any passenger taxes or charges, including PFCs, in the definition of Gross Revenues. Under the Supplemental Ordinance approving the issuing the Series 2009A-B Bonds (the "Series 2009A-B Supplemental Ordinance"), the

City has included certain revenue derived from the PFCs in the Gross Revenues as further described under "FINANCIAL INFORMATION – Passenger Facility Charges – *Designated Passenger Facility Charges*. The City has also provided in the Series 2009A-B Supplemental Ordinance that all tax credit payments received by the City from the United States Department of the Treasury from time to time pursuant to the provisions of Section 6431(b) of the Code ("Subsidy Payments") in connection with the Series 2009B Bonds are to be deposited to the Interest Account of the Bond Fund while the Series 2009B Bonds are outstanding and that such Subsidy Payments are both irrevocably committed and pledged to the payment of the Debt Service Requirements of the outstanding Series 2009B Bonds. "Operation and Maintenance Expenses" means, generally, all reasonable and necessary current expenses of the City, paid or accrued, of operating, maintaining and repairing the Airport System. For a further description of the application of revenues under the Senior Bond Ordinance and the complete definitions of Gross Revenues and Operation and Maintenance Expenses, see "APPENDIX B – GLOSSARY OF TERMS" and "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE."

PFC Debt Service Account

Pursuant to the Senior Bond Ordinance, the City has created the PFC Fund within the Airport System Fund and, within the PFC Fund, the PFC Debt Service Account and the PFC Project Account. In addition, pursuant to a Supplemental Ordinance (the "PFC Supplemental Ordinance") approved by the City Council, the City has agreed to deposit a portion of the PFC revenues (generally two-thirds of the PFC received by the City from time to time) in the PFC Debt Service Account and has irrevocably committed a maximum amount of PFCs, to the extent credited to the PFC Debt Service Account, to the payment of Debt Service Requirements on Senior Bonds through December 31, 2013, as further discussed in "Rate Maintenance Covenant" below and "FINANCIAL INFORMATION – Passenger Facility Charges – *Irrevocable Commitment of Certain PFCs to Debt Service Requirements.*"

Series 2009C Credit Facility

Requirement to Maintain a Series 2009C Credit Facility. With certain limited exceptions, at all times during which the Series 2009C Bonds bear interest at a Daily Rate, a Weekly Rate or a Monthly Rate, the City is required to maintain one or more Series 2009C Credit Facilities to provide credit and/or liquidity support with respect to the Series 2009C Bonds.

A Series 2009C Credit Facility that is a liquidity facility or a direct pay letter of credit is required to provide that the Paying Agent is authorized to draw moneys sufficient to pay all of: (1) if such Series 2009C Credit Facility is to provide liquidity support, the principal portion of the Purchase Price of the Series 2009C Bonds due or to become due through the next date on which all of such Series 2009C Bonds are subject to purchase as discussed in "THE SERIES 2009C BONDS – Tenders" above and any interest portion of the Purchase Price of such Series 2009C Bonds due or to become due through the next Interest Payment Date and such additional number of days after such date as required by any rating agency then rating the Series 2009C Bonds; and (2) if such Series 2009C Credit Facility is a direct pay letter of credit, in addition to amounts as described in clause (1) above, the principal of such Series 2009C Bonds and interest thereon to become due through the next Interest Payment Date and such additional number of days after such date as required by any rating agency then rating the Series 2009C Bonds.

Initial Series 2009C Credit Facility. Concurrently with the issuance of the Series 2009C Bonds, the City will cause to be delivered to the Paying Agent a Series 2009C Credit Facility with respect to the Series 2009C Bonds. The initial Series 2009C Credit Facility will be the JPMorgan Series 2009C Letter of Credit issued by JPMorgan pursuant to the JPMorgan Reimbursement Agreement. See "THE INITIAL SERIES 2009C CREDIT FACILITY."

Substitute Series 2009C Credit Facility. Upon the receipt by the Paying Agent of a written request of the City stating that the amount available under a Series 2009C Credit Facility may be reduced in compliance with the Series 2009C Supplemental Ordinance, the Paying Agent is to direct or send appropriate notice to the Series 2009C Credit Facility Provider requesting or directing that such amount be reduced and specifying the amount that is to thereafter be available under the Series 2009C Credit Facility, subject to any requirements of the Series 2009C Credit Facility. In no event is the Series 2009C Credit Facility securing the Series 2009C Bonds bearing interest at a Variable Rate (other than the Series 2009C Bonds bearing interest at a Term Rate) or a Flexible Rate to be reduced to an amount which is less than the outstanding principal amount of the Series 2009C Bonds plus an amount equal to interest thereon at the Interest Rate and for the number of days then required by any rating agency then rating the Series 2009C Bonds, unless the City has deposited a Substitute Series 2009C Credit Facility with the Paying Agent in accordance with the terms of the Series 2009C Supplemental Ordinance, or unless the requirements set forth in "Series 2009C Credit Facility Not Required in Certain Circumstances" below are satisfied. In no event may any Substitute Series 2009C Credit Facility replace any then current Series 2009C Credit Facility only in part. Notwithstanding the foregoing, immediately after payment in full has been made on any Series 2009C Bond, either at its maturity date, by optional redemption or otherwise, the Paying Agent is to direct or send appropriate notice to the Series 2009C Credit Facility Provider requesting or directing that the amount available under the Series 2009C Credit Facility be reduced by an amount equal to the principal so paid plus the amount of interest theretofore provided for under the Series 2009C Credit Facility on that principal amount.

Prior to the conversion of the Series 2009C Bonds to a Fixed Rate or an Auction Rate, a Substitute Series 2009C Credit Facility may be delivered and become effective on any Business Day (a "Series 2009C Credit Facility Substitution Date"). The City is to cause a draft of any Substitute Series 2009C Credit Facility in substantially final form and a commitment letter with respect thereto, together with written evidence from each rating agency then rating the Series 2009C Bonds prior to the Series 2009C Credit Facility Substitution Date of the rating on the applicable series of the Series 2009C Bonds after the Series 2009C Credit Facility Substitution Date, to be delivered to the Paying Agent and the Remarketing Agent not less than 15 days prior to the proposed Series 2009C Credit Facility Substitution Date. On each Series 2009C Credit Facility Substitution Date, the City, the Remarketing Agent and the Paying Agent are also to receive (1) an opinion of counsel for the Substitute Series 2009C Credit Facility Provider regarding the enforceability of the Substitute Series 2009C Credit Facility in substantially the form delivered to the Paying Agent upon execution and delivery of the Series 2009C Credit Facility then in effect, (2) a Favorable Opinion of Bond Counsel to the effect that the substitution of the Series 2009C Credit Facility then in effect will not adversely affect the validity of the Series 2009C Bonds or any exclusion from gross income for federal income tax purposes to which interest on the Series 2009C Bonds would otherwise be entitled and (3) written evidence from each rating agency then maintaining a rating on the Series 2009C Bonds that the ratings on the Series 2009C Bonds following the substitution of the Series 2009C Credit Facility then in effect will not be reduced or withdrawn. No Substitute Series 2009C Credit Facility is to become effective unless the then current Series 2009C Credit Facility Provider certifies to the City and the Paying Agent that all obligations owing to the Series 2009C Credit Facility Provider under the Series 2009C Credit Facility being substituted for have been paid in full.

Each Substitute Series 2009C Credit Facility is to provide for the submission of draws thereunder, and the payment of properly submitted draws, on the same timing as that of the Series 2009C Credit Facility being substituted for, unless each rating agency then maintaining a rating on the Series 2009C Bonds agrees to some other timing without reducing or withdrawing the then existing ratings.

Under the Series 2009C Supplemental Ordinance, the City agrees to provide advance notice of the proposed substitution of a Substitute Series 2009C Credit Facility to the Paying Agent, to the extent practicable, at least 15 days prior to the effective date of such substitution.

Series 2009C Credit Facility Not Required in Certain Circumstances. The Series 2009C Bonds bearing interest at a Daily Rate, a Weekly Rate or a Monthly Rate are not required to have the benefit of a

Series 2009C Credit Facility if, prior to the expiration or termination of the Series 2009C Credit Facility then in effect, there is delivered to the City, the Remarketing Agent and the Paying Agent (1) a Favorable Opinion of Bond Counsel to the effect that the expiration or termination of such Series 2009C Credit Facility will not adversely affect the validity of such Series 2009C Bonds or any exclusion from gross income for federal income tax purposes to which interest on such Series 2009C Bonds would otherwise be entitled, (2) written evidence from each rating agency then maintaining a rating on such Series 2009C Bonds that the ratings on such Series 2009C Bonds following the expiration or termination of the Series 2009C Credit Facility will not be reduced or withdrawn and (3) due notice of such circumstances is given by the Paying Agent to the Owners of such Series 2009C Bonds.

Upon satisfaction of the requirements described above, (1) the Paying Agent, upon receipt of a written request of the City, is to direct or send appropriate notice to the Series 2009C Credit Facility Provider requesting or directing the cancellation of the Series 2009C Credit Facility then in effect on the date (the "Series 2009C Credit Facility Cancellation Date") requested by the City, which date may not be less than 30 days, or such longer or shorter period as is required by such Series 2009C Credit Facility for its termination at the request of the City, from the date the Paying Agent receives such written request, and (2) following the date of such cancellation, all tendered Series 2009C Bonds may be remarketed by the Remarketing Agent pursuant to the Remarketing Agreement without the benefit of a Series 2009C Credit Facility until such time, if any, as the Series 2009C Bonds are thereafter entitled to the benefits of a Series 2009C Credit Facility pursuant to the provisions of the Series 2009C Supplemental Ordinance, but only if there is delivered to the City, the Paying Agent and the Remarketing Agent a Favorable Opinion of Bond Counsel to the effect that the execution and delivery of the Series 2009C Credit Facility will not adversely affect the validity of the Series 2009C Bonds or any exclusion from gross income for federal income tax purposes to which interest the Series 2009C Bonds would otherwise be entitled.

Upon the occurrence of a Series 2009C Credit Facility Cancellation Date, the Series 2009C Bonds will be subject to mandatory tender as provided in "THE SERIES 2009C BONDS – Tenders – *Mandatory Tenders*."

Rate Maintenance Covenant

The City has covenanted in the Senior Bond Ordinance (the "Rate Maintenance Covenant") to fix, revise, charge and collect rentals, rates, fees and other charges for the use of the Airport System in order that in each calendar year (each a "Fiscal Year") the Gross Revenues, together with Other Available Funds (consisting of transfers from the Capital Fund to the Revenue Fund), will be at least sufficient to provide for the payment of Operation and Maintenance Expenses and for the larger of either (1) the amounts needed for making the required cash deposits to the credit of the several subaccounts of the Bond Fund (except the Redemption Account) and to the credit of the Bond Reserve Fund, the Subordinate Bond Fund and the Operation and Maintenance Reserve Account, or (2) an amount equal to not less than 125% of the aggregate Debt Service Requirements on the Senior Bonds for the Fiscal Year. See "Historical Debt Service Coverage" below and "FINANCIAL INFORMATION – Capital Fund."

If Gross Revenues in any Fiscal Year, together with Other Available Funds, are less than the amounts specified above, upon receipt of the audit report for the Fiscal Year, the Manager is to direct the Airport Consultant to make recommendations as to the revision of the schedule of rentals, rates, fees and charges. Upon receiving these recommendations or giving reasonable opportunity for them to be made, the Manager, on the basis of the recommendations and other available information, is to revise the schedule of rentals, rates, fees and charges for the use of the Airport as may be necessary to produce the required Gross Revenues. The Senior Bond Ordinance provides that if the Manager complies with this requirement, no Event of Default under the Senior Bond Ordinance will be deemed to have occurred even though the Gross Revenues, together with Other Available Funds, are not actually sufficient to provide funds in the amount required for such Fiscal Year.

If the City anticipates that it will not be able to meet the Rate Maintenance Covenant, the City also has the option, in addition to or in lieu of the foregoing, to reduce Operation and Maintenance Expenses or Debt Service Requirements, including irrevocably committing additional amounts to pay Debt Service Requirements. Increasing rentals, rates, fees and charges for the use of the Airport or reducing Operating and Maintenance Expenses would be subject to contractual, statutory and regulatory restrictions as discussed in "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Regulations and Restrictions Affecting the Airport," and could have a detrimental impact on the operation of the Airport by making the cost of operating at the Airport less attractive to airlines, concessionaires and others in comparison to other airports, or by reducing the operating efficiency of the Airport. However, the Use and Lease Agreements that have been executed between the City and various airlines operating at the Airport (the "Signatory Airlines") acknowledge the existence of the Rate Maintenance Covenant and require such Signatory Airlines to pay any such increased rentals, rates, fees and charges. See also "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements" and "AIRLINE BANKRUPTCY MATTERS – Assumption or Rejection of Agreements."

The term "Debt Service Requirements" in the Senior Bond Ordinance provides that, in any computation required by the Rate Maintenance Covenant, there is to be excluded from Debt Service Requirements amounts that have been irrevocably committed to make such payments. See "APPENDIX B – GLOSSARY OF TERMS."

As described in "PFC Debt Service Account" above, the City has irrevocably committed a portion of the moneys (currently the revenues derived from $3.00 of the $4.50 PFC and defined herein as the "$3.00 PFC") collected from PFCs to the payment of Debt Service Requirements on the Senior Bonds through December 31, 2013. This irrevocable commitment means that for purposes of determining compliance with the Rate Maintenance Covenant, the debt service to be paid from irrevocably committed PFCs is excluded from the respective computations and is therefore reflected in the Report of the Airport Consultant as a reduction in the Debt Service Requirements of Senior Bonds in the years 2009 through 2013.

In the Report of the Airport Consultant, (1) the Committed Passenger Facility Charges are forecast by the Airport Consultant to be less than the Maximum Committed Amounts (the terms "Committed Passenger Facility Charges" and "Maximum Committed Amounts" being used as defined in "FINANCIAL INFORMATION – Passenger Facility Charges – *Irrevocable Commitment of Certain PFCs to Debt Service Requirements*") in the years 2009 through 2013, (2) for the years 2014 and 2015 (the remaining years of the forecast period), it is assumed that the City will use the amounts derived from the $3.00 PFC as though such amounts were Committed Passenger Facility Charges and (3) it is assumed that all of the revenue derived from the $3.00 PFC, whether or not Committed Passenger Facility Charges, will be applied by the City to the payment of a portion of the annual Debt Service Requirements of the Senior Bonds through December 31, 2015, all as further described in "FINANCIAL INFORMATION – Passenger Facility Charges – *Irrevocable Commitment of Certain PFCs to Debt Service Requirements – Treatment of PFCs in the Report of the Airport Consultant.*"

Additionally, in the Report of the Airport Consultant, (1) all of the revenue derived from the additional $1.50 PFC that commenced April 1, 2001 (the "Additional $1.50 PFC") in the years 2009 through 2013, being PFC revenue that constitutes Designated Passenger Facility Charges, is treated as Gross Revenues in such years, (2) for the years 2014 and 2015, it is assumed that the City will treat the amounts derived from the Additional $1.50 PFC as though such amounts were Designated Passenger Facility Charges and (3) it is assumed that the City will treat all of the revenue derived from the Additional $1.50 PFC, whether or not Designated Passenger Facility Charges, as Gross Revenues of the Airport System through December 31, 2015, all as further described in "FINANCIAL INFORMATION – Passenger Facility Charges – *Designated Passenger Facility Charges – Treatment of PFCs in the Report of the Airport Consultant*."

For purposes of the Rate Maintenance Covenant, the amounts forecast to be derived from the $3.00 PFC are reflected in the Report of the Airport Consultant as a reduction in the Debt Service Requirements of Senior Bonds and are set forth in Exhibit C to the Report of the Airport Consultant. The amounts forecast to be derived from the $1.50 PFC are reflected in the Report of the Airport Consultant as an addition to Gross Revenues and are set forth in Exhibit G to the Report of the Airport Consultant. See also "RISKS AND OTHER INVESTMENT CONSIDERATIONS," "FINANCIAL INFORMATION – Senior Bonds – Passenger Facility Charges," "REPORT OF THE AIRPORT CONSULTANT," "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE."

Flow of Funds

The application of Gross Revenues is governed by the provisions of the Senior Bond Ordinance, which creates a special fund designated as the "Revenue Fund" and to which the City is required to set aside all Gross Revenues upon receipt. Moneys held in the Revenue Fund are then to be applied and deposited to various other funds and accounts established pursuant to the Senior Bond Ordinance. Gross Revenues in the Revenue Fund are to be applied first to Operation and Maintenance Expenses and then to the Debt Service Requirements on the Senior Bonds. See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE" for a complete description of the application of Gross Revenues.

The flow of funds under the Senior Bond Ordinance is illustrated on the following page.

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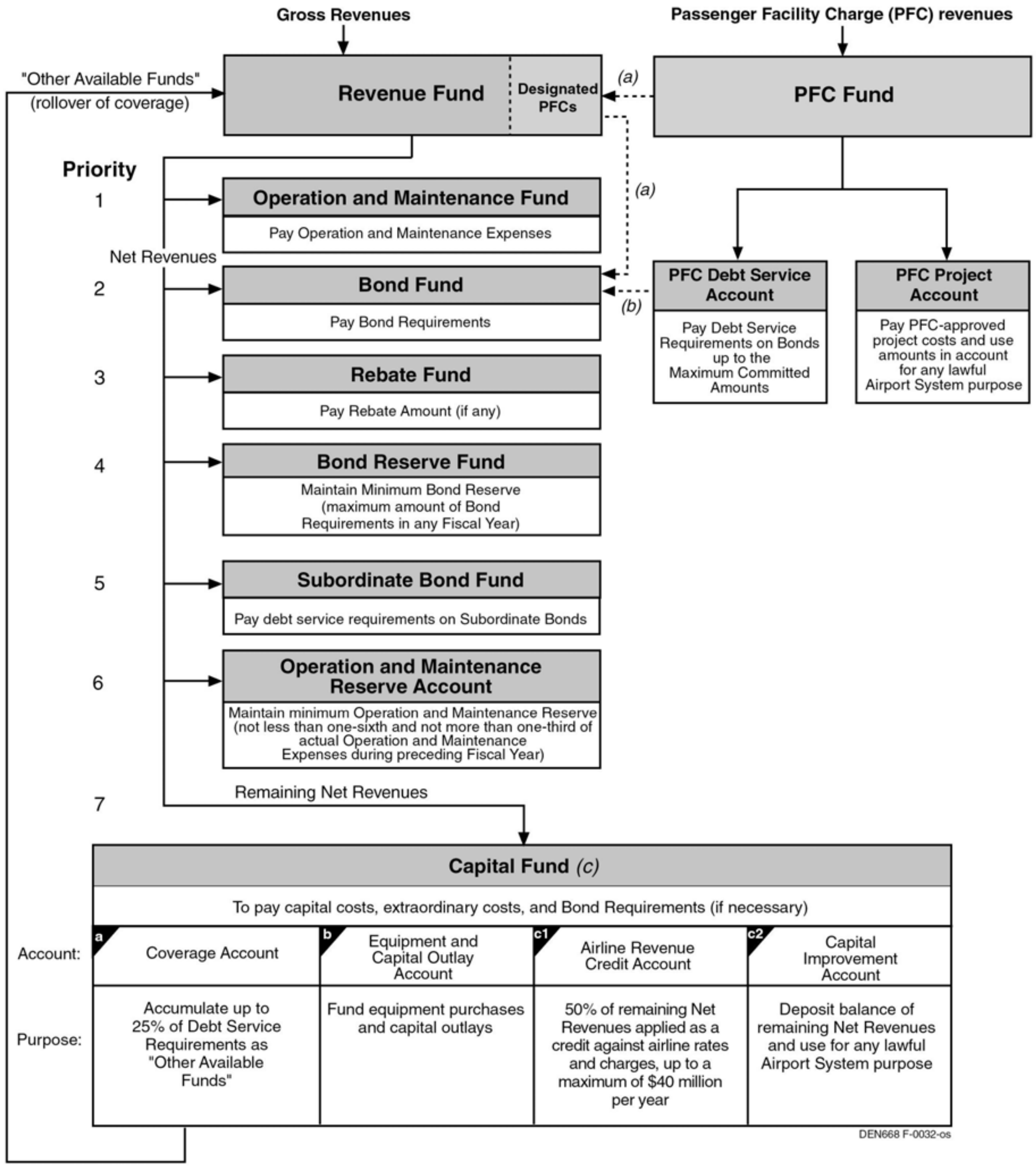
FLOW OF FUNDS UNDER THE SENIOR BOND ORDINANCE



(a) Designated Passenger Facility Charges: Represents one-third of the PFCs received by the City (currently $1.50 of the $4.50 PFC) that will be considered Gross Revenues under the General Bond Ordinance from 2009 through 2013, and may continue to be defined as Gross Revenues (as determined by the City) through the remaining years of the forecast period of the Report of the Airport Consultant. Designated Passenger Facility Charges are shown in the Report of the Airport Consultant as a subset of Gross Revenues because they are federally restricted in their use. See "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – FINANCIAL ANALYSIS – APPLICATION OF REVENUES."

(b) Committed Passenger Facility Charges: Two-thirds of the PFCs received by the City (currently $3.00 of the $4.50 PFC) are irrevocably committed in the years 2009 through 2013 to the payment of Debt Service Requirements on Senior Bonds.

(c) Account structure for the Capital Fund to be established by the City as necessary for accounting purposes. The accounts are not required by the General Bond Ordinance.

Bond Reserve Fund

Amounts on deposit in the Bond Reserve Fund are available to pay debt service on all the Senior Bonds. Pursuant to the Senior Bond Ordinance, the City is required, after making required monthly deposits to the Interest Account, the Principal Account, the Sinking Fund Account and the Redemption Account of the Bond Fund, to credit Net Revenues to the Bond Reserve Fund in substantially equal monthly installments so as to accumulate the Minimum Bond Reserve, being the maximum annual Debt Service Requirements on outstanding Senior Bonds, within 60 months. The Proposed Amendments would amend the definition of "Minimum Bond Reserve" in certain regards. See "APPENDIX B – GLOSSARY OF TERMS" and "APPENDIX D – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE."

Upon the issuance of the Series 2009C Bonds, the amount on deposit in the Bond Reserve Fund will be increased to an amount at least equal to the Minimum Bond Reserve. The Minimum Bond Reserve with respect to any future series of Senior Bonds may, in the discretion of the City, be accumulated over a period as long as 60 months. Subject to certain limitations, any Supplemental Ordinance may provide for the deposit of a Credit Facility in the Bond Reserve Fund in full or partial satisfaction of the Minimum Bond Reserve, provided that any such Credit Facility is required to be payable on any date on which moneys are required to be withdrawn from the Bond Reserve Fund. To date, the City has funded the Bond Reserve Fund solely with bond proceeds and available Airport System moneys. See "APPLICATION OF PROCEEDS" and "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE – Application of Revenues."

Additional Parity Bonds

The City may issue additional Senior Bonds under the Senior Bond Ordinance ("Additional Parity Bonds") to pay the cost of acquiring, improving or equipping Airport Facilities and to refund, pay and discharge any Senior Bonds, Credit Facility Obligations (as defined herein), Subordinate Bonds (being bonds or other securities or obligations relating to the Airport System payable from Net Revenues and having a lien thereon subordinate and junior to the lien thereon of Senior Bonds) or other securities or obligations. In order to issue Additional Parity Bonds, other than for a refunding of Senior Bonds, the City is required to satisfy certain requirements (the "Additional Bonds Test"), including obtaining various certificates, opinions and a report of an Airport Consultant regarding, among other things, projected compliance with the Rate Maintenance Covenant as described in "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE – Additional Parity Bonds."

The Senior Bond Ordinance provides that Debt Service Requirements on Senior Bonds that are payable from irrevocably committed amounts are excluded from the calculation of Debt Service Requirements for determining compliance with the requirements for the issuance of Additional Parity Bonds. For purposes of the Additional Bonds Test, the Committed Passenger Facility Charges are considered to be irrevocably committed to the payment of Debt Service Requirements on Senior Bonds. See "PFC Debt Service Account" and "Rate Maintenance Covenant" above, "Historical Debt Service Coverage" below and "FINANCIAL INFORMATION – Senior Bonds – Passenger Facility Charges."

Since the Series 2009C Bonds are being issued for the purpose of refunding outstanding subordinate obligations, the Additional Bonds Test is applicable to their issuance. The Report of the Airport Consultant indicates that the Airport Consultant will demonstrate compliance with the Additional Bonds Test by certificates of compliance provided to the City in connection with the respective issuance of the Series 2009A-B Bonds and the Series 2009C Bonds. See "APPLICATION OF PROCEEDS," "FINANCIAL INFORMATION – Subordinate Bonds and Other Subordinate Obligations – Plan of Financing," "REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT."

Subordinate Bonds and Other Subordinate Obligations

The City, for and on behalf of the Department, has issued various series of Subordinate Bonds and authorized the issuance of its Series A-B Subordinate Commercial Paper Notes (defined herein), and has also entered into various Subordinate Contract Obligations, Subordinate Credit Facility Obligations and Subordinate Hedge Facility Obligations (all as defined herein), that are secured by a pledge of the Net Revenues on a basis subordinate to the pledge of Net Revenues that secures the Senior Bonds. See "FINANCIAL INFORMATION – Subordinate Bonds and Other Subordinate Obligations – Master Derivatives Policy."

Historical Debt Service Coverage

Set forth in the following table is a calculation of Net Revenues and debt service coverage of the outstanding Senior Bonds from 2004 through 2008 in accordance with the Rate Maintenance Covenant discussed in "Rate Maintenance Covenant" above. No representation, warranty or other assurance is made or given that historical debt service coverage levels will be experienced in the future.

Historical Net Revenues and Debt Service Coverage of the Senior Bonds
(Amounts in thousands, except coverage ratios, and rounded)

	Fiscal Year Ended December 31				
	2004	**2005**[5]	**2006**[5]	**2007**	**2008**
Gross Revenues[1]	$543,044	$571,102	$592,110	$616,106	$634,453
Operation and Maintenance Expenses[1]	220,254	231,733	256,191	282,746	305,640
Net Revenues	322,790	339,369	335,919	333,360	328,813
Other Available Funds[2]	54,849	55,173	50,791	53,251	53,575
Total Amount Available for Debt Service	$377,639	$394,542	$386,710	$386,611	$382,388
Debt Service Requirements for the Senior Bonds[3,4]	$221,453	$223,331	$205,935	$215,213	$217,208
Debt Service Coverage[4]	171%	177%	188%	180%	176%

[1] Gross Revenues and Operation and Maintenance Expenses in this table are determined in accordance with the definitions of such terms in the Senior Bond Ordinance, and are not directly comparable to the information provided in "FINANCIAL INFORMATION – Historical Financial Operations." See "APPENDIX B – GLOSSARY OF TERMS."

[2] Other Available Funds is defined in the Senior Bond Ordinance to mean for any Fiscal Year the amount determined by the Manager to be transferred from the Capital Fund to the Revenue Fund; but in no event shall such amount exceed 25% of the aggregate Debt Service Requirements for such Fiscal Year. See "APPENDIX B – GLOSSARY OF TERMS."

[3] Debt service is net of capitalized interest, certain PFC revenues and other available funds irrevocably committed to the payment of Debt Service Requirements, as well as the debt service on certain Senior Bonds that have been economically defeased. See "FINANCIAL INFORMATION – Senior Bonds – *Outstanding Senior Bonds* – Passenger Facility Charges."

[4] The calculation of debt service coverage appearing in the financial statements of the Airport System appended to this Official Statement is based upon the combined debt service on both Senior Bonds and Subordinate Bonds and therefore differs from the coverage of debt service on Senior Bonds only as shown in the table.

[5] Reflects the restatement of the Fiscal Years 2005 and 2006 financial statements as described in "FINANCIAL INFORMATION – Historical Financial Operations."

Sources: Financial statements of the Airport System for Fiscal Years 2004-2008, and Airport management and Department of Aviation management records.

Proposed Amendments to the Senior Bond Ordinance

Various amendments to the Senior Bond Ordinance were proposed by the City. Certain of these amendments required the consent of the registered owners of a majority in aggregate principal amount of all Senior Bonds then outstanding under the Senior Bond Ordinance. In July 2005, the City Council adopted a Supplemental Ordinance that approved several, but not all, of the amendments that had been consented to by the requisite amount of the registered owners of the Senior Bonds and those amendments are in effect and have been incorporated in "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE."

Certain amendments to the Senior Bond Ordinance that were proposed and consented to by the requisite amount of the registered owners of the Senior Bonds, but not adopted by the City Council, are set forth in "APPENDIX D – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE." These Proposed Amendments may become effective only upon adoption of a Supplemental Ordinance by the City Council. The City Council is under no obligation to adopt any of these Proposed Amendments, and no representation is made herein regarding which of the Proposed Amendments, if any, may eventually be adopted. By purchase and acceptance of the Series 2009C Bonds, the Owners and Beneficial Owners thereof are deemed to have consented to the adoption of the Proposed Amendments, either in whole or in part, substantially in the form set forth in "APPENDIX D – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE," and to the appointment of American National Bank as their agent with irrevocable instructions to file a written consent to that effect at the time and place and in the manner provided by the Senior Bond Ordinance.

It is assumed in the Report of the Airport Consultant that any or all of the Proposed Amendments that the City may adopt during the forecast period would not materially change the forecast coverage results presented therein. See "REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT."

THE INITIAL SERIES 2009C CREDIT FACILITY

The initial Series 2009C Credit Facility will be the JPMorgan Series 2009C Letter of Credit to be issued by JPMorgan pursuant to the JPMorgan Reimbursement Agreement. The JPMorgan Series 2009C Letter of Credit provides credit and liquidity support for the Series 2009C Bonds while bearing interest at a Daily Rate, a Weekly Rate or a Monthly Rate Period.

The following summarizes certain provisions of the JPMorgan Series 2009C Letter of Credit and the JPMorgan Reimbursement Agreement. Such summaries do not purport to be a full and complete statement of the provisions of the JPMorgan Series 2009C Letter of Credit or the JPMorgan Reimbursement Agreement, to which reference is made for the complete provisions thereof. Prospective investors should obtain and review a copy of the JPMorgan Series 2009C Letter of Credit and the JPMorgan Reimbursement Agreement in order to understand all of the terms of those documents. During the offering period of the Series 2009C Bonds, a copy of the JPMorgan Series 2009C Letter of Credit and the JPMorgan Reimbursement Agreement may be obtained upon request from the Underwriter of the Series 2009C Bonds. The JPMorgan Reimbursement Agreement may be amended at any time without the consent of or notice to the owners of the Series 2009C Bonds. The provisions of any Substitute Series 2009C Credit Facility and any related agreement to which such Substitute Series 2009C Credit Facility is issued may be different from those summarized below. See also "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Factors Related to the Initial Series 2009C Credit Facility."

The JPMorgan Series 2009C Letter of Credit

The JPMorgan Series 2009C Letter of Credit is an irrevocable transferable obligation of JPMorgan. The JPMorgan Series 2009C Letter of Credit will be issued in an amount equal to the aggregate outstanding principal amount of the Series 2009C Bonds, plus 43 days' interest thereon at the Maximum Rate calculated on the basis of a 365-day year.

The Paying Agent, upon compliance with the terms of the JPMorgan Series 2009C Letter of Credit, is authorized and directed to draw up to: (a) an amount sufficient to pay (i) principal of the Series 2009C Bonds (other than Series 2009C Credit Facility Bonds and the Series 2009C Bonds bearing interest at a rate other than the Daily Rate, the Weekly Rate or the Monthly Rate (referred to collectively with the Series 2009C Credit Facility Bonds as "Ineligible Bonds")) when due, whether at maturity or upon redemption and (ii) the portion of the purchase price of the Series 2009C Bonds (other than Ineligible Bonds) delivered for purchase pursuant to a demand for purchase by the owner thereof or a mandatory tender for purchase and not remarketed equal to the principal amount of the Series 2009C Bonds; plus (b) an amount not to exceed 43 days of accrued interest on the Series 2009C Bonds at the Maximum Rate to pay (i) interest on the Series 2009C Bonds (other than Ineligible Bonds) when due, and (ii) the portion of the purchase price of the Series 2009C Bonds (other than Ineligible Bonds) delivered for purchase pursuant to a demand for purchase by the owner thereof or a mandatory tender for purchase and not remarketed, equal to the interest accrued, if any, on the Series 2009C Bonds.

The amount available under the JPMorgan Series 2009C Letter of Credit will be reduced to the extent of any drawing thereunder, subject to reinstatement as described below. With respect to a drawing by the Paying Agent to pay interest on the Series 2009C Bonds on an interest payment date (an "Interest Drawing"), the amount available under the JPMorgan Series 2009C Letter of Credit will be automatically reinstated by the amount of such Interest Drawing effective on the close of business on the 5th day after any payment of such Interest Drawing unless the Paying Agent has received from JPMorgan on or prior to the close of business on the 5th day after payment of such Interest Drawing notice that JPMorgan has not been reimbursed for such drawing or any "Event of Default" under the JPMorgan Reimbursement Agreement has occurred and as a consequence thereof the JPMorgan Series 2009C Letter of Credit will not be so reinstated and JPMorgan has directed the Paying Agent to cause a mandatory tender of the Series 2009C Bonds pursuant to the JPMorgan Reimbursement Agreement. With respect to a drawing by the Paying Agent to pay Series 2009C Bonds delivered for purchase pursuant to a demand for purchase by the owner thereof or a mandatory tender for purchase and not remarketed (a "Liquidity Drawing"), the JPMorgan Series 2009C Letter of Credit will automatically be reduced by the amount of such drawing. Prior to the Conversion Date (as defined below), upon a remarketing of the Series 2009C Credit Facility Bonds (or portions thereof), the amount available under the JPMorgan Series 2009C Letter of Credit will be automatically reinstated, upon receipt by JPMorgan of notice from the Paying Agent that it has received proceeds from the sale of the remarketed Series 2009C Credit Facility Bonds originally purchased with the proceeds of a Liquidity Drawing, in an amount equal to the lesser of (i) the proceeds of such remarketed Series 2009C Credit Facility Bonds, or (ii) the amount of the Liquidity Drawing.

The JPMorgan Series 2009C Letter of Credit will terminate on the earliest of JPMorgan's close of business on: (a) the stated expiration date (November 5, 2012, unless renewed or extended); (b) the earlier of (i) the date that is five days following (A) the Fixed Rate Conversion Date (as defined in the Series 2009C Supplemental Ordinance) or (B) the date on which the interest rate on all of the Series 2009C Bonds has been converted to bear interest at a rate other than a Daily Rate, a Weekly Rate or a Monthly Rate as such date is specified in a certificate from the Paying Agent to JPMorgan (the "Conversion Date"), or (ii) the date on which JPMorgan honors a drawing under the JPMorgan Series 2009C Letter of Credit on or after the Conversion Date; (c) the date that is 15 days following JPMorgan's receipt of a certificate from the Paying Agent that no Series 2009C Bonds remain outstanding within the meaning of the Series 2009C Supplemental Ordinance, all drawings required to be made under the Series 2009C Supplemental Ordinance and available under the JPMorgan Series 2009C Letter of Credit have been made and honored, or that a Substitute Series 2009C Credit Facility has been issued in substitution for the JPMorgan Series 2009C Letter of Credit pursuant to the Series 2009C Supplemental Ordinance and the JPMorgan Reimbursement Agreement; or (d) the date that is 15 days following the date the Paying Agent receives a written notice from JPMorgan specifying the occurrence of an "Event of Default" under the JPMorgan Reimbursement Agreement and directing the Paying Agent to cause a mandatory tender of the Series 2009C Bonds pursuant to the terms of the Series 2009C Supplemental Ordinance (the earliest of such dates to occur referred to as the "Termination Date").

Events of Default and Remedies Under the JPMorgan Reimbursement Agreement

Events of Default. Pursuant to the JPMorgan Reimbursement Agreement, the occurrence of any of the following events, among others, will constitute an Event of Default thereunder. Reference is made to the JPMorgan Reimbursement Agreement for a complete listing of all Events of Default:

(a) any material representation or warranty made by the City, for and on behalf of the Department, in the JPMorgan Reimbursement Agreement (or incorporated therein by reference) or any material representation or warranty made by the City, for and on behalf of the Department, in any of the other Related Documents (as defined in the JPMorgan Reimbursement Agreement) or in any certificate, document, instrument, opinion or financial or other statement contemplated by or made or delivered pursuant to or in connection with the JPMorgan Reimbursement Agreement or with any of the other Related Documents, proves to have been incorrect, incomplete or misleading in any material respect when made;

(b) any "event of default" occurs under any of the Bond Documents (as defined in the JPMorgan Reimbursement Agreement) (as defined respectively therein);

(c) failure of the City, for and on behalf of the Department, to pay when due (i) any Reimbursement Obligation (as defined in the JPMorgan Reimbursement Agreement), or (ii) any Letter of Credit Fee (as defined in the JPMorgan Reimbursement Agreement) or any other Bank Obligation (as defined in the JPMorgan Reimbursement Agreement) and such failure continues for a period of five Business Days after written notice thereof is given to the City, for and on behalf of the Department, by JPMorgan;

(d) default in the due observance or performance by the City, for and on behalf of the Department, of certain covenants set forth in the JPMorgan Reimbursement Agreement;

(e) default in the due observance or performance by the City, for and on behalf of the Department, of any other term, covenant or agreement set forth in the JPMorgan Reimbursement Agreement (not referred to in clause (d) above) and the continuance of such default for 30 days after the occurrence thereof;

(f) any material provision of the JPMorgan Reimbursement Agreement or any of the Related Documents ceases to be valid and binding, or the City, for and on behalf of the Department, contests any such provision, or the City, for and on behalf of the Department, or any agent or trustee on behalf of the City, for and on behalf of the Department, denies that it has any or further liability under the JPMorgan Reimbursement Agreement or any of the Related Documents;

(g) the City, for and on behalf of the Department, fails to make any payment in respect to any bonds issued pursuant to the General Bond Ordinance that are secured on a parity with the Series 2009C Bonds or Bank Obligations when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), or any event or condition occurs which results in the acceleration of the maturity of any bonds issued pursuant to the General Bond Ordinance that are secured on a parity with the Series 2009C Bonds or Bank Obligations or enables (or with the giving of notice or lapse of time, or both, would enable) the holder of any bonds issued pursuant to the General Bond Ordinance that are secured on a parity with the Series 2009C Bonds or Bank Obligations or any Person (as defined in the JPMorgan Reimbursement Agreement) acting on such holder's behalf to accelerate the maturity thereof;

(h) one or more final, non-appealable judgments against the City for the payment of money payable out of Net Revenues and not fully covered by insurance (including self-insurance to the extent evidenced by reserves in the form of liquid assets), or attachments against the property of the City which is used by or in conjunction with the Airport System or which constitutes Net Revenues, the operation or result of which, individually or in the aggregate, equals or exceeds $10,000,000 remains unpaid, unstayed, undischarged, unbonded or undismissed for a period of 60 days;

(i) the City commences a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to it or the Airport System or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or the Airport System or any substantial part of its Property, or consents to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or makes a general assignment for the benefit of creditors, or fails generally to pay its debts as they become due or takes any action to authorize any of the foregoing; or a debt moratorium, debt restructuring, debt adjustment or comparable restriction is imposed on the repayment when due and payable of the principal of or interest on any obligation of the City secured by a lien, charge or encumbrance upon any Net Revenues; or an involuntary case or other proceeding is commenced against the City seeking liquidation, reorganization or other relief with respect to it or the Airport System or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or the Airport System or any substantial part of its Property, and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 days; or an order for relief is entered against the City under the federal bankruptcy laws as now or hereafter in effect;

(j) any event of default under and as defined in the General Bond Ordinance or in any other ordinance authorizing the issuance of bonds issued pursuant to the General Bond Ordinance that are secured on a parity with the Series 2009C Bonds occurs and is continuing;

(k) the Lien (as defined in the JPMorgan Reimbursement Agreement) created by the General Bond Ordinance, the Series 2009C Supplemental Ordinance or the JPMorgan Reimbursement Agreement at any time and for any reason does not constitute a valid and perfected Lien on the Net Revenues and Pledged Funds (as defined in the JPMorgan Reimbursement Agreement) with the priority purported to be created thereby, or the City so asserts in writing; or

(l) the occurrence of a reduction of any rating on any Senior Bonds to below Investment Grade or any such rating is suspended or withdrawn by any of Moody's Investor Services, Inc. ("Moody's"), Standard & Poor's Ratings Services ("S&P") or Fitch, Inc. ("Fitch"). Investment Grade is defined in the JPMorgan Reimbursement Agreement as any rating in one of the four highest rating categories of any Rating Agency without regard to numerical designations or the symbols "+" and "-" (*i.e.*, currently a rating of "Baa3" (or its equivalent) or better by Moody's and "BBB-" (or its equivalent) or better by S&P and Fitch.

Remedies. Following the occurrence of any of the above-described Events of Default, JPMorgan may take any one or more of the following actions, among others. Reference is made to the JPMorgan Reimbursement Agreement for a complete listing of all consequences of Events of Default.

(a) by notice to the City, for and on behalf of the Department, declare all Bank Obligations to be, and such amounts will thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are waived by the City, for and on behalf of the Department; provided that upon the occurrence of an Event of Default under paragraph (i) of "*Events of Default*" above, such acceleration will automatically occur (unless such automatic acceleration is waived by JPMorgan in writing);

(b) give notice of the occurrence of any Event of Default to the Paying Agent, directing the Paying Agent to cause a mandatory tender of the Series 2009C Bonds pursuant to the terms of the General Bond Ordinance and the Series 2009C Supplemental Ordinance, thereby causing the JPMorgan Series 2009C Letter of Credit to expire 15 days thereafter;

(c) pursue any rights and remedies it may have under the Related Documents; or

(d) pursue any other action available at law or in equity.

JPMorgan

The JPMorgan Series 2009C Letter of Credit will be issued by JPMorgan Chase Bank, National Association. The following information has been provided by JPMorgan for inclusion in this Official

Statement. Neither the City nor the Underwriter have reviewed such information and do not make any representation as to its accuracy or completeness. No assurance is given by the City or the Underwriter as to JPMorgan's ability to pay claims under the JPMorgan Series 2009C Letter of Credit.

JPMorgan Chase Bank, National Association ("the Bank") is a wholly owned bank subsidiary of JPMorgan Chase & Co., a Delaware corporation whose principal office is located in New York, New York. The Bank offers a wide range of banking services to its customers, both domestically and internationally. It is chartered and its business is subject to examination and regulation by the Office of the Comptroller of the Currency.

As of June 30th, 2009, JPMorgan Chase Bank, National Association, had total assets of $1,664 billion, total net loans of $567.8 billion, total deposits of $974.5 billion, and total stockholder's equity of $132.1 billion. These figures are extracted from the Bank's unaudited Consolidated Reports of Condition and Income (the "Call Report") as at June 30th, 2009, prepared in accordance with regulatory instructions that do not in all cases follow U.S. generally accepted accounting principles, which are filed with the Federal Deposit Insurance Corporation. The Call Report, including any update to the above quarterly figures, can be found at http://www.fdic.gov.

Additional information, including the most recent annual report on Form 10-K for the year ended December 31, 2008, of JPMorgan Chase & Co., the 2008 Annual Report of JPMorgan Chase & Co., and additional annual, quarterly and current reports filed with or furnished to the Securities and Exchange Commission (the "SEC") by JPMorgan Chase & Co., as they become available, may be obtained without charge by each person to whom this Official Statement is delivered upon the written request of any such person to the Office of the Secretary, JPMorgan Chase & Co., 270 Park Avenue, New York, New York 10017 or at the SEC's website at http://www.sec.gov.

The information contained in this section relates to and has been obtained from the Bank. The delivery of the Official Statement shall not create any implication that there has been no change in the affairs of the Bank since the date hereof, or that the information contained or referred to in this section is correct as of any time subsequent to its date.

THE REMARKETING AGREEMENT

The Series 2009C Supplemental Ordinance provides that at all times during which the Series 2009C Bonds bear interest at a Daily Rate, a Weekly Rate or a Monthly Rate, the City is required to maintain a Remarketing Agent with respect to the Series 2009C Bonds. Pursuant to the Series 2009C Supplemental Ordinance, a Remarketing Agreement is to be entered into with respect to the Series 2009C Bonds between the City and the Remarketing Agent for the Series 2009C Bonds. Initially, Piper Jaffray & Co. will serve as the Remarketing Agent for the Series 2009C Bonds.

The following is a summary of certain provisions of the Remarketing Agreement to be entered into between the initial Remarketing Agent and the City with respect to the Series 2009C Bonds. The following summary does not purport to be a full and complete statement of the provisions of the Remarketing Agreement, which should be read in full for a complete understanding of all the terms and provisions thereof. A copy of the Remarketing Agreement may be obtained upon request from the Remarketing Agent. See also "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Factors Related to the Remarketing Agent."

The Remarketing Agent agrees to perform the duties and obligations imposed upon it as Remarketing Agent for the Series 2009C Bonds under the Series 2009C Supplemental Ordinance and the Remarketing Agreement, and agrees particularly, among other things, to: (1) determine the interest rates of the Series 2009C Bonds and give notice thereof in accordance with the Series 2009C Supplemental Ordinance; (2) keep such books and records with respect to its duties as Remarketing Agent as is consistent with prudent industry practice and to provide to the City such reports regarding the interest rates as the City may reasonably request; (3) use its best efforts to remarket the Series 2009C Bonds in accordance with the requirements of the Series 2009C Supplemental Ordinance without regard to the rate of interest borne by Series 2009C Credit Facility Bonds from time to time under the Series 2009C Credit Facility; and (4) hold all moneys delivered to it under the Series 2009C Supplemental Ordinance for the benefit of the person that has delivered such moneys until the Series 2009C Bonds purchased with such moneys are delivered to the account of such person. The Remarketing Agent is not required to purchase any related Tendered Series 2009C Bonds for its own account.

The Remarketing Agent may be removed at any time by the City upon not less than ten days' notice thereof to the Remarketing Agent, the Paying Agent and the Series 2009C Credit Facility Provider, so long as a successor remarketing agent has been appointed. In addition, the Remarketing Agent may at any time resign and be discharged of the duties and obligations created by the Remarketing Agreement and the Series 2009C Supplemental Ordinance by giving at least 60 days' written notice thereof to the City, the Paying Agent and the Series 2009C Credit Facility Provider; provided, however, that the Remarketing Agent, after consultation with the City, may cease offering and reselling the Series 2009C Bonds for reasonable cause, including, without, limitation: (1) a pending or proposed change in applicable tax laws or state or federal registration requirements respecting the Series 2009C Bonds; (2) a material adverse change in the financial condition of the City or the Series 2009C Credit Facility Provider; (3) a downward revision or withdrawal of any rating assigned to the Series 2009C Bonds; (4) an imposition of material restrictions on the Series 2009C Bonds or similar obligations; (5) a material misstatement or omission in the Offering Document (as defined in the Remarketing Agreement), as then modified or supplemented; or (6) the City's failure to file continuing disclosure information. Otherwise, the Remarketing Agreement is to remain in effect until the earlier of the effective date of the resignation or removal of the Remarketing Agent in accordance with the Remarketing Agreement, payment in full of the Series 2009C Bonds or the close of business on the Conversion Date with respect to conversion of the Series 2009C Bonds to an Auction Rate Period or a Fixed Rate Period.

No purchase, sale or transfer of any Series 2009C Bonds pursuant to the Remarketing Agreement, or the setting of interest rates in respect thereof, is to constitute or be construed to be the extinguishment of the indebtedness represented by such Series 2009C Bonds or the reissuance or refunding of any indebtedness represented by such Series 2009C Bonds. The Remarketing Agent, in its individual capacity, either as principal or agent, may (1) buy, sell, own, hold and deal in the Series 2009C Bonds, (2) join in any action that any owner of any Series 2009C Bond may be entitled to take with the same effect as if it did not act in any capacity under the Remarketing Agreement, (3) engage in or be interested in any financial or other transaction with the City or any of its subsidiaries and (4) act as depository, trustee or agent for any committee or body of Owners of the Series 2009C Bonds or owners of other obligations of the City or any of its subsidiaries as freely as if it did not act in any capacity under the Remarketing Agreement.

RISKS AND OTHER INVESTMENT CONSIDERATIONS

The purchase and ownership of Beneficial Ownership Interests in the Series 2009C Bonds involve investment risk and considerations. Prospective investors should read this Official Statement in its entirety. The factors set forth below, among others, may affect the security for the Series 2009C Bonds.

Limited Description of the Series 2009C Bonds

This Official Statement describes the Series 2009C Bonds only during the time as they bear interest at a Daily Rate, a Weekly Rate or a Monthly Rate, are secured by a Series 2009C Credit Facility issued by JPMorgan and are subject to the DTC book-entry only system. Purchasers of the Series 2009C Bonds should not rely on this Official Statement for information in connection with the conversion of the

Series 2009C Bonds to a Rate Period other than a Daily Rate, a Weekly Rate or a Monthly Rate, the substitution of a Substitute Series 2009C Credit Facility issued by a Series 2009C Credit Facility Provider other than JPMorgan or the remarketing of the Series 2009C Bonds without a Series 2009C Credit Facility, but should look solely to the reoffering document to be used in connection with any such change.

Factors Related to the Initial Series 2009C Credit Facility

Series 2009C Credit Facility Primary Security. Owners of the Series 2009C Bonds will be substantially dependent upon JPMorgan to honor drawings under the JPMorgan Series 2009C Letter of Credit for both liquidity and credit support of the Series 2009C Bonds.

The Debt Service Requirements on the Series 2009C Bonds will be paid from amounts drawn by the Paying Agent under the JPMorgan Series 2009C Letter of Credit, which amounts are to be reimbursed to JPMorgan by the City pursuant to the JPMorgan Reimbursement Agreement. If moneys for such purpose are not available under the JPMorgan Series 2009C Letter of Credit, for whatever reason, the City is obligated under the Series 2009C Supplemental Ordinance to pay such amounts when due from Net Revenues of the Airport System. See "SECURITY AND SOURCES OF PAYMENT" and "THE INITIAL SERIES 2009C CREDIT FACILITY."

The Purchase Price of Tendered Series 2009C Bonds is payable first from remarketing proceeds and then, if necessary, from moneys drawn under the Series 2009C Credit Facility. If such amounts are insufficient, the Tendered Series 2009C Bonds are then payable from the Net Revenues of the Airport System. There can be no assurance that Net Revenues would be available for such purpose. The Series 2009C Supplemental Ordinance provides that if funds available for the purchase of all Tendered Series 2009C Bonds on any purchase date are insufficient, no Event of Default under the Senior Bond Ordinance will result. Rather, none of such Tendered Series 2009C Bonds are to be purchased and the Paying Agent is required to return all such Tendered Series 2009C Bonds to the Owners thereof. See "THE SERIES 2009C BONDS – Tenders." Consequently, Owners could be required to hold Series 2009C Bonds to maturity or prior redemption, if any.

The availability of Net Revenues to pay the Purchase Price of Tendered Series 2009C Bonds or the Debt Service Requirements on the Series 2009C Bonds and other outstanding Senior Bonds is subject to various risks as discussed hereafter.

Performance by the Paying Agent. Performance by JPMorgan of its obligations under the JPMorgan Series 2009C Letter of Credit is subject to the satisfaction of certain conditions by the Paying Agent as set forth in the JPMorgan Series 2009C Letter of Credit. Owners of the Series 2009C Bonds will therefore be dependent upon the Paying Agent to properly satisfy such conditions before they will receive the benefit of the JPMorgan Series 2009C Letter of Credit. Furthermore, the question of whether the Paying Agent has properly satisfied such conditions is a question of fact which, if disputed, could delay or defeat any action to enforce the JPMorgan Series 2009C Letter of Credit.

Expiration of the JPMorgan Series 2009C Letter of Credit. The JPMorgan Series 2009C Letter of Credit expires on November 5, 2012, subject to extension or earlier termination in certain circumstances as described therein. If the JPMorgan Series 2009C Letter of Credit is not extended or a Substitute Series 2009C Credit Facility therefor is not obtained by the City, the Series 2009C Bonds will be subject to mandatory tender for purchase. There can be no assurance that the City will be able to obtain an extension of the JPMorgan Series 2009C Letter of Credit or to obtain a Substitute Series 2009C Credit Facility if necessary. JPMorgan is not obligated to extend the JPMorgan Series 2009C Letter of Credit beyond the stated expiration date thereof. See "THE SERIES 2009C BONDS – Tenders – *Mandatory Tenders*," and "THE INITIAL SERIES 2009C CREDIT FACILITY."

Obligations of JPMorgan Unsecured. The ability of JPMorgan to honor draws on the JPMorgan Series 2009C Letter of Credit is based solely upon the general credit of JPMorgan, and is not collateralized or otherwise guaranteed by the United States of America, any agency or instrumentality thereof or any other governmental or non-governmental entity. Neither the City nor JPMorgan assumes any liability to any Owner or Beneficial Owner of the Series 2009C Bonds as a result of any deterioration of the financial condition of JPMorgan. Upon any insolvency of JPMorgan, any claim by the Paying Agent or the City against JPMorgan would be subject to bank receivership proceedings. No insurance proceeds from the Federal Deposit Insurance Corporation or any other governmental agency, instrumentality or authority of the United States or any foreign country will be available to pay the Series 2009C Bonds in the event of a default by JPMorgan under the JPMorgan Series 2009C Letter of Credit.

General Factors Affecting JPMorgan. JPMorgan is subject to regulation and supervision by various regulatory bodies. New regulations could impose restrictions upon such financial institutions which would restrict their ability to respond to competitive pressures. Various legislative or regulatory changes could dramatically impact the banking industry as a whole and JPMorgan specifically. The banking industry is highly competitive in many of the markets in which JPMorgan operates. Such competition directly impacts the financial performance of JPMorgan. Any significant increase in such competition could adversely impact JPMorgan.

Prospective purchasers should evaluate the financial strength of JPMorgan based upon the information contained and referred to in "THE INITIAL SERIES 2009C CREDIT FACILITY – JPMorgan" and other information available upon request from JPMorgan, and should not rely upon any governmental supervision by any regulatory entity.

Default by the City Under the JPMorgan Reimbursement Agreement. The terms of the JPMorgan Reimbursement Agreement require the City to reimburse JPMorgan for draws under the JPMorgan Series 2009C Letter of Credit. If the City is unable to make the payments required under the JPMorgan Reimbursement Agreement, JPMorgan will have the right to cause a mandatory tender of the Series 2009C Bonds. See "THE SERIES 2009C BONDS – Tenders – *Mandatory Tenders*" and "THE INITIAL SERIES 2009C CREDIT FACILITY – The JPMorgan Reimbursement Agreement – *Defaults and Remedies*."

Factors Related to the Remarketing Agent

Remarketing Agent is Paid by the City. The Remarketing Agent's responsibilities under the Remarketing Agreement include determining the interest rate from time to time and remarketing the Series 2009C Bonds that are optionally or mandatorily tendered by the owners thereof (subject, in each case, to the terms of the Senior Bond Ordinance, including the Series 2009C Supplemental Ordinance, and the Remarketing Agreement), all as further described in this Official Statement. The Remarketing Agent is appointed by the City and is paid by the City for its services. As a result, the interests of the Remarketing Agent may differ from those of current Beneficial Owners and potential purchasers of Series 2009C Bonds.

Remarketing Agent Routinely Purchases Bonds for Its Own Account. The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, routinely purchases such obligations for its own account. A Remarketing Agent is permitted, but not obligated, to purchase Tendered Series 2009C Bonds for its own account and, in its sole discretion, may routinely acquire such Tendered Series 2009C Bonds in order to achieve a successful remarketing of such Tendered Series 2009C Bonds (*i.e.*, because there otherwise are not enough buyers to purchase the Tendered Series 2009C Bonds) or for other reasons. However, the Remarketing Agent is not obligated to purchase Tendered Series 2009C Bonds and may cease doing so at any time without notice. The Remarketing Agent may also make a market in the Series 2009C Bonds by routinely purchasing and selling Series 2009C Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agent is not required to make a market in the Series 2009C Bonds. The Remarketing Agent may also sell any Series 2009C Bonds that it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to such Series 2009C Bonds. The purchase of Series 2009C Bonds by the Remarketing Agent may create the appearance that there is greater third party demand for such Series 2009C Bonds in the market than is actually the case. The practices described above also may result in fewer Series 2009C Bonds being tendered in a remarketing.

Bonds May be Offered at Different Prices on Any Date Including an Interest Rate Determination Date. Pursuant to the Series 2009C Supplemental Ordinance and the Remarketing Agreement, the Remarketing Agent is required to determine the applicable rate of interest that, in its judgment, is the lowest rate that would permit the sale of the Series 2009C Bonds bearing interest at the applicable interest rate at par plus accrued interest, if any, on and as of the applicable interest rate determination date. The interest rate will reflect, among other factors, the level of market demand for such Series 2009C Bonds (including whether the Remarketing Agent is willing to purchase such Series 2009C Bonds for its own account). There may or may not be Series 2009C Bonds tendered and remarketed on an interest rate determination date, the Remarketing Agent may or may not be able to remarket any Tendered Series 2009C Bonds on such date at par and the Remarketing Agent may sell the Series 2009C Bonds at varying prices to different investors on such date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the Tendered Series 2009C Bonds at the remarketing price. In the event a Remarketing Agent owns any Series 2009C Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such Series 2009C Bonds on any date, including the interest rate determination date, at a discount to par to some investors.

The Ability to Sell the Series 2009C Bonds Other Than Through the Tender Process May Be Limited. The Remarketing Agent may buy and sell Series 2009C Bonds other than through the tender process. However, it is not obligated to do so and may cease doing so at any time without notice. Thus, investors who purchase the Series 2009C Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Series 2009C Bonds other than by tendering the Series 2009C Bonds in accordance with the tender process.

The Remarketing Agent May Resign or be Removed Without a Successor Being Named. The Remarketing Agent may resign upon giving at least ten days' notice (or such longer period as may be specified in the Remarketing Agreement, which in the case of the initial Remarketing Agreement is 60 days' prior written notice). The Remarketing Agent may be removed by the City upon being given ten days' prior written notice so long as a successor remarketing agent has been appointed. In such event, the Paying Agent will be deemed to be the Remarketing Agent for all purposes of the Series 2009C Supplemental Ordinance until the appointment by the City of a successor Remarketing Agent, provided that the Paying Agent will not be required to sell related Tendered Series 2009C Bonds, determine the interest rate of the Series 2009C Bonds or determine the Flexible Rate Period of the Series 2009C Bonds converted to a Flexible Rate Period. See "THE REMARKETING AGREEMENT."

Factors Related to the Airport System

Dependence on Levels of Airline Traffic and Activity. The Series 2009C Bonds are payable solely from and secured by a pledge of the Net Revenues of the Airport System and certain Airport System funds and accounts held under the Senior Bond Ordinance. The City also has irrevocably committed a portion of its PFC revenues to the payment of Debt Service Requirements on the outstanding Senior Bonds, including the Series 2009C Bonds, through 2013 and has included a portion of its PFC revenues in Gross Revenues. Both Gross Revenues and PFCs are dependent primarily on the level of aviation activity and enplaned passenger traffic at the Airport. Several factors, including the global and national economic recession that began in 2008, weakened demand for air travel and reduced airline passenger capacity, started to negatively impact levels of passenger traffic and associated revenues at the Airport in 2008. The number of enplaned passengers at the Airport decreased 2.8% through August 2009 compared to the same period in 2008. Future levels of aviation activity and enplaned passenger traffic at the Airport will be dependant upon many local, regional, national and international factors, including economic and political conditions, aviation security and public health concerns, the financial health of the airline industry and of individual airlines, airline service and routes, airline competition and airfares, airline mergers, alliances and consolidations, availability and price of aviation and other fuel, employee cost and availability and labor relations within the airline industry and capacity of the national air traffic control system and of the Airport. See also "Current Economic Conditions," "Financial Condition of the Airlines; Airline Consolidation and Mergers – Cost of Aviation Fuel – Air Travel Security and Public Health Concerns" below and "AVIATION ACTIVITY AND AIRLINES" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Key Factors Affecting Future Airline Traffic."

Current Economic Conditions. Historically, the financial performance of the air transportation industry has correlated with the condition of the national economy. The Denver and Colorado economies are experiencing the effects of the national economic recession, with contractions in employment, consumer spending, personal income and construction activity. A prolonged economic slowdown extending beyond 2009 would have an adverse impact on the air transportation industry. See also "Dependence on Levels of Airline Traffic and Activity" above and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Economic Basis for Airline Traffic – Key Factors Affecting Future Airline Traffic."

Financial Condition of the Airlines; Airline Consolidation and Mergers. The current global recession and record fuel prices in 2008, among other things, caused most airlines to raise fares, add new fees and surcharges and reduce capacity and the size of their fleets, as well as personnel. Several airlines have filed for bankruptcy, and others have ceased operations. United, Frontier and other airlines have or are considering merging and consolidating with other airlines. For instance, Delta Airlines, Inc. ("Delta") and Northwest Airlines, Inc. ("Northwest") merged on October 29, 2008, with Northwest becoming a wholly owned subsidiary of Delta; on July 31, 2009, Republic Holdings acquired Midwest Airlines; and on October 1, 2009, the Frontier Companies emerged from bankruptcy as a subsidiary of Republic Holdings. The City is not able to predict whether any mergers will occur or the impact that any merger may have on the operations of any merged carriers at the Airport. See also "Dependence on Levels of Airline Traffic and Activity – Current Economic Conditions" above, "Cost of Aviation Fuel – Risk of Airline Bankruptcies" below and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Key Factors Affecting Future Airline Traffic."

Cost of Aviation Fuel. The price of fuel is one of the most significant factors impacting the airline industry today. In 2008, according to the Air Transport Association, fuel had overtaken labor as the industry's top costs. Aviation fuel prices tend to fluctuate with crude oil prices, and the average price of crude oil was at historically high levels in 2008. In recent years, some airlines have attempted to pass the higher fuel costs to consumers by increasing the fuel surcharge or increasing the price of airfares and associated services, and have reduced capacity, fleet and personnel. Despite these efforts, the significant and prolonged increases in the cost of aviation fuel have had, and are likely to continue to have, an adverse impact on the air transportation industry by increasing airline operating costs, hampering airline financial recovery plans and reducing airline profitability. The City is not able to predict how continued uncertainty with respect to the cost of aviation fuel will impact the Airport or the airlines operating at the Airport. See "Dependence on Levels of Airline Traffic and Activity – Current Economic Conditions – Financial Condition of the Airlines; Airline Consolidation and Mergers" above and "AVIATION ACTIVITY AND AIRLINES" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Key Factors Affecting Future Airline Traffic."

Concentration of Airline Market Share. The United Group, consisting of United and its United Express commuter affiliates, is the principal air carrier operating at the Airport. United currently leases all 40 of the full service jet gates on Concourse B, constituting approximately 43.5% of the current 92 full service jet gates at the Airport, as well as the regional jet facility on the east end of Concourse B. In 2008 the United Group accounted for 48.2% of passenger enplanements at the Airport and approximately 54.2% of the airline rentals, fees and charges component of the Airport System's operating revenues, as well as approximately 28.0% of Airport System Gross Revenues. In 2008, United began to significantly reduce its consolidated domestic capacity, its consolidated overall capacity and its workforce, and such reductions are expected to continue.

After the United Group, the Frontier Group is the next largest air carrier operating at the Airport. In 2008, the Frontier Group accounted for (1) 25.5% of passenger enplanements at the Airport, (2) approximately 14.7% of the airline rentals, fees and charges component of the Airport System's operating revenues and (3) approximately 7.6% of the Airport System's Gross Revenues.

Southwest is the third largest air carrier operating at the Airport. In 2008, Southwest accounted for (1) 9.3% of passenger enplanements at the Airport, (2) approximately 6.9% of the airline rentals, fees and charges component of the Airport System's operating revenues and (3) approximately 3.6% of the Airport System's Gross Revenues.

Except for the United Group, the Frontier Group and Southwest, no single airline accounted for more than 5% of passenger enplanements at the Airport in 2007 or 2008 or more than 5% of either the airline rentals, fees and charges component of the Airport System's operating revenues or the Airport System's Gross Revenues in 2008. No assurances can be given with regard to the future level of activity of the United Group, the Frontier Group or Southwest at the Airport, or that, in the event that the operations of the United Group, the Frontier Group or Southwest at the Airport are reduced or discontinued, for whatever reason, such operations would be replaced by other carriers. See "Risk of Airline Bankruptcies" below and "AVIATION ACTIVITY AND AIRLINES – Aviation Activity – Airline Information – United – Frontier – Southwest – Other Airlines" and "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements – United Use and Lease Agreement," "REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCING FORECASTS – AIRLINE TRAFFIC ANALYSIS – Airport Role – Hub for United and Frontier Airlines – Ninth Busiest Southwest Airlines Airport – Historical Airline Traffic."

Airport Rates and Charges. The Report of the Airport Consultant bases the forecasts of Net Revenues and Other Available Funds, debt service coverage and airline costs per enplaned passenger on the assumption that the airlines will pay the rates and charges established by the City, and while the City believes that its rate making methodologies, including its allocation of costs for purposes of setting rates and charges, are reasonable, no assurance can be given that challenges will not be made to the rates and charges established by the City or its method of allocating particular costs. See "SECURITY AND SOURCES OF PAYMENT – Rate Maintenance Covenant" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – FORECAST DEBT SERVICE COVERAGE – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – FINANCIAL ANALYSIS – Debt Service Coverage" for historical and forecast debt service coverage, as well as "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements – United Use and Lease Agreement."

Regulations and Restrictions Affecting the Airport. The operations of the Airport are affected by a variety of contractual, statutory and regulatory restrictions and limitations, including, without limitation, the provisions of the Use and Lease Agreements, the federal acts authorizing the imposition, collection and use of PFCs and extensive federal legislation and regulations applicable to all domestic airports. It is not possible to predict whether future restrictions or limitations on Airport operations will be imposed, whether future legislation or regulations will affect anticipated federal funding or PFC collections for capital projects for the Airport, whether additional requirements will be funded by the federal government or require funding by the City or whether such restrictions or legislation or regulations would adversely affect Gross Revenues. See also "AGREEMENTS FOR USE OF AIRPORT FACILITIES" and "FINANCIAL INFORMATION – Passenger Facility Charges – Federal Grants and Other Funding."

Airport Use and Lease Agreements. A significant portion of Gross Revenues is derived from the Use and Lease Agreements. Pursuant to the Use and Lease Agreements, each Signatory Airline has agreed to pay the rates and charges for its use of the Airport. The United Use and Lease Agreement expires in 2025, and the other existing Use and Lease Agreements expire between 2010 and 2012, but may be terminated by the City or by a Signatory Airline, including United, under certain circumstances. No representations are made herein regarding whether additional Use and Lease Agreements will be executed or with respect to extensions or terminations thereof. See "Risk of Airline Bankruptcies" below and "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements – United Use and Lease Agreement."

Air Travel Security and Public Health Concerns. Concerns about the safety of airline travel and the effectiveness of security precautions, potential international hostilities and terrorist attacks and global health concerns may influence passenger travel behavior and air travel demand. Anxieties about the safety of flying, the inconveniences and delays associated with security screening procedures and the contraction of severe illness, including the ongoing and potential outbreak of H1N1 influenza (swine flu) both nationally and in certain foreign countries, could lead to both the avoidance of airline travel and the switching from air to surface transportation modes for short trips. See "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Key Factors Affecting Future Airline Traffic – Aviation Safety, Security and Public Health Concerns."

Risk of Airline Bankruptcies. Since 2001, several airlines with operations at the Airport, including United and Frontier, have filed for bankruptcy protection, although with the exception of Midway Airlines and Vanguard Airlines, which eventually ceased operations, all of these airlines have reorganized and emerged from bankruptcy protection. Additional bankruptcies, liquidations or major restructurings of airlines with operations at the Airport could occur in the future. The City cannot predict the extent to which any such events would impact the ability of the Airport to pay the outstanding Senior Bonds, including the Series 2009C Bonds. See "AIRLINE BANKRUPTCY MATTERS" for a discussion of various impacts to the Airport of an airline bankruptcy.

Financial Market Access Risk. The national and international credit markets have experienced substantial disruptions for more than a year, and it is not possible to predict the timing or extent of the recovery that may be made by the credit markets. The City plans to access the credit markets in 2009 and future years in order to issue additional bonds to finance the 2009-2012 Capital Program and to extend or replace certain expiring letters of credit and standby bond purchase agreements constituting Credit Facilities under the Senior Bond Ordinance that secure certain series of Senior Bonds that are outstanding as variable rate obligations. In order to extend or replace these Credit Facilities the City may be required to pay higher fees or may determine that it is necessary to convert to a fixed rate and remarket such series of Senior Bonds, resulting in increased Debt Service Requirements of the Senior Bonds. In addition, disruptions in the credit markets may cause the City to reduce or delay portions of the 2009-2012 Capital Program. See "FINANCIAL INFORMATION – Senior Bonds – *Outstanding Senior Bonds*."

Forward Looking Statements; Report of the Airport Consultant

This Official Statement, including particularly the Report of the Airport Consultant, contains statements relating to future results that are "forward looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "anticipate," "forecast," "project," "intend," "propose," "plan," "expect," "assume" and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements. See "FORWARD LOOKING STATEMENTS," "REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Airline Traffic Forecasts – Assumptions Underlying the Forecasts – Baseline Forecast – Sensitivity Analysis Projection."

The Report of the Airport Consultant incorporates numerous assumptions as to the utilization of the Airport and other matters and states that any forecast is subject to uncertainties. The Report of the Airport Consultant should be read in its entirety regarding all of the assumptions used to prepare the forecasts made therein. No assurances can be given that the assumptions contained in the Report of the Airport Consultant will occur. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, the actual results achieved during the forecast period will vary, and the variations may be material.

THE AIRPORT SYSTEM

General

The Airport System is owned by the City, and the power to operate, maintain and control the Airport System is vested in the Department. The City by ordinance has designated the Department as an "enterprise" within the meaning of the Colorado Constitution, with the authority to issue its own revenue bonds or other financial obligations in the name of the City.

The primary asset of the Airport System is the Airport, which opened on February 28, 1995, and replaced Stapleton. The Airport System also includes certain land still owned by the City at the Stapleton site. See "FINANCIAL INFORMATION – Stapleton."

The Airport serves as the primary air carrier airport for the Rocky Mountain region, and according to preliminary statistics for 2008 compiled by Airports Council International, the Airport was ranked as the 5^{th} busiest airport in the nation and the 10^{th} busiest airport in the world based on total passengers in 2008. See "AVIATION ACTIVITY AND AIRLINES."

Management

Under the City Charter, the management, operation and control of the Airport System are delegated to the Department of Aviation under the direction of a Manager appointed by and responsible directly to the Mayor. The Manager of Finance, appointed by the Mayor, currently is the Chief Financial Officer and ex-officio Treasurer of the City and is responsible for the issuance of Airport System debt and for the investment of Airport System funds.

Kim Day was appointed Manager of the Department of Aviation in March 2008. Ms. Day has more than 30 years of experience in the aviation industry, including seven years in the public sector. She is also a registered architect in California and Washington. Prior to joining the City, Ms Day was an aviation consultant for two years with Jacobs Consultancy Inc., the Airport Consultant. She had previously served as the Executive Director of Los Angeles World Airports ("LAWA"), which is the largest airport authority in the world and the agency that manages the four airports owned and operated by the City of Los Angeles, California, including Los Angeles International Airport, after having served as Deputy Director of Project and Facilities Development for LAWA. Prior to joining LAWA, Ms. Day worked for over 20 years as an architect, specializing in the planning and design of aviation projects.

Claude J. Pumilia was appointed the City's Chief Financial Officer and Manager of Finance in April 2007. Mr. Pumilia has over 15 years of experience as a senior financial and business executive at the Fortune 100 companies of Compaq Computer Corp., Hewlett-Packard Co. and, most recently, CA Inc., where he served as senior vice president of finance. Prior to working for these companies, Mr. Pumilia served as a strategy consultant with McKinsey & Company Inc., an associate at the law firm of Baker & Botts and an associate at Anderson Consulting.

Patrick Heck became Acting Deputy Manager of Aviation/Finance and Administration on October 29, 2009. Mr. Heck also currently serves as Deputy Manager of Aviation/Revenue Management and Business Development, a position which he has held since October 2007, after having served as Acting Deputy Manager of Aviation/Revenue Management and Business Development since June 2007, and Strategic Advisor for the Airport since August 2006. Prior to joining the City, Mr. Heck held various positions with United Airlines at the Flight Training Center in Denver, including Senior Financial Analyst, Manager of Scheduling and Director of Sales and Marketing.

Sally Covington became Deputy Manager of Aviation/Public Relations and Marketing in February 2006 after having served as Acting Deputy Manager of Aviation/Public Relations and Marketing since August 2003 and Director of Marketing and Air Service Development for the Airport. Ms. Covington has more than 21 years of experience in marketing and communications. Prior to joining the City, she was vice president of marketing for the Higher Education and Advanced Technology Center in Denver. Ms. Covington has held positions in Texas, including Dean of External Affairs for a state college, and worked in the Texas State Senate.

John Kinney, C.A.E., C.M., became Deputy Manager of Aviation/Operations in November 2006 after having served as Strategic Advisor for the Airport since September 2005. Prior to joining the City, Mr. Kinney was actively involved in the management of airports for the previous 23 years, serving in a variety of senior management functions at both commercial service and general aviation airports. Mr. Kinney was the airport director at Scottsdale Airport for ten years after which he served the Department of Homeland Security in Chicago and throughout Montana in senior management positions as the Federal Security Director and Assistant Federal Security Director.

Kenric G. Greene became Deputy Manager of Aviation/Maintenance on October 26, 2009, after serving as Senior Advisor to the City for Organizational Effectiveness since April 2009. Prior to joining the City, Mr. Greene worked for the Port Authority of New York and New Jersey beginning in 1981 where he managed internal management consulting services that were provided to the Aviation and Tunnels, Bridges and Terminals Departments of the agency. In his last assignment with the agency, Mr. Greene served as Assistant Director – Operations in the Aviation Department. Mr. Greene has also served as Distribution Director for the Pittsburgh Division of Supervalu, Inc., a Fortune 500 company in the food wholesale and retail industry.

David Rhodes, P.E., became Deputy Manager of Aviation/Planning and Development in August 2009, after having served as Acting Deputy Manager of Aviation/Planning and Development since August 2008 and Assistant Deputy Manager/Director of Engineering since May 2006. Prior to joining the City, Mr. Rhodes was a Regional Manager of Properties and Facilities with United Airlines in Denver from 2000 to 2006, and held various positions with the Aviation and Industrial Division of Burns & McDonnell Engineering from 1977 to 2000, including Project Manager, Branch Office Manager and Associate.

Robert W. Kastelitz became Deputy Manager of Aviation/Technologies in September 2009. Mr. Kastelitz has over 15 years of senior IT management experience, including three years as the Assistant Deputy Manager of Aviation for Information Technologies at the Airport and two years as the Deputy Manager for Information Technologies for the Supreme Court of the State of Nevada. Prior to joining the Airport, Mr. Kastelitz served as a Senior IT Manager for Avaya Inc. and held various IT management positions with Lucent Technologies Inc. and AT&T Inc.

Xavier S.L. DuRán, Esq., became Director of the Airport Legal Services section of the City Attorney's Office in July 2009. In this capacity, Mr. DuRán is responsible for managing the legal staff and representing the Airport in various matters related to aviation, airport finance, real estate and concessions. Mr. DuRán has been with the City and County of Denver since July of 1990, as a staff attorney for the Prosecution and Code Enforcement section of the City Attorney's office until 1992, as a staff attorney for the Employment Law section until 2000, as the Practice Group Manager for the Employment Law section until 2004, and as the Director of the Litigation section until July of 2009.

DENVER INTERNATIONAL AIRPORT

The Airport site encompasses approximately 53 square miles located about 24 miles northeast of Denver's central business district. The passenger terminal complex is reached via Peña Boulevard, a 12-mile dedicated access road from Interstate 70.

Airfield

The Airport's airfield includes six runways and related aircraft parking ramps, taxiways and perimeter taxiways. Five of the Airport's runways are 12,000-feet long by 150-feet wide, and the sixth runway is 16,000-feet long by 200-feet wide, making it the longest commercial service precision-instrument runway in North America. The airfield can accommodate fully loaded jumbo jets and large airliners, including the new Airbus A-380, and can provide unrestricted global access for any airline using the Airport. Four of the Airport's runways have north/south alignments and two have east/west alignments, and are able to accommodate simultaneous parallel arrivals during poor weather conditions when instrument flight rules are in effect. The runway/taxiway lighting system, with lights embedded in the concrete pavement to form centerlines and stopbars at intersections, also allows air traffic controllers to guide pilots and direct them through the airfield during periods of poor visibility. The airfield has substantial expansion capabilities, having been designed to accommodate up to 12 runways. See also "CAPITAL PROGRAM" for a discussion of the airfield maintenance and improvements planned for the Airport.

Airfield facilities also include a Federal Aviation Administration ("FAA") air traffic control tower and base building structures, an airport maintenance complex, four "rapid response" aircraft rescue and firefighting stations, de-icing pads, glycol storage/distribution/collection/recycling facilities and a hydrant fueling system. See "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Systems Leases."

Terminal Complex

The passenger terminal complex consists of (1) a landside terminal, (2) three airside concourses currently having a total of 92 full service jet gates and 64 commuter aircraft parking positions consisting of 34 regional jet positions, including the Concourse B Commuter Facility Project described below and 30 positions on Concourse A currently being used by Great Lakes Aviation and (3) the Airport Office Building. The terminal and concourses are connected by an underground automated guideway transit system, or "AGTS," and an elevated walkway connects the terminal with the Airport Office Building and Concourse A. A shuttle bus system also is available for the emergency transportation of passengers between the landside terminal and Concourses B and C.

The landside terminal encompasses approximately 1.2 million square feet (exclusive of international customs facilities, terminal support area and mechanical/electrical space), and includes ticketing, baggage system facilities, including federal explosive detection systems installed "in-line" for the screening of checked baggage, passenger drop off/pick up, ground transportation, concessions and other general passenger support services. Concourse A, nearest the terminal, encompasses approximately 1 million square feet and includes 30 full service jet gates, of which 8 gates are configured for international flights, as well as facilities dedicated to commuter airline operations. Concourse B encompasses approximately 1.7 million square feet and includes 40 full service jet gates plus facilities dedicated for commuter airline operations. The commuter aircraft facilities on Concourse B were recently improved in order to accommodate larger regional jet aircraft and provide various enhancements for passengers (the "Concourse B Commuter Facility Project"). Concourse B was also reconfigured to accommodate certain larger aircraft in the United fleet. As a result of this reconfiguration, three gates at Concourse B were removed, reducing the number of gates leased by the United Group at Concourse B from 43 gates to 40 gates. Concourse C encompasses approximately 690,000 square feet and currently includes 22 full service jet gates and commuter aircraft facilities. The Airport was designed to facilitate expansion to more than 200 full service jet gates either through lengthening of the existing concourses or the construction of two additional concourses. The Airport currently has 54 concessionaires operating at approximately 148 locations in the terminal complex. For a discussion of the airline leases for gates on the concourses and space in the terminal, see "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements – United Use and Lease Agreement – Other Agreements – Terminal Complex Concessions." See also "CAPITAL PROGRAM – Planned Projects in the 2009-2012 Capital Program – Terminal and Concourse Improvements" for a discussion of the improvements planned for the terminal and the concourses.

Two multi-level parking structures adjacent to the landside terminal provide in excess of 14,000 public parking spaces, and both close-in and remote surface parking lots provide in excess of 27,000 additional parking spaces. The 2009-2012 Capital Program includes plans to construct a future public parking structure and shuttle lot. See "CAPITAL PROGRAM – Planned Projects in the 2009-2012 Capital Program – Roads, Parking and Ground Transportation Improvements" and "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Other Agreements – Public Parking."

In April 2006, the City announced the award of a contract to CMCB Development Co. of Denver to develop a 17-acre retail development along Peña Boulevard, the major access highway to the airport, near the on-site automobile service station. The City entered into a ground lease agreement with DIA Landings, LLC, for this project on May 15, 2007. Grading and site development were completed in August 2008, but due to the continuing economic downturn, the project is on hold and a groundbreaking date for the project has not been announced.

Proposed Airport Hotel

In June 2007 the City received several proposals from qualified participants in response to its Request for Proposal for the Hotel at Jeppesen Terminal (the "Hotel RFP"). The Hotel RFP sought proposals for the ownership, management, financing and/or construction of a first-class hotel property (the "Airport Hotel") to be located immediately adjacent and attached to the terminal complex at the Airport, on land owned by the City. In December 2007, the City selected Starwood Hotels and Resorts to construct and operate a Westin branded hotel. The various agreements relating to this project are currently being negotiated. While a final plan of finance for the Airport Hotel has not been determined, an architect and a hospitality feasibility consultant have been retained to design the Airport Hotel and develop hotel operating projections. A portion of the proceeds of the Series 2009B Bonds (in an amount of approximately $8 million) is budgeted to fund the design of the Airport Hotel. If the Airport Hotel is determined to be financially feasible, construction is expected to commence in the second half of 2010.

Other Facilities

Various other facilities at the Airport include general aviation facilities, remote facilities for the customer service and vehicle maintenance operations of rental car companies, facilities constructed and used by cargo carriers, a U.S. Postal Service sorting and distribution facility and other Airport warehousing, office and distribution facilities and related infrastructure. Also located at the Airport are support facilities for United, including aircraft and ground support equipment maintenance and air freight facilities, and a flight kitchen built by United and subleased to LSG Sky Chefs (the brand name of LSG

Lufthansa Service Holding AG) and support facilities originally built for Continental Airlines ("Continental") and financed in part from a portion of the proceeds of the Series 1992C Bonds, including aircraft and ground support equipment maintenance, air freight and flight kitchen facilities, portions of which are currently being subleased to other users by Continental. See "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Other Building and Ground Leases" and "FINANCIAL INFORMATION – Senior Bonds – Special Facilities Bonds."

CAPITAL PROGRAM

The 2009-2012 Capital Program and the 2009A-B Projects

It is the City's practice to develop a capital program for the Airport System and reevaluate the capital needs of the Airport System on a regular basis. The City has a current capital program for the Airport that represents the City's expectations of future Airport System capital needs in order to maintain, reconstruct and expand Airport facilities through 2012. The four-year capital program developed for the Airport for the years 2009 through 2012 (the "2009-2012 Capital Program") is set forth in the table below. The Airport System's capital needs between 2009 and 2012 are estimated to cost $583.5 million and are expected to be financed with a combination of Airport System Revenue Bonds, Commercial Paper Notes, installment purchase agreements, federal grants and Airport System moneys.

The capital projects for the Airport to be funded with the net proceeds of the Series 2009A-B Bonds (the "2009A-B Projects") include certain of the projects or portions of the projects in the 2009-2012 Capital Program planned to be implemented in 2009 and 2010. Approximately $129.6 million of the projects to be completed in 2009 will be, or have been, implemented with $12.7 million received by the City from federal grants, remaining proceeds from prior Senior Bonds issued for Airport capital improvement purposes and $27.5 million from Airport System moneys to be reimbursed from a portion of the proceeds of the Series 2009A-B Bonds and deposited to the Airport Capital Improvement Account in the Capital Fund. The 2009A-B Projects include improvements to the airfield and the terminal and concourse complex, improvements to existing roads and parking and ground transportation facilities, and improvements to the Airport baggage system and the AGTS.

2009-2012 Airport Capital Program Projects
(Amounts expressed in 000's; totals may not add due to rounding)

	2009	2010	2011	2012	Total
Airfield Improvements	$ 85,492	$ 27,305	$38,809	$23,995	$175,601
Terminal and Concourse Improvements					
Terminal and Concourse Projects	28,149	12,536	6,962	6,962	54,608
Central Plant Projects	7,145	990	--	--	8,135
Baggage System Projects	42,238	12,300	7,500	--	62,038
Train System Projects	26,456	200	--	--	26,656
Security and Fire Alarm Projects	4,920	22,170	782	500	28,372
Building Systems and HVAC Projects	23,709	25,854	6,077	5,002	60,642
Program Management, Hotel and Other Projects	18,540	4,420	3,420	3,420	29,800
Roads, Parking and Ground Transportation	19,676	11,947	18,455	9,185	59,263
Other Projects					
Revenue and Business Development Projects	8,631	3,514	210	--	12,355
Environmental and Energy Management Projects	4,319	27,733	160	--	32,212
Information Technology and Telecom Projects	18,002	11,414	2,471	1,965	33,852
Total Planned Projects	$287,278	$160,383	$84,845	$51,029	$583,534

Source: Department of Aviation management records.

Planned Projects in the 2009-2012 Capital Program

Planned projects in the 2009-2012 Capital Program include the projects described below (the "Planned Projects"). See also "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – EXHIBIT A – Estimated Costs and Sources of Funds Airport Capital Program."

Airfield Improvements. The City expects to continue and increase an existing paving and slab replacement program to gradually repair, rehabilitate and upgrade the runways and taxiways at the Airport. The total estimated cost of this program reflected in the 2009-2012 Capital Program is approximately $88.6 million. The City also expects to expand the aprons at Concourse A and widen runway shoulder and taxiway safety areas at a total estimated cost reflected in the 2009-2012 Capital Program of approximately $38.1 million. Other airfield improvements include maintaining and improving airfield lighting, airfield and ramp drainage control and mitigation programs and other facilities. Approximately $12.7 million of airfield improvements identified in the 2009-2012 Capital Program are expected to be funded from existing FAA Federal Airport Improvement Program ("AIP") discretionary and entitlement grants. See "FINANCIAL INFORMATION – Federal Grants and Other Funding."

Terminal and Concourse Improvements. The City is planning a series of projects to improve the baggage system at the Airport in order to increase the efficiency of airline operations. These projects include the design and construction of a relocation project for terminal screening, the design and analysis of a spine system to deliver baggage from the terminal to the concourses and construction of phase one of the spine system and the renovation and upgrading of the Airport baggage system, including sortation carousels, baggage claim carousels, odd-size baggage systems and related right-of-way clearances in the terminal, the baggage tunnel and the concourses. The total estimated cost of these projects reflected in the 2009-2012 Capital Program is approximately $62.0 million.

The City also intends to replace existing passenger boarding bridges at Concourses A and C and implement building system improvements including new concourse elevators, rehabilitated terminal and concourse concessions, renovations to terminal and concourse public restrooms, upgraded fire alarm and security systems and HVAC controls and central plant cooling tower systems.

The 2009-2012 Capital Program also includes a project to upgrade the AGTS, computer hardware and equipment located in the central control center for the AGTS and a project to extend the AGTS south of the terminal in order to accommodate additional trains, allowing the AGTS to handle six train system operations.

Roads, Parking and Ground Transportation Improvements. The 2009-2012 Capital Program includes improvements to existing shuttle lots and Peña Boulevard and the rehabilitation of pavement in targeted roadway and parking areas of the Airport.

Other Improvements. The 2009-2012 Capital Program also includes the improvement of Airport information technology systems, costs of environmental and energy management studies and upgrades to equipment storage and light maintenance facilities.

Additional Proposed Projects

The City has identified a number of projects that are not included in the 2009-2012 Capital Program and that will be undertaken only if such projects are determined to be financially viable and/or self-sustaining or certain sources of funding become available. These projects include, among others, the construction of a hotel at the Airport terminal, a new rail station to be constructed for the Regional Transportation District ("RTD") at the Airport terminal, an additional parking structure, an expansion of the apron at Concourse A and an expansion of the existing airline fueling system, the installation of certain baggage transfer systems at the concourses as well as the baggage spine system to deliver baggage from the terminal to the concourses, the construction of additional AGTS facilities and the purchase of an additional AGTS train, and a realignment of roadways and the installation and reconfiguration of utilities associated with the landside terminal.

AVIATION ACTIVITY AND AIRLINES

Denver Air Service Region

The primary region served by the Airport is the Denver metropolitan area, encompassing the counties of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas and Jefferson. The secondary region served by the Airport is defined by the location of (and the airline service provided from) other large-hub and medium-hub air carrier airports. The nearest such airports, by road miles, are in Salt Lake City (530 miles to the northwest), Kansas City (590 miles to the east), Oklahoma City (620 miles to the southeast), Albuquerque (440 miles to the south), Phoenix (810 miles to the southwest) and Las Vegas (760 miles to the southwest).

Aviation Activity

Passenger Traffic. Denver's central geographic location makes it a major destination point for communities throughout the Rocky Mountain region and a major transportation hub for airline flights connecting between the east and west coasts and other major metropolitan centers. According to preliminary statistics for 2008 compiled by Airports Council International, the Airport was ranked as the 5^{th} busiest airport in the nation and the 10^{th} busiest airport in the world based on total passengers in 2008.

The tables set forth below under "*Passenger and Revenue Information*" and "*Summary of Aviation Activity*" provide total enplanements at the Airport since it opened and enplaned passengers by airline type and market share of individual airlines serving the Airport for the past five years and the first eight months of 2008 and 2009.

Passenger and Revenue Information. Currently, 26 passenger airlines provide scheduled service at the Airport, including the ten largest U.S. passenger airlines (based on scheduled enplaned passengers), five foreign flag passenger airlines and several regional/commuter airlines. In addition, several passenger charter airlines and all-cargo airlines provide service at the Airport. See "Airlines Serving the Airport" below. In 2008, the Airport served approximately 25.7 million enplaned passengers (passengers embarking on airplanes), the highest number in the history of the Airport and Stapleton. Approximately 55.9% of the passengers enplaned in 2008 were passengers originating their travel at the Airport and 44.1% were passengers making connecting flights at the Airport.

Since the Airport opened in 1995 and prior to 2009, with the exception of 2001 and 2002, the Airport has generally experienced continued growth in both passenger traffic and associated revenues. In the first six months of 2009, however, the Airport experienced significant declines in passenger traffic and associated revenues. Several factors, including the global and national economic recession that began in 2008, weakened demand for air travel and reduced airline passenger capacity, started to negatively impact levels of passenger traffic and associated revenues at the Airport in 2008. The following table sets forth the history of enplaned passengers for the Airport.

Year	Enplaned Passengers (millions)	Percent Change	Year	Enplaned Passengers (millions)	Percent Change
1995	15.62	--	2002	17.83	(1.2)%
1996	16.18	3.6%	2003	18.76	5.2
1997	17.53	8.4	2004	21.14	12.7
1998	18.44	5.2	2005	21.70	2.6
1999	19.03	3.2	2006	23.67	9.0
2000	19.39	1.9	2007	24.94	5.4
2001	18.05	(6.9)	2008	25.65	2.8

For the first eight months of 2009, the number of enplaned passengers at the Airport decreased 2.8% compared to the same period in 2008. See also "REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT."

Future aviation activity and enplaned passenger traffic at the Airport will depend on many local, regional, national and international factors, including economic and political conditions, aviation security and public health concerns, the financial health of the airline industry and of individual airlines, airline service and routes, airline competition and airfares, airline mergers and alliances, availability and price of aviation and other fuel and capacity of the national air traffic control system and of the Airport. See particularly "RISKS AND OTHER INVESTMENT CONSIDERATIONS" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Key Factors Affecting Future Airline Traffic."

The following table sets forth the number of enplaned passengers at the Airport by type of airline for the past five years and the first eight months of 2008 and 2009.

Enplaned Passengers by Airline Type[1]

	Major/National Airlines[2]		Regional/Commuter Airlines[3]		Charter/Miscellaneous Airlines		Total Airlines	
Year[4]	**Enplaned Passengers**	**Percent Change**	**Enplaned Passengers**	**Percent Change**	**Enplaned Passengers**	**Percent Change**	**Enplaned Passengers**	**Percent Change**
2004	18,296,498	6.4%	2,623,675	88.0%	223,908	29.7%	21,144,081	12.7%
2005	18,278,079	(0.1)	3,221,623	22.8	202,273	(9.7)	21,701,975	2.6
2006	19,674,467	7.6	3,791,642	17.7	199,203	(1.5)	23,665,312	9.0
2007	20,774,889	5.6	3,945,388	4.1	220,676	10.8	24,940,953	5.4
2008	21,514,216	3.6	3,945,641	0.0	190,386	(13.7)	25,650,243	2.8
Jan.-Aug.[4]								
2008[5]	14,822,720	4.4%	2,734,517	2.2%	127,106	(17.4)%	17,684,343	3.9%
2009	14,289,228	(3.6)	2,751,938	0.6	157,103	23.6	17,198,269	(2.8)

1 Includes revenue and nonrevenue enplaned passengers.

2 Includes Ted beginning in 2004, Southwest Airlines beginning in 2006 and Lynx beginning in 2007. United discontinued Ted in 2008, effective January 2009, and ceased reporting separate enplanement data for Ted commencing with August 2008.

3 See "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Historical Airline Traffic – Enplaned Passenger Market Shares" for a discussion of recent trends at the Airport of increased enplaned passenger market share of both low cost and regional/commuter airlines.

4 See "AVIATION ACTIVITY AND AIRLINES" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT" for a discussion of factors affecting enplanements since 2004.

5 Percentage changes are from the same period in 2007.

Source: Department of Aviation management records.

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The following table sets forth the percentage of enplaned passengers at the Airport by airline for the past five years and the first eight months of 2008 and 2009.

Percentage of Enplaned Passengers by Airline
(Totals may not add due to rounding)

	Calendar Year					January – August	
Airline	**2004**	**2005**	**2006**	**2007**	**2008**	**2008**	**2009**
United	41.6%	35.8%	35.3%	33.4%	32.6%	31.4%	33.3%
Ted[1]	6.3	7.8	8.5	7.8	4.3	6.2	--
United Express[2]	11.1	12.8	12.6	12.1	11.3	11.0	13.1
Total United Group	59.0	56.4	56.4	53.3	48.2	48.7	46.4
Frontier[3]	14.8	17.3	18.7	20.5	22.7	22.9	21.3
Lynx[3]	--	--	--	0.1	2.0	1.9	2.2
Frontier JetExpress	1.8	2.2	2.0	2.1	0.8	1.2	--
Total Frontier Group	16.7	19.4	20.7	22.7	25.5	26.0	23.5
American Airlines[4]	3.7	4.1	3.8	3.5	3.3	3.3	2.8
America West Airlines[5]	1.9	1.7	1.2	--	--	--	--
Continental[4]	2.3	2.4	2.3	2.2	2.0	2.1	2.0
Delta[4,6]	3.7	3.4	2.4	2.3	2.3	2.2	2.4
Northwest[6]	2.9	2.8	1.9	2.1	1.8	1.9	1.8
Southwest[7]	--	--	3.3	5.3	9.3	8.2	13.9
US Airways[5]	1.8	1.8	1.3	2.2	1.8	1.8	2.1
Other	8.1	8.0	6.6	6.4	5.7	5.9	5.1
	24.3	24.2	22.9	24.0	26.3	25.3	30.1
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

[1] Ted commenced service at the Airport in February 2004; however, United discontinued Ted in 2008, effective January 2009, and ceased reporting separate enplanement data for Ted commencing with August 2008.

[2] Includes Chautauqua Airlines from 2005, GoJet from 2005, Mesa Airlines from 2003, Shuttle America from 2005, SkyWest Airlines from 2003, Trans States Airlines in 2004 and 2005 and Air Wisconsin through 2006.

[3] Frontier emerged from bankruptcy on October 1, 2009 and is continuing operations. See "INTRODUCTION – Denver International Airport – *Major Air Carriers Operating at the Airport*" and "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Financial Condition of the Airlines; Airline Consolidation and Mergers – Risk of Airline Bankruptcies." Lynx, a Frontier subsidiary, commenced service at the Airport in December 2007.

[4] Does not include commuter affiliates.

[5] The parent companies of America West Airlines and US Airways, Inc. merged effective September 27, 2005.

[6] Delta and Northwest merged on October 29, 2008, with Northwest becoming a wholly owned subsidiary of Delta. The two airlines will continue to operate separately but are expected to be integrated by the end of 2009.

[7] Southwest commenced service at the Airport in January 2006.

Source: Department of Aviation management records and the Report of the Airport Consultant.

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Summary of Aviation Activity. The following table sets forth a summary of selected aviation activity at the Airport for the past five years and the first eight months of 2008 and 2009. Totals may not add due to rounding.

	Calendar Year[1]					January – August	
	2004	2005	2006	2007	2008	2008	2009
Enplaned Passengers (millions)							
United	8.802	7.775	8.365	8.324	8.361	5.558	5.733
Ted[2]	1.340	1.690	2.011	1.955	1.105	1.105	--
United Express	2.337	2.776	2.971	3.018	2.906	1.952	2.248
Total United Group	12.479	12.241	13.347	13.297	12.372	8.615	7.981
Frontier[3]	3.130	3.749	4.427	5.118	5.812	4.042	3.663
Lynx[3]	--	--	--	0.017	0.504	0.333	0.371
Frontier Jet Express	0.391	0.468	0.478	0.533	0.216	0.216	--
Total Frontier Group	3.521	4.217	4.904	5.668	6.531	4.591	4.034
Southwest[4]	--	--	0.790	1.322	2.379	1.456	2.393
Other	5.144	5.244	4.624	4.654	4.369	3.023	2.791
Total	21.144	21.702	23.665	24.941	25.650	17.684	17.198
Percent Change from Prior Year	12.7%	2.6%	9.1%	5.4%	2.8%	3.9%	(2.8)%
Total Originating Passengers (millions)	11.395	11.984	13.250	14.243	14.335	9.981	9.310
Percent of Total Enplaned	53.9%	55.2%	56.0%	57.1%	55.9%	56.4%	54.1%
United Group Percent of Total Originating	39.4%	40.3%	41.2%	38.9%	34.9%	35.5%	31.4%
Frontier Group Percent of Total Originating	18.3%	19.0%	21.0%	22.7%	23.0%	23.5%	21.5%
Southwest Percent of Total Originating	--	--	5.8%	8.8%	14.0%	12.8%	19.5%
Total Connecting Passengers (millions)	9.749	9.718	10.415	10.698	11.315	7.703	7.889
Percent Connecting of Total Enplaned	46.1%	44.8%	44.0%	42.9%	44.1%	43.6%	45.9%
United Group Percent of Total Connecting	82.0%	76.2%	75.7%	72.5%	65.2%	65.8%	64.1%
Frontier Group Percent of Total Connecting	14.7%	20.0%	20.3%	22.7%	28.6%	29.1%	25.8%
Southwest Percent of Total Connecting	--	--	0.2%	0.6%	3.3%	2.3%	7.3%
United Group Passengers:[2]							
Percent Originating	36.0%	39.5%	40.9%	41.6%	40.4%	41.2%	36.6%
Percent Connecting	64.0%	60.5%	59.1%	58.4%	59.6%	58.8%	63.4%
Frontier Group Passengers:							
Percent Originating	59.4%	54.0%	56.8%	57.1%	50.5%	51.2%	49.5%
Percent Connecting	40.6%	46.0%	43.2%	42.9%	49.5%	48.8%	50.5%
Southwest Passengers:[4]							
Percent Originating	--	--	97.9%	95.2%	84.4%	88.0%	76.0%
Percent Connecting	--	--	2.1%	4.8%	15.6%	12.0%	24.0%
Average Daily Departures:							
Passenger Airlines:							
United and Ted[2]	238	213	230	229	207	221	180
United Express	156	182	191	194	192	194	214
Frontier	94	107	125	137	167	171	160
Frontier JetExpress	21	25	24	28	10	15	--
Southwest[4]	--	--	24	39	78	68	110
Other	208	194	179	179	160	166	149
Total Passenger Airlines	719	722	772	806	814	835	814
All-Cargo Airlines	31	30	28	27	26	25	25
Total	750	752	801	833	840	860	838
Percent Change from Prior Year	12.5%	0.4%	6.4%	4.1%	0.8%	2.6%	(2.5)%
Landed Weight (billion pounds):							
Passenger Airlines:							
United and Ted[2]	13.418	12.254	13.364	12.808	11.790	8.253	7.268
United Express	2.731	3.282	3.512	3.636	3.616	2.437	2.764
Frontier	4.434	5.222	6.087	6.695	7.342	5.056	4.589
Frontier JetExpress	0.526	0.616	0.617	0.699	0.263	0.263	--
Southwest[4]	--	--	1.058	1.781	3.508	2.028	3.256
Other	7.025	6.734	5.776	5.851	5.406	3.721	3.471
Total Passenger Airlines	28.135	28.108	30.415	31.471	31.925	21.757	21.348
All-Cargo Airlines	1.516	1.541	1.430	1.363	1.325	0.873	0.827
Total	29.651	29.649	31.844	32.834	33.250	22.630	22.176
Enplaned Cargo (million pounds)[5]	321.204	312.663	280.534	262.724	248.122	169.926	141.952
Percent Change from Prior Year	(1.7)%	(2.7)%	(10.3)%	(6.4)%	(5.6)%	(2.2)%	(16.5)%
Total Aircraft Operations (Landings/Take-Offs):							
Air Carriers	330,674	384,552	428,794	451,228	460,311	313,940	310,010
Air Taxi/Commuter/Military/General Aviation	235,847	183,006	180,723	168,086	165,533	113,353	103,296
Total	566,521	567,558	609,517	619,314	625,844	427,293	413,306
Percent Change from Prior Year	11.0%	0.2%	7.4%	1.6%	1.1%	3.0%	(3.3)%

[1] See "AVIATION ACTIVITY AND AIRLINES" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT" for a discussion of factors affecting enplanements.

[Footnotes continued on next page]

2 Ted commenced service at the Airport in February 2004; however, United discontinued Ted in 2008, effective January 2009, and ceased reporting separate enplanement data for Ted commencing with August 2008.

3 Frontier emerged from bankruptcy on October 1, 2009 and is continuing operations. See "INTRODUCTION – Denver International Airport – *Major Air Carriers Operating at the Airport*" and "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Financial Condition of the Airlines; Airline Consolidation and Mergers – Risk of Airline Bankruptcies." Lynx, a Frontier subsidiary, commenced service at the Airport in December 2007.

4 Southwest commenced service at the Airport in January 2006.

5 The weight of enplaned cargo does not impact the Airport's Gross Revenues. Revenue is received from cargo carriers only from landing fees and space rentals, which historically have constituted less than 2% of Gross Revenues.

Source: Department of Aviation management records.

Originating and Connecting Passengers

Originating passengers are those enplaned passengers whose flights originate at the Airport (residents and visitors) and who are not connecting from another flight. Historically, originating passengers have accounted for over 50% of total enplaned passengers at the Airport. See "Aviation Activity – Summary of Aviation Activity" above and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Airport Role – Large Origin-Destination Passenger Base – Economic Basis for Airline Traffic – Historical Airline Traffic" for data on the economy of the Denver region and other determinants of originating passenger traffic.

Most major airlines have developed their current route systems around connecting passenger hubs at particular airports. The Airport serves as an important connecting hub in the route systems of both United and Frontier, making it one of the few dual-hub airports in the nation. The Airport is Frontier's only hub. The Airport has historically been the second busiest connecting hub in United's route system, after Chicago O'Hare, both in terms of passengers (based on information provided by individual airports) and flight operations (according to data published by Official Airline Guides, Inc.).

In 2008, approximately 11.32 million passengers (44.1%) of the approximately 25.65 million passengers enplaned at the Airport connected from one flight to another. Nearly all of the passengers using the Airport as a connecting hub connected either between the flights of United and its regional airline affiliates operating as United Express, or between the flights of Frontier and its regional affiliates operating as Frontier JetExpress. The United Group and the Frontier Group accounted for approximately 67.2% and 26.4%, respectively, of the connecting passengers at the Airport in 2008. See "Aviation Activity – Summary of Aviation Activity" above and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Airport Role – Hub for United and Frontier Airlines."

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Airlines Serving the Airport

As of August 2009, the following airlines provided scheduled passenger service at the Airport:

Major/National	Regional/Commuter	Foreign Flag
AirTran Airways	ExpressJet (operating as Continental Express and Delta Connection)	AeroMéxico
Alaska Airlines	GoJet Airline (operating as United Express)	Air Canada
American Airlines	Great Lakes Aviation	British Airways
Continental	Lynx[2]	Lufthansa German Airlines
Delta[1]	Mesa Airlines (operating as United Express and US Airways Express)	Mexicana
Frontier[2]	Mesaba Airlines (operating as Northwest Airlink and Delta Connection)	
JetBlue Airways	Pinnacle Northwest Airlines	
Midwest Airlines	Shuttle America (operating as United Express)	
Northwest[1]	SkyWest Airlines (operating as United Express and Delta Connection)	
Southwest	Trans States Airlines (operating as United Express)	
United		
US Airways		

[1] Delta and Northwest merged on October 29, 2008, with Northwest becoming a wholly owned subsidiary of Delta. The two airlines will continue to operate separately but are expected to be integrated by the end of 2009.

[2] Frontier emerged from bankruptcy on October 1, 2009 and is continuing operations. See "INTRODUCTION – Denver International Airport – *Major Air Carriers Operating at the Airport*" and "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Financial Condition of the Airlines; Airline Consolidation and Mergers – Risk of Airline Bankruptcies." Lynx is a subsidiary of Frontier.

Source: Department of Aviation management records.

In addition to the passenger airlines listed in the preceding table, several passenger charter airlines and several all-cargo airlines, including, among others, ABX Air, Air Transport International, Alpine Air Express, DHL Express (USA), Inc., Federal Express Corporation, Key Lime Air, United Parcel Service, Co. and Volga-Dnepr Airlines provide service at the Airport.

Airline Information

United. United, one of the world's largest airlines, is the principal air carrier operating at the Airport. The Airport is a primary connecting hub in United's route system both in terms of passengers (based on information provided by individual airports) and flight operations (according to data published by Official Airline Guides, Inc.). Under the United Use and Lease Agreement, United currently leases 40 of the existing 92 full service gates at the Airport, as well as a 16-gate regional jet facility described as the Concourse B Commuter Facility Project in "DENVER INTERNATIONAL AIRPORT – Terminal Complex." These 40 gates and the regional jet facility are all of the gates on Concourse B. In addition, the United Group, consisting of United, its recently discontinued low-fare Ted brand and its United Express commuter affiliates, has accounted for the percentages set forth in the table below of passenger enplanements, originating passengers and connecting passengers at the Airport for the past five years and the first eight months of 2008 and 2009, as well as airline rentals, fees and charges component of the Airport System's operating revenues and the Airport System's Gross Revenues for the past five years. See also "Aviation Activity – Originating and Connecting Passengers" in this section.

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United Group Percent of Airport Operations

	Fiscal Year					January – August	
	2004	2005	2006	2007	2008	2008	2009
Percent of Total Enplanements at the Airport	59.0%	56.4%	56.4%	53.3%	48.2%	48.7%	46.4%
United Group Percent Originating Passengers	36.0	39.5	40.9	41.6	40.4	41.2	36.6
United Group Percent Connecting Passengers	64.0	60.5	59.1	58.4	59.6	58.8	63.4
Percent of Airport Originating Passengers	39.4	40.3	41.2	38.9	34.9	35.5	31.4
Percent of Airport Connecting Passengers	82.0	76.2	75.7	72.5	65.2	65.8	64.1
Percent of Airline Rentals, Fees and Charges Component of Operating Revenues	61.3	58.6	59.3	57.6	54.2	Not Available	
Percent of Airport System Gross Revenues	36.3	33.5	31.8	28.8	28.0	Not Available	

Source: Department of Aviation management records.

United discontinued Ted in 2008, effective January 2009, and ceased reporting separate enplanement data for Ted commencing with August 2008. Also in 2008, United began to significantly reduce its consolidated domestic capacity, its consolidated overall capacity and its workforce, and such reductions are expected to continue. See also “Aviation Activity – Originating and Connecting Passengers” in this section, as well as “RISKS AND OTHER INVESTMENT CONSIDERATIONS,” “AGREEMENTS FOR USE OF AIRPORT FACILITIES – United Use and Lease Agreement,” “FINANCIAL INFORMATION – Special Facilities Bonds” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Airline Traffic Forecasts – Assumptions Underlying the Forecasts.”

Frontier. Frontier has the second largest market share at the Airport, which serves as Frontier’s only hub. The Frontier Group, consisting of Frontier and its Frontier JetExpress commuter affiliate, accounted for the percentages set forth in the table below of passenger enplanements, originating passengers and connecting passengers at the Airport for the past five years and the first eight months of 2008 and 2009, as well as airline rentals, fees and charges component of the Airport System’s operating revenues and the Airport System’s Gross Revenues for the past five years.

Frontier filed for bankruptcy protection in April 2008, received approval of a plan of reorganization in September 2009 and emerged from bankruptcy on October 1, 2009, as a subsidiary of Republic Holdings. According to public statements made by representatives of Republic Holdings and the Frontier Companies, it is expected that Frontier and Lynx will maintain normal operations at the Airport as a subsidiary of Republic Holdings. Republic Holdings also owns Midwest Airlines and a number of regional carriers, including Chautauqua Airlines, Mokulele Airlines, Republic Airlines and Shuttle America.

As part of its bankruptcy proceedings and pursuant to the Frontier Stipulated Order, Frontier assumed its Use and Lease Agreement with the City, as well as certain ground service and cargo leases, with the City as a part of its reorganization proceedings and issued and delivered to the City its $3.0 million promissory note payable in three equal installments plus interest thereon at 3% per annum in satisfaction of remaining prepetition financial obligations to the Airport. The Use and Lease Agreement was amended to reduce the number of gates used by Frontier and eliminate certain administrative space used by Frontier such as ticket counters and office space. Prior to bankruptcy, Frontier leased 15 gates on Concourse A and used six additional full service jet gates on Concourse A on a preferential basis as well as one common use international gate on Concourse A on a subordinated basis. Pursuant to the amended Use and Lease Agreement, Frontier agreed to lease 17 gates on Concourse A and relinquished its preferential rights to other gates.

The City currently holds a letter of credit provided by Frontier in the amount of $3 million as security for its obligations under the terms of its Use and Lease Agreement.

The City makes no representations regarding the financial conditions of Republic Holdings or the Frontier Companies or their future plans generally or with regard to the Airport in particular. Further, the Report of the Airport Consultant states that as of the date thereof, it is not known what effect, if any, the acquisition of Frontier by Republic Airways will have on the long term operations and presence of Frontier and Lynx at the Airport, and how the flight operations of both airlines will integrate, if at all, with the operations of Republic Airways and its other operating subsidiaries, including Midwest Airlines and Shuttle America (which operates at the Airport as a United Express affiliate). Therefore, it has been assumed that there would not be any material change in the level of aviation activity or leased space of Frontier and Lynx at the Airport during the forecast period.

See "Aviation Activity – Originating and Connecting Passengers" in this section, "INTRODUCTION – Denver International Airport – *Major Air Carriers Operating at the Airport*," "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Financial Condition of the Airlines; Airline Consolidation and Mergers – Risk of Airline Bankruptcies" and "AIRLINE BANKRUPTCY MATTERS," "REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT."

Frontier Group Percent of Airport Operations

	Fiscal Year					January – August	
	2004	**2005**	**2006**	**2007**	**2008**	**2008**	**2009**
Percent of Total Enplanements at the Airport	16.7%	19.4%	20.7%	22.7%	25.5%	26.0%	23.5%
Frontier Group Percent Originating Passengers	59.4	54.0	56.8	57.1	50.5	51.2	49.5
Frontier Group Percent Connecting Passengers	40.6	46.0	43.2	42.9	49.5	48.8	50.5
Percent of Airport Originating Passengers	18.3	19.0	21.0	22.7	23.0	23.5	21.5
Percent of Airport Connecting Passengers	14.7	20.0	20.3	22.7	28.6	29.1	25.8
Percent of Airline Rentals, Fees and Charges Component of Operating Revenues	10.3	12.1	13.0	15.1	14.7	Not Available	
Percent of Airport System Gross Revenues	6.1	6.9	6.9	7.6	7.6	Not Available	

Source: Department of Aviation management records.

Frontier expanded its hubbing operations at the Airport by introducing Lynx, a new Frontier subsidiary, which is serving smaller airports in the region. Lynx commenced operations at the Airport in December 2007 with ten 74 seat capacity Bombardier Q400 turboprop aircraft.

Southwest. Southwest has the third largest market share at the Airport. Southwest commenced service at the Airport in January 2006 and has accounted for the percentages set forth in the table below of passenger enplanements, originating passengers and connecting passengers at the Airport for the past three years and the first eight months of 2008 and 2009, as well as airline rentals, fees and charges component of the Airport System's operating revenues and the Airport System's Gross Revenues for the past five years. See also "Aviation Activity – Originating and Connecting Passengers" in this section.

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Southwest Percent of Airport Operations

	Fiscal Year			January – August	
	2006	2007	2008	2008	2009
Percent of Total Enplanements at the Airport	3.3%	5.3%	9.3%	8.2%	13.9%
Southwest Percent Originating Passengers	97.9	95.2	84.4	88.0	76.0
Southwest Percent Connecting Passengers	2.1	4.8	15.6	12.0	24.0
Percent of Airport Originating Passengers	5.8	8.8	14.0	12.8	19.5
Percent of Airport Connecting Passengers	0.2	0.6	3.3	2.3	7.3
Percent of Airline Rentals, Fees and Charges Component of Operating Revenues	2.6	4.1	6.9	Not Available	
Percent of Airport System Gross Revenues	1.4	2.1	3.6	Not Available	

Source: Department of Aviation management records.

See "Aviation Activity – Originating and Connecting Passengers" in this section, "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Financial Condition of the Airlines; Airline Consolidation and Mergers – Risk of Airline Bankruptcies" and "AIRLINE BANKRUPTCY MATTERS."

Other Airlines. Other than the United Group, the Frontier Group and Southwest, no single airline currently accounts for more than 5% of any of passenger enplanements at the Airport. In 2008, American accounted for approximately 3.3% of passenger enplanements at the Airport, and Delta, Continental, Northwest and US Airways accounted for approximately 2.3%, 2.0%, 1.8% and 1.8%, respectively, of passenger enplanements at the Airport in 2008. See "Aviation Activity – *Passenger Traffic*" in this section, as well as "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements."

Availability of Information Concerning Individual Airlines. Certain of the airlines or their parent corporations, including UAL Corporation, Frontier and Southwest, are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended, and as such are required to file periodic reports, including financial and operational data, with the SEC. All such reports and statements may be inspected in the Public Reference Room of the SEC at Room 1024, Judiciary Plaza, 450 Fifth Street, NW, Washington DC, 20549, and at the SEC's regional offices at the Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, IL 60661-2511 and 233 Broadway, New York, NY 10279. Copies of these reports and statements also may be obtained from the Public Reference Section of the SEC at 450 Fifth Street, NW, Washington, DC 20549, at prescribed rates. The SEC maintains a website at http://www.sec.gov containing reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. In addition, each domestic airline is required to file periodic reports of financial and operating statistics with the U.S. Department of Transportation (the "DOT"). These reports may be inspected at the following location: Department of Transportation, Research and Special Programs Administration, Office of Airlines Statistics at Room 4125, 400 7th Street, SW, Washington, DC 20590, and copies of the reports may be obtained from the DOT at prescribed rates.

None of the City, the Department or the Underwriter undertakes any responsibility for and makes no representations as to the accuracy or completeness of the content of information available from the SEC or the DOT as discussed above, including, but not limited to, updates of such information or links to other Internet sites accessed through the SEC or the DOT websites.

Airlines owned by foreign governments or foreign corporations operating airlines (unless such foreign airlines have American Depository Receipts registered on a national exchange) are not required to file information with the SEC. Airlines owned by foreign governments, or foreign corporations operating airlines, file limited information only with the DOT.

AGREEMENTS FOR USE OF AIRPORT FACILITIES

The City has entered into numerous agreements in connection with the operation of the Airport. The Use and Lease Agreements with passenger airlines operating at the Airport and certain other such agreements are discussed below.

Passenger Airlines Use and Lease Agreements

The following airlines have executed Use and Lease Agreements with the City that include leased gates. In addition to the 82 leased gates, 10 gates, including common use international gates on Concourse A, are controlled by the Airport and used on a non-preferential use basis by various airlines.

Passenger Airlines Use and Lease Agreements with Leased Gates

Airline	Number of Gates	Concourse	Lease Expiration
AirTran Airways	1	A	February 2011
Alaska Airlines	1	A	December 2010
American Airlines	3	C	December 2010
Continental	3	A	December 2010
Delta	3	C	December 2010
Frontier[1]	17	A	February 2010
Northwest	2	C	December 2010
Southwest	10	C	December 2010
United	40	B	February 2025
US Airways	2	C	December 2010
	82		

[1] Pursuant to the Frontier Stipulated Order, Frontier assumed its Use and Lease Agreement, which was amended to provide for the lease of gates shown in the table. See "INTRODUCTION – Denver International Airport – *Major Air Carriers Operating at the Airport*," "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Financial Condition of the Airlines; Airline Consolidation and Mergers – Risk of Airline Bankruptcies," "AVIATION ACTIVITY AND AIRLINES – Airline Information – *Frontier*" and "AIRLINE BANKRUPTCY MATTERS."

The following airlines, that currently serve the Airport, have executed Use and Lease Agreements with the City that do not include leased or preferential gates but in some cases include other leased premises such as ticket counters and offices: AeroMéxico, Air Canada, British Airways, Comair, ExpressJet, GoJet, Great Lakes Aviation, JetBlue, Lufthansa German Airlines, Mesa Airlines, Mesaba Aviation, Mexicana, Midwest Airlines, Republic Airlines, Shuttle America, SkyWest and Trans States Airlines. These airlines use gates pursuant to their affiliation with airlines leasing gates at the Airport, use City-managed gates or use common use international gates or common use commuter gates on Concourse A. These Use and Lease Agreements expire between 2010 and 2012. Frontier rejected its Airline Services Agreement with Republic Holdings, the parent of Republic Airlines, under which Republic Airlines operates at the Airport as Frontier JetExpress. See "AVIATION ACTIVITY AND AIRLINES – Airlines Serving the Airport."

In the Use and Lease Agreements with each of the passenger airlines operating at the Airport, (1) each of such Signatory Airlines and the City agree to a compensatory methodology for establishing terminal rental rates and a cost center residual methodology for establishing landing fees, (2) each such Signatory Airline acknowledges that the rate base for rentals, fees and charges must generate Gross Revenues that, together with Other Available Funds (consisting of transfers from the Capital Fund), are sufficient to satisfy the Rate Maintenance Covenant, and agrees to pay such rentals, rates, fees and charges, (3) the City is permitted from time to time to amend the rate-making system with the written consent of a majority of the Signatory Airlines represented by (a) a numerical majority and (b) a majority in terms of rentals, rates, fees and charges paid in the preceding Fiscal Year and (4) the City is also permitted to adjust rates and charges at the beginning of each Fiscal Year and during each Fiscal Year after mid-year review and consultation with the Signatory Airlines. In all passenger airline Use and Lease

Agreements executed since 2005, the provisions thereof dealing with utilization of preferential gates have been modified in order to provide for a more efficient utilization of these gates.

As described above, the City is permitted to adjust rates and charges at the beginning of and during each Fiscal Year. For adjustments at the beginning of each Fiscal Year, not later than 45 days prior to the end of each Fiscal Year, the City is required to furnish the Signatory Airlines with projections of the rentals, rates, fees and charges for the ensuing Fiscal Year for each cost center of the Airport and of each Signatory Airline's cost per enplaned passenger for the ensuing Fiscal Year. Not later than 30 days prior to the end of each Fiscal Year, the City and the Signatory Airlines are required to consult and review the projections of rentals, rates, fees and charges. For adjustments during a Fiscal Year, the City is required to furnish the Signatory Airlines in August of such Fiscal Year with a projection of rentals, rates, fees and charges, which is to reflect the most recently available information regarding current aircraft operations and enplaned passengers, as well as expenses actually incurred and revenues realized to date during such Fiscal Year. The City is also required to provide a pro forma projection of revenues and expenses for the current Fiscal Year and a projection of cost per enplaned revenue passenger for each such Signatory Airline. Within 15 days of providing such projections, the City is required to convene a meeting with the Signatory Airlines to review these projections and any adjustments to the monthly rentals, rates, fees and charges for the Fiscal Year.

For Fiscal Years through 2005, 75% of the Net Revenues remaining after payment of debt service and fund deposit requirements, with an annual maximum of $40 million, was required to be credited to the Airline Revenue Credit Account of the Capital Fund to be applied as a credit against Signatory Airline rentals, fees and charges in the following Fiscal Year, with the balance to be credited to the Capital Improvement Account of the Capital Fund to be used for any lawful Airport purpose. For Fiscal Years 2006 and thereafter, 50% of remaining Net Revenues are to be credited to the Airline Revenue Credit Account, subject to the annual maximum of $40 million. For each of the Fiscal Years 2003 through 2008 the maximum of $40 million was credited to the Airline Revenue Credit Account. See also "FINANCIAL INFORMATION – Capital Fund."

The City may terminate an airline Use and Lease Agreement after a 30 day notice and cure period in the event that the airline either (1) fails to pay the rentals, rates, fees, charges or other money payments that it has agreed to pay pursuant to the Agreement, (2) uses its leased property at the Airport for any purpose not authorized by the Agreement, (3) sublets its leased property at the Airport other than as provided in the Agreement, (4) becomes subject to certain insolvency events or (5) fails to comply with certain federal regulations in connection with its leased property at the Airport.

An airline may terminate the Use and Lease Agreement after a 30 day notice and cure period, whether or not Senior Bonds or other obligations of the City or the Department are outstanding, in the event that: (1) its governmental authorization to operate aircraft in or out of the Airport is withdrawn, so long as (a) it did not request such withdrawal or (b) the City has been given the opportunity to appear before the appropriate governmental entity prior to such withdrawal or the airline has given the City reasonable advance notice of the possible occurrence of such withdrawal; (2) a court of competent jurisdiction issues an injunction against the City preventing the operation of the Airport and such injunction remains in effect for 90 days or more and is not stayed; or (3) the operation of the Airport is substantially restricted by reason of governmental action or casualty (not caused by the airline) and such restriction remains in effect for 90 days or more. Additionally, in the case of United, United may also terminate if (1) the City fails to observe or perform any material covenant in the United Use and Lease Agreement or (2) United's cost per enplaned revenue passenger for any Fiscal Year exceeds an average of $20 (in 1990 dollars) as discussed in "United Use and Lease Agreement" below.

United Use and Lease Agreement

United leases gates under a Use and Lease Agreement originally entered into in December 1991 and having substantially the same terms as the other passenger airlines Use and Lease Agreements described in "Passenger Airlines Use and Lease Agreements" above. Under the United Use and Lease Agreement, United agreed to lease, on a preferential use basis, Concourse B, and, on an exclusive use basis, certain ticket counters and other areas in the terminal complex of the Airport, all through February 2025. The United Use and Lease Agreement was amended in 1999 and 2001, prior to United's bankruptcy. In 2003, in connection with its bankruptcy proceedings, United assumed the United Use and Lease Agreement as so amended, and in connection with the assumption, certain changes were made to the United Use and Lease Agreement under a stipulated order (the "United Stipulated Order") of the bankruptcy court. After the assumption and in connection with United's emergence from bankruptcy generally, the United Use and Lease Agreement was further amended in 2005, 2006 and 2007. The following description of the United Use and Lease Agreement includes all amendments thereof to date.

In the event that United's cost per enplaned revenue passenger for any Fiscal Year exceeds or is projected to exceed $20 (in 1990 dollars), the City is required to take measures to reduce such cost in a manner consistent with operating and managing a safe and efficient airport. United's cost per enplaned revenue passenger at the Airport has never reached the $20 threshold, and in 2008 was $9.74 (in 1990 dollars). The cost per enplaned revenue passenger at the Airport in 2008 dollars was $10.95. See also "FINANCIAL INFORMATION – Rentals, Fees and Charges for the Airport," "REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT."

As a result of the United Stipulated Order and the 2005 and 2006 amendments to the United Use and Lease Agreement, the City agreed to reduce Airport rates and charges for all airlines on a net basis by $4 million annually in each of years 2004 through 2010, for an aggregate amount of $28 million over a seven-year period. In years 2006 through 2010, airline rates and charges are to be further reduced on a net basis up to an aggregate amount of $50 million according to a sliding scale based on the net amount available for revenue sharing each year. The sources available to meet these cost reductions goals include, without limitation, revenues from the Additional $1.50 PFC that commenced April 1, 2001, the City's share of Net Revenues available for revenue sharing and annual debt service interest savings from refunding outstanding Airport revenue bonds. The City met the $4 million per year cost reduction goals through 2008. Because the net amount available for revenue sharing in 2004, 2005, 2006, 2007 and 2008 was in excess of $55 million in each year, it has not been necessary to further reduce airline rates and charges. The rates and charges cost reductions may cease or be reduced and subsequently reinstated under certain circumstances set forth in the United Use and Lease Agreement as so amended. See "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – FINANCIAL ANALYSIS – Framework for Airport System Financial Analysis – Airport Use and Lease Agreements – United's Airport Use and Lease Agreement."

United discontinued use of the automated baggage system at the Airport in September 2005 and reverted to the traditional tug and cart system. The rates and charges associated with the automated baggage system are to continue to be charged to the airlines. See "FINANCIAL INFORMATION – Rentals, Fees and Charges for the Airport." However, the City agreed with United and the other airlines to mitigate automated baggage system costs over time. The City agreed to a reduction in United's rates and charges associated with the automated baggage system of $4.9 million in 2006, $8.5 million in 2007 and $11.0 million in 2008 through 2025, the last year of the term of the United Use and Lease Agreement. This agreed reduction is to occur only after the reduction in rates and charges to all airlines by $4 million per year from 2004 through 2010, as described above. The City agreed to further mitigate United's baggage system charges by defeasing certain outstanding Airport System Revenue Bonds and reducing amortization charges allocated to the automated baggage system in stated amounts not to exceed

$10 million per year, using available Capital Fund moneys and other legally available Airport funds. See also "REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT."

In the 2005 amendment to the United Use and Lease Agreement, United agreed that it would enplane revenue connecting passengers at the Airport in each year through the end of the term of the United Use and Lease Agreement in the following minimum amounts: for 2006, 7.5 million; for 2007, 7.6 million; and for 2008 and subsequent years, 7.7 million. If United fails to meet this "Base Hub Commitment" in any calendar year, United will not be in default under the United Use and Agreement Lease Agreement; however, for each connecting revenue enplaned passenger by which United falls below the Base Hub Commitment for that year, the City's commitment to reduce rates and charges to United will decline by $6.00, such amount to be set-off against United's share of the Net Revenues credit described above. The United Group had 7.4 million revenue connecting passengers in 2005, 7.9 million revenue connecting passengers in 2006, 7.7 million revenue connecting passengers in 2007 and 7.3 million revenue connecting passengers in 2008. As a result of United's failure to meet its Base Hub Commitment in 2008, the City expects to off-set United's share of the Net Revenues credit for 2008 by an amount equal to $6.00 multiplied by the shortfall in connecting revenue emplaned passengers in 2008. See "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – AIRPORT ROLE – Hub for United and Frontier Airlines – The Airport's Role in United's System – FINANCIAL ANALYSIS – Framework for Airport System Financial Operations – Airport Use and Lease Agreements – United's Airport Use and Lease Agreement."

United and the City are discussing the possibility of amending the United Use and Lease Agreement to reduce the number of gates leased by United on Concourse B by five gates to permit the relocation of certain airlines currently using gates on Concourses A and C to Concourse B. Such relocation would increase the number of gates the City is able to lease on Concourses A and C. See "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – FINANCIAL ANALYSIS – Framework for Airport System Financial Operations – Airport Use and Lease Agreements – United's Airport Use and Lease Agreement."

Cargo Operations Leases

The City has executed Use and Lease Agreements with the following all-cargo airlines, which also constitute Signatory Airlines: ABX Air, Air Transport International, DHL Express (USA), Inc., Federal Express Corporation, Key Lime Air and United Parcel Service, Co. as well as with several companies having only cargo handling facilities. The City also has executed a ground lease with the U.S. Postal Service for its sorting and distribution facilities at the Airport. Several other cargo carriers are operating at the Airport on a non-signatory basis.

There are currently at least two other airports in the Denver metropolitan area that are physically capable of handling the same types of aircraft utilized by carriers that conduct cargo operations at the Airport. To the extent that any such carriers elect to discontinue operations at the Airport in favor of an alternative local site, Net Revenues would not be adversely affected. The Airport receives revenue from cargo carriers only from landing fees and space rentals, which historically have constituted less than 2% of Gross Revenues.

Other Building and Ground Leases

The City has entered into a Use and Lease Agreement with Continental with respect to certain support facilities originally built for Continental's then-planned hubbing operation at the Airport (portions of which are being subleased by Continental to other users) and special facilities leases and ground lease agreements with United and each of the rental car companies currently operating at the Airport with respect to their respective facilities at the Airport. In addition, in February 1995 the City leased a 12.4-acre site for 30 years to Signature Flight Support (formerly AMR Combs), which has financed and constructed general aviation facilities on the site, and in May 2007 the City entered into a ground lease for a 17-acre site for 40 years for a retail development known as the "Landings at DIA" along Peña Boulevard. See also "DENVER INTERNATIONAL AIRPORT – Terminal Complex," "FINANCIAL INFORMATION – Senior Bonds – Special Facilities Bonds" and "AIRLINE BANKRUPTCY MATTERS – Assumption or Rejection of Agreements."

Effect of Bankruptcy on Airline Agreements and Other Obligations

For a discussion of the effect of airline bankruptcies on agreements with, and certain other financial obligations to, the City in connection with the Airport, see "AIRLINE BANKRUPTCY MATTERS."

Systems Leases

Certain systems at the Airport, including fueling, are being operated by the airlines. The City has leased the hydrant fueling system to certain of the airlines and cargo carriers, who have contracted with Aircraft Service International, Inc. to operate that system.

Other Agreements

The City has also entered into various agreements in addition to those described above that generate a significant portion of Airport Gross Revenues. The following is a brief description of some of these additional agreements, which are described in more detail in "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – FINANCIAL ANALYSIS – Nonairline Revenues." The revenues received from the following agreements constitute only a portion of the concession income, parking income and rental car revenue set forth in "FINANCIAL INFORMATION – Historical Financial Operations."

Terminal Complex Concessions. Concessions and passenger services are provided in the terminal complex by concessionaires and nonairline tenants under agreements with the City that provide for the payment to the City of the greater of a minimum annual guarantee, that was set by the City to recover the cost of the space occupied by nonairline tenants, or a percentage of gross revenues. The concession agreements also contain a reestablishment clause allowing the City to adjust rents within certain parameters if necessary to satisfy the Rate Maintenance Covenant. Revenues from terminal complex concessions constituted approximately 6.5% of Airport Gross Revenues in 2007 and approximately 6.7% of Airport Gross Revenues in 2008.

Unlike the concession programs at most other U.S. airports, the Airport does not have one or two "master concessionaires" under contract who, in turn, sublease the concessions to others. The Airport's program since its opening in 1995 has emphasized direct contracting with individual concessionaires, providing opportunities for small businesses, greater competition, more choices for consumers and more revenue to the Airport. The Airport currently has 54 concessionaires operating at approximately 148 locations in the terminal complex.

Public Parking. Public automobile parking at the Airport is accommodated in parking structures, economy lots adjacent to the terminal, a remote shuttle parking lot and an overflow shuttle lot. The City has agreements with private contractors to manage these public parking facilities at the Airport, and also a concession agreement with a company operating a private parking lot on Airport property with approximately 1,500 spaces. Public parking revenues constituted approximately 18.1% of Airport Gross Revenues in 2007 and approximately 17.7% of Airport Gross Revenues in 2008.

Rental Cars. The City has concession agreements with ten rental car companies to provide service at the Airport. Under the concession agreements, each company pays to the City the greater of a minimum annual guarantee or a percentage of annual gross revenues. Rental car privilege fee revenues constituted approximately 5.9% of Airport Gross Revenues in 2007 and approximately 7.2% of Airport Gross Revenues in 2008.

Other. Other nonairline revenues include employee parking fees and storage area, building and terminal space (such as customer service counters) rentals by nonairline tenants at the Airport.

FINANCIAL INFORMATION

Historical Financial Operations

The following table sets forth comparative operating results of the Airport System for Fiscal Years 2004 through 2008 and the first six months of 2008 and 2009. See also "APPENDIX F – ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2008 AND 2007" "APPENDIX G – UNAUDITED FINANCIAL STATEMENTS OF THE AIRPORT SYSTEM FOR THE SIX MONTHS ENDED JUNE 30, 2009 AND 2008" and "Management's Discussion and Analysis of Financial Performance" below.

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City and County of Denver Airport System
Statement of Revenues, Expenses and Changes in Net Assets

(Amounts expressed in 000's. Totals may not add due to rounding.)

	Fiscal Year Ended December 31[1]					Six Months Ended June 30 (Unaudited)	
	2004	Restated 2005[2]	Restated 2006[2]	2007	2008	2008	2009
Operating revenues:							
Facility rentals	$210,461	$203,800	$197,353	$205,638	$198,138	$ 98,182	$ 106,919
Concession income	30,638	32,566	34,304	40,599	42,297	20,817	20,378
Parking income	88,411	97,919	110,535	116,326	119,283	60,691	55,225
Car rentals	33,780	37,175	41,641	44,998	45,618	21,577	19,460
Landing fees	88,741	94,695	92,390	87,282	94,479	45,150	49,910
Aviation fuel tax	15,402	20,245	20,211	23,385	27,012	10,846	8,032
Other sales and charges	10,232	11,341	11,872	11,922	13,931	6,975	5,364
Total operating revenues	477,665	497,741	508,307	530,151	540,760	264,238	265,289
Operating expenses:							
Personnel services	90,005	92,979	97,592	104,321	114,288	53,832	52,886
Contractual services[3]	117,091	130,469	146,019	165,044	234,036	90,779	89,537
Maintenance, supplies and materials	14,117	15,956	18,903	21,408	25,506	12,512	10,127
Total operating expenses	221,214	239,405	262,514	290,773	373,829	157,122	152,550
Operating income before depreciation and amortization and asset impairment	256,451	258,336	245,792	239,378	166,931	107,116	112,739
Depreciation and amortization[4]	130,379	191,650	151,506	159,309	168,026	82,075	88,002
Impairment losses[5]	18,007	85,286	--	--	--	--	--
Operating income	108,065	(18,600)	94,286	80,069	(1,095)	25,041	24,737
Nonoperating revenues (expenses)							
Passenger facility charges[6]	62,040	84,000	93,510	97,191	96,786	52,820	50,342
Investment income	22,486	35,823	56,147	82,249	87,483	28,080	5,842
Interest expense	(221,296)	(205,142)	(207,385)	(220,064)	(238,643)	(105,941)	(107,795)
Grants	241	241	566	324	703	164	--
Other revenue (expense)[7]	(2,051)	(22,187)	(10,609)	(8,827)	8,683	(12,352)	(3,209)
Net operating revenues (expenses)	(138,581)	(107,265)	(67,772)	(49,127)	(44,987)	(37,228)	(54,819)
Change in net assets before capital contributions	(30,515)	(125,865)	26,514	30,942	(46,083)	(12,188)	(30,083)
Capital contributions:							
Capital grants[8]	42,083	31,547	29,188	1,894	13,993	1,421	7,845
Capital contributions[9]	--	196,795	--	532	400	400	655
Capital passenger facility charges[6]	20,122	--	--	--	--	--	--
Change in net assets	$ 31,690	$102,477	$ 55,702	$ 33,368	$ (31,690)	$ (10,368)	$ (21,583)

[1] See "Management's Discussion and Analysis of Financial Performance" below.

[2] The figures for 2005 and 2006 include several prior period adjustments that are reflected in the 2007 financial statements. These adjustments were made to reflect: (1) an increase of approximately $10.7 million in aviation fuel tax receipts discovered as the result of an audit of State aviation fuel tax receipts; (2) the re-categorization of approximately $14.6 million of capital expenditures to operation and maintenance expenses; and (3) the addition of approximately $196.8 million of assets financed with Special Facilities Bonds, and associated depreciation, to the Airport financial statements. See "Aviation Fuel Tax" and "Special Facilities Bonds" below.

[3] Contractual services increased significantly in 2008 due in part to a substantial increase in the cost of repair and maintenance projects.

[4] Depreciation and amortization decreased in 2004 due primarily to the partial write-off of the automated baggage system; and increased in 2005 due primarily to the completion of an explosive detection system project implemented for the screening of checked baggage (the "EDS").

[5] In accordance with Governmental Accounting Standards Board ("GASB") Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and Insurance Recoveries*, implemented by the City in 2004, the City concluded that sections of the automated baggage system were permanently impaired, being a significant, unexpected decline in the service utility of a capital asset, and removed them from its books, resulting in the impairment losses stated in the table in 2004 and 2005. See "AGREEMENTS FOR USE OF AIRPORT FACILITIES – United Use and Lease Agreement."

[6] These amounts are net of the PFC collection fee retained by the airlines. The PFC revenues recorded as nonoperating revenues include the revenues of the $3.00 portion of the PFC and a part of the revenues from the $1.50 portion of the PFC not related to capital projects. The PFC revenues recorded as capital contributions constitute the balance of the revenues of the $1.50 portion of the PFC that may be used for FAA-approved capital projects. For 2005, 2006, 2007, 2008 and the first six months of 2009, all capital PFC revenue was reallocated to the payment of debt service related to the automated baggage system and the original cost of the Airport. See "Passenger Facility Charges" below.

[7] Includes expenses incurred since February 1995 to maintain and preserve Stapleton. See "Stapleton" below for further information.

[8] These amounts constitute amounts received from FAA grants.

[9] Capital contributions recognized in 2005 constitute the addition of certain assets financed with Special Facilities Bonds, and associated depreciation, to the Airport financial statements.

Sources: Audited financial statements of the Airport System for Fiscal Years 2004-2008, and Department of Aviation for unaudited figures for the six months ended June 30, 2009 and 2008.

Management's Discussion and Analysis of Financial Performance

The following is a discussion and analysis by Airport management of the financial performance of the Airport System for Fiscal Years 2004 through 2008 and the six months ended June 30, 2009 and 2008. The effects of the restatement of the 2005 and 2006 financial statements are included in the discussion. All figures presented below are approximate unless otherwise stated.

Six Months Ended June 30, 2009 vs. Six Months Ended June 30, 2008. Operating revenues at the Airport were $265.3 million for the six month period ending June 30, 2009, an increase of $1.1 million (0.4%) as compared to the six months ended June 30, 2008. This increase in revenues was primarily related to an increase in facility rentals, which is related to the revenue credit amount issued in May 2008, and an increase in landing fees due to the an increase in landing fee rates. These revenues were offset by a decrease in non-airline revenues resulting from a decrease in passenger traffic. Passenger traffic decreased 4.7% for the six month period ending June 30, 2009.

Operating expenses, exclusive of depreciation and amortization, were $152.5 million for the six month period ending June 30, 2009, a decrease of $4.6 million (2.9%), as compared to June 30, 2008. This decrease was attributable to lower personnel costs relating to snow removal overtime and a decrease in repair and maintenance expenses. This decrease was offset by an increase in expenses for shuttle buses, janitorial services and supplies and materials.

Total nonoperating expenses, net of nonoperating revenues, increased by $17.6 million to $54.8 million in the first six months of 2009 as compared to 2008. This increase resulted from a decrease in investment income of $22.2 million, or 79.2%, which was due to lower investment yields and an unrealized loss on investments of $15.5 million. PFC revenues decreased by $2.5 million due to a decrease in passenger traffic. A slight increase in interest expense related to swap payments was partially offset by a decrease in costs related to the reimbursement of insurance costs to complete the remediation of certain environmental conditions at Stapleton.

A more detailed discussion and analysis by Airport management of the financial performance and activity of the Airport System for the first six months of 2009 compared to the same period in 2008 is included as part of the financial statements of the Airport System appearing as "APPENDIX G – UNAUDITED FINANCIAL STATEMENTS OF THE AIRPORT SYSTEM FOR THE SIX MONTHS ENDED JUNE 30, 2009 AND 2008."

2008 vs. 2007. Operating revenues at the Airport were $540.8 million for the year ended December 31, 2008, an increase of $10.6 million (2.0%), as compared to December 31, 2007. This increase in revenues was primarily related to the increase in passenger traffic, which led to an increase in concession, parking, fuel tax and car rental revenues. Passenger traffic increased 2.8% for the year ended December 31, 2008.

Operating expenses, exclusive of depreciation and amortization, were $373.8 million for the year ended December 31, 2008, an increase of $83.0 million (28.6%) as compared to December 31, 2007. This increase was attributable to increases in personnel costs and costs related to shuttle buses, electricity, snow removal and AGTS trains, as well as major repair and maintenance expenses.

Total nonoperating expenses, net of nonoperating revenues, decreased by $4.1 million to $45.0 million in 2008. This decrease resulted from an increase in investment income of $5.2 million, or 6.4%, which was due to the investment during the year of additional proceeds from notes payable and the unrealized gain on investments of $23.8 million. Stapleton costs decreased $17.5 million related to the reimbursement of insurance costs to complete the remediation of certain environmental conditions at Stapleton. See "Stapleton" below. The reduction in total nonoperating expenses, net of nonoperating revenues, was partially offset by an increase in interest expense. The increase in interest expense was due largely to increased interest costs associated with then outstanding issues of bonds bearing interest in auction rate and variable rate modes because of market conditions. Some of these issues were refunded in 2008.

In 2008 and 2007, capital grants totaled $14.0 million and $1.9 million, respectively. The increase was due to the final reimbursements of portions of the costs of the deicing containment facility and airfield pavement projects. In 2008, there was a capital contribution related to a hazardous materials response vehicle.

A more detailed discussion and analysis by Airport management of the financial performance and activity of the Airport System for 2008 compared to 2007 is included as part of the financial statements of the Airport System appearing as "APPENDIX F – ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2008 AND 2007.

2007 vs. 2006. Operating revenues at the Airport were $530.2 million for the year ended December 31, 2007, an increase of $21.9 million (4.3%), as compared to December 31, 2006. This increase in revenues was primarily related to the increase in passenger traffic, which led to an increase in concession, parking, fuel tax and car rental revenues. Passenger traffic increased 5.4% for the year ended December 31, 2007.

Operating expenses, exclusive of depreciation, were $290.8 million for the year ended December 31, 2007, an increase of $28.3 million (10.8%) as compared to December 31, 2006, and an increase of $26.8 million (10.1%) as compared to the original 2007 operations and maintenance budget. This increase was attributable to an increase in personnel costs, snow removal, other City agency costs associated with snow removal, janitorial services and repair and previously capitalized maintenance costs that were determined to be non-capital expenditures. The preliminary 2008 Budget was revised for the same reasons.

Total nonoperating expenses, net of operating revenues, decreased by $18.6 million to $49.1 million in 2007. This was due to an increase in investment income of $26.1 million (46.5%) resulting from an increase in yields and additional investments of cash received from the Senior Bonds issued in 2007 and an increase in PFC revenues of $3.7 million (3.9%) resulting from an increase in passenger traffic. Stapleton costs decreased $5.3 million related to the reimbursement of insurance costs to complete the remediation of certain environmental conditions at Stapleton. See "Stapleton" below. The reduction in total nonoperating expense, net of nonoperating revenues was partially offset by an increase in interest expense of $12.7 million associated with the Senior Bonds issued in 2007.

In 2007 and 2006, capital grants totaled $1.9 million and $29.2 million, respectively. The decrease was due to the completion of the Explosive Detection System (EDS) in 2005, which was federally funded, and funding ceased in 2006. No grants relating to this project were received in 2007. In 2007, there was a capital contribution related to two donated airplanes.

2006 vs. 2005. Operating revenues at the Airport were $508.3 million for the year ended December 31, 2006, an increase of $10.6 million (2.1%), as compared to December 31, 2005. This increase in revenues was primarily related to the increase in passenger traffic, which led to an increase in concession, parking, and car rental revenues. Passenger traffic increased 9.0% for the year ended December 31, 2006.

Operating expenses, exclusive of depreciation, were $262.5 million for the year ended December 31, 2006, an increase of $23.1 million (9.7%) as compared to December 31, 2005. This increase was attributable to an increase in personnel costs, snow removal (due to December 2006 blizzards), guard services, janitorial services and repair and previously capitalized maintenance costs that were determined to be non-capital expenditures.

Total nonoperating expenses, net of nonoperating revenues, decreased by $39.5 million to $67.8 million in 2006. This decrease was due to an increase in investment income of $20.3 million, or

56.7%, which was due to an increase in yields and additional investment of cash received related to notes payable. In addition, PFC revenues increased $9.5 million, or 11.3%, due to an increase in passenger traffic. Lastly, there was a decrease in other expense due to the completion of environmental costs associated with remediation of Stapleton, offset by an increase of $2.2 million of interest expense due to an increase in notes payable.

In 2006 and 2005, capital grants totaled $29.2 million and $31.5 million, respectively. The decrease in 2006 capital grants was due to the completion of the EDS project in 2005, which was federally funded. All PFCs were reallocated to the payment of debt service related to the automated baggage system and the original cost of the Airport.

2005 vs. 2004. Operating revenues at the Airport were $497.7 million, an increase of $20.1 million (4.2%) for the year ending December 31, 2005, as compared to December 31, 2004. This increase in revenues was related primarily to the increase in passenger traffic, which led to an increase in concession, parking and car rental revenues, as well to an increase in landing fees. Passenger traffic increased 2.6% for the year ended December 31, 2005.

Operating expenses, exclusive of depreciation, were $239.4 million, an increase of $18.2 million (8.3%) for the year ended December 31, 2005, as compared to December 31, 2004. This increase was attributable to an increase in personnel costs, electricity, natural gas rates, diesel fuel and gasoline costs and repair and previously capitalized maintenance costs that were determined to be non-capital expenditures.

Total nonoperating expenses, net of nonoperating revenues, decreased by $31.3 million to $107.2 million in 2005. This decrease was due to the increase in investment income of $13.3 million, or 59.3%, which resulted from an increase in yields and more cash being invested long term. In addition, non-capital PFC revenues increased $22.0 million, or 35.4%, due to an increase in passenger traffic, as well as no PFC's being expended on capital projects. Lastly, there was a decrease in interest expense of $16.2 million from the refunding of debt. These factors were offset by an increase in other expense due to an additional $23.3 million in environmental costs associated with remediation of Stapleton. See "Stapleton" below.

In 2005 and 2004, capital grants totaled $31.5 million and $42.1 million, respectively. The decrease in 2005 capital grants was due to the completion of the EDS project, which was federally funded. Also, in 2005 there was no capital PFC revenue, while in 2004 capital PFC revenues totaled $20.1 million. The decrease in capital PFCs was due to reallocation of PFC's revenues from the capital projects to the payment of debt service related to the automated baggage system.

In 2005, net assets increased by $102.5 million, compared to an increase of $31.7 million in 2004. Income from operations decreased $126.7 million due to an increase in operating expenses of $18.2 million and an increase in depreciation and impairment loss of $128.6 million as a result of the write down of a portion of the automated baggage system.

In 2005, the City added approximately $196.8 million of assets financed with Special Facilities Bonds, and associated depreciation, to the Airport financial statements.

Senior Bonds

Outstanding Senior Bonds. The following table sets forth the Senior Bonds that are currently outstanding and the Senior Bonds that are expected to be outstanding upon the issuance of the Series 2009A-C Bonds and the purchase and retirement of the Purchased Senior Bonds. See also "INTRODUCTION – Plan of Financing" and "Plan of Financing" below.

Outstanding Senior Bonds

Issue	Prior to Issuance of the Series 2009A-C Bonds	After Issuance of the Series 2009A-C Bonds
Series 1991D Bonds[1,2]	$ 89,855,000	$ 89,855,000
Series 1992C Bonds[2]	40,080,000	40,080,000
Series 1992F Bonds[3]	24,800,000	24,800,000
Series 1992G Bonds[3]	20,600,000	20,600,000
Series 1995C Bonds	10,625,000	10,625,000
Series 1997E Bonds	54,470,000	54,470,000
Series 1998A Bonds	175,990,000	175,990,000
Series 1998B Bonds	103,395,000	103,395,000
Series 2000A Bonds	241,985,000	241,985,000
Series 2001A Bonds	257,940,000	257,940,000
Series 2001B Bonds	16,675,000	16,675,000
Series 2001D Bonds	53,510,000	53,510,000
Series 2002C Bonds[3, 4]	38,400,000	38,400,000
Series 2002E Bonds	154,690,000	154,690,000
Series 2003A Bonds	161,965,000	161,965,000
Series 2003B Bonds	91,460,000	91,460,000
Series 2005A Bonds	227,740,000	227,740,000
Series 2006A Bonds[4]	279,585,000	279,585,000
Series 2006B Bonds[5]	133,555,000	130,900,000
Series 2007A Bonds	188,350,000	188,350,000
Series 2007B Bonds	24,250,000	24,250,000
Series 2007C Bonds	34,635,000	34,635,000
Series 2007D Bonds	147,815,000	147,815,000
Series 2007D2 Bonds[5]	31,950,000	29,200,000
Series 2007E Bonds	47,400,000	47,400,000
Subseries 2007F1 Bonds[3,4,6]	52,000,000	52,000,000
Subseries 2007F2 Bonds[3,4,6]	52,000,000	52,000,000
Subseries 2007F3 Bonds[3,4,6]	52,000,000	52,000,000
Subseries 2007F4 Bonds[3,4,6]	51,525,000	51,525,000
Subseries 2007G1 Bonds[3,4]	74,100,000	74,100,000
Subseries 2007G2 Bonds[3,4]	74,100,000	74,100,000
Subseries 2008A1 Bonds	201,830,000	201,830,000
Subseries 2008A2 Bonds[3]	111,000,000	111,000,000
Subseries 2008A3 Bonds[3]	181,965,000	181,965,000
Subseries 2008A4 Bonds[3,5]	94,660,000	79,850,000
Series 2008B Bonds[3, 4]	78,800,000	78,800,000
Subseries 2008C1 Bonds[3, 4]	92,600,000	92,600,000
Subseries 2008C2 Bonds[3, 4]	100,000,000	100,000,000
Subseries 2008C3 Bonds[3, 4]	100,000,000	100,000,000
Series 2009A Bonds	--	170,190,000
Series 2009B Bonds	--	65,290,000
Series 2009C Bonds[3]	--	104,655,000
	$3,968,300,000	$4,288,220,000

[1] A portion of Series 1991D Bonds are capital appreciation bonds shown at their principal value at maturity.

[2] In 1999, the City used the proceeds from certain federal grants to establish an escrow to defease $54.88 million of Series 1991D Bonds and Series 1992C Bonds. In 2006 and 2007, the City used Airport Net Revenues and revenues from PFCs to establish an escrow to defease Senior Bonds related to the discontinued automated baggage system. Neither defeasance satisfied all of the requirements of the Senior Bond Ordinance, and consequently such economically defeased Senior Bonds are reflected as still being outstanding. See also Note 8 to the financial statements of the Airport for Fiscal Year 2008 appended to this Official Statement.

[3] These constitute variable interest rate obligations. Except for the Subseries 2008A2 Bonds, the Subseries 2008A3 Bonds and the Subseries 2008A4 Bonds (all of which are in a term rate mode), these Senior Bonds are secured by letters of credit or standby bond purchase agreements constituting Credit Facilities under the Senior Bond Ordinance. The City's repayment obligations to the financial institutions issuing such Credit Facilities constitute Credit Facility Obligations under the Senior Bond Ordinance.

[4] A portion of these Senior Bonds are associated with certain swap agreements discussed in "Subordinate Bonds and Other Subordinate Obligations – *Subordinate Hedge Facility Obligation*" below and in Note 12 to the financial statements of the Airport System for Fiscal Year 2008 appended to this Official Statement, effectively converting the floating rates of the variable rate bonds to fixed rates and converting the fixed rates of the fixed rate bonds to variable rates.

[5] A portion of these Senior Bonds constitute the Purchased Senior Bonds that were purchased and retired with proceeds of the Series 2009A Bonds and other available Airport System moneys.

[6] The Subseries 2007F1 Bonds, the Subseries 2007F2 Bonds, the Subseries 2007F3 Bonds and the Subseries 2007F4 Bonds currently are in an auction rate mode.

Sources: The Department of Aviation and Jefferies & Company, Inc.

All or certain of the maturities of all series of the Senior Bonds issued since 1995 have been additionally secured by policies of municipal bond insurance. The related bond insurers have been granted certain rights under the Senior Bond Ordinance with respect to the Senior Bonds so insured.

Support facilities located at the Airport that were originally built to support Continental's then-planned hub at the Airport (specifically an aircraft maintenance facility, a flight kitchen, a ground support equipment facility and an air freight facility) were financed in part from a portion of the proceeds of the Series 1992C Bonds. In 1992, Continental and the City entered into several 25-year leases pursuant to which Continental agreed to be responsible for all costs attributable to its support facilities at the Airport, including an amount equal to the debt service on the Senior Bonds issued for such purpose. Continental subleases portions of these support facilities to a variety of other users. See also "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Other Building and Ground Leases."

Estimated Senior Bonds Debt Service Payment Schedule. The following table sets forth the City's estimated aggregate debt service payment schedules for the Senior Bonds both prior to and after the issuance of the Series 2009A-C Bonds and the purchase and retirement of the Purchased Senior Bonds. The schedules do not include the costs associated with related credit facility obligations, and assume that the City will elect to exercise its option to redeem certain Senior Bonds prior to their stated maturities.

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Estimated Senior Bonds Debt Service Schedules[1,2,3]
(Totals may not add due to rounding)

Year	Prior to Issuance of the Series 2009A-C Bonds	After Issuance of the Series 2009A-C Bonds[4]
2009	$ 308,748,936	$ 308,175,570
2010	310,260,092	328,647,192
2011	326,628,636	344,554,527
2012	325,738,848	343,712,827
2013	336,916,365	354,913,768
2014	340,243,481	358,209,922
2015	340,263,016	358,266,207
2016	340,821,820	364,114,049
2017	340,222,678	356,619,443
2018	331,264,359	355,784,471
2019	324,279,560	367,331,683
2020	319,566,065	361,265,328
2021	310,125,338	349,758,929
2022	340,622,301	370,423,638
2023	355,372,682	367,423,082
2024	365,704,847	377,755,247
2025	369,198,304	381,248,704
2026	80,608,125	103,453,526
2027	80,524,250	103,367,913
2028	80,430,375	103,277,638
2029	80,350,250	103,194,613
2030	80,756,125	103,604,776
2031	80,671,250	103,517,401
2032	80,586,125	103,431,376
2033	41,527,500	64,374,413
2034	--	22,843,151
2035	--	22,842,126
2036	--	22,856,476
2037	--	22,853,808
2038	--	22,857,393
2039	--	22,857,727
	$6,291,431,327	$6,973,536,922

1 Includes the Debt Service Requirements for the economically defeased Senior Bonds. See "*Outstanding Senior Bonds*" above.

2 The interest rate for variable rate bonds is assumed to be 4.25%.

3 Interest on the Senior Bonds associated with fixed rate swap agreements is calculated at the fixed rate on such swap agreements. See "Subordinate Bonds and Other Subordinate Obligations – *Subordinate Hedge Facility Obligations*" below.

4 Not adjusted to reflect Subsidy Payments in respect of interest on the Series 2009B Bonds expected to be received by the City from time to time. See "SECURITY AND SOURCES OF PAYMENT – Pledge of Net Revenues."

Source: Jefferies & Company, Inc.

Subordinate Bonds and Other Subordinate Obligations

Subordinate Bond Ordinance. Subordinate Bonds, Subordinate Contract Obligations, Subordinate Credit Facility Obligations and Subordinate Hedge Facility Obligations are secured by a pledge of the Net Revenues that is subordinate to the pledge of the Net Revenues that secures the Senior Bonds. Subordinate obligations are issued pursuant to the Airport System Subordinate Bond Ordinance approved by the City Council in 1997, as supplemented and amended by a separate Airport System Supplemental Subordinate Bond Ordinance for each series of such subordinate obligations (collectively, the "Subordinate Bond Ordinance").

Subordinate Bonds include all obligations issued and outstanding from time to time under the Subordinate Bond Ordinance except for Subordinate Credit Facility Obligations, Subordinate Contract Obligations and Subordinate Hedge Facility Obligations.

Subordinate Credit Facility Obligations generally comprise repayment or other obligations incurred by the City pursuant to a credit agreement or similar instrument in respect of draws or other payments or disbursements made under a Subordinate Credit Facility, and which obligations are payable from all or any designated portion of the Net Revenues on a basis that is subordinate only to the Senior Bonds and any Credit Facility Obligations and on a parity with Subordinate Bonds.

Subordinate Contract Obligations and Subordinate Hedge Facility Obligations generally are comprised of contracts, agreements or obligations payable from all or a designated portion of the Net Revenues on a basis subordinate to the Senior Bonds and any Credit Facility Obligations and on a parity with Subordinate Bonds, but do not include Subordinate Bonds, Subordinate Credit Facility Obligations, obligations that may be treated as Operation and Maintenance Expenses under U.S. generally accepted accounting principles and obligations incurred and payable in full within a single Fiscal Year (whether or not such obligations may be treated as Operation and Maintenance Expenses).

The Subordinate Bond Ordinance permits the City, on its own behalf or for and on behalf of the Department, to issue additional Subordinate Bonds and Subordinate Contract Obligations for the purpose of paying the cost of acquiring, improving or equipping Facilities or refunding, paying and discharging any Subordinate Bonds, Subordinate Contract Obligations, Subordinate Credit Facility Obligations, Senior Bonds, Junior Lien Bonds or other securities or obligations. Under the terms of the Subordinate Bond Ordinance, the City, on its own behalf or for and on behalf of the Department, may issue up to $800 million aggregate principal amount of Subordinate Bonds and Subordinate Contract Obligations upon the Manager's certificate that the City is not in default in making any payments required under the Senior Bond Ordinance or the Subordinate Bond Ordinance. In order to issue additional Subordinate Bonds and Subordinate Contract Obligations in excess of $800 million (other than for a refunding), the City must comply with certain conditions as set forth in the Subordinate Bond Ordinance.

Outstanding Subordinate Bonds. No Subordinate Bonds are currently outstanding.

Subordinate Commercial Paper Notes. On July 7, 2003, the City authorized the issuance, from time to time, of its Airport System Subordinate Commercial Paper Notes, Series A (Tax-Exempt) and its Airport System Subordinate Commercial Paper Notes, Series B (Taxable) (collectively, the "Series A-B Subordinate Commercial Paper Notes"), constituting Subordinate Bonds, for the purpose of funding the costs of acquiring, improving and equipping facilities for the Airport, refunding or paying certain Airport System obligations and any such other lawful undertakings as may be determined by the Manager of Aviation to be of benefit to the Airport System. The aggregate principal amount of Series A-B Subordinate Commercial Paper Notes that may be outstanding at any time may not exceed the lesser of $300 million or the amount that, together with the interest (including accreted amounts) due thereon to the stated maturity date of each such outstanding Series A-B Subordinate Commercial Paper Note, exceeds the amount available to be drawn on the credit facility securing the Series A-B Subordinate Commercial Paper Notes. The Series A-B Subordinate Commercial Paper Notes are currently secured by a letter of credit issued severally by JPMorgan Chase Bank, National Association (62.893%) and Bayerische Landesbank, acting through its New York Branch, individually and as agent (37.107%), in the original stated amount of $127.2 million. There are currently outstanding $100 million of Airport System Subordinate Commercial Paper Notes, Series A, which were issued in 2008 to current refund and defease $100 million of then outstanding subordinate bonds of the City and which will be refunded with the proceeds of the Series 2009C Bonds. See "APPLICATION OF PROCEEDS" and "Plan of Financing" below.

Subordinate Hedge Facility Obligations. In 1998, 1999, 2002, 2005, 2006, 2007, 2008 and 2009, the City entered into various interest rate swap agreements constituting Subordinate Hedge Facility Obligations under the Senior Bond Ordinance and the Subordinate Bond Ordinance in respect of certain series of the outstanding Senior Bonds. Detailed information regarding the swap agreements is set forth in Note 12 to the financial statements of the Airport System for Fiscal Year 2008 appended to this Official Statement. As further described herein, the City terminated its two swap agreements with Lehman Brothers Special Financing Inc. and entered into replacement swap agreements in December 2008 and January 2009. These replacement swap agreements were designated the 2008A Swap Agreement, with Royal Bank of Canada, and the 2008B Swap Agreement, with Loop Financial Products I LLC. Since the date of the financial statements, Ambac Assurance Corporation, the credit support provider to RFPC, LTD for its 1999 and 2002 Swap Agreements with the City, has been downgraded to "Caa2" by Moody's and "CC" by S&P. The City believes the failure to cure this downgrade within the relevant time period has triggered an additional termination event under these swap agreements, giving the City the right to terminate the swap agreements with RFPC, LTD. The City is currently exploring its options related to termination and/or entering into replacement swap agreement transactions. Also, since the date of the financial statements, two swap agreements have been assigned to other counterparties. The 2006A Swap with Bear Stearns Capital Markets Inc. and the 2007A Swaps with Bear Stearns Financial Products have been assigned to JPMorgan Chase Bank, N.A. and the 2006A Swap Agreement with GKB Financial Services Corporation has been assigned to Société Générale New York Branch. See "Master Derivatives Policy" below and "APPENDIX F – ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2008 AND 2007."

Special Facilities Bonds

The City has issued various series of Special Facilities Bonds to finance the acquisition and construction of certain facilities at the Airport. These bonds are payable solely from designated payments received under lease agreements and loan agreements for the related Airport special facilities and are not payable from Gross Revenues.

United financed and subsequently refinanced its support facilities at the Airport (aircraft and ground support equipment, maintenance and air freight facilities and a flight kitchen that is subleased to Dobbs International Services) largely through the issuance by the City, for and on behalf of the Department, of its Special Facilities Bonds. In connection with the issuance of the original United Special Facilities Bonds in 1992 (the "1992 Special Facilities Bonds"), United executed a 31-year combined special facilities and ground lease (the "1992 Lease") for all of the support facilities and certain tenant finishes and systems on Concourse B, the lease payments under which constituted the sole source of payment for the 1992 Special Facilities Bonds. In June 2007, the 1992 Bonds were refunded and defeased with the proceeds of $270,025,000 Airport Special Facilities Bonds (United Air Lines Project), Series 2007A (the "2007 Special Facilities Bonds") issued by the City, for and on behalf of the Department. In connection with the issuance of the 2007 Special Facilities Bonds, the 1992 Lease was amended (the "Amended Lease"). The Amended Lease terminates on October 1, 2023, unless extended as set forth in the Amended Lease or unless terminated earlier upon the occurrence of certain events as set forth in the Amended Lease and the lease payments under the Amended Lease constitute the sole source of payment for the 2007 Special Facilities Bonds.

See "DENVER INTERNATIONAL AIRPORT – Other Facilities" and "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Other Building and Ground Leases."

Certain rental car companies currently and previously operating at the Airport financed or refinanced separate outlying service and storage facilities at the Airport, as well as certain terminal area improvements and improvements at the Airport relating to the operations of such rental car companies and other providers of ground transportation services at the Airport, and two of such companies also financed the acquisition of shuttle vehicles to be owned and used by such companies, through the issuance by the City, for and on behalf of the Department, of its $36,535,000 Airport Special Facilities Revenue Bonds (Rental Car Projects), Tax-Exempt Series 1999A and $38,945,000 Airport Special Facilities Revenue Refunding and Improvement Bonds (Rental Car Projects), Taxable Series 1999B currently outstanding in the aggregate principal amount of $34,235,000. In 1999, each of such rental car companies executed a 15-year Special Facilities and Ground Lease with the City with respect to the use and occupancy of its respective facilities at the Airport.

Installment Purchase Agreements

The City has entered into certain Installment Purchase Agreements with GE Capital Public Finance, Inc., Siemens Financial Services, Inc., Koch Financial Corporation and Chase Equipment Leasing Inc. in order to provide for the financing of certain portions of the Airport's capital program, including among other things, the acquisition of various runway maintenance (including snow removal) vehicles and equipment, additional jetways and flight information display systems, ticket counter improvements in the landside terminal and the funding of the portion of the costs of completing, in 2005, modifications to the baggage system facilities at the Airport that enabled the TSA to install and operate its own explosives detection systems for the screening of checked baggage "in-line" with the existing baggage systems facilities. The aggregate outstanding principal amount of the Installment Purchase Agreements as of December 31, 2008, was $63,648,047. See "CAPITAL PROGRAM – Planned Projects in the 2009-2012 Capital Program – *Airfield Improvements*."

The obligation of the City under each Installment Purchase Agreement to make payments thereunder is a special obligation of the City payable solely from the Capital Fund and such other legally available funds as the City may apply, but none of these Installment Purchase Agreements constitutes a pledge of the Capital Fund or any other revenues of the Airport System.

Plan of Financing

Jefferies & Company, Inc. and Estrada Hinojosa & Company, Inc. have prepared the Plan of Financing in anticipation of the issuance of the Series 2009A-C Bonds. The Plan of Financing, which forms the basis for certain elements of the financial forecasts in the Report of the Airport Consultant, assumes the issuance of (1) the Series 2009A-B Bonds for the purpose of funding the 2009A-B Projects, including reimbursement of available Airport System moneys spent on such projects to be deposited to the Airport Capital Improvement Account in the Capital Fund, and the purchase and retirement of the Purchased Senior Bonds, (2) the Series 2009C Bonds for the purpose of current refunding the Refunded Subordinate Bonds, (3) additional Senior Bonds in 2009 for the purpose of refunding certain outstanding Senior Bonds in order to achieve a reduction in the overall Debt Service Requirements for all outstanding Senior Bonds and (4) additional Senior Bonds and Commercial Paper Notes between 2010 and 2012 for the purpose of funding certain projects in the 2009-2012 Capital Program. The issuance of additional Senior Bonds and Commercial Paper Notes as assumed in the Plan of Financing will be dependent upon various factors, including market conditions, the continued need for particular projects in the 2009-2012 Capital Program, the eventual scope and timing of particular Planned Projects and the financial feasibility of issuing additional Senior Bonds or Commercial Paper Notes at particular times. Consequently, there can be no assurance that any of the additional Senior Bonds and/or Commercial Paper Notes assumed in the Plan of Financing will be issued.

See also "INTRODUCTION – The Series 2009C Bonds – *Purpose* – Plan of Financing," "Subordinate Bonds and Other Subordinate Obligations – *Subordinate Commercial Paper Notes*" above, "CAPITAL PROGRAM" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT."

Capital Fund

The amount on deposit in the Capital Fund as of June 30, 2009, was approximately $202.2 million. Such amount has been designated by the City as follows: (1) $67.1 million for the Coverage Account (constituting Other Available Funds); (2) $25.4 million to cover existing obligations and contingencies; and (3) $109.7 million for any lawful Airport System purpose. A portion of the proceeds of the Series 2009A-B Bonds was used to reimburse the Capital Fund for moneys spent on the costs of portions of the 2009 and 2010 projects in the 2009-2012 Capital Program. See also "SECURITY AND SOURCES OF PAYMENT – Flow of Funds."

Rentals, Fees and Charges for the Airport

Using compensatory and residual rate-making methodologies in its existing Use and Lease Agreements, the City has established rentals, fees and charges for premises and operations at the Airport. These include landing fees, terminal complex rentals, baggage system fees, concourse ramp fees, AGTS charges, international facility fees and fueling system charges, among others. The City also collects substantial revenues from other sources such as public parking, rental car operations and retail concession operations. For those airlines that are not signatories to Airport Use and Lease Agreements, the City assesses rentals, fees and charges following procedures consistent with those outlined in the Use and Lease Agreements, at a premium of 20% over Signatory Airline rates. In addition, nonsignatory airlines do not share in the year-end airline revenue credit. See generally "AGREEMENTS FOR USE OF AIRPORT FACILITIES."

The City believes that its rate-making methodologies, including its allocation of costs for purposes of setting rates and charges, are reasonable. However, no assurance can be given that challenges will not be made to the rates and charges established by the City or its method of allocating particular costs. See "SECURITY AND SOURCES OF PAYMENT – Rate Maintenance Covenant" and "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements – United Use and Lease Agreement."

Passenger Facility Charges

General. Public agencies controlling certain commercial service airports (those with regularly scheduled service and enplaning 2,500 or more passengers annually) are permitted to charge each enplaning revenue passenger using the airport a passenger facility charge for the purpose of developing additional capital funding resources for the expansion of the national airport system. The proceeds from PFCs must be used to finance eligible airport-related projects that serve or enhance the safety, capacity or security of the national airport transportation system, reduce noise from an airport that is part of such system or furnish opportunities for enhanced competition between or among air carriers, including associated debt service. Public agencies desiring to impose and use PFCs are required to apply to the FAA for such authority and satisfy the requirements of 49 U.S.C. §40117 (the "PFC Enabling Act"). Applications by certain public agencies, including the Department, after October 1, 2000, also require an acceptable airport competition plan.

The City first began imposing a PFC on enplaned revenue passengers on July 1, 1992, at the rate of $3.00, which was increased to $4.50 effective April 1, 2001. The PFC is collected by air carriers as part of the price of a ticket and then remitted to the City. The air carriers are permitted by the PFC Enabling Act to retain a portion of each PFC collected as compensation for collecting and handling PFCs. Effective May 1, 2004, the collection fee was increased from $0.08 of each PFC collected and remitted to $0.11 of each PFC collected. PFC revenues received by the Airport are net of this collection fee. See also "AIRLINE BANKRUPTCY MATTERS – PFCs" for a discussion of the impact upon PFC collections in the event of an airline bankruptcy.

The amount of PFC revenues received each Fiscal Year is determined by the PFC rate and the number of qualifying passenger enplanements and level of passengers at the Airport. PFC revenue for the years 2004, 2005, 2006 and 2007 increased 14.2%, 2.2%, 11.3% and 3.9%, respectively, compared to the corresponding prior periods. PFC revenue for 2008 and the first six months of 2009, however, decreased 0.4% and 4.7%, respectively, compared to the corresponding prior periods. See also "THE REPORT OF THE AIRPORT CONSULTANT," "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT," "APPENDIX B – GLOSSARY OF TERMS" and "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE."

The City's authorization to impose the PFC will expire upon the earlier of January 1, 2030, or the collection of approximately $3.3 billion of PFC revenues, net of collection fees. Through 2008, the City had collected an aggregate of approximately $1.0 billion of PFC revenues. In addition, the City's authority to impose the PFC may be terminated: (1) by the FAA, subject to certain procedural safeguards, if (a) PFC revenues are not being used for approved projects in accordance with the FAA's approval, the PFC Enabling Act or the related FAA regulations, or (b) the City otherwise violates the PFC Enabling Act or FAA regulations; or (2) if the City violates certain provisions of the Airport Noise and Capacity Act of 1990 and its related regulations, subject to certain procedural safeguards. The City has covenanted that as long as the imposition and use of the PFC is necessary to operate the Airport System in accordance with the requirements of the Senior Bond Ordinance, the City will use its best efforts to continue to impose the PFC and to use PFC revenues at the Airport and to comply with all valid and applicable federal laws and regulations pertaining thereto necessary to maintain the PFC. However, no assurance can be given that the City's authority to impose the PFC will not be terminated by Congress or the FAA or that the PFC program will not be modified or restricted by Congress or the FAA so as to reduce PFC revenues available to the City. In the event the FAA or Congress reduced or terminated the City's ability to collect PFCs, the City would likely need to increase airline rates and charges to pay debt service on the Senior Bonds and the Subordinate Bonds and to comply with both the Rate Maintenance Covenant and a similar covenant made in connection with the Subordinate Bonds. See also "Federal Grants and Other Funding" below for a discussion of pending legislation affecting the maximum permissible PFC.

Irrevocable Commitment of Certain PFCs to Debt Service Requirements. The definition of Gross Revenues in the Senior Bond Ordinance does not include PFC revenues unless, and then only to the extent, included as Gross Revenues by the terms of a Supplemental Ordinance. Prior to the adoption of the Supplemental Ordinance approving the issuing the Series 2009A-B Bonds (the "Series 2009A-B Supplemental Ordinance"), no Supplemental Ordinance had included PFC revenues in the definition of Gross Revenues. Under the Series 2009A-B Supplemental Ordinance, the City has included the Additional $1.50 PFC in Gross Revenues in each of the Fiscal Years 2009 through 2013, inclusive, as further described below under "*Designated Passenger Facility Charges*." The definition of Debt Service Requirements in the Senior Bond Ordinance provides that, in any computation required by the Rate Maintenance Covenant and for the issuance of Additional Parity Bonds, there is to be excluded from Debt Service Requirements amounts irrevocably committed to make such payments. Such irrevocable commitments may be provided from any available Airport System moneys, including PFC revenues. See "SECURITY AND SOURCES OF PAYMENT – Rate Maintenance Covenant – Additional Parity Bonds" and "APPENDIX B – GLOSSARY OF TERMS."

Under the Senior Bond Ordinance, in order to administer PFC revenues, the City created within the Airport System Fund the PFC Fund, consisting of the PFC Debt Service Account and the PFC Project Account, and defined "Committed Passenger Facility Charges" to mean generally two-thirds of the PFC received by the City from time to time (currently the revenues derived by the City from the $3.00 PFC). Pursuant to the PFC Supplemental Ordinance, the City has agreed to deposit all PFC revenues upon receipt in the following order of priority: (1) to the PFC Debt Service Account in each Fiscal Year through 2013, inclusive, the lesser of (a) all Committed Passenger Facility Charges received in each such Fiscal Year, and (b) the portion of Committed Passenger Facility Charges received in each such Fiscal

Year that, together with other available amounts credited to the PFC Debt Service Account, will be sufficient to make the payments from the PFC Debt Service Account to the Bond Fund required in each such Fiscal Year, as set forth in the PFC Supplemental Ordinance (the "Maximum Committed Amounts"); and (2) to the PFC Project Account all PFCs received in each Fiscal Year that are not otherwise required to be applied as described in clause (1). The City has also irrevocably committed amounts on deposit in the PFC Debt Service Account, up to the Maximum Committed Amounts, to the payment of the Debt Service Requirements on Senior Bonds through December 31, 2013. The Maximum Committed Amounts or any lesser amount of Committed Passenger Facility Charges and other credited amounts that may be deposited to the PFC Debt Service Account are to be transferred to the Bond Fund and used to pay Debt Service Requirements on Senior Bonds in each Fiscal Year through 2013. The Committed Passenger Facility Charges forecast to be deposited in the PFC Debt Service Account are less than the Maximum Committed Amounts in each of the years 2009 through 2013 of the forecast period. See "*Treatment of PFCs in the Report of the Airport Consultant*" below and Exhibit C of the Report of the Airport Consultant appended to this Official Statement. See also "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE – PFC Fund" for the Maximum Committed Amounts that have been irrevocably committed to the payment of the Debt Service Requirements of the Senior Bonds through Fiscal Year 2013.

The irrevocable commitment of the Committed Passenger Facility Charges up to the Maximum Committed Amounts in the PFC Debt Service Account applies only with respect to the current $4.50 PFC and not with respect to any PFC that might be imposed as a result of future PFC approvals by the FAA, and is only for the payment of Debt Service Requirements on Senior Bonds through December 31, 2013.

All PFCs deposited to the PFC Project Account may be used for any lawful PFC eligible Airport System purpose as directed by the Manager, including Debt Service Requirements on Senior Bonds. See also "*Designated Passenger Facility Charges*" below.

Designated Passenger Facility Charges. Under the Series 2009A-B Supplemental Ordinance, the City has included the Additional $1.50 PFC in Gross Revenues of the Airport System for purposes of the General Bond Ordinance in each of the Fiscal Years 2009 through 2013, inclusive, and are to continue to be included in Gross Revenues in each Fiscal Year thereafter until such time as the Manager gives written notice to the Treasurer that such Designated Passenger Facility Charges are no longer to be included in Gross Revenues for purposes of the General Bond Ordinance. While the Designated Passenger Facility Charges are included in Gross Revenues for purposes of the General Bond Ordinance, all such Designated Passenger Facility Charges, upon their receipt from time to time, to the extent not otherwise required to be applied under the General Bond Ordinance, are to be applied as follows: (1) first, in such amounts as the Manager determines, to pay Debt Service Requirements for Outstanding Bonds; (2) second, all Designated Passenger Facility Charges not applied as described in (1) are to be irrevocably deposited in one or more Escrow Accounts established by the Manager to provide for the timely payment of Debt Service Requirements on such Outstanding Bonds as identified in such Escrow Accounts; and (3) third, all Designated Passenger Facility Charges not applied as described in (1) or (2) are to be expended for PFC eligible projects. All amounts credited to such Escrow Accounts have been irrevocably committed to pay Debt Service Requirements on such identified Bonds and are to be excluded from the computation of Debt Service Requirements relating to the issuance of Additional Bonds under the General Bond Ordinance or any computation required by the Rate Maintenance Covenant under the General Bond Ordinance. In the Series 2009A-B Supplemental Ordinance, Designated Passenger Facility Charges is defined to include the Additional $1.50 PFC and such additional charges as provided for in any written notice from the Manager to the Treasurer. See "SECURITY AND SOURCES OF PAYMENT – Rate Maintenance Covenant," "*Treatment of PFCs in the Report of the Airport Consultant*" below, "APPENDIX B – GLOSSARY OF TERMS" and Exhibit G of the Report of the Airport Consultant appended to this Official Statement.

Treatment of PFCs in the Report of the Airport Consultant. In the Report of the Airport Consultant, (1) the Committed Passenger Facility Charges are forecast by the Airport Consultant to be less than the Maximum Committed Amounts in the years 2009 through 2013, (2) for the years 2014 and 2015 (the remaining years of the forecast period), it is assumed that the City will use the amounts derived from the $3.00 PFC as though such amounts were Committed Passenger Facility Charges and (3) it is assumed that all of the revenue derived from the $3.00 PFC, whether or not Committed Passenger Facility Charges, will be applied by the City to the payment of a portion of the annual Debt Service Requirements of the Senior Bonds through December 31, 2015, all as further described in "*Irrevocable Commitment of Certain PFCs to Debt Service Requirements*" above.

Additionally, in the Report of the Airport Consultant, (1) all of the revenue derived from the Additional $1.50 PFC in the years 2009 through 2013, being PFC revenue that constitutes Designated Passenger Facility Charges, is treated as Gross Revenues in such years, (2) for the years 2014 and 2015, it is assumed that the City will treat the amounts derived from the Additional $1.50 PFC as though such amounts were Designated Passenger Facility Charges and (3) it is assumed that the City will treat all of the revenue derived from the Additional $1.50 PFC, whether or not Designated Passenger Facility Charges, as Gross Revenues of the Airport System through December 31, 2015, all as further described in "*Designated Passenger Facility Charges*" above.

For purposes of the Rate Maintenance Covenant, the amounts forecast to be derived from the $3.00 PFC are reflected in the Report of the Airport Consultant as a reduction in the Debt Service Requirements of Senior Bonds and are set forth in Exhibit C to the Report of the Airport Consultant. The amounts forecast to be derived from the $1.50 PFC are reflected in the Report of the Airport Consultant as an addition to Gross Revenues and are set forth in Exhibit G to the Report of the Airport Consultant. See also "RISKS AND OTHER INVESTMENT CONSIDERATIONS," "FINANCIAL INFORMATION – Senior Bonds – Passenger Facility Charges," "REPORT OF THE AIRPORT CONSULTANT," "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE."

Aviation Fuel Tax

An amount equal to 65% of any sales and use taxes imposed and collected by the State on aviation fuel sold for use at the Airport by turbo propeller or jet engine aircraft and credited to the State aviation fund is distributed to the City on a monthly basis and may be used by the City exclusively for "aviation purposes" as defined in the statute, excluding subsidization of airlines except for the promotion and marketing of air service at airport facilities. Such receipts are treated by the City as Gross Revenues. State aviation fuel tax receipts remitted to the Airport in 2007 and 2008 were approximately $15.7 million and $19.9 million, respectively.

The City also imposes a separate aviation fuel tax, which is not subject to the State allocation requirements but is treated as Gross Revenues under the Senior Bond Ordinance. City tax receipts in 2007 and 2008 were approximately $7.6 million and $7.1 million, respectively.

Federal Grants and Other Funding

Proceeds from federal grants are not included in the definition of Gross Revenues under the Senior Bond Ordinance and therefore are not pledged to the payment of Senior Bonds or Subordinate Bonds.

Airport Improvement Program. One source of federal grants benefiting the Airport is the Airport Improvement Program (the "AIP") established pursuant to the Airport and Airway Improvement Act of 1982 (Public Law 97-248). The AIP is administered by the FAA and is funded from the Airport and Airway Trust Fund. The AIP provides funds to finance capital improvements to commercial, cargo and general aviation airports. AIP grant moneys include entitlement funds that are appropriated annually based on enplaned passengers as well as discretionary funds that are available at the discretion of the FAA.

Congressional authorization of the AIP and the continued funding of the Airport and Airway Trust Fund officially expired on September 30, 2007. Legislation to reauthorize and fund the AIP beyond such date (the "FAA Reauthorization") has been under consideration by Congress since that time but never enacted. However, Congress has approved several short-term extensions to the AIP, the most recent of which, the Fiscal Year 2010 Federal Aviation Administration Extension Act (Public Law 111-69), extends FAA authority to provide AIP grants until December 31, 2009. The imposition and collection of PFCs is not impacted by the delay in enacting the FAA Reauthorization. See "Passenger Facility Charges" above.

The current proposed FAA Reauthorization is contained in the FAA Reauthorization Act of 2009 (the "2009 Reauthorization Act") that is currently pending before Congress. While the House of Representatives has passed its version of the 2009 Reauthorization Act, the Senate has introduced a bill but had not yet acted upon it. The House of Representatives version of the 2009 Reauthorization Act provides for general FAA funding authorization through September 30, 2012, and revises requirements for the AIP. In particular, if enacted, the House of Representatives version of the 2009 Reauthorization Act will fund the AIP in an amount of $12.3 billion over fiscal years 2009 through 2012 and allow airports to increase the permissible PFC from $4.50 to $7.00. The Senate version of the 2009 Reauthorization Act retains the $4.50 PFC rate but permits an increase in PFCs for up to six airports in a pilot program. See "Passenger Facility Charges" above.

American Recovery and Reinvestment Act of 2009. The Airport has also received grant allocations through the recently enacted American Recovery and Reinvestment Act of 2009 (the "Recovery Act"). The Recovery Act provides for grants in an approximate amount of $1.3 billion for projects and programs administered by the FAA. Grant moneys provided by the Recovery Act are distributed to eligible government agencies by the U.S. Department of Transportation and may fund supplemental projects that qualify for AIP funds but that are not considered planned expenditures from airport-generated revenues or from other state and local sources. The Airport has received an aggregate of approximately $11.5 million in grants under the Recovery Act to be used for capital improvement projects at the Airport, including the rehabilitation of a runway and airport ramps. Rehabilitation of the runway commenced in June 2009. Rehabilitation of the airport ramps has not commenced yet. The Airport does not expect to receive additional grants under the Recovery Act.

Stapleton

Agreements Regarding Disposition. When the Airport opened in February 1995, the City ceased aviation operations at Stapleton and proceeded to dispose of Stapleton's approximately 4,051 acres. A plan for the redevelopment of the Stapleton site as a mixed-use community containing residential areas, commercial centers and open space and parks was approved by the City Council in March 1995 (the "Redevelopment Plan"). In 1998 the City entered into a Master Lease and Disposition Agreement with the Stapleton Development Corporation ("SDC"), a Colorado nonprofit corporation created by the City and the Denver Urban Renewal Authority, under which the SDC manages, operates and disposes of the Stapleton site in accordance with the Redevelopment Plan.

Prior to February 2000, the City sold approximately 500 acres of the Stapleton site to various private parties. In February 2000, SDC entered into the Stapleton Purchase Agreement with Forest City Enterprises, Inc. under which this entity agreed to (1) purchase the remaining developable Stapleton property over a 15-year period commencing with the first purchase which occurred in May 2001 at land values set forth in a December 1999 appraisal (approximately $123.4 million), (2) pay certain development fees and (3) develop the property according to the principles set forth in the Redevelopment

Plan. The SDC has sold a total of approximately 1,491 acres of Stapleton property for a total of approximately $48.2 million, and there are approximately 267 acres of pending sales in the amount of approximately $9.0 million. An additional area of open space of approximately 483 acres has been dedicated for parks and other public use space. The proceeds from the sales, net of closing costs, have been deposited to the Capital Fund.

The City allocated approximately $120 million for certain Stapleton environmental remediation pursuant to an agreement among the City and nine of the air carriers that formerly operated at Stapleton (the "Stapleton Airlines Agreement"), and purchased an environmental liability insurance policy to cover cost overruns and unknown events. Pursuant to the Stapleton Airlines Agreement, three of the signatory air carriers that formerly operated at Stapleton paid an aggregate of $15 million to the City to perform certain environmental remediation that was related to or caused by their past operations at Stapleton. The cost of certain other environmental remediation at Stapleton that was not attributable to the past operations of any specific airlines is to be funded from rate-based charges to the airlines operating at the Airport and from Stapleton Gross Proceeds (as defined in the Stapleton Airlines Agreement) in a maximum amount of $85 million. This amount has been funded as follows: $13.1 million in Airport Net Revenues previously withheld from the 1996 year-end revenue credit; $30 million from Airport System Revenue Bonds; and $41.9 million advanced from the Capital Fund. The debt service on these bonds is being paid by the City from airline rates and charges collected from the airlines through 2025, and the Capital Fund advance is being repaid as Stapleton Gross Proceeds are recognized. Under certain circumstances the City may perform remediation that is beyond the level otherwise required by the Stapleton Airlines Agreement, and the City is permitted to pay up to an additional $20 million for such additional remediation from the City's share of Airport Net Revenues. The City has paid $20 million for such additional remediation, and does not expect to incur additional costs for environmental remediation at Stapleton that will not be reimbursed under the environmental liability insurance policy discussed above. All of the signatory air carriers were released from any further liability to the City for any obligations relating to or arising out of environmental remediation at Stapleton or disposing of the Stapleton site.

Related Assumptions in the Report of the Airport Consultant. Proceeds from the sale of Stapleton are not included in the definition of Gross Revenues under the Senior Bond Ordinance, although the City used approximately $15.7 million received from the sale of Stapleton assets to retire then outstanding Subordinate Bonds.

During the period covered by the Report of the Airport Consultant, no proceeds from the sale of Stapleton assets are assumed to be received by the Airport System, but it is assumed that all overhead and maintenance expenses associated with Stapleton will be paid by the SDC, and that the City will fund certain Stapleton disposition expenditures and will continue to amortize its investment in the Airfield Cost Center at the Airport over 25 years as discussed above.

Noise Agreement with Adams County

The City and Adams County, Colorado, the county from which land for the Airport was annexed, entered into an Intergovernmental Agreement on a New Airport, dated April 21, 1988 (the "Intergovernmental Agreement"), that, among other things, establishes maximum levels of noise at 101 grid points in the vicinity of the Airport that may not be exceeded on an average annual basis. The Intergovernmental Agreement also establishes a noise contour for the Airport beyond which the City agrees to keep aircraft noise below certain levels.

Calculated noise levels that exceed the standards set forth in the Intergovernmental Agreement by more than two decibels in a year are potential Class II violations of the Intergovernmental Agreement that permit Adams County to send a notice of violation to the City. Upon receipt by the City of such notice, the City and Adams County may jointly petition the FAA to implement changes in flight procedures or

Airport operations to bring the noise levels within the standards of the Intergovernmental Agreement. If the FAA fails to act, the City is obligated to impose rules and regulations to meet the noise standards. As defined in the Intergovernmental Agreement, a failure to act by the FAA occurs if (1) the FAA has not stated its intention to implement changes to achieve and maintain the noise levels required by the Intergovernmental Agreement within 180 days of the date of the joint petition by the City and Adams County, or (2) the FAA has not implemented such changes within one year of the date of the joint petition, thereby curing the Class II violation. If the City does not act within 90 days following the FAA's failure to act to impose rules and regulations to achieve the noise standards, Adams County or any affected city may seek a court order compelling the City to do so. If the court does not order the City to act, or finds that the City does not have the authority to act, then the City is obligated to pay to Adams County $500,000 for each annual Class II violation that occurs at any grid point or for each instance in which the noise contour restriction is exceeded.

Fourteen annual noise reports for the period commencing with the opening of the Airport in February 1995 through December 31, 2008, have been prepared by the City in accordance with the Intergovernmental Agreement. Over that period of time the potential Class II violations have decreased to the extent that the annual noise reports for the calendar years ending December 31, 2005, 2006 and 2007 reflected only one potential Class II violation for each year (maximum potential liability of $500,000 per year), no potential Class II violations for 2008, and no noise contour violations in any of those four years. After a judgment was rendered against the City in favor of Adams County and the Cities of Aurora, Brighton, Commerce City and Thornton for eight noise violations that occurred in 1995 and, together with interest, was paid by the City, the City has settled with, and paid to, Adams County, and if applicable, the other cities, the claims for both Class II violations and noise violations, if any, occurring in the years 1996 through 2006. Since the one potential Class II violation in 2007 was cured in 2008, no claim for a Class II violation has been made by Adams County, and no liability is expected for either 2007 or 2008. In the City's judgment, it is likely that noise levels at a limited number of grid points may in future years exceed the levels established under the Intergovernmental Agreement.

Investment Policy

The Senior Bond Ordinance permits the City to invest Airport System funds in "Investment Securities" as defined therein. See "APPENDIX B – GLOSSARY OF TERMS."

In addition to the Senior Bond Ordinance, provisions of the City Charter regulate the investment of Airport System funds. In accordance with the City Charter, the Chief Financial Officer is responsible for the management of the investment of City funds, including Airport System funds. The Chief Financial Officer is authorized to invest in the following securities: obligations of the United States Government; obligations of United States Government agencies and United States Government sponsored corporations; prime bankers' acceptances; prime commercial paper; certificates of deposit issued by banks and savings and loan institutions; repurchase agreements; security lending agreements; highly rated municipal securities; money market funds that purchase only the types of securities specified in this paragraph; and other similar securities as may be authorized by ordinance. An ordinance authorizing investment of City funds in forward purchase agreements, debt service reserve fund put agreements and debt obligations of the Resolution Funding Corporation has been approved by the City. The City is not authorized to leverage its securities for investment purposes.

Consistent with the City Charter, the City has adopted a written investment policy which, among other things, mandates diversification by specifying maximum limits for each eligible security type as well as further restrictions, such as the credit quality of commercial paper and the amount of securities of any single issuer that may be held. Investment maturities are generally matched to anticipated cash flow requirements and each month securities held by the City are valued by the City on the basis of fair market value.

Master Derivatives Policy

The City's Master Derivatives Policy provides guidelines concerning the use by the City's Department of Finance of swaps, caps, floors, collars, options on swaps ("swaptions") and other derivative financial products, including Subordinate Hedge Facility Obligations. Such derivative financial products are collectively referred to herein as "Swaps." See also "FINANCIAL INFORMATION – Subordinate Bonds and Other Subordinate Obligations – *Subordinate Hedge Facility Obligations*."

In accordance with the Master Derivatives Policy, the Treasurer is to develop the terms and provisions of each Swap with the input and advice of the City's financial advisors or swap advisors. Proposed Swaps must be approved by the City Council through the adoption of a swap ordinance (a "Swap Ordinance"). The Swap Ordinance establishes the authorized parameters for notional amount, maturity, source of payment and other requirements relating to a Swap.

The Master Derivatives Policy does not restrict the City in the use of Swaps but provides that the City is to consider certain strategies in applying Swaps, including the following strategies: managing the City's exposure to floating and fixed interest rates through interest rate swaps, caps, floors, collars and other swaptions products; hedging floating rate risk with caps, collars, basis swaps and other instruments; locking in fixed rates in current markets for use at a later date through the use of forward swaps, swaptions, rate locks, options and forward delivery products; reducing the cost of fixed or floating rate debt through swaps and related products to create "synthetic" fixed or floating rate debt; more rapidly accessing the capital markets than may be possible with conventional debt instruments; managing the City's exposure to the risk of changes in the legal and regulatory treatment of tax-exempt debt; and other applications to enable the City to lower costs or strengthen the City's balance sheet.

The Master Derivatives Policy requires the City to make its best efforts to work with qualified swap counterparties that have a general credit rating of at least "Aa3" or "AA-" by two of the nationally recognized rating agencies or are a triple-A rated derivative products subsidiary as rated by at least two nationally recognized credit rating agencies, but not a terminating structure (continuation structures may be approved). For lower rated counterparties, the City is to require credit enhancement consistent with the Master Derivatives Policy. In cases where the counterparty's obligations are rated based on a guarantee or specialized structure to achieve the required credit rating, the City is to thoroughly investigate the nature and legal structure of the guarantee or structure in order to determine that it fully meets the City's requirements.

Property and Casualty Insurance

The City maintains property insurance for most of the City's real and personal property located at the Airport except for any real and personal property for which the City contracts with its lessees to provide such insurance. Airport real and personal property is insured based on a total loss limit of $1 billion, subject to a $250,000 per occurrence deductible, on a reported value of approximately $3.9 billion. Valuation of Airport real and personal property is based upon replacement cost, subject to the total loss limit and various sublimits. Airport motor vehicles and mobile equipment assets are insured under the same property insurance policy at reported values of approximately $90.4 million. Terrorism and non-certified acts of terrorism are included under the Airport's property insurance at a sublimit of $1 million per occurrence and $5 million in the aggregate. As an additional cost savings initiative, Airport management has determined that it is not cost effective to maintain property insurance on the Airport's runways and roadways, which are valued at approximately $1.7 billion.

The City maintains liability insurance to cover liabilities arising out of Airport operations. A $50 million per occurrence liability limit is currently provided with various aviation specific sub limits. In addition, an Excess Airport Owners and Operators Liability policy provides a limit of $450 million per occurrence in excess of the $50 million primary layer. Prior to the events of September 11, 2001, war risk/terrorism insurance was provided as a free rider to the Airport's general liability insurance policy. After such events the rider was cancelled by the insurer and such insurance was unavailable for a period of time. War risk/terrorism insurance has again been made available to the Airport, although at a cost that Airport management has determined to be prohibitive.

Continued Qualification as an Enterprise

Pursuant to the City Charter, the City by ordinance has designated the Department as an "enterprise" within the meaning of Article X, Section 20 of the State Constitution, the effect of which is to exempt the Department from the restrictions and limitations otherwise applicable to the City under such constitutional provision. "Enterprises" are defined as government-owned businesses authorized to issue their own revenue bonds and receiving under 10% of their annual revenues in grants from all State and local governments combined. The constitutional provision contemplates that qualification as an "enterprise" is to be determined on an annual basis, and while the City regards the possibility to be remote that the Department might be disqualified as an "enterprise," such disqualification would have the effect, during such period of disqualification only, of requiring inclusion of the Airport System in the City's overall spending and revenue base and limitations, and of requiring voter approval for various actions, including, with certain exceptions, the issuance of additional bonds payable from the Net Revenues. One of such exceptions is the ability to refund bonds at a lower interest rate.

AIRLINE BANKRUPTCY MATTERS

Since 2001, several airlines with operations at the Airport, including United and Frontier, have filed for bankruptcy protection, although with the exception of Midway Airlines and Vanguard Airlines, which eventually ceased operations, all of these airlines have reorganized and emerged from bankruptcy protection. Additional bankruptcies, liquidations or major restructurings of airlines with operations at the Airport could occur in the future; however, the City cannot predict the extent to which any such events would impact the ability of the Airport to pay the outstanding Senior Bonds, including the Series 2009C Bonds. See also "AVIATION ACTIVITY AND AIRLINES – Airline Information," "RISKS AND OTHER INVESTMENT CONSIDERATIONS" and "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements." The following is a discussion of various impacts to the Airport of an airline bankruptcy.

Assumption or Rejection of Agreements

In the event an airline that has executed a Use and Lease Agreement or other agreement with the City seeks protection under U.S. bankruptcy laws, such airline or its bankruptcy trustee must determine whether to assume or reject its agreements with the City within certain timeframes provided in the bankruptcy laws. In the event of assumption, the airline is required to cure any prior monetary defaults and provide adequate assurance of future performance under the applicable Use and Lease Agreement or other agreements. Generally, a debtor airline has 120 days to make the decision to assume or reject its agreements but make request an extension of up to an additional 90 days. A debtor may not extend the time to make a decision beyond 210 days from the petition.

Rejection of a Use and Lease Agreement or other agreement or executory contract will give rise to an unsecured claim of the City for damages. The amount of such damages in the case of a Use and Lease Agreement or other agreement is limited by the Bankruptcy Code. Certain amounts unpaid as a result of a rejection of a Use and Lease Agreement or other agreement in connection with an airline in bankruptcy, such as airfield costs and costs associated with the baggage claim area and the AGTS, would be passed on to the remaining airlines under their respective Use and Lease Agreements, thereby increasing such airlines' cost per enplanement, although there can be no assurance that such other airlines would be financially able to absorb the additional costs. In addition, adjustments could be made to terminal and concourse rents of nonairline tenants, although there can be no assurance that such other tenants would be financially able to absorb the increases.

With respect to any airline that may seek bankruptcy protection under the laws of a foreign country, the City is unable to predict what types of orders or relief could be issued by foreign bankruptcy tribunals, or the extent to which any such orders would be enforceable in the United States. Typically, foreign airline bankruptcy proceedings obtain an order in the United States to support and complement the foreign proceedings and stay the actions of creditors in the United States.

Prepetition Obligations

During the pendency of a bankruptcy proceeding, absent a court order, a debtor airline may not make any payments to the City on account of goods and services provided prior to the bankruptcy. Thus, the City's stream of payments from a debtor airline would be interrupted to the extent of prepetition goods and services, including accrued rent and landing fees. If the use and lease agreement of an airline in bankruptcy is rejected, the airline (or a successor trustee) may seek to avoid and recover as preferential transfers certain payments, including landing fees and terminal rentals, paid by such airline in the 90 days prior to the date of the bankruptcy filing.

PFCs

Pursuant to the PFC Enabling Act, the FAA has approved the City's applications to require the airlines to collect and remit to the City a $4.50 PFC on each enplaning revenue passenger at the Airport as further discussed in "FINANCIAL INFORMATION – Passenger Facility Charges."

The PFC Enabling Act provides that PFCs collected by the airlines constitute a trust fund held for the beneficial interest of the eligible agency (*i.e.*, the City) imposing the PFCs, except for any handling fee or retention of interest collected on unremitted proceeds. In addition, federal regulations require airlines to account for PFC collections separately and to disclose the existence and amount of funds regarded as trust funds for financial statements. However, the airlines are permitted to commingle PFC collections with other revenues and are also entitled to retain interest earned on PFC collections until such PFC collections are remitted. In the event of a bankruptcy, the PFC Enabling Act, as amended in December 2003, provides certain statutory protections for the City of PFC collections. However, it is unclear whether the City would be able to recover the full amount of PFC trust funds collected or accrued with respect to an airline in the event of a liquidation or cessation of business. The City also cannot predict whether an airline operating at the Airport that files for bankruptcy would have properly accounted for PFCs owed to the City or whether the bankruptcy estate would have sufficient moneys to pay the City in full for PFCs owed by such airline.

REPORT OF THE AIRPORT CONSULTANT

Jacobs Consultancy Inc., as the Airport Consultant, prepared the Report of the Airport Consultant, dated October 12, 2009, which is included herein as "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT." The Report of the Airport Consultant was undertaken to estimate the ability of the Airport System to generate sufficient Net Revenues and Other Available Funds to meet the requirements of the Rate Maintenance Covenant of the Senior Bond Ordinance in each year of the forecast period encompassing Fiscal Years 2009-2015. The Report of the Airport Consultant includes certain airline traffic and financial forecasts for the forecast period, together with the assumptions upon which the forecasts are based, and also incorporates certain elements of the Plan of Financing. Also presented in the Report of the Airport Consultant is a sensitivity test of the Airport's forecast financial results to a hypothetical reduction in passenger numbers, which could occur under conditions of prolonged economic recession, restricted seat capacity, high airfares and reduced connecting airline service.

The financial forecasts in the Report of the Airport Consultant are based on certain information and assumptions that were provided by, or reviewed and agreed to by, Department management, and in the opinion of the Airport Consultant, these assumptions provide a reasonable basis for the forecasts. The Report of the Airport Consultant should be read in its entirety for a description of and an understanding of the forecasts and the underlying assumptions contained therein.

The forecasts of airline traffic at the Airport were developed taking into account analyses of the economic basis for airline traffic, historical airline traffic and the key factors that may affect future airline traffic as discussed in the Report of the Airport Consultant. Generally, it was assumed that, in the long term, changes in airline traffic at the Airport will occur largely as a function of growth in the population and economy of the Airport service region and changes in airline service. It was also assumed that continued development of airline service at the Airport will not be constrained by the availability of aviation fuel, long-term limitations in airline fleet capacity, limitations in the capacity of the air traffic control system or the Airport or government policies or actions that restrict growth. The Airport Consultant also considered recent and potential developments in the national economy and in the air transportation industry and their affect on air traffic at the Airport. The near term and longer term underlying assumptions made in the Report of the Airport Consultant are set forth in "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – AIRLINE TRAFFIC ANALYSIS – Airline Traffic Forecasts – Assumptions Underlying the Forecasts."

The Report of the Airport Consultant should be read in its entirety regarding all of the assumptions used to prepare the forecasts made therein. No assurances can be given that these or any of the other assumptions contained in the Report of the Airport Consultant will occur. As noted in the Report of the Airport Consultant, any forecast is subject to uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecast and actual results, and those differences may be material. See also "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Forward Looking Statements; Report of the Airport Consultant" and "FORWARD LOOKING STATEMENTS."

The forecasts of Net Revenues and Debt Service Requirements presented in the Report of the Airport Consultant include the estimated Debt Service Requirements with respect to the Series 2009A-C Bonds and other additional Airport System Revenue Bonds and Commercial Paper Notes that may be issued during the forecast period to fund Planned Projects in the Airport's current capital program. The financial forecasts do not include any debt service savings from the issuance of refunding bonds that the City may issue during the forecast period. In addition, on the date of the Report of the Airport Consultant, it had not yet been determined if the City would purchase and retire any outstanding Airport System Revenue Bonds or, if so, the Series and principal amounts thereof, and therefore no debt service savings from the purchase and retirement of Purchased Senior Bonds is assumed in the financial forecasts. Based on the Plan of Financing, the Report of the Airport Consultant assumes that all additional Airport System Revenue Bonds will be Senior Bonds. See "SECURITY AND SOURCES OF PAYMENT – Additional Parity Bonds." The forecasts do not reflect any Airport System Revenue Bonds that the City may issue to fund various capital projects that are subject to conditions or contingencies, as described in the Report of the Airport Consultant, or, with the exception of the Series 2009C Bonds, to refund outstanding Airport System Revenue Bonds in 2009 or thereafter. See "CAPITAL PROGRAM," "FINANCIAL INFORMATION – Plan of Financing" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – FINANCIAL ANALYSIS – Airport Capital Program." In addition, the estimated Debt Service Requirements are net of certain PFC revenues that are forecasted to be received during the forecast period as described herein. See also "FINANCIAL INFORMATION – Passenger Facility Charges."

The following table summarizes the forecasts of Net Revenues, Other Available Funds and Debt Service Requirements on Senior Bonds as presented in the Report of the Airport Consultant. Net Revenues, together with Other Available Funds, are forecast to be sufficient to meet the Rate Maintenance Covenant in each year of the forecast period. For a more detailed discussion of the forecasts of Net Revenues, Other Available Funds and Debt Service Requirements on Senior Bonds, as well as historical debt service coverage figures, see "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT." See also "SECURITY AND SOURCES OF PAYMENT – Historical Debt Service Coverage."

The Report of the Airport Consultant was prepared in connection with and prior to the marketing of the Series 2009A-C Bonds. Accordingly, the Report of the Airport Consultant makes assumptions as to the principal amounts and Debt Service Requirements of the Series 2009A-C Bonds. The Report of the Airport Consultant will not be revised to reflect differences between the principal amounts and Debt Service Requirements of the Series 2009A-C Bonds as estimated therein and the actual principal amounts and Debt Service Requirements of the Series 2009A-C Bonds as marketed, or to reflect the purchase and retirement of the Purchased Senior Bonds. However, the Airport Consultant has demonstrated compliance with the Additional Bonds Test by a certificate of compliance provided to the City in connection with the issuance of the Series 2009A-B Bonds, and the Report of the Airport Consultant indicates that the Airport Consultant will demonstrate compliance with the Additional Bonds Test by a certificate of compliance provided to the City in connection with the issuance of the Series 2009C Bonds. See also "SECURITY AND SOURCES OF PAYMENT – Rate Maintenance Covenant – Additional Parity Bonds" and "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE – Additional Parity Bonds."

Net Revenues and Other Available Funds, Debt Service Requirements and Debt Service Coverage on Senior Bonds

(In thousands, except coverage ratios)

	Estimated	Forecast					
	2009	2010	2011	2012	2013	2014	2015
Net Revenues and Other Available Funds[1]	$392,280	$417,394	$451,873	$467,442	$477,191	$501,334	$506,352
Debt Service Requirements on Senior Bonds[2]	227,178	245,138	273,158	286,565	292,842	316,510	318,483
Debt Service Coverage[2]	173%	170%	165%	163%	163%	158%	159%

[1] Other Available Funds include amounts forecast to be available in the Coverage Account of the Capital Fund to be applied to help meet the Rate Maintenance Covenant of the Senior Bond Ordinance.

[2] Excludes Debt Service Requirements forecast to be paid from PFC revenues. See "FINANCIAL INFORMATION – Passenger Facility Charges."

Sources: Report of the Airport Consultant and audited financial statements of the Airport System.

Forecasts of revenues to be derived from airline landing fees, terminal rentals and other use charges are often expressed on a per enplaned passenger basis for the purpose of comparing airline costs at different airports. The following table shows the forecast amounts of revenues and average cost per enplaned passenger for all airlines as presented in the Report of the Airport Consultant.

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Cost Per Enplaned Passenger for All Airlines
(In thousands except cost per passenger)

	Estimated	Forecast					
	2009	2010	2011	2012	2013	2014	2015
Net airline rentals, fees and charges	$296,663	$318,508	$337,826	$358,235	$385,808	$420,034	$432,184
Enplaned passengers	24,872	25,118	25,516	26,012	26,521	27,046	27,585
Cost per passenger	$11.93	$12.68	$13.24	$13.77	$14.55	$15.53	$15.67

Source: Report of the Airport Consultant.

For a more detailed discussion of forecast airline rates and charges and forecast Gross Revenues, see "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – FINANCIAL ANALYSIS – EXHIBIT E – Airline Rentals, Fees and Charges."

The Report of the Airport Consultant has been included herein in reliance upon the knowledge and experience of Jacobs Consultancy Inc. as airport consultants.

LITIGATION

The Airport System is involved in several claims and lawsuits arising in the ordinary course of business. The City believes that any liability assessed against the City as a result of such other claims or lawsuits which are not covered by insurance would not materially adversely affect the financial condition or operations of the Airport System.

FORWARD LOOKING STATEMENTS

This Official Statement, including particularly the Report of the Airport Consultant, contains statements relating to future results that are "forward looking statements" as defined in the federal Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "intend," "propose," "plan," "expect," "assume" and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements. For a discussion of certain of such risks and possible variations in results, see "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Forward Looking Statements; Report of the Airport Consultant," as well as "REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT."

RATINGS

Moody's, S&P and Fitch have assigned their long-term and short-term ratings to the Series 2009C Bonds as follows:

	Moody's	S&P	Fitch
Long-Term Rating	"Aaa"	"AAA"	"AA+"
Short-Term Rating	"VMIG 1"	"A-1+"	"F1+"

The long-term ratings of the Series 2009C Bonds are based on the joint support for the Series 2009C Bonds provided by the JPMorgan Series 2009C Letter of Credit and the underlying ratings of the Series 2009C Bonds. The short-term ratings of the Series 2009C Bonds are based solely on the JPMorgan Series 2009C Letter of Credit issued by JPMorgan. Such ratings will expire upon the termination or expiration of the JPMorgan Series 2009C Letter of Credit. See "THE INITIAL SERIES 2009C CREDIT FACILITY" for further information regarding the JPMorgan Series 2009C Letter of Credit, the JPMorgan Reimbursement Agreement, JPMorgan and its ratings.

Moody's, S&P and Fitch have also assigned underlying ratings to the Series 2009C Bonds of "A1," "A+" and "A+," respectively, in each case with a rating outlook of "stable."

JPMorgan and the City have furnished to these rating agencies the information contained in the Official Statement and certain other materials and information relating to the Series 2009C Bonds, the Airport System JPMorgan, including certain materials and information not included in this Official Statement. Generally, rating agencies base their ratings on such materials and information, as well as investigations, studies and assumptions by the rating agencies.

A rating reflects only the view of the agency assigning such rating and is not a recommendation to buy, sell or hold the respective Series 2009C Bonds. An explanation of the procedure and methodology used by each rating agency and the significance of such ratings may be obtained from the rating agency furnishing the same. Such ratings may be changed at any time, and no assurance can be given that they will not be revised downward or withdrawn entirely by any of such rating agencies if, in the judgment of any of them, circumstances so warrant. Any such downward revision or withdrawal of any of such ratings may have an adverse effect on the market price of the Series 2009C Bonds.

UNDERWRITING

The Series 2009C Bonds are being purchased from the City by the underwriter set forth on the cover page hereof (the "Underwriter") at a price equal to the aggregate principal amount of the Series 2009C Bonds. The Underwriter is being paid a fee of $269,310.00 for underwriting the Series 2009C Bonds. Pursuant to a Bond Purchase Agreement by and between the City, for and on behalf of the Department, and the Underwriter (the "Series 2009C Bond Purchase Agreement"), the Underwriter agrees to accept delivery of and pay for all of the Series 2009C Bonds if any are delivered. The obligation to make such purchase is subject to certain terms and conditions set forth in the Series 2009C Bond Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions.

CONTINUING DISCLOSURE

The Senior Bond Ordinance requires the City to prepare and mail to Owners of Senior Bonds requesting such information certain financial reports and an annual audit related to the Airport System prepared in accordance with U.S. generally accepted accounting principles, a copy of which is also required to be filed with the MSRB and EMMA. In addition, although Rule 15c2-12, which prohibits underwriters from purchasing or selling certain municipal securities unless the issuers of those securities agree to provide continuing disclosure information for the benefit of the owners of those securities, does not apply to the Series 2009C Bonds as initially issued, the City will nevertheless deliver a Continuing Disclosure Undertaking in which it will agree to provide or cause to be provided annually via EMMA certain additional financial information and operating data concerning the Airport System and other obligated persons and to provide contemporaneous notice of certain enumerated events if determined to be material. See "APPENDIX H – FORM OF CONTINUING DISCLOSURE UNDERTAKING" for a description of the annual information and the notices of material events to be provided and other terms of the Continuing Disclosure Undertaking.

The City has delivered continuing disclosure undertakings in connection with the issuance of various series of its outstanding Senior Bonds, and believes that it has continually complied with the requirements set forth in Rule 15c2-12 and its previous continuing disclosure undertakings.

LEGAL MATTERS

All legal matters incident to the validity and enforceability of the Series 2009C Bonds are subject to the approval of Hogan & Hartson LLP, Denver, Colorado, Bond Counsel, and Bookhardt & O'Toole, Denver, Colorado, Bond Counsel. The substantially final form of the opinions of Bond Counsel is appended to this Official Statement. Certain legal matters will be passed upon for the City by David Fine, Esq., City Attorney, and Peck, Shaffer & Williams LLP, Denver, Colorado, Special Counsel to the City; for JPMorgan by Chapman and Cutler LLP, Chicago, Illinois; and for the Underwriter by Sherman & Howard L.L.C., Denver, Colorado, and GCR, LLP, Denver, Colorado.

TAX MATTERS

The following discussion is a summary of the opinions of Bond Counsel to the City that are to be rendered on the tax-exempt status of interest on the Series 2009C Bonds and of certain federal and State income tax considerations that may be relevant to prospective purchasers of Series 2009C Bonds. This discussion is based upon existing law, including current provisions of the Internal Revenue Code of 1986, as amended (the "Code"), existing and proposed regulations under the Code, and current administrative rulings and court decisions, all of which are subject to change.

Upon issuance of the Series 2009C Bonds, Hogan & Hartson LLP, Bond Counsel to the City, and Bookhardt & O'Toole, Bond Counsel to the City, will each provide opinions, substantially in the form appended to this Official Statement, to the effect that, under existing law, interest on the Series 2009C Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2009C Bonds are held by a person who is a "substantial user" of the Airport System or a "related person," as those terms are used in Section 147(a) of the Code, and is not a specific preference item or included in a corporation's adjusted current earnings for purposes of the federal alternative minimum tax.

The foregoing opinions will assume compliance by the City with certain requirements of the Code that must be met subsequent to the issuance of the Series 2009C Bonds. The City will certify, represent and covenant to comply with such requirements. Failure to comply with such requirements could cause the interest on the Series 2009C Bonds to be included in gross income, or could otherwise adversely affect such opinions, retroactive to the date of issuance of the Series 2009C Bonds.

The opinions of Bond Counsel to the City will also provide to the effect that, under existing law and to the extent interest on any Series 2009C Bond is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State.

Other than the matters specifically referred to above, Bond Counsel to the City express, and will express, no opinions regarding the federal, State, local or other tax consequences of the purchase, ownership and disposition of Series 2009C Bonds. Prospective purchasers of the Series 2009C Bonds should be aware, however, that the Code contains numerous provisions under which receipt of interest on the Series 2009C Bonds may have adverse federal tax consequences for certain taxpayers. Such consequences include the following: (1) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2009C Bonds or, in the case of financial institutions, that portion of a holder's interest expense allocated to interest on the Series 2009C

Bonds (subject to certain exceptions); (2) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15% of the sum of certain items, including interest on the Series 2009C Bonds; (3) interest on the Series 2009C Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code; (4) passive investment income, including interest on the Series 2009C Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income; and (5) Section 86 of the Code requires recipients of certain Social Security and certain railroad retirement benefits to take into account, in determining the inclusion of such benefits in gross income, receipts or accrual of interest on the Series 2009C Bonds.

The Internal Revenue Service (the "Service") has an ongoing program of auditing state and local government obligations, which may include randomly selecting bond issues for audit, to determine whether interest paid to the holders is properly excludable from gross income for federal income tax purposes. It cannot be predicted whether the Series 2009C Bonds will be audited. If an audit is commenced, under current Service procedures the holders of the Series 2009C Bonds may not be permitted to participate in the audit process. Moreover, public awareness of an audit of the Series 2009C Bonds could adversely affect their value and liquidity.

Bond Counsel to the City will render their opinions as of the issue date, and will assume no obligation to update their opinions after the issue date to reflect any future facts or circumstances, or any future changes in law or interpretation, or otherwise. Moreover, the opinions of Bond Counsel to the City are not binding on the courts or the Service; rather, such opinions represent Bond Counsel's legal judgment based upon their review of existing law and upon the certifications, representations and covenants referenced above.

Amendments to federal and state tax laws are proposed from time to time and could be enacted, and court decisions and administrative interpretations may be rendered, in the future. There can be no assurance that any such future amendments or actions will not adversely affect the value of the Series 2009C Bonds, the exclusion of interest on the Series 2009C Bonds from gross income, alternative minimum taxable income, state taxable income, or any combination from the date of issuance of the Series 2009C Bonds or any other date, or that such changes will not result in other adverse federal or state tax consequences.

Prospective purchasers of Series 2009C Bonds should consult their own tax advisors as to the applicability and extent of federal, State, local or other tax consequences of the purchase, ownership and disposition of Series 2009C Bonds in light of their particular tax situation.

EXPERTS

Jefferies & Company, Inc., and Estrada Hinojosa & Company, Inc., have served as Financial Consultants to the City with respect to the Series 2009C Bonds and in such capacity have prepared the Plan of Financing. Jacobs Consultancy Inc. has served as the Airport Consultant to the City with respect to the Series 2009C Bonds and in such capacity has prepared the Report of the Airport Consultant.

FINANCIAL STATEMENTS

The financial statements of the Airport System as of and for the years ended December 31, 2008 and 2007 are attached to this Official Statement as "APPENDIX F – ANNUAL FINANCIAL REPORT

OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2008 AND 2007." BKD, LLP, the City's independent external auditor, has not been engaged to perform and has not performed, since the date of its report included in Appendix F hereto, any procedures on the financial statements addressed in that report. BKD, LLP also has not performed any procedures relating to this Official Statement. The consent of BKD, LLP to the inclusion of Appendix F was not sought or obtained. The financial statements present only the Airport System and do not present the financial position of the City and County of Denver, Colorado.

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MISCELLANEOUS

The cover page, prefatory information and appendices to this Official Statement are integral parts hereof and must be read together with all other parts of this Official Statement. The descriptions of the documents, statutes, reports or other instruments included herein do not purport to be comprehensive or definitive and are qualified in the entirety by reference to each such document, statute, report or other instrument. During the offering period of the Series 2009C Bonds, a copy of the Senior Bond Ordinance may be obtained from the City and the Department.

So far as any statements made in this Official Statement involve matters of opinion, forecasts, projections or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

CITY AND COUNTY OF DENVER, COLORADO

By /s/ Kim Day
Manager of Aviation

By /s/ Claude J. Pumilia
Manager of Finance

* * *

APPENDIX A

REPORT OF THE AIRPORT CONSULTANT

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Appendix A

REPORT OF THE AIRPORT CONSULTANT

on the proposed issuance of

CITY AND COUNTY OF DENVER, COLORADO,

for and on behalf of its Department of Aviation

AIRPORT SYSTEM REVENUE BONDS
SERIES 2009

Prepared for

City and County of Denver
Denver, Colorado

Prepared by

Jacobs Consultancy
Burlingame, California

October 12, 2009

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JACOBS
CONSULTANCY

555 Airport Boulevard, Suite 300
Burlingame, California 94010 U.S.A.
1.650.579.7722 Fax: 1.650.343.5220

October 12, 2009

Ms. Kim Day
Manager of Aviation
City and County of Denver
Department of Aviation
Denver International Airport
Airport Office Building, Room 9860
8500 Peña Boulevard
Denver, Colorado 80249-6340

Re: Report of the Airport Consultant, City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2009

Dear Ms. Day:

We are pleased to submit this Report of the Airport Consultant on certain aspects of the proposed issuance of Airport System Revenue Bonds, Series 2009A, Series 2009B, and Series 2009C (collectively, the 2009 Bonds) by the City and County of Denver, Colorado (the City), for and on behalf of its Department of Aviation (the Department).

The City owns and, through the Department, operates Denver International Airport (the Airport), which is the primary air carrier airport serving the Denver region. The Airport and the site of the former air carrier airport (Stapleton International Airport) serving the region, which is also owned by the City, constitute the Airport System.

The 2009 Bonds are to be issued as Senior Bonds under a General Bond Ordinance adopted by the City in 1984, as supplemented and amended by multiple Supplemental Bond Ordinances (collectively, the General Bond Ordinance), with a first lien on the Net Revenues* of the Airport System. (Capitalized terms in this report are used as defined in the General Bond Ordinance** or the Airport use and lease agreements, discussed later.) Following the date of this report and prior to the issuance of the 2009 Bonds, the City expects to adopt Supplemental Bond Ordinances providing for the issuance of the 2009 Bonds, and, among other things, modifying how the City can use certain revenues from the Airport's passenger facility charge (PFC) in the calculation of debt service coverage under the Rate Maintenance Covenant of the General Bond Ordinance.

The General Bond Ordinance sets forth the covenants of the City with respect to, among other things for the Airport System: (a) issuing additional Bonds, (b) establishing rates,

*Net Revenues equal Gross Revenues less Operation and Maintenance Expenses.
**See Appendix B of the Official Statement.

fees, and charges as provided under the Rate Maintenance Covenant, and (c) paying Operation and Maintenance (O&M) Expenses and Debt Service Requirements, among other expenses.

This report was undertaken to estimate the ability of the Airport System to generate sufficient Net Revenues and Other Available Funds from 2009 through 2015*, referred to in this report as the forecast period, to meet the requirements of the Rate Maintenance Covenant of the General Bond Ordinance taking into account the issuance of the proposed 2009 Bonds and, as described below, Planned Future Bonds in the aggregate principal amount of $392 million.

2009 BONDS

According to the City's Financial Consultants**, the 2009A and 2009B Bonds are to be issued as fixed rate bonds in the approximate principal amount of $233.3 million to pay the costs of certain planned projects in the Airport Capital Program as discussed below, and to pay the costs of issuing the Bonds.

Under the recently enacted American Recovery and Reinvestment Act (ARRA) of 2009, the City may elect to issue the 2009B Bonds as Build America Bonds (BABs) and receive direct payments from the United States Department of the Treasury equal to 35% of the interest payable by the City on such Bonds. Under the proposed Supplemental Bond Ordinances for the 2009A and 2009B Bonds, any direct payment on the BABs would be irrevocably committed to pay Debt Service Requirements.

The 2009C Bonds are to be issued as variable rate bonds in the approximate principal amount of $107.2 million to current refund and defease $100 million of outstanding Subordinate Tax-Exempt Commercial Paper Notes.

The 2009 Bonds are considered additional Bonds under Section 704B of the General Bond Ordinance and, as such, the City is required to retain an Airport Consultant to demonstrate compliance with the covenant for issuing additional Bonds prior to issuance of those Bonds. The City retained Jacobs Consultancy as the Airport Consultant for this purpose and compliance with the additional Bonds test for the 2009 Bonds is to be undertaken and the results are to be provided to the City in connection with the proposed issuance of the Bonds.

The City may refund outstanding Airport System Revenue Bonds during the forecast period. However, debt service savings, if any, from Bonds that may be refunded by the City in the future are not included in the financial forecasts presented in this report.

---

*2015 is the first year in which debt service on the last series of Future Planned Bonds (discussed later) would be payable from the Net Revenues of the City.
**Jefferies & Company, Inc., and Estrada Hinojosa & Company, Inc.

AIRPORT CAPITAL PROGRAM

In 2008 and 2009, the City reassessed its capital planning processes for expanding, maintaining, and reconstructing Airport facilities over the long-term. This reassessment was conducted, in part, in recognition of the current economic environment and changing aviation industry, and resulted in a shorter planning period for the Airport Capital program—from 6 years to 4 years—and a complete re-evaluation of the justification and basis for including projects in the Airport Capital Program. Following this reassessment, the City reviewed the justification and reconfirmed, reduced, or removed certain projects that had been included in the 6 year Capital Program, added new projects based on an assessment of facility needs (maintenance, capacity enhancement, and expansion), and updated the cost of implementing the projects in the City's adopted Capital Program from 2009 through 2012 (the 2009-2012 Capital Program). The 2009-2012 Capital Program is estimated to cost approximately $583.5 million. The selected projects in the 2009-2012 Capital Program are briefly described below:

- Improve existing concourse facilities and replace certain aging equipment
- Improve the Airport's baggage systems
- Improve building systems, including the fire protection system, baggage information display system, electrical and mechanical systems, and heating and cooling systems
- Upgrade the automated guideway transit system (AGTS)
- Improve existing public parking facilities; improve Peña Boulevard; rehabilitate pavement in targeted roadway and parking areas

The City has stated that certain projects in the 2009-2012 Capital Program would only be undertaken if the projects were determined to be financially viable and/or self-sustaining or if certain sources of funding, such as an increase in the maximum PFC level of $4.50, were to become available during the forecast period. A description of these projects and their associated project costs are provided in the "Financial Analysis" section of this report.

The City expects to fund certain projects in the 2009-2012 Capital Program from the net proceeds of the 2009A and 2009B Bonds (referred to collectively in this report as the 2009 Project), and to fund the remaining projects* in the 2009-2012 Capital Program from

---

*Does not include the projects in the 2009-2012 Capital Program that would only be undertaken if they were determined to be financially viable and/or self-sustaining, or if certain other sources of funding became available during the forecast period.

(a) the issuance of additional Bonds (the Future Planned Bonds*) by the City during the forecast period and (b) certain other sources of funds, including the remaining net proceeds of Bonds previously issued by the City and Federal Aviation Administration (FAA) grants-in-aid the City may receive during the forecast period.

For projects in the 2009-2012 Capital Program that are to be funded from the 2009A-B Bonds and Future Planned Bonds, certain assumptions have been incorporated into the financial forecasts presented in this report regarding additional (a) Gross Revenues from airline rentals, rates, fees, and charges and/or other sources, (b) O&M Expenses, and (c) debt service associated with the 2009 Bonds and the Future Planned Bonds.

RATE MAINTENANCE COVENANT

The Rate Maintenance Covenant of the General Bond Ordinance states that the City agrees to fix, revise, charge, and collect rentals, rates, fees, and other charges for the use of the Airport System so that, in each Fiscal Year,** Gross Revenues together with any Other Available Funds will, at all times, be at least sufficient to provide for the payment of O&M Expenses for such Fiscal Year, and the larger of either:

- The total amount of required deposits to various Airport System funds and accounts during such Fiscal Year, or

- 125% of the aggregate Debt Service Requirements on Senior Bonds for such Fiscal Year.

In the General Bond Ordinance, "Other Available Funds" is defined to include the amount to be transferred in any Fiscal Year from the Coverage Account of the Capital Fund to the Revenue Fund, up to a maximum of 25% of the aggregate Debt Service Requirements on Senior Bonds. Based on audited data for 2008 and unaudited data for the first 6 months of 2009, at least 25% of Debt Service Requirements on Senior Bonds was on deposit in the City's Coverage Account during those periods.

Under various approvals from the FAA, the City has the authority to collect a $4.50 PFC at the Airport for up to $3.3 billion in PFC revenues. The City collected almost one-third of its total approval through June 30, 2009. Through an adopted PFC Supplemental Bond Ordinance, the City has irrevocably committed to pay debt service on Senior Bonds with a portion of the PFC revenues it receives each year and deposits into the PFC Debt Service Account.

---

*The Future Planned Bonds were assumed to be issued as Senior Bonds under the General Bond Ordinance.
**The City's Fiscal Year is the same as the calendar year.

In general, the irrevocable commitment equals the revenues received from $3.00 of each $4.50 PFC* imposed by the City and extends through December 31, 2013. In 2014 and 2015 (the last 2 years of the forecast period), the City intends to use PFC revenues in the same manner as it has irrevocably committed to do under an existing Supplemental Bond Ordinance in 2009 through 2013. Under the General Bond Ordinance, the City is allowed to exclude from Debt Service Requirements on Senior Bonds all amounts irrevocably committed to pay such Debt Service Requirements for the purposes of calculating debt service coverage under the Rate Maintenance Covenant; this exclusion is reflected in the financial forecasts presented in this report.

Under a proposed Supplemental Bond Ordinance to be adopted by the City prior to the issuance of the 2009 Bonds, revenues from the remaining $1.50 from each $4.50 PFC received by the City for the years 2009 through 2013 are to be considered Gross Revenues of the Airport System and included in the calculation of debt service coverage under the Rate Maintenance Covenant. For the remaining years of the forecast period 2014 and 2015, the City intends to continue to designate the $1.50 PFC revenues as Gross Revenues. Collectively, these PFC revenues are to be defined as Designated Passenger Facility Charges under the proposed Supplemental Bond Ordinance to be adopted by the City prior to the issuance of the 2009 Bonds.

Because the use of PFC revenues is restricted under various FAA approvals, the City expects to use the Designated Passenger Facility Charges from 2009 through 2015 for one or both of the following eligible purposes:

- Pay debt service on Senior Bonds
- Defease the outstanding principal of certain Senior Bonds, which would reduce the level of debt service that would have otherwise been payable from Net Revenues

AIRPORT USE AND LEASE AGREEMENTS

In 2008, the rentals, fees, and charges received from the airlines operating at the Airport under Airport use and lease agreements or other agreements with the City accounted for approximately 51.9% of Gross Revenues. Nonairline revenues from public parking operations, concession fees, building and ground rentals, and other sources accounted for the remaining 48.1% of 2008 Gross Revenues.

*Less the airline collection fee amount.

The Airport use and lease agreements include provisions for:

- The establishment of airline rentals, fees, and charges to recover, in part, O&M Expenses, debt service on Bonds, and certain other costs of the Airport System.
- The annual recalculation of airline rentals, fees, and charges.
- The distribution of 50% of Net Revenues remaining at the end of the year* to the airlines signatory to the Airport use and lease agreements (the Signatory Airlines), up to a maximum credit in any year of $40 million.
- An increase in rentals, fees, and charges at the Airport such that Net Revenues, together with Other Available Funds, are sufficient to satisfy the Rate Maintenance Covenant of the General Bond Ordinance each year.

The City has executed Airport use and lease agreements, which include provisions for leased gates, with the passenger Signatory Airlines listed below. Of the 92 gates at the Airport, 82 are leased by the following airlines (the number of leased gates is shown in parentheses):

AirTran Airways (1)	Frontier Airlines (17)
Alaska Airlines (1)	Northwest Airlines (2) *(a)*
American Airlines (3)	Southwest Airlines (10)
Continental Airlines (3)	United Airlines (40)
Delta Air Lines (3) *(a)*	US Airways (2)

(a) The parent companies of Delta Air Lines and Northwest Airlines merged on October 29, 2008.

The City also has executed Airport use and lease agreements with regional/commuter passenger airlines (also defined as Signatory Airlines)—such as those operating as United Express—that do not lease space at the Airport, but use Airport facilities to operate express flights under code-sharing arrangements with certain of the airlines listed above. In addition, the City has executed Airport use and lease agreements with four foreign-flag passenger airlines, and six all-cargo airlines.

*Only after all other requirements of the General Bond Ordinance have been satisfied.

Most of the passenger and cargo airline Airport use and lease agreements are scheduled to expire during the forecast period (in 2010). As of the date of this report, the City intends to negotiate new agreements with substantially similar business terms.

United Airlines operates a major connecting hub at the Airport under an Airport use and lease agreement with the City that is scheduled to expire in 2025. United's operations at the Airport include service by United mainline service and service by the United Express regional airline partners (collectively, the United Airlines Group). In 2008 and the first six months of 2009, the United Airlines Group enplaned 48.2% and 46.9%, respectively, of all passengers enplaned at the Airport.

On April 10, 2008, Frontier Airlines—the second largest lessee of airline space after United and accounting for the second largest number of enplaned passengers at the Airport for the last 10 years—filed for Chapter 11 bankruptcy protection, but it continues to provide service to and from the Airport and other airports. Pursuant to the Frontier Stipulated Order, Frontier has assumed its Airport use and lease agreement, which was amended to provide for the lease of 17 gates on Concourse A.

On August 13, 2009, Republic Airways Holdings Inc. purchased the parent company of Frontier Airlines and Lynx Aviation Inc. under procedures established in Frontier's Chapter 11 bankruptcy proceedings. On September 10, 2009, the bankruptcy court issued an order confirming Frontier's Plan of Reorganization. On October 1, 2009, Republic Airways Holdings completed its acquisition of Frontier, which allowed Frontier to emerge from Chapter 11 bankruptcy. According to representatives of Republic Airways Holdings and Frontier Airlines, the acquisition has received antitrust clearance and allows Frontier and Lynx to maintain normal operations as a subsidiary of Republic. Republic Airways Holdings owns Midwest Airlines (based in Milwaukee) and a number of regional airlines (Chautauqua Airlines, Mokulele Airlines, Republic Airlines, and Shuttle America).

As of the date of this report, it is not known what effect, if any, the acquisition by Republic Airways Holdings will have on the long-term presence and operations of Frontier and Lynx at the Airport, and how the flights of both airlines will be integrated—if at all—with the operations of Republic Airways Holdings and its operating subsidiaries, including Midwest Airlines and Shuttle America (which operates as a United Express affiliate at the Airport). For purposes of the airline traffic and financial forecasts presented in this report and consistent with statements made by representatives of Frontier Airlines, it was assumed that there would be no material change in the level of airline traffic or leased space by Frontier Airlines and Lynx Aviation at the Airport during the forecast period.

RECENT OPERATING DEVELOPMENTS

The national economic recession that began in December 2007 and the financial crisis that began in the fourth quarter of 2008 changed the operating environment for many airport operators. In addition, heightened fuel prices during 2008 and softening travel demand exacerbated financial pressures on the airlines and, in their efforts to maintain profitability, airlines have been cutting capacity throughout their route systems. As a result, widespread year-over-year capacity cuts began to be implemented in the fourth quarter of 2008, and most airlines are expected to offer fewer seats in 2009 than in 2008. In 2009, airline capacity, in terms of the number of scheduled departing seats for all airlines at all U.S. airports, is expected to decrease approximately 7% compared with 2008, according to published schedules.

Notwithstanding the economic, financial, and airline industry challenges of the past year, the Airport outperformed certain other large-hub airports and the national average in terms of its growth in passenger traffic. The number of enplaned passengers at the Airport increased 2.8% in 2008, compared with a 0.2% decrease at the nation's airports as a whole. During the first 6 months of 2009, passenger traffic at the Airport decreased 4.7% compared with the same period of 2008, and compared with a 10.0% decrease for this period at the nation's airports as a whole. Southwest Airlines' continued growth in airline service at the Airport in 2008 offset capacity reductions by the other airlines at the same time that Southwest Airlines was reducing capacity at other airports, emphasizing the important future role of the Airport in Southwest's system. The strong relative performance of the Airport reflects its (1) central geographic location, (2) large origin-destination (O&D) passenger base, (3) role as a hub for United and Frontier, (4) role as one of Southwest's top 10 airports, and (5) role as the primary commercial service airport in Colorado.

The economy of an airport service region is a major factor affecting long-term airline traffic at the Airport serving the region. The demographics and economy of the region—as measured by changes in population, employment, and per capita income—as well as airline service and airfares are typically the most important factors affecting originating and destination (O&D) passenger demand. Approximately 56% of the Airport's passengers are O&D passengers; the remaining 44% are connecting passengers. Connecting traffic, in contrast, is affected by the financial health and routing decisions of the hubbing airlines, which, in turn, are affected by national and global economic conditions.

The Denver and Colorado economies are experiencing the effects of the national economic recession. However, the comparatively healthy housing market, due in large part to the stability of home prices over time, has softened the effect of the national economic recession on the Denver Metropolitan Area and the State. In 2008, employment growth in the Denver Metropolitan Area and the State slowed, but remained positive (increases of 0.9% and 0.8%, respectively), compared with a decrease in the nation as a whole (a decrease of 0.4%). In July 2009, the seasonally-adjusted unemployment rate in Colorado was 7.8%, lower than the national average (9.4%). In contrast to the nation as a whole, Colorado, as well as the Denver Metropolitan Area, did not experience the housing market bubble evident in other states and metropolitan areas and the large decreases in home prices associated with the sub-prime mortgage crisis. In June 2009, home prices in Denver decreased 3.6% compared with June 2008, one of the smallest decreases in the 20 metropolitan areas included in the Standard and Poor's/Case-Shiller composite index.

Despite the relative strength of the Airport with respect to numbers of enplaned passengers in 2008 and for the first 6 months of 2009 in comparison to numbers of enplaned passengers for the nation's airports as a whole, the City developed and then instituted a series of "contingency budget reductions" for O&M Expenses and enacted an Airport wide hiring freeze for 2009. The City expects that, for 2010, the preliminary O&M Expense budget will be 1.0% lower than the 2009 O&M Expense budget. As discussed previously, the City has made a series of changes to the process it uses to develop the Airport Capital Program due, in part, to the current economic and aviation industry environment.

SCOPE OF REPORT

As stated earlier, our study was undertaken to estimate the ability of the Airport to meet the requirements of the Rate Maintenance Covenant of the General Bond Ordinance in each year of the forecast period taking into account the proposed 2009 Bonds and the Future Planned Bonds. In conducting our study, we analyzed:

- Future airline traffic demand at the Airport, giving consideration to the demographic and economic characteristics of the Airport service region; historical trends in airline traffic; recent airline service developments and airfares; and other key factors that may affect future airline traffic. A sensitivity analysis of future airline traffic levels at the Airport and forecast financial results are presented later in this report.

- The Airport Capital Program, giving particular attention to major projects in the Capital Program and when those projects are expected to be completed and ready for their intended use.

- Estimated sources and uses of funds and annual Debt Service Requirements for the proposed 2009 Bonds and the Future Planned Bonds.

- Historical relationships among Gross Revenues, O&M Expenses, airline traffic, and other factors that may affect future Gross Revenues and O&M Expenses.

- Audited financial results for the Airport System in 2008, the City's current estimate of O&M Expenses for 2009, and the City's preliminary budget of O&M Expenses for 2010.

- The City's policies and contractual agreements relating to the use and occupancy of the Airport; the calculation and adjustment of airline rentals, fees, and charges; the operation of public automobile parking and other concession and service privileges; and the leasing of buildings and grounds.

- Certain cost reduction goals in the United Airlines Airport use and lease agreement, as amended.

- The City's intended use of PFC revenues during the forecast period under the terms of the General Bond Ordinance and the PFC Supplemental Bond Ordinance, and the proposed terms of the Supplemental Bond Ordinances to be adopted by the City prior to the issuance of the 2009 Bonds.

We also assisted Airport management in identifying key factors upon which the future financial results of the Airport System may depend and in formulating assumptions about those factors. On the basis of those assumptions, we assembled the financial forecasts presented in the accompanying exhibits provided at the end of the attachment to this letter and summarized herein.

FORECAST DEBT SERVICE COVERAGE

Exhibit H and the table on the following page summarize forecasts of Net Revenues and Other Available Funds, Debt Service Requirements, and debt service coverage, taking into consideration:

- Designated Passenger Facility Charges ($1.50 PFC revenues) as part of Gross Revenues of the Airport System from 2009 through 2013, and the City's intent to designate this source of revenue as Gross Revenues in 2014 and 2015 (remaining years of the forecast period)

- The estimated Debt Service Requirements on the proposed 2009 Bonds and the Future Planned Bonds

- Additional Gross Revenues and O&M Expenses resulting from the completion of projects in the 2009-2012 Airport Capital Program

Exhibit C presents the estimated Debt Service Requirements on the 2009 Bonds and the Future Planned Bonds. The forecasts do not reflect any Bonds the City may issue to refund outstanding Airport System Revenue Bonds.

Estimated Debt Service Requirements are net of PFC revenues that are irrevocably committed to pay Debt Service Requirements on Senior Bonds, which include the revenues from $3.00 of the $4.50 PFC required to be deposited in the PFC Debt Service Account under an existing PFC Supplemental Bond Ordinance through 2013, and the City's intent to continue using PFC revenues in the same manner in 2014 and 2015. Exhibit C presents the total PFC revenues assumed to be deposited in the PFC Debt Service Account and irrevocably committed to pay Debt Service Requirements during the forecast period.

DEBT SERVICE COVERAGE CALCULATION INCLUDING THE FUTURE PLANNED BONDS
(in thousands, except coverage)

	Estimated	Forecast					
	2009	2010	2011	2012	2013	2014	2015
Net Revenues and Other Available Funds	$392,280	$417,394	$451,873	$467,442	$477,191	$501,334	$506,352
Debt Service Requirements *(a)*							
Senior Bonds	$227,178	$245,138	$273,158	$286,565	$292,842	$316,510	$318,483
Subordinate Bonds	1,253	1,253	1,253	1,261	1,250	1,250	1,253
Total	$228,431	$246,391	$274,411	$287,826	$294,092	$317,760	$319,737
Debt service coverage							
Senior Bonds	173%	170%	165%	163%	163%	158%	159%
All Bonds	172%	169%	165%	162%	162%	158%	158%

(a) The Financial Consultants (Jefferies & Company, Inc., and Estrada Hinojosa & Company, Inc.)

The calculation of debt service coverage indicates compliance with the Rate Maintenance Covenant of the General Bond Ordinance in each year of the forecast period.

AIRLINE COST PER ENPLANED PASSENGER

As shown in Exhibit E, airline rentals, fees, and charges include Terminal Complex rentals, landing fees, and other fees and charges. These airline payments (costs) are expressed on a per enplaned passenger basis, as presented in the following table.

The average cost per enplaned passenger is forecast to be approximately $13.91 between 2009 and 2015, compared to costs per enplaned passenger at the Airport in 1996 (the first full year of Airport operations) through 2008, which ranged between $10.69 and $16.47.

AVERAGE COST PER ENPLANED PASSENGER FOR ALL AIRLINES
(in thousands, except cost per enplaned passenger)

	Estimated	Forecast					
	2009	2010	2011	2012	2013	2014	2015
Net passenger airline rentals, fees, and charges	$296,663	$318,508	$337,826	$358,235	$385,808	$420,034	$432,184
Enplaned passengers	24,872	25,118	25,516	26,012	26,521	27,046	27,585
Cost per enplaned passenger	$11.93	$12.68	$13.24	$13.77	$14.55	$15.53	$15.67

ASSUMPTIONS UNDERLYING THE FINANCIAL FORECASTS

The accompanying financial forecasts are based on information and assumptions that were either provided by, or reviewed with and agreed to by, Airport management. Accordingly, the forecasts reflect management's expected course of action during the forecast period and, in management's judgment, present fairly the expected financial results of the Airport System.

The key factors and assumptions that are significant to the forecasts are set forth in the attachment, "Background, Assumptions, and Rationale for the Financial Forecasts." The attachment should be read in its entirety for an understanding of the forecasts and the underlying assumptions.

In our opinion, the assumptions underlying the financial forecasts provide a reasonable basis for the forecasts. However, any forecast is subject to uncertainties. Inevitably, some assumptions will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material. Neither Jacobs Consultancy nor any person acting on our behalf makes any warranty, express or implied, with respect to the information, assumptions, forecasts, opinions, or conclusions disclosed in the report. We have no responsibility to update this report for events and circumstances occurring after the date of the report.

* * * * *

We appreciate the opportunity to serve as the City's Airport Consultant in connection with this proposed financing.

Respectfully submitted,

Jacobs Consultancy

JACOBS CONSULTANCY

Attachment

BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS

City and County of Denver, Colorado

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CONTENTS

CONTENTS *(continued)*

CONTENTS *(continued)*

TABLES

FIGURES

FIGURES *(continued)*

EXHIBITS

AIRLINE TRAFFIC ANALYSIS

AIRPORT FACILITIES

Denver International Airport* occupies about 33,800 acres (53 square miles) of land approximately 24 miles northeast of downtown Denver. The passenger terminal complex is accessed via Peña Boulevard, a 12-mile dedicated Airport access road from Interstate 70. The Airport has six runways and a related system of taxiways and aircraft aprons. Four of the runways are oriented north-south and two are oriented east-west. Five runways are 12,000 feet long and 150 feet wide, and the sixth runway is 16,000 feet long and 200 feet wide, making it the longest commercial-service runway in North America.

The passenger terminal complex consists of a Landside Terminal and three airside concourses (A, B, and C). The Landside Terminal accommodates passenger ticketing, baggage claim, concessions, and other facilities and is served by terminal curbside roadways for public and private vehicles. Automobile parking is provided in two public parking garages adjacent to the Landside Terminal, surface parking lots, and remote shuttle bus lots. Spaces are also provided for employee parking.

Passengers travel between the Landside Terminal and Concourses A, B, and C via an underground automated guideway transit system (AGTS). In addition, a pedestrian bridge provides access to Concourse A. Concourses A, B, and C provide 92 parking positions (gates) for large jet aircraft and up to 64 parking positions for regional/commuter airline aircraft.

Concourse A has 30 gates, 8 of which can accommodate international narrowbody aircraft. Of the 30 gates on Concourse A, 22 are leased by AirTran Airways, Alaska Airlines, Continental Airlines, and Frontier Airlines.** Concourse B has 40 gates, all of which are leased by United Airlines. Concourse C has 22 gates, 20 of which are leased by US Airways, American Airlines, Delta Air Lines, Northwest Airlines, and Southwest Airlines.

AIRPORT ROLE

Denver International Airport has an important role in the national, State, and local air transportation systems and is the fifth busiest airport in the United States, in terms of total passengers (enplaned plus deplaned). The top-five ranking reflects the Airport's

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*Stapleton International Airport was Denver's primary air carrier airport prior to 1995. In this report, all airport data prior to 1995 are referred to as and included with that for Denver International Airport.

**Frontier filed for Chapter 11 bankruptcy protection on April 10, 2008, and continues to provide service at the Airport. Pursuant to the Frontier Stipulated Order, Frontier has assumed its Airport use and lease agreement leasehold for 17 gates on Concourse A.

(1) central geographic location, (2) large origin-destination (O&D) passenger base, (3) role as a hub for United and Frontier, (4) role as the ninth busiest airport in Southwest's system, and (5) the primary commercial service airport in Colorado.

Central Geographic Location

Located near the geographic center of the U.S. mainland, Denver has long been a major air transportation hub in the route system of United and other airlines, including Continental in the past and Frontier more recently. Denver's natural geographic advantage as a connecting hub location is enhanced by the capability of the Airport to accommodate aircraft landings and takeoffs in virtually all weather conditions. Figure 1 shows the central geographic location of the Denver hub compared with the locations of other U.S. hub airports.

Fifth Busiest U.S. Airport

According to statistics compiled by Airports Council International (ACI), in terms of total passengers (enplaned plus deplaned), the Airport was the fifth busiest airport in the United States in 2008, as shown in Table 1. The 10 largest U.S. passenger airlines, in terms of systemwide scheduled enplaned passengers,* all serve the Airport, providing service to 152 airport destinations, including 131 within the continental United States, 1 in Alaska, 4 in Hawaii, and 16 international destinations. All of the large domestic all-cargo airlines also provide regular service at the Airport.

Table 1

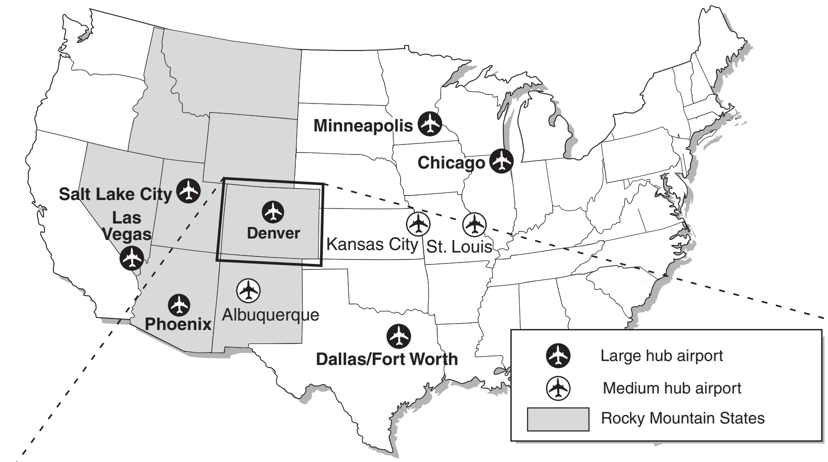
TOTAL PASSENGERS AT THE 10 BUSIEST U.S. AIRPORTS

Rank 2008	City (airport)	Total passengers (millions) *(a)* 2004	2005	2006	2007	2008	Average annual percent increase 2004-2008
1	Atlanta	83.6	85.9	84.8	89.4	90.0	1.9%
2	Chicago (O'Hare)	75.5	76.5	77.0	76.2	69.4	(2.1)
3	Los Angeles (International)	60.7	61.5	61.0	61.9	59.7	(0.4)
4	Dallas/Fort Worth	59.4	59.1	60.2	59.8	57.1	(1.0)
5	**Denver**	**42.4**	**43.4**	**47.3**	**49.9**	**51.3**	**4.9**
6	New York (John F. Kennedy)	37.5	41.9	43.8	47.7	47.8	6.3
7	Las Vegas (McCarran)	39.5	44.0	46.2	47.0	44.1	2.8
8	Houston (Bush)	36.5	39.7	42.6	43.0	41.7	3.4
9	Phoenix (Sky Harbor)	41.4	41.2	41.4	42.2	39.9	(0.9)
10	San Francisco	32.2	32.8	33.6	35.8	37.3	3.7
	Average for airports listed						1.4%

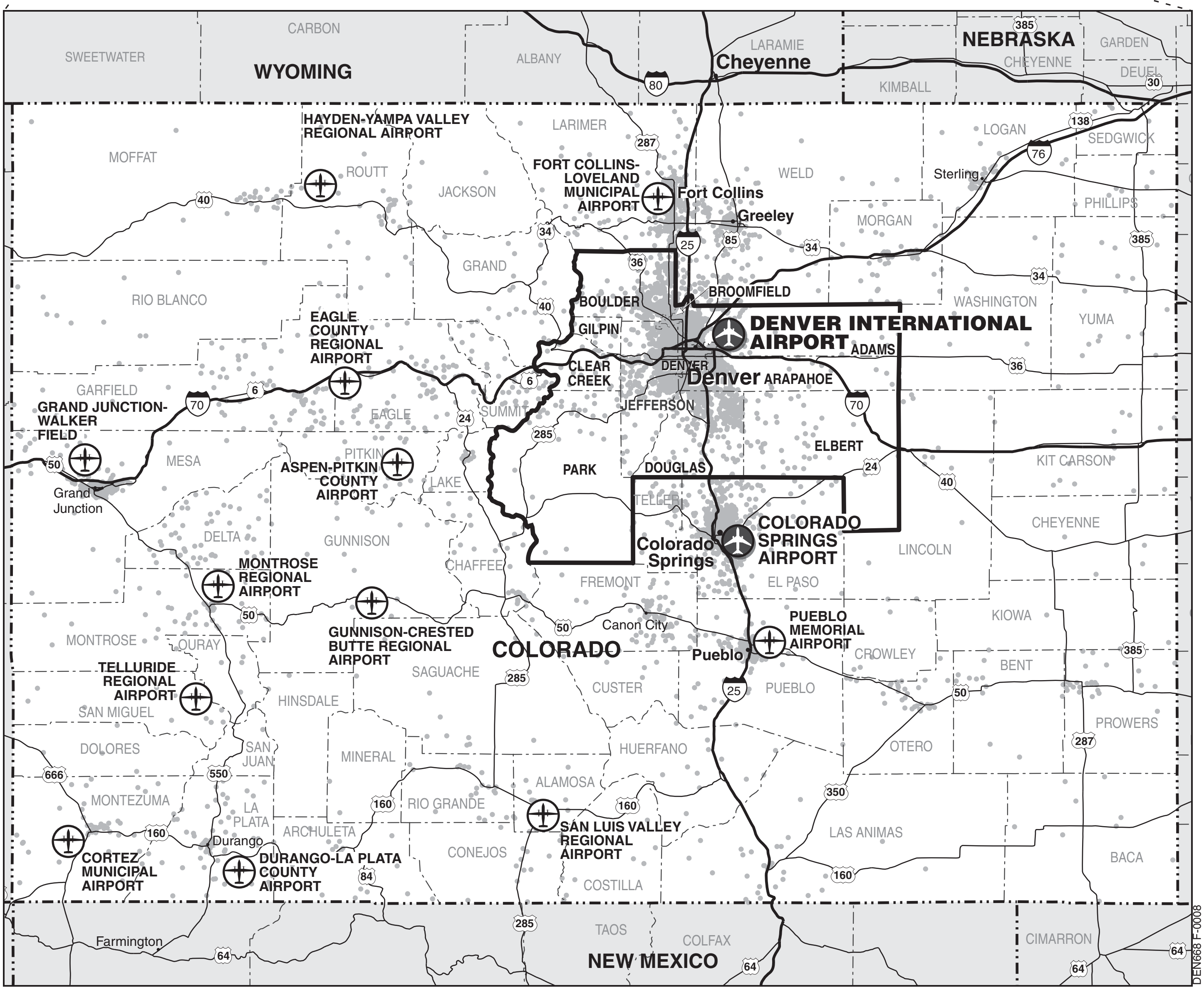
(a) Enplaned plus deplaned passengers.

Source: Airports Council International, *Worldwide Airport Traffic Report* and *North American Airport Rankings*, for years noted.

*U.S. Department of Transportation, Bureau of Transportation Statistics, www.bts.gov, accessed September 2009. Data are for January through June 2009.



Road miles from Denver to:	
Albuquerque	440
Aspen	160
Chicago	1,021
Colorado Springs	70
Dallas/Fort Worth	864
Gunnison	200
Kansas City	590
Las Vegas	760
Minneapolis	920
Oklahoma City	620
Phoenix	810
Salt Lake City	530
St. Louis	868
Vail/Eagle County	100



LEGEND

- Primary service region
- State boundary
- County boundary
- Passenger air carrier service
- Commuter service
- Population density: 1 dot equals 500 people

Source: U.S. 2000 Census data for population density.

Figure 1
DENVER AIRPORT SERVICE REGION
Denver International Airport
October 2009

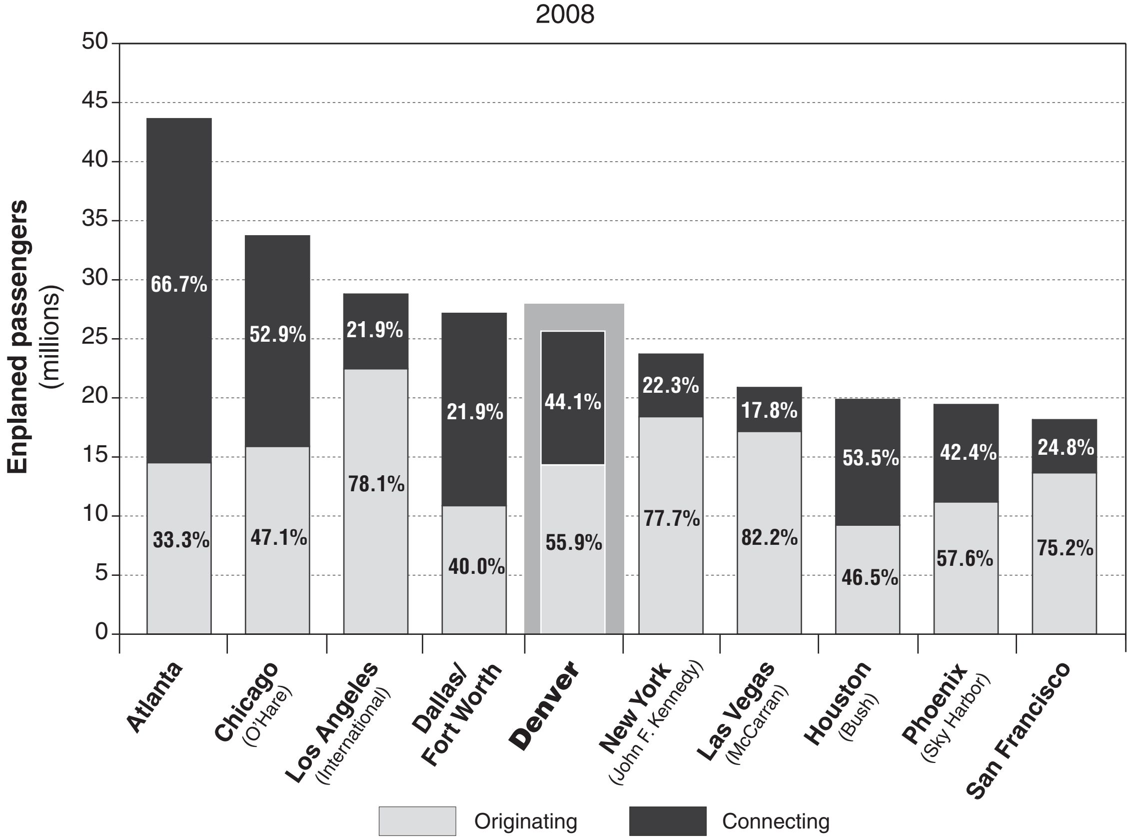
JACOBS CONSULTANCY

In 2008, approximately 44% of the approximately 25.7 million passengers enplaned at the Airport, or about 11.3 million passengers, connected from one flight to another, as shown on Figure 2. Of the 10 busiest domestic airports in terms of enplaned passengers, the Airport has the sixth largest share of originating passengers (56%), which reflects the strength of the Denver market and the Airport's role as the primary commercial-service airport in the State of Colorado, as discussed in the following sections.

Figure 2

ORIGINATING AND CONNECTING PASSENGERS AT THE 10 BUSIEST AIRPORTS

2008



Note: 2008 ranking based on Airports Council International, *North American Airport Rankings,* May 2009.

Sources: Denver—Airport management records.
All other airports—Connecting passengers: U.S. Department of Transportation, *Origin-Destination Survey of Airline Passenger Traffic*, online database, accessed May 2009.
Total enplaned passengers: U.S. Department of Transportation, Schedule T-100, online database, accessed May 2009.
Originating passengers: Derived from data for total enplaned and connecting passengers. Includes estimates of foreign-flag airline international originating passengers.

Large Origin-Destination Passenger Base

The Airport's large O&D passenger base is related to the strength of the Denver economy and supports the connecting hub operations of United and Frontier airlines and continued service development by Southwest Airlines. This large base of local passengers allows United and Frontier to (1) improve load factors and profitability and (2) maintain high frequencies for scheduling passenger connections and provides Southwest with a large market of both leisure and business travelers. The flights of 14.4 million passengers originated in Denver in 2008 (i.e., these originating passengers did not connect with another flight at the Airport).

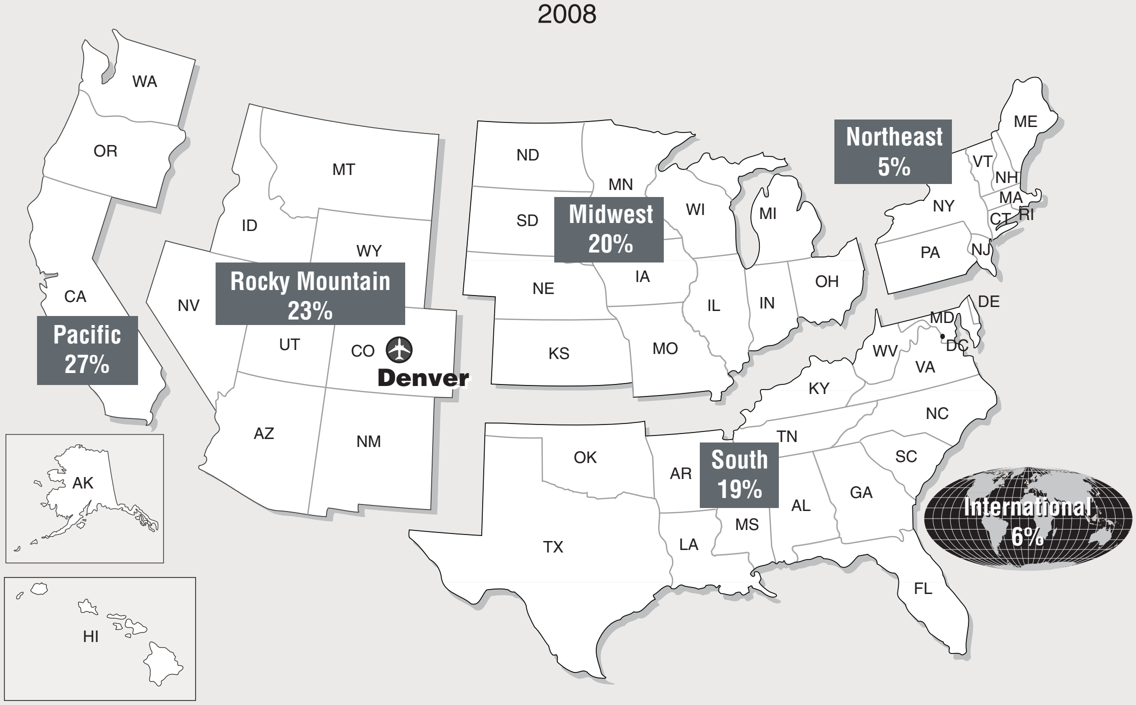
Hub for United and Frontier Airlines

As previously stated, the Airport serves as an important connecting hub in the route systems of both United and Frontier. As shown on Figure 3, the shares of passengers connecting through the Airport in 2008 reflect the Airport's central geographic location, with the western United States (states in the Rocky Mountain and Pacific regions) accounting for 50% of connecting passengers and the eastern United States (states in the Northeast, Midwest, and South regions) accounting for 44% of connecting passengers. The shares of connecting passengers for United and Frontier reflect the service patterns of each airline. United's shares of connecting passengers parallel those for the Airport as a whole, while Frontier's shares differ for some regions as a result of its regional route network. As shown in Table 2, the Airport accounts for the sixth highest number of daily scheduled seats at U.S. connecting hub airports in August 2009.

Figure 3

PASSENGERS CONNECTING THROUGH DENVER BY REGION

2008



Note: Data are for the origins of passenger journeys.

Source: U.S. Department of Transportation, *Origin–Destination Survey,* online database, accessed May 2009.

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Table 2

SCHEDULED AIRLINE SERVICE AT U.S. CONNECTING HUB AIRPORTS

August 2009

	Average daily scheduled seats			Busiest airline(s)		
City (airport)	Domestic	International	Total	Airline *(a)*	Average daily scheduled seats	Airline share of airport total
Atlanta	135,049	17,797	152,846	Delta	113,012	73.9%
				AirTran	29,572	19.3
Chicago (O'Hare)	98,092	20,465	118,557	United	55,707	47.0
				American	40,668	34.3
Los Angeles (International)	75,161	27,846	103,007	United	18,541	18.0
Dallas/Fort Worth	90,690	8,874	99,564	American	85,389	85.8
New York (Kennedy)	46,111	44,889	91,000	Jet Blue	23,634	26.0
				Delta	23,963	26.3
Denver	87,398	3,588	90,986	**United**	41,182	**45.3**
				Frontier	19,915	**21.9**
Houston (Bush Intercontinental)	55,591	15,195	70,786	Continental	60,803	85.9
Phoenix (Sky Harbor)	64,800	3,153	67,953	US Airways	31,991	47.1
				Southwest	22,863	33.6
San Francisco	52,953	14,933	67,886	United	26,788	39.5
Las Vegas (McCarran)	61,694	3,154	64,848	Southwest	30,057	46.3
New York (Newark Liberty)	41,973	21,675	63,648	Continental	44,672	70.2
Minneapolis/St. Paul	58,491	3,895	62,386	Delta	49,184	78.8
Charlotte	57,677	4,351	62,027	US Airways	54,290	87.5
Philadelphia	50,909	8,551	59,460	US Airways	38,866	65.4
Seattle-Tacoma	53,436	5,028	58,463	Alaska	27,802	47.6
Detroit (Metropolitan)	51,384	5,150	56,533	Delta	45,779	81.0
Miami	27,407	29,114	56,521	American	39,352	69.6
Boston	44,208	7,416	51,624	US Airways	10,826	21.0
New York (LaGuardia)	44,370	2,312	46,682	US Airways	14,705	31.5
Washington, D.C. (Dulles)	31,056	12,069	43,125	United	26,666	61.8
Salt Lake City	38,249	1,057	39,306	Delta	29,185	74.3
Washington, D.C. (Reagan National)	34,777	754	35,531	US Airways	8,691	24.5
Chicago (Midway)	34,002	363	34,364	Southwest	28,232	82.2
Honolulu	25,923	5,511	31,434	Hawaiian	14,748	46.9
St. Louis	25,427	295	25,722	American	8,757	34.0
Cincinnati/ Northern Kentucky	18,932	1,309	20,240	Delta	17,848	88.2
Memphis	19,597	551	20,148	Delta	17,196	85.3
Cleveland	18,190	737	18,926	Continental	12,363	65.3
San Juan	12,231	3,186	15,417	American	6,485	42.1
Guam	603	4,449	5,053	Continental	2,537	50.2

Notes: Rows may not add to totals shown because of rounding.
Delta merged with Northwest on October 29, 2008. The operations of the two airlines will be combined into a single entity upon issuance of a single operating certificate from the Federal Aviation Administration (FAA). Totals reported for Delta include seats on Northwest.

(a) Includes regional airline affiliates.

Source: Official Airline Guides, Inc., online database, accessed May 2009.

The Airport's Role in United's System. The United Airlines Group, which includes United mainline and the regional/commuter airline affiliates operating as United Express, accounted for 48.2% of the passengers enplaned at the Airport in 2008. (Ted, United's low-fare airline, stopped reporting its activity separately at the Airport in August 2008 and ceased operations on January 6, 2009.) From 2004 to 2008, the number of passengers enplaned by United at its Denver and San Francisco hubs remained relatively unchanged, as shown on Figure 4. A large share of the decreases during this period occurred between 2007 and 2008 as a result of airline capacity reductions, the national economic recession, and a decrease in consumer spending on airline travel. Chicago O'Hare and Los Angeles international airports experienced the largest decreases of 9.6% and 14.1%, respectively, between 2004 and 2008. United's Denver and San Francisco hubs experienced the smallest decreases in numbers of enplaned passengers of 0.9% and 1.7%, respectively, during this period. As shown on Figure 4, United's number of enplaned passengers at its Washington Dulles hub increased between 2004 and 2008, reflecting the continued development of the airline's hubbing operations at Dulles, particularly for international service.

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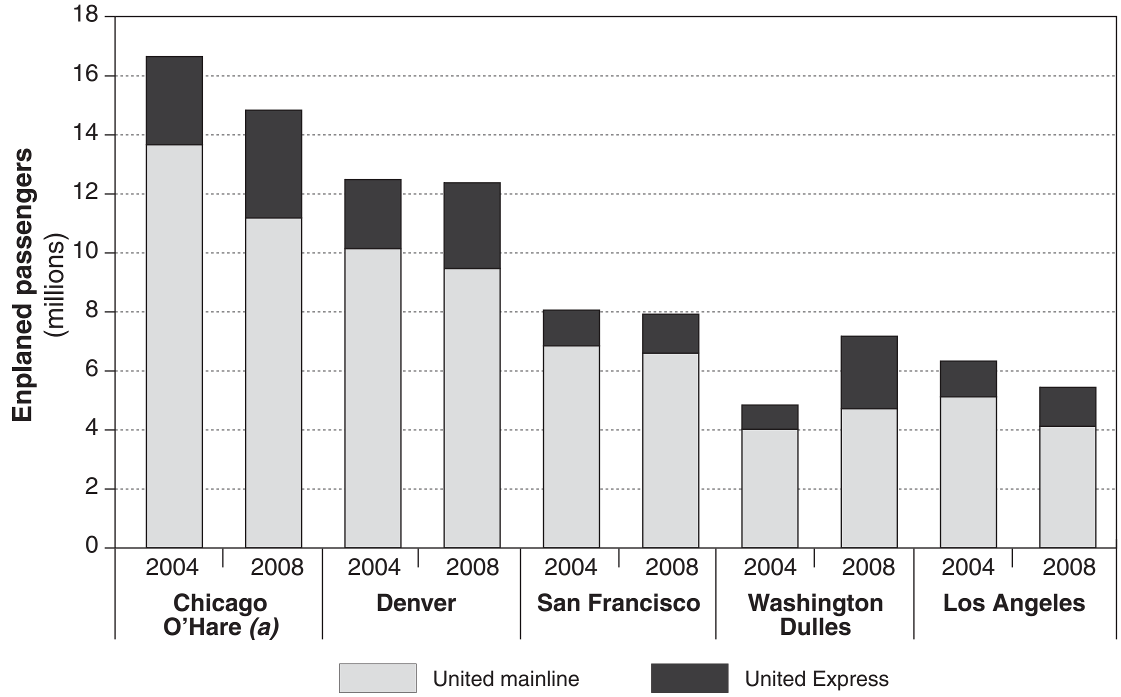
Figure 4

HISTORICAL ENPLANED PASSENGERS BY HUB
UNITED AIRLINES GROUP
2004 and 2008



Note: United mainline includes activity for Ted, which stopped reporting its activity separately at the Airport in August 2008 and ceased operations on January 6, 2009.

(a) U.S. Department of Transportation, Schedule T100, online database, accessed May 2009.

Source: Airport management records, except as noted.

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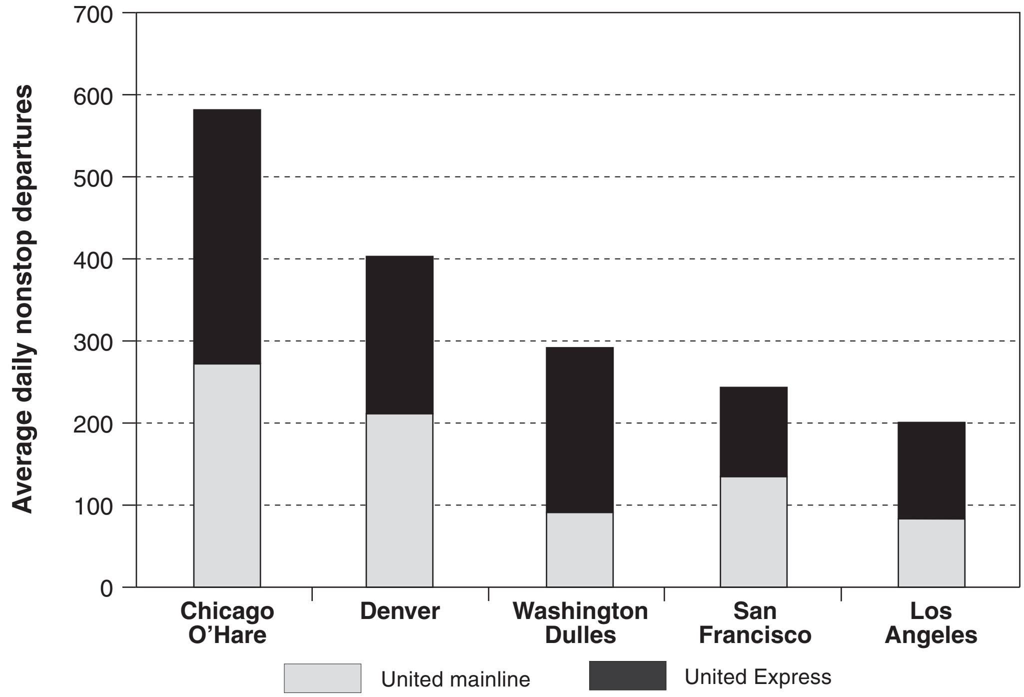
The use of regional airline affiliates has been part of an overall airline industry trend to outsource flights on short-haul and low-density routes to regional airline partners in order to optimize airline revenues. As shown on Figure 5, United's regional affiliates accounted for more than half of the total nonstop daily departures at three of its five hubs—Chicago O'Hare, Washington Dulles, and Los Angeles international airports in 2008, but no more than a third of total enplaned passengers as shown on Figure 4. Regional affiliates accounted for somewhat less than half of total nonstop daily departures at United's Denver and San Francisco hubs, but less than one fourth of total enplaned passengers. It is expected that United's revenue optimization strategies will vary each year, but the large number of regional airline affiliates at United's hubs—five United affiliates serve Denver—underlines the airline's continued plans to use United Express carriers and the continued role and development of the Airport as a connecting hub in United's system.

Figure 5

AVERAGE DAILY NONSTOP DEPARTURES AT HUB AIRPORTS
UNITED AIRLINES GROUP
2008



Note: United mainline includes activity for Ted, which ceased operations on January 6, 2009.

Source: Official Airline Guides, Inc., online database, accessed May 2009.

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Table 3 presents trends in the numbers of passengers enplaned by United Airlines Group at the Airport in 1995 and 2000 through the first 6 months of 2009. Between 1995, when the Airport opened, and 2000—the year prior to the 2001 terrorist attacks, and the national economic downturn—United increased its number of connecting passengers an average of 5.3% per year. From 2000 through 2008, United's number of connecting passengers at the Airport fluctuated, reflecting the national recovery from the 2001 events, United's emergence from Chapter 11 bankruptcy protection, and United's efforts to balance mainline domestic capacity and optimize its revenue performance.

Table 3

HISTORICAL ENPLANED PASSENGERS—UNITED AIRLINES GROUP

Denver International Airport

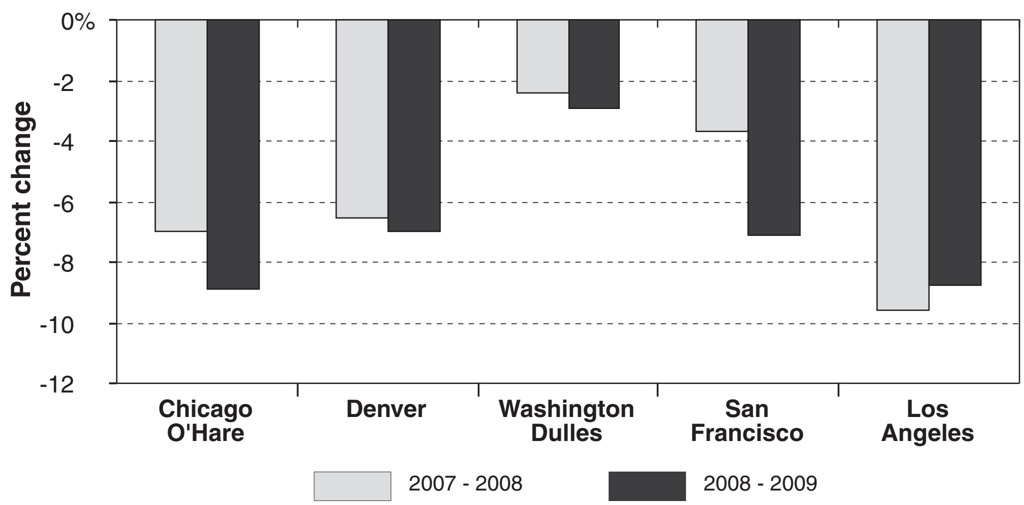
	Originating passengers	Annual percent increase (decrease)	Connecting passengers	Annual percent increase (decrease)	Total enplaned passengers	Annual percent increase (decrease)	Connecting percent of total
1995	5,215,773	--%	6,114,051	--%	11,329,824	--%	54.0%
2000	5,422,369	--%	7,915,705	--%	13,338,074	--%	59.3
2001	4,824,409	(11.0)	7,240,233	(8.5)	12,064,642	(9.5)	60.0
2002	3,907,030	(19.0)	7,255,448	0.2	11,162,478	(7.5)	65.0
2003	3,991,803	2.2	7,303,606	0.7	11,295,409	1.2	64.7
2004	4,489,565	12.5	7,989,301	9.4	12,478,866	10.5	64.0
2005	4,830,836	7.6	7,409,702	(7.3)	12,240,538	(1.9)	60.5
2006	5,461,372	13.1	7,885,944	6.4	13,347,316	9.0	59.1
2007	5,537,407	1.4	7,759,208	(1.6)	13,296,615	(0.4)	58.4
2008	4,997,559	(9.7)	7,374,208	(5.0)	12,371,767	(7.0)	59.6
January – June							
2008	2,639,890	--%	3,702,140	--%	6,342,030	--%	58.4
2009	2,132,489	(19.2)	3,586,280	(3.1)	5,718,769	(9.8)	62.7
	Average annual increase (decrease)						
1995-2000		0.8%		5.3%		3.3%	
2000-2008		(1.0)		(0.9)		(0.9)	
1995-2008		(0.3)		1.5		0.7	

Source: Airport management records.

In 2008, the number of United's connecting passengers at the Airport decreased 5.0%, reflecting system wide capacity reductions announced by United in June 2008 and initiated in the last quarter of 2008, as shown on Figure 6. In addition, the number of United's originating passengers at the Airport decreased 9.7% in 2008, as a result of the airline's system wide capacity reductions, the continued development of low-cost carrier* service at the Airport by Southwest, and the national economic recession that contributed to an overall softening of passenger demand nationwide. Overall, the total number of passengers enplaned by United at the Airport in 2008 decreased 7.0% compared with the number enplaned in 2007.

Figure 6

PERCENT CHANGE IN SCHEDULED DEPARTING SEATS
UNITED AIRLINES GROUP
2007 - 2009



Source: Official Airline Guides, Inc., online database, accessed May 2009.

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Table 4 presents a comparison of connecting passenger trends for the United Airlines Group at the Airport and at United's other hub airports from 2004 through 2008. As shown, United Airlines Group's numbers of connecting passengers decreased between 2004 and 2008 at three of its five hub airports—Chicago O'Hare, Denver, and Los Angeles international airports—and reflect the reductions in airline seating capacity in 2008. United's connecting passenger traffic increased at its hubs in San Francisco and Washington (Dulles) international airport hubs.

*A "low-cost carrier" is defined in the later section "Low-Cost Carrier Market Shares."

Table 4

CONNECTING PASSENGERS BY HUB—UNITED AIRLINES GROUP

United Airlines Group Hub	2008 Connecting passengers (millions)	2008 Percent of enplaned passengers	Average annual percent increase (decrease) 2004-2008
Chicago O'Hare International Airport	9.7	63%	(4.3%)
Denver International Airport	**7.4**	**60**	**(2.0)**
Washington Dulles International Airport	3.9	60	5.5
San Francisco International Airport	3.7	47	0.1
Los Angeles International Airport	2.5	44	(2.8)

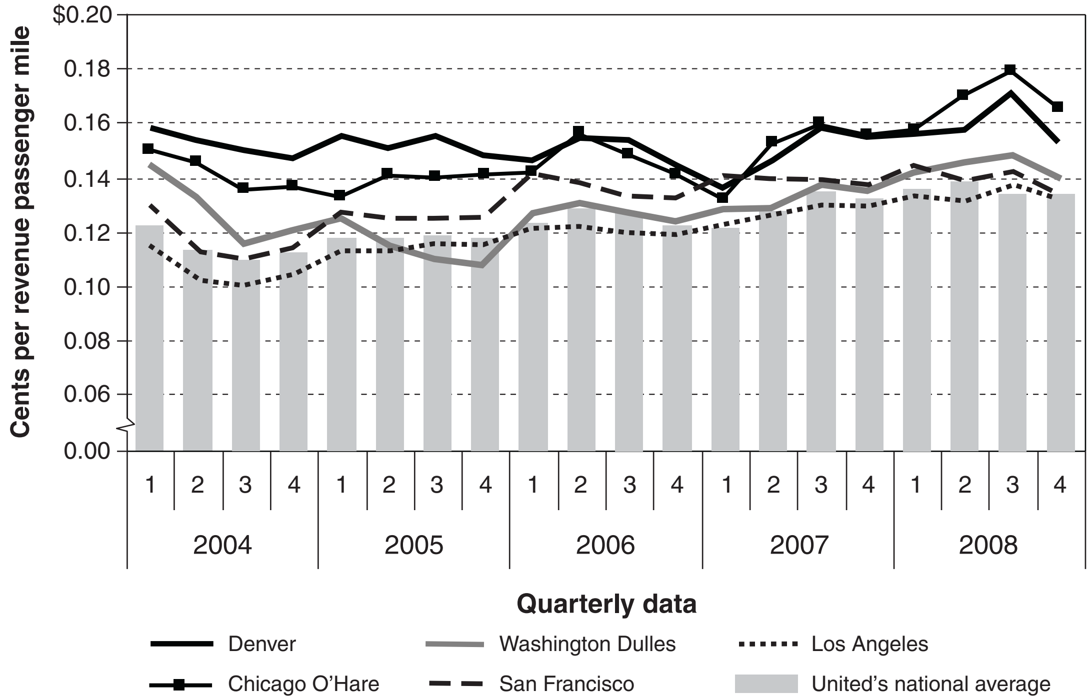
Sources: Denver International Airport: Airport management records.
Other airports: U.S. Department of Transportation, *Origin-Destination Survey of Airline Passenger Traffic, Domestic,* and *T100,* online databases, accessed May 2009.

Figure 7 summarizes comparative United mainline yields (cents per revenue passenger mile) at United's hub airports. Since 1995, United has generally realized the highest yield at Denver International Airport compared with its other hub airports and national average. In recent years, the average yield for United at Denver has been less than that for its Chicago O'Hare hub as a result of the addition of low-cost service by Southwest Airlines at Denver. In 2008, low-cost carriers accounted for 37% of total passenger traffic at Denver, compared with a 1% share at Chicago O'Hare International Airport, and contributed to lower yields in many Denver markets. United's yields at Denver continue to remain higher than United's national average (approximately 13% higher in 2008) and for its other hub airports, even though Denver has a larger share of low-cost carriers (37%) compared with the shares at its other hubs--13% at Washington Dulles International, 15% at Los Angeles International, and 16% at San Francisco International.

United's mainline yield at Denver and its other hub airports decreased between the third and fourth quarters of 2008, reflecting the effects of the national economic recession and the financial crisis which dampened the demand for airline travel by business and leisure travelers. In addition, the relatively high third quarter 2008 yields—in comparison to fourth quarter 2008 and earlier quarter yields—are related to rising fuel prices in 2008 which contributed to increases in airline costs. Historically, United's mainline yield decreased or remained relatively unchanged between the third and fourth quarters of the year.

Figure 7

UNITED MAINLINE DOMESTIC YIELDS BY HUB AND NATIONWIDE



Source: U.S. Department of Transportation, *Origin-Destination Survey of Airline Passenger Traffic, Domestic,* online database, accessed April 2009.

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The Airport's Role in Frontier's System. The Airport is the only hub in Frontier Airlines' system and accounts for nearly half of the airline's scheduled departing seats. Because Frontier operates only one hub, no airport, other than its Denver International Airport hub accounts for more than 5% of the airline's total system seats. As a result, Frontier is sensitive to changes in the Denver market, including service and fare competition on its Denver routes. Frontier is also susceptible to adverse weather conditions and other traffic delays in the Rocky Mountain region that may affect it more than other airlines that may be better able to spread the traffic risks over larger route networks. Table 5 presents passenger trends for Frontier and its regional affiliates and, in particular, the growth in Frontier's connecting activity at the Airport.

Table 5

HISTORICAL ENPLANED PASSENGERS—FRONTIER AIRLINES
Denver International Airport

	Originating passengers	Annual percent increase (decrease)	Connecting passengers	Annual percent increase (decrease)	Total enplaned passengers	Annual percent increase (decrease)	Connecting percent of total
1995	270,712	--%	27,265	--%	297,977	--%	9.2%
2000	1,187,597	--%	339,122	--%	1,526,719	--%	22.2
2001	1,140,000	(4.0)	417,592	23.1	1,557,592	2.0	26.8
2002	1,259,053	10.4	700,708	67.8	1,959,761	25.8	35.8
2003	1,799,766	42.9	929,474	32.6	2,729,240	39.3	34.1
2004	2,090,471	16.2	1,430,520	53.9	3,520,991	29.0	40.6
2005	2,277,628	9.0	1,939,431	35.6	4,217,059	19.8	46.0
2006	2,785,288	22.3	2,118,943	9.3	4,904,231	16.3	43.2
2007	3,238,732	16.3	2,429,761	14.7	5,668,493	15.6	42.9
2008	3,295,331	1.7	3,235,775	33.2	6,531,106	15.2	49.5
January – June							
2008	1,719,807	--%	1,605,892	--%	3,325,699	--%	48.3
2009	1,411,927	(17.9)	1,424,642	(11.3)	2,836,569	(14.7)	50.2
		Average annual increase					
1995-2000		34.4%		65.6%		38.7%	
2000-2008		13.6		32.6		19.9	
1995-2008		21.2		44.4		26.8	

Note: Includes data for Frontier's regional affiliates.

Source: Airport management records.

From 1995 to 2000, the number of passengers enplaned by Frontier at the Airport increased more than fivefold, with originating passengers accounting for most of the total (77.8% in 2000). Since 2000, the total number of passengers enplaned at the Airport by Frontier has continued to grow—an average increase of 19.9% per year between 2000 and 2008—with connecting passengers accounting for an increasing share of the total (49.5% in 2008). In 2006, the first year of Southwest service at the Airport, and in 2007, Frontier's originating passenger traffic increased 22.3% and 16.3%, respectively, as the airline responded to Southwest's service by decreasing fares; the number of Frontier's passengers connecting through Denver increased, but at much slower rates than in previous years.

On April 10, 2008, Frontier Airlines Holdings, Inc., filed voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code. This action followed an attempt by Frontier's principal credit card processor to substantially increase a "hold-back" of customer receipts, which threatened to affect Frontier's liquidity. Notwithstanding Frontier's Chapter 11 status, the number of passengers enplaned by Frontier at the Airport increased 15.2% in 2008, with stronger growth in the numbers of connecting passengers (33.2%) than in originating passengers (1.7%), reflecting the development of service between the Airport and destinations in the Rocky Mountain region. However, during the first 6 months of 2009, the number of passengers enplaned by Frontier at the Airport decreased 14.7% compared with the same period of 2008, reflecting dampened demand for airline travel related to the national economic recession and seating capacity reductions initiated by Frontier in the last quarter of 2008.

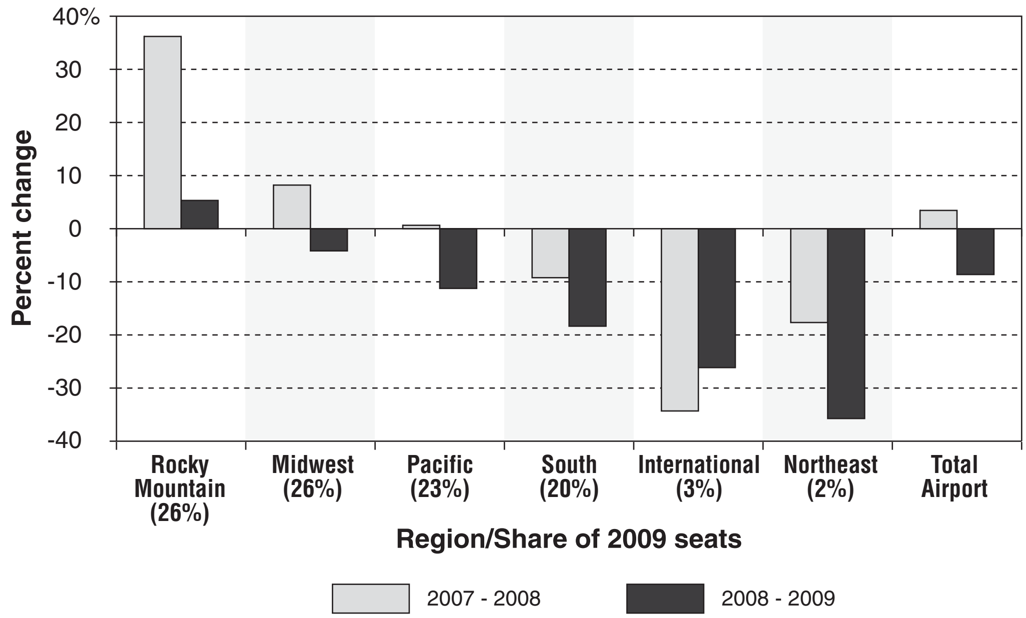
Frontier's reorganization plan has included the sale of several smaller Airbus aircraft, the termination of its capacity purchase agreement with Republic Airlines for the use of E170 aircraft, the cancellation of poorly performing non-Denver point-to-point routes, the redeployment of aircraft to core Denver markets, and the adjustment of frequencies in certain markets to improve Frontier's competitive position. These changes have allowed Frontier to strengthen connecting flow opportunities through the Airport, reflected in the 33.2% increase in the airline's number of connecting passengers between 2007 and 2008.

Frontier has strengthened its role as a Denver-based regional airline by increasing seating capacity from the Airport to destinations in the Rocky Mountain region, as shown on Figure 8. Much of the increased seating capacity to the Rocky Mountain region occurred through the development of service by Lynx Aviation, Frontier's regional airline affiliate and subsidiary. Frontier formed Lynx Aviation in September 2006 to serve under-served markets in Colorado and the Rocky Mountain region using 10 Q400 turboprop aircraft, each with a seating capacity of 74. In August 2009, Lynx served a total of 13 markets from the Airport (8 in the Rocky Mountain region, 3 in the Midwest, and 2 in the South) with an average of 38 daily departures.

The domestic yields for Frontier Airlines (excluding its regional affiliates) at the Airport have remained lower than those for United. Since 2004, the differences between Frontier and United yields have varied,—from 8% to 17% in any given year. In 2008, the domestic yield for Frontier at the Airport was 13.2 cents per revenue-passenger-mile, compared with 16.0 cents for United and 14.7 cents for all airlines nationwide.

Figure 8

PERCENT CHANGE IN SCHEDULED DEPARTING SEATS
FRONTIER AIRLINES
Denver International Airport



Note: Includes activity for regional affiliates
Source: Official Airline Guides, Inc., online database, accessed May 2009.

Frontier Airlines reported an operating profit for 9 consecutive months (November 2008 through July 2009). On August 13, 2009, Republic Airways Holdings purchased the parent company of Frontier Airlines and Lynx Aviation under procedures established in Frontier's Chapter 11 bankruptcy proceedings. On September 10, 2009, the bankruptcy court issued an order confirming Frontier's Plan of Reorganization. On October 1, 2009, Republic Airways Holdings completed its acquisition of Frontier which allowed Frontier to emerge from Chapter 11 bankruptcy protection. According to representatives of Republic Airways Holdings and Frontier Airlines, the acquisition has received antitrust clearance and allows Frontier and Lynx to maintain normal operations as a subsidiary of Republic Airways Holdings. Republic Airways Holdings owns Midwest Airlines (based in Milwaukee) and a number of regional airlines (Chautauqua Airlines, Mokulele Airlines, Republic Airlines, and Shuttle America).

As of the date of this report, it is not known what effect—if any—the purchase by Republic Airways Holdings will have on the long-term operations and presence of Frontier and Lynx at the Airport, or how the flights of both airlines will integrate—if at all—with the operations of Republic Airways Holdings and its operating subsidiaries, including Midwest Airlines and Shuttle America (which operates as an United Express affiliate at the Airport). For purposes of the airline traffic forecasts presented in this report and consistent with statements made by representatives of Frontier Airlines, it was assumed that there would be no material change in the level of airline traffic by Frontier and Lynx at the Airport during the forecast period.

Ninth Busiest Southwest Airlines Airport

In 2009, Denver accounts for 3.5% of total scheduled departing seats in Southwest's system, making it the ninth busiest airport in its system. Since January 2006, when Southwest re-established service in Denver,* Southwest has added nonstop service between Denver and a total of 31 cities, as shown on Figure 9. Southwest served 10 cities from Denver in 2006, 16 cities in 2007, and 29 cities in 2008, and is serving 31 cities in 2009. The central geographical location of Denver provides Southwest with point-to-point access to all of the 67 airports it currently serves, as well as to Southwest's new service at New York LaGuardia Airport and Boston-Logan International Airport in June 2009 and August 2009, respectively. Southwest recently announced new service at Milwaukee's General Mitchell International Airport tentatively scheduled to begin in late 2009.

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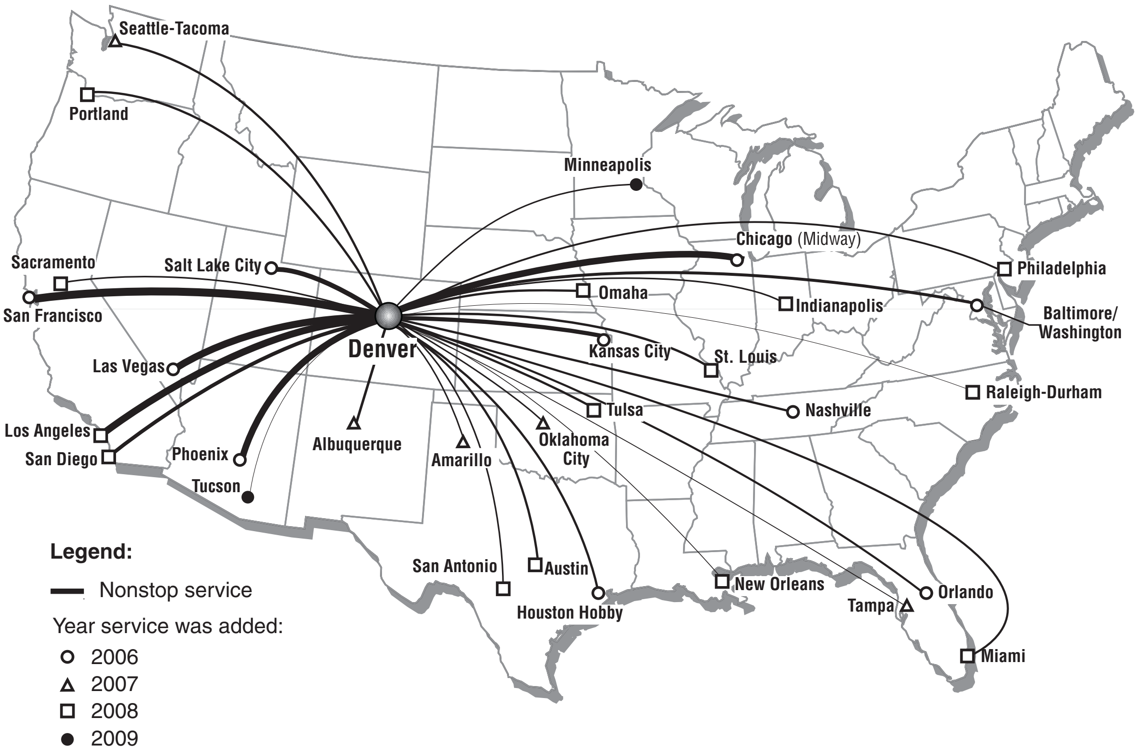
*Southwest served the Airport from 1983 to 1986 with flights to Albuquerque and Phoenix.

Figure 9

SOUTHWEST AIRLINES NONSTOP SERVICE

Denver International Airport



Note: The weight of the line corresponds to the relative share of scheduled departing seats in each market in 2009.

Source: Official Airline Guides, Inc., online database, accessed May 2009.

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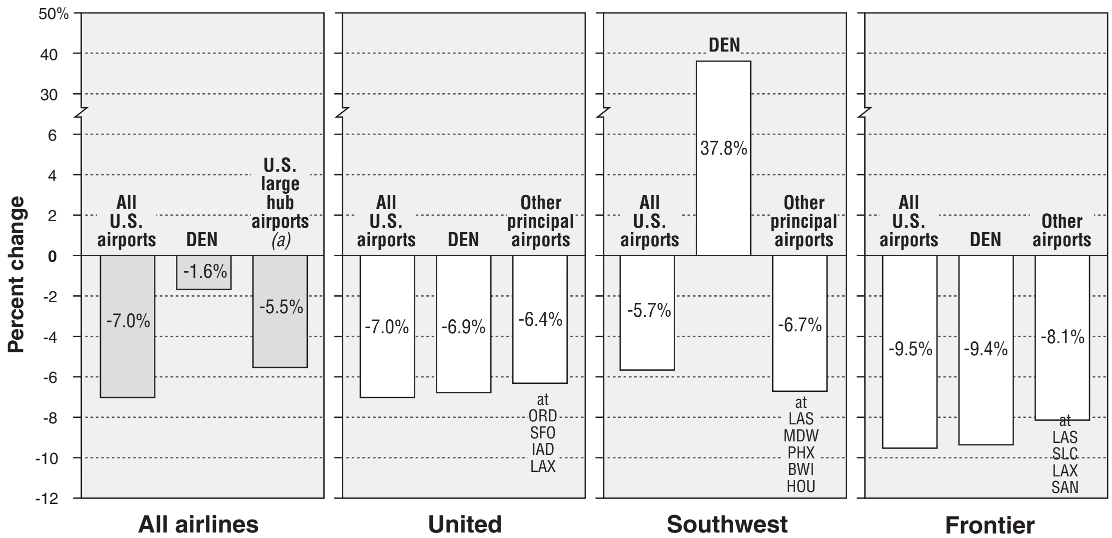
Southwest's strong and continued growth in service at the Airport has offset capacity reductions by the other airlines, as shown on Figure 10. It is important to note that the buildup in Southwest's service at the Airport coincides with a 6% reduction in its system seating capacity in 2009 and emphasizes the important future role of the Airport in Southwest's system.

Figure 10

YEAR-OVER-YEAR PERCENT CHANGE IN SCHEDULED SEAT CAPACITY

For the 12 months ended December 31, 2008 and 2009



Note: Percent change in total scheduled departing seats (domestic and international), January - December 2009 versus the same months in 2008.

(a) As defined by the FAA for 2007.

Source: Official Airline Guides, Inc., online database, accessed July 9, 2009.

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Primary Commercial Service Airport in Colorado

Of the 14 commercial service airports in Colorado, Denver International Airport is the primary airport, accounting for more than 90% of the passengers enplaned, as shown earlier on Figure 1 and in Table 6 on the following page. Colorado Springs Airport, a small-hub airport 70 miles south of the Airport, principally serves local demand; originating passengers accounted for about 97% of total enplaned passengers at Colorado Springs Airport in 2008. Approximately 1.0 million passengers were enplaned and 50 scheduled daily aircraft departures were provided at Colorado Springs Airport in 2008, compared with 25.7 million passengers enplaned and 822 scheduled daily aircraft departures provided at Denver International Airport in the same year.

Table 6

COLORADO COMMERCIAL SERVICE AIRPORTS
2008

Colorado airport	Aircraft type used to serve Denver	Enplaned passengers
Denver International	**--**	**25,650,243**
Colorado Springs	Regional jet/turboprop	1,005,898
Grand Junction-Walker Field	Regional jet/turboprop	219,562
Aspen-Pitkin County	Regional jet/turboprop	216,500
Eagle County Regional	Large jet/turboprop	211,773
Hayden-Yampa Valley Regional	Large jet/regional jet/turboprop	137,437
Durango-La Plata County	Regional jet/turboprop	134,751
Montrose Regional	Large jet/turboprop	86,180
Gunnison-Crested Butte Regional	Large jet/regional jet/turboprop	36,566
Fort Collins-Loveland Municipal	-- *(a)*	31,729
Telluride Regional	Turboprop	13,173
Cortez Municipal	Turboprop	8,607
San Luis Valley Regional	Turboprop	7,848
Pueblo Memorial	Turboprop	7,368
Total Colorado airports		27,767,635

(a) The only service provided at this airport is by Allegiant Air to Las Vegas.

Sources: U.S. Department of Transportation, T-100 domestic; Denver International Airport records, Official Airline Guides, Inc., online database.

Airport Service Region

The primary Airport service region, both in terms of population and geography, is defined as the Denver Metropolitan Area. The population densities in the State of Colorado underline the importance of this region, as shown earlier on Figure 1. The Denver Metropolitan Area includes the Denver-Aurora Metropolitan Statistical Area (MSA), consisting of Adams, Arapahoe, Boulder, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson, and Park counties, and the Boulder MSA, consisting of Boulder County.

The secondary region served by the Airport, which includes many of the counties surrounding the Denver Metropolitan Area, is defined by the location of (and the airline service provided at) other large- and medium-hub air carrier airports. The nearest such airports are in Albuquerque (440 miles to the south), Salt Lake City (530 miles to the west-northwest), Kansas City (590 miles to the east), Las Vegas (760 miles to the west-southwest), and Phoenix (810 miles to the southwest). The location of the Airport and its primary service region, with access to the interstate highway system and major rail lines, as well as its extensive airline service, have helped attract the regional and national headquarters of businesses and government agencies to the region.

The following sections of the airline traffic analysis present a review of (1) the economic basis for airline traffic, including socioeconomic, local industry, and other factors that contribute to passenger and cargo demand at the Airport, (2) historical airline traffic, including originating and connecting passengers and a review of air cargo activity at the Airport, (3) the key factors that will affect future airline traffic, both at the Airport and nationwide, and (4) forecasts of airline traffic at the Airport through 2015, including enplaned passengers and aircraft landed weight. In this context, passenger airline traffic primarily refers to the O&D traffic generated by the regional residents and visitors who travel through the Airport. Connecting traffic, in contrast, is affected by the financial health and routing decisions of the hubbing airlines, which, in turn, are affected by national and global economic conditions.

ECONOMIC BASIS FOR AIRLINE TRAFFIC

The economy of an airport service region is a major factor affecting long-term airline traffic at the airport serving the region. Generally, regions with large populations, high levels of employment, and high average per capita incomes will generate a high demand for airline travel. The demographics and economy of the region—as measured by changes in population, employment, and per capita income,—as well as airline service and airfares—are typically the most important factors affecting O&D passenger demand. In 2008, approximately 56% of the Airport's passengers were O&D passengers; the remaining 44% were connecting passengers. Connecting passenger traffic is determined more by the route network decisions of the hubbing airlines, as discussed in the section titled "Airport Role." The Airport's role as a connecting hub results, in part, from its geographic location and, in part, from the route network decisions of United and Frontier airlines.

The economic outlook for the United States, the State of Colorado, and the Denver Metropolitan Area forms a basis for anticipated growth in airline traffic at the Airport. In the following section, projections prepared by national, State, and regional agencies are summarized for (1) the short-term (through 2010) and (2) the long-term (through 2015). The national economic projections presented are the most current projections available and include an assessment of the ongoing national economic recession as well as long-term growth rates. In contrast, at the State and regional levels, single projections that include both short- and long-term outlooks are not available. Therefore, two types of State and regional projections are presented: (1) short-term projections for 2009 and 2010 that consider the effects of the national economic recession but do not provide expectations for long-term growth, and (2) long-term projections of economic growth that do not include an assessment of the national economic recession. The economic and other assumptions underlying the forecasts of enplaned passengers are based on a review of national, State, and regional economic outlooks as well as an analysis of historical socioeconomic trends and are presented in the section titled "Airline Traffic Forecasts."

Economic Outlook

Economic activity in the Denver Metropolitan Area and the State is directly linked to the production of goods and services in the rest of the United States. Both airline travel and the movement of cargo through the Airport depend on the economic linkages between and among the regional, State, and national economies.

U.S. Economy. While the short-term economic outlook is negative, the U.S. economy exhibits generally favorable medium- and long-term outlooks through 2015. The downturn in the U.S. economy began with a contraction in the real estate markets combined with a surge in energy and other commodity prices in 2006. As the economy weakened, financial markets began to show signs of stress during the summer of 2007, as the value of investment securities and other financial assets that were backed by real estate properties were adversely affected by the decline in real estate prices. During the first half of 2008, sub-prime mortgage-related problems with some large investment and commercial banks triggered a financial system crisis in the United States.

During the second half of 2008, the key indicators of U.S. economic performance changed significantly. U.S. gross domestic product (GDP), in 2005 dollars, decreased at a seasonally adjusted annual rate of 2.7% during the third quarter of 2008, followed by a 5.4% decrease in the fourth quarter of 2008.* National unemployment rates increased from 5.8% in July 2008 to 7.2% in December 2008, reflecting the loss of 2.3 million U.S. jobs during the second half of 2008. Crude oil prices fell from a peak of $147 per barrel in July 2008 to $40 per barrel in December 2008, contributing to declines in consumer prices. U.S. industries reported significant financial losses and announced employee layoffs in the second half of 2008. In December 2008, Congress approved $17.4 billion in loan guarantees for the U.S. automobile industry to help mitigate the challenges of the credit crisis and the global slowdown in car sales.

In October 2008, the U.S. Congress passed the Emergency Economic Stabilization Act of 2008, which provided for a government bailout of troubled banks. Overall U.S. economic activity during the first quarter of 2009 continued to contract. U.S. GDP decreased at a seasonally adjusted annual rate of 6.4% during the first quarter of 2009, accompanied by an increase in the national unemployment rate to 8.5% in March 2009. Oil prices remained low and downward pressure on consumer prices

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*In July 2009, the U.S. Department of Commerce, Bureau of Economic Analysis released a comprehensive revision of the national income and product accounts (NIPA) from which the GDP estimates are derived. The revision incorporates new data, changes in methodology and definitions, and reports GDP in 2005 dollars (compared with previous estimates in 2000 dollars).

continued. During the first quarter of 2009, an additional 2.1 million U.S. jobs were lost.

During the second quarter of 2009, U.S. GDP decreased at a seasonally adjusted rate of 1.0%, a smaller decline than projected by national economists in the public and private sectors. The losses in employment, however, were larger than expected during the second quarter of 2009, with an additional 1.3 million U.S. jobs lost. As a result, the U.S. unemployment rate increased to 9.4% in June 2009. Oil prices increased during the second quarter of 2009, contributing to a slight increase in consumer prices. U.S. home prices showed signs of improvement in the second quarter of 2009, according to Standard and Poor's/Case-Shiller Home Price Index. The U.S. National Home Price Index—which covers all nine U.S. census divisions—decreased 14.9% in the second quarter of 2009 compared with the second quarter of 2008. While this is still a substantial decrease, it is an improvement over the record decline of 19.1% reported in the first quarter of 2009.

The financial crisis was one of the triggers of the U.S. recession, the depth and duration of which will be influenced by a number of factors, such as the magnitude of the decline in the real estate sector and its effects on the rest of the economy, the degree of inflationary pressures that have been building over the past 2 years, changes in the fiscal and trade deficits, and the relative strength of the U.S. dollar versus other currencies. The spillover effects from the U.S. recession and financial crisis have also weakened the economies of other countries. In April 2009, the International Monetary Fund (IMF) declared a global economic recession, the fourth since World War II. The IMF defined a global economic recession as a decline in real per-capita world GDP. Based on a review of other global macroeconomic indicators such as industrial production, trade, capital flows, oil consumption and unemployment, the IMF forecasts a 2.5% decrease in real per capita world GDP in 2009.

The Congressional Budget Office (CBO) prepared updated economic projections in August 2009 (replacing its March 2009 projections) to reflect larger than anticipated decreases in the employment, a smaller decrease in real GDP in 2009 than previously expected, and a weaker recovery in 2010 and 2011 than previously projected. In its August 2009 projections, the CBO anticipated that a recovery begins to take hold in mid-2010, as the drawdown of inventories ends, housing investment begins to recover, and business investment responds to the improvement in overall economic activity. In addition to reflecting short-term economic conditions, the CBO's August 2009 projections also incorporate the mid-range estimates of the American Recovery and Reinvestment Act's (ARRA) impact on GDP and employment. The CBO's August 2009 projections were based on the assumption that the Federal Reserve and the Treasury, along with the Federal Deposit Insurance Corporation (FDIC), will continue to address the problems in financial markets.

The CBO projections for March and August 2009 are presented in Table 7. The CBO 2009 projections anticipate that four factors will contribute to a modest turnaround in the second half of 2009:

- Fiscal stimulus provided under ARRA
- Improved conditions in financial markets, attributable in part to monetary policy and other actions by the Federal Reserve, the Treasury Department, and the FDIC
- Smaller decreases in residential and business investment
- A slowing in the rate that inventories are being drawn down

The CBO does not predict cyclical movements in the U.S. economy beyond 2010. Therefore, the CBO projections for 2009 through 2015 reflect its near-term projections for 2009 and 2010 and its long-term expectations for economic growth. As shown in Table 7, the CBO's long-term projections (from 2008 through 2015) reflect:

- Real GDP averaging of 2.5% per year from 2008 through 2015.
- Inflation averaging 1.9% annually from 2008 through 2015, well below the historical average of 3.5%. While U.S. inflation has trended up during the past 5 years, mostly as a result of high global demand for commodities, reaching 4.4% in 2008, the recession is expected to result in lower inflation from 2010 through 2015.

Table 7 also presents a comparison of the CBO projections with the projections presented in the *Blue Chip* Consensus and the Federal Reserve Board (FRB), Federal Open Market Committee (FOMC) published July 15, 2009. The *Blue Chip* Consensus is the average of about 50 forecasts by private-sector economists. The FOMC economic projections reflect the input of its participants based on their assumptions regarding factors likely to affect economic outcomes and appropriate monetary policy, expressed as a range of potential outcomes in Table 7. Consistent with the August 2009 CBO projections, both the *Blue Chip* Consensus and the FRB projections reflect the effects of fiscal stimulus and Federal Reserve measures to provide support to credit markets. The long-term growth rates for each of three projections (through 2015) do not include assumptions regarding further economic and other shocks.

Table 7

U.S. ECONOMIC PROJECTIONS
2009-2015

	Average annual percent increase (decrease)			
	Historical	Projected		
	1980-2008	2008-2009	2009-2010	2008-2015
Real GDP				
CBO (August 2009)	3.0%	(2.5%)	1.7%	2.5%
CBO (March 2009)		(3.0)	2.9%	2.6%
Blue Chip Consensus		(2.6)	2.3	2.6
FOMC		(1.6) – (0.6)	0.8 – 4.0	2.4 – 2.8
CPI-U				
CBO (August 2009)	3.5%	(0.5%)	1.7%	1.9%
CBO (March 2009)		(0.7)	1.4	1.7
Blue Chip Consensus		(0.5)	1.9	2.5
	Calendar year average rates			
Unemployment rate (percent)				
CBO (August 2009)	6.1% *(a)*	9.3%	10.2%	4.8% *(b)*
CBO (March 2009)		8.8	9.0	4.9 *(b)*
Blue Chip Consensus		9.3	9.9	5.5 *(c)*
FOMC		9.7 – 10.5	8.5 – 10.6	4.5 – 6.0
3-Month Treasury Bill rate				
CBO (August 2009)	5.6% *(a)*	0.2%	0.6%	4.7% *(b)*
CBO (March 2009)		0.3	0.9	4.7 *(b)*
Blue Chip Consensus		0.2	0.7	4.2 *(c)*
10-Year Treasury Note rate				
CBO (August 2009)	7.4% *(a)*	3.3%	4.1%	5.5% *(b)*
CBO (March 2009)		2.9	3.4	5.5 *(b)*
Blue Chip Consensus		3.4	4.1	5.4 *(c)*

CBO= Congressional Budget Office
CPI-U = Consumer price index for all urban consumers
FOMC = Federal Reserve Board, Federal Open Market Committee
GDP = Gross Domestic Product

Note: The Blue Chip Consensus is the average of about 50 forecasts by private-sector economists.

(a) Represents the average from 1980 through 2008.
(b) Level in 2015.
(c) Represents the annual average from 2016 through 2020.

Sources: Congressional Budget Office, *The Budget and Economic Outlook, An Update*, August 2009 (including data for the Blue Chip Consensus forecasts). Federal Reserve Board, Federal Open Market Committee, *Summary of Economic Projections*, June 23-24, 2009, published July 15, 2009.

Colorado Economy. The Colorado economy is experiencing the effects of the national economic recession, with employment, consumer spending, personal income, and construction activity contracting. In 2008, employment growth in the State slowed, but remained positive (an increase of 0.8%), compared with a decrease in the nation as a whole (0.4%). In July 2009, the unemployment rate (unadjusted) in Colorado was 7.7%, lower than the unadjusted national average (9.7%) but higher than the State rate 6 months earlier, in September 2008 (4.9%). In contrast to the nation as a whole, Colorado, as well as the Denver Metropolitan Area, did not experience the housing market bubble evident in other states and metropolitan areas. While Colorado home values did not rapidly appreciate over the past decade, they also did not exhibit the large decreases associated with the sub-prime mortgage crisis. As a result, Colorado has maintained a comparatively healthy housing market largely resulting from the stability of home prices over time. According to the March 2009 economic outlook prepared by the Colorado Legislative Council Staff economists, decreases in State economic activity during the fourth quarter of 2008 and the first few months of 2009 are indicative of the financial crisis that occurred in the fall of 2008. With consumer and business confidence at record lows and credit scarce, it is expected that Colorado's economy will remain weak through at least the first quarter of 2010 and that the recovery will reflect modest growth rates, indicative of credit-constrained markets. Colorado economists anticipate that economic recovery in the State will be supported by its relatively strong housing market, income levels, economic diversity, and skilled workforce.

Long-term projections of Colorado nonagricultural employment growth prepared by the Colorado Department of Labor (CDOL) are for an average increase of 2.1% per year between 2008 and 2015, as shown in Table 8. Although these projections did not include consideration of the effects of the current national economic recession, they provide an indication of long-term growth rates that are consistent with historical employment trends in the State (an average increase of 2.3% per year from 1980 to 2008). The Colorado Legislative Council forecasts Colorado nonagricultural employment to increase at slower but comparable rates to those projected by CDOL following a recovery in 2010—increases of 1.7% in 2011 and 1.9% in 2012.

Table 8

COMPARISON OF SOCIOECONOMIC PROJECTIONS/FORECASTS FOR THE DENVER METROPOLITAN AREA AND COLORADO

	Average annual percent increase (decrease)			
	Historical	Projected/Forecast		
	1980-2008	2008-2009	2009-2010	2008-2015
Population				
Denver Metropolitan Area	1.9%	1.6%	1.6%	1.6%
State of Colorado	1.9	2.0	2.1	2.0
Nonagricultural employment				
Denver Metropolitan Area				
DRP	1.7%	(0.5%)	n.a.	n.a.
DOLA		n.a.	n.a.	1.7
State of Colorado				
DRP	2.3%	(0.4%)	n.a.	n.a.
CLC		(2.3)	(0.4)	n.a.
CDOL		n.a.	n.a.	2.1
Total personal income				
Denver Metropolitan Area				
DRP	7.2% *(a)*	2.7%	n.a.	n.a.
DOLA		n.a.	n.a.	5.3
State of Colorado	7.1 *(a)*			
CLC		(0.1)	2.7	n.a.
DOLA		n.a.	n.a.	5.8
Retail trade sales				
Denver Metropolitan Area	5.0 *(b)*			
State of Colorado	5.3 *(b)*			
CLC		(6.4)	3.1	n.a.

CDOL =State of Colorado Department of Labor
CLC = State of Colorado Legislative Council
DOLA =State of Colorado Department of Local Affairs
DRP = Development Research Partners
n.a. = not available

(a) Represents the average from 1980 through 2007.
(b) Represents the average from 2000 through 2008.

Sources: Short-term projections: Metro Denver Economic Development Corporation/Development Research Partners, Metro Denver 2009 Economic Forecast, March 2009, www.metrodenver.org. Colorado Legislative Council Staff, *Focus Colorado: Economic and Revenue Forecast, 2008-2012*, March 20, 2009. Colorado Department of Revenue, *Colorado Retail Sales and Sales Tax Summaries*, www.colorado.gov.
Long-term projections: Colorado Division of Local Government, State Demography Office, *The Population Projections Program*, online database, http://dola.colorado.gov, as of October 2008. Colorado Department of Labor, Labor Market Information, Industry Employment & Projections data in Colorado from Base Year 2006 to Projected Year 2016, www.coworkforce.com.

Denver Metropolitan Area Economy. Similar to economic trends in the State, economic growth in the Denver Metropolitan Area slowed but remained positive in 2008. Regional economists expect that the Denver Metropolitan Area should exhibit better-than-average economic trends in 2009 because of the region's milder housing correction and diverse industry base, although the national economic recession will affect local businesses. It is expected that the Denver Metropolitan Area will account for the majority of financial services job losses across the State, with job losses also expected in construction, manufacturing, and several other industries. Projections of economic activity through 2015 (the last year of the forecast period) are summarized below and presented in Table 8.

- **Population**—The Colorado Division of Local Government projects that the Denver region's population will increase 1.6% per year between 2008 and 2015, compared to an average of 2.0% per year in the State.

- **Nonagricultural employment**—The Colorado Department of Local Affairs projects that the Denver Metropolitan Area's nonagricultural employment will increase an average of 1.7% per year between 2008 and 2015, compared to a similar rate of historical growth from 1980 to 2008 and projections of 2.1% per year in the State prepared by the Colorado Department of Labor.

- **Total personal income**—The Colorado Department of Local Affairs projects that per capita income in the Denver region will increase 5.3% per year (unadjusted for inflation) between 2005 and 2015.

- **Consumer spending**—According to State economists, much of the economic growth in the State and the nation in recent years was fueled by strong consumer spending, which represents about 70% of economic activity. The recent decrease in consumer spending is a significant contributor to the recession. Although retail sales data were not available for the Denver Metropolitan Area, State economists project a decrease in 2009 of 6.4% in Colorado retail trade sales, a measure of consumer spending.

Factors expected to contribute to continued economic growth in the Denver Metropolitan Area and associated increases in airline travel once the recession ends include (1) diversity in the economic base, which lessens its vulnerability to weaknesses in particular industry sectors, (2) growth in the Denver industry clusters described in a later section "Denver Industry Clusters", (3) continued growth in the leisure and hospitality industry, (4) generally lower labor and living costs compared to those in many of the largest cities in the nation and other major western metropolitan areas, such as Los Angeles, San Francisco, and Seattle, (5) an educated labor force able to support the development of knowledge-based and service industries, and (6) continued reinvestment to support the development of tourism, conventions, and other businesses.

Risks to the Economic Outlook. While the projections presented in this section represent a range of the most likely economic scenarios, there are some risks to the economic outlook. In the near term, the principal risk is that the federal government's policy response to the current financial crisis and recession in the United States may not be effective in providing the foundation for a sustained recovery. Inflation risks still persist because of the sizable amount of liquidity that the Federal Reserve Bank has injected into the banking system, which could eventually trigger upward pressures on prices. A prolonged global slowdown could result in lower average annual growth rates in the economies of the United States, Colorado, and the Denver Metropolitan Area through 2015. In the longer term, the principal risks to U.S. economic performance are the country's sizable external and fiscal deficits. The continuing deficits in the U.S. balance of payments could result in greater volatility in the currency markets, which would then translate into higher interest rates and, therefore, slower economic growth. These risks could be compounded if the fiscal deficit does not shrink within the next 5 years, thereby leading to much larger financing requirements and subsequent increases in interest rates, which could lead to slower investment and, consequently, slower productivity growth.

Historical Population, Employment, and Per Capita Personal Income

The Denver Metropolitan Area is the largest business center in the State of Colorado and the multi-state Rocky Mountain region, which includes Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming. In 2008, the Denver Metropolitan Area accounted for over 57% of Colorado's population and 60% of its employment. Denver ranked first of 30 U.S. metropolitan areas in a recent national survey by the Pew Research Center's Social and Demographic Trends Project. The survey found that nearly half (46%) of the public would rather live in a different type of community from the one in which they now live and Denver ranked first among favorite cities. *

Table 9 presents comparative trends in population, nonagricultural employment, and per capita personal income in the Denver Metropolitan Area, the State of Colorado, and the United States in 1980, 1990, and from 2000 through 2008.

Population. As shown in Table 9, the population of the Denver Metropolitan Area increased at rates comparable to those for the State of Colorado and higher than the national average. Population in the Denver Metropolitan Area increased an average of 1.4% per year between 1980 and 1990, 2.8% per year between 1990 and 2000, and 1.6% per year between 2000 and 2008. Population growth in the Denver Metropolitan Area slowed between 2000 and 2005 and increased at above average growth rates from 2005 to 2008, reflecting increased in-migration in response to regional economic growth.

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*Pew Research Center, "Denver Tops List of Favorite Cities, For Nearly Half of America, Grass Is Greener Somewhere Else," January 29, 2009, http://pewsocialtrends.org.

Table 9

HISTORICAL TRENDS IN SOCIOECONOMIC DATA

Denver Metropolitan Area, State of Colorado, and United States

1980-2008

	Population (thousands) (a)			Nonagricultural employment (thousands) (b)			Per capita income in 2000 dollars *(c)*		
	Denver Metropolitan Area	State of Colorado	United States *(c)*	Denver Metropolitan Area	State of Colorado	United States *(e)*	Denver Metropolitan Area	State of Colorado	United States
1980	1,640	2,890	226,546	896	1,251	90,528	$25,340	$22,459	$21,138
1990	1,876	3,294	248,710	963	1,521	109,487	29,289	25,839	25,710
2000	2,466	4,328	282,172	1,375	2,214	131,785	38,339	33,364	29,847
2001	2,525	4,432	285,040	1,375	2,227	131,826	38,535	33,421	29,665
2002	2,557	4,503	287,727	1,333	2,184	130,341	38,171	32,631	29,604
2003	2,579	4,548	290,211	1,314	2,153	129,999	37,304	31,999	29,638
2004	2,606	4,600	292,892	1,325	2,180	131,435	37,780	32,391	30,173
2005	2,640	4,663	295,561	1,350	2,226	133,703	38,627	33,098	30,527
2006	2,688	4,751	298,363	1,378	2,279	136,086	39,449	33,670	31,275
2007	2,742	4,843	301,290	1,407	2,331	137,598	39,939	34,189	32,050
2008	2,800	4,939	304,060	1,420	2,349	137,066	n.a.	n.a.	n.a.
				Percent increase (decrease)					
2000-2001	2.4 %	2.4%	1.0 %	0.0 %	0.6 %	0.0 %	0.5 %	0.2 %	(0.6%)
2001-2002	1.3	1.6	0.9	(3.1)	(1.9)	(1.1)	(0.9)	(2.4)	(0.2)
2002-2003	0.8	1.0	0.9	(1.4)	(1.4)	(0.3)	(2.3)	(1.9)	0.1
2003-2004	1.1	1.1	0.9	0.8	1.2	1.1	1.3	1.2	1.8
2004-2005	1.3	1.4	0.9	1.9	2.1	1.7	2.2	2.2	1.2
2005-2006	1.8	1.9	0.9	2.0	2.4	1.8	2.1	1.7	2.4
2006-2007	2.0	1.9	1.0	2.2	2.3	1.1	1.2	1.5	2.5
2007-2008	2.1	2.0	0.9	0.9	0.8	(0.4)	--	--	--
				Average annual percent increase (decrease)					
1980-1990	1.4%	1.3%	0.9%	0.7%	2.0%	1.9%	1.5%	1.4%	2.0%
1990-2000	2.8	2.8	1.3	3.6	3.8	1.9	2.7	2.6	1.5
2000-2008	1.6	1.7	0.9	0.4	0.7	0.5	0.6 *(d)*	0.3*(d)*	1.0 *(d)*
1980-2008	1.9	1.9	1.1	1.7	2.3	1.5	1.7 *(e)*	1.6 *(e)*	1.6 *(e)*

n.a. = Not available.

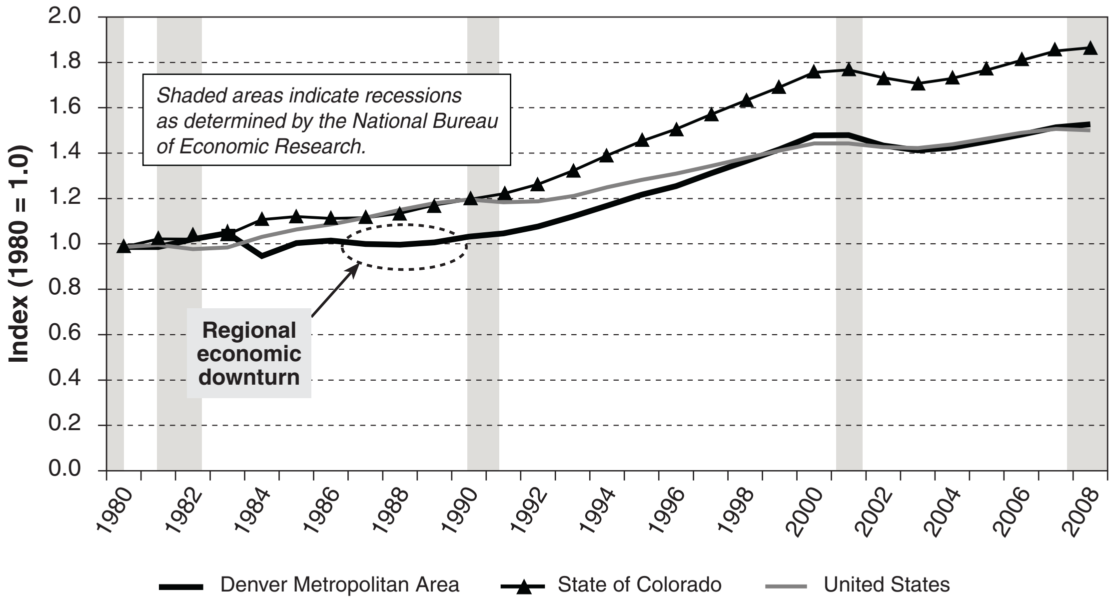
Note: The Denver Metropolitan Area includes the Denver-Aurora Metropolitan Statistical Area consisting of Adams, Arapahoe, Boulder, Broomfield (prior to November 2001, the City of Broomfield was located within Adams, Boulder, Jefferson, and Weld counties), Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson, and Park counties and the Boulder Metropolitan Statistical Area consisting of Boulder County.

(a) U.S. Department of Commerce, Bureau of the Census, www.census.gov, accessed May 2009.
(b) U.S. Department of Labor, Bureau of Labor Statistics, www.bls.gov, accessed May 2009.
(c) U.S. Department of Commerce, Bureau of Economic Analysis, www.bea.gov, accessed May 2009. Adjusted to constant 2000 dollars using the U.S. Department of Labor, Consumer Price Index for Urban Consumers (1982-84 = 100), www.bls.gov.
(d) Represents the average annual percent change from 2000 through 2007.
(e) Represents the average annual percent change from 1980 through 2007.

Employment. Nonagricultural employment in the Denver Metropolitan Area increased at rates similar to those for the State of Colorado and the nation (except from 1980 to 1990), as shown in Table 9 and on Figure 11. Following the trends in population, nonagricultural employment in the Denver Metropolitan Area expanded during the 1990s, increasing an average of 3.6% per year between 1990 and 2000, compared with slower growth between 1980 and 1990 (an average 0.7% per year) and 2000 and 2008 (an average of 0.4% per year).

Figure 11

TRENDS IN NONAGRICULTURAL EMPLOYMENT



Sources: U.S. Department of Labor, Bureau of Labor Statistics, www.bls.gov, accessed May 2009 and National Bureau of Economic Research, www.nber.org.

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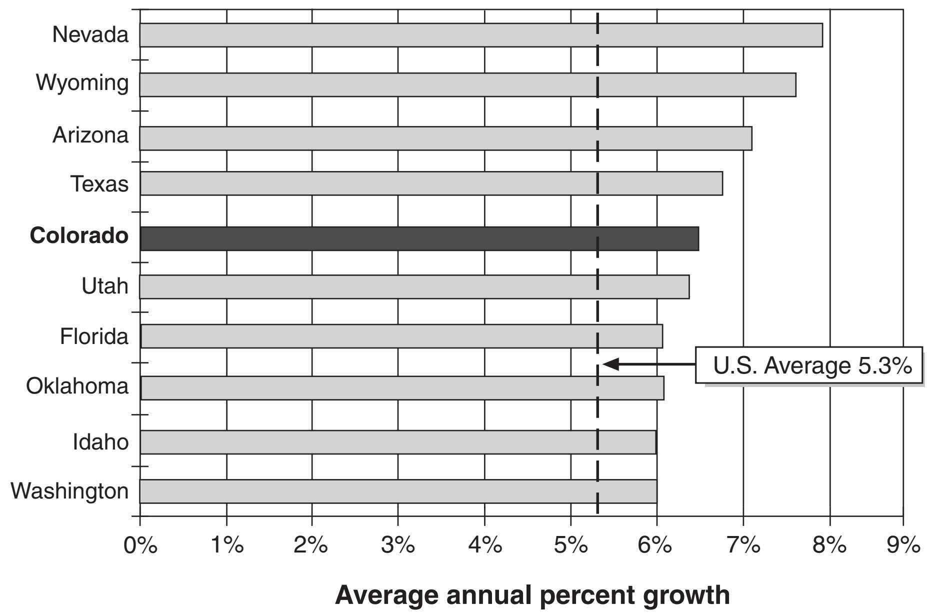
Per Capita Income. Per capita income (in 2000 constant dollars) in the Denver Metropolitan Area has historically exceeded that in the State of Colorado and the nation, as shown in Table 9. In 2007, average per capita income in the Denver Metropolitan Area exceeded that in the State and the nation by 17% and 25%, respectively. Per capita income levels and growth are closely related to growth in passenger traffic and the propensity to travel in a region because (1) income levels reflect the level of education of the work force and the mix of businesses, and (2) income growth translates into disposable income and thus reflects the potential for growth in the number of trips per person. According to the U.S. Department of Commerce, Bureau of Economic Analysis, the State of Colorado was the fifth fastest growing state in the nation in terms of total personal income (unadjusted for inflation) between 1995 and 2008, as shown on Figure 12. Six of the eight Rocky Mountain region states rank in the top 10.

Figure 12

TOP 10 FASTEST GROWING STATES: 1995–2008

(Ranked by total personal income)



Source: U.S. Department of Commerce, Bureau of Economic Analysis, online database, accessed May 2009.

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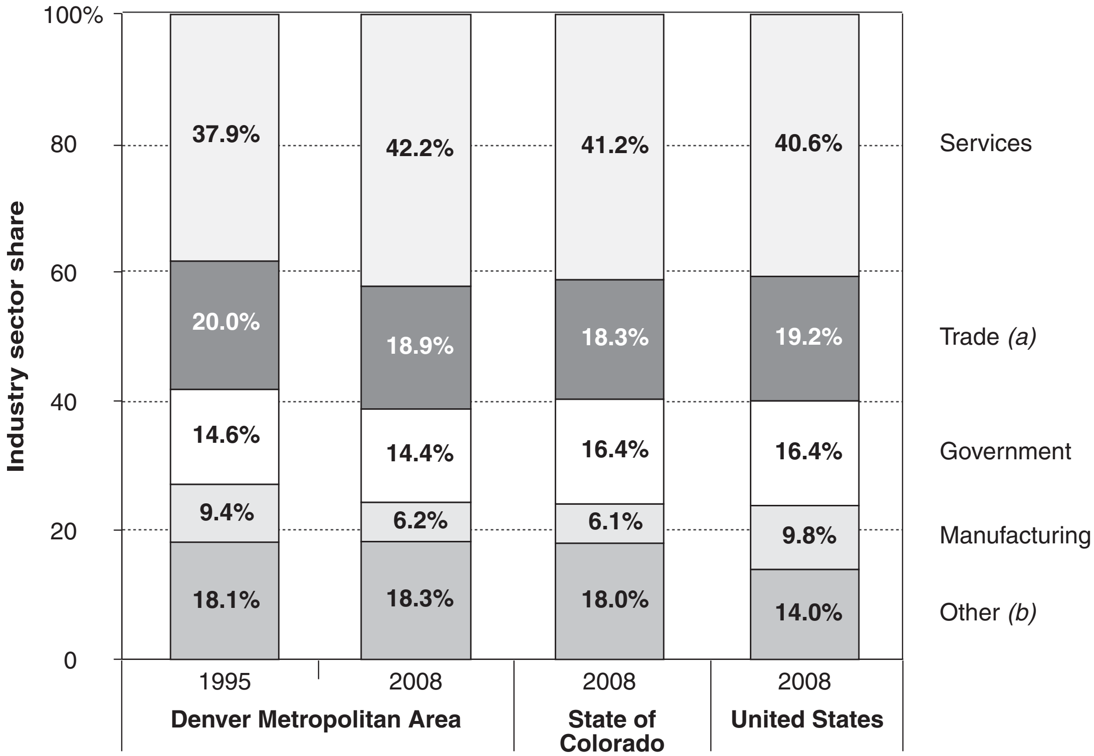
Nonagricultural Employment by Industry Sector. Figure 13 shows a comparative distribution of nonagricultural employment by industry sector for the Denver Metropolitan Area in 1995 and in 2008, and for the State and the nation in 2008. Employment in services (42.2%), including health, education, professional, business, and other services and trade (18.9%) accounted for a combined 61.1% of total nonagricultural employment in the Denver Metropolitan Area in 2008.

Figure 13

COMPARATIVE DISTRIBUTION OF EMPLOYMENT BY INDUSTRY SECTOR



(a) Includes wholesale and retail trade and transportation, warehousing, and utilities.
(b) Includes employment in natural resources and construction, information, finance, insurance, and real estate.

Source: U. S. Department of Labor, Bureau of Labor Statistics, www.bls.gov.

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Unemployment Rates. In addition to the employment trends cited above, the unemployment rate is also indicative of the general economic climate. Table 10 shows comparative annual unemployment rates in the Denver Metropolitan Area, the State, and the nation as a whole for 2000 through 2008. The unemployment rate in the Denver Metropolitan Area has followed the trends in the State, but exceeded the national rate from 2002 to 2005. Since 2005, the unemployment rates in the Denver Metropolitan Area and the State have remained lower than the national rate.

Since the beginning of the recession in December 2007, monthly unemployment rates in the Denver Metropolitan Area, the State of Colorado, and the United States have increased, as shown on Figure 14. In July 2009, the Denver Metropolitan Area unemployment rate (unadjusted) was 7.8%, similar to that for the State (7.7%) but lower than that for the nation (9.7%).

Table 10

COMPARATIVE UNEMPLOYMENT RATES

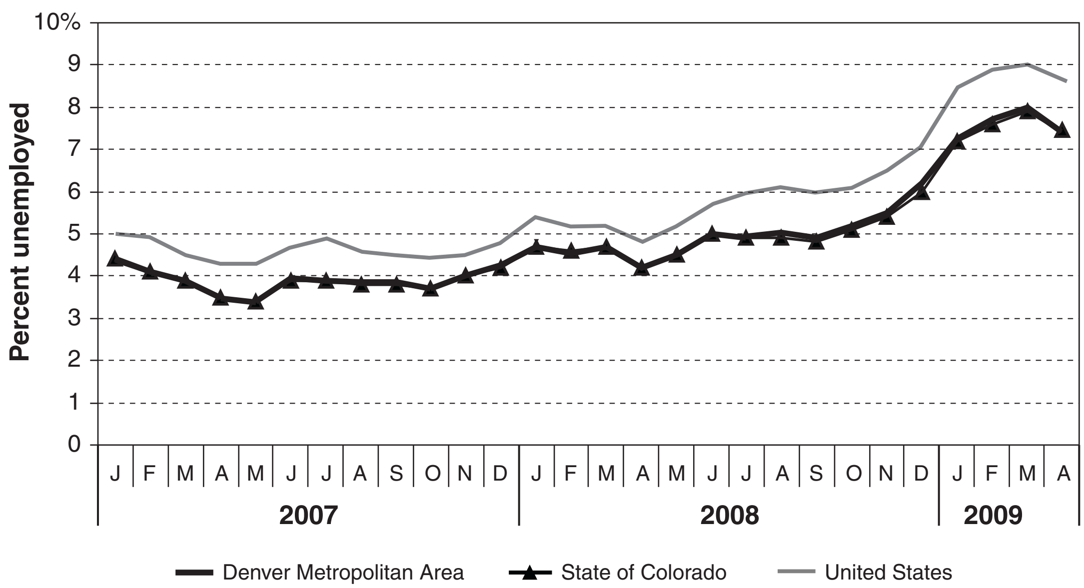
	Denver Metropolitan Area	State of Colorado	United States
2000	2.6%	2.7%	4.0%
2001	3.8	3.8	4.7
2002	5.9	5.7	5.8
2003	6.4	6.1	6.0
2004	5.8	5.6	5.5
2005	5.2	5.1	5.1
2006	4.4	4.4	4.6
2007	3.9	3.9	4.6
2008	4.9	4.9	7.2

Note: Unemployment rates represent annual averages for calendar years and are not seasonally adjusted.

Source: U.S. Department of Labor, Bureau of Labor Statistics, www.bls.gov, accessed May 2009.

Figure 14

MONTHLY UNEMPLOYMENT RATES



Note: Unemployment rates are not seasonally adjusted.

Source: U.S. Department of Labor, Bureau of Labor Statistics, www.bls.gov, accessed May 2009.

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Major Employers. Table 11 lists the 20 largest employers in the Denver Metropolitan Area as of April 2009. The list of major employers reflects the diversity of the companies and organizations in the area.

Table 11

20 LARGEST PRIVATE EMPLOYERS
Denver Metropolitan Area

Rank	Company	Description	Number of employees *(a)*
1	Walmart	General merchandise	11,100
2	King Soopers Inc.	Grocery	10,900
3	HealthONE Corporation	Healthcare	9,200
4	Lockheed Martin Corporation	Aerospace/Defense systems	8,200
5	Qwest Communications	Telecommunications	7,500
6	Safeway Inc.	Grocery	6,500
7	Exempla Healthcare	Healthcare	6,200
8	Centura Health	Healthcare	5,800
9	Kaiser Permanente	Healthcare	5,600
10	Target Corporation	General merchandise	5,200
11	Denver Health	Healthcare	5,100
12	United Airlines	Airline	5,000
13	IBM Corporation	Computer systems	4,300
14	Frontier Airlines	Airline	4,200
15	DISH Network	Satellite television equipment	4,200
16	United Parcel Service	Parcel delivery	4,000
17	University of Denver	Education	4,000
18	Children's Hospital	Healthcare	3,850
19	University of Colorado Hospital	Healthcare research	3,800
20	Wells Fargo Bank	Financial services	3,800

(a) Rounded to the nearest hundred.

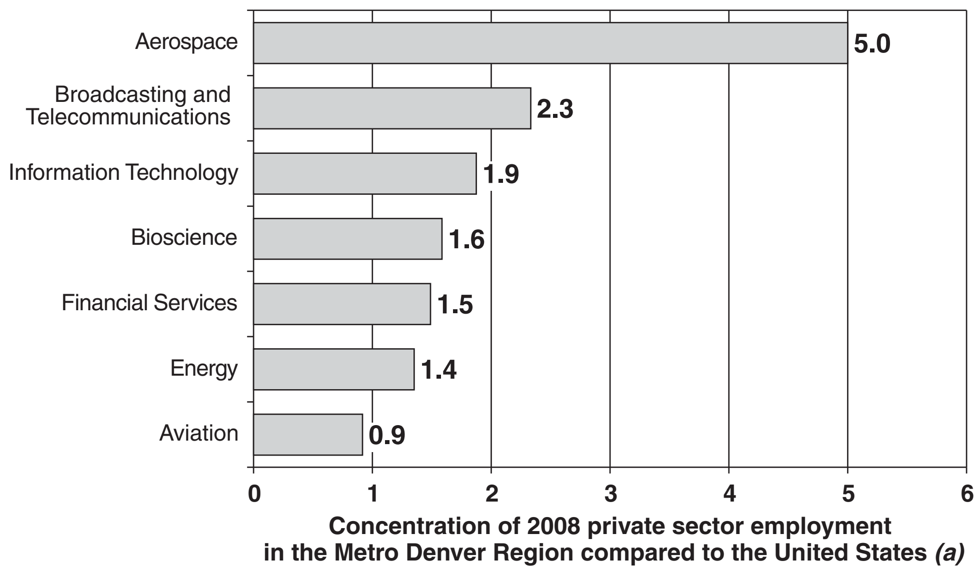
Source: Compiled from various business lists and resources by Development Research Partners Inc., April 2009.

Denver Industry Clusters

The Denver Metropolitan Area's major industry clusters are aerospace, aviation, bioscience, broadcasting and telecommunications, energy, financial services, and information technology. The Metro Denver Economic Development Corporation (EDC), in association with Development Research Partners, recently released its fourth annual study of Denver's seven primary industry clusters, or groups of companies that buy or sell to one another in the manufacture of goods for export from the area. The Denver Metropolitan Area has disproportionately large concentrations of employment in these clusters relative to U.S. concentrations and these clusters are positioned to grow within the Denver Metropolitan Area, as shown on Figure 15. (Data for the Metro Denver Region*, as defined by the EDC, are used to represent the Denver Metropolitan Area.)

Figure 15

DENVER INDUSTRY CLUSTERS IN 2008



Note: The Metro Denver Region consists of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, Jefferson, Larimer, and Weld counties.

(a) Derived from the direct employment concentrations for the nine-county Metro Denver Region and the United States prepared by the Metro Denver Economic Development Corporation.

Source: Metro Denver Economic Development Corporation, *Industry Cluster Study*, March 2009, www.metro-denver.org

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Aerospace. The aerospace industry cluster includes companies that develop products and systems for commercial, military, and space applications. Employment in the aerospace industry cluster in Denver was 5.0 times more concentrated than in the United States as a whole, as shown on Figure 15. This large concentration of employment indicates that the aerospace industry accounts for a larger share of total employment in Denver than it does for the nation as a whole. According to the EDC, Colorado's aerospace industry employed 57,910 workers in 2008, including 26,860 private-sector employees and 31,050 military personnel. Total Colorado aerospace employment increased an average of 4.7% per year between 2003 and 2008, compared with a 2.2% per year increase nationwide. Colorado is home to four military commands, six major aerospace contractors, and several universities involved in leading space research. The six major contractors are Lockheed Martin Corporation, Ball Aerospace & Technology Corp., The Boeing Company, Raytheon Company, Northrop Grumman Corporation, and ITT

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*The Metro Denver Region consists of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, Jefferson, Larimer, and Weld counties.

Corporation, in addition to more than 300 aerospace companies and suppliers. About 70% of aerospace companies are located in the nine-county Metro Denver Region, according to the EDC.

Aviation. The aviation industry cluster includes companies that manufacture aircraft and provide air transportation services, including airlines, airport operators, aircraft manufacturing companies, and support services. Employment in the aviation industry cluster in the Denver Metro Region was 0.9 times more concentrated than in the United States, as shown on Figure 15. According to the EDC, about 470 aviation-related companies were located in the Metro Denver Region in 2008, many of which were involved with airport operations and scheduled air transportation. Between 2003 and 2008, Denver's aviation industry experienced an average decrease of 3.5% per year in employment, reflecting the effects of the airline capacity and employment reductions, the increase in fuel prices, and the national economic recession. Denver International Airport, three general aviation reliever airports, and top aircraft manufacturers create a solid foundation for 15,290 workers directly employed by air transportation companies in the Metro Denver Region in 2008.

Bioscience. The bioscience industry cluster is diverse and includes two sub-sectors: (1) pharmaceuticals and biotechnology and (2) medical devices and instruments. According to the EDC, the Metro Denver Region had 5,410 pharmaceuticals and biotechnology workers plus 9,540 medical device and instrument production workers, for a total of more than 14,950 total direct bioscience workers in 2008. The industry is supported by 11 local higher education institutions with bioscience programs and numerous research assets, as well as the $4.7 billion Fitzsimons Bioscience Campus (formerly the Fitzsimons Army Medical Center), which is being transformed into a state-of-the-art integrated life sciences community. From 2003 to 2008, employment in Denver's bioscience sub-sectors, pharmaceuticals and biotechnology and medical devices and instruments, increased an average of 2.0% and 5.4% per year, respectively. Employment in the bioscience industry cluster in the Metro Denver Region was 1.6 times more concentrated than in the United States, as shown on Figure 15.

Energy. The energy industry cluster included about 30,000 employees in the Metro Denver Region in 2008 in two energy sub-sectors: (1) fossil energy and (2) renewable energy and energy research. According to the EDC, Denver's energy industry included 2,350 companies in 2008, including 1,240 in the fossil fuel sub-sector and 1,110 in renewable energy and energy research. The energy industry cluster in the Metro Denver Region was 1.4 times more concentrated than in the United States in 2008, as shown on Figure 15. From 2003 to 2008, employment in Denver's energy sub-sectors, fossil fuels and renewable energy and energy research, increased an average of 24.4% and 10.3% per year, respectively. The majority of energy research companies in the Denver area are environmental consultants and noncommercial research institutions, including the National Renewable Energy Lab (the primary national laboratory for renewable energy and energy efficiency research and development) and the Colorado School of Mines and Colorado Energy Research institutes.

Financial Services. The financial services industry cluster in the Metro Denver Region employed a total of 94,970 workers in 2008 and is divided into three sub-sectors: (1) banking and finance, (2) investments, and (3) insurance. According to the EDC, Denver's financial services industry cluster consisted of 11,290 companies in 2008, including 4,080 in banking and finance, 3,870 in investments, and 3,340 in insurance. From 2003 to 2008, employment in two of Denver's financial services sub-sectors, banking and finance and investment increased—an average of 2.1% and 1.6% per year, respectively, while employment in the insurance sub-sector decreased an average of 6.8% per year. Employment in the financial services industry cluster in the Metro Denver Region was 1.5 times more concentrated than in the United States, as shown on Figure 15.

Broadcasting and Telecommunications. The broadcasting and telecommunications industry cluster includes companies that provide the means to deliver voice, data, and video to end users. In 2008, employment in this industry cluster totaled 40,000 people in the Metro Denver Region and was 2.3 times more concentrated than in the United States, as shown on Figure 15. Employment in Denver's broadcasting and telecommunications industry cluster decreased 4.0% per year from 2003 to 2008, compared with an average decrease of 2.2% per year nationwide. These declines reflect, in part, the industry's slow recovery from the 2001 recession as well as increases in productivity and competition that have dampened employment growth. Major broadcasting and telecommunications companies include Comcast Corporation, DirecTV, and Lucent Technologies.

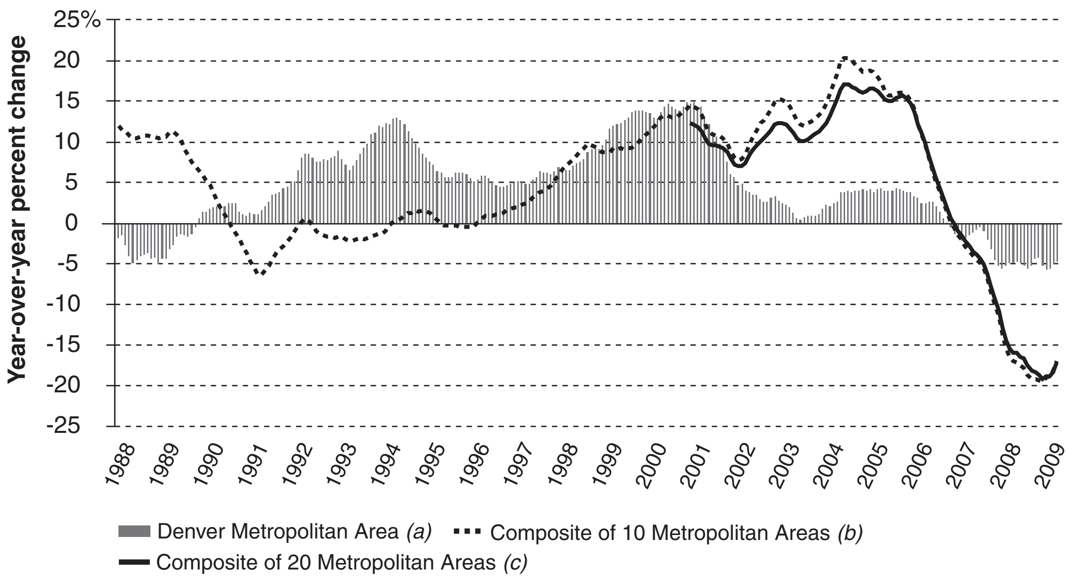
Information Technology. The information technology industry cluster is divided into two sub-sectors: hardware and software. The EDC limits its analysis of the information technology industry cluster to the software sub-sector to avoid double-counting workers in other technology clusters such as broadcasting and telecommunications and aerospace. The 3,920 companies in the software sub-sector directly employed 42,320 workers in the Metro Denver Region in 2008. Denver's software industry employment decreased an average of 4.3% per year between 2003 and 2008, compared with a 1.9% per year decrease nationwide. Employment in the software sub-sector in the Metro Denver Region was 1.9 times more concentrated than in the United States.

Denver Housing Market

Figure 16 presents the percent change in home prices for the Denver Metropolitan Area from January 1988 through May 2009, compared with composites for 10 and 20 selected metropolitan areas, based on the Standard & Poor's/Case-Shiller Home Price Index. As shown, home prices in Denver increased from 1998 to 2002, prior to the increases in home prices for the metropolitan areas in the composite index that followed the dot-com downturn. From 2002 to 2007, the increase in Denver's home prices averaged less than 5%, considerably lower than increases of nearly 21% for the 20 metropolitan areas included in the index. Since 2007, home prices in Denver decreased less than 6%, compared with decreases of nearly 20% for the composite of 20 metropolitan areas, reflecting the national sub-prime mortgage crisis and subsequent financial crisis. In June 2009, home prices in Denver decreased 3.6% compared with June 2008 prices, the third lowest decrease of the 20 metropolitan areas in the composite index (Cleveland and Dallas home prices decreased 3.0% and 2.2%, respectively).

Figure 16

PERCENT CHANGE IN HOME PRICES
Denver and Selected Metropolitan Areas



Note: Data for composite of 20 metropolitan areas begin in 2001.

(a) Includes data for the Denver-Aurora MSA.
(b) Includes Boston, Chicago, Denver, Las Vegas, Los Angeles, Miami, New York, San Diego, San Francisco, and Washington, D.C..
(c) Includes Atlanta, Charlotte, Cleveland, Dallas, Detroit, Minneapolis, Phoenix, Portland, Seattle, and Tampa in addition to the areas mentioned above.

Source: Standard & Poor's/Case-Shiller Home Price Indices, www2.standardandpoors.com, accessed June 2009.

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Visitors to Denver

Annually since 1991, Visit Denver, the Convention and Visitors Bureau, has commissioned an annual in-depth study of the Denver tourism market. Longwoods International, a research firm that analyzes North American travel patterns, has prepared this annual study, which coincides with a study of the Colorado tourism market sponsored by the Colorado Tourism Office. Key results of the 2008 Longwoods International study included:

- Denver outperformed the national average in 2008 by maintaining 12.2 million overnight visitors (unchanged from the record set in 2007), while the number of visitors in the rest of the nation decreased.

- Denver visitor spending increased 9.0% between 2007 and 2008, reflecting the hosting of the Democratic National Convention in 2008, a strong year for convention attendance (an increase of 36.2%), and a 1.0% increase in the number of overnight leisure visitors.

- The length of stay by leisure visitors continued to increase—reaching an average of 3.5 nights—in contrast to a trend toward shorter vacations in the nation as a whole.

Table 12 presents a summary of the trends in visitor activity in the Denver Metropolitan Area in 1995 and 2000 through 2008, based on the Longwoods International study, as well as the number of conventions and delegates reported by Visit Denver, the Convention and Visitors Bureau.

Table 12

VISITOR ACTIVITY
Denver Metropolitan Area

	Overnight trips to Denver (millions)			Denver conventions	
Year	Leisure	Business	Total	Number	Number of delegates
1995	5.2	1.9	7.1	32	110,613
2000	6.9	2.7	9.6	37	145,787
2001	8.0	2.3	10.3	34	140,995
2002	8.1	2.1	10.2	31	94,168
2003	7.8	1.9	9.7	26	105,259
2004	7.9	2.0	9.9	30	114,528
2005	7.9	2.5	10.4	40	153,483
2006	9.1	2.6	11.7	55	180,195
2007	9.6	2.6	12.2	75	215,404
2008	9.7	2.5	12.2	75	293,372
	Average annual increase (decrease)				
1995-2000	5.8%	7.3%	6.2%	2.9%	5.7%
2000-2008	4.3	(0.9)	3.0	9.2	9.1
1995-2008	4.9	2.1	4.3	6.8	7.8

Sources: Colorado Tourism Office, visitor data compiled by Longwoods International, final reports for years noted, and Visit Denver, The Convention and Visitors Bureau records.

Business Travel. In 2008, visitors traveling to Denver on business accounted for 21% of all overnight trips, according to the Longwoods International study. Business travelers spent the largest amounts, generating $102 per person per day, followed by "marketable" visitors,* who generated $96 per person per day, and visitors staying with friends and relatives who accounted for $48 per person per day. Although the number of business travelers decreased 2% in 2008, that decrease was offset by strong growth in convention attendance, as mentioned earlier.

Leisure Travel. Leisure visitors to Denver accounted for most of the overnight trips (79%) and drove the growth trend in numbers of overall visitors. Denver continues to be a strong leisure market. From 1996 to 2008, the number of leisure visitors increased an average of 4.9% per year. Colorado remained the country's top ski destination in 2008, accounting for approximately 20% of national overnight ski trips.

HISTORICAL AIRLINE TRAFFIC

The following sections present a discussion of historical airline traffic at the Airport, including (1) the airline passenger service and market shares, (2) the originating passenger base, (3) connecting passenger activity and trends, and (4) a review of air cargo activity.

Airline Service and Passenger Market Shares

Airline service and the market shares of enplaned passengers, originating passengers, and the low-cost carriers are discussed in this section.

Airline Service. Table 13 lists the passenger airlines scheduled to provide service at the Airport as of August 2009. In addition, several all-cargo airlines, including Air Transport International, Alpine Air, DHL, FedEx, Key Lime Air, UPS Air Cargo, and Volga-Dnepr Airlines provide service at the Airport.

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*Visitors who are not visiting friends or relatives and would, therefore, travel to any destination, but chose to visit Denver.

Table 13

SCHEDULED PASSENGER AIRLINES SERVING DENVER

Major/national	*Regional/commuter*
AirTran Airways	ExpressJet (Continental Express)
Alaska Airlines	GoJet Airlines (United Express)
American Airlines	Great Lakes Aviation
Continental Airlines	Lynx Aviation (Frontier)
Delta Air Lines *(a)*	Mesa Airlines (US Airways Express and United Express)
Frontier Airlines	Mesaba Airlines (Delta Connection and Northwest Airlink)
JetBlue Airways	Pinnacle Airlines (Northwest Airlink)
Midwest Airlines	Shuttle America (United Express)
Northwest Airlines *(a)*	SkyWest Airlines (Delta Connection and United Express)
Southwest Airlines	Trans States Airlines (United Express)
United Airlines	
US Airways	***Charter***
	Allegiant Air
Foreign-flag	Casino Express
Air Canada	Miami Airlines
AeroMexico	Ryan International Airlines
British Airways	Sun Country Airlines
Lufthansa German Airlines	
Mexicana	

(a) Delta completed its merger with Northwest on October 29, 2008. The operations of the two airlines will be combined into a single entity upon issuance of a single operating certificate from the FAA.

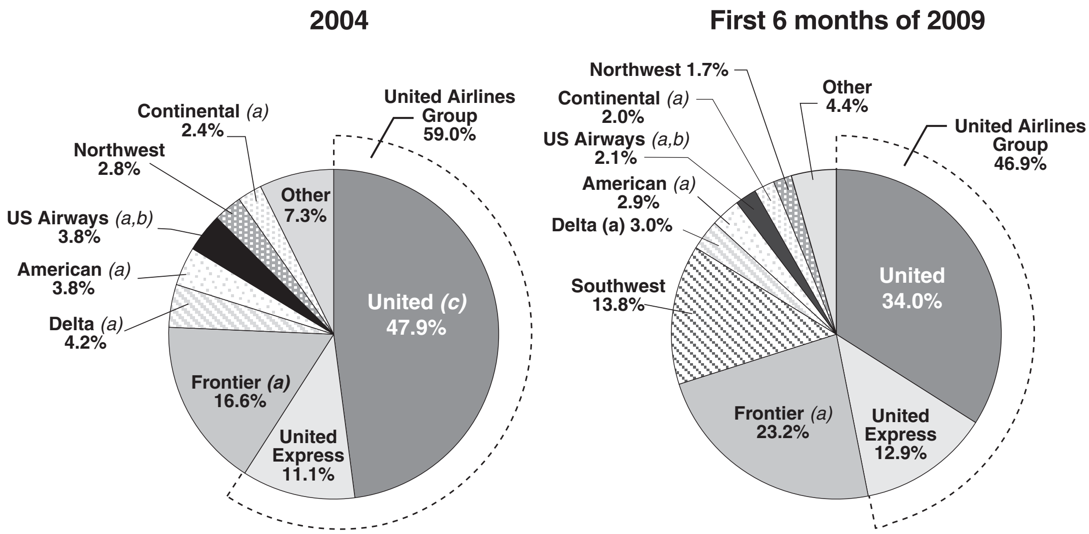
Source: Airport management records.

Enplaned Passenger Market Shares. The market shares for the passenger airlines serving the Airport are shown on Figure 17 and in Table 14. During the first 6 months of 2009, the United Airlines Group had the largest market share of enplaned passengers (46.9%) at the Airport, followed by Frontier (23.2%), and Southwest (13.8%).

Figure 17

ENPLANED PASSENGER MARKET SHARES

Denver International Airport



(a) Includes regional affiliates.
(b) Includes activity of America West Airlines, which merged with US Airways in September 2005.
(c) Includes data for Ted, United's low-fare unit.

Source: Airport management records.

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Table 14

HISTORICAL ENPLANED PASSENGERS BY AIRLINE

Denver International Airport

2004 - first 6 months of 2009

	2004	2005	2006	2007	2008	First 6 months 2009
United Airlines Group						
United	8,802,367	7,774,627	8,364,574	8,323,729	8,361,071	4,147,625
Ted *(a)*	1,339,764	1,689,891	2,011,441	1,955,333	1,104,886	--
United Express *(b)*	2,336,735	2,776,020	2,971,301	3,017,553	2,905,810	1,571,144
	12,478,866	12,240,538	13,347,316	13,296,615	12,371,767	5,718,769
Frontier *(c)*	3,520,991	4,217,059	4,904,231	5,668,493	6,531,106	2,836,569
Southwest *(d)*	--	--	789,637	1,322,152	2,378,512	1,679,354
Delta *(e)*	879,754	806,437	663,890	699,623	747,663	365,857
American *(e)*	795,882	886,533	973,233	933,045	862,173	348,581
US Airways *(e, f)*	797,093	821,455	654,457	586,865	488,182	253,248
Continental *(e)*	505,784	534,696	553,301	560,433	528,196	242,247
Northwest	604,827	615,479	488,406	535,215	518,512	218,605
Other	1,560,884	1,579,778	1,290,841	1,338,512	1,224,132	539,037
	8,665,215	9,461,437	10,317,996	11,644,338	13,278,476	6,483,498
Total	21,144,081	21,701,975	23,665,312	24,940,953	25,650,243	12,202,267
	Percent of total					
United	41.6%	35.8%	35.3%	33.4%	32.6%	34.0%
Ted *(a)*	6.3	7.8	8.5	7.8	4.3	0.0
United Express *(b)*	11.1	12.8	12.6	12.1	11.3	12.9
	59.0%	56.4%	56.4%	53.3%	48.2%	46.9%
Frontier *(c)*	16.7%	19.4%	20.7%	22.7%	25.5%	23.2%
Southwest *(d)*	--	--	3.3	5.3	9.3	13.8
Delta *(e)*	4.2	3.7	2.8	2.8	2.9	3.0
American *(e)*	3.8	4.1	4.1	3.7	3.4	2.9
US Airways *(e, f)*	3.8	3.8	2.8	2.4	1.9	2.1
Continental *(e)*	2.4	2.5	2.3	2.3	2.0	2.0
Northwest	2.8	2.8	2.1	2.1	2.0	1.7
Other	7.3	7.3	5.5	5.4	4.8	4.4
	41.0%	43.6%	43.6%	46.7%	51.8%	53.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

(a) Ted, United's low-fare unit, initiated service at the Airport on February 12, 2004, stopped reporting its activity separately at the Airport in August 2008, and ceased operations on January 6, 2009.

(b) Includes Mesa Airlines and SkyWest Airlines from 2004 through 2009, Air Wisconsin from 2004 through 2006, and GoJet Airlines, Shuttle America, and Trans States Airlines from 2005 through 2009.

(c) Includes Horizon Air from 2004 through 2007, Republic Airlines in 2007 and 2008, and Lynx Aviation in 2008 and 2009.

(d) Initiated service at the Airport in January 2006.

(e) Includes enplaned passengers on the airline's commuter affiliates.

(f) Includes activity of America West Airlines, which merged with US Airways in September 2005.

Source: Airport management records.

The share of Airport passengers enplaned by the United Airlines Group decreased from 59.0% in 2004 to 48.2% in 2008, as a result of increased competition from Frontier as it continued to develop its hub at the Airport, the introduction and continued development of low-cost service by Southwest, and the discontinuation of service by Ted, United's low-fare unit. Frontier, which serves the second highest number of destinations from the Airport, including 19 of the Airport's top 20 O&D markets, increased its market share of Airport enplaned passengers from 16.7% in 2004 to 25.5% in 2008. Southwest initiated service at the Airport in January 2006, and enplaned 13.7% of total Airport enplaned passengers in the first 6 months of 2009, up from 3.3% in 2006. The continued development of Southwest and Frontier service at the Airport has more than offset the loss of service by United's Ted.

Originating Passenger Market Shares. Originating passengers account for more than half of all passengers enplaned at the Airport. The share of originating passengers is a function of the population, the strong local economy, and the service provided by the airlines at the Airport. Since 2004, the United Airlines Group has accounted for a decreasing share of originating passengers, particularly since 2006 with the initiation of service by Southwest, although United's total numbers of originating passengers increased through 2007, as shown in Table 15. The large numbers of originating passengers enplaned at the Airport by the United Express affiliates, traditionally used to provide connecting passenger feeder service to airline hubs, reflects the increasing use of these regional carriers to increase the domestic seating capacity of a hub airline, such as United, and to improve service and market share with increased frequencies.

Frontier's share of originating passengers has increased since 2004 with the continued development of its service at the Airport. From 2004 to 2008, Frontier's numbers of originating passengers nearly doubled, while its share of originating passengers increased from 18.3% to 23.0%.

Low-Cost Carrier Market Shares. A major trend at the Airport since 2004 has been the increased enplaned passenger market share of the low-cost carriers.* As shown on Figure 18, the share of passengers enplaned by low-cost carriers at the Airport increased from 20.9% in 2004 to 38.1% during the first 6 months of 2009. This trend is similar to the national trend: the national market share of the low-cost carriers increased from 23% in 2004 to 26% in 2008, according to U.S. Department of Transportation data.

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*The U.S. Department of Transportation, Research and Innovative Technology Administration, Bureau of Transportation Statistics defines current industry structure in terms of business model definition. Therefore, a "low-cost carrier" operates under a generally recognized low-cost business model, which may include a single passenger class of service, use of standardized aircraft utilization, in-flight services, use of smaller and less expensive airports, and lower employee wages and benefits.

Table 15

HISTORICAL ORIGINATING PASSENGERS BY AIRLINE

Denver International Airport

2004 - first 6 months of 2009

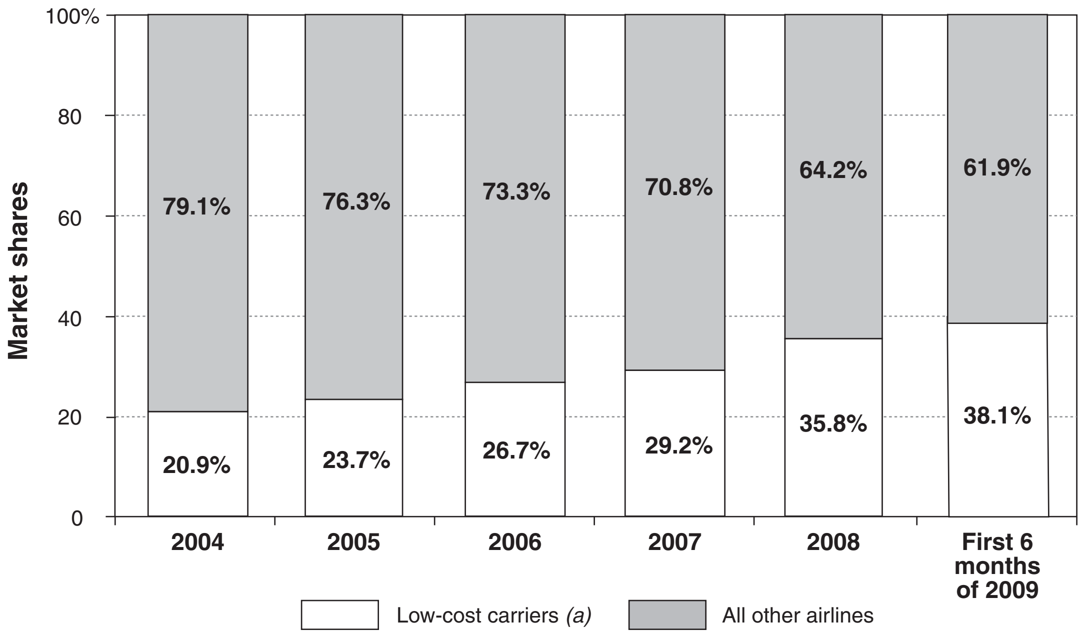
	2004	2005	2006	2007	2008	First 6 months 2009
United Airlines Group						
United	3,415,506	3,349,934	3,613,737	3,729,230	3,637,738	1,707,685
Ted *(a)*	535,420	801,896	965,617	898,004	507,544	--
United Express *(b)*	538,639	679,006	881,718	910,173	852,277	424,804
	4,489,565	4,830,836	5,461,072	5,537,407	4,997,559	2,132,489
Frontier *(c)*	2,090,471	2,277,628	2,785,288	3,238,732	3,295,331	1,411,927
Southwest *(d)*	--	--	773,348	1,258,305	2,008,453	1,271,823
Delta *(e)*	840,190	769,517	635,336	671,176	718,102	350,758
American *(e)*	795,882	886,533	973,233	933,045	862,173	348,581
US Airways *(e, f)*	789,463	769,854	617,333	560,911	470,266	252,266
Continental *(e)*	495,376	524,207	537,394	543,053	509,607	233,185
Northwest *(e)*	604,827	624,114	488,406	535,215	518,512	218,605
Other	1,289,442	1,301,133	977,876	964,967	954,760	406,225
	6,905,651	7,152,986	7,788,214	8,705,404	9,337,204	4,493,370
Total	11,395,216	11,983,822	13,249,286	14,242,811	14,334,763	6,625,859
	Percent of total					
United	30.0%	28.0%	27.3%	26.2%	25.4%	25.8%
Ted *(a)*	4.7	6.7	7.3	6.3	3.5	--
United Express *(b)*	4.7	5.7	6.6	6.4	5.9	6.4
	39.4%	40.4%	41.2%	38.9%	34.8%	32.2%
Frontier *(c)*	18.3%	19.0%	21.0%	22.7%	23.0%	21.3%
Southwest *(d)*	--	--	5.8	8.8	14.0	19.2
Delta *(e)*	7.4	6.4	4.8	4.7	5.0	5.3
American *(e)*	7.0	7.4	7.3	6.6	6.0	5.3
US Airways *(e, f)*	7.0	6.4	4.7	3.9	3.3	3.8
Continental *(e)*	4.3	4.4	4.1	3.8	3.6	3.5
Northwest *(e)*	5.3	5.2	3.7	3.8	3.6	3.3
Other	11.3	10.8	7.4	6.8	6.7	6.1
	60.6%	59.6%	58.8%	61.1%	65.2%	67.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

(a) Ted, United's low-fare unit, initiated service at the Airport on February 12, 2004, stopped reporting its activity separately at the Airport in August 2008, and ceased operations on January 6, 2009.
(b) Includes Mesa Airlines and SkyWest Airlines from 2004 through 2009, Air Wisconsin from 2004 through 2006, and GoJet Airlines, Shuttle America, and Trans States Airlines from 2005 through 2009.
(c) Includes Horizon Air from 2004 through 2007, Republic Airlines in 2007 and 2008, and Lynx Aviation in 2008 and 2009.
(d) Initiated service at the Airport in January 2006.
(e) Includes enplaned passengers on the airline's commuter affiliates.
(f) Includes activity of America West Airlines, which merged with US Airways in September 2005.

Source: Airport management records.

Figure 18

LOW-COST CARRIER MARKET SHARES OF ENPLANED PASSENGERS
Denver International Airport



(a) Low-cost carriers include:
- AirTran Airways
- Allegiant Air
- America West Airlines *(b)*
- America West Express *(b)*
- ATA Airlines (terminated service Jan. 2006)
- Frontier Airlines
- Frontier JetExpress
- JetBlue Airways (initiated service January 2001)
- Southwest Airlines (initiated service January 2006)
- Spirit Airlines (operated between 2002 and 2004)

(b) In September 2005, America West Airlines and America West Express merged with US Airways. Data for America West Airlines and America West Express are reported separately from US Airways data and these airlines are considered to be low-cost carriers. Enplaned passengers on US Airways who did not fly on America West Airlines or America West Express are not included in the results shown above.

Source: Airport management records.

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Enplaned Passengers

Table 16 summarizes historical enplaned passenger data for the Airport organized by originating, connecting, and total enplaned passengers. The total number of enplaned passengers increased an average of 3.9% per year between 1995 and 2008, with the number of originating and connecting passengers increasing an average of 3.5% and 4.4%, respectively. During the first 6 months of 2009, the total number of enplaned passengers decreased 4.7%, reflecting the effects of airline capacity reductions and the national economic recession on passenger demand and consumer spending on air travel. The number of originating passengers decreased 8.5% during the first 6 months of 2009 compared with the same period of 2008, while the number of connecting passengers increased 0.1%. A further discussion of originating and connecting passenger trends at the Airport is presented in the following sections under "Originating Passengers" and "Connecting Passengers." Figure 19 presents the trends in U.S. GDP and enplaned passengers at the Airport and in the nation from 1970 through 2008 (using 1970 as the index year). Overall, there has been a positive, gradually increasing trend in U.S. GDP and enplaned passengers, with the Airport showing stronger growth in passenger traffic than the nation as a whole. From 1970 through 2008, GDP increased an average of 3.0% per year, compared with average increases of 3.6% and 5.3% per year, respectively, in the numbers of enplaned passengers in the nation and at the Airport during that period.

Table 16

HISTORICAL ENPLANED PASSENGERS
Denver International Airport

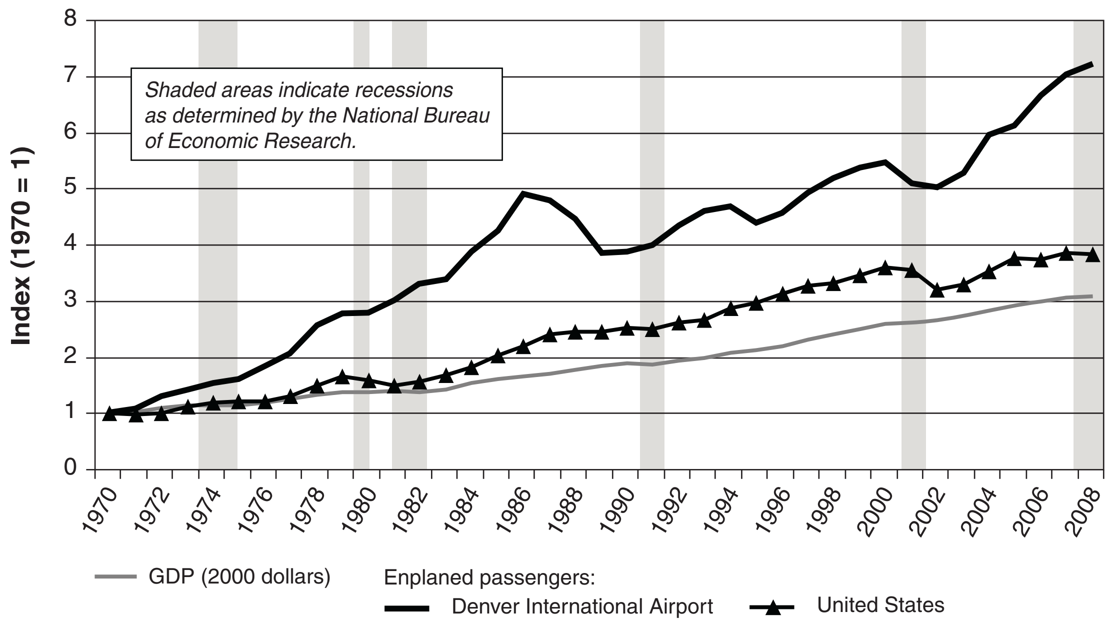
Year	Enplaned passengers: Originating	Enplaned passengers: Connecting	Enplaned passengers: Total	Annual percent increase (decrease) total passengers	Originating share of total passengers
1995	9,165,705	6,452,339	15,618,044	--%	58.7%
2000	10,979,642	8,413,354	19,392,996	--%	56.6
2001	10,258,209	7,787,900	18,046,109	(6.9)	56.8
2002	9,644,278	8,185,286	17,829,564	(1.2)	54.1
2003	10,265,526	8,495,409	18,760,935	5.2	54.7
2004	11,395,216	9,748,865	21,144,081	12.7	53.9
2005	11,983,822	9,718,153	21,701,975	2.6	55.2
2006	13,249,286	10,416,026	23,665,312	9.0	56.0
2007	14,242,811	10,698,142	24,940,953	5.4	57.1
2008	14,334,763	11,315,480	25,650,243	2.8	55.9
January – June					
2008	7,240,390	5,569,683	12,810,073	--	56.5
2009	6,625,859	5,576,408	12,202,267	(4.7)	54.3
	Average annual percent increase (decrease)				
1995-2000	3.7%	5.5%	4.4%		
2000-2008	3.4	3.8	3.6		
1995-2008	3.5	4.4	3.9		
January – June					
2008-2009	(8.5)	0.1	(4.7)		

Source: Airport management records.

As shown on Figure 19, national passenger traffic has closely followed the trends in GDP since 1970, including decreases during the current and past four national economic recessions. In comparison, the Airport has outperformed or followed national passenger trends during periods of national economic recession. During the current economic recession, the number of passengers enplaned at the Airport increased 2.8% in 2008 and decreased 4.7% during the first 6 months of 2009 (January through June). In comparison, the number of U.S. enplaned passengers decreased 3.7% in 2008 based on the most recent data available from the U.S. Department of Transportation. Passenger data available from the Air Transport Association of America for the first 6 months of 2009 indicate that the number of enplaned passengers on the scheduled mainline flights of U.S. airlines decreased 10.0% systemwide compared with the number of enplaned during the same period of 2008.

Figure 19

U.S. GROSS DOMESTIC PRODUCT AND ENPLANED PASSENGERS



Sources: U.S.GDP—U.S. Department of Commerce, Bureau of Economic Analysis, www.bea.gov. Denver enplaned passengers—Airport management records. U.S. enplaned passengers—U.S. Department of Transportation, Federal Aviation Administration, www.faa.gov.

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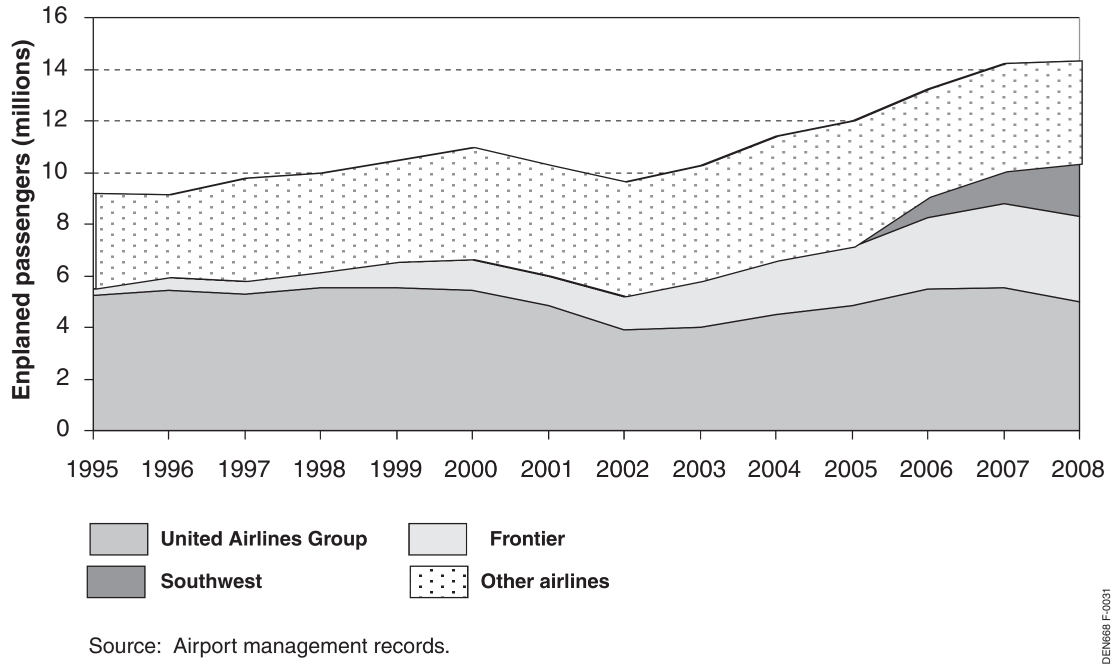
Originating Passengers

Figure 20 presents the trends in the numbers of originating passengers at the Airport from 1995 through 2008. As discussed earlier, the important factors affecting O&D passenger demand are the demographics and economy of the region served by the airport as well as airline service and airfares. Since 1995, the number of originating passengers at the Airport has decreased in 3 of the 13 years—a 0.2% decrease in 1996 related to the decrease in service by Continental as it closed its Denver hub, and decreases in 2001 and 2002 of 6.6% and 6.0%, respectively, related to the effects of national economic recession and the 2001 terrorist attacks. The growth in originating passenger traffic at the Airport since 1995 reflects the continued economic growth in the Denver Metropolitan Area and the State as well as the development of airline service and airfares. As shown on Figure 20, the shares of originating passengers by airline reflect the major economic events that occurred during this period as well as the continued development of service by United and Frontier and the introduction of low-cost service by Southwest.

Figure 20

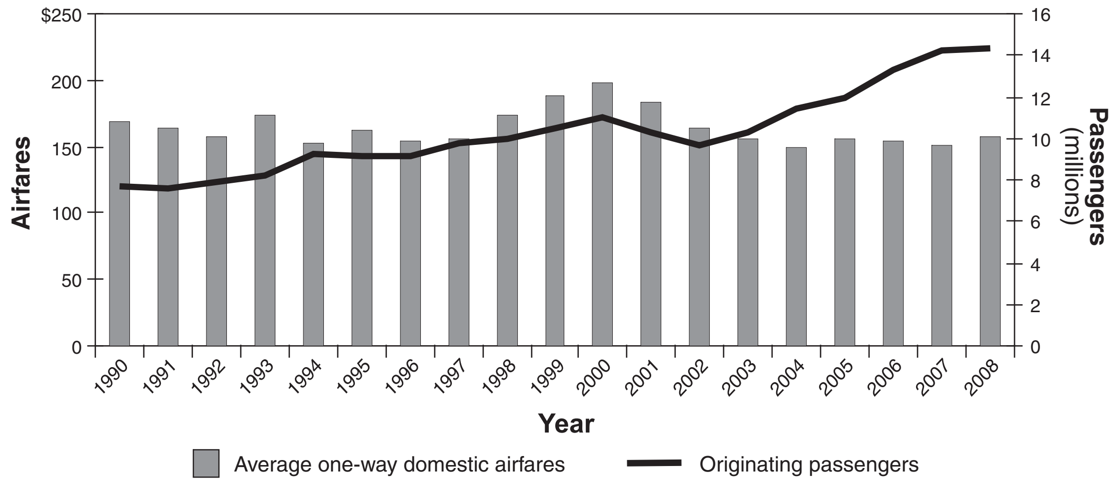
ORIGINATING PASSENGER TRENDS

Denver International Airport



Source: Airport management records.

Figure 21 provides a specific comparison of changes in numbers of originating passengers and average domestic airfares at the Airport in 1990 through 2008. As stated earlier, the market share of the low-cost carriers at the Airport increased from 20.9% in 2004 to 38.1% during the first 6 months of 2009 and contributed to the overall decrease in airfares at the Airport over that period.



Sources: Average fare data—U.S. Department of Transportation, *Origin-Destination Survey of Airline Passenger Traffic, Domestic.*
Originating passenger data—Airport management records.

Origin-Destination Passenger Markets. Table 17 presents the Airport's top 20 domestic O&D passenger markets in 2008. Table 17 also shows the average number of seats on daily nonstop departures from the Airport to each of the top markets scheduled for August 2009. Of the 90,973 scheduled daily nonstop seats from the Airport, 58.5% are to the top 20 markets listed in the table.

Airline Shares of Origin-Destination Passenger Markets. Figure 22 presents the shares of originating passengers to the Airport's top 10 origin-destination markets in 2008. The United Airlines Group accounted for the largest share of originating passengers in 4 of the top 10 markets—Chicago, Los Angeles, San Francisco, and Washington, D.C.—each of which is a United hub. United also accounted for the largest single-airline share of originating passengers in the New York market (42%), followed by Frontier with the second largest share (13%) and four other airlines together accounted a 45% share—American, Continental, Delta, and JetBlue. Southwest accounted for the largest share of originating passengers in 2 of the top 10 markets—Las Vegas and Phoenix—both of which are among Southwest's busiest airports. Although Frontier did not account for the largest share of originating passengers in any of the top 10 markets, the airline accounted for the second largest share in 4 markets—Washington, D.C., Los Angeles, Phoenix, and Dallas/Fort Worth. Other airlines accounted for the largest share of originating passengers in the remaining 3 top 10 markets, reflecting the role of these markets as connecting hubs for other airlines—Houston for Continental, Dallas/Fort Worth for American, and Seattle-Tacoma for Alaska.

Table 17

TOP 20 DOMESTIC ORIGIN-DESTINATION PASSENGER MARKETS AND AIRLINE SERVICE
Denver International Airport
2008, except as noted

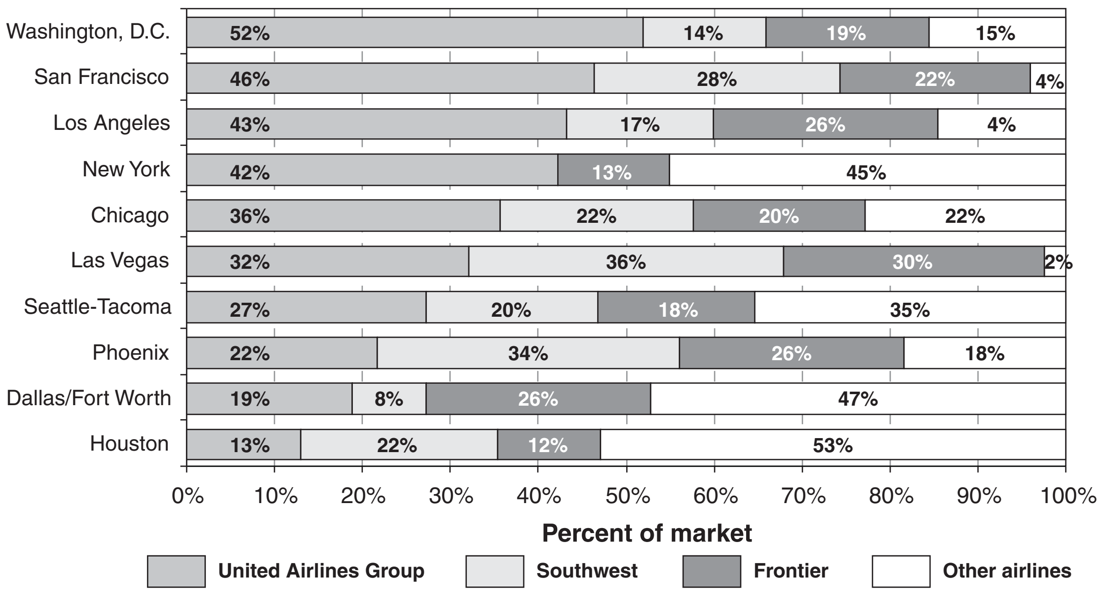
Rank	Origin-destination market	Air miles from Denver	Percent of originating passengers at Denver	Number of seats on scheduled daily nonstop departures August 2009
1	Los Angeles (a)	862	6.7%	5,832
2	Chicago (b)	888	5.1	4,441
3	San Francisco (c)	967	5.1	4,739
4	New York (d)	1,605	4.6	2,697
5	Washington, D.C. (e)	1,452	4.5	3,256
6	Phoenix	602	4.2	3,314
7	Las Vegas	629	3.9	3,067
8	Dallas-Fort Worth (f)	641	3.3	3,092
9	Houston (g)	861	3.0	2,542
10	Seattle-Tacoma	1,024	2.8	2,372
11	San Diego	853	2.4	2,018
12	Minneapolis-St. Paul	680	2.4	3,002
13	Atlanta	1,199	2.3	2,489
14	Salt Lake City	391	2.2	2,749
15	Orlando	1,545	2.1	1,099
16	Kansas City	532	1.9	2,080
17	Boston	1,754	1.8	1,019
18	Philadelphia	1,552	1.8	1,203
19	Portland	992	1.7	1,737
20	Miami (h)	1,557	1.6	454
	Cities listed		63.5%	53,202
	Other cities		36.5	37,771
	All cities		100.0%	90,973

(a) Los Angeles International, Bob Hope, Ontario International, John Wayne (Orange County), and Long Beach airports.
(b) Chicago O'Hare and Midway international airports.
(c) San Francisco, Oakland, and Mineta San Jose international airports.
(d) Newark Liberty International, LaGuardia, and John F. Kennedy International airports.
(e) Reagan Washington National, Baltimore/Washington International Thurgood Marshall, and Washington Dulles International airports.
(f) Dallas/Fort Worth International Airport and Love Field.
(g) Bush Intercontinental Airport/Houston and William P. Hobby Airport.
(h) Fort Lauderdale-Hollywood and Miami international airports.

Sources: Originating percentage: U.S. Department of Transportation, *Origin-Destination Survey of Airline Passenger Traffic, Domestic*, online database.
Departures: Official Airline Guides, Inc. online database, for August 2009, for domestic destinations.

Figure 22

AIRLINE SHARES OF DOMESTIC ORIGINATING PASSENGERS FOR TOP 10 MARKETS IN 2008



Note: Data include regional affiliates.

Source: U.S. Department of Transportation, *Origin-Destination Survey of Airline Passenger Traffic, Domestic*, online database, accessed May 2009.

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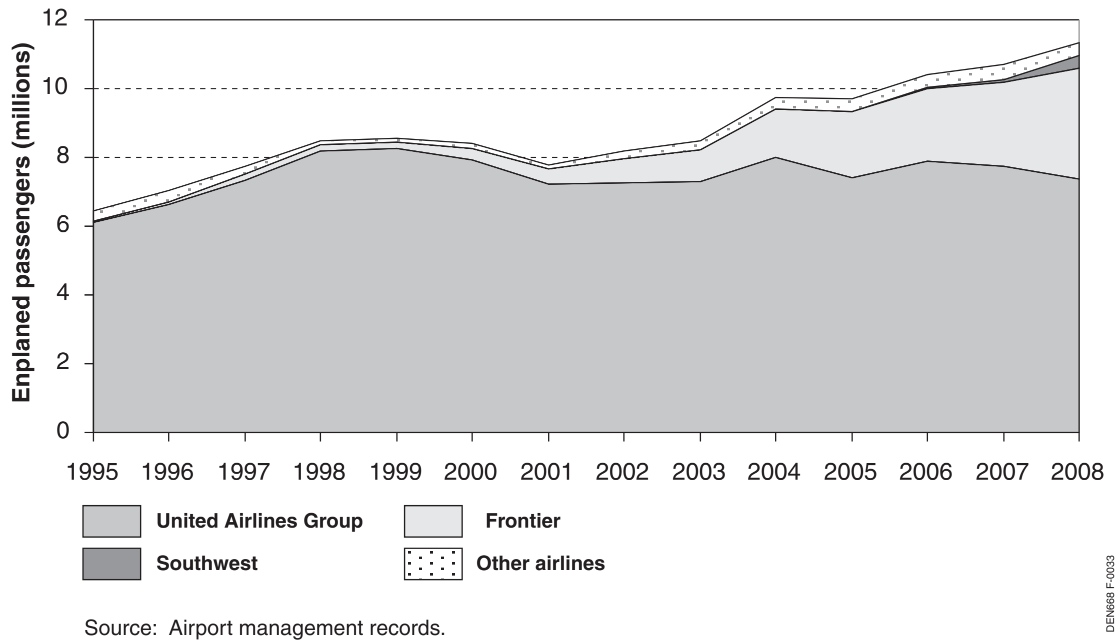
Connecting Passengers

Figure 23 presents the trends in the numbers of connecting passengers at the Airport from 1995 through 2008. As discussed earlier, connecting passenger traffic is determined by the route network decisions of the hubbing airlines. (See earlier discussion under "Airport Role" for a description of the Airport role as an important connecting hub in the route systems of both United and Frontier.) Since 1995, the number of connecting passengers at the Airport has decreased in only 3 of the past 13 years—decreases of 1.5% in 2000 and 7.4% in 2001, related to the effects of national economic recession and the 2001 terrorist events and a decrease of 0.3% in 2005. As shown on Figure 23, the shares of connecting passengers by airline reflect the continued development of the Airport as a hub by United and Frontier.

Figure 23

CONNECTING PASSENGER TRENDS

Denver International Airport



Source: Airport management records.

Air Cargo Activity

Table 18 presents data on enplaned cargo at the Airport in 1995 and in 2000 through the first 6 months of 2009. Enplaned air cargo at the Airport accounted for about 45% of total cargo tonnage (enplaned plus deplaned) in 2008. Enplaned cargo tonnage increased an average of 4.2% per year between 1995 and 2000, but has decreased each year since 2000, for reasons discussed below. During the first 6 months of 2009, total enplaned cargo tonnage decreased 16.0% compared with the same period of 2008.

The decreases in cargo at the Airport are related to (1) the slowdown in the regional economy, particularly in the manufacturing sector, (2) a reduction in available belly-cargo capacity on passenger airlines as a result of increases in the use of regional jet aircraft and low-cost carrier operations which have less cargo capacity that larger air carrier aircraft, (3) the availability of reduced-cost belly-cargo capacity, particularly on widebody aircraft designed for containerized cargo, and direct international freighter service at other gateway airports, such as Chicago O'Hare, Los Angeles, and Dallas/Fort Worth international airports, (4) an increasing trend among freight forwarders to bypass airports and truck cargo to gateways that have available reduced-cost belly-cargo capacity, and (5) the reorganization and consolidation in the cargo industry in response to the increase in fuel prices in 2008 and the national economic recession.

Table 18

HISTORICAL ENPLANED CARGO
Denver International Airport
(tons)

Year	Air mail	Freight and express	Total	Total average annual increase (decrease)	All-cargo airline share of total cargo *(a)*
1995	65,559	134,307	199,866	--%	n.a.
2000	85,902	159,769	245,671	--	56.4%
2001 *(b)*	53,421	130,085	183,506	(25.3)	61.2
2002	22,421	141,618	164,039	(10.6)	69.7
2003	27,544	135,877	163,421	(0.4)	67.5
2004	20,016	140,586	160,602	(1.7)	71.1
2005	17,232	139,100	156,332	(2.7)	70.6
2006	11,064	129,204	140,268	(10.3)	75.3
2007	2,680	128,682	131,362	(6.3)	81.8
2008	5,892	118,170	124,061	(5.6)	79.5
January – June					
2008	3,367	60,389	63,757	--%	79.0
2009	2,889	50,689	53,577	(16.0)	79.7
	Annual average increase (decrease)				
1995-2000	5.6%	3.5%	4.2%		
2000-2008	(28.5)	(3.7)	(8.2)		
1995-2008	(16.9)	(1.0)	(3.6)		
January – June					
2008-2009	(14.2)	(16.1)	(16.0)		

n.a. = not available

(a) Includes enplaned and deplaned cargo.
(b) In 2001, FedEx and the U.S. Postal Service entered into a contract that resulted in a large portion of mail being transported from air to ground, with FedEx reporting this activity to the City as enplaned freight and express cargo. Previously, this activity was reported as air mail.

Source: Airport management records.

KEY FACTORS AFFECTING FUTURE AIRLINE TRAFFIC

In addition to the demographics and economy of the Denver Metropolitan Area, as discussed earlier, key factors that will affect airline traffic at Denver International Airport include:

- Economic and political conditions
- Aviation safety, security, and public health concerns
- Financial health of the airline industry
- Airline service and routes
- Airline competition and airfares
- Airline consolidation and alliances
- Availability and price of aviation fuel
- Capacity of the national air traffic control system
- Capacity of the Airport

Economic and Political Conditions

Historically, airline passenger traffic nationwide has correlated closely with the state of the U.S. economy and levels of real disposable income. Recession in the U.S. economy in 2001 and stagnant economic conditions in 2002 contributed to reduced passenger numbers during those years. Economic recession in 2008 and 2009, combined with reduced discretionary income and increased airfares, is likely again to contribute to reduced air travel demand in the near term.

With the globalization of business and the increased importance of international trade and tourism, growth in the U.S. economy has become more closely tied to worldwide economic, political, and social conditions. As a result, international economics, trade balances, currency exchange rates, political relationships, and hostilities are now important influences on passenger traffic at major U.S. airports. Sustained future increases in both domestic and international passenger traffic will depend on stable and peaceful international conditions and global economic growth.

Aviation Safety, Security, and Public Health Concerns

Concerns about the safety of airline travel and the effectiveness of security precautions influence passenger travel behavior and airline travel demand. Anxieties about the safety of flying and the inconveniences and delays associated with security screening procedures lead to both the avoidance of travel and the switching from air to surface modes of transportation for short trips.

Safety concerns in the aftermath of the terrorist attacks in September 2001 were largely responsible for the steep decline in airline travel nationwide in 2002. Since September 2001, government agencies, airlines, and airport operators have upgraded security measures to guard against changing threats and maintain confidence in the safety of airline travel. These measures include strengthened aircraft cockpit doors, changed flight crew procedures, increased presence of armed sky marshals, federalization of airport security functions under the Transportation

Security Administration (TSA), and more intensive screening of passengers and baggage. In summer 2006, the discovery of a plot to attack transatlantic flights with liquid explosives led to further changes in screening procedures.

Public health concerns have also affected travel demand from time to time. In 2003, concerns about the spread of severe acute respiratory syndrome (SARS) led public health agencies to issue advisories against non-essential travel to certain regions of the world. Beginning in April 2009, concerns about the spread of swine flu caused by the H1N1 virus reduced certain international airline travel demand.

Historically, airline travel demand has recovered after temporary decreases stemming from terrorist attacks or threats, hijackings, aircraft crashes, public health concerns, and international hostilities. Provided that precautions of government agencies, airlines, and airport operators serve to maintain confidence in the safety of commercial aviation without imposing unacceptable inconveniences for airline travelers, it can be expected that future demand for airline travel at the Airport will depend primarily on economic, not safety or security, factors.

Financial Health of the Airline Industry

The number of passengers at the Airport will depend partly on the profitability of the U.S. airline industry and the associated ability of the industry and individual airlines, particularly United Airlines, to make the necessary investments to continue providing service.

The 1990-1991 economic recession, coupled with increased operating costs and security concerns during the first Gulf War, generated then-record financial losses in the airline industry. Those losses put particular pressures on financially weak or highly indebted airlines, forcing many to seek bankruptcy protection, sell productive assets, lay off workers, reduce service, or discontinue operations in the early 1990s.

Between 1995 and 2000, the airline industry as a whole was profitable, but as a result of the 2001 economic recession, the disruption of the airline industry that followed the September 2001 attacks, increased fuel and other operating costs, and price competition, the industry again experienced huge financial losses. In 2001 through 2005, the major U.S. passenger airlines collectively recorded net losses of approximately $40 billion.

To mitigate those losses, all of the major network airlines restructured their route networks and flight schedules and reached agreement with their employees, lessors, vendors, and creditors to cut costs, either under Chapter 11 bankruptcy protection or the possibility of such. US Airways twice filed for bankruptcy protection, in 2002 and 2004. In December 2002, United filed for bankruptcy protection (emerged in February 2006). In 2003, American avoided filing for bankruptcy protection after obtaining labor cost concessions from its employees and drastically reducing service at its St. Louis hub. In 2005, Delta eliminated its Dallas/Fort Worth hub, reduced service at its Cincinnati hub, and restructured its other airport operations. In September 2005, Delta filed for bankruptcy protection (emerged in April 2007). Also in September 2005, Northwest filed for bankruptcy protection (emerged in May 2007). Among smaller airlines, between 2003 and 2005, Hawaiian Airlines, Aloha Airlines, and Independence Air filed for Chapter 11 protection. (Of these airlines, only Hawaiian was still operating as of August 2009.)

In 2006 and 2007, the U.S. passenger airline industry as a whole was profitable, but in mid-2008, as oil and aviation fuel prices increased to unprecedented levels, the industry experienced a profitability crisis. The industry responded by grounding older, less fuel-efficient aircraft, adopting fuel-saving operating practices, hedging their fuel requirements, reducing scheduled seat capacity, eliminating unprofitable routes, laying off employees, reducing employee compensation, reducing other non-fuel expenses, increasing airfares, and imposing other fees and charges. In the fourth quarter of 2008, the U.S. passenger airlines collectively reduced domestic capacity (as measured by available seat-miles) by approximately 10% compared with the fourth quarter of 2007.

Various industry analysts have suggested that further industrywide capacity reductions may be required to achieve equilibrium between seat supply and passenger demand at airfares adequate to achieve airline profitability. Several airlines have announced additional capacity reductions for the second half of 2009 and first quarter of 2010. The combination of reduced seat capacity, increased airfares, and weak economic conditions is expected to lead to reduced passenger numbers at most airports in the near term.

Continuing losses could cause airlines to seek bankruptcy protection or liquidate. During 2008, Aloha, ATA, and Skybus airlines, along with other small airlines, declared bankruptcy and ceased operations. Frontier Airlines filed for Chapter 11 protection in April 2008. As discussed in a previous section "The Role of the Airport in Frontier's System", Republic Airways Holdings purchased the parent company of Frontier Airlines and Lynx Aviation on August 13, 2009 under procedures established in Frontier's Chapter 11 bankruptcy proceedings. On September 10, 2009, the bankruptcy court issued an order confirming Frontier's Plan of Reorganization. On October 1, 2009, Republic Airways Holdings completed its acquisition of Frontier, which allowed Frontier to emerge from Chapter 11 bankruptcy protection. The liquidation of one or more of the large network airlines could drastically affect airline service at many connecting hub airports, present business opportunities for the remaining airlines, and change airline travel patterns throughout the U.S. aviation system.

Airline Service and Routes

The Airport serves as a gateway to the Denver Metropolitan Area and the Rocky Mountain region, and as an airline connecting hub. The number of O&D passengers depends on the intrinsic attractiveness of the Denver Metropolitan Area as a business and leisure destination and the propensity of its residents to travel. The number of connecting passengers, on the other hand, depends on the airline service provided at the Airport and at other airports.

Most major airlines have developed nationwide systems of hubs that allow them to offer high-frequency service in many city-pair markets. Because most connecting passengers have a choice of airlines and intermediate airports, connecting traffic at an airport depends on the route networks and flight schedules of the airlines at that airport and at competing hub airports.

Denver International Airport is the primary air carrier airport serving the Rocky Mountain region, and a connecting hub. Prior to 1995 , United and Continental each operated a hub in Denver for many years. As discussed in the earlier section, "Airport Role," the Airport is an important connecting hub for United and Frontier airlines. For the last 5 years, the Airport has been United's second busiest hub after Chicago O'Hare International Airport in terms of numbers of enplaned passengers. In 2008, the United Airlines Group accounted for approximately 65% of total connecting passengers at the Airport. Frontier Airlines also uses the Airport as a connecting hub, accounting for approximately 29% of total connecting passengers at the Airport in 2008. The Airport is the busiest airport in Frontier's route network.

As a result, much of the passenger traffic at the Airport results from the route network and flight schedules of United and Frontier rather than the economy of the Denver Metropolitan Area. If United were to reduce connecting service at the Airport, such service would not necessarily be replaced by other airlines, although reductions in service by any airline would create business opportunities for others. The potential effects on passenger traffic of a drastic reduction in connecting airline service at the Airport, as might hypothetically result from the liquidation of the major hub airline, are discussed in the later section "Sensitivity Analysis Projections."

Airline Competition and Airfares

Air fares have an important effect on passenger demand, particularly for relatively short trips where the automobile and other travel modes are potential alternatives, and for price-sensitive "discretionary" travel. The price elasticity of demand for airline travel increases in weak economic conditions when the disposable income of potential airline travelers is reduced. Airfares are influenced by capacity and yield management; market presence; other competitive factors; labor, fuel, and other airline operating costs; airline debt burden; and taxes, fees, and other charges assessed by governmental and airport agencies. Future passenger numbers, both nationwide and at the Airport, will continue to depend on the level of airfares.

Overcapacity in the industry, the ability of consumers to compare airfares and book flights easily via the Internet, and other competitive factors combined to reduce airfares between 2000 and 2005. During that period, the average domestic yield for the U.S. airlines was reduced from 14.9 cents to 12.7 cents per passenger-mile. In 2006 and 2007, airlines reduced capacity and were able to sustain fare increases, industrywide yields increased, to an average of 13.8 cents per passenger-mile. In 2008, yields increased further, to 14.7 cents per passenger-mile. The ability of the airlines to continue increasing and rationalizing fares while controlling seat capacity is seen as key to the industry regaining and sustaining profitability.

In many airline travel markets nationwide, new entrant and other airlines with lower cost structures have provided price and service competition. In Denver, AirTran Airways, America West Airlines, Frontier, and Southwest have provided such competition in many travel markets. As United and other legacy network airlines have restructured their operations and reduced costs, they have enhanced their ability to compete.

Airline Consolidation and Alliances

In response to competitive pressures, the U.S. airline industry has consolidated. In April 2001, American acquired failing Trans World Airlines. In August 2001, merger plans for United and US Airways were proposed but rejected by the U.S. DOT as a result of concerns about reduced airline competition. As previously noted, in September 2005, US Airways and America West merged. In November 2006, the new US Airways proposed a merger with Delta while the latter was in bankruptcy, but Delta's management and creditors rejected the hostile merger proposal. In April 2008, Delta and Northwest announced their intention to merge; the merger was approved by the U.S. Department of Justice and became effective in October 2008. Various other merger combinations involving American, Continental, United, and US Airways were rumored in early 2008, but in an environment of uncertain fuel prices and weak demand, none is expected to be pursued in the near term. In the longer term, further airline consolidation is possible and could change airline service patterns, particularly at the connecting hub airports of the merging airlines.

Alliances provide airlines with many of the advantages of mergers and all of the large U.S. network airlines are members of such alliances with foreign-flag airlines. Alliances typically involve marketing, code-sharing, and scheduling arrangements to facilitate the transfer of passengers between the airlines. In May 2004, US Airways joined the United-led Star Alliance. In June 2008, Continental announced its intention to leave the Delta-led SkyTeam alliance and join the United-led Star Alliance. In July 2009, the U.S. Department of Transportation approved Continental's application to join the Star Alliance subject to certain conditions limiting cooperation on certain routes. Continental is scheduled to enter the Star Alliance in late October 2009.

Availability and Price of Aviation Fuel

The price of aviation fuel is a critical and uncertain factor affecting airline operating economics. Fuel prices are particularly sensitive to worldwide political instability and economic uncertainties. Beginning in 2003, fuel prices increased as a result of the invasion and occupation of Iraq; political unrest in other oil-producing countries; the rapidly growing economies of China, India, Nigeria, and other developing countries; and other factors influencing the demand for and supply of oil. By mid-

2008, average fuel prices were three times higher than they were in mid-2004 and represented the largest item of expense for most airlines. In the second half of 2008, oil prices fell as worldwide demand was reduced.

Airline industry analysts hold differing views on the extent to which recent fluctuations in oil and aviation fuel prices have been caused by actual or expected imbalances of supply and demand as opposed to commodity speculation. However, there is widespread agreement that fuel prices are likely to remain high relative to historical levels and to increase over the long term as global energy demand increases in the face of finite and increasingly expensive oil supplies.

While aviation fuel prices have not affected the ability of airlines to provide service, fluctuating prices will affect airline service, airfares, and passenger numbers. Airline operating economics are also likely to be affected as regulatory costs are imposed on the airline industry to account for aircraft emissions contributing to global climate change.

Capacity of the National Air Traffic Control System

Demands on the national air traffic control system have, in the past, caused delays and operational restrictions affecting airline schedules and passenger traffic. The FAA is implementing its Next Generation Air Transport System (NextGen) air traffic management programs to modernize and automate the guidance, and communications equipment of the air traffic control system and enhance the use of airspace and runways through improved air navigation aids and procedures. After 2001, air traffic delays decreased as a result of reduced numbers of aircraft operations, but, as nationwide demand has since increased, flight delays and restrictions are again being experienced.

Capacity of the Airport

In addition to any future constraints that may be imposed by the national air traffic control system, future growth in airline traffic at Denver International Airport may depend on the provision of increased capacity at the Airport itself. The Airport's existing six-runway layout at the Airport provides significant airfield capacity. Additionally, areas are reserved for as many as six additional runways, with accompanying long-term development plans to add gates to existing concourses and on new concourses. These plans indicate that forecast growth in airline traffic at the Airport will not be constrained by airfield or terminal capacity.

AIRLINE TRAFFIC FORECASTS

Forecasts of enplaned passengers and landed weight at the Airport in 2010 through 2015 are presented in Table 19. Numbers of historical (since 1990) and forecast enplaned passengers are presented graphically on Figure 24.

Table 19

AIRLINE TRAFFIC FORECASTS
Denver International Airport
FY 2007 – FY 2015

The forecasts presented in this table were prepared using the information and assumptions given in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Historical		Estimated	Forecast					
	2007	2008	2009	2010	2011	2012	2013	2014	2015
Enplaned passengers									
United Airlines									
Mainline	10,279,062	9,465,957	8,033,000	8,074,000	8,154,000	8,277,000	8,401,000	8,527,000	8,655,000
United Express	3,017,553	2,863,454	3,313,000	3,330,000	3,363,000	3,414,000	3,465,000	3,517,000	3,570,000
	13,296,615	12,329,411	11,346,000	11,404,000	11,517,000	11,691,000	11,866,000	12,044,000	12,225,000
Frontier Airlines *(a)*	5,668,493	6,531,106	5,903,000	5,961,000	6,021,000	6,111,000	6,201,000	6,294,000	6,387,000
Southwest Airlines	1,322,152	2,378,512	3,546,000	3,658,000	3,841,000	4,033,000	4,234,000	4,446,000	4,668,000
Other	4,653,693	4,411,214	4,077,000	4,095,000	4,137,000	4,177,000	4,220,000	4,262,000	4,305,000
Total enplaned passengers	24,940,953	25,650,243	24,872,000	25,118,000	25,516,000	26,012,000	26,521,000	27,046,000	27,585,000
Annual percent increase (decrease)		2.8%	(3.0%)	1.0%	1.6%	1.9%	2.0%	2.0%	2.0%
Originating passengers	14,242,811	14,334,763	13,796,000	13,960,000	14,211,000	14,507,000	14,812,000	15,127,000	15,452,000
Connecting passengers	10,698,142	11,315,480	11,076,000	11,158,000	11,305,000	11,505,000	11,709,000	11,919,000	12,133,000
Percent originating	57.1%	55.9%	55.5%	55.6%	55.7%	55.8%	55.9%	55.9%	56.0%
Percent connecting	42.9%	44.1%	44.5%	44.4%	44.3%	44.2%	44.1%	44.1%	44.0%
Landed weight (1,000-pound units)									
Passenger airlines									
United Airlines	12,808,215	11,790,067	10,017,000	10,067,000	10,117,000	10,168,000	10,218,000	10,268,000	10,309,000
United Express	3,636,420	3,616,136	3,754,000	3,774,000	3,792,000	3,811,000	3,830,000	3,849,000	3,864,000
	16,444,635	15,406,203	13,771,000	13,841,000	13,909,000	13,979,000	14,048,000	14,117,000	14,173,000
Frontier Airlines *(a)*	7,414,459	7,604,890	6,948,000	7,016,000	7,051,000	7,085,000	7,119,000	7,154,000	7,182,000
Southwest Airlines	1,781,420	3,508,071	4,865,000	5,017,000	5,242,000	5,450,000	5,666,000	5,890,000	6,117,000
Other	5,830,181	5,406,321	4,971,000	5,001,000	5,047,000	5,048,000	5,047,000	5,046,000	5,043,000
Total passenger airlines	31,470,696	31,925,485	30,555,000	30,875,000	31,249,000	31,562,000	31,880,000	32,207,000	32,515,000
All-cargo airlines	1,363,717	1,324,770	1,270,000	1,270,000	1,283,000	1,296,000	1,310,000	1,322,000	1,336,000
Total landed weight	32,834,413	33,250,255	31,825,000	32,145,000	32,532,000	32,858,000	33,190,000	33,529,000	33,851,000
Annual percent increase (decrease)		1.3%	(4.3%)	1.0%	1.2%	1.0%	1.0%	1.0%	1.0%

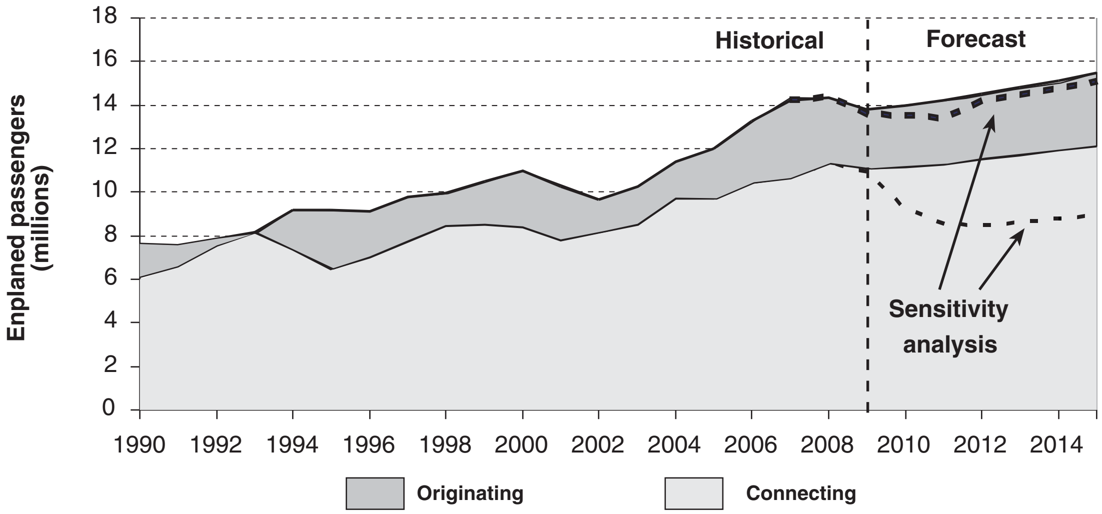
(a) Includes regional affiliates.

Sources: Historical: Airport management records.
Estimated (on basis of 6 months of actual data) and forecast: Jacobs Consultancy, August 2009.

Figure 24

HISTORICAL AND FORECAST ENPLANED PASSENGERS

Denver International Airport



The forecasts presented in this figure were prepared using the information and assumptions given in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

Sources: Historical—Airport management records.
Forecast—Jacobs Consultancy, June 2009.

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Assumptions Underlying the Forecasts

Forecasts of airline traffic were developed taking into account analyses of the economic basis for airline traffic, analyses of historical airline traffic, and an assessment of the key factors that may affect future airline traffic, as discussed in earlier sections. In general, it was assumed that, in the long term, changes in airline traffic at the Airport will occur largely as a function of growth in the population and economy of the Airport Service Region and changes in airline service. It was also assumed that continued development of airline service at the Airport will not be constrained by the availability of aviation fuel, long-term limitations in airline fleet capacity, limitations in the capacity of the air traffic control system or the Airport, or government policies or actions that restrict growth. Also considered were recent and potential developments in the national economy and in the air transportation industry as they have affected or may affect airline traffic at the Airport.

In the near-term, it was assumed that:

- Slow recovery from the economic recession, weak growth in the U.S. and Denver economies, and reduced disposable income will depress the demand for airline travel through 2010.

- Aviation fuel prices will stabilize at levels that are historically high but lower than the record prices reached in mid-2008.
- United and other airlines will reduce domestic and international seat capacity consistent with airline schedules published in August 2009.
- The acquisition of Frontier Airlines by Republic Airways Holdings in August 2009 will not materially affect Frontier's operations at the Airport.

From 2011 through the remainder of the forecast period to 2015, passenger numbers at the Airport are forecast to increase gradually on the basis of the assumptions that:

- The U.S. economy will recover from the recession and experience sustained GDP growth averaging between 2.0% and 2.5% per year.
- The economy of the Airport service region will increase at a rate comparable to that of the United States as a whole.
- A generally stable international political environment and safety and security precautions will ensure airline traveler confidence in aviation without imposing unreasonable inconveniences.
- There will be no major disruption of airline service or airline travel behavior as a result of international hostilities or terrorist acts or threats.
- The Airport will continue to be a principal connecting hub for United and Frontier Airlines and a top 10 airport for Southwest Airlines.
- The airlines serving the Airport will be financially viable and able to add the seating capacity required to accommodate additional demand.
- Competition among the airlines serving the Airport will ensure the continued availability of competitive airfares.

A baseline forecast and sensitivity analysis projections of enplaned passengers and landed weight were developed for the Airport, as presented in Tables 19 and 20 and on Figure 24.

Baseline Forecast of Enplaned Passengers

In 2009, the numbers of enplaned passengers at the Airport are estimated to total 24.9 million, a 3.0% decrease from the 2008 number, reflecting actual data for the first 6 months of FY 2009 (January through June 2009), published flight schedules for the Airport, announced airline service additions at the Airport, and airline industry announcements regarding reductions in seating capacity for 2009.

In 2010, the number of enplaned passengers is forecast to total 25.1 million, a 1.0% increase from the estimated 2009 number. It was assumed that a slow recovery from the national economic recession, weak growth in the U.S. and Denver economies, and reduced disposable income will depress the demand for airline travel at the Airport through 2010.

From 2010 through 2015, the numbers of passengers enplaned at the Airport are forecast to increase an average of 1.9% per year, reaching 27.6 million in 2015. In its most recent *Terminal Area Forecast* for the Airport (published February 2009), the FAA forecasts an average annual increase of 2.7% in the number of enplaned passengers over the same period.

Sensitivity Analysis Projection of Enplaned Passengers

A projection of enplaned passengers was developed to provide the basis for a sensitivity test of the Airport's forecast financial results (presented later in this report) to a hypothetical reduction in passenger numbers such as could occur under conditions of prolonged economic recession, restricted seat capacity, high airfares, and reduced connecting airline service. The sensitivity analysis projection of enplaned passengers (and landed weight) at the Airport for 2010 through 2015 is presented in Table 20.

It was hypothesized that, for the sensitivity analysis projection relative to the baseline forecast:

- Weak economic conditions would further depress disposable income and airline travel demand.
- Poor operating economics would cause the airlines serving the Airport to further reduce domestic seat capacity and increase airfares.
- Connecting service at the Airport would be reduced, such as could occur if United and/or Frontier were to drastically reduce service at the Airport equal to 10% in 2010 and 10% in 2011.
- Following reductions in United and Frontier service, other network airlines would increase service to meet domestic passenger demand with a combination of nonstop service and connecting service through other hub airports.
- The Airport would continue to be a regional transfer point for the western United States, but the airlines replacing United and Frontier service would not provide the level of connecting service now provided.
- United's and Frontier's international service from the Airport would be significantly reduced and would not be replaced by other airlines.
- Airline service patterns would stabilize in 2012 and 2013 and passenger numbers would thereafter increase at rates similar to those assumed for the baseline forecast.

In the sensitivity analysis projection, by 2015, the overall number of enplaned passengers would be 24.1 million versus 27.6 million for the baseline forecast. Relative to the baseline forecast, the number of originating passengers in 2015 would be 2.5% lower, the number of connecting passengers would be 26.4% lower, and the total number of enplaned passengers would be 13.0% lower. Originating passengers would account for 62.8% of the total versus 56.0% in the baseline forecast.

Landed Weight

Under the baseline forecast, aircraft landed weight is forecast to increase from an estimated 31.8 million 1,000-pound units in 2009 to 33.9 million 1,000-pound units in 2015. The forecast growth in landed weight is slightly lower than that for enplaned passengers, reflecting an assumed gradual increase in the enplaned passenger load factors at the Airport. Corresponding assumptions were made for the sensitivity analysis projection, producing a projection of 29.7 million 1,000-pound units in 2015.

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Table 20

BASELINE FORECAST AND SENSITIVITY ANALYSIS PROJECTION

Denver International Airport

FY 2007 – FY 2015

The forecasts presented in this table were prepared using the information and assumptions given in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Historical		Estimated	Forecast					
	2007	2008	2009	2010	2011	2012	2013	2014	2015
BASELINE FORECAST									
Enplaned passengers									
Originating	14,242,811	14,334,763	13,796,000	13,960,000	14,211,000	14,507,000	14,812,000	15,127,000	15,452,000
Connecting	10,698,142	11,315,480	11,076,000	11,158,000	11,305,000	11,505,000	11,709,000	11,919,000	12,133,000
Total	24,940,953	25,650,243	24,872,000	25,118,000	25,516,000	26,012,000	26,521,000	27,046,000	27,585,000
Annual percent increase (decrease)	--	2.8%	(3.0%)	1.0%	1.6%	1.9%	2.0%	2.0%	2.0%
Percent originating	57.1%	55.9%	55.5%	55.6%	55.7%	55.8%	55.9%	55.9%	56.0%
Percent connecting	42.9%	44.1%	44.5%	44.4%	44.3%	44.2%	44.1%	44.1%	44.0%
Landed weight	32,834,413	33,250,255	31,825,000	32,145,000	32,532,000	32,858,000	33,190,000	33,529,000	33,851,000
SENSITIVITY ANALYSIS PROJECTION				Sensitivity projection					
Enplaned passengers									
Originating	14,242,811	14,334,763	13,548,000	13,520,000	13,388,000	14,152,000	14,446,000	14,754,000	15,071,000
Connecting	10,698,142	11,315,480	10,911,000	9,226,000	8,534,000	8,438,000	8,598,000	8,761,000	8,926,000
Total	24,940,953	25,650,243	24,459,000	22,746,000	21,922,000	22,590,000	23,044,000	23,515,000	23,997,000
Annual percent increase (decrease)	--	2.8%	(4.6%)	(7.0%)	(3.6%)	3.0%	2.0%	2.0%	2.0%
Percent originating	57.1%	55.9%	55.4%	59.4%	61.1%	62.6%	62.7%	62.7%	62.8%
Percent connecting	42.9%	44.1%	44.6%	40.6%	38.9%	37.4%	37.3%	37.3%	37.2%
Percent of baseline forecast	--	--	98.3%	90.6%	85.9%	86.8%	86.9%	86.9%	87.0%
Landed weight	32,834,412	33,250,254	31,311,000	29,283,000	28,207,000	28,777,000	29,087,000	29,409,000	29,702,000
Percent of baseline forecast	--	--	98.4%	91.1%	86.7%	87.6%	87.6%	87.7%	87.7%

Sources: Airport management records
Estimated (based on 6 months of actual data), forecast, and sensitivity projection: Jacobs Consultancy, August 2009.

FINANCIAL ANALYSIS

FRAMEWORK FOR AIRPORT SYSTEM FINANCIAL OPERATIONS

The City accounts for Airport System financial operations according to generally accepted accounting principles for governmental entities and the requirements of the General Bond Ordinance, as discussed below.

General Bond Ordinance

Improvements to the Airport System have been financed largely through the City's issuance of Airport System Revenue Bonds under the General Bond Ordinance and, to a lesser extent, through the issuance of Airport System Subordinate Revenue Bonds under the Subordinate Bond Ordinance.

The General Bond Ordinance sets forth the covenants of the City with respect to, among other things for the Airport System:

- Issuing additional Bonds
- Establishing rentals, fees, and charges for use of the Airport and its facilities
- Paying Operation and Maintenance (O&M) Expenses and Debt Service Requirements, among other costs, as discussed later

Under Section 704B of the General Bond Ordinance, the 2009 Bonds are considered additional Bonds, and, as such, the City is required to retain an Airport Consultant to demonstrate compliance with the additional Bonds test prior to the issuance of such Bonds. The City retained Jacobs Consultancy as its Airport Consultant for this purpose, and our financial forecasts prepared for the additional Bonds test were based, in part, on the assumptions underlying the financial forecasts presented in this report. The additional Bonds test for the 2009 Bonds is to be calculated and a certificate of compliance provided to the City before these Bonds are issued.

In the General Bond Ordinance, the City covenants to fix, revise, charge, and collect rentals, rates, fees, and other charges for the use of the Airport System so that, in each Fiscal Year*, Gross Revenues together with Other Available Funds will, at all times, be at least sufficient to provide for the payment of O&M Expenses for such Fiscal Year, and the larger of either (a) the total amount of required deposits to various Airport System funds and accounts during such Fiscal Year, or (b) 125% of the aggregate Debt Service Requirements on Senior Bonds for such Fiscal Year. This provision of the General Bond Ordinance is referred to as the Rate Maintenance Covenant.

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*The City's Fiscal Year ends December 31st.

Based on unaudited data for the first 6 months of 2009, the City had accumulated an estimated balance of approximately $67.3 million in the Coverage Account of the Capital Fund, which is considered Other Available Funds under the General Bond Ordinance; such funds can be used by the City up to 25% of Debt Service Requirements to meet the Rate Maintenance Covenant on Senior Bonds. The City intends to deposit additional amounts, if necessary, in the Coverage Account so as to maintain a balance equal to approximately 25% of the Debt Service Requirements on Senior Bonds and to apply such amounts as Other Available Funds each year.

Under the General Bond Ordinance, certain debt service on Senior Bonds may be excluded from Debt Service Requirements in calculating debt service coverage under the Rate Maintenance Covenant. See the later section of this report entitled "Passenger Facility Charge Revenues" regarding the framework for using passenger facility charge (PFC) revenues under the General Bond Ordinance for this purpose and the related assumptions underlying the financial forecasts.

Airport Use and Lease Agreements

The City and certain airlines serving the Airport have executed Airport use and lease agreements, as amended, that provide for, among other things: (1) the use and lease of space at the Airport, (2) the basis for calculating and recalculating rentals, fees, and charges paid by the airlines operating at the Airport, and (3) the majority-in-interest (MII) rights of the airlines regarding changes to the methodology for establishing their rentals, fees, and charges. The Airport use and lease agreements also:

- Provide that 50% of the Net Revenues remaining at the end of each year, up to a maximum of $40.0 million, and after all other requirements are satisfied, is to be credited to the airlines signatory to the agreement in the following year through the Airline Revenue Credit Account.

- Contain a provision stating that, notwithstanding any other provision of the agreements regarding rate-making methodologies or rentals, fees, and charges, the rate base must generate Gross Revenues that, together with Other Available Funds, are sufficient to satisfy the Rate Maintenance Covenant each year.

United's Airport Use and Lease Agreement. As discussed earlier, United Airlines enplanes the largest share of passengers and is the largest lessee of space and facilities at the Airport under a use and lease agreement, as amended, that is scheduled to expire in 2025.

United emerged from Chapter 11 bankruptcy protection in February 2006 and assumed its use and lease agreement and a series of other agreements, as amended, at Denver International Airport, to provide for the following, among other things:

1. ***Rentals, fees, and charges cost reductions for all airlines.**** The City is to reduce airline rentals, fees, and charges on a net basis up to an aggregate annual amount of $4 million over a 2-year period, 2009 through 2010. In addition, the City is to further reduce airline rentals, fees, and charges on a net basis up to an aggregate amount of $10 million in each of 2009 and 2010 according to a scale based on the Net Revenues available for revenue sharing each year.

2. ***Rentals, fees, and charges cost reductions for United.**** The City is to reduce the rentals, fees, and charges associated with the automated baggage system (ABS) that it would have otherwise charged to United by $21.0 million each year from 2009 through 2025, the final year of United's current Airport use and lease agreement.

   For purposes of this report, it was assumed that the City would meet its cost reduction goals during the forecast period through a combination of the following sources of funds and subject to the provisions of the amendments to the Airport use and lease agreement with United:

   – Interest savings from prior bond refundings as well as the defeasance of outstanding Bonds

   – Revenues from the $1.50 portion of the $4.50 PFC to defease approximately $68.3 million in remaining principal outstanding of Bonds associated with the Concourse A ABS and Concourse B ABS

   Additional information regarding the City's planned Bond defeasances is provided in the later section entitled "Plan of Financing."

3. ***United revenue-connecting passenger targets.*** The United Airlines Group is to enplane no fewer than 7,700,000 revenue-connecting passengers at the Airport each year from 2009 through 2025. The United Airlines Group enplaned 7,351,874 revenue-connecting-passengers in 2008, which did not meet its 2008 revenue-connecting-passenger target for that year. United's failure to reach its targeted levels would not constitute a default under its use and lease agreement, but would allow the City to decrease United's portion of the deposit to the Airline Revenue Credit Account by an amount equal to $6.00 for each revenue-connecting-passenger below the target, provided that the total reduction does not exceed United's share of the

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*Cost reduction goals in prior years were met by the City and are not described in this report.

Airline Revenue Credit Account in the then current year, or in any future year if it is not sufficient in the year in which the reduction should occur.

Based on the forecast of enplaned and connecting passengers presented in the "Air Traffic Analysis" section of this report, it is estimated that United would not meet its revenue-connecting-passenger target pursuant to its amended Airport use and lease agreement in each year of the forecast period (2009-2015) and the City would decrease United's portion of the deposit to the Airline Revenue Credit Account by $1.9 million to $5.1 million per year.

The rentals, fees, and charges cost reductions for all airlines are to cease if (1) the City is unable to meet its annual irrevocable commitment to pay Debt Service Requirements with PFC revenues under the General Bond Ordinance or (2) regulatory or other legal actions prohibit the cost reductions.

In addition, the cost reductions may be decreased if Airport management (1) determines in good faith that a deficiency exists in any of its required fund balances under the General Bond Ordinance, (2) receives an official written communication from any bond rating agency that a downgrade of the Airport's credit rating is likely unless the City's rentals, fees, and charges cost reduction contribution is decreased, or (3) determines in good faith that operating cash balances are insufficient and the cost reduction contributions would jeopardize the ongoing operation of the Airport.

If any one of the events described above occurs and is successfully resolved by the City, the rentals, fees, and charges reductions would be reinstated in the calendar year following the successful resolution of the event, and the City would increase the reductions to provide United and other airlines the full benefit of the reductions provided for under the amendments to the Airport use and lease agreement with United.

The United Airport use and lease agreement provides that United may terminate its agreement if its cost per enplaned revenue passenger at the Airport exceeds $20 (in 1990 dollars) in any given year. United's cost per enplaned revenue passenger at the Airport is not expected to exceed $20 during the forecast period, as shown in Exhibit E (all financial exhibits are presented at the end of this report).

The City is in discussions with United Airlines to amend its Airport use and lease agreement to increase the number of gates available for the City to lease on Concourse A and Concourse C by 5, which would occur by reducing United's leased premises on Concourse B and relocating certain airlines to that concourse. According to the City, the financial implications of the proposed amendment are not expected to be material relative to financial forecasts provided in this report.

Other Airline Airport Use and Lease Agreements. A list of the airlines other than United that lease gates in the Terminal Complex under Airport use and lease agreements with the City, as amended, and the lease expiration date for each agreement are provided in Table 21.

On April 10, 2008, Frontier Airlines—the second largest lessee of airline space after United and accounting for the second largest number of enplaned passengers at the Airport for the last 10 years—filed for Chapter 11 bankruptcy protection, but it continues to provide service to and from the Airport and other airports. Pursuant to the Frontier Stipulated Order, Frontier has assumed its Airport use and lease agreement, which was amended to provide for the lease of 17 full service gates on Concourse A.

Table 21

OTHER AIRLINE AIRPORT USE AND LEASE AGREEMENTS AND THEIR SCHEDULED EXPIRATION DATES

AirTran Airways (February 2011)	Frontier Airlines (February 2010)
Alaska Airlines (December 2010)	Northwest Airlines (December 2010)
American Airlines (December 2010)	Southwest Airlines (December 2010)
Continental Airlines (December 2010)	US Airways (December 2010)
Delta Air Lines (December 2010)	

Source: Airport management records.

On August 13, 2009, Republic Airways Holdings, Inc. acquired the parent company of Frontier Airlines and Lynx Aviation Inc. under procedures established in Frontier's Chapter 11 bankruptcy proceedings. On September 10, 2009, the bankruptcy court issued an order confirming Frontier's Plan of Reorganization. On October 1, 2009, Republic Airways Holdings completed its acquisition of Frontier, which allowed Frontier to emerge from Chapter 11 bankruptcy protection. According to representatives of Republic Airways Holdings and Frontier Airlines, the acquisition has received antitrust clearance and allows Frontier and Lynx to maintain normal operations as a subsidiary of Republic. Republic Airways Holdings owns Midwest Airlines (based in Milwaukee) and a number of regional airlines (Chautauqua Airlines, Mokulele Airlines, Republic Airlines, and Shuttle America).

As of the date of this report, it is not known what effect—if any—the acquisition by Republic Airways Holdings will have on the long-term operations and presence of Frontier and Lynx at the Airport, and how the flights of both airlines will be integrated—if at all—with the operations of Republic Airways Holdings and its operating subsidiaries, including Midwest Airlines and Shuttle America (which operates as a United Express affiliate at the Airport). For purposes of the airline traffic and financial forecasts presented in this report and consistent with statements made by representatives of Frontier Airlines, it was assumed that there would be no material change in the level of airline traffic or leased space of Frontier Airlines and Lynx Aviation at the Airport during the forecast period.

The City also has 5- and 10-year Airport use and lease agreements with other airlines that do not lease gates in the Terminal Complex, but use Airport facilities. These other airlines include: Great Lakes Aviation, JetBlue Airways, Mesa Airlines, Mesaba Aviation, and Midwest Airlines. Many of these agreements are with regional/commuter airlines operating at the Airport that have code-sharing agreements with the airlines listed in Table 21. The City also has Airport use and lease agreements with the following four foreign-flag passenger airlines: AeroMexico, British Airways, Lufthansa German Airlines, and Mexicana.

Most of the passenger and cargo airline Airport use and lease agreements with the City are scheduled to expire on December 31, 2010, except the use and lease agreement with Frontier Airlines, which the City expects to extend on a month-to-month basis when it expires on February 28, 2010 so that the Frontier agreement is coterminus with the agreements scheduled to expire December 2010. According to the City, it has held initial discussions with the airlines regarding the renegotiation of the terms and conditions of the current Airport use and lease agreements, and has stated that it does not expect any material changes to (1) the methodology for calculating airline rentals, fees and charges, (2) the preferential gate use provisions (use-it-or-lose-it), and/or (3) airline involvement in decisions regarding the implementation of capital projects (none is included in the current agreement). In addition, the City does not expect any material change in the amount of airline leased space as a result of any renegotiation of the Airport use and lease agreements.

For purposes of the financial forecasts presented in this report, it was assumed that there would be no material changes to the key areas stated above.

The City also has Airport use and lease agreements with certain all-cargo airlines and other cargo tenants, as discussed later in this report. Please refer to the "AGREEMENTS FOR USE OF AIRPORT FACILITIES" section of the Official Statement for a summary of the agreements between the City and the airlines serving the Airport.

Agreements for Stapleton Disposition and Redevelopment. Under the General Bond Ordinance, the site of the former air carrier airport (Stapleton) that served the region is part of the Airport System. In accepting the grant assurances of the FAA (as they relate to the receipt of airport grants) and in entering into Airport use and lease agreements with the airlines, the City agreed to use net proceeds from the sale of the Stapleton site to retire Airport System debt.

The City and the nonprofit Stapleton Development Corporation (SDC) have an agreement (the Disposition Agreement) that provides for SDC to redevelop and dispose of the 4,051-acre Stapleton site. As property is sold by SDC, it is released from the terms of the Disposition Agreement, which is scheduled to expire in June

2013. The proceeds from the Stapleton land sales, net of closing costs, have been deposited to the Capital Fund.

The City has agreements with nine airlines that provide, among other things, the framework for the City to (1) pay for Stapleton disposition expenditures and (2) recover those payments through airline landing fees at the Airport for 25 years. Also under the agreement, three airlines have funded the costs of certain environmental clean-up at Stapleton. Please refer to the section of the Official Statement entitled "FINANCIAL INFORMATION—Stapleton" for additional information about the Disposition Agreement and the agreement between the City and the nine airlines.

AIRPORT CAPITAL PROGRAM

Historically, Airport management has prepared a forward-looking 6-year Airport capital program that includes projects with the following purposes for Airport facilities owned and operated by the City:

- Major maintenance
- Expansion
- Capacity enhancements
- Upgrades and improvements
- Revenue-generating

Recently, Airport management revised its process for developing the Airport Capital Program as a result of: (1) the changing aviation industry, reflected in seat and flight reductions, bankruptcy filings and consolidations, (2) the decline in numbers of enplaned passengers at the nation's airports and the possibility—at the time the latest Capital Program was developed—of a reduction in passenger traffic at the Airport, and (3) the ability of Airport management to better match capital investment needs with the current economic and aviation industry environments.

As part of this process, the Capital Program planning period was reduced from 6 years to 4 years, and Airport management reviewed the justification for each project in the original 6 year Capital Program and reaffirmed, deferred, accelerated or removed the projects and revised the cost estimate associated with each project included in the Capital Program, which spans from 2009 through 2012 (the 2009-2012 Capital Program).

The 2009-2012 Capital Program (excluding the projects discussed below) and their estimated costs and funding sources are outlined in Exhibit A and summarized below by Airport cost center.

The following projects in the 2009-2012 Capital Program are to be funded from the net proceeds of the 2009A and 2009B Bonds (the 2009 Project) and additional Bonds that the City expects to issue during the forecast period (the Future Planned Bonds), as well as the remaining net proceeds of Bonds previously issued by the City and FAA grants-in-aid. Assumptions regarding the funding of debt service on the 2009

Bonds and the Future Planned Bonds, additional O&M Expenses if any, and any other relevant costs are included in the financial forecasts presented in this report.

Airfield Area and Concourse Apron

- Rehabilitate taxiways and runways as part of the City's pavement management plan
- Expand Concourse A apron
- Improve ramp area drainage

Terminal Complex and AGTS

- Improve existing concourses, including rehabilitation of the concessions, replacement of loading bridges and the pre-conditioned air units on the bridges, and other improvements
- Relocate baggage system security screening to the Landside Terminal
- Improve building systems, including the fire protection system, baggage information display system, electrical and mechanical systems, heating and cooling systems, and the central utility plant
- Upgrade the AGTS computer hardware, and extend the rail system to the south of the terminal building to accommodate additional trains

Roadways, Public Parking, and Ground Transportation

- Improve existing public parking facilities, including installation of a revenue control system at Mount Elbert, and other infrastructure upgrades
- Widen and rehabilitate Peña Boulevard
- Rehabilitate pavement in targeted roadway and parking areas

Other Airport Areas

- Upgrade equipment storage and light maintenance facility
- Prepare various environmental, energy and other studies

The City has stated that certain other projects in the 2009-2012 Capital Program would only be undertaken if:

- The projects are determined to be financially viable and/or self-sustaining through an evaluation of the effect of financing and constructing each project on the then current debt service coverage ratio, cost per enplaned passenger, and other factors used to manage the financial operations of the Airport.

- The maximum level of the PFC, which is currently $4.50 per qualifying enplaned passenger, is increased and the City receives approval from the FAA to use the higher PFC level to fund eligible project costs.

- The Regional Transportation District is able to finance and build rail lines between Denver Union Station and the proposed station in the Landside Terminal at the Airport.

- A project is requested by a tenant and the City receives full cost recovery from that tenant.

Projects in the 2009-2012 Capital Program that would be subject to these criteria are provided below and are excluded from the Plan of Finance and the financial forecasts presented in this report (project costs expressed in 2009 dollars):

- The FasTracks rail station on the south side of the Landside Terminal, as discussed above ($119.3 million)

- A new Airport hotel to be located adjacent to the Landside Terminal ($170 million)

- A future public parking structure ($50 million)

- An expanded airline fueling system/farm ($25.6 million)

- An expanded Concourse A apron to the west ($8.2 million)

- The installation of baggage transfer systems in Concourse A and Concourse B, and the installation of a baggage "spine" system between the Landside Terminal and Concourse A ($57.0 million)

- The construction of additional AGTS facilities and acquisition of an additional AGTS train ($31.5 million)

- The realignment of roadways and installation/reconfiguration of utilities associated with the Landside Terminal ($95.4 million)

- Various other projects ($23.1 million)

PLANNING AND DESIGN OF OTHER PROJECTS

The City recently entered into a program management contract with an architectural and engineering firm to oversee the implementation of certain projects in the 2009-2012 Capital Program, and to initiate the planning process for certain other projects at the Airport that are not currently included in the 2009-2012 Capital Program, including the renovation of the passenger screening and concessions areas in the Landside Terminal.

Although not known as of the date of this report, the City may complete the planning and design of these proposed Landside Terminal improvements and, during the forecast period, elect to fund and initiate construction of the improvements.

The City has stated that it would only proceed with these improvements if they were determined to be financially viable and/or self-sustaining as measured by the effect on the key financial metrics stated earlier (e.g., debt service coverage ratios). Sources of funding for these projects may include:

1. The net proceeds of additional Bonds,
2. Incremental revenue from new and renovated concessions, and
3. The future increase, if any, in the PFC above the current $4.50 level, which would have to be enacted by the FAA and approved for use at the Airport.

PLAN OF FINANCING

The major sources of funds the City expects to use for projects in the 2009-2012 Capital Program are shown in Exhibits A and B, and are discussed below. To the extent that the City does not receive the funding shown in Exhibit A, the City intends to either (1) defer projects or reduce project scopes, as appropriate, or (2) issue additional Bonds and/or use Airport equity.

Federal Grants

The City is eligible to receive FAA grants-in-aid under the Airport Improvement Program (AIP) for up to 75% of the costs of eligible projects. Certain of these grants are to be received as "entitlement" grants, the annual amount of which is calculated on the basis of the number of enplaned passengers and the amount of landed weight of all-cargo aircraft at the Airport. Other, "discretionary" grants, are awarded on the basis of the FAA's determination of the priorities for projects at the Airport and at other airports nationwide.

FAA authorization and the funding of the Airport and Airway Trust Fund (the primary source of AIP funding) were recently extended until December 31, 2009. After this date, AIP funding will terminate until a reauthorization bill is passed. For purposes of the financial forecasts presented in this report, it was assumed that the U.S. Congress will pass an FAA reauthorization bill or extend the current authorization such that no lapse in AIP funding authority will occur. Under the FAA's proposed reauthorization bill, large-hub airports, including Denver International Airport, would no longer receive entitlement grants beginning in Federal Fiscal Year 2010 (beginning October 1, 2009), but would continue to be eligible for discretionary grants.

In addition, the City estimates that it will receive $11.5 million in grants under the recently enacted American Recovery and Reinvestment Act (ARRA) of 2009 for projects and programs administered by the FAA. Grant moneys provided by the ARRA can be used to fund supplemental projects that qualify for AIP funding but are not considered planned expenditures from airport-generated revenues or from other state or local sources. The City is planning to use the ARRA grants to fund costs associated with the pavement and shoulder rehabilitation of Runway 17L-35R and apron drainage improvements.

The federal funding shown in Exhibit A reflects a combination of (1) grants previously received from the FAA, and (2) expected entitlement and/or discretionary grants, consistent with FAA's proposed reauthorization bill.

Purchase Agreements

The City has entered into Master Installment Purchase Agreements (the Purchase Agreements) with GE Public Finance; Siemens Financial Services, Inc.; Chase Equipment Leasing Inc.; and Koch Financial Corporation (the Financing Companies), which allow the City to take loans to fund equipment at the Airport. The City has taken such loans for certain projects at the Airport.

Under the Purchase Agreements, the City makes installment purchase payments to the Financing Companies for 3 to 10 years at current loan rates between 3% and 5%. See the later section of this report entitled "Application of Revenues" regarding the priority for making installment purchase payments to the Financing Companies relative to other City obligations under the General Bond Ordinance.

2009 Bonds

The 2009 Bonds are to be issued under the General Bond Ordinance on parity with other outstanding Senior Bonds, and are to be payable from and secured by a pledge of and first lien on the Net Revenues of the Airport System.

The City expects to issue the 2009A and 2009B Bonds in the approximate principal amount of $233.3 million and, with interest earnings during construction, to use the combined amounts for the following purposes:

- Pay the costs of certain planned projects (the 2009 Project) in the 2009-2012 Capital Program, including the reimbursement of prior Airport funds expended on such projects

- Pay capitalized interest on the 2009 Bonds

- Fund a deposit to the Bond Reserve Fund equal to the Minimum Bond Reserve Requirement under the General Bond Ordinance

- Pay the costs of issuance, including underwriters' discount and financing, legal, and other costs for the 2009 Bonds

Under the ARRA, the City may elect to issue the 2009B Bonds as BABs and receive direct payments from the U.S. Department of the Treasury equal to 35% of the interest payable by the City on such Bonds. Under a proposed Supplemental Bond Ordinance for the 2009A and the 2009B Bonds, any direct payment on the BABs would be irrevocably committed to pay Debt Service Requirements.

The City also expects to issue the 2009C Bonds in the approximate principal amount of $107.2 million to current refund and defease $100 million of outstanding Subordinate Tax-Exempt Commercial Paper Notes

Future Planned Bonds

Exhibit B also shows the aggregate sources and uses of funds for the Future Planned Bonds, which, together with estimated FAA grants-in-aid and the net proceeds of Bonds previously issued by the City, would be used to:

- Pay the cost of planned projects from 2009 through 2012 not funded from the net proceeds of the 2009A and 2009B Bonds
- Pay capitalized interest on the Future Planned Bonds
- Fund a deposit to the Bond Reserve Fund equal to the Minimum Bond Reserve Requirement under the General Bond Ordinance
- Pay the costs of issuance of the Future Planned Bonds

During the forecast period, the City may use the proceeds from other Commercial Paper Notes and/or the Purchase Agreements to, among other things: (1) minimize the City's overall cost of issuing Bonds and/or (2) fund project and/or equipment costs during construction. Use of this source of funds for purposes other than that described above, however, was not assumed for purposes of the plan of financing for the 2009-2012 Capital Program.

Defeasance of Bonds

Between 2006 and 2008, the City defeased approximately $211.7 million of outstanding Senior Bond principal attributable to the Concourse B Baggage Sortation Equipment, the Concourse A ABS, and the Concourse B ABS with PFC revenues and the City's share of Net Revenues. According to the Financial Consultants, all of the Senior Bonds principal attributable to the Concourse B Baggage Sortation Equipment has been defeased.

The City intends to defease the remaining outstanding Bond principal associated with the Concourse A ABS and the Concourse B ABS (approximately $68.3 million) from PFC revenues in 2009 through 2011. The reduction in Debt Service Requirements associated with the prior and planned defeasance of Bonds has been reflected in the financial forecasts presented in this report.

PASSENGER FACILITY CHARGE REVENUES

PFC Approvals

As approved by the FAA, the City imposes a $4.50 PFC per eligible enplaned passenger at the Airport. Under various FAA approvals, the City has the authority to use approximately $3.3 billion in PFC revenues for $3.1 billion in costs related to the construction of Denver International Airport.

Through June 30, 2009, the City had collected almost one-third of the total collections authorized by the FAA.

The use of PFC revenues during the forecast period is discussed below.

PFC Framework

Under a PFC Supplemental Bond Ordinance, the PFC Fund and two subaccounts—the PFC Debt Service Account and PFC Project Account—were established for the annual deposit and use of PFC revenues. The two defined terms established under the PFC Supplemental Bond Ordinance and the proposed Supplemental Bond Ordinance are discussed below as they relate to the framework for using PFC revenues at the Airport.

Committed Passenger Facility Charges. Under the PFC Supplemental Bond Ordinance from 2009 through 2013, the City has irrevocably committed to apply two-thirds of its annual PFC revenues each year from 2009 through 2013 (generally equal to $3.00 of each $4.50 PFC), up to certain specified maximum amounts (the Maximum Committed Amounts), to pay debt service on Senior Bonds. The Supplemental Bond Ordinance defines these PFC revenues as Committed Passenger Facility Charges, which are not currently defined as Gross Revenues of the Airport and are not expected to be defined as such during the forecast period.

For purposes of calculating debt service coverage under the Rate Maintenance Covenant, the General Bond Ordinance allows the City to exclude any debt service irrevocably committed to be paid from the PFC Debt Service Account (effectively, for purposes of this report, the Committed Passenger Facility Charges revenues) from the calculation of Debt Service Requirements on Senior Bonds. Since the Airport opened in 1995, the City has irrevocably committed a portion of its annual PFC revenues each year to pay Debt Service Requirements on Senior Bonds.

Designated Passenger Facility Charges. Under a proposed Supplemental Bond Ordinance for 2009 through 2013, revenues from $1.50 of each $4.50 PFC received by the City (defined as Designated Passenger Facility Charges under the proposed Supplemental Bond Ordinance) would be deposited in the Revenue Fund, included as Gross Revenues of the Airport and included as Net Revenues in calculating debt service coverage under the Rate Maintenance Covenant.

Because the use of PFC revenues is restricted by the FAA, the City intends to use Designated Passenger Facility Charges revenues for one or both of the following eligible purposes during the forecast period:

- Pay debt service on Senior Bonds
- Defease the outstanding principal of certain Senior Bonds, which would reduce the level of debt service in the next fiscal year that would have otherwise been payable from Net Revenues

Forecast Assumptions

The assumptions underlying the financial forecasts are as follows:

- The City would use two-thirds of its annual PFC revenues—the Committed Passenger Facility Charges revenue—through the forecast period in a manner consistent with the requirements of an existing PFC Supplemental Bond Ordinance to pay Debt Service Requirements on Senior Bonds through 2013. For the remaining years of the forecast period (2014 and 2015), the City intends to use PFC revenues in a manner consistent with the PFC Supplemental Bond Ordinance governing the use of the $3.00 portion of the $4.50 PFC through 2013.

  The Debt Service Requirements paid from Committed Passenger Facility Charges would be excluded from the calculation of debt service coverage under the Rate Maintenance Covenant of the General Bond Ordinance.

- Designated Passenger Facility Charges* revenues would be defined as Gross Revenues and used during the forecast period to:

  – Defease approximately $68.3 million in outstanding principal of Senior Bonds attributable to the Concourse A ABS and Concourse B ABS to meet a portion of the cost reduction goals under the United amendments, as discussed earlier

  – Pay Debt Service Requirements on Outstanding Bonds

The uses of PFC revenue described above can be seen on Exhibit C and Exhibit C-1 for Committed Passenger Facility Charges and Exhibit G for Designated Passenger Facility Charges.

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*Under the proposed Supplemental Bond Ordinance, the City may elect to continue to define Designated Passenger Facility Charge Revenues as Gross Revenues each year after the stipulated period (2009-2013) for doing so under the Ordinance, which the City intends to do.

DEBT SERVICE REQUIREMENTS

Exhibit C presents annual Debt Service Requirements for Outstanding Bonds, the proposed 2009 Bonds, and the Future Planned Bonds. Debt Service Requirements for 2007 and 2008 are based on audited results provided by the City. Debt service is shown net of capitalized interest, certain PFC revenues, amounts in escrow to be used to economically defease certain Senior Bonds, and amounts expected to be used to defease certain Senior Bonds during the forecast period, as discussed earlier. Debt Service Requirements on Special Facilities Bonds are not payable from Net Revenues and, therefore, were not considered in this analysis.

Under interest rate exchange agreements between the City and various financial institutions, certain payments may be made to or from each financial institution equal to the difference between the fixed or variable rates payable by the City under each agreement and the fixed or variable rates payable by the financial institutions. Under these agreements, the City's obligation to make payments to the financial institutions is subordinate to the City's payment of debt service on Senior Bonds. For purposes of the financial forecasts presented in this report, however, it was assumed that such payments would be on parity with the payment of debt service on outstanding Senior Bonds.

Proposed 2009 Bonds

Debt service for the proposed 2009A Bonds, the 2009B Bonds, and the 2009C Bonds was estimated by the City's Financial Consultants based on the following assumptions:

	2009A Bonds	2009B Bonds	2009C Bonds
Delivery date:	October 28, 2009	October 28, 2009	November 6, 2009
Final maturity:	November 15, 2036	November 15, 2039	November 15, 2022
Assumed interest rate:	7.0%	7.0%	7.2%

Future Planned Bonds

According to the City's Financial Consultants, the net proceeds of the Future Planned Bonds would be used to fund approximately $296.3 million in Capital Program project costs (excluding the projects stated earlier). The Future Planned Bonds were assumed to be issued as fixed-rate Senior Bonds for purposes of this report. Debt service for the Future Planned Bonds is shown on Exhibit C and reflects (1) allowances for future changes in bond interest rates and (2) varying bond terms of 20 and 30 years.

Allocation of Debt Service to Cost Centers

Exhibit C-1 summarizes the allocation of Debt Service Requirements to Airport System cost centers in accordance with procedures and formulas specified in the Airport use and lease agreements.

OPERATION AND MAINTENANCE EXPENSES

Exhibit D presents forecast O&M Expenses by object type and by cost center. The amounts for 2007 and 2008 reflect audited financial results for the Airport. The amounts for 2009 and 2010 (preliminary) reflect the City's operating budgets for those years and its expectations regarding recent economic and airline traffic trends, as discussed below.

The City begins the process of developing its O&M Expense budget during the first and second quarters of the year prior to the budgeted fiscal year (e.g., start in March 2008 for the 2009 budget). By the time the O&M Expense budget for 2009 was being prepared, airline seat and flight capacity had been reduced at most airports in the United States as a reaction to increasing oil and fuel costs and the nationwide recession, among other factors. While aviation activity at the Airport did not similarly decline, Airport management prepared contingency budget reductions that would be implemented in 2009 if aviation activity and non-airline revenues at the Airport began to decline. As stated earlier in the "Airline Traffic Analysis" section, for the first 6 months of this year, the numbers of enplaned passengers at the Airport and at the nation's airports as a whole were down approximately 4.7% and 10.0%, respectively, compared to the same period of 2008. Given the reduction in numbers of enplaned passengers at the Airport, the City implemented its contingency budget reductions of approximately 4.2% and imposed an Airportwide hiring freeze. The 2009 O&M Expense budget shown in Exhibit D reflects these reductions.

In developing its preliminary O&M Expense budget for 2010, Airport management started with the reduced O&M Expense budget for 2009 and developed an O&M Expense budget for 2010 that is 1.0% lower in comparison to the original O&M Expense budget for 2009.

Budgeted 2009 Operation and Maintenance Expenses

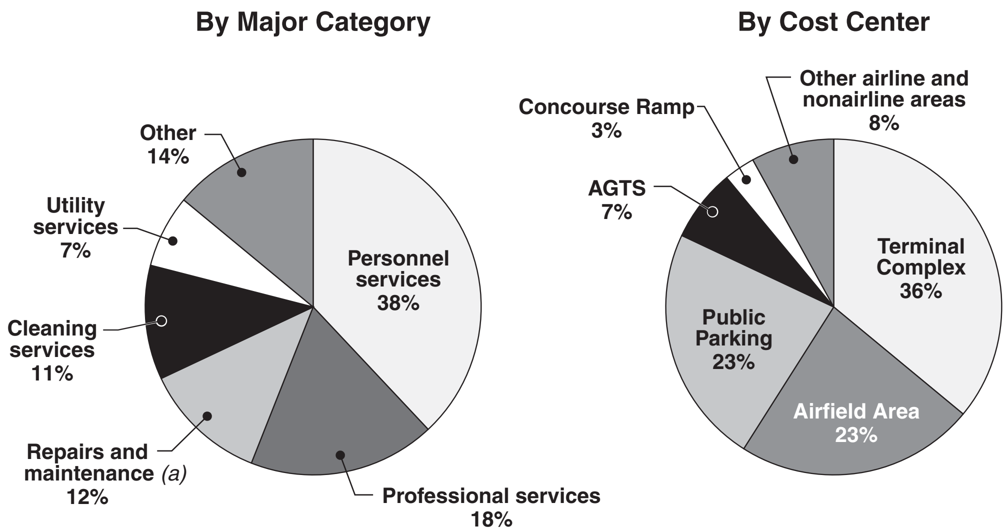
As stated earlier, the O&M Expenses budgeted for 2009 reflect the contingency budget reductions that were developed by the City and implemented during the first quarter of 2009. The City expects to maintain the contingency budget reductions for the remaining months of 2009, as well an the Airport hiring freeze.

As shown on Figure 25, in 2009, budgeted personnel services represent approximately 38% of the total O&M Expenses budgeted for the Airport. Historically, personnel services have represented the single largest category of expense at the Airport, which is typical of most U. S. airports. Personnel services include all salaries, wages, and benefits for filled staff positions; for budgeting purposes, the same types of expenses were included for vacant positions.

Figure 25

2009 BUDGETED OPERATION AND MAINTENANCE EXPENSES

Denver International Airport



(a) Includes maintenance costs for the AGTS.

Source: Airport management records.

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The next largest category of expense at the Airport is professional services, which include management and other contracts for the provision of services at the Airport, for the following:

- Standard Parking/DAJA International, which operates and manages the public parking facilities at the Airport under a contract that allows Standard Parking to be reimbursed for its expenses.

- AMPCO Transportation Services, which provides shuttle bus service from remote parking lots to the Terminal Complex. The City reimburses AMPCO for the actual cost of providing this service.

Other major expense categories include repairs and maintenance (including AGTS maintenance), cleaning services, and utility services. Electricity costs for all tenant-leased space, the use of tenant equipment, and tenant support facilities are billed directly to such tenants, and are not included in Airport O&M Expenses. Expenses associated with baggage handling and fueling systems—which are owned by the City—are paid directly by the airlines through third-party operator arrangements.

O&M Expenses are allocated to Airport cost centers by Department of Aviation staff based on historical Airport operations, airport industry practices, provisions in the Airport use and lease agreements, and other considerations. As shown on Figure 25, for 2009, O&M Expenses in the Terminal Complex and Airfield Area account for 59% of total Airport O&M Expenses in 2009.

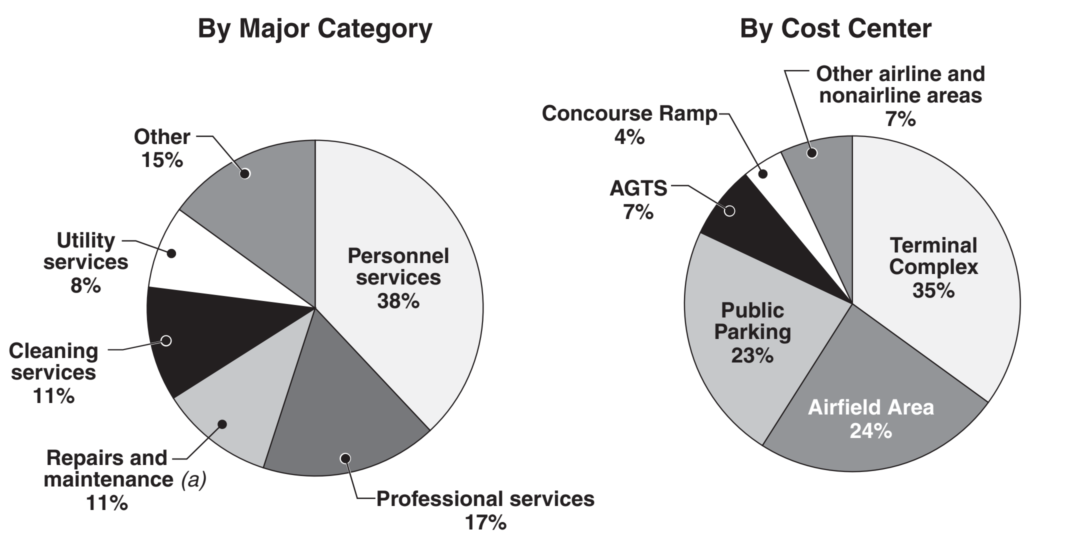
Budget 2010 Operation and Maintenance Expenses

The City recently completed its operating budget for 2010, which is approximately 3.2% higher than its 2009 O&M Expense budget after contingency reductions and 1.0% lower than the original 2009 O&M Expense budget. This reflects, in part, increased personnel services expenses, and costs for professional services, repairs and maintenance, equipment, and other services. The major categories of O&M Expenses for 2010 and the distribution of expenses among Airport System cost centers are shown on Figure 26.

Figure 26

2010 BUDGETED OPERATION AND MAINTENANCE EXPENSES

Denver International Airport



(a) Includes maintenance costs for the AGTS.

Source: Airport management records.

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2011-2015 Operation and Maintenance Expenses

O&M Expenses for the remaining years of the forecast period reflect the following:

- Budgeted 2010 O&M Expenses were assumed to represent an appropriate baseline level of expense for forecasting future O&M Expenses.

- Certain O&M Expense line items were assumed to increase with forecast increases in numbers of enplaned passengers, as presented in previous sections.

- Inflation for all O&M Expenses was assumed to be approximately 3% per year, which is higher than the average rate of inflation* of 2.4% per year in the Denver area for the 5-year period 2003 through 2008.

GROSS REVENUES

Table 22 presents the major sources of Gross Revenues for the Airport. Line-item details for the two significant categories of Gross Revenues—airline rentals, fees, and charges and nonairline revenues—are shown in Exhibits E and F, respectively.

The following sections discuss the basis for and assumptions used to forecast the financial results of the Airport throughout the forecast period.

AIRLINE RENTALS, FEES, AND CHARGES

Airline rentals, fees, and charges at the Airport are an important source of revenue for the City. In 2008, airline rentals, fees, and charges represented 51.9% of Airport Gross Revenues.

Historical and forecast airline rentals, fees, and charges, in total and expressed on a per enplaned passenger basis, for the Airport, for United Airlines, and for other airlines, are shown in Exhibit E.

Required Airport costs in the airline rate base include:

1. Operation and Maintenance Expenses

2. Debt Service Requirements on Bonds issued for (a) the Airport, net of PFC revenues from the PFC Debt Service Account to pay Debt Service Requirements on Senior Bonds, and (b) Airport land acquisition

3. Amortization of City investments prior to and after the opening of the Airport on February 28, 1995

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*Source: U.S. Department of Labor, Bureau of Labor Statistics, from www.bls.gov, accessed May 18, 2009.

Table 22

GROSS REVENUES
Denver International Airport

	Actual 2008		Forecast 2015	
	Revenues (thousands)	Percent of total	Revenues (thousands)	Percent of total
Airline rentals, fees, and charges				
Landing fees	$ 89,297	14.0%	$166,616	19.7%
Terminal Complex rentals	76,666	12.0	102,884	12.2
Tenant finishes and equipment charges	60,460	9.5	75,982	9.0
Baggage system fees	29,628	4.6	37,872	4.5
Other	75,719	11.9	95,415	11.3
Total airline revenues	$331,770	51.9%	$478,769	56.7%
Nonairline revenues				
Terminal concessions *(a)*	$ 41,207	6.5%	$ 57,946	6.9%
Public automobile parking	113,369	17.7	134,269	15.9
Rental car privilege fees	36,522	5.7	38,551	4.6
Other terminal revenues *(b)*	19,122	3.0	18,649	2.2
Building and ground rentals	15,360	2.4	17,772	2.1
Other	40,546	6.3	33,165	3.9
Total nonairline revenues	$266,126	41.7%	$300,302	35.6%
Designated PFCs *(c)*	--	--	34,853	4.1
Interest income	40,942	6.4	30,602	3.6
Total Gross Revenues *(d)*	$638,838	100.0%	$844,526	100.0%

Note: Columns may not add to totals shown because of rounding.

(a) Includes revenues from food and beverage, merchandise, and terminal services.
(b) Includes revenues from employee parking, rental car service and storage areas, ground transportation, and other terminal space rentals.
(c) Under proposed Supplemental Bond Ordinances, the Designated Passenger Facility Charges would be considered Gross Revenues of the Airport.
(d) The amount shown for 2008 does not match the amount reported in Table 25 because of the manner in which certain year-end settlements and adjustments are calculated for rentals, fees, and charges.

Source: Actual—Airport management records.

These costs represent a significant portion of the operating and capital costs for managing and developing the Airport each year. Other costs included in the calculation of airline rentals, fees, and charges include, but are not limited to: (1) deposits to funds and accounts established under the General Bond Ordinance, as necessary, including the O&M Reserve Account, (2) equipment and capital outlay expenditures, and (3) the cost of City-used space in the Terminal Complex. The assumptions underlying the forecasts of future Debt Service Requirements and

O&M Expenses—the two largest components of Airport costs included in airline rentals, fees, and charges—were presented earlier in this report, and the costs allocable to airline cost centers and used to forecast airline rentals, fees, and charges are shown in Exhibit C-1 for debt service and Exhibit D for O&M Expenses.

Amortization charges for certain City investments are calculated over 30 years (except for certain equipment that is to be amortized over 5 years) at the weighted average effective interest cost on all fixed-rate Bonds issued on behalf of the Airport. City investments after the Airport opened in 1995 are amortized over 15 years.

Payments that the City expects to make to the Financing Companies under the Purchase Agreements, net of AIP grants-in-aid and TSA grants, are included as a "rate-base" cost in the forecast of airline rentals, fees, and charges presented in this report.

Interest income on amounts in the Bond Reserve Fund (provided that the minimum Bond Reserve Requirement has been funded) and on amounts in the Interest and Principal accounts of the Bond Fund is credited to Airport System cost centers in the same proportion as the allocation of debt service. Nonsignatory airline landing fees and other nonairline revenues are credited to the landing fee rate base.

As discussed in the earlier section "Airport Use and Lease Agreements," the City is obligated under certain conditions described above to meet certain rentals, fees, and charges cost reduction goals under various amendments to United's use and lease agreement, which were assumed to be in effect during the forecast period.

The following subsections summarize the rate-making methodologies and assumptions used to forecast airline rentals, fees, and charges, as presented in Exhibits E-1 through E-4.

Landing Fees

Exhibit E-1 shows the landing fees, calculated according to a cost-center residual cost rate-making methodology, under which the net requirements allocable to the Airfield Area are recovered through landing fees assessed per 1,000-pound units of airline aircraft landed weight.

From 2007 through 2009, the City has been applying the annual proceeds of the State of Colorado aviation fuel tax as a credit to the allocable costs in the Airfield Area to mitigate a portion of the annual Airport snow removal program. The City is not required under the Airport use and lease agreements to apply the State aviation fuel tax revenues in this way and it currently does not expect to continue the credit after 2009.

Airfield Area costs to be recovered through landing fees are expected to increase during the forecast period as airfield projects are completed, the City begins to include related debt service and/or other costs in the airline rate base, and the fuel tax credit is eliminated after 2009.

The Signatory Airlines were assumed to account for a significant portion of total forecast landed weight each year.

Terminal Complex Rentals

Terminal Complex rental rates are set to recover the net requirement of the Terminal Complex calculated according to a commercial compensatory rate-making methodology. The net requirement is divided by total rentable space to determine the average rental rate per square foot for that space. Airlines are charged this average rate for space they actually rent, except for approximately 93,400 square feet of space on Concourse B, which is charged at 65% of the average rental rate. Exhibit E-2 shows the calculation of the average rental rate for all Terminal Complex space (Landside Terminal and concourses).

Tenant Finishes and Equipment

Exhibit E-3 shows the calculation of charges to recover the costs of tenant finishes and equipment (including baggage sortation space and equipment). In meeting its cost reduction goals under certain amendments to its Airport use and lease agreement with United, the City intends to write off the book value associated with $17.5 million of reimbursements from the Capital Fund to United for costs associated with certain modifications to the baggage system on Concourse B.

Although not part of the other Airport use and lease agreements with airlines on Concourse C, the City has agreed in principle to reduce Concourse C tenant finish charges by approximately 3% through 2010, which is the last year of the Airport use and lease agreements with the airlines operating on Concourse C. The reduction is to be achieved by applying a portion of the interest savings on the Bond refundings, discussed earlier, against Concourse C tenant finish costs.

Baggage System Fees

Exhibit E-4 shows the calculations of the automated baggage system fee and the conventional baggage system fee assessed to recover the terminal space and equipment costs, operating expenses, debt service, and amortization charges allocated to the two baggage systems.

Under the Airport use and lease agreements, the airlines on Concourses A and B have agreed to pay the net requirements of the ABS, which is allocated 35% to Concourse A and 65% to Concourse B, even though the ABS is inoperable. Debt service and amortization charges associated with the ABS reflect the City's intent during the forecast period to (a) defease the Bonds associated with the ABS, and (b) write off Capital Fund investments in the ABS made by the City, both of which are substantially complete.

The conventional baggage system is maintained by a third party, which charges the airlines directly. Therefore, utility costs are the only operating expense associated with the baggage system to be incurred by the City and recovered from the airlines.

Other Airline Fees and Charges

Other airline fees and charges shown in Exhibit E include concourse ramp fees, AGTS charges, international facility fees, and fueling system charges. Such fees and charges are set according to a compensatory rate-making methodology to recover the costs associated with such facilities.

For those airlines that are not signatory to the Airport use and lease agreements, the City assesses rentals, fees, and charges following procedures consistent with those outlined in the Airport use and lease agreements, at a premium of 20% over Signatory Airline rates. In addition, nonsignatory airlines do not share in the year-end Net Revenue credit.

NONAIRLINE REVENUES

Nonairline properties and tenants at the Airport are managed by the division of Revenue Management and Business Development of the Department of Aviation. While managing and maintaining its existing businesses and tenants at the Airport, many of which are discussed below, this division expects to implement certain key initiatives over the next couple of years at the Airport, as discussed below:

- Refresh the concession and specialty retail programs in the Terminal Complex as existing agreements expire and new agreements are entered into as part of a comprehensive concessions master plan that the City is in the process of completing. The City believes that these improvements will not only increase the passenger's experience at the Airport, but also increase the revenues earned by the City from these locations, as discussed below.

- Maximize the use of Terminal Complex space by competitively selecting a concessionaire or concessionaires to install and operate specialty merchandise carts and kiosks, which the City expects will increase the overall financial performance of the concessions program.

- Implement new programs and revenue-management systems in its on-Airport public parking facilities to better match customer needs with public parking options and to more effectively manage the use of its facilities through adjustments of parking rates. These changes are expected to better manage the use of public parking facilities thereby delaying the need for additional public parking facilities while increasing the net revenues earned by the City.

- Develop a broad and long-term strategy to increase the use of on-Airport land for commercial purposes while meeting the aeronautical needs of the Airport.

Many of these initiatives are in the early stages of development and while the City expects them to be initiated, the financial benefits are not fully known and have not been included in the forecast of nonairline revenues presented on Exhibit F, except for some minor allowances for increased concession revenue performance during the forecast period (discussed below).

Provided below is a discussion of the major sources of nonairline revenues at the Airport and the assumptions that were used in the forecast of nonairline revenues.

Terminal Concessions

Space for concessions and services is provided in the Landside Terminal and the concourses. Currently, approximately 60 concessionaires operate at the Airport in more than 140 locations. The City leases such space to the concessionaires pursuant to concession agreements, which provide for payment to the City of the greater of a percentage of gross revenue or a minimum annual guarantee. The concession agreements also contain a re-establishment clause that allows the City to adjust rental rates, within certain parameters, if necessary, to satisfy the Rate Maintenance Covenant.

As stated earlier, some of these concession agreements are scheduled to expire during the forecast period and the City intends to refresh and/or revise the location and amount of space dedicated to certain concessions with the goal of increasing the passengers experience at the Airport as well as the revenue performance of these concessions. As these agreements expire, the City intends to enter into new agreements with similar terms and conditions.

In 2008, revenues from Terminal Complex concessions represented 6.5% of Gross Revenues. In general, the forecasts of Terminal Complex concession and terminal services revenues were based on (1) forecasts of enplaned passengers presented earlier in this report, (2) recent historical trends in concessions revenues paid to the City, expressed on a per enplaned passenger basis, (3) allowances for inflation of 2.4% per year, (4) allowances for improved revenues to the Airport of 2.5% per year from 2012 through 2015, and (5) the terms and conditions of agreements with the City. Exceptions to these factors are noted below.

Food and Beverage. The food and beverage concession agreements provide for percentage fee revenues to the City ranging from 10% to 20% of gross revenues or a minimum annual guarantee, whichever is larger. Recent performance trends were taken into account in forecasting food and beverage concession revenues, and revenues were computed at the higher of the estimated percentage fee or minimum annual guarantee.

Specialty Retail. The specialty retail (merchandise) concession agreements provide for percentage revenues to the City that range from 10% to 20% of gross revenues or a minimum annual guarantee, whichever is larger. Recent performance trends were taken into account in forecasting merchandise revenues, and revenues were computed at the higher of the estimated percentage fee or minimum annual guarantee.

Services. Services include telephones, advertising, baggage carts, insurance, shoeshine stands, vending machines, bag storage facilities, automated bank teller machines, and other services. In general, these services are provided by concessionaires that pay the City the higher of a percentage of gross revenues or a minimum annual guarantee, depending on the type of service provided. For most concessionaires, the estimated percentage fee is greater than the minimum annual guarantee, with percentage fees ranging from 10% to 12% of gross revenues.

Outside Nonairline Revenues

Outside nonairline revenues are generated from public automobile parking, rental car privilege fees, and ground transportation services.

Public Automobile Parking. Public automobile parking at the Airport is accommodated in parking structures, surface lots adjacent to the Landside Terminal, and remote parking lots. In 2008, public parking revenues accounted for 17.7% of total Gross Revenues.

Table 23 lists the City-owned parking facilities at the Airport, the number of spaces in each facility owned by the City, and parking rates in the facilities, which are adjusted by the City from time-to-time. As stated earlier, Standard Parking/DAJA International operates and manages the public parking facilities under a management contract with the City. Under this contract, the City retains all rights to implement, among other things, parking rate increases.

The City has an agreement with LRW Investment Company, scheduled to expire on October 31, 2014, to operate WallyPark, an automobile parking lot located on Airport property, and to provide courtesy vehicle service between WallyPark and the Landside Building for its customers. Published daily rates for the approximate 1,500 parking spaces at this facility are $10.95 for self-parking and $13.95 for valet parking. Pursuant to the agreement with the owner of WallyPark, the City is to receive the greater of (1) a minimum annual guarantee equal to 85% of the previous year's payment to the City (estimated to be approximately $795,000 in 2008) or (2) a percentage of gross revenues, ranging from 18% to 24% during the term of the agreement. For purposes of this report, it was assumed that WallyPark would continue to operate at the Airport under similar terms and conditions following expiration of the LRW Investment Company agreement with the City. Revenue from WallyPark is included under Terminal Services in Exhibit F.

Table 23

CURRENT AIRPORT PUBLIC PARKING FACILITIES AND RATES

Parking facilities	Number of spaces	24-hour rate	Hourly rate
Short-term (close-in) parking			
Garages	14,293	$18	$2
Valet	657	$27	$11 first hour $2 each additional hour
Long-term surface parking *(a)*	8,328	$10	$1
Remote surface parking *(b)*	17,579	$6	$1

(a) 24-hour rate increased from $9 to $10, effective July 1, 2009.
(b) 24-hour rate increased from $5 to $6, effective July 1, 2009.

Source: Airport management records.

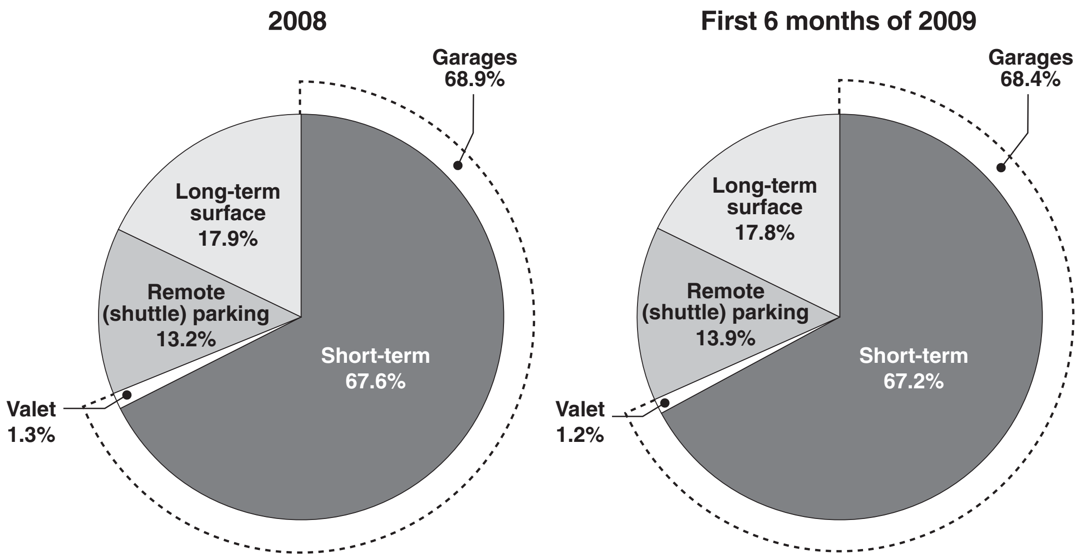
Off-Airport parking options exist near Denver International Airport have increased since the Airport opened in 1995. The largest off-Airport parking operation has 8,000 uncovered spaces ($2.00 per hour or $9.00 per day) and 1,100 covered parking spaces ($3.00 per hour or $14.00 per day) and provides courtesy vehicle service to and from the Landside Building. Beginning in 2010, the City may charge the off-Airport parking companies, including USAirport, DIA Park, and Fasttrack, a privilege fee. For purposes of this report, it was assumed that the City would receive 10% of gross revenues from the off-airport parking companies beginning in 2010. Revenue from off-Airport parking companies is included under Terminal Services in Exhibit F.

Figure 27 below shows parking transactions—a measure of customer use for 2008 and the first 6 months of 2009, the results of which are almost identical.

Figure 27

PUBLIC PARKING TRANSACTIONS

Denver International Airport



Source: Airport management records.

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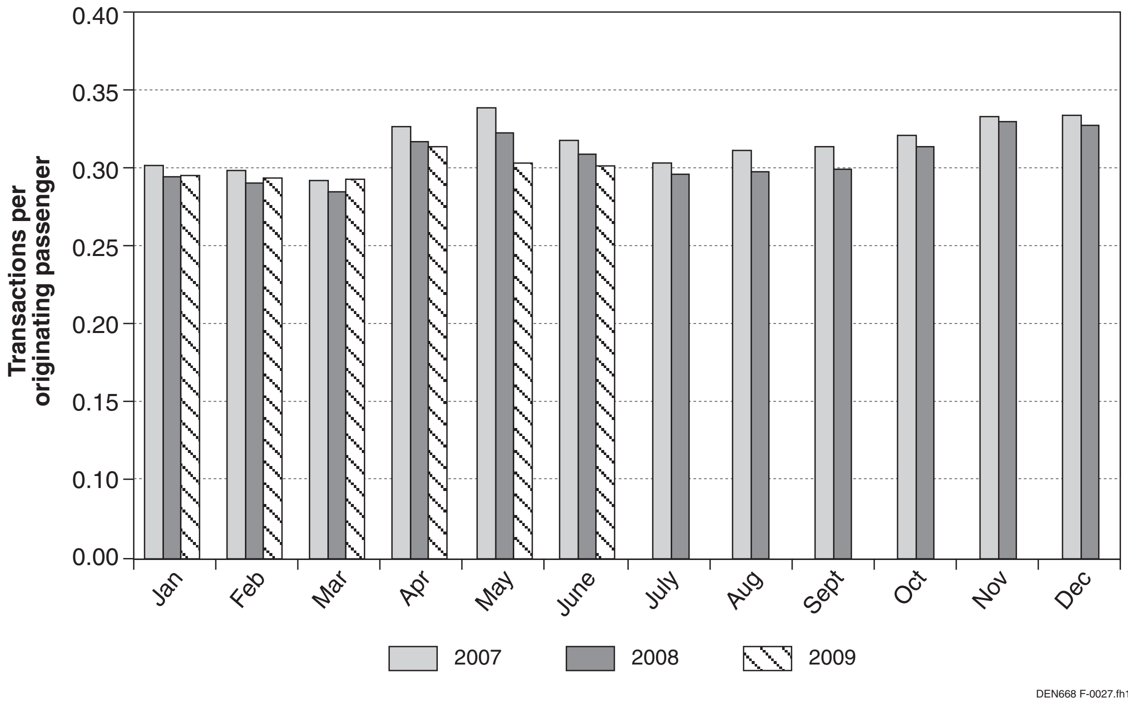
As shown above, use of the Airport's parking facilities remained constant from 2008 through the first 6 months of 2009.

Over the last 2 years, the number of transactions per originating passengers—a measure of how many originating passengers use Airport parking facilities—has been relatively constant or slightly lower when comparing results on a month-over-month and year-over-year basis. Figure 28 shows trends in parking facility use from 2007 through the first 6 months of 2009.

Figure 28

TRENDS IN ORIGINATING PASSENGER USE OF PUBLIC PARKING FACILITIES

Denver International Airport



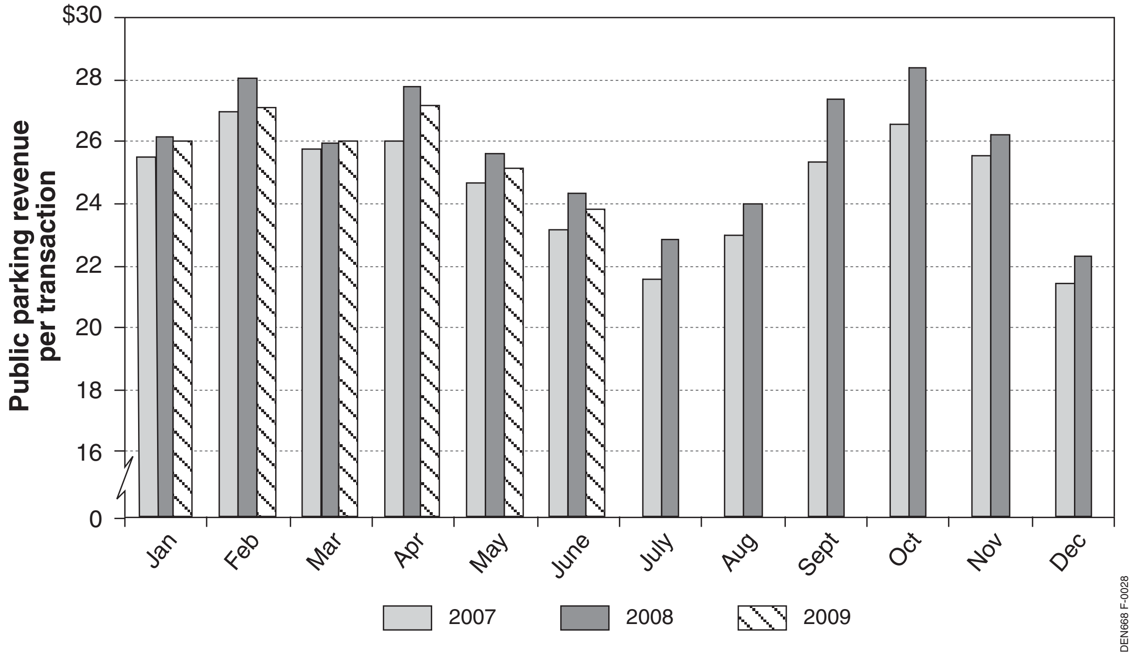
A summary of trends in public parking revenue per transaction—a measure of how long customers park—in 2007 through the first 6 months of 2009 is provided on Figure 29.

As shown on Figure 29, public parking revenues per transaction has exhibited a seasonal pattern over the last 2 years—with the average length of stay of a parker decreasing during the summer months (May through August) and December. The average length of stay per transaction increased between 2007 and 2008, and the increase was consistent across all of the Airport's parking facilities. The average length of stay was relatively the same or slightly lower between 2008 and the first 6 months of 2009.

Figure 29

TRENDS IN PUBLIC PARKING REVENUE PER TRANSACTION

Denver International Airport



From the review of the trends mentioned above, it appears that (1) the use of the Airport's parking facilities will remain consistent with prior year trends, (2) average transaction per originating passenger and public parking revenues per transaction will remain consistent with prior year trends despite the recent credit crisis and nationwide recession.

Public automobile parking revenues were forecast on the basis of (1) recent trends in transaction per originating passenger and public parking revenues per transaction as shown and discussed above, (2) current levels transactions per originating passenger and average revenue per transaction, (3) forecast increases in the number of originating passengers, and (4) increases in public parking rates in the remote (shuttle) lot to $6 for a 24-hour period and in the long-term surface lot to $10 for a 24-hour period, effective July 1, 2009.

Rental Car Privilege Fees. The City has concession agreements with the following 10 rental car companies to provide service at the Airport through January 1, 2014: Advantage, Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National, Payless, and Thrifty. In 2008, rental car privilege fee revenues accounted for 5.7% of Gross Revenues.

On December 8, 2008, Advantage filed for Chapter 11 bankruptcy court protection. On April 9, 2009, Hertz received approval to purchase the assets of Advantage and Advantage continues to operate at the Airport pursuant to its agreements with the City.

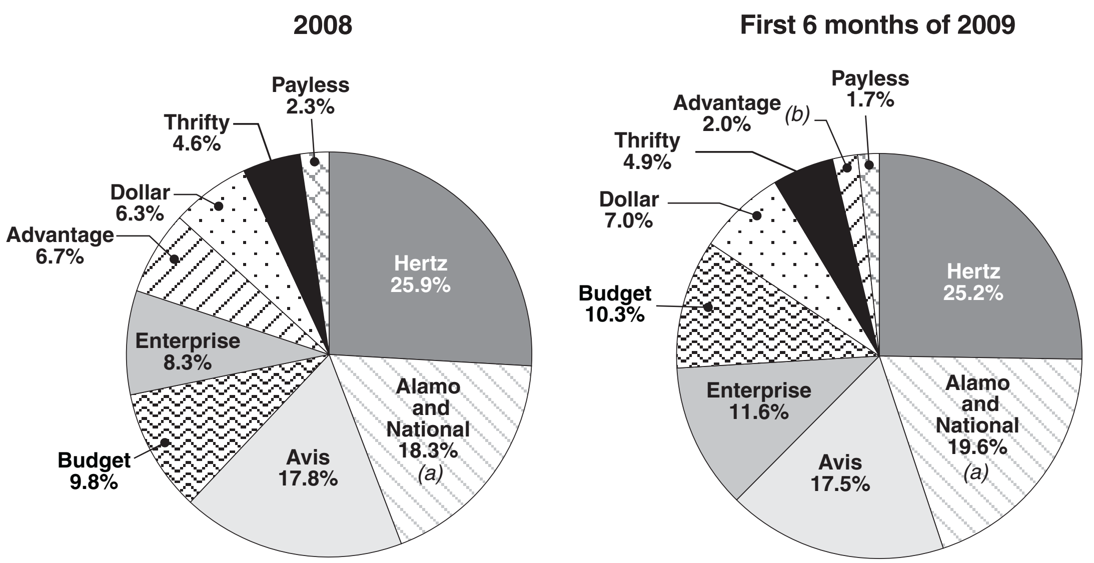
Alamo and National operate as rental car brands under Vanguard USA, Inc., which is owned by Enterprise. Alamo, Enterprise, and National continue to report gross revenues and make payments to the City as separate entities.

Figure 30 presents the market shares of the 10 rental car companies that have concession agreements with the City for 2008 and the first 6 months of 2009.

Figure 30

ON-AIRPORT RENTAL CAR COMPANY MARKET SHARES

Denver International Airport



(a) Alamo and National operate as rental car brands under Vanguard Car Rental USA, Inc.
(b) Owned by Hertz.
Source: Airport management records.

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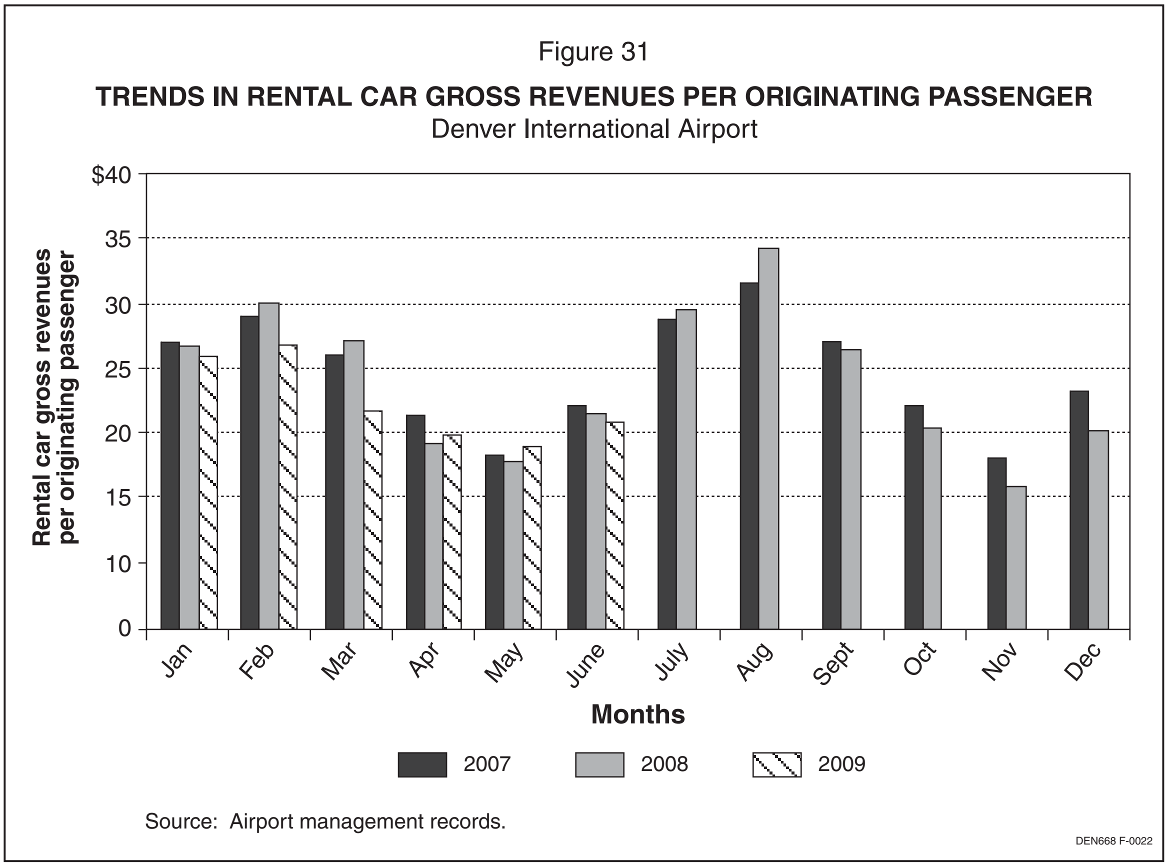
Under the concession agreements, each rental car company pays the City 10% of its annual gross revenues or a minimum annual guarantee, whichever is greater. The minimum annual guarantee is equal to 85% of the percentage rent payable in the preceding year, but no less than the highest minimum annual guarantee for any previous year.

Figure 31 presents the monthly trend in rental car gross revenues per originating passenger* at the Airport from 2007 through the first 6 months of 2009.



For most of 2008, monthly gross revenues per originating passenger were similar to or slightly lower than the monthly amounts for 2007, except from September 2008 through December 2008 when the difference was more severe, which was likely the result of the continued national recession (beginning in December 2007) and the credit crisis (beginning in September 2008).

For the first 6 months of 2009, gross revenues per originating passenger continued to decline and were approximately 8.0% lower in comparison with the same period in 2008 and 2007. In addition, for the same period of time, the two busiest rental car companies (Hertz and Avis) at the Airport experienced the largest declines in gross revenues and gross revenues per originating passenger, suggesting that the overall decline in rental car revenue performance at the Airport was more severe in the business customer segment.

Rental car privilege fee revenues were forecast on the basis of (1) forecast numbers of originating passengers, (2) a continuation of the decline in gross revenues per

*The best approximation of the average revenue generated per rental car contract transaction.

originating passenger in the first 6 months of 2009 of approximately 8.0% continuing for the remainder of this year, (3) a gradual recovery in the gross revenues per originating passenger to 2007 levels between the years 2010 and 2012, and (4) moderate increases in the average revenues per rental car as the on-Airport rental car companies adjust their daily rates, equal to one-half of the assumed rate of inflation during the forecast period of 2.4% (an amount equal to historical trends).

Ground Transportation Services. The City charges the operators of all commercial ground transportation vehicles (such as buses, limousines, shuttles, hotel/motel courtesy vans, off-Airport rental car vans, and off-Airport parking vans) on the basis of the frequency and duration of their use of the terminal roadways and curbside. Access to the terminal curbside is controlled by an automated vehicle identification system that tracks both the frequency and duration of use by each commercial vehicle operator.

Other Terminal Revenues

Other sources of terminal revenues include employee parking fees, rental car service and storage area rentals and additional building rentals, and other terminal space rentals. Other terminal revenues accounted for 3.0% of Gross Revenues in 2008.

Employee Parking. The City provides two employee parking lots north of Peña Boulevard. Employee parking is also provided in the two lots adjacent to the parking garages in the terminal area and in the administration building. Employees (other than City employees) pay a monthly fee to the City to park at these locations. Shuttle bus service is provided to the employee lot under a contract with AMPCO Transportation Services.

Rental Car Service and Storage Areas. In 1999, the City issued Taxable Special Facilities Revenue Bonds and Airport Development Revenue Bonds to finance the design, acquisition, and construction of certain terminal area improvements, rental car facilities, vehicles, and maintenance equipment at the Airport. A portion of the net proceeds of these bonds was also used to refund bonds issued by the City in 1993 to finance existing rental car facilities.

All of the rental car companies serving the Airport have a Special Facilities and Ground Lease with the City, under which each company pays:

- Facilities rentals to cover its pro rata share of debt service on the Taxable Special Facilities Revenue Bonds and Airport Development Revenue Bonds issued to finance Airport improvements for the rental car companies

- Administrative expenses

- Ground rentals for land leased from the City north of Peña Boulevard

- Additional rentals in an annual amount equal to 10% of the depreciated cost of constructing the original facilities

The ground rentals and additional rentals paid by the rental car companies under the Special Facilities and Ground Leases are considered Gross Revenues of the Airport System. The other rentals and fees paid by the rental car companies are related to Special Facilities Bonds and are not considered Gross Revenues.

Future Airport Hotel. In January 2008, the City selected an owner/manager for a new hotel (i.e., the Airport Hotel) to be located adjacent and attached to the Landside Terminal, on land owned by the City. The City and the selected owner/manager are currently working with a design team on the conceptual design for the Airport Hotel. The City only intends to finance and build the new Airport hotel if it is determined to be financially viable and/or self-sufficient, which determination may occur as early as 2010. For purposes of this report, no additional Gross Revenues from the Airport Hotel were assumed during the forecast period.

Other Terminal Space. The City also receives rentals for storage space, customer service counters, and other space leased by nonairline tenants at the Airport.

Airfield Area Revenues

Nonairline Airfield Area revenues include general aviation landing fees, farming income, rentals for certain land parcels and structures, oil and gas royalty revenues, and fuel flowage fees.

Building and Ground Rentals

Building and ground rentals include rentals for cargo, airline maintenance, and general aviation facilities at the Airport. In Exhibit F, these revenues are summarized as follows: North Airline Support Area, South Airline Support Area, South Cargo Area, and General Aviation Area. Most of the facilities in the north and south airline support and cargo areas were financed with the net proceeds of Senior Bonds and Special Facilities Bonds. In 2008, building and ground rentals accounted for 2.4% of Gross Revenues.

The City has a policy of establishing and annually adjusting ground rental rates to recover all capital and operating costs allocable to land made available for lease to Airport tenants. The rate base for calculating the ground rental rate includes costs allocable to the North Cargo Area, which was graded as part of the new Airport construction project, but then abandoned when cargo operations were established at the South Cargo Area. Of these costs, 50% are allocated to the Airfield Area cost center and recovered through landing fees. The balance will not be recovered until the North Cargo Area land is leased.

The City establishes building and ground rentals for the facilities it financed with Senior Bonds to recover O&M Expenses, debt service, and amortization charges allocable to such facilities.

Facilities Financed with Senior Bonds. The City owns and financed the construction of cargo buildings, cargo ramp, and ground service equipment areas, which are leased to the tenants listed in Table 24 under cargo use and lease agreements. The lease expiration date for each tenant is also shown in Table 24.

Table 24

AIRLINE SIGNATORY TO CARGO USE AND LEASE AGREEMENTS

ABX Air (December 2009)	Key Lime Air (December 2010)
Air General (December 2010)	Swissport Cargo (December 2010)
DHL Express (February 2015)	UPS Air Cargo (February 2010)
FedEx (February 2023)	

The City has a longer-term agreement—approximately 25 years—with Continental Airlines for maintenance hangar, in-flight kitchen, cargo, and ground service equipment facilities that were financed from a portion of the net proceeds of the 1992B and 1992C Bonds. The agreement with Continental Airlines provides, among other things, for the repayment of debt service on the Senior Bonds issued for Continental's facilities.

Facilities Financed with Special Facilities Bonds. In addition to issuing Special Facilities Bonds to finance rental car facilities at the Airport, the City has issued Special Facilities Bonds to finance a line maintenance hangar and other facilities for United Airlines. As stated earlier, Debt Service Requirements on Special Facilities Bonds are not payable from Net Revenues of the Airport.

United leases approximately 500,000 square feet of land for facilities that were financed with Special Facilities Bonds. These bonds were refunded in June 2007. United pays ground rent for the land it leases under its Special Facilities and Ground Lease with the City, which is scheduled to expire on October 1, 2023.

Other Facilities. The U.S. Postal Service financed its sorting and distribution facility at the Airport. Under an agreement with the City, which is scheduled to expire in May 2013, the U.S. Postal Service pays ground rent for the areas of the Airport that it uses.

General aviation area revenues shown in Exhibit F include the ground rentals and aircraft fees paid by Signature Flight Support under a 30-year agreement with the City, which is scheduled to expire in March 2025. Signature leases a 12.4-acre site and provides fixed base operator (FBO) services for corporate and similar sized aircraft.

In general, building and ground rentals were forecast on the basis of the following assumptions: (1) the amount of leased building and ground space as of January 1, 2009, is an appropriate basis for estimating occupancy during the forecast period, (2) the City would continue to establish ground rentals in a manner consistent with its adopted policy (as described earlier), and (3) cargo building rentals are to be established each year based on the costs included in the calculation of rentals, fees and charges.

Other Revenues

The largest portion of other revenues received by the City is derived from aviation fuel tax proceeds, as shown in Exhibit F. Under legislation enacted by the State of Colorado, the City receives approximately 65% of aviation fuel tax proceeds collected by the State. As stated earlier, the City is currently applying the State aviation fuel tax proceeds it receives as a credit in the Airfield Area, but does not expect to continue the credit after 2009.

The City also receives revenues from a tax it imposes on fuel sold at the Airport.

Interest Income

Interest income on investments of moneys held in all funds and accounts (other than the Project Fund, PFC Fund, and Bond Reserve Fund) is defined as Gross Revenues under the General Bond Ordinance. In 2008, interest income accounted for 6.4% of Gross Revenues.

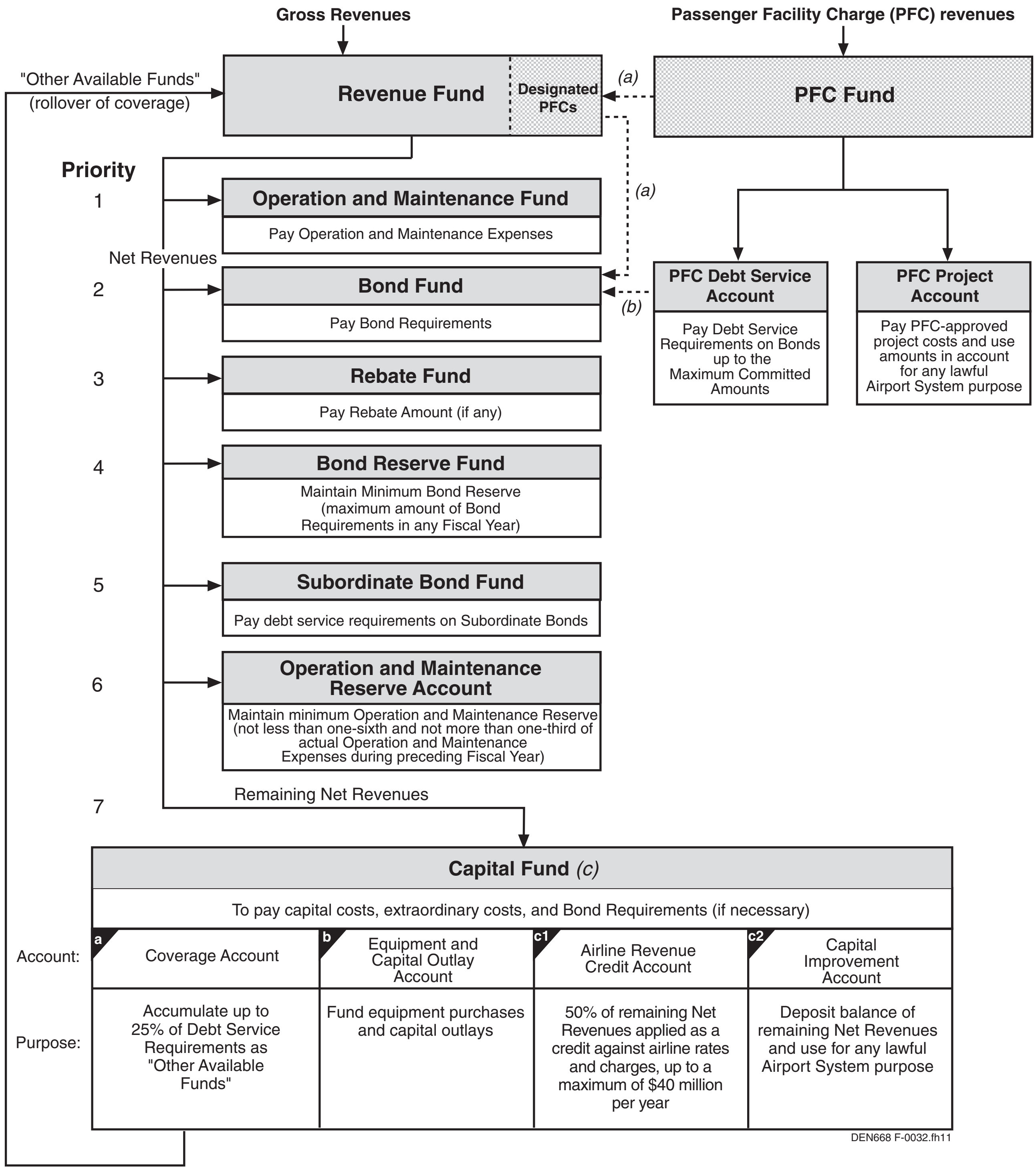
The forecast of interest income (as shown in Exhibit G) is based on actual average yields earned by the City. Under the City's rate-making methodology, interest income earned on the Bond Reserve Fund and Bond Fund is applied as a credit to all cost centers (in the same proportion as the allocation of Debt Service Requirements) in calculating rentals, fees, and charges for the passenger airlines under the Airport use and lease agreement and for the cargo airlines under the cargo use and lease agreements.

Stapleton Redevelopment and Disposition

For the financial forecasts, it was assumed that (1) the City would not receive revenues from future development at Stapleton and (2) all O&M Expenses associated with Stapleton are to be paid by Stapleton Development Corporation.

APPLICATION OF REVENUES

Exhibit G presents the forecast application of Gross Revenues, including Designated Passenger Facility Charges revenues, to the various funds and accounts under the General Bond Ordinance, as described below and shown on Figure 32.



(a) Designated Passenger Facility Charges: Represents one-third of the PFCs received by the City (currently $1.50 of the $4.50 PFC) that are considered Gross Revenues under the General Bond Ordinance from 2009 through 2013, and may continue to be defined as Gross Revenues (as determined by the City) through the remaining years of the forecast period.

(b) Committed Passenger Facility Charges: Two-thirds of the PFCs received by the City (currently $3.00 of the $4.50 PFC) are irrevocably committed to the payment of Debt Service Requirements on Senior Bonds.

(c) Account structure for the Capital Fund to be established by the City as necessary for accounting purposes. The accounts are not required by the General Bond Ordinance.

Figure 32

STRUCTURE OF FUNDS AND ACCOUNTS AND APPLICATION OF REVENUES UNDER THE GENERAL BOND ORDINANCE

City and County of Denver

October 2009

The General Bond Ordinance provides that the Gross Revenues of the Airport are to be deposited into the Revenue Fund. Moneys held in the Revenue Fund are then to be deposited into the funds and accounts established under the General Bond Ordinance.

Gross Revenues remaining after the payment of O&M Expenses, Debt Service Requirements on Senior Bonds and Subordinate Bonds, and other fund deposit requirements are transferred to the Capital Fund at the end of each Fiscal Year. Under the Airport use and lease agreements, certain accounts were established within the Capital Fund, as also shown on Figure 32.

Moneys flowing into the Capital Fund each year are to be deposited and used in the following priority:

- To the *Coverage Account*, to replenish this account and maintain a balance equal to 25% of Debt Service Requirements on Senior Bonds. This amount is defined in the General Bond Ordinance as Other Available Funds and is to be "rolled over" each year and applied toward meeting the Rate Maintenance Covenant, as discussed earlier.

- As shown in Exhibit G, additional deposits to the Coverage Account to meet the 25% coverage requirement were assumed to be provided from remaining Net Revenues before the split between the Capital Improvement and Airline Revenue Credit accounts, which are discussed below.

- To the *Equipment and Capital Outlay Account* to fund equipment purchases and capital outlays that were expensed during the year and leased from the Financing Companies, as described below.

Under various City ordinances, master purchase payments to the Financing Companies do not have a lien on the Net Revenues of the Airport System or balances in the Capital Fund. It was assumed for purposes of this report that the City would make installment purchase payments to the Financing Companies during the forecast period and that the funds to make those payments would come from the Equipment and Capital Outlay Account.

Remaining moneys are to flow as follows: 50%, up to a maximum of $40 million, to the *Airline Revenue Credit Account* to be applied as a credit against Signatory Airline rentals, fees, and charges in the following year. Moneys deposited in the Airline Revenue Credit Account are to be credited to each airline signatory to an Airport use and lease agreement based on its share of total airline rentals, fees, and charges paid by all airlines signatory to Airport use and lease agreements.

The balance is to flow to the *Capital Improvement Account* to be used for any lawful Airport System purpose.

DEBT SERVICE COVERAGE

Exhibit H shows forecast Net Revenues and the calculation of debt service coverage according to the Rate Maintenance Covenant of the General Bond Ordinance for Senior Bonds. Taking into consideration the balance forecast to be available in the Coverage Account, Net Revenues together with Other Available Funds are forecast to exceed the 125% requirement of the Rate Maintenance Covenant in each year of the forecast period.

For reference, Table 25 provides historical data on debt service coverage.

SENSITIVITY ANALYSES—FINANCIAL RESULTS

The forecast financial results presented in this report were tested to determine the potential effects on forecast airline cost per enplaned passenger, Net Revenues, and debt service coverage of reducing the baseline forecast of airline traffic to the sensitivity analysis projection of enplaned passengers and landed weight.

The financial assumptions common to both scenarios include the following:

- Certain sources of nonairline revenues would decrease in direct correlation to the decreases in numbers of originating and connecting passengers.

- PFC revenue would also decrease in direct correlation to the decreases in the number of enplaned passengers, and the City would continue to use PFC revenues in the manner described in this report.

The financial assumptions specific to the sensitivity analysis include the following:

- The City would reduce budgeted O&M Expenses in 2010 by approximately 5% reflecting Airport management's reaction to the assumed reduction in Airport enplaned passengers and the weak economic environment. From 2011 through 2015, O&M Expenses would increase in a manner consistent with the baseline forecast of O&M Expenses.

- Frontier Airlines would reduce their Concourse A premises following the expiration of their Airport use and lease agreement in February 2010 as a result of lower enplaned passenger levels.

  The reduction was determined by holding constant the number of Frontier Airlines enplaned passengers per gate in 2008 (excluding regional and commuter passengers and gates) and applying that amount to determine gate requirements under the sensitivity analysis. Additional reductions in operations and concourse ramp space using a similar approach were also made.

Table 25

HISTORICAL NET REVENUES AND DEBT SERVICE COVERAGE UNDER THE GENERAL BOND ORDINANCE

Denver International Airport
Fiscal Years ended December 31
(dollars in thousands)

Calculation of debt service coverage		2004	2005 *(a)*	2006	2007	2008 *(a)*
Gross Revenues		$543,044	$571,102	$592,110	$616,106	$634,453
Operation and Maintenance Expenses		220,254	231,733	256,191	282,746	305,640
Net Revenues		$322,790	$339,369	$335,919	$333,360	$328,813
Other Available Funds		54,849	55,173	50,791	53,251	53,575
Total amount available for Debt Service Requirement	[A]	$377,639	$394,542	$386,710	$386,611	$382,388
Debt service coverage on Senior Bonds						
Debt Service Requirement *(b)*	[B]	$221,453	$223,331	$205,935	$215,213	$217,208
Debt service coverage	[A/B]	171%	177%	188%	180%	176%
Debt Service Coverage Requirement		125%	125%	125%	125%	125%

Note: Columns may not add to totals shown because of rounding.

(a) The amount shown in each year was revised by the City following the publication of the Audited Financial Statements to exclude certain major maintenance costs that were initially considered "Operation and Maintenance Expenses" under the Bond Ordinance, and to make certain other corrections. The amount shown in this table for 2008 does not match the amount shown in Table 22 because of the manner in which certain year-end settlements and adjustments to rentals, fees, and charges are calculated.

(b) Debt service is net of capitalized interest, certain PFC revenues, and other funds irrevocably committed to the payment of debt service.

Sources: City and County of Denver Airport System Audited Financial Statements, and Airport management records for the years shown.

	Forecast					
	2010	2011	2012	2013	2014	2015
Airline cost per enplaned passenger						
Baseline forecast	$12.68	$13.24	$13.77	$14.55	$15.53	$15.67
Sensitivity projection	$13.90	$15.35	$15.62	$16.72	$17.79	$17.86
Debt service coverage on Senior Bonds						
Baseline forecast	174%	170%	167%	163%	157%	157%
Sensitivity projection	168%	162%	161%	157%	152%	152%
Debt service coverage on all Bonds						
Baseline forecast	173%	169%	166%	162%	156%	157%
Sensitivity projection	167%	162%	160%	157%	151%	152%

As shown above, the City is projected to meet the requirements of the Rate Maintenance Covenant under the sensitivity projection.

If the hypothetical assumptions of the sensitivity projection were to be realized, the City would take some or all of the actions listed below to (1) meet the Rate Maintenance Covenant of the General Bond Ordinance, (2) minimize the increase in airline rentals, fees, and charges required to satisfy the Rate Maintenance Covenant, and/or (3) provide a cost structure for the airlines at the Airport that would not adversely affect airline traffic. Such actions related to this objective would include:

- Reduce equipment and capital outlays
- Increase nonairline revenues
- Restructure principal payments on Outstanding Bonds
- Defer or reduce amortization charges
- Use available money from the Capital Fund to pay debt service

Exhibit A

ESTIMATED COSTS AND SOURCES OF FUNDS
AIRPORT CAPITAL PROGRAM
Denver International Airport
(in thousands)

	Gross project cost	2009 funding sources for projects: Federal grants-in-aid	Prior Bond Proceeds	2009A Bonds	2009B Bonds	Future Bonds
Airfield Area and Concourse Apron						
Rehabilitate targeted slab and joint areas	$88,560,501	$7,521,623	$17,718,732	$1,249,777	$3,306,369	$58,764,000
Expand Concourse A east/west aprons	18,552,874	--	77,100	26,427	18,449,347	-
Improve Taxiways	19,563,000	--	--	--	--	19,563,000
Construct ramp area drainage control and mitigation	5,068,000	2,495,154	318,946	--	541,900	1,712,000
Snow management	17,444,110	--	--	1,031,610	16,412,500	-
Other projects	26,412,282	2,688,799	5,054,688	174,032	8,424,763	10,070,000
	$175,600,767	$12,705,576	$23,169,466	$2,481,846	$47,134,879	$90,109,000
Terminal Complex and AGTS						
Terminal and Concourse						
Councoruse Expansion Design	$7,682,063	$ --	$7,682,063	$ --	$ --	$ --
Replace existing jet bridges at Concourse A&C Aprons	17,251,500	--	--	4,882,800	--	12,368,700
Replace FIDS monitor on all concourses	14,541,845	--	822,150	13,719,695	--	--
Replace Concourse elevators	4,982,431	--	--	842,431	--	4,140,000
Rehabilitate terminal and concourse concessions	3,350,000	--	--	--	--	3,350,000
Renovate terminal and concourse public restrooms	6,800,000	--	200,000	--	--	6,600,000
Baggage System						
Construct baggage spine and Concourse A&B transfer system	27,498,017	--	--	7,698,017	--	19,800,000
Relocate baggage system security screening to the terminal	34,540,000	--	11,574,989	22,965,011	--	--
Improve AGTS	26,656,341	--	22,077,000	4,379,341	--	200,000
Improve building systems	45,456,631	--	2,033,540	7,959,796	50,000	35,413,295
Improve and upgrade security systems	10,981,405	--	--	3,107,405	1,000,000	6,874,000
Improve central plant systems	8,134,589	--	--	7,144,589	--	990,000
Upgrade fire alarm systems	17,390,269	--	--	812,769	--	16,577,500
Upgrade HVAC controls	15,185,708	--	--	13,665,708	--	1,520,000
Hotel Design	8,500,000	--	8,500,000	-	--	-
Program management	16,250,000	--	--	7,250,000	--	9,000,000
Other projects	5,050,000	--	--	2,790,000	--	2,260,000
	$270,250,800	$ --	$52,889,742	$97,217,563	$1,050,000	$119,093,495
Roadways, Parking, and Ground Transportation						
Parking System Improvements	$5,000,000	$ --	$4,325,339	$674,661	$ --	$ --
Widen Pena boulevard	11,759,702	--	--	--	--	11,759,702
Moisture protection on parking structures	10,081,623	--	6,243,093	3,838,531	--	-
Improve Mt. Elbert and Pike's Peak parking lots	3,030,000	--	--	--	--	3,030,000
Rehabilitate targeted areas on Pena boulevard	10,286,279	--	120,000	192,102	50,000	9,924,177
Resurface east/west terminal parking lots	2,505,000	--	--	--	--	2,505,000
Rehabilitate road pavement	1,700,000	--	--	--	500,000	1,200,000
Other projects	14,900,603	--	--	2,297,603	1,435,000	11,168,000
	$59,263,207	$ --	$10,688,431	$7,002,897	$1,985,000	$39,586,879
Other projects						
Revenue and Business Development	$10,201,452	$ --	$ --	$8,531,452	$ --	$1,670,000
Environmental and energy management study	32,211,959	--	--	3,818,880	500,000	27,893,079
Improve IT/Telecom systems	33,852,292	--	2,652,332	10,702,960	4,647,000	15,850,000
Improve and upgrade miscellaneous projects	2,154,000	--	--	100,000	--	2,054,000
	$78,419,703	$ --	$2,652,332	$23,153,292	$5,147,000	$47,467,079
	$583,534,476	$12,705,576	$89,399,971	$129,855,597	$55,316,879	$296,256,453

Note: Gross project costs include construction administration costs, contingencies, and architectural and engineering fees, as appropriate.
Source: Airport management records.

Exhibit B

ESTIMATED PLAN OF FINANCING

Denver International Airport
(dollars in thousands)

	2009 Bonds				Future	
	2009A Bonds	**2009B** Bonds	**2009C** Bonds	Total	Planned Bonds	Total
SOURCES OF FUNDS						
Principal amount of Bonds	$161,690	$71,560	$107,240	$340,490	$391,972	$732,462
Interest earnings	--	--	--	--	2,278	2,278
Total sources of funds	$161,690	$71,560	$107,240	$340,490	$394,249	$734,739
USES OF FUNDS						
Project costs	$129,856	$55,317	$ --	$185,172	$296,256	$481,429
Refund Commercial Paper	--	--	100,000	100,000	--	100,000
Bond reserve fund	11,318	5,009	5,631	21,958	39,197	61,156
Capitalized interest account	18,090	10,158	--	28,248	54,876	83,124
Cost of issuance	2,426	1,076	1,609	5,112	3,920	9,031
Total uses of funds	$161,690	$71,560	$107,240	$340,490	$394,249	$734,739

Notes: Columns may not add to totals shown because of rounding.
See the Plan of Financing section of the report for additional information.

Source: Jefferies & Company, Inc., Plan of Financing dated September 25, 2009.

Exhibit C

DEBT SERVICE REQUIREMENTS
Denver International Airport
Fiscal Years Ending December 31
(dollars in thousands)

	Actual		Estimated	Forecast					
DEBT SERVICE REQUIREMENTS (c)	**2007 (a)**	**2008 (a) (b)**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Senior Bonds									
Series 1991A	$11,412	$11,417	$ --	$ --	$ --	$ --	$ --	$ --	$ --
Series 1991D	14,062	21,209	21,906	19,167	19,019	22,352	22,359	22,359	22,359
Series 1992D-G (variable rate)	3,336	2,459	3,427	3,463	3,495	3,532	3,541	3,560	3,679
Series 1995C	691	691	691	4,011	4,010	4,015	--	--	--
Series 1997E	18,031	3,268	2,068	2,068	19,627	10,502	7,859	--	--
Series 1998A-B	14,531	15,503	13,197	11,605	11,605	11,605	11,605	11,605	11,605
Series 2000A	27,885	28,184	27,670	27,354	23,191	23,190	25,979	22,971	22,976
Series 2000B-C (variable rate)	14,292	16,691	--	--	--	--	--	--	--
Series 2001A-B	28,883	22,825	21,907	26,717	22,161	27,394	42,949	45,631	37,735
Series 2001D	6,037	5,961	6,039	6,039	6,036	6,034	6,036	6,041	6,039
Series 2002A1-A3 (variable rate) (d)	19,035	3,882	--	--	--	--	--	--	--
Series 2002C-D (variable rate)	3,058	2,388	3,029	3,070	3,106	3,145	3,261	3,380	3,394
Series 2002E	19,585	14,678	19,891	18,711	18,846	18,951	19,010	18,907	19,172
Series 2003A-B	12,649	12,322	11,871	11,871	11,871	11,871	11,871	11,871	11,871
Series 2004A-B (variable rate)	7,801	2,465	--	--	--	--	--	--	--
Series 2005A	11,288	11,382	11,221	11,221	12,699	12,700	12,700	12,705	12,711
Series 2005B-C (variable rate)	13,777	4,474	--	--	1,071	1,096	1,119	1,085	1,044
Series 2006A-B	40,085	40,180	39,829	39,918	42,747	42,989	35,211	25,697	34,370
Series 2007A-C	1,964	4,308	7,994	12,362	12,362	12,362	12,362	12,362	12,362
Series 2007D-E	--	10,255	704	3,334	10,025	11,816	11,816	27,401	27,402
Series 2007F-G	3,122	12,489	16,930	16,091	16,053	16,200	16,030	40,491	40,861
Series 2008A1	--	25,999	30,681	29,663	31,699	31,832	35,106	38,314	36,531
Series 2008A2-A4	--	11,661	20,220	19,565	20,245	19,090	19,090	19,090	19,090
Series 2008B	--	3,965	6,443	3,217	3,816	3,809	7,848	7,749	7,753
Series 2008C1-C3	--	257	14,833	14,833	14,833	14,917	14,792	14,792	14,833
Series 2009A (e)	--	--	67	2,397	2,397	11,318	11,318	11,318	11,318
Series 2009B (e)	--	--	--	--	--	5,009	5,009	5,009	5,009
Series 2009C (variable rate) (e)	--	--	213	7,671	7,671	7,671	7,671	7,671	7,671
Future Planned Bonds (e)	--	--	--	--	--	--	11,227	17,166	20,738
	$271,524	$288,913	$280,830	$294,346	$318,584	$333,400	$355,769	$387,177	$390,522
Continental support facilities bonds (f)	5,416	5,416	5,423	5,414	5,417	5,417	5,418	5,415	5,412
	$276,940	$294,328	$286,253	$299,760	$324,002	$338,818	$361,187	$392,592	$395,933
Less: Committed Passenger Facility Charges revenue (g)	(65,939)	(65,767)	(63,616)	(63,746)	(64,755)	(66,013)	(67,307)	(68,637)	(70,005)
Transfer from the PFC Project Account	(1,536)	(6,527)	--	--	--	--	--	--	--
Debt Service Requirements -- Senior Bonds	**$209,465**	**$222,034**	**$222,638**	**$236,014**	**$259,246**	**$272,804**	**$293,880**	**$323,955**	**$325,928**

Exhibit C (page 2 of 2)

DEBT SERVICE REQUIREMENTS
Denver International Airport
Fiscal Years Ending December 31
(in thousands)

	Actual		Estimated	Forecast					
	2007 (a)	**2008 (b)**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
DEBT SERVICE REQUIREMENTS (c)									
Subordinate Bonds									
Series 2001C	$11,849	$3,360	$ --	$ --	$ --	$ --	$ --	$ --	$ --
Series A CP Notes	--	1,356	--	--	--	--	--	--	--
Swap payments	--	13,571	1,253	1,253	1,253	1,261	1,250	1,250	1,253
Total Debt Service Requirements	**$221,315**	**$240,321**	**$223,891**	**$237,268**	**$260,500**	**$274,065**	**$295,130**	**$325,205**	**$327,182**
DEBT SERVICE REQUIREMENTS (c)									
Gross debt service (h)	$288,789	$312,616	$287,507	$301,014	$325,255	$340,078	$362,437	$393,842	$397,187
Less: Committed Passenger Facility Charges revenue (g)	(65,939)	(65,767)	(63,616)	(63,746)	(64,755)	(66,013)	(67,307)	(68,637)	(70,005)
Transfer from the PFC Project Account	(1,536)	(6,527)	--	--	--	--	--	--	--
Required debt service from Gross Revenues (i)	**$221,315**	**$240,321**	**$223,891**	**$237,268**	**$260,500**	**$274,065**	**$295,130**	**$325,205**	**$327,182**
COVERAGE REQUIREMENT ON BONDS (j)									
Airport portion	$51,396	$55,786	$54,304	$57,650	$63,457	$66,847	$72,116	$79,635	$80,129
Continental portion	1,354	1,354	1,356	1,354	1,354	1,354	1,355	1,354	1,353
	$52,750	$57,140	$55,660	$59,004	$64,811	$68,201	$73,471	$80,989	$81,482

(a) Source: Airport management records. Based on audited financial results.
(b) Prior to 2008, bond fund transfers were allocated to Airport cost centers.
(c) Net of capitalized interest. The amounts shown are also net of funds in escrow to economically defease certain Senior Bonds.
(d) Between 2008 and 2010, the City intends to optionally redeem the principal outstanding of the Series 2003 Bonds, which will have the effect of reamortizing this debt.
Source for reamortized principal: Jefferies & Company, Inc.
(e) Source: Jefferies & Company, Inc.
(f) Includes debt service on Senior Bonds allocable to Continental's support facilities at the Airport.
(g) Reflects two-thirds (generally equal to $3) of forecast PFC revenue and associated interest income, as provided under the PFC Supplemental Bond Ordinance covering commitments through 2013.
(h) Starting in 2008, the City uses Debt Service Requirements in the allocation of debt service across Airport cost centers.
(i) Debt service for purposes of calculating airline rates and charges.
(j) Equal to 25% of Debt Service Requirements on Senior Bonds.

Exhibit C-1

ALLOCATION OF DEBT SERVICE TO COST CENTERS
Denver International Airport
Fiscal Years Ending December 31
(dollars in thousands)

	Actual		Estimated	Forecast					
	2007 (a)	**2008 (b)**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
DEBT SERVICE REQUIREMENTS (b)									
Senior Bonds and Subordinate Bonds	$288,789	$312,616	$287,507	$301,014	$325,255	$340,078	$362,437	$393,842	$397,187
Less: Committed Passenger Facility Charges revenue (b)	(65,939)	(65,767)	(63,616)	(63,746)	(64,755)	(66,013)	(67,307)	(68,637)	(70,005)
Transfer from the PFC Project Account	(1,536)	(6,527)	--	--	--	--	--	--	--
	$221,315	**$240,321**	**$223,891**	**$237,268**	**$260,500**	**$274,065**	**$295,130**	**$325,205**	**$327,182**
ALLOCATION TO COST CENTERS									
Airline cost centers									
Terminal Complex	$88,816	$106,502	$98,784	$101,125	$111,754	$114,900	$124,901	$137,013	$135,694
Tenant Finishes and Equipment									
Landside Terminal	3,436	3,366	3,413	3,600	3,779	3,769	3,898	4,013	4,034
Concourse A	6,787	7,140	6,792	6,885	8,415	8,637	8,966	9,259	9,352
Concourse B	14,071	18,176	14,082	15,058	16,196	16,641	17,465	18,198	19,393
Concourse C	1,801	2,296	1,636	1,725	2,725	2,948	3,083	3,202	3,242
Loading Bridges	389	422	523	962	962	1,464	1,968	2,247	2,374
International Facilities	1,573	1,561	1,490	1,489	1,576	1,572	1,634	1,689	1,707
Common Use Terminal Equipment	42	105	41	78	78	220	220	220	219
Concourse A commuter facility	135	135	136	136	137	136	137	137	137
Concourse B regional jet facility	551	662	137	157	163	155	156	157	96
Baggage Claim	1,469	1,478	1,403	1,414	1,495	1,492	1,647	1,749	1,797
Automated Baggage Systems	1,863	223	3	98	98	462	656	758	820
Conventional Baggage Systems	10,161	10,104	8,824	9,883	10,370	12,059	12,606	13,031	12,691
International Facilities	1,094	1,013	1,010	1,472	1,524	1,480	1,731	1,883	1,924
Automated Guideway Transit System	6,414	4,352	2,613	4,137	4,639	5,051	5,141	6,347	6,321
Concourse Ramp Area	2,447	3,585	2,308	2,554	2,786	4,108	4,523	4,784	4,818
Airfield Area	17,862	18,022	17,551	20,424	24,851	29,026	33,432	45,251	46,512
Fueling System	10,377	10,346	9,820	9,814	10,405	10,383	10,790	11,149	11,266
	$169,290	$189,488	$170,566	$181,011	$201,953	$214,503	$232,954	$261,089	$262,397
Nonairline cost centers	46,609	45,418	47,902	50,842	53,130	54,144	56,758	58,701	59,373
Continental support facilities	5,416	5,416	5,423	5,414	5,417	5,417	5,418	5,415	5,412
	$221,315	**$240,321**	**$223,891**	**$237,268**	**$260,500**	**$274,065**	**$295,130**	**$325,205**	**$327,182**

(a) Source: Airport management records. Based on audited financial results.
(b) See Exhibit C.

Exhibit D

OPERATION AND MAINTENANCE EXPENSES
Denver International Airport
Fiscal Years Ending December 31
(dollars in thousands)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by, or reviewed with and agreed to by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Actual		Budgeted	Budgeted	Forecast				
	2007 (a)	2008 (a)	2009 (b)	2010 (b)	2011	2012	2013	2014	2015
BY OBJECT TYPE									
Personnel services	$104,321	$113,585	$113,691	$116,020	$122,431	$130,078	$138,244	$146,970	$156,298
Contractual services									
Professional services	$47,886	$51,878	$55,227	$57,018	$60,169	$63,927	$67,940	$72,229	$76,813
Utility services	20,523	$22,843	22,271	22,420	23,659	25,137	26,715	28,401	30,204
Cleaning services	30,281	$31,785	30,403	27,522	29,043	30,857	32,794	34,864	37,076
Other services	13,610	$14,460	17,315	18,341	19,354	20,563	21,854	23,233	24,708
Repairs and maintenance (c)	31,348	$33,336	34,221	37,208	38,086	38,985	39,905	40,846	41,810
Rentals	1,378	$988	653	611	635	662	691	721	752
Insurance	3,387	$3,683	4,140	4,140	4,304	4,489	4,683	4,886	5,098
Other contractual services (d)	1,836	$2,126	2,148	2,195	2,282	2,380	2,482	2,590	2,703
	------------	------------	------------	------------	------------	------------	------------	------------	------------
	$150,251	$161,097	$166,378	$169,455	$177,531	$186,999	$197,064	$207,769	$219,164
Maintenance, supplies, and materials	21,036	24,769	21,458	25,759	27,183	28,880	30,693	32,631	34,702
	------------	------------	------------	------------	------------	------------	------------	------------	------------
	$275,608	**$299,450**	**$301,527**	**$311,234**	**$327,145**	**$345,957**	**$366,001**	**$387,370**	**$410,164**
	=======	=======	=======	=======	=======	=======	=======	=======	=======
BY COST CENTER									
Airline cost centers									
Terminal Complex (e)	$96,195	$97,815	$106,771	$108,232	$113,765	$120,307	$127,277	$134,708	$142,635
International Facilities	1,063	1,119	288	292	307	325	344	364	385
Automated Baggage Systems	1,393	385	291	290	305	323	341	361	383
Conventional Baggage Systems	1,492	2,020	1,608	1,867	1,963	2,075	2,196	2,324	2,461
Baggage Claim	--	--	--	--	--	--	--	--	--
Automated Guideway Transit System	17,745	19,734	20,784	21,712	22,822	24,134	25,533	27,023	28,614
Common Use Terminal Equipment	109	65	81	154	162	171	181	191	202
Concourse Ramp Area	8,709	9,862	10,773	11,177	11,748	12,424	13,143	13,911	14,729
Concourse A commuter facility	357	355	480	488	513	543	574	608	644
Airfield Area	67,500	75,716	68,776	74,495	78,304	82,806	87,604	92,719	98,175
Fueling System	1,713	1,958	1,526	1,550	1,629	1,723	1,823	1,929	2,043
	------------	------------	------------	------------	------------	------------	------------	------------	------------
	$196,275	$209,029	$211,379	$220,258	$231,518	$244,831	$259,015	$274,138	$290,269
Nonairline cost centers	79,332	90,421	90,149	90,977	95,628	101,127	106,985	113,232	119,895
	------------	------------	------------	------------	------------	------------	------------	------------	------------
	$275,608	**$299,450**	**$301,527**	**$311,234**	**$327,145**	**$345,957**	**$366,001**	**$387,370**	**$410,164**
	=======	=======	=======	=======	=======	=======	=======	=======	=======
Annual rate of growth	12.9%	8.7%	0.7%	3.2%	5.1%	5.8%	5.8%	5.8%	5.9%

(a) Source: Airport management records. Based on audited financial results.
(b) Source: Airport management records. Based on revised 2009 budgeted expenses and 2010 budgeted expenses.
(c) Excludes maintenance costs of the conventional baggage system.
(d) Includes bad debt expenses, if any, for the historical years shown.
(e) Includes expenses associated with maintaining the loading bridges and the Concourse B Regional Jet Facility. These expenses are recovered through Tenant Finishes and Equipment Charges.

Exhibit E

AIRLINE RENTALS, FEES, AND CHARGES

Denver International Airport
Fiscal Years Ending December 31
(in thousands, except rates)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by, or reviewed with and agreed to by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Exhibit	Actual		Estimated	Forecast					
	reference	2007 (a)	2008 (a)	2009	2010	2011	2012	2013	2014	2015
Airline Revenues										
Landing fees--Signatory Airlines	E-1	$86,247	$88,935	$100,433	$117,099	$128,136	$135,382	$145,096	$159,267	$166,144
Landing fees--nonsignatory airlines		823	362	224	258	368	392	415	457	472
Terminal complex rentals	E-2	70,256	76,666	75,103	76,230	83,657	87,340	93,552	100,459	102,884
Nonpreferential, commuter, common-use gates		1,341	1,301	765	783	841	884	936	988	1,019
Tenant finishes and equipment charges (b)	E-3	50,604	60,460	55,187	57,741	62,381	65,186	69,394	73,456	75,982
Automated baggage system fees	E-4	8,134	5,370	4,471	4,701	5,098	5,371	5,780	6,239	6,449
Conventional baggage system fees	E-4	22,673	24,258	23,053	24,387	25,885	28,007	29,583	31,171	31,423
International facility fees		6,300	6,512	2,352	2,436	2,534	2,635	2,741	2,852	2,967
Automated Guideway Transit System charges		24,846	25,118	24,964	27,258	28,997	30,812	32,304	34,831	36,410
Baggage claim charges		16,116	17,405	17,600	17,865	19,246	20,026	21,500	23,070	23,633
Interline baggage fees		451	490	885	803	866	904	969	1,040	1,065
Concourse ramp fees		9,985	11,974	10,954	11,464	12,302	13,982	14,930	15,639	16,340
Commuter ramp fees		202	359	127	134	142	162	173	181	189
Common use terminal equipment fees		111	115	70	135	140	196	203	210	218
Fueling system charges		12,170	12,446	11,445	11,522	12,224	12,317	12,844	13,326	13,573
Total rentals, fees, and charges		**$310,258**	**$331,770**	**$327,632**	**$352,815**	**$382,818**	**$403,597**	**$430,421**	**$463,185**	**$478,769**
Less: Balance in Airline Revenue Credit Account	G	**(40,000)**	**(37,205)**	**(26,946)**	**(29,663)**	**(40,000)**	**(40,000)**	**(38,863)**	**(36,845)**	**(40,000)**
Less: Aviation fuel tax rebate (c)		**--**	**(10,129)**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
Net rentals, fees, and charges		**$270,258**	**$284,436**	**$300,686**	**$323,152**	**$342,818**	**$363,597**	**$391,558**	**$426,340**	**$438,769**
Net rentals, fees, and charges by airline										
United		$135,412	$143,192	$145,503	$153,849	$160,651	$170,683	$183,749	$199,284	$204,389
Other airlines		134,846	141,245	155,183	169,303	182,167	192,914	207,809	227,056	234,380
		$270,258	$284,436	$300,686	$323,152	$342,818	$363,597	$391,558	$426,340	$438,769
Less: cargo carrier landing and other fees (d)		(3,604)	(3,569)	(4,022)	(4,643)	(4,992)	(5,362)	(5,750)	(6,306)	(6,585)
	[A]	**$266,654**	**$280,867**	**$296,663**	**$318,509**	**$337,826**	**$358,235**	**$385,808**	**$420,034**	**$432,184**
Enplaned passengers	[B]	24,941	25,650	24,872	25,118	25,516	26,012	26,521	27,046	27,585
Airline cost per enplaned passenger	[A/B]	**$10.69**	**$10.95**	**$11.93**	**$12.68**	**$13.24**	**$13.77**	**$14.55**	**$15.53**	**$15.67**
Maximum cost per enplaned revenue passenger for United (e) (in 1990 dollars)		**$8.24**	**$9.74**	**$11.41**	**$11.55**	**$11.67**	**$11.93**	**$12.37**	**$12.91**	**$12.74**

(a) Source: Airport management records. Based on audited financial results.
(b) Includes debt service associated with the Concourse B regional jet facility.
(c) Equals the total payout of the aviation fuel tax rebate for 2004, 2005, and 2006 distributed in 2008.
(d) Cargo carriers do not enplane passengers. As such, their landing fees are excluded from the calculation of the average cost per enplaned pasenger.
(e) Source for the discount factor: Historical based on actual Consumer Price Index (CPI) for the Denver-Boulder-Greeley Consolidated Metropolitan Statistical Area (CMSA). Forecast was based on a 2.4% discount factor, which approximates the Denver-Boulder-Greeley CMSA CPI from 2003-2008.

Exhibit E-1

LANDING FEES
Denver International Airport
Fiscal Years Ending December 31
(in thousands, except rates)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by, or reviewed with and agreed to by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Exhibit	Actual		Estimated	Forecast					
	reference	**2007 (a)**	**2008 (a)**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Operation and Maintenance Expenses	D	$67,500	$75,716	$68,776	$74,495	$78,304	$82,806	$87,604	$92,719	$98,175
Operation and Maintenance Reserve Account replenishment (b)		1,058	--	805	105	491	805	951	1,014	1,081
Equipment and capital outlays		2,270	1,586	1,378	1,302	1,333	1,364	1,396	1,429	1,463
Debt service	C-1	17,862	18,022	17,551	20,424	24,851	29,026	33,432	45,251	46,512
Variable rate bond fees (c)		800	818	469	459	449	439	427	413	397
Amortization charges		18,273	19,713	24,487	25,166	25,580	26,001	26,396	23,640	23,813
Other allocable costs		292	304	317	324	368	380	400	421	428
Capital cost of north site (50%)		1,304	1,298	1,267	1,306	1,375	1,376	1,432	1,481	1,483
		-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------
Total Airfield Area Requirement		**$109,359**	**$117,458**	**$115,049**	**$123,582**	**$132,750**	**$142,197**	**$152,040**	**$166,368**	**$173,351**
Less credits:										
Nonairline revenues	F	($3,247)	($4,891)	($3,350)	($3,429)	($3,510)	($3,593)	($3,677)	($3,764)	($3,853)
State aviation fuel tax revenues (d)	F	(15,743)	(19,949)	(8,000)	--	--	--	--	--	--
Nonsignatory airline landing fees (e)		(823)	(362)	(224)	(258)	(368)	(392)	(415)	(457)	(472)
Interest income (f)		(3,070)	(3,118)	(3,042)	(2,796)	(2,817)	(2,830)	(2,851)	(2,880)	(2,882)
		-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------
Net Airfield Area Requirement		$86,477	$89,138	$100,433	$117,099	$126,054	$135,382	$145,096	$159,267	$166,144
Signatory Airline landed weight (1,000 pound units) (g)		32,748	33,217	31,766	32,086	32,453	32,779	33,111	33,449	33,771
		-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------
Signatory Airline landing fee rate		**$2.64**	**$2.68**	**$3.16**	**$3.65**	**$3.88**	**$4.13**	**$4.38**	**$4.76**	**$4.92**
		=====	=====	=====	=====	=====	=====	=====	=====	=====
Total Signatory Airline landing fees		**$86,477**	**$89,138**	**$100,433**	**$117,099**	**$126,054**	**$135,382**	**$145,096**	**$159,267**	**$166,144**

(a) Source: Airport management records. Based on audited financial results.
(b) Allocated to Airport cost centers based on Operation and Maintenance Expenses.
(c) Source: the City's Financial Advisors for the total variable rate bond fees, which are allocated to Airport cost centers based on debt service.
(d) Between 2007 and 2009, the City agreed to mitigate a portion of the cost of the Airport's snow management plan by applying State aviation fuel tax revenues against the Airfield Area Requirement.
(e) Reflects the calculated Signatory Airline landing fee rate multiplied by a premium of 20% and assessed to nonsignatory airline landed weight.
(f) Allocated to all Airport cost centers based on debt service requirements on Bonds issued to construct the Airport.
(g) Based on the forecast of landed weight presented in the report prorated for Signatory Airline traffic.

Exhibit E-2

TERMINAL COMPLEX RENTALS
Denver International Airport
Fiscal Years Ending December 31
(in thousands, except rates)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by, or reviewed with and agreed to by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Exhibit	Actual		Estimated	Forecast					
	reference	2007 (a)	2008 (a)	2009	2010	2011	2012	2013	2014	2015
Operation and Maintenance Expenses	D	$95,837	$97,195	$106,771	$108,232	$113,765	$120,307	$127,277	$134,708	$142,635
Less: Loading bridge maintenance expenses (b)		(700)	(673)	(1,386)	(1,430)	(1,503)	(1,590)	(1,682)	(1,780)	(1,885)
Operation and Maintenance Reserve Account replenishment (c)		1,724	--	1,250	153	713	1,169	1,382	1,473	1,570
Equipment and capital outlays		1,597	814	673	834	853	873	894	915	937
Debt service	C-1	89,785	107,462	99,696	102,032	112,721	115,863	125,907	138,057	136,723
Variable rate bond fees (d)		1,951	1,995	1,198	1,172	1,148	1,121	1,092	1,055	1,013
Amortization charges		7,056	7,820	9,179	9,294	9,404	9,515	9,526	9,040	9,150
Other allocable costs		753	783	817	836	948	981	1,032	1,085	1,104
Total Terminal Complex Requirement		**$198,005**	**$215,397**	**$218,197**	**$221,122**	**$238,048**	**$248,240**	**$265,429**	**$284,553**	**$291,247**
Less credits: Interest income (e)		(7,918)	(8,042)	(7,847)	(7,212)	(7,267)	(7,301)	(7,353)	(7,428)	(7,432)
Net Terminal Complex Requirement		$190,087	$207,355	$210,350	$213,910	$230,781	$240,939	$258,076	$277,125	$283,815
Rentable space (square feet)		2,322	2,327	2,321	2,326	2,326	2,326	2,326	2,326	2,326
Average rental rate per square foot		**$81.88**	**$89.09**	**$90.61**	**$91.97**	**$99.23**	**$103.59**	**$110.96**	**$119.15**	**$122.03**
Average rental rate per square foot at 100%		$81.88	$89.09	$90.61	$91.97	$99.23	$103.59	$110.96	$119.15	$122.03
Differential rate per square foot at 65%		$53.22	$57.91	$58.90	$59.78	$64.50	$67.34	$72.12	$77.45	$79.32
Total airline space rentals (f)		$71,466	$74,517	$75,103	$76,230	$83,657	$87,340	$93,552	$100,459	$102,884

(a) Source: Airport management records. Based on audited financial results.
(b) These expenses are recovered through tenant finish charges.
(c) Allocated to Airport cost centers based on Operation and Maintenance Expenses.
(d) Source: the City's Financial Advisors for the total variable rate bond fees, which are allocated to Airport cost centers based on debt service.
(e) Allocated to all Airport cost centers based on debt service requirements on Bonds issued to construct the Airport.
(f) Includes exclusive, preferential, and joint-use space rentals.

Exhibit E-3

TENANT FINISHES AND EQUIPMENT CHARGES
Denver International Airport
Fiscal Years Ending December 31
(in thousands, except rates)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by, or reviewed with and agreed to by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

		Exhibit	Actual		Estimated	Forecast					
		reference	2007 (a)	2008 (a)	2009	2010	2011	2012	2013	2014	2015
Landside Terminal											
Debt service		C-1	$3,436	$3,366	$3,413	$3,600	$3,779	$3,769	$3,898	$4,013	$4,034
Variable rate bond fees (b)			55	60	31	30	29	29	28	27	26
Other allocable costs			24	25	26	26	30	31	33	34	35
Amortization charges			906	1,701	1,085	1,281	914	918	921	924	928
Total requirements			**$4,421**	**$5,153**	**$4,555**	**$4,938**	**$4,752**	**$4,746**	**$4,880**	**$4,999**	**$5,023**
Less credits: Interest income (c)			(250)	(254)	(248)	(228)	(230)	(231)	(232)	(235)	(235)
Net requirements	[A]		$4,171	$4,898	$4,307	$4,710	$4,523	$4,515	$4,647	$4,765	$4,788
Landside Terminal rentable space (square feet)	[B]		96	93	96	96	96	96	96	96	96
Rental rate per square foot	[C=A/B]		$43.45	$52.71	$44.86	$49.06	$47.12	$47.03	$48.41	$49.63	$49.88
Airline rented space (square feet)	[D]		55	55	55	55	55	55	55	55	55
Total charges -- Landside Terminal	[E=C*D]		**$2,372**	**$2,904**	**$2,472**	**$2,703**	**$2,596**	**$2,592**	**$2,668**	**$2,735**	**$2,749**
Concourse A											
Debt service (d)		C-1	$6,787	$7,140	$6,792	$6,885	$8,415	$8,637	$8,966	$9,259	$9,352
Variable rate bond fees (b)			133	154	79	77	76	74	72	70	67
Other allocable costs			61	64	67	68	77	80	84	88	90
Amortization charges			1,217	1,217	1,217	1,312	1,196	1,220	1,243	1,264	1,289
Total requirements			**$8,198**	**$8,575**	**$8,155**	**$8,342**	**$9,764**	**$10,011**	**$10,366**	**$10,681**	**$10,798**
Less credits: Interest income (c)			(645)	(655)	(639)	(587)	(592)	(595)	(599)	(605)	(605)
Net requirements	[F]		$7,554	$7,920	$7,516	$7,755	$9,172	$9,416	$9,767	$10,076	$10,193
Rentable space (square feet)	[G]		327	324	328	328	328	328	328	328	328
Rental rate per square foot	[H=F/G]		$23.11	$24.41	$22.88	$23.61	$27.92	$28.67	$29.73	$30.68	$31.03
Plus: Loading bridge maintenance cost charge			3.88	5.39	7.23	8.58	10.84	12.89	14.88	15.75	16.52
	[I]		$26.99	$29.80	$30.11	$32.19	$38.76	$41.55	$44.61	$46.43	$47.55
Airline rented space (square feet)	[J]		127	97	91	91	72	72	72	72	72
Total rental revenue	[K=I*J]		$3,428	$2,900	$2,745	$2,935	$2,798	$2,999	$3,220	$3,351	$3,432
Total charges -- Concourse A	[K]		**$3,428**	**$2,900**	**$2,745**	**$2,935**	**$2,798**	**$2,999**	**$3,220**	**$3,351**	**$3,432**

Exhibit E-3 (page 2 of 3)

TENANT FINISHES AND EQUIPMENT CHARGES
Denver International Airport
Fiscal Years Ending December 31
(in thousands, except rates)

		Exhibit	Actual		Estimated	Forecast					
		reference	2007 (a)	2008 (a)	2009	2010	2011	2012	2013	2014	2015
Concourse B											
Debt service		C-1	$14,071	$18,176	$14,082	$15,058	$16,196	$16,641	$17,465	$18,198	$19,393
Variable rate bond fees (b)			335	385	243	238	233	227	222	214	206
Other allocable costs			153	160	166	170	193	200	210	221	225
Amortization charges (e)			1,217	1,217	3,015	3,164	3,034	3,089	3,145	3,198	3,256
Total requirements			**$15,777**	**$19,939**	**$17,506**	**$18,630**	**$19,656**	**$20,157**	**$21,041**	**$21,831**	**$23,080**
Less credits: Interest income (c)			(1,612)	(1,638)	(1,598)	(1,469)	(1,480)	(1,487)	(1,497)	(1,513)	(1,514)
Net requirements			$14,165	$18,301	$15,908	$17,161	$18,176	$18,671	$19,544	$20,318	$21,566
Less: Baggage sortation costs recovered separately											
Baggage sortation equipment costs			($413)	--	--	--	--	--	--	--	--
Baggage system modification costs (e) (f)			(781)	--	--	--	--	--	--	--	--
Baggage system modification costs (e) (g)			(756)	--	(166)	(166)	(63)	(166)	(167)	(169)	(1,124)
	[A]		$12,216	$18,301	$15,743	$16,996	$18,114	$18,504	$19,377	$20,150	$20,442
Rentable space (square feet)	[B]		470	468	468	468	468	468	468	468	468
Rental rate per square foot	[C=A/B]		$26.01	$39.13	$33.66	$36.34	$38.73	$39.56	$41.43	$43.08	$43.70
Plus: Loading bridge maintenance cost charge			2.05	2.21	2.79	3.31	3.37	4.01	4.63	4.90	5.14
	[D]		$28.05	$41.33	$36.44	$39.64	$42.10	$43.57	$46.06	$47.98	$48.84
Airline rented space (square feet)	[E]		450	450	450	450	450	450	450	450	450
Total rental revenue	[F=D*E]		$12,609	$18,580	$16,381	$17,820	$18,923	$19,585	$20,703	$21,568	$21,956
Plus: Concourse B baggage system revenue											
Baggage sortation equipment			$413	--	--	--	--	--	--	--	--
Baggage sortation space			28,128	30,736	31,261	31,730	34,233	35,740	38,282	41,107	42,100
Baggage system modification (e) (f)			781	--	--	--	--	--	--	--	--
Baggage system modification (e) (g)			756	--	166	166	63	166	167	169	1,124
	[G]		$30,077	$30,736	$31,427	$31,896	$34,296	$35,906	$38,448	$41,276	$43,224
Total charges -- Concourse B	[F+G]		**$42,687**	**$49,316**	**$47,809**	**$49,716**	**$53,219**	**$55,491**	**$59,152**	**$62,844**	**$65,179**

Exhibit E-3 (page 3 of 3)

TENANT FINISHES AND EQUIPMENT CHARGES
Denver International Airport
Fiscal Years Ending December 31
(in thousands, except rates)

		Actual		Estimated	Forecast					
	Exhibit reference	2007 (a)	2008 (a)	2009	2010	2011	2012	2013	2014	2015
Concourse C										
Debt service (h)	C-1	$1,801	$2,296	$1,636	$1,725	$2,725	$2,948	$3,083	$3,202	$3,242
Variable rate bond fees (b)		55	63	34	33	32	32	31	30	29
Other allocable costs		25	26	27	28	32	33	35	36	37
Amortization charges		383	911	911	987	890	908	925	941	960
Total requirements		**$2,264**	**$3,296**	**$2,608**	**$2,774**	**$3,679**	**$3,920**	**$4,073**	**$4,210**	**$4,267**
Less credits:										
Interest income (c)		($265)	($269)	($262)	($241)	($243)	($244)	($246)	($248)	($248)
Net requirements	[H]	$1,999	$3,028	$2,346	$2,533	$3,436	$3,676	$3,827	$3,962	$4,019
Concourse C rentable space (square feet)	[I]	138	138	138	138	138	138	138	138	138
Rate per square foot	[J=H/I]	$14.47	$21.98	$17.05	$18.41	$24.98	$26.72	$27.82	$28.80	$29.21
Plus: Loading bridge maintenance cost charge		2.76	3.97	5.01	5.95	4.76	5.66	6.54	6.92	7.26
		$17.23	$25.96	$22.07	$24.37	$29.74	$32.38	$34.36	$35.72	$36.47
Airline rented space (square feet)	[K]	98	98	98	98	127	127	127	127	127
Total charges -- Concourse C	[J*K]	**$1,688**	**$2,542**	**$2,161**	**$2,386**	**$3,768**	**$4,103**	**$4,354**	**$4,526**	**$4,621**
Summary										
Landside Terminal		$2,372	$2,904	$2,472	$2,703	$2,596	$2,592	$2,668	$2,735	$2,749
Concourse A		3,428	2,900	2,745	2,935	2,798	2,999	3,220	3,351	3,432
Concourse B		42,687	49,316	47,809	49,716	53,219	55,491	59,152	62,844	65,179
Concourse C		1,688	2,542	2,161	2,386	3,768	4,103	4,354	4,526	4,621
Total Tenant Finishes and Equipment Charges		**$50,174**	**$57,662**	**$55,187**	**$57,741**	**$62,381**	**$65,186**	**$69,394**	**$73,456**	**$75,982**

(a) Source: Airport management records. Based on audited financial results.
(b) Source: The City's Financial Advisors for the total variable rate bond fees, which are allocated to Airport cost centers based on debt service.
(c) Allocated to all Airport cost centers based on bond fund transfers on Bonds issued to construct the Airport.
(d) Net of interest savings from bond refundings used to achieve 2005-2 Amendment and Concourse A reallocation plan cost reductions.
(e) Reflects write-off of amortization to achieve cost reductions under 2006 Amendment.
(f) Reflects the amortization of the cost of improvements to the Concourse B baggage system.
(g) Reflects amortization of costs of baggage system modifications on Concourse B under the Stipulated Order.
(h) Net of interest savings from bond refundings used to achieve same percentage cost reduction on Concourse C as achieved on Concourse A under the Concourse A reallocation plan.

Exhibit E-4

BAGGAGE SYSTEM FEES
Denver International Airport
Fiscal Years Ending December 31
(in thousands, except rates)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by, or reviewed with and agreed to by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

		Exhibit	Actual		Estimated	Forecast					
		reference	2007 (a)	2008 (a)	2009	2010	2011	2012	2013	2014	2015
AUTOMATED BAGGAGE SYSTEMS											
Space costs											
Spine space (square feet)			18	18	18	19	19	19	19	19	19
Maintenance space (square feet) (b)			43	43	43	43	43	43	43	43	43
	[A]		61	61	61	61	61	61	61	61	61
Terminal Complex rental rate per square foot	[B]		$81.88	$89.09	$90.61	$91.97	$99.23	$103.59	$110.96	$119.15	$122.03
	[C=A*B]		$4,963	$5,400	$5,493	$5,625	$6,069	$6,336	$6,786	$7,287	$7,463
Less: PFCs to pay Concourse A baggage system space costs (c)			(970)	(961)	(912)	(907)	(967)	(964)	(1,006)	(1,044)	(1,028)
Space requirements			**$3,993**	**$4,440**	**$4,581**	**$4,718**	**$5,102**	**$5,372**	**$5,780**	**$6,243**	**$6,435**
Equipment costs											
Operation and Maintenance Expenses		D	$1,393	$387	$291	$290	$305	$323	$341	$361	$383
Operation and Maintenance Reserve Account replenishment (e)			59	--	3	0	2	3	4	4	4
Equipment and capital outlays			12	0	--	--	--	--	--	--	--
Debt service (c) (e)		C-1	1,863	223	3	98	98	462	656	758	820
Variable rate bond fees (f)			246	285	142	139	136	133	130	125	120
Other allocable costs			113	118	123	126	143	148	156	163	166
Amortization charges			699	726	753	768	783	799	815	831	848
Costs allocable to International Facilities (g)			(590)	(351)	(241)	(255)	(279)	(306)	(338)	(370)	(387)
Equipment requirements	[D]		**$3,794**	**$1,388**	**$1,075**	**$1,167**	**$1,189**	**$1,561**	**$1,763**	**$1,873**	**$1,954**
Less credits: Interest income (h)	[E]		(1,193)	(1,212)	(1,182)	(1,086)	(1,095)	(1,100)	(1,108)	(1,119)	(1,120)
Net requirements	[C+D+E]		**$6,595**	**$4,616**	**$4,473**	**$4,798**	**$5,196**	**$5,833**	**$6,435**	**$6,997**	**$7,269**
Allocation of net requirements											
Concourse A			$742	$1,116	$869	$828	$923	$1,018	$1,122	$1,252	$1,454
/ Domestic origin and destination passengers (i)			8,488	8,288	7,788	7,855	7,934	8,041	8,150	8,261	8,373
Concourse A automated baggage system rate			$0.09	$0.13	$0.11	$0.11	$0.12	$0.13	$0.14	$0.15	$0.17
Concourse B (j)			$5,853	$3,500	$3,602	$3,872	$4,175	$4,353	$4,658	$4,988	$4,996
/ Domestic origin and destination passengers (i)			10,221	9,749	8,858	8,902	8,991	9,126	9,263	9,401	9,542
Concourse B automated baggage system rate			$0.57	$0.36	$0.41	$0.43	$0.46	$0.48	$0.50	$0.53	$0.52
Total fees -- Automated baggage systems			**$6,595**	**$4,616**	**$4,471**	**$4,701**	**$5,098**	**$5,371**	**$5,780**	**$6,239**	**$6,449**

Exhibit E-4 (page 2 of 2)

BAGGAGE SYSTEM FEES
Denver International Airport
Fiscal Years Ending December 31
(in thousands, except rates)

		Exhibit	Actual		Estimated	Forecast					
		reference	2007 (a)	2008 (a)	2009	2010	2011	2012	2013	2014	2015
CONVENTIONAL BAGGAGE SYSTEMS											
Space costs											
Terminal space (square feet)	[F]		134	134	134	134	134	134	134	134	134
Terminal Complex rental rate per square foot	[G]	E-2	$81.88	$89.09	$90.61	$91.97	$99.23	$103.59	$110.96	$119.15	$122.03
	[H=FxG]		**$10,937**	**$11,900**	**$12,104**	**$12,285**	**$13,254**	**$13,838**	**$14,822**	**$15,916**	**$16,300**
Equipment costs											
Operation and Maintenance Expenses		D	1,492	2,020	1,608	1,867	1,963	2,075	2,196	2,324	2,461
Operation and Maintenance Reserve Account replenishment (d)			3	--	19	3	12	20	24	25	27
Equipment and capital outlays			2	2	1	0	0	0	0	0	0
Debt service (c)		C-1	10,161	10,104	8,824	9,883	10,370	12,059	12,606	13,031	12,691
Variable rate bond fees (e)			173	152	79	77	76	74	72	70	67
Other allocable costs			55	57	59	61	69	71	75	79	80
Amortization charges			1,963	1,976	2,947	2,986	3,027	3,068	3,111	3,154	3,198
	[I]		**$13,850**	**$14,311**	**$13,537**	**$14,877**	**$15,517**	**$17,368**	**$18,084**	**$18,682**	**$18,524**
Less credits: Interest income (h)	[J]		(575)	(584)	(569)	(523)	(527)	(529)	(533)	(538)	(539)
Net requirements	[H+I+J]		**$24,212**	**$25,628**	**$25,072**	**$26,640**	**$28,244**	**$30,677**	**$32,372**	**$34,060**	**$34,285**
Allocation of net requirements											
Space costs			$10,937	$11,900	$12,104	$12,285	$13,254	$13,838	$14,822	$15,916	$16,300
Equipment costs -- United (k)			6,687	6,897	6,544	7,188	7,484	8,344	8,675	8,951	8,877
Equipment costs -- Other airlines (k)			4,518	4,684	4,405	4,914	5,147	5,825	6,086	6,304	6,246
Total fees -- Conventional baggage systems			**$22,142**	**$23,481**	**$23,053**	**$24,387**	**$25,885**	**$28,007**	**$29,583**	**$31,171**	**$31,423**

(a) Source: Airport management records. Based on audited financial results.
(b) Reflects baggage maintenance space for the automated baggage system in the Landside Terminal and Concourses A, B, and C.
(c) Requirements shown are net of PFC revenues allocable to certain spine and space costs.
(d) Allocated to Airport cost centers based on Operation and Maintenance Expenses.
(e) Reflects defeasance of Bonds allocated to Concourses B baggage system to achieve cost reductions under 2005-2 Amendment. Also reflects the planned defeasance of Bonds allocated to the Concourse A baggage system.
(f) Source: the City's Financial Advisors for the total variable rate bond fees, which are allocated to Airport cost centers based on debt service.
(g) Allocated based on the percent of international origin and destination passengers to total origin and destination passengers on Concourse A.
(h) Allocated to all Airport cost centers based on debt service requirements on Bonds issued to construct the Airport.
(i) Based on the forecast of originating passengers presented in the report.
(j) Operating costs are 100% allocable to Concourse B.
(k) Allocated according to project costs and number of leased carousels.

Exhibit F

REVENUES OTHER THAN
AIRLINE RENTALS, FEES, AND CHARGES
Denver International Airport
Fiscal Years Ending December 31
(dollars in thousands)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by, or reviewed with and agreed to by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Actual		Estimated	Forecast					
	2007 (a)	2008 (a)	2009	2010	2011	2012	2013	2014	2015
Terminal concession revenues									
Food and beverage	$18,838	$20,039	$18,838	$19,766	$20,553	$21,971	$23,490	$25,118	$26,864
Merchandise	12,614	12,839	12,614	13,348	13,880	14,837	15,863	16,962	18,141
Terminal services (b)	8,184	8,329	8,184	10,469	10,891	11,368	11,867	12,391	12,941
	$39,637	$41,207	$39,637	$43,584	$45,324	$48,175	$51,220	$54,472	$57,946
Outside concession revenues									
Public automobile parking	$110,333	$113,369	$110,447	$114,395	$117,828	$121,698	$125,723	$129,911	$134,269
Rental car privilege fees	36,001	36,522	31,454	32,427	33,634	34,942	36,097	37,300	38,551
Ground transportation	3,253	3,495	3,253	3,420	3,564	3,724	3,892	4,069	4,254
	$149,587	$153,385	$145,154	$150,243	$155,026	$160,364	$165,712	$171,279	$177,074
Other terminal revenues									
Employee parking fees	$6,044	$5,951	$6,044	$6,187	$6,333	$6,482	$6,635	$6,792	$6,952
Rental car									
Service and storage rentals (c)	5,297	5,394	5,297	5,566	5,800	6,060	6,333	6,621	6,922
Additional building rentals (d)	3,589	3,589	3,589	3,674	3,761	3,849	3,940	4,033	4,128
Other terminal space rentals	561	693	561	575	588	602	616	631	646
	$15,492	$15,627	$15,492	$16,001	$16,481	$16,994	$17,525	$18,076	$18,649
Airfield									
General aviation landing fees	$163	$152	$163	$167	$171	$175	$179	$184	$188
Farming income	342	205	342	350	358	367	375	384	393
Land rentals	241	241	241	247	253	259	265	271	277
Oil and gas royalty revenues	2,397	4,197	2,500	2,559	2,619	2,681	2,744	2,809	2,875
Fuel flowage fees	104	96	104	106	108	111	114	116	119
	$3,247	$4,891	$3,350	$3,429	$3,510	$3,593	$3,677	$3,764	$3,853

Exhibit F (page 2 of 2)

REVENUES OTHER THAN
AIRLINE RENTALS, FEES, AND CHARGES
Denver International Airport
Fiscal Years Ending December 31
(dollars in thousands)

	Actual		Estimated	Forecast					
	2007 (a)	2008 (a)	2009	2010	2011	2012	2013	2014	2015
Building and ground rentals									
Continental support facilities	$7,928	$7,848	$8,347	$7,749	$7,888	$7,963	$8,101	$8,234	$8,322
Other North Airline Support Area	2,134	1,408	1,564	1,611	1,697	1,744	1,831	1,917	1,975
Other South Airline Support Area	147	575	819	844	889	914	959	1,004	1,034
South Cargo Area	4,525	4,557	4,108	4,669	4,910	4,955	5,131	5,314	5,406
FedEx	582	582	582	582	582	582	582	582	582
General Aviation Area	402	389	402	402	402	402	402	402	402
	$15,719	$15,360	$15,824	$15,858	$16,369	$16,560	$17,007	$17,453	$17,722
Other revenues									
In-flight catering fees	$874	$875	$874	$910	$946	$988	$1,031	$1,076	$1,123
Coverage--Continental Support Facilities	--	--	--	--	--	--	1	--	--
Aviation fuel tax proceeds									
City	7,643	7,063	6,000	6,200	7,274	7,347	7,421	7,497	7,569
State	15,743	19,949	8,000	8,200	8,264	8,347	8,431	8,517	8,599
Miscellaneous revenues	8,492	7,768	8,492	7,768	7,768	7,768	7,768	7,768	7,768
	$32,752	$35,655	$23,366	$23,078	$24,252	$24,448	$24,651	$24,857	$25,058
Total	**$256,433**	**$266,126**	**$242,822**	**$252,192**	**$260,962**	**$270,133**	**$279,792**	**$289,902**	**$300,302**
Annual rate of growth	8.9%	3.8%	(8.8%)	3.9%	3.5%	3.5%	3.6%	3.6%	3.6%

(a) Source: Airport management records. Based on audited financial results.
(b) Includes telephone, advertising, luggage cart, other in-terminal concession revenues, and new parking concession privilege fees from WallyPark, DIAPark, USAirport, and FasTracks.
(c) Reflects ground and facility rentals based, in part, on debt service requirements.
(d) Reflects additional rentals payable by the rental car companies to the City.

Exhibit G

APPLICATION OF GROSS REVENUES
Denver International Airport
Fiscal Years Ending December 31
(in thousands)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by, or reviewed with and agreed to by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Exhibit	Estimated	Forecast					
	reference	2009	2010	2011	2012	2013	2014	2015
Gross Revenues								
Airline rentals, fees, and charges	E	$327,632	$352,815	$382,818	$403,597	$430,421	$463,185	$478,769
Other Airport revenues	F	242,822	252,192	260,962	270,133	279,792	289,902	300,302
Interest income		35,826	28,212	29,375	29,831	29,913	29,989	30,602
Designated Passenger Facility Charge Revenues (a)		31,425	31,737	32,239	32,866	33,510	34,172	34,853
		$637,706	$664,956	$705,395	$736,427	$773,636	$817,248	$844,526
Operation and Maintenance Expenses								
Operating expenses	D	$301,527	$311,234	$327,145	$345,957	$366,001	$387,370	$410,164
Variable rate bond fees		3,320	3,247	3,180	3,106	3,026	2,924	2,808
		$304,847	$314,481	$330,325	$349,063	$369,027	$390,294	$412,972
Net Revenues		**$332,858**	**$350,475**	**$375,069**	**$387,364**	**$404,609**	**$426,954**	**$431,554**
Other Available Funds (coverage requirement)	C	55,660	59,004	64,811	68,201	73,471	80,989	81,482
Net Revenues plus Other Available Funds		**$388,518**	**$409,479**	**$439,880**	**$455,565**	**$478,080**	**$507,943**	**$513,036**
Less transfers to:								
Bond Fund (b)								
Designated Passenger Facility Charge Revenues (c)		$2,352	$1,664	$23,038	$32,866	$33,510	$34,172	$34,853
Other Gross Revenues	C	221,539	235,604	237,462	241,199	261,620	291,033	292,328
Reserve account for FedEx project (d)		56	56	56	56	56	56	56
Redemption account (c)		29,074	30,073	9,201	--	--	--	--
Reserve account for other outstanding bonds		2,864	2,844	2,838	2,846	2,845	2,844	2,905
Operation and Maintenance Reserve Account		3,529	439	2,051	3,361	3,974	4,235	4,514
Transfer to Capital Fund		**$129,104**	**$138,799**	**$165,234**	**$175,237**	**$176,075**	**$175,604**	**$178,379**
Adjustments (e)		691	691	691	691	691	691	691
Adjusted transfer to Capital Fund		**$129,796**	**$139,490**	**$165,925**	**$175,928**	**$176,766**	**$176,295**	**$179,070**

Exhibit G (page 2 of 2)

APPLICATION OF GROSS REVENUES
Denver International Airport
Fiscal Years Ending December 31
(in thousands)

	Exhibit reference	Estimated 2009	Forecast 2010	2011	2012	2013	2014	2015
Allocation of Capital Fund transfer								
Rollover to Coverage Account	C	$55,660	$59,004	$64,811	$68,201	$73,471	$80,989	$81,482
Addition to Coverage Account (Continental portion)	C	--	--	--	--	--	--	--
Addition to Coverage Account (Airport portion)	C	--	--	--	2,440	5,270	7,518	493
Interest income credit to Continental Airlines (f)		52	31	31	31	31	31	31
Equipment and Capital Outlay Account								
Other equipment purchases		2,927	2,996	3,067	3,139	3,213	3,289	3,367
Set-aside for installment purchase equipment payments (g)		17,264	18,133	17,325	17,325	17,056	10,779	10,330
Capital Improvement Account (h)								
Remaining balance deposit for Airport Improvements (i)		25,564	28,281	39,309	43,410	37,480	35,462	41,985
Other (e)		691	691	691	691	691	691	691
Airline Revenue Credit Account (i)		26,946	29,663	40,000	40,000	38,863	36,845	40,000
		$129,104	**$138,799**	**$165,234**	**$175,237**	**$176,075**	**$175,604**	**$178,379**

(a) Under a proposed Supplemental Bond Ordinance to be adopted by the City prior to the issuance of the 2009 Bonds, for 2009 through 2014, revenues from $1.50 of each $4.50 PFC received from eligible enplaned passengers will be included in Gross Revenues of the Airport and will be available for the calculation of debt service coverage under the Rate Maintenance Covenant.

(b) Required annual debt service requirements to be deposited in the Bond Fund, net of the PFC revenues presented on Exhibit C, for payment of debt service on Senior Bonds and Subordinate Bonds.

(c) The City intends to establish an escrow account for the defeasance of bonds in the year following the year in which the deposits to the redemption account are made.

(d) Reflects the difference between the rentals paid by FedEx and actual debt service allocable to the FedEx facilities. The deposit will be used to fund debt service payments in the future that are in excess of annual FedEx rental payments.

(e) Reflects an adjustment to remove any impact from the use of Capital Improvement Account deposits to pay debt service on a new Airport hotel from the Net Revenues available for revenue sharing.

(f) Continental receives a "rental" credit each year for interest earned on moneys it has deposited in the Coverage Account.

(g) Set-aside for payments to GE Capital and Siemens for certain equipment funded by those companies and leased by the City.

(h) Remaining Net Revenues are to be allocated to the Capital Improvement Account as follows: 50% to Signatory Airlines and 50% to the Airport. Under the Airline Agreement, remaining Net Revenues deposited in the Airline Revenue Account cannot exceed $40 million in any year.

(i) Does not include any offset for United's portion of the Airline Revenue Credit Account, which is to be remitted to the City if United does not meet its connecting-revenue passenger targets at the Airport under an amendment to its Airport use and lease agreement.

Exhibit H

NET REVENUES AND DEBT SERVICE COVERAGE

Denver International Airport
Fiscal Years Ending December 31
(in thousands, except coverage ratios)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by, or reviewed with and agreed to by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

		Estimated	Forecast					
		2009	2010	2011	2012	2013	2014	2015
GENERAL BOND ORDINANCE								
Net Revenues and Other Available Funds (a)								
Gross Revenues		$637,706	$664,956	$705,395	$736,427	$773,636	$817,248	$844,526
Operation and Maintenance Expenses (b)		304,847	314,481	330,325	349,063	369,027	390,294	412,972
Net Revenues		$332,858	$350,475	$375,069	$387,364	$404,609	$426,954	$431,554
Other Available Funds (coverage requirement)		55,660	59,004	64,811	68,201	73,471	80,989	81,482
	[A]	$388,518	$409,479	$439,880	$455,564	$478,079	$507,943	$513,036
Debt Service Requirements (c)								
Senior Bonds	[B]	$222,638	$236,014	$259,246	$272,804	$293,880	$323,955	$325,928
Subordinate Bonds		1,253	1,253	1,253	1,261	1,250	1,250	1,253
	[C]	$223,891	$237,268	$260,500	$274,065	$295,130	$325,205	$327,182
Debt service coverage on Senior Bonds	[A/B]	**175%**	**173%**	**170%**	**167%**	**163%**	**157%**	**157%**
Debt service coverage on Senior and Subordinate Bonds	[A/C]	**174%**	**173%**	**169%**	**166%**	**162%**	**156%**	**157%**

(a) See Exhibit G.
(b) Includes variable rate bond fees.
(c) Net of certain PFC revenues. See Exhibit C.

APPENDIX B

GLOSSARY OF TERMS

Set forth below are definitions of some of the terms used in this Official Statement and the Senior Bond Ordinance. Reference is hereby made to the provisions of the Senior Bond Ordinance for a complete recital of the terms defined therein, some of which are set forth below. See also "APPENDIX D – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE" for certain proposed amendments to the definitions.

"*Additional Parity Bonds*" means additional Bonds which the City issues under the Senior Bond Ordinance on a parity with the Series 2009C Bonds.

"*AGTS*" means the Airport's automated guideway transit system.

"*AIP*" means the Federal Aviation Administration's Airport Improvement Program.

"*Airport*" means Denver International Airport.

"*Airport Consultant*" means an independent airport management consultant or airport management consulting firm, as from time to time appointed by the Manager on behalf and in the name of the City: (a) who has a wide and favorable reputation for special skill and knowledge in methods of the development, operation, and management of airports and airport facilities; but (b) who is not in the regular employ or control of the City.

"*Airport System*" means the following facilities, whether heretofore or hereafter acquired by the City and whether located within or without the boundaries of the City: (a) Stapleton; (b) Denver International Airport; (c) all other airports, heliports or functionally similar aviation facilities; and (d) all other facilities of whatsoever nature relating to or otherwise used in connection with the foregoing, including without limitation, buildings, structures, terminals, parking and ground transportation facilities, roadways, land, hangars, warehouses, runways, shops, hotels, motels and administration offices. The terms do not include any Special Facilities, except to the extent otherwise provided in the Senior Bond Ordinance.

"*Airport System Fund*" means the separate fund designated as the "City and County of Denver, Airport System Fund," created under the Senior Bond Ordinance.

"*Alternate Rate*" means, on any date on which a Variable Rate is to be determined for any Variable Rate Period, a rate per annum equal to 110% of (a) the SIFMA Municipal Swap Index of Municipal Market Data most recently available as of the date of determination, or (b) if such index is no longer available, or if the SIFMA Municipal Swap Index is no longer published, the S&P Weekly High Grade Index (formerly the J.J. Kenny Index), or if neither the SIFMA Municipal Swap Index nor the S&P Weekly High Grade Index is published, the index determined to equal the prevailing rate determined by the Remarketing Agent for tax-exempt state and local government bonds meeting criteria determined in good faith by the Remarketing Agent to be comparable under the circumstances to the criteria used by the Securities Industry and Financial Markets Association to determine the SIFMA Municipal Swap Index just prior to when the Securities and Financial Markets Association stopped publishing the SIFMA Municipal Swap Index. The Paying Agent is to make the determinations required by this determination, upon notification from the Treasurer, if there is no Remarketing Agent, if the Remarketing Agent fails to make any such determination or if the Remarketing Agent has suspended its remarketing efforts in accordance with the Remarketing Agreement.

"*Auction Rate*" means the interest rate determined for the Series 2009C Bonds on an auction rate basis in accordance with the Series 2009C Supplemental Ordinance.

"*Auction Rate Period*" means each period during which the Series 2009C Bonds bear interest at an Auction Rate in accordance with the Series 2009C Supplemental Ordinance.

"*Bond Fund*" means the special and separate account designated as the "City and County of Denver, Airport System Revenue Bonds, Interest and Principal Retirement Fund," created in the Senior Bond Ordinance.

"*Bond Requirements*" for any period means the Debt Service Requirements payable during such period, excluding the amount of any Obligations payable (or for which reserves are required to be deposited) during such period.

"*Bond Reserve Fund*" means the special and separate account designated as the "City and County of Denver, Airport System Revenue Bonds, Bond Reserve Fund," created under the Senior Bond Ordinance.

"*Bonds*" or "*Senior Bonds*" means bonds, notes, certificates, commercial paper, or other securities issued by the City or by the City, for and on behalf of the Department, pursuant to the provisions of the Senior Bond Ordinance which are payable from the Net Revenues of the Airport System and which payment is secured by a pledge of and lien on such Net Revenues, including, without limitation, Completion Bonds, Refunding Bonds, Serial Bonds, Term Bonds, Credit Enhanced Bonds, Option Bonds, Capital Appreciation Bonds, and Variable Rate Bonds; but the term does not include any Special Facilities Bonds, Subordinate Bonds or any Obligations (except as represented by any bonds registered in the name of any provider of any Credit Facility or its nominee as a result of a purchase by a draw on the Credit Facility).

"*Build America Bonds (Direct Payment)*" means a "build America bond" as defined in Section 54AA(d) of the Code which is a "qualified bond" as defined in Section 54AA(g)(2) of the Code.

"*Business Day*" means, with respect to the Series 2009C Bonds, any day other than (a) a Saturday or Sunday, or (b) a day of which the New York Stock Exchange is closed or (c) a day on which banking institutions in Denver, Colorado, New York, New York, or in any other city in which the principal corporate trust office of the Paying Agent or the principal office of any Remarketing Agent or, if a Series 2009C Credit Facility is in effect, the office of the Series 2009C Credit Facility Provider where draws under the Series 2009C Credit Facility are to be honored is located, are required or authorized by law (including executive order) to close, or (d) a day of which the principal corporate trust office of the Paying Agent or the principal office of any Remarketing Agent or, if a Series 2009C Credit Facility is in effect, the office of the Series 2009C Credit Facility Provider where draws under the Series 2009C Credit Facility are to be honored, is closed for reasons not related to financial reasons.

"*Capital Appreciation Bonds*" means Bonds which by their terms appreciate in value to a stated face amount at maturity.

"*Capital Fund*" means the special and separate account designated as the "City and County of Denver, Airport System Capital Improvement and Replacement Fund," created under the Senior Bond Ordinance.

"*Capitalized Interest Account*" means the special and separate subaccount within the Project Fund designated as the "City and County of Denver, Airport System Revenue Bonds, Capitalized Interest Account," created under the Senior Bond Ordinance.

"*Chief Financial Officer*" means the Chief Financial Officer and *ex-officio* Treasurer of the City appointed by the Mayor, currently being the Manager of Finance.

"*City*" means the City and County of Denver, Colorado.

"*City Charter*" means the home-rule charter of the City, as amended from time to time, and the term includes any successor charter or like document adopted as the organic law of the City.

"*City Council*" means the City Council of the City.

"*Code*" or "*Tax Code*" means the Internal Revenue Code of 1986, as from time to time amended, or the Internal Revenue Code of 1954, as amended, to the extent it remains applicable to any Bonds or other matters under the Senior Bond Ordinance. The term includes any regulations of the U.S. Department of the Treasury proposed or promulgated thereunder. Any reference to a specific section of the "Tax Code" is deemed to be a reference to the latest correlative section thereof, except where the context by clear implication otherwise requires.

"*Committed Passenger Facility Charges*" means two-thirds of all PFCs received by the City from time to time pursuant to the First PFC Application and the Second PFC Application.

"*Completion Bonds*" means Bonds issued for the purpose of defraying additional Cost of an Improvement Project and thereby implementing its completion.

"*Conversion Date*" means the date on which the interest on the Series 2009C Bonds is converted to a different Rate Period or from a Term Rate Period of one duration to a Term Rate Period of a different duration.

"*Cost*" means the City's costs properly attributable to any Improvement Project, Refunding Project, or combination thereof (as the context requires), including without limitation: (a) the costs of labor and materials, of machinery, furnishings, and equipment, and of the restoration of property damaged or destroyed in connection with construction work; (b) the costs of insurance premiums, indemnity and fidelity bonds, financing charges, bank fees, taxes, or other municipal or governmental charges lawfully levied or assessed; (c) administrative and general overhead costs; (d) the costs of reimbursing funds advanced by the City, including any intrafund or interfund loan, or advanced with the approval of the City by the State, any city, the federal government, or by any other person, or any combination thereof; (e) the costs of surveys, appraisals, plans, designs, specifications, or estimates; (f) the costs, fees and expenses of printers, engineers, architects, financial consultants, legal advisors, or other agents or employees; (g) the costs of publishing, reproducing, posting, mailing, or recording; (h) the costs of contingencies or reserves; (i) interest on Bonds for such period as may be determined by Supplemental Ordinance, any discount on the sale or remarketing of Bonds, any reserves for the payment of Bonds, or any other costs of issuing, carrying or repaying Bonds or of purchasing, carrying, and selling or redeeming Investment Securities, including without limitation any fees or charges of agents, trustees or other fiduciaries, and any fees, premiums or other costs incurred in connection with any Credit Facility; (j) the costs of amending any resolution, ordinance or other instrument relating to Bonds; (k) the costs of repaying any short-term financing, construction loans, and other temporary loans, and of the incidental expenses incurred in connection with such loans; (l) the costs of acquiring any property, rights, easements, licenses, privileges, agreements, or franchises; (m) the costs of demolition, removal, and relocation; and (n) all other lawful costs as may be determined by the Manager.

"*Credit Enhanced Bonds*" means Bonds, the payment of which, or other rights in respect of which, is secured in whole or in part by a Credit Facility or by a pledge of revenues other than Gross Revenues.

"*Credit Facility*" means any letter of credit, policy of bond insurance, surety bond, guarantee or similar instrument issued by a financial, insurance or other institution and which provides security or liquidity in respect of Bonds.

"*Credit Facility Obligations*" means repayment or other obligations incurred by the City under a credit agreement or similar instrument in respect of draws or other payments or disbursements made under a Credit Facility; but only if such obligations have a lien on the Net Revenues of the Airport System on the same priority as the lien thereon of Bonds.

"*Daily Rate*" means the interest rate determined for the Series 2009C Bonds on a daily basis in accordance with the Series 2009C Supplemental Ordinance.

"*Daily Rate Period*" means each period during which the Series 2009C Bonds bear interest at a Daily Rate in accordance with the 2009C Supplemental Ordinance.

"*Debt Service Requirements*" for any period means the sum of: (i) the amount required to pay the interest on any Bonds during such period; (ii) the amount required to pay the principal, redemption price or Purchase Price of any Bonds during such period, whether at stated or theretofore extended maturity, upon mandatory redemption, upon the exercise of any option to redeem or require tender of such Bonds if the City has irrevocably committed itself to exercise such option, or by reason of any other circumstance which will, with certainty, occur during such period; and (iii) the amount of any Credit Facility Obligations required to be paid and any Regularly Scheduled Hedge Payments to be made by the City with respect to any Hedge Facility secured under the Senior Bond Ordinance during such period, in each case computed as follows: (a) no payments required for any Option Bonds, other Bonds, or Obligations which may be tendered or otherwise presented for payment at the option or demand of the owners thereof, or which may otherwise become due by reason of any other circumstance which will not, with certainty, occur during such period, shall be included in any computation of Debt Service Requirements prior to the stated or theretofore extended maturity or otherwise certain due dates thereof, and all such payments shall be deemed to be required on such stated or theretofore extended maturity dates or otherwise certain due dates; (b) except for any historical period for which the actual rate or rates are determinable and except as otherwise provided in the Senior Bond Ordinance, Variable Rate Bonds, and Obligations which bear interest at a variable rate, shall be deemed to bear interest at a fixed annual rate equal to the prevailing rate of such Variable Rate Bonds or Obligations on the date of computation; provided that in any computation (i) of Minimum Bond Reserve; (ii) relating to the issuance of additional Bonds required by the Senior Bond Ordinance; or (iii) required by the rate maintenance covenant of the Senior Bond Ordinance, Variable Rate Bonds shall be deemed to bear interest at a fixed annual rate equal to (y) the average of the daily rates of such Bonds during the 365 consecutive days (or any lesser period such Bonds have been Outstanding) next preceding the date of computation; or (z) with respect to any Variable Rate Bonds which are being issued on the date of computation, the initial rate of such Bonds upon issuance; (c) further, in any computation relating to the issuance of additional Bonds required by the Senior Bond Ordinance and any computation required by the rate maintenance covenant in the Senior Bond Ordinance, there shall be excluded from the computation of Debt Service Requirements amounts which are irrevocably committed to make the payments described in clauses (i), (ii), and (iii) above during such period, including without limitation any amounts in an Escrow Account and any proceeds of Bonds deposited to the credit of the Capitalized Interest Account; and (d) any Variable Rate Bonds with respect to which there exists a Hedge Facility that obligates the City to pay a fixed interest rate shall be deemed to bear interest at the effective fixed annual rate thereon as a result of such Hedge Facility for the full term of such Hedge Facility. In the case of any Bonds that bear interest at a fixed rate and with respect to which there exists a Hedge Facility that obligates the City to pay a floating interest rate the Debt Service Requirement shall be deemed for the full term of the Hedge Facility to include the interest payable on such Bonds, less the fixed amounts received by the City under the Hedge Facility, plus the amount of the floating payments (using the conventions described in (b) above) to be made by the City under the Hedge Facility.

"*Department of Aviation*" or "*Department*" means the Department of Aviation of the City and its successor in functions, if any.

"*Designated Passenger Facility Charges*" mean amounts received by the City from the PFCs approved by the FAA by letter dated January 30, 2001, excluding the Committed Passenger Facility Charges, net of amounts that collecting air carriers are entitled to retain for collecting, handling and remitting such passenger facility charge revenues. Designated Passenger Facility Charges also include such additional charges as provided for in any written notice from the Manager to the Treasurer.

"*DTC*" means The Depository Trust Company, New York, New York, which will be the registered owner of all the Series 2009C Bonds.

"*Electronic Means*" means telecopy, facsimile transmission, e-mail transmission or other similar electronic means of communication providing evidence of transmission, including a telephonic communication confirmed by any other method set forth in this definition.

"*Escrow Account*" means any special and separate account established with a trust bank, designated by Supplemental Ordinance to administer such account in whole or in part with the proceeds of any Refunding Bonds or other moneys to provide for the timely payment of any Bond Requirements.

"*Escrow Agreement*" means the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Refunding Bonds, Subordinate Commercial Paper Notes Escrow Agreement," by and between the City and the Escrow Bank.

"*Escrow Bank*" means Zions First National Bank, Denver, Colorado, and any successor and assign thereof.

"*Event of Default*" means each of the events declared an "event of default" under the General Bond Ordinance or the Series 2009C Supplemental Ordinance.

"*Facilities*" or "*Airport Facilities*" means any real, personal, or real and personal property, or any interest therein, and any facilities (other than Special Facilities, except to the extent otherwise provided in the Senior Bond Ordinance) comprising a part of the Airport System, including without limitation, land for environmental or noise abatement purposes.

"*Favorable Opinion of Bond Counsel*" means an opinion of an attorney or firm of attorneys, selected by the City, whose experience in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized, to the effect that the action proposed to be taken is authorized or permitted by the laws of the State, the General Bond Ordinance and the Series 2009C Supplemental Ordinance and will not adversely affect the exclusion of interest on the Series 2009C Bonds from gross income for federal income tax purposes.

"*Financial Consultant*" means any financial consultant which is appointed by the City with respect to any series of Bonds.

"*First PFC Application*" means the City's 1992 PFC Application as amended by the FAA in October 2000.

"*Fiscal Year*" means the twelve months commencing on January 1 of any calendar year and ending on December 31 of the same calendar year, or any other twelve-month period which the appropriate authority designates as the fiscal year for the operation of the Airport System.

"*Fitch*" means Fitch, Inc. and its successors.

"*Fixed Rate*" means the interest rate determined for the Series 2009C Bonds on a fixed rate basis in accordance with the Series 2009C Supplemental Ordinance.

"*Fixed Rate Period*" means each period during which the Series 2009C Bonds bear interest at a Fixed Rate in accordance with the Series 2009C Supplemental Ordinance.

"*Flexible Rate*" means the interest rate determined for the Series 2009C Bonds on a flexible basis in accordance with the Series 2009C Supplemental Ordinance.

"*Flexible Rate Period*" means each period during which the Series 2009C Bonds bear interest at a Flexible Rate in accordance with the Series 2009C Supplemental Ordinance.

"*General Bond Ordinance*" means the General Bond Ordinance approved by the City Council on November 29, 1984, as amended and supplemented prior to the adoption of the Series 2009C Supplemental Ordinance.

"*Gross Revenues*" means any income and revenue lawfully derived directly or indirectly by the City from the operation and use of, or otherwise relating to, the Airport System, whether resulting from an Improvement Project, or otherwise. The term includes, without limitation, all rentals, rates, fees, and other charges for the use of the Airport System, or for any service rendered by the City in the operation thereof; on and after January 1, 1994, the revenues from the City's sales and use taxes raised at the rate of two cents for each gallon of fuel purchased for use in the generation of power for propulsion or drawing of aircraft; any passenger taxes, passenger facility charges, or other passenger charges imposed for the use of the Airport System, but only to the extent included as Gross Revenues by the terms of any Supplemental Ordinance; and, except as otherwise provided in the Senior Bond Ordinance, interest and other realized gain from any investment of moneys accounted for in the various accounts of the Airport System Fund. The term does not include: (a) any Bond proceeds and other money (including interest) required to be credited to the Project Fund or the Bond Reserve Fund; (b) any rentals or other revenue, grants, appropriations, or gifts derived directly or indirectly from the United States; (c) any grants, appropriations, or gifts from the State, or any other sources, which are required by their terms to be used only for purposes other than the payment of Debt Service Requirements; (d) except as otherwise provided in the Senior Bond Ordinance, any revenue derived from any Special Facilities other than ground rentals relating to such Special Facilities and any moneys paid to the City in lieu of such ground rentals; (e) the proceeds of any insurance policy, except any such proceeds derived in respect of loss of use or business interruption; (f) any money (including interest) in any Escrow Account or similar account pledged to the payment of any obligations therein specified; (g) any money received in respect of any Credit Facility, unless otherwise provided by Supplemental Ordinance; and (h) any Hedge Termination Payments received by the City.

"*Hedge Facility*" means any rate swap transaction, basis swap transaction, cap transaction, floor transaction, collar transaction, or similar transaction entered into by the City, for and on behalf of the Department, and a Hedge Provider, which is intended to be integrated with and to convert or limit the interest rate on any Bonds.

"*Hedge Facility Obligations*" means payment obligations of the City in respect of Hedge Facilities, which are payable from all or any designated portion of the Net Revenues of the Airport System and secured under the Senior Bond Ordinance; but only if such obligations have a lien on the Net Revenues of the Airport System on the same priority as the lien thereon of Bonds; provided that Hedge Termination Payments to be made by the City are not to be secured under the Senior Bond Ordinance on a parity with the Bonds.

"*Hedge Provider*" means a financial institution whose senior long-term debt obligations, or whose obligations under any Hedge Facility are (a) guaranteed by a financial institution, or subsidiary of a financial institution, whose senior long-term debt obligations, are rated at least "A1," in the case of Moody's and "A+," in the case of S&P, or the equivalent thereto in the case of any successor thereto, or (b) fully secured by obligations described in items (a) or (b) of the definition of Permitted Investments which are (i) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 105% (or such lower percentage as is acceptable to the Rating Agencies) of the principal amount of the investment, together with the interest accrued and unpaid thereon, (ii) held by any Federal Reserve Bank or a depository acceptable to the City, (iii) subject to a perfected first lien on behalf of the Bonds, and (iv) free and clear from all third-party liens.

"*Hedge Termination Payment*" means any amount payable to the City or a Hedge Provider, in accordance with a Hedge Facility, if the Hedge Facility is terminated prior to its scheduled termination date.

"*Improvement Project*" means any project to acquire, improve or equip (or any combination thereof) Facilities, as authorized and described by Supplemental Ordinance.

"*Independent Accountant*" means any certified public accountant, or any firm of certified public accountants, duly licensed to practice and practicing as such under the laws of the State, as from time to time appointed and compensated by the City: (a) who is, in fact, independent and not under the control of the City; (b) who does not have a substantial interest, direct or indirect, with the City; and (c) who is not connected with the City as an officer or employee thereof, but who may be regularly retained to make annual or similar audits of any books or records of the City.

"*Interest Account*" means the special and separate subaccount within the Bond Fund designated as the "City and County of Denver, Airport System Revenue Bonds, Interest Account," created under the Senior Bond Ordinance.

"*Interest Payment Date*" means, when used with respect to any Series 2009C Bonds bearing interest at a Daily Rate, Weekly Rate, or Monthly Rate, the first Business Day of each calendar month pursuant to the Series 2009C Supplemental Ordinance.

"*Interest Rate*" means a Flexible Rate, a Daily Rate, a Weekly Rate, a Monthly Rate, a Semiannual Rate, a Term Rate, a Fixed Rate or an Auction Rate.

"*Investment Securities*" means, to the extent the following are permitted investments under the City's investment policy, as such investment policy may be amended from time to time: (a) Federal Securities; and (b) if the laws applicable to the City permit any of the following investments to be made at the time such investment is made, any of the following: (i) Certificates or any other evidences of an ownership interest in Federal Securities or the interest thereon; (ii) interest bearing bank time deposits evidenced by certificates of deposit issued by banks incorporated under the laws of any state (including the State) or the Federal Government, or any national banking association that is a member of the Federal Deposit Insurance Corporation, and interest bearing savings and loan association time deposits evidenced by certificates of deposit issued by savings and loan associations which are members of the Federal Savings and Loan Insurance Corporation, if (1) such deposits are fully insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, or (2) the shareholders' equity (*e.g.*, capital stock, surplus, and undivided profits), however denominated, of such bank or savings and loan association is at least equal to $10,000,000.00, or (3) such deposits are secured by Federal Securities, by obligations described in subparagraphs (b)(i) or (b)(iii) of this definition, or by tax-exempt, unlimited general obligation bonds of a state or municipal government rated "A" (or its equivalent) or better by one or more nationally recognized rating agencies, having at all times a market value in the aggregate (exclusive of accrued interest) at least equal to the amount of such deposits so secured, including accrued interest (or by any combination thereof); (iii) bonds, debentures, notes, or other evidences of indebtedness issued or guaranteed by any of the following agencies: Federal Farm Credit Banks; the Export-Import Bank of the United States; Federal Land Banks; the Federal National Mortgage Association; the Tennessee Valley Authority; the Government National Mortgage Association; the Federal Financing Bank; the Farmers Home Administration; the Federal Home Loan Bank; or any agency or instrumentality of the Federal Government which is established for the purposes of acquiring the obligations of any of the foregoing or otherwise providing financing therefor; (iv) repurchase agreements with banks described in subparagraph (b)(ii) of this definition and government bond dealers reporting to and trading with the Federal Reserve Bank of New York, which agreements are secured by depositing Federal Securities or obligations described in subparagraphs (b)(i) or (b)(iii) of this definition with an escrow agent satisfactory to the City, including, without limitation, any Federal Reserve Bank or any branch thereof; (v) banker's acceptances that are rated at the time of purchase in the highest short-term rating category of, or are otherwise approved by, the Rating Agencies and that mature not more than 180 days after the date of purchase; (vi) new housing authority bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under a contract with the Federal Government; or project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the Federal Government; (vii) obligations issued by the City which are rated "A" (or its equivalent) or better by one or more nationally recognized rating agencies, but excluding any Bonds or Subordinate Bonds; (viii) commercial paper that is rated at the time of purchase in the highest short-term rating category of, or is otherwise approved by, the Rating Agencies and that matures not more than 270 days after the date of purchase; (ix) investments in (1) money market funds which are rated, at the time of purchase, in the highest short-term rating category of, or are otherwise approved by, the Rating Agencies and (2) public sector investment pools operated pursuant to Rule 2a-7 promulgated by the Securities and Exchange Commission in which the issuer's deposit must not exceed 5% of the aggregate pool balance at any time, if the pool is rated, at the time of purchase, in one of the two highest short-term rating categories by, or is otherwise approved by, the Rating Agencies; (x) any bonds or other obligations of any state of the United States of America or any agency, instrumentality or local government unit of such state that are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice, and either: (A) that are rated, on the date of purchase, based on the irrevocable escrow account or fund (the "escrow"), in the highest long-term rating category by, or are otherwise approved by, the Rating Agencies; or (B) as to which the following apply: (1) such bonds or other obligations are fully secured as to principal, interest and any redemption premium by an escrow consisting only of cash or direct obligations of the United States of America, which escrow may be applied only to the payment of the principal, interest and any redemption premium on those bonds or other obligations on their maturity date or dates or the specified redemption date or dates in accordance with those irrevocable instructions, as appropriate; and (2) the escrow is sufficient, as verified by an independent certified public accountant, to pay principal, interest and any redemption premium on the bonds or other obligations described in this paragraph (x) on the maturity date or dates or the specified redemption date or dates specified in the irrevocable instructions referred to above, as appropriate; (xi) obligations issued by any state of the United States of America or any agency, instrumentality or local government unit of such state, and which obligations have on the date of purchase a rating in one of the two highest rating categories of, or are otherwise approved by, the Rating Agencies, without regard to any numerical or positive or negative designation; (xii) Investment Agreements with: (A) a Broker/Dealer (or its parent) either (1) having uninsured, unsecured and unguaranteed debt rated, at the time of investment, investment grade by, or is otherwise approved by, the Rating Agencies (in which case the agreement must provide that, if the provider is downgraded below investment grade by at least two of the Rating Agencies, the City may terminate the agreement) or (2) providing an investment agreement which is fully secured by Federal Securities which are (a) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 103% of the principal amount of the investment, together with the interest accrued and unpaid thereon, (b) held by any Federal Reserve Bank or a depository acceptable to the City, (c) subject to a perfected first lien on behalf of owners of the Bonds, and (d) free and clear from all third-party liens; (B) a bank having long-term uninsured, unsecured and unguaranteed debt rated, at the time of investment, in one of the two highest rating categories by, or is otherwise approved by, the Rating Agencies (the agreement must provide that, if the bank is downgraded below "A-" (or its equivalent) by at least two Rating Agencies, the City may terminate the agreement); (C) an insurance company having an uninsured, unsecured, and unguaranteed claims paying ability rated, at the time of investment, in the highest rating category by, or otherwise approved by, the Rating Agencies (the agreement must provide that, if the insurance company is downgraded below the highest rating category by at least two Rating Agencies, the City may terminate the agreement); and (D) a corporation whose principal business is to enter into investment agreements, if that corporation has been assigned, at the time of investment, a counterparty rating in the highest rating category by, or is otherwise approved by, the Rating Agencies, or the Rating Agencies have, at the time of the investment, rated the investment agreements of such corporation in the highest rating category or have otherwise approved such investment (the agreement must provide that, if either the corporation's counterparty rating or that corporation's investment agreements rating is downgraded by at least two of the Rating Agencies, the City may terminate the agreement); and (xiii) such other investments as the Treasurer may be authorized to make with the general funds of the City.

"*Issue Date*" means the date on which the Series 2009C Bonds are first delivered to the initial purchasers against payment therefor.

"*JPMorgan*" means JPMorgan Chase Bank, National Association, the issuer of the JPMorgan Series 2009C Letter of Credit.

"*JPMorgan Reimbursement Agreement*" means the Reimbursement Agreement between JPMorgan and the City pursuant to which the JPMorgan Series 2009C Letter of Credit is issued.

"*JPMorgan Series 2009C Letter of Credit*" means the irrevocable, direct pay letter of credit issued by JPMorgan pursuant to the JPMorgan Reimbursement Agreement and which constitutes the initial Series 2009C Credit Facility.

"*Manager*" means the manager of the City's Department of Aviation, or his or her designee and successor in functions, if any.

"*Maximum Rate*" means, in the case of any Series 2009C Bonds, the lower of (i) the maximum rate at which the interest on any Series 2009C Bond secured by a Series 2009C Credit Facility is computed for purposes of determining the interest component under such Series 2009C Credit Facility, which rate is 12% per annum, and (ii) the maximum rate allowed by law, except that that the Maximum Rate with respect to the Series 2009C Credit Facility Bonds is the rate specified in the Series 2009C Credit Facility then in effect, or if the Series 2009C Credit Facility is in the form of a Direct-Pay Letter of Credit, the related Series 2009C Credit Facility Agreement.

"*Mayor*" means the mayor of the City, or his or her designee, and his or her successor in functions, if any.

"*Minimum Bond Reserve*" means the maximum amount of Bond Requirements in any Fiscal Year, or portion thereof, during the period commencing on the date of such computation and ending on the last date on which any Bonds to which such Bond Requirements relate will be Outstanding. With respect to any series of Bonds, 25% or more of the aggregate principal amount (or stated face amount) of which is payable as a Bond Requirement in any Fiscal Year, if such principal (or stated face amount) is not required to be redeemed or prepaid prior to such date of payment, it will be assumed for purposes of determining the Minimum Bond Reserve that (a) such series of Bonds matures over a twenty-year term from its date of issuance, (b) bears interest at a rate determined by the Treasurer to be the rate on bonds of comparable term and credit under then existing market conditions, provided that the rate so determined is not to be less than the actual rate or rates borne by such series of Bonds, and (c) is payable on a substantially level annual debt service basis assuming the rate so determined. *This definition would be changed by the Proposed Amendments. See* "*APPENDIX D – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.*"

"*Minimum Operation and Maintenance Reserve*" means an amount equal to not less than one-sixth and not more than one-third of the actual Operation and Maintenance Expenses of the Airport System during the next preceding Fiscal Year, as determined by the Manager not more often than once in each Fiscal Year.

"*Monthly Rate*" means the interest rate determined for the Series 2009C Bonds on a monthly basis in accordance with the Series 2009C Supplemental Ordinance.

"*Monthly Rate Period*" means each period during which the Series 2009C Bonds bear interest at a Monthly Rate in accordance with the Series 2009C Supplemental Ordinance.

"*Moody's*" means Moody's Investors Service, Inc. and its successors.

"*Net Rent Lease*" means a lease of facilities relating to the Airport System or Special Facilities entered into by the City pursuant to which the lessee or licensee agrees to pay to the City rentals during the term thereof, and to pay in addition all operation and maintenance expenses relating to the leased facilities, including, without limitation, maintenance costs, insurance, and all property taxes and assessments now or hereafter lawfully levied. *This definition would be changed by the Proposed Amendments. See* "*APPENDIX D – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.*"

"*Net Revenues*" means the Gross Revenues remaining after the deduction of the Operation and Maintenance Expenses.

"*Ninth Supplemental Ordinance*" means the Supplemental Ordinance which creates the PFC Fund as a separate account within the Airport System Fund, establishes the PFC Debt Service Account and the PFC Project Account as separate subaccounts within the PFC Fund, and provides for the deposit of PFC revenues to such fund and accounts. The procedure for the administration of the PFCs set forth in the Ninth Supplemental Ordinance is replaced and superceded to the extent provided in the PFC Supplemental Ordinance.

"*Obligations*" means Credit Facility Obligations and Hedge Facility Obligations.

"*Operation and Maintenance Expenses*" means all reasonable and necessary current expenses of the City, paid or accrued, of operating, maintaining, and repairing the Airport System. The term includes without limitation: (a) engineering, auditing, reporting, legal, and other overhead expenses of the various departments of the City (including without limitation the expenses of the Treasurer) directly related and reasonably allocable to the administration, operation, and maintenance of the Airport System; (b) fidelity bond and property and liability insurance premiums relating to the Airport System, or a reasonably allocable share of a premium of any blanket bond or policy relating to the Airport System; (c) payments to pension, retirement, health, and hospitalization funds, and other insurance, and to any self-insurance fund as insurance premiums not in excess of such premiums which would otherwise be required for such insurance; (d) any general (ad valorem) taxes, assessments, excise taxes, or other charges which may be lawfully imposed on the City, the Airport System, the revenue, or income derived therefrom, or any privilege in connection therewith; (e) the reasonable charges of the Paying Agent and any other depository bank relating to Bonds; (f) costs of contractual services, professional services, salaries, other administrative expenses, and costs of materials, supplies, repairs, and labor, relating to the Airport System or to Bonds, including without limitation the reasonable expenses and compensation of trustees, receivers, or other agents or fiduciaries; (g) costs incurred in collecting or refunding all or any part of the Gross Revenues including the amount of any such refunds; (h) costs of any utility services furnished to the Airport System by the City or otherwise; (i) periodic fees, premiums or other costs incurred in connection with any Credit Facility Obligations; and

(j) all other generally accepted current expenses of operating, maintaining and repairing an airport system similar to the Airport System. The term does not include any allowance for depreciation; the Cost of any Improvement Project (except to the extent not paid as part of such Cost and otherwise properly characterized as an Operation and Maintenance Expense); any reserves for major capital replacements or Operation and Maintenance Expenses (except as required in the Senior Bond Ordinance); payments in respect of Debt Service Requirements; any expenses incurred by lessees or licensees under Net Rent Leases; any Operation and Maintenance Expenses relating to Special Facilities (except as otherwise provided in the Senior Bond Ordinance); and any liabilities imposed on the City, including, without limitation, negligence in the operation of the Airport System.

"*Operation and Maintenance Fund*" means the special and separate account designated as the "City and County of Denver, Airport System Operation and Maintenance Fund," created under the Senior Bond Ordinance.

"*Operation and Maintenance Reserve Account*" means the special and separate subaccount in the Operation and Maintenance Fund designated as the "City and County of Denver, Airport System Operation and Maintenance Reserve Account," created under the Senior Bond Ordinance.

"*Option Bonds*" means Bonds which by their terms may be tendered for payment by and at the option of the owners thereof prior to the stated maturity thereof, or the maturities of which may be extended by and at the option of the owners thereof.

"*Ordinance*" means the General Bond Ordinance of the City approved on November 29, 1984, Ordinance No. 626, Series of 1984, as supplemented and amended by the 1984 Airport System Supplemental Bond Ordinance, Ordinance No. 627, Series of 1984; the Series 1985 Airport System Supplemental Bond Ordinance, Ordinance No. 674, Series of 1985; the Series 1990A Airport System Supplemental Bond Ordinance, Ordinance No. 268, Series of 1990; the Series 1991A Airport System Supplemental Bond Ordinance, Ordinance No. 278, Series of 1991; the Series 1991D Airport System Supplemental Bond Ordinance, Ordinance No. 726, Series of 1991; the Series 1992A Airport System Supplemental Bond Ordinance, Ordinance No. 82, Series 1992; the Series 1992B Airport System Supplemental Bond Ordinance, Ordinance No. 288, Series of 1992; the Ninth Supplemental Ordinance; the Series 1992C Airport System Supplemental Bond Ordinance, Ordinance No. 640, Series of 1992; the Series 1992D Airport System Supplemental Bond Ordinance, Ordinance No. 641, Series of 1992; the Series 1992E Airport System Supplemental Bond Ordinance, Ordinance No. 642, Series of 1992; the Series 1992F Airport System Supplemental Bond Ordinance, Ordinance No. 643, Series of 1992; the Series 1992G Airport System Supplemental Bond Ordinance, Ordinance No. 644, Series of 1992; the Series 1994A Airport System Supplemental Bond Ordinance, Ordinance No. 680, Series of 1994; the Series 1995A Airport System Supplemental Bond Ordinance, Ordinance No. 428, Series of 1995; the Series 1995B Airport System Supplemental Bond Ordinance, Ordinance No. 429, Series of 1995; the Series 1995C Airport System Supplemental Bond Ordinance, Ordinance No. 950, Series of 1995; the Series 1996A Airport System Supplemental Bond Ordinance, Ordinance No. 226, Series of 1996; the Series 1996B Airport System Supplemental Bond Ordinance, Ordinance No. 227, Series of 1996; the Twenty-first Supplemental Ordinance; the Series 1996C Airport System Supplemental Bond Ordinance, Ordinance No. 888, Series of 1996; the Series 1996D Airport System Supplemental Bond Ordinance, Ordinance No. 889, Series of 1996; the Twenty-fourth Supplemental Ordinance, Ordinance No. 480, Series of 1997; the Series 1997D Airport System Supplemental Bond Ordinance, Ordinance No. 547, Series of 1997; the Series 1997E Airport System Supplemental Bond Ordinance, Ordinance No. 548, Series of 1997; the Twenty-seventh Supplemental Ordinance; the Series 1998A Airport System Supplemental Bond Ordinance, Ordinance No. 821, Series of 1998; the Series 1998B Airport System Supplemental Bond Ordinance, Ordinance No. 822, Series of 1998; the Thirtieth Supplemental Ordinance; the Series 2000A Airport System Supplemental Bond Ordinance, Ordinance No. 647, Series of 2000; the Series 2000B Airport System Supplemental Bond Ordinance, Ordinance No. 648, Series of 2000; the Series 2000C Airport System Supplemental Bond Ordinance,

Ordinance No. 649, Series of 2000; the Series 2001A Airport System Supplemental Bond Ordinance, Ordinance No. 539, Series of 2001; the Series 2001B Airport System Supplemental Bond Ordinance, Ordinance No. 540, Series of 2001; the Series 2001D Airport System Supplemental Bond Ordinance, Ordinance No. 675, Series of 2001; the Series 2002A1-A3 Airport System Supplemental Bond Ordinance, Ordinance No. 715, Series of 2002; the Series 2002C Airport System Supplemental Bond Ordinance, Ordinance No. 800, Series of 2002; the Series 2002D Airport System Supplemental Bond Ordinance, Ordinance No. 801, Series of 2002; the Series 2002E Airport System Supplemental Bond Ordinance, Ordinance No. 802, Series of 2002; the Series 2003A Supplemental Bond Ordinance, Ordinance No. 298, Series of 2003; the Series 2003B Supplemental Bond Ordinance, Ordinance No. 299, Series of 2003; the Series 2004A Supplemental Bond Ordinance, Ordinance No. 748, Series of 2004; the Series 2004B Supplemental Bond Ordinance, Ordinance No. 749, Series of 2004; the Series 2005A Supplemental Bond Ordinance, Ordinance No. 559, Series of 2005; the Series 2005B1-B2 Supplemental Bond Ordinance, Ordinance No. 785, Series of 2005; the Series 2005C1-C2 Supplemental Bond Ordinance, Ordinance No. 786, Series of 2005; the Series 2006A Supplemental Bond Ordinance, Ordinance No. 495, Series of 2006; the Series 2006B Supplemental Ordinance, Ordinance No. 496, Series of 2006; the Series 2007A-B Supplemental Ordinance, Ordinance No. 375, Series of 2007; the Series 2007C Supplemental Ordinance, Ordinance No. 376, Series of 2007; the Series 2007D-E Supplemental Ordinance, Ordinance No. 415, Series of 2007; the Series 2007F1-F4 Supplemental Ordinance, Ordinance No. 625, Series of 2007; the Series 2007G1-G2 Supplemental Ordinance, Ordinance No. 626, Series of 2007, as amended and restated by the Amended and Restated Series 2007G1-G2 Supplemental Bond Ordinance, Ordinance No. 722, Series of 2007; the Series 2008A Supplemental Ordinance, Ordinance No. 179, Series of 2008; the Series 2008B Supplemental Ordinance, Ordinance No. 322, Series of 2008; the Series 2008C1-C3 Supplemental Ordinance, Ordinance No. 483, Series of 2008; the Series 2009A-B Supplemental Ordinance, Ordinance No. 578, Series of 2009; the Series 2009C Supplemental Ordinance, Ordinance No. 577, Series of 2009; and the PFC Supplemental Ordinance.

"*Other Available Funds*" means for any Fiscal Year the amount determined appropriate by the Manager to be transferred from the Capital Fund to the Revenue Fund; but in no event is such amount to exceed 25% of the aggregate Debt Service Requirements for such Fiscal Year.

"*Outstanding*" when used with reference to any Bonds and as of any particular date means all such Bonds in any manner theretofore or thereupon issued, except: (a) any Bonds canceled or paid by or on behalf of the City on or before such date; (b) any Bonds which are deemed to be paid pursuant to the Senior Bond Ordinance or for which sufficient moneys are held in trust pursuant to the Senior Bond Ordinance; (c) any Bonds in lieu of or in substitution for which other Bonds have been executed and delivered; and (d) except any Bonds held as Series 2009C Credit Facility Bonds (as defined in any related Supplemental Ordinance), any Option Bonds deemed tendered or purchased as provided by Supplemental Ordinance. In determining whether the owners of the requisite principal amount of Outstanding Bonds have given any request, demand, authorization, direction, notice, consent or waiver, Bonds owned by the City are to be disregarded and deemed not to be Outstanding.

"*Passenger Facility Charges*" or "*PFCs*" means charges collected by the City pursuant to the authority granted by the Aviation Safety and Capacity Expansion Act of 1990 and 14 CFR Part 158, as amended from time to time, in respect of any component of the Airport System and interest earnings thereon, net of amounts that collecting air carriers are entitled to retain for collecting, handling and remitting such passenger facility charge revenues.

"*Paying Agent*" means any entity providing paying agency services for the Series 2009C Bonds, initially being Zions First National Bank, Denver, Colorado, and any successor or assign thereof. Any references herein to the Paying Agent means the Paying Agent for the Series 2009C Bonds to which such reference relates.

"*PFC Debt Service Account*" means the special and separate subaccount in the PFC Fund designated as the "PFC Debt Service Account," created under the Senior Bond Ordinance.

"*PFC Fund*" means the special and separate account designated as the "City and County of Denver, Colorado, Airport System Revenue Bonds, PFC Fund," created under the Senior Bond Ordinance.

"*PFC Project Account*" means the special and separate subaccount in the PFC Fund designated as the "PFC Project Account," created under the Senior Bond Ordinance.

"*PFC Supplemental Ordinance*" means the Supplemental Ordinance which provides for the deposit of PFC revenues to the PFC Fund, and to the PFC Debt Service Account and the PFC Project Account in such fund.

"*Pledged Revenues*" means all or a portion of the Gross Revenues. The designated term indicates a source of revenues and does not necessarily indicate all or any portion or other part of such revenues in the absence of further qualification.

"*Principal Account*" means the special and separate subaccount in the Bond Fund designated as the "City and County of Denver, Airport System Revenue Bonds, Principal Account," created under the Senior Bond Ordinance.

"*Project Fund*" means the special and separate account designated as the "City and County of Denver, Airport System Revenue Bonds, Project Fund," created under the Senior Bond Ordinance, which consists of (a) separate subaccounts for each Improvement Project and Refunding Project, or combination thereof, as provided by Supplemental Ordinance and (b) the Capitalized Interest Account.

"*Proposed Amendments*" means the proposed amendments to the Senior Bond Ordinance as set forth in "APPENDIX D – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE."

"*Purchased Senior Bonds*" means the portions of the Series 2006B Bonds, the Series 2007D2 Bonds and the Subseries 2008A4 Bonds purchased and retired by the City, for and on behalf of the Department, pursuant to a secondary market purchase of such Purchased Senior Bonds utilizing a portion of the proceeds of the Series 2009A Bonds.

"*Purchase Price*" means that amount due an owner of any Bond purchased or deemed purchased pursuant to and as provided in the Supplemental Ordinance authorizing such Bond.

"*Rate Period*" means a Daily Rate Period, a Weekly Rate Period, a Monthly Rate Period, a Semiannual Rate Period, Flexible Rate Period, a Term Rate Period, a Fixed Rate Period or an Auction Rate Period.

"*Rating Agencies*" means any of Moody's, S&P, or Fitch, then maintaining ratings on any of the Bonds at the request of the City.

"*Redemption Account*" means the special and separate subaccount in the Bond Fund designated as the "City and County of Denver, Airport System Revenue Bonds, Redemption Account," created under the Senior Bond Ordinance.

"*Refunded Subordinate Bonds*" means all of the outstanding Airport System Subordinate Commercial Paper Notes, Series A (Tax Exempt).

"*Refunding Bonds*" means any Bonds issued to refund, pay and discharge any Bonds, Credit Facility Obligations, Subordinate Bonds, or other securities or obligations.

"*Refunding Project*" means any undertaking to refund, pay, and discharge any Bonds, Credit Facility Obligations, Subordinate Bonds, or other securities or obligations.

"*Registrar*" means, when used with respect to the Series 2009C Bonds, Zions First National Bank, Denver, Colorado, and any successors and assigns thereof.

"*Regularly Scheduled Hedge Payments*" means the regularly scheduled payments under the terms of a Hedge Facility which are due absent any termination, default or dispute in connection with such Hedge Facility.

"*Remarketing Agent*" means a Remarketing Agent appointed and engaged by the City pursuant to the Series 2009C Supplemental Ordinance and a Remarketing Agreement to remarket the Series 2009C Bonds, and any successor remarketing agent appointed pursuant to the Series 2009C Supplemental Ordinance. Initially, Piper Jaffray & Co. will serve as the Remarketing Agent for the Series 2009C Bonds.

"*Remarketing Agreement*" means an agreement entered into between the City and a Remarketing Agent relating to the remarketing of the Series 2009C Bonds.

"*Report of the Airport Consultant*" means the report of the Airport Consultant entitled "Report of the Airport Consultant on the proposed issuance of City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2009A, Series 2009B, and Series 2009C," prepared for the City by Jacobs Consultancy Inc., which is attached to this Official Statement as "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT."

"*Revenue Fund*" means the special and separate account designated as the "City and County of Denver, Airport System Gross Revenue Fund," created under the Senior Bond Ordinance.

"*S&P*" means Standard & Poor's Ratings Service, Inc. and its successors.

"*Second PFC Application*" means the City's PFC application which was approved by the FAA in January 2001.

"*Securities Depository*" means DTC, designated as the depository for the Series 2009C Bonds, and includes any nominee or successor thereof.

"*Semiannual Rate*" means the interest rate determined for the Series 2009C Bonds on a semiannual basis in accordance with the Series 2009C Supplemental Ordinance.

"*Semiannual Rate Period*" means each period during which the Series 2009C Bonds bear interest at a Semiannual Rate in accordance with the Series 2009C Supplemental Ordinance.

"*Senior Bond Ordinance*" means the Ordinance, as amended and supplemented by any Supplemental Ordinance that may be adopted by the City Council after the adoption of the Series 2009C Supplemental Ordinance.

"*Serial Bonds*" means any Bonds other than Term Bonds.

"*Series 1991D Bonds*" means the Airport System Revenue Bonds, Series 1991D, issued on October 23, 1991, in the original aggregate principal amount of $600,001,390.65.

“*Series 1992C Bonds*” means the Airport System Revenue Bonds, Series 1992C, issued on September 24, 1992, in the original aggregate principal amount of $392,160,000.

“*Series 1992F Bonds*” means the Airport System Revenue Bonds, Series 1992F, issued on September 24, 1992, as variable rate bonds in the original aggregate principal amount of $30,000,000 and additionally secured by a direct pay letter of credit constituting a Credit Facility providing both credit and liquidity support.

“*Series 1992G Bonds*” means the Airport System Revenue Bonds, Series 1992G, issued on September 24, 1992, as variable rate bonds in the original aggregate principal amount of $25,000,000 and additionally secured by a direct pay letter of credit constituting a Credit Facility providing both credit and liquidity support.

“*Series 1995C Bonds*” means the Airport System Revenue Bonds, Series 1995C, issued on November 28, 1995, in the original aggregate principal amount of $107,585,000 and, except for Series 1995C Bonds maturing in 2016, additionally secured by municipal bond insurance constituting a Credit Facility.

“*Series 1997E Bonds*” means the Airport System Revenue Bonds, Series 1997E, issued on August 28, 1997, in the original aggregate principal amount of $415,705,000 and additionally secured by municipal bond insurance constituting a Credit Facility.

“*Series 1998A Bonds*” means the Airport System Revenue Bonds, Series 1998A, issued on December 1, 1998, in the original aggregate principal amount of $206,665,000 and additionally secured by municipal bond insurance constituting a Credit Facility.

“*Series 1998B Bonds*” means the Airport System Revenue Bonds, Series 1998B, issued on December 1, 1998, in the original aggregate principal amount of $103,395,000 and additionally secured by municipal bond insurance constituting a Credit Facility.

“*Series 2000A Bonds*” means the Airport System Revenue Refunding Bonds, Series 2000A, issued on August 24, 2000, in the original aggregate principal amount of $330,625,000 and additionally secured by municipal bond insurance constituting a Credit Facility.

“*Series 2001A Bonds*” means the Airport System Revenue Refunding Bonds, Series 2001A, issued on June 28, 2001, in the aggregate original principal amount of $395,635,000, a portion of which is additionally secured by municipal bond insurance constituting a Credit Facility.

“*Series 2001B Bonds*” means the Airport System Revenue Refunding Bonds, Series 2001B, issued on June 28, 2001, in the aggregate original principal amount of $16,675,000 and additionally secured by municipal bond insurance constituting a Credit Facility.

“*Series 2001D Bonds*” means the Airport System Revenue Refunding Bonds, Series 2001D, issued on August 6, 2001, in the original aggregate principal amount of $70,540,000 and additionally secured by municipal bond insurance constituting a Credit Facility.

“*Series 2002C Bonds*” means the Airport System Revenue Refunding Bonds, Series 2002C, issued on October 9, 2002, as variable rate bonds, in the original aggregate principal amount of $49,000,000 and additionally secured by a direct pay letter of credit constituting a Credit Facility providing both credit and liquidity support.

"*Series 2002E Bonds*" means the Airport System Revenue Refunding Bonds, Series 2002E, issued on October 9, 2002, in the original aggregate principal amount of $203,565,000 and additionally secured by municipal bond insurance constituting a Credit Facility.

"*Series 2003A Bonds*" means the Airport System Revenue Bonds, Series 2003A, issued on May 1, 2003, in the original aggregate principal amount of $161,965,000 and additionally secured by municipal bond insurance constituting a Credit Facility.

"*Series 2003B Bonds*" means the Airport System Revenue Bonds, Series 2003B, issued on May 1, 2003, in the original aggregate principal amount of $125,000,000, certain maturities of which are additionally secured by municipal bond insurance constituting a Credit Facility.

"*Series 2005A Bonds*" means the Airport System Revenue Bonds, Series 2005A, issued on August 25, 2005, in the original aggregate principal amount of $227,740,000 and additionally secured by municipal bond insurance constituting a Credit Facility.

"*Series 2006A Bonds*" means the Airport System Revenue Bonds, Series 2006A, issued on August 17, 2006, in the original aggregate principal amount of $279,585,000 and additionally secured by municipal bond insurance constituting a Credit Facility.

"*Series 2006B Bonds*" means the Airport System Revenue Bonds, Series 2006B, issued on August 17, 2006, in the original aggregate principal amount of $170,005,000 and additionally secured by municipal bond insurance constituting a Credit Facility.

"*Series 2007A Bonds*" means the Airport System Revenue Bonds, Series 2007A, issued on August 29, 2007, in the original aggregate principal amount of $188,350,000 and additionally secured by municipal bond insurance constituting a Credit Facility.

"*Series 2007B Bonds*" means the Airport System Revenue Bonds, Series 2007B, issued on August 29, 2007, in the original aggregate principal amount of $24,250,000 and additionally secured by municipal bond insurance constituting a Credit Facility.

"*Series 2007C Bonds*" means the Airport System Revenue Bonds, Series 2007C, issued on August 29, 2007, in the original aggregate principal amount of $34,635,000 and additionally secured by municipal bond insurance constituting a Credit Facility.

"*Series 2007D Bonds*" means the Airport System Revenue Bonds, Series 2007D, issued on August 29, 2007, in the original aggregate principal amount of $147,815,000 and additionally secured by municipal bond insurance constituting a Credit Facility.

"*Series 2007D2 Bonds*" means the Airport System Revenue Bonds, Series 2007D2, issued on October 4, 2007, in the original aggregate principal amount of $31,950,000 and additionally secured by municipal bond insurance constituting a Credit Facility.

"*Series 2007E Bonds*" means the Airport System Revenue Bonds, Series 2007E, issued on October 4, 2007, in the original aggregate principal amount of $47,400,000 and additionally secured by municipal bond insurance constituting a Credit Facility.

"*Series 2007F1-F4 Bonds*" means the Airport System Revenue Bonds, Series 2007F1-F4, issued on November 14, 2007, in four subseries as auction rate bonds in the original aggregate principal amount of $208,025,000 and additionally secured both by municipal bond insurance and a standby bond purchase agreement constituting Credit Facilities.

"*Series 2007G1-G2 Bonds*" means the Airport System Revenue Bonds, Series 2007G1-G2, issued on November 14, 2007, in two subseries as variable rate bonds in the original aggregate principal amount of $148,500,000 and additionally secured both by municipal bond insurance and a standby bond purchase agreement constituting Credit Facilities.

"*Series 2008A1-A4 Bonds*" means the Airport System Revenue Bonds, Series 2008A1-A4, issued on April 14, 2008, in four subseries as both fixed rate and variable rate (term) rate bonds in the original aggregate principal amount of $608,840,000.

"*Series 2008B Bonds*" means the Airport System Revenue Bonds, Series 2008B, issued on June 30, 2008, as variable rate bonds in the original aggregate principal amount of $81,800,000 and additionally secured by a direct pay letter of credit constituting a Credit Facility providing both credit and liquidity support.

"*Series 2009A-B Bonds*" means the Series 2009A Bonds and the Series 2009B Bonds.

"*Series 2009A Bonds*" means the Airport System Revenue Bonds, Series 2009A, issued on October 28, 2009, in the original aggregate principal amount of $170,190,000.

"*Series 2009A-B Supplemental Ordinance*" means the "Series 2009A-B Airport System Supplemental Bond Ordinance," as amended and supplemented from time to time by any other Supplemental Ordinance, which authorizes the issuance of the Series 2009A-B Bonds.

"*Series 2009A-C Bonds*" means the Series 2009A Bonds, the Series 2009B Bonds and the Series 2009C Bonds.

"*Series 2009B Bonds*" means the Taxable Airport System Revenue Bonds, Series 2009B (Build America Bonds – Direct Payment), issued on October 28, 2009, in the original aggregate principal amount of $65,290,000.

"*Series 2009C Bonds*" means the Airport System Revenue Bonds, Series 2009C, authorized to be issued pursuant to the Series 2009C Supplemental Ordinance in the original aggregate principal amount of $104,655,000, offered pursuant to this Official Statement.

"*Series 2009C Credit Facility*" means the Series 2009C Credit Facility in effect for the Series 2009C Bonds from time to time in accordance with the Series 2009C Supplemental Ordinance. The initial Series 2009C Credit Facility will be the JPMorgan Series 2009C Letter of Credit.

"*Series 2009C Credit Facility Agreement*" means the agreement pursuant to which a Series 2009C Credit Facility is issued. The Series 2009C Credit Facility Agreement with respect to the JPMorgan Series 2009C Letter of Credit is the JPMorgan Reimbursement Agreement.

"*Series 2009C Credit Facility Bonds*" means each Series 2009C Bond purchased by a Series 2009C Credit Facility Provider under its Series 2009C Credit Facility Agreement until such Series 2009C Bond ceases to bear interest at the Series 2009C Credit Facility Rate as provided in such Series 2009C Credit Facility Agreement or ceases to be Outstanding upon the redemption, repayment or other payment thereof pursuant to the provisions of the Series 2009C Supplemental Ordinance or of the Series 2009C Credit Facility Agreement or otherwise.

"*Series 2009C Credit Facility Provider*" means any entity providing a Series 2009C Credit Facility, or any successor or assign thereof.

"*Series 2009C Credit Facility Rate*" means the applicable rate of interest to be borne by the Series 2009C Bonds while they constitute Series 2009C Credit Facility Bonds as provided in the related Series 2009C Credit Facility Agreement.

"*Series 2009C Refunding Project*" means the project to be financed with a portion of the proceeds of the Series 2009C Bonds to (i) currently refund the Refunded Subordinate Bonds by paying the principal of and interest and premium, if any, on the Refunded Subordinate Bonds, (ii) make a required deposit in the Bond Reserve Fund, if any, and (iii) pay certain costs relating to the issuance of the Series 2009C Bonds. The Series 2009C Refunding Project constitutes a Refunding Project within the meaning of the General Bond Ordinance.

"*Series 2009C Supplemental Ordinance*" means the "Series 2009C Airport System Supplemental Bond Ordinance," as amended and supplemented from time to time by any other Supplemental Ordinance, which authorizes the issuance of the Series 2009C Bonds.

"*Sinking Fund Account*" means the special and separate subaccount in the Bond Fund designated as the "City and County of Denver, Airport System Revenue Bonds, Sinking Fund Account," created under the Senior Bond Ordinance.

"*Special Facilities*" means facilities relating to or used in connection with the Airport System, the cost of which is financed with the proceeds of Special Facilities Bonds issued pursuant to the Senior Bond Ordinance. *This definition would be changed by the Proposed Amendments. See "APPENDIX D – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE."*

"*Special Facilities Bonds*" means bonds or other securities to finance the cost of any Special Facilities and which are payable solely from all or a portion of the rentals received pursuant to a Net Rent Lease of such Special Facilities.

"*Stapleton*" means Stapleton International Airport, which is part of the Airport System.

"*State*" means the State of Colorado.

"*Subordinate Bonds*" means bonds or other securities or obligations relating to the Airport System, payable from Net Revenues, and having a lien thereon subordinate and junior to the lien thereon of Bonds.

"*Subordinate Bond Fund*" means the special and separate account designated as the "City and County of Denver, Airport System Subordinate Revenue Bonds, Interest and Principal Retirement Fund," created under the Senior Bond Ordinance.

"*Subordinate Bond Ordinance*" means the 1997 Airport System Subordinate Bond Ordinance of the City approved on August 25, 1997, Series of 1997, as supplemented and amended from time to time.

"*Subordinate Contract Obligations*" means capital leases, installment purchase agreements, guaranty agreements, or other similar contracts incurred pursuant to the provisions of the Subordinate Bond Ordinance which are payable from all or any designated portion of the Net Revenues of the Airport System and secured by a pledge of and lien on such Net Revenues, subordinate only to the lien thereon of the Bonds. The term does not include (i) Subordinate Bonds, Subordinate Credit Facility Obligations, or Subordinate Hedge Facility Obligations; or (ii) obligations that may be treated as Operation and Maintenance Expenses under generally accepted accounting principles and obligations incurred and payable in full within a single Fiscal Year (whether or not such obligations may be so treated as Operation and Maintenance Expenses).

"*Subordinate Credit Facility*" means any letter of credit, policy of bond insurance, surety bond, guarantee or similar instrument issued by a financial, insurance or other institution and which provides security or liquidity in respect of Subordinate Bonds.

"*Subordinate Credit Facility Obligations*" means repayment or other obligations incurred by the City pursuant to a credit agreement or similar instrument in respect of draws or other payments or disbursements made under a Subordinate Credit Facility, and which obligations are payable from all or any designated portion of the Net Revenues of the Airport System and secured by a pledge of and lien on such Net Revenues subordinate only the lien thereon of the Bonds and any Credit Facility Obligations.

"*Subordinate Hedge Facility*" means any rate swap transaction, basis swap transaction, cap transaction, floor transaction, collar transaction, or similar transaction, which is intended to convert or limit the interest rate on any Bonds or Subordinate Bonds.

"*Subordinate Hedge Facility Obligations*" means payment obligations of the City in respect of Subordinate Hedge Facilities, which are payable from all or any designated portion of the Net Revenues of the Airport System and secured by a pledge of and a lien on such Net Revenues subordinate only to the lien thereon of the Bonds and any Credit Facility Obligations.

"*Subseries 2007F1 Bonds*" means the Airport System Revenue Bonds, Series 2007F1-F4, Subseries 2007F1, issued on November 14, 2007, as auction rate bonds in the original aggregate principal amount of $52,000,000 and additionally secured by municipal bond insurance constituting a Credit Facility.

"*Subseries 2007F2 Bonds*" means the Airport System Revenue Bonds, Series 2007F1-F4, Subseries 2007F2, issued on November 14, 2007, as auction rate bonds in the original aggregate principal amount of $52,000,000 and additionally secured by municipal bond insurance constituting a Credit Facility.

"*Subseries 2007F3 Bonds*" means the Airport System Revenue Bonds, Series 2007F1-F4, Subseries 2007F3, issued on November 14, 2007, as auction rate bonds in the original aggregate principal amount of $52,000,000 and additionally secured by municipal bond insurance constituting a Credit Facility.

"*Subseries 2007F4 Bonds*" means the Airport System Revenue Bonds, Series 2007F1-F4, Subseries 2007F4, issued on November 14, 2007, as auction rate bonds in the original aggregate principal amount of $52,025,000 and additionally secured by municipal bond insurance constituting a Credit Facility.

"*Subseries 2007G1 Bonds*" means the Airport System Revenue Bonds, Series 2007G1-G2, Subseries 2007G1, issued on November 14, 2007, as variable rate bonds in the original aggregate principal amount of $74,200,000 and additionally secured both by municipal bond insurance and a standby bond purchase agreement constituting Credit Facilities.

"*Subseries 2007G2 Bonds*" means the Airport System Revenue Bonds, Series 2007G1-G2, Subseries 2007G2, issued on November 14, 2007, as variable rate bonds in the original aggregate principal amount of $74,300,000 and additionally secured both by municipal bond insurance and a standby bond purchase agreement constituting Credit Facilities.

"*Subseries 2008A1 Bonds*" means the Airport System Revenue Bonds, Series 2008A1-A4, Subseries 2008A1, issued on April 14, 2008, as fixed rate bonds in the original aggregate principal amount of $221,215,000.

"*Subseries 2008A2 Bonds*" means the Airport System Revenue Bonds, Series 2008A1-A4, Subseries 2008A2, issued on April 14, 2008, as variable rate (term) bonds in the original aggregate principal amount of $111,000,000.

"*Subseries 2008A3 Bonds*" means the Airport System Revenue Bonds, Series 2008A1-A4, Subseries 2008A3, issued on April 14, 2008, as variable rate (term) bonds in the original aggregate principal amount of $181,965,000.

"*Subseries 2008A4 Bonds*" means the Airport System Revenue Bonds, Series 2008A1-A4, Subseries 2008A4, issued on April 14, 2008, as variable rate (term) bonds in the original aggregate principal amount of $94,660,000.

"*Subseries 2008C1 Bonds*" means the Airport System Revenue Bonds, Subseries 2008C1, issued on November 7, 2008, as variable rate bonds in the original aggregate principal amount of $92,600,000 and additionally secured by a direct pay letter of credit constituting a Credit Facility providing both credit and liquidity support.

"*Subseries 2008C2 Bonds*" means the Airport System Revenue Bonds, Subseries 2008C2, issued on November 4, 2008, as variable rate bonds in the original aggregate principal amount of $100,000,000 and additionally secured by a direct pay letter of credit constituting a Credit Facility providing both credit and liquidity support.

"*Subseries 2008C3 Bonds*" means the Airport System Revenue Bonds, Subseries 2008C3, issued on November 4, 2008, as variable rate bonds in the original aggregate principal amount of $100,000,000 and additionally secured by a direct pay letter of credit constituting a Credit Facility providing both credit and liquidity support.

"*Subsidy Payments*" means the tax credit payments received by the City from the United States Department of the Treasury pursuant to the provisions of Section 6431(b) of the Code, in an amount equal to 35% of the interest payable by the City on any Build America Bonds (Direct Payment).

"*Substitute Series 2009C Credit Facility*" means a Series 2009C Credit Facility provided by a Substitute Series 2009C Credit Facility Provider that replaces the Series 2009C Credit Facility then in effect.

"*Substitute Series 2009C Credit Facility Provider*" means one or more commercial banks, trust companies or financial institutions obligated under any Substitute Series 2009C Credit Facility.

"*Supplemental Ordinance*" means any ordinance of the City amending or supplementing the Senior Bond Ordinance, including without limitation any such ordinance authorizing the issuance of Bonds thereunder, and any ordinance amendatory thereof or supplemental thereto.

"*Term Bonds*" means Bonds of a series with a fixed maturity date or dates which do not constitute consecutive periodic installments and which Bonds are designated as Term Bonds by the Supplemental Ordinance authorizing their issuance.

"*Term Rate*" means the interest rate determined for the Series 2009C Bonds on a term basis in accordance with the Series 2009C Supplemental Ordinance.

"*Term Rate Period*" means each period during which the Series 2009C Bonds bear interest at a Term Rate in accordance with the Series 2009C Supplemental Ordinance.

"*Treasurer*" or "*City Treasurer*" means the City's Manager of Finance/Chief Financial Officer/*Ex-Officio* Treasurer, or his or her designee, and his or her successor in functions, if any.

"*Twenty-first and Twenty-seventh Supplemental Ordinances*" means the Supplemental Ordinances which provide for the deposit of PFC revenues to the PFC Fund, and to the PFC Debt Service Account and the PFC Project Account in such fund. The procedures for the administration of PFCs set forth in the Twenty-first and Twenty-seventh Supplemental Ordinances are replaced and superceded to the extent provided in the PFC Supplemental Ordinance.

"*Underwriter*" means, as to the Series 2009C Bonds, Piper Jaffray & Co.

"*Variable Rate*" means, with respect to the Series 2009C Bonds, a Daily Rate, a Weekly Rate, a Monthly Rate, a Semiannual Rate or a Term Rate.

"*Variable Rate Bonds*" means Bonds issued with a variable, adjustable, convertible, or other similar rate which is not fixed in percentage for the entire term thereof at the date of issuance, but which is subject to maximum limitations.

"*Variable Rate Period*" means, with respect to the Series 2009C Bonds, a Daily Rate Period, a Weekly Rate Period, a Monthly Rate Period, a Semiannual Rate Period or a Term Rate Period.

"*Weekly Rate*" means the interest rate determined for the Series 2009C Bonds on a weekly basis in accordance with the Series 2009C Supplemental Ordinance.

"*Weekly Rate Period*" means each period during which the Series 2009C Bonds bear interest at a Weekly Rate in accordance with the Series 2009C Supplemental Ordinance.

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE

The following statements are summaries of certain provisions of the Senior Bond Ordinance, including, without limitation, the PFC Supplemental Ordinance, and are in addition and complementary to the summary found under “THE SERIES 2009C BONDS.”

Several of the provisions and defined terms used in this summary would be changed by the Proposed Amendments. See “APPENDIX D – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”

Description of the Bonds

The City and the Paying Agent may treat the person in whose name any Bond is registered upon the books or records of the Registrar as the absolute owner thereof, whether the Bond is overdue or not, for all purposes whatsoever; and payment of, or on account of, the Bond Requirements of any Bond is to be made only to, or upon the order of, such owner or his legal representative.

The Supplemental Ordinances relating to the issuance of the Outstanding Senior Bonds and the Series 2009C Bonds each provide that so long as Senior Bonds are registered in the name of the Securities Depository, all payments of the Debt Service Requirements or redemption price and all notices with respect to the Bonds are to be made and given in the manner provided in the letter of representation from the City to the Securities Depository.

If the date for making any payment or deposit or the last date for performance of any act or the exercise of any right, as provided in the Senior Bond Ordinance, is a Saturday, Sunday, legal holiday or other day on which banking institutions in the City are authorized by law to remain closed, such payment or deposit may be made or act performed or right exercised on the next succeeding day not a Saturday, Sunday, legal holiday or other day on which such banking institutions are authorized by law to remain closed, with the same force and effect as if done on the nominal date so provided, and no interest will accrue for the period after such nominal date.

Bonds which have been called for redemption are due and payable on the redemption date stated in the notice of redemption at the applicable redemption price, plus interest accrued to the redemption date; and upon presentation and surrender thereof, together with a written instrument of transfer duly executed by the owner or by his duly authorized attorney, such Bonds are to be paid. If on the redemption date sufficient moneys are held by or on behalf of the Paying Agent for the redemption of the called Bonds, and if notice of redemption has been duly published and mailed, then from and after the redemption date such Bonds will cease to bear interest and no longer will be considered Outstanding.

Additional Parity Bonds

The Senior Bond Ordinance permits the City to issue Additional Parity Bonds to pay the Cost of an Improvement Project or a Refunding Project. In order to issue Additional Parity Bonds for an Improvement Project under the Senior Bond Ordinance, the City is required to obtain:

(a) a certificate or opinion of an Independent Accountant, setting forth for the last audited Fiscal Year or for any period of 12 consecutive calendar months out of the 18 calendar months next preceding the delivery of such series of additional Bonds, (i) the Net Revenues, together with any Other Available Funds, for such period and (ii) the aggregate Debt Service Requirements for such period; and demonstrating that for such period the Net Revenues, together with any Other Available Funds, at least equaled the larger of either (A) the amount needed to make the required deposits to the credit of the several subaccounts in the Bond Fund and to the credit of the Bond Reserve Fund and the Operation and Maintenance Reserve Account or (B) an amount not less than 125% of the aggregate Debt Service Requirements for such period;

(b) a report of the Airport Consultant estimating, for each of the three Fiscal Years commencing with the earlier of either the Fiscal Year following the Fiscal Year in which the Manager estimates such Improvement Project will be completed or the first Fiscal Year in which there are Debt Service Requirements with respect to the Bonds to be issued for such Improvement Project: (i) the Gross Revenues and (ii) the Operation and Maintenance Expenses and other amounts required to be deposited in each of the subaccounts (other than the Redemption Account) in the Bond Fund, the Bond Reserve Fund, and the Operation and Maintenance Reserve Account; and demonstrating that the Net Revenues in each such Fiscal Year, together with any Other Available Funds, are projected to be at least equal to the greater of either (A) the amounts needed to make the required deposits to the credit of the several subaccounts (other than the Redemption Account) in the Bond Fund, the Bond Reserve Fund and the Operation and Maintenance Reserve Account or (B) an amount not less than 125% of the aggregate of any Debt Service Requirements for each such Fiscal Year, for the series of Bonds then to be issued and for any future series of Bonds which the Manager estimates will be required to complete payment of the Cost of such Improvement Project (such Debt Service Requirements of any future series of Bonds to be estimated by the Airport Consultant or by the Financial Consultant, if any), in each case after giving effect, among other factors, to the increase in Operation and Maintenance Expenses and to the completion of the Improvement Project or any completed portion thereof, and the increase in rates, fees, rentals or other charges (or any combination thereof) as a result of the completion of such Improvement Project or any completed portion thereof; and

(c) a certificate of the Manager to the effect that as of the date of the adoption of the Supplemental Ordinance authorizing such additional Bonds the City is not in default in making any payments required by the Senior Bond Ordinance.

In any computation required by the above, there is excluded from Gross Revenues any capital gain resulting from any sale or revaluation of Investment Securities or bank deposits, or both. If any one or more of the documents required by subsections (a) through (c) above cannot be given with the required results stated therein, the City may not issue Additional Parity Bonds; *provided however*, the City may issue Additional Parity Bonds for the purpose of refunding Senior Bonds without having to comply with the requirements described in subparagraphs (a) through (c) above.

Security

Subject only to the right of the City to pay Operation and Maintenance Expenses of the Airport System, the Gross Revenues and all moneys and securities paid or to be paid to, or held or to be held in, any fund or account under the Senior Bond Ordinance (except moneys and securities held in any Escrow Account and except as otherwise provided in the Senior Bond Ordinance) are irrevocably pledged to secure the payment of the Bond Requirements of the Bonds, Credit Facility Obligations and Hedge Facility Obligations. No preference, priority or distinction will exist between Bonds except as otherwise expressly provided in the Senior Bond Ordinance. The Bond Requirements of the Bonds are not to be considered or held to be general obligations of the City but are to constitute its special obligations. The City has not pledged its full faith and credit and taxing power for the payment of the Bond Requirements of the Bonds.

The payment of the Bond Requirements of any Bonds is not secured by an encumbrance, mortgage, or other pledge of property of the City, except the Net Revenues and other funds pledged for their payment.

The Airport System Fund

The Senior Bond Ordinance creates the following accounts and subaccounts in the Airport System Fund, all of which are held by the City: the Revenue Fund, the Operation and Maintenance Fund (including the Operation and Maintenance Reserve Account), the Bond Fund (including the Interest Account, Principal Account, Sinking Fund Account and Redemption Account), the Bond Reserve Fund, the Subordinate Bond Fund, the Capital Fund, the Project Fund (including the Capitalized Interest Account) and the PFC Fund (including the PFC Debt Service Account and the PFC Project Account).

Application of Revenues

So long as any Bonds are Outstanding, all Gross Revenues of the Airport System are to be deposited to the credit of the Revenue Fund. After making the payments each month required to be credited to the Operation and Maintenance Fund, moneys in the Revenue Fund are required to be transferred and credited to the following accounts and subaccounts in the following order of priority and at the following times:

(a) to the Interest Account of the Bond Fund, monthly, commencing on the first day of the month immediately succeeding the issuance of any Bonds, an amount which if made in substantially equal installments thereafter would be sufficient, together with any other moneys from time to time available therefor from whatever source, including without limitation moneys in the Capitalized Interest Account set aside for the payment of interest, to pay the next maturing installment of interest on Outstanding Bonds;

(b) to the Principal Account of the Bond Fund, monthly, commencing on the first day of the month immediately succeeding the issuance of any Serial Bonds, or commencing one year prior to the first fixed maturity date of such Serial Bonds, whichever date is later, an amount which if made in substantially equal installments thereafter would be sufficient, together with any other moneys from time to time available therefor from whatever source to pay the next maturing installment of principal on Outstanding Serial Bonds;

(c) with the same priority as the Principal Account, to the Sinking Fund Account of the Bond Fund, monthly, commencing on the first day of the twelfth calendar month prior to the date on which the City is required to pay any Term Bonds, one-twelfth of the amount necessary to pay the redemption price or principal of Outstanding Term Bonds, scheduled to be retired in any year by mandatory redemption, at fixed maturity, or otherwise, except to the extent any other moneys, including without limitation, moneys in any Escrow Account, are available therefor;

(d) on or prior to any date on which the City exercises its option to call for prior redemption any Bonds, to the Redemption Account, an amount necessary to pay the redemption price of such Bonds on such redemption date, except to the extent any other moneys (including without limitation moneys in any Escrow Account) are available therefor;

(e) to the Bond Reserve Fund, not less frequently than monthly, commencing no later than the first day of the month next succeeding each date on which any series of Bonds is issued or on which the amounts credited thereto are less than the Minimum Bond Reserve, cash or Investment Securities in an amount which, if made in substantially equal installments thereafter, would be sufficient to accumulate the Minimum Bond Reserve on or before the first day of the sixtieth month following the date of commencement (taking into account, in all such cases, the known minimum gain from Investment Securities to be received by the City over such period of sixty months);

(f) to the Subordinate Bond Fund, from any moneys remaining in the Revenue Fund amounts which are required for the payment of any Subordinate Bonds, including any reasonable reserves therefor, as provided by any Supplemental Ordinance or other instrument;

(g) to the Operation and Maintenance Reserve Account, from any moneys remaining in the Revenue Fund, not less frequently than monthly, an amount in cash or Investment Securities, or both, at least equal to the amount which, if made in substantially equal installments thereafter, would be sufficient to accumulate the Minimum Operation and Maintenance Reserve on or before the first day of the 36^{th} month thereafter (taking into account, in all such cases, the known minimum gain from Investment Securities to be received by the City over such period); and

(h) to the Capital Fund, at the end of each Fiscal Year and after all payments referred to in (a) through (g) above have been made, all remaining moneys in the Revenue Fund.

Moneys in the Capital Fund may be withdrawn in any priority for any one, all, or any combination of the following purposes, as the Manager may from time to time determine: (a) to pay the Costs of acquiring, improving or equipping any Airport Facilities, to the extent such Costs are not Operation and Maintenance Expenses; (b) to pay costs of extraordinary and major repairs, renewals, replacements, or maintenance items pertaining to any Airport Facilities, of a type not properly defrayed as Operation and Maintenance Expenses; and (c) to pay the Bond Requirements of any Bonds (or payments due for Subordinate Bonds) if such payment is necessary to prevent any default in the payment of such Bond Requirements.

If any monthly credit required to be made to the Interest Account, the Principal Account or the Sinking Fund Account of the Bond Fund is deficient, the City is required to include the amount of such deficiency in the next monthly deposit into such subaccount.

No payment need be made into the Bond Reserve Fund so long as the moneys therein are at least equal to the Minimum Bond Reserve, and any moneys therein exceeding the Minimum Bond Reserve are to be transferred as Gross Revenues to the Revenue Fund and used for the purposes thereof, as provided in the Senior Bond Ordinance. In the event any Supplemental Ordinance so provides, the City may at any time or from time to time, subject to certain limitations, deposit a Credit Facility in the Bond Reserve Fund in full or partial satisfaction of the Minimum Bond Reserve; provided that any such Credit Facility is to be payable on any date on which moneys are required to be withdrawn from the Bond Reserve Fund as provided in the Senior Bond Ordinance. The Supplemental Ordinances authorizing the respective series of outstanding Senior Bonds impose limitations on the City's ability to deposit a Credit Facility in the Bond Reserve Fund.

So long as any Senior Bonds remain rated by Moody's, and unless Moody's otherwise agrees, no Credit Facility may be deposited in the Bond Reserve Fund in full or partial satisfaction of the Minimum Bond Reserve, pursuant to the Senior Bond Ordinance, unless the then current Moody's rating on the Senior Bonds is equal to or less than the Moody's rating (or public finance equivalent thereof) of (a) the senior unsecured debt instruments of the provider of such Credit Facility or (b) in the event the provider of such Credit Facility is a bond or other insurance company the higher of the following: (i) any claims paying rating assigned by Moody's to such provider or (ii) any Moody's rating of debt secured by the insurance policies or surety bonds of such provider. In no event may any rating described in clause (a) or clause (b) above be less than "A" or "A3," as the case may be, unless Moody's otherwise agrees. In addition, no Credit Facility may be deposited in the Bond Reserve Fund in full or partial satisfaction of the Minimum Bond Reserve, pursuant to the Senior Bond Ordinance, unless the then current rating of the provider of such Credit Facility by Moody's or by S&P is in one of the two highest rating categories of such rating agency.

If on any Bond Requirement payment date the City has failed for any reason to pay the full amount required into the Interest Account, the Principal Account and the Sinking Fund Account, as described above, an amount equal to the respective difference between that paid from the Net Revenues and the full amount required is to be paid on such date into such subaccounts from the Bond Reserve Fund (including any Credit Facility therein). The moneys so used are to be reaccumulated (or any such Credit Facility will be reinstated) in the Bond Reserve Fund from the first Net Revenues thereafter received (not required to be otherwise applied) in not more than sixty substantially equal monthly installments (taking into account the known minimum gain from Investment Securities to be received). If any monthly payment to be made into the Bond Reserve Fund is deficient, the City is required to pay into such fund the amount of such deficiency from the first Net Revenues thereafter received.

No payment is to be made into the Operation and Maintenance Reserve Account if the moneys therein then equal not less than the Minimum Operation and Maintenance Reserve. The moneys in the Operation and Maintenance Reserve Account are to be accumulated and maintained as a continuing reserve to be used only to prevent deficiencies in the payment of the Operation and Maintenance Expenses of the Airport System resulting from the failure to deposit into the Operation and Maintenance Fund sufficient funds to pay such expenses as the same accrue and become due.

PFC Fund

All Passenger Facility Charges, upon their receipt from time to time by the City, are to be immediately deposited directly to the credit of the subaccounts in the PFC Fund in the following order of priority:

(a) First, to the PFC Debt Service Account in each Fiscal Year through 2013, inclusive, the lesser of (i) all Committed Passenger Facility Charges received in each such Fiscal Year, and (ii) that portion of Committed Passenger Facility Charges received in each such Fiscal Year which, together with other available amounts credited to the PFC Debt Service Account, will be sufficient to make the payments from the PFC Debt Service Account to the Bond Fund required in each such Fiscal Year, as set forth below; and

(b) Second, to the PFC Project Account all Passenger Facility Charges so received by the City in each Fiscal Year not otherwise required to be applied as described in (a).

The following amounts, to the extent credited to the PFC Debt Service Account, will be irrevocably committed under the PFC Supplemental Ordinance to the payment of Debt Service Requirements on Senior Bonds in each Fiscal Year through 2013, inclusive:

2009	$115,617,000
2010	119,664,000
2011	123,852,000
2012	128,188,000
2013	132,673,000

If no payments to the PFC Debt Service Account are required, no Passenger Facility Charges are required to be deposited to the credit of the PFC Debt Service Account. Any amounts remaining in the PFC Debt Service Account on December 31, 2013, are to be credited to the PFC Project Account.

Amounts credited to the PFC Project Account may be applied to any lawful purpose relating to the Airport System as the Manager may from time to time determine, including the transfer to the PFC Debt Service Account for the payment of Debt Service Requirements.

The PFC Supplemental Ordinance is applicable only to the Passenger Facility Charges, as defined therein.

Notwithstanding the provisions of the PFC Supplemental Ordinance relating to the use of Passenger Facility Charges in excess of the Committed Passenger Facility Charges, Designated Passenger Facility Charges are to be included in Gross Revenues of the Airport System for purposes of the General Bond Ordinance in each of the Fiscal Years 2009 through 2013, inclusive, and are to continue to be included in Gross Revenues of the Airport System each Fiscal Year thereafter until such time as the Manager gives written notice to the Treasurer that such Designated Passenger Facility Charges are no longer to continue to be included in Gross Revenues for purposes of the General Bond Ordinance. While the Designated Passenger Facility Charges are included in Gross Revenues for purposes of the General Bond Ordinance, all such Designated Passenger Facility Charges, upon their receipt from time to time, to the extent not otherwise required to be applied under the General Bond Ordinance, are to be applied as follows: (1) first, in such amounts as the Manager determines, to pay Debt Service Requirements for Outstanding Bonds; (2) second, all Designated Passenger Facility Charges not applied as described in clause (1) above are to be irrevocably deposited in one or more Escrow Accounts established by the Manager to provide for the timely payment of Debt Service Requirements on such Outstanding Bonds as identified in such Escrow Accounts; and (3) third, all Designated Passenger Facility Charges not applied as described in clauses (1) or (2) above are to be expended for PFC eligible projects. All amounts credited to such Escrow Accounts pursuant to clause (2) in the previous sentence will be irrevocably committed to pay Debt Service Requirements on such identified Bonds and will be excluded from the computation of Debt Service Requirements relating to the issuance of Additional Bonds under the General Bond Ordinance or any computation required by the Rate Maintenance Covenant under the General Bond Ordinance.

Project Fund

The money in the appropriate subaccount in the Project Fund is to be applied to the payment of the Cost of the Improvement Project or Refunding Project, or a combination thereof, as the case may be.

Payments from the Project Fund can be made only after the Manager has certified that such payments will comply with the Tax Code and upon voucher drawn by the Manager and filed with the Auditor. For each Fiscal Year after the delivery of any Bonds, until the termination of each Improvement Project, the City will cause an audit to be made by an Independent Accountant of all receipts and money then on deposit in the Project Fund and all disbursements made pursuant to the provisions of the Senior Bond Ordinance.

Upon substantial completion of the Improvement Project, surplus moneys in the Project Fund, not reserved for the payment of any remaining Cost, are to be paid to the Bond Reserve Fund if the Minimum Bond Reserve is not fully accumulated, and then paid to the Interest Account, the Principal Account or the Sinking Fund Account or to any combination of such subaccounts. Notwithstanding the above, any surplus moneys in the Project Fund will be applied so as to permit compliance with requirements of the Tax Code.

Alterations of, additions to, and deletions from any Improvement Project may be made prior to the withdrawal of all moneys accounted for in the applicable subaccount in the Project Fund, but, in the required Airport Consultant’s opinion, any such alterations, additions and deletions will neither render the City incapable of meeting its rate maintenance covenant nor increase the estimated Cost of such

Improvement Project, as fixed by Supplemental Ordinance, by more than 25% (excluding from such determination of Cost any capitalized interest, funded reserves, purchase discounts, or costs of issuance).

Investments

The Investment Securities purchased as an investment or reinvestment of moneys in any such account or subaccount are to be deemed at all times to be part of the account or subaccount and held in trust therefor. Except as otherwise provided in the Senior Bond Ordinance, any interest earned on, or any profit or loss realized from the liquidation of, such Investment Securities and any interest or other gain from the deposit of moneys in any commercial bank, are to be credited or charged to the Revenue Fund as such gain or loss is realized; but any such interest, profit or loss on Investment Securities in any subaccount in the Project Fund or in the Bond Reserve Fund is to be credited or charged to such account or subaccount, and no interest or profit transferred to the Revenue Fund from any subaccount in the Project Fund until its termination or from the Bond Reserve Fund until the moneys accounted for therein, after any such transfer, are at least equal to the Minimum Bond Reserve.

In the computation of the amount in any account or subaccount as required by the Senior Bond Ordinance, Investment Securities purchased as an investment of moneys therein are to be valued at the cost thereof (including any amount paid as accrued interest) or the principal amount thereof, whichever is less; except that Investment Securities purchased at a premium initially may be valued at the cost thereof, but in each year after such purchase are to be valued at a lesser amount determined by ratably amortizing the premium over their remaining term. The valuation of Investment Securities and bank deposits accounted for in any account or subaccount must be made not less frequently than annually.

Insurance

The City has covenanted that it will insure and at all times keep the Airport System insured to the extent insurable by a responsible insurance company, companies, or carriers authorized and qualified under the laws of the State to assume the risk thereof against direct physical damage or loss from fire and so-called extended coverage perils in an amount not less than 80% of the replacement value of the Facilities so insured, less depreciation; but such amount of insurance will at all times be sufficient to comply with any legal or contractual requirement which, if breached, would result in assumption by the City of a portion of any loss or damage as a co-insurer; and also, if at any time the City is unable to obtain such insurance to the extent required at reasonable cost, the City will maintain such insurance to the extent reasonably obtainable. The proceeds of all such insurance will be available for, and to the extent necessary will be applied to, the repair, reconstruction and other replacement of damaged or destroyed Facilities. If the proceeds are more than sufficient for such purpose, the balance remaining will be paid first into the Bond Reserve Fund to the extent necessary to bring the amount on deposit therein up to the then Minimum Bond Reserve, then any balance will be transferred into the Capital Fund. If such proceeds are insufficient to repair, reconstruct or otherwise replace the damaged or destroyed Facilities, the deficiency may be supplied from moneys in the Capital Fund or any other moneys legally available for such purposes.

The City also covenants that it will at all times carry with a responsible insurance company, to the extent not provided for in leases and agreements between the City and others relating to the Airport System, insurance covering the loss of revenues from Facilities by reason of necessary interruption, total or partial, in the use thereof, resulting from damage thereto, or destruction thereof, however caused, in such amounts as are estimated to be sufficient to provide a full normal income during the period of suspension subject to certain conditions. The Senior Bond Ordinance also makes provision for insurance against liability to any person sustaining bodily injury or property damage or the death of any person by reason of defect or want of repair in or about the Airport System or by reason of the negligence of any employee, and against such other liability for individuals, including workmen's compensation insurance, to the extent attributed to ownership and operation of the Airport System and damage to property.

For any company insuring the Airport System under a general liability policy, the total liability of such company for all damages resulting from all bodily injury and all property damage as the result of any one occurrence, will not be less than $75 million under a single limit of liability endorsement or other like provision of the policy regardless of the number of insureds under the policy, individuals who sustain bodily injury or property damage, claims made or suits brought on account of bodily injury or property damage, or occurrences.

Records, Reports and Audits

The City has covenanted that it will keep complete and correct books and records showing the monthly revenues derived from the Airport System or any Special Facilities and of the disposition thereof in reasonable detail as may be determined by the Manager, and in accordance with generally accepted accounting principles; and that, on the basis of such books and records, the City will cause reports to be prepared quarterly and copies to be mailed promptly (a) to the Airport Consultant and (b) to those owners of Outstanding Bonds who may request in writing such reports.

The City has covenanted it will cause an audit to be made of its books and accounts pertaining to the Airport System by an Independent Accountant as soon as practicable following the close of each Fiscal Year. The annual audit report is to include for the period covered (a) a statement showing, among other things, (i) the amount of Gross Revenues, (ii) the amount of Operation and Maintenance Expenses, (iii) the amount of Net Revenues including a statement as to the amount of Other Available Funds and as to whether or not such Net Revenues together with Other Available Funds have been at least sufficient to meet the Rate Maintenance Covenant, and (iv) the amount of any capital expenditures pertaining to the Airport System and any Special Facilities; (b) a balance sheet as of the end of the Fiscal Year; (c) a comment by the Independent Accountant concerning the City's methods of operation, accounting practices, and compliance with the Senior Bond Ordinance and other instruments and proceedings relating to the Airport System and any Special Facilities as is deemed appropriate; (d) a list of insurance policies in effect at the end of the audit period; and (e) a recapitulation of each account and subaccount created by the Senior Bond Ordinance and any other instrument or proceeding relating to the Airport System. Within 90 days after each annual audit report is filed with the City, copies of such reports are to be mailed to the Airport Consultant, to those owners of Outstanding Bonds who may request in writing such report, and to any others as required.

Defeasance

When all principal, interest, and any prior redemption premiums due in connection with the Bonds have been duly paid, or provision made therefor in accordance with the Senior Bond Ordinance, all covenants, agreements and other obligations of the City to the owners of the Bonds will thereby terminate, become void and be discharged and satisfied.

Any Outstanding Bond, prior to the maturity or redemption date thereof, will be deemed to have been paid if (a) in case such Bond is to be redeemed on any date prior to its maturity, the City has by Supplemental Ordinance given irrevocable instructions to effect due notice of redemption on such redemption date, if such notice is required; (b) there have been deposited in an Escrow Account, either (i) moneys in an amount which will be sufficient or (ii) direct obligations of, or obligations the principal and interest on which are unconditionally guaranteed by, the United States of America ("Federal Securities") which do not contain provisions permitting the redemption thereof at the option of the issuer, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held in such Escrow Account at the same time, will be sufficient to pay when due the principal of and interest due and to become due on such Bond on or prior to its redemption or maturity date; and (c) in the event such Bond is not subject to redemption within the next 60 days, the City by Supplemental Ordinance will have given irrevocable instructions to effect, as soon as practicable, notice to the owner of such Bond that the deposit required by (b) above has been placed in such Escrow Account and that such Bond is deemed to have been paid and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of, premium, if any, and interest on such Bond.

As to Variable Rate Bonds, the amount required for the interest thereon will be calculated at the maximum rate which such Variable Rate Bonds may bear; provided, however, that if on any date, as a result of such Variable Rate Bonds having borne interest at less than such maximum rate for any period, the total amount of moneys and such Federal Securities on deposit for the payment of interest on such Variable Rate Bonds is in excess of the total amount which would have been required to be deposited on such date in respect of such Variable Rate Bonds in order to fully discharge and satisfy such Variable Rate Bonds, the City may use the amount of such excess for lawful purposes relating to the Airport System free and clear of any trust, lien, security interest, pledge or assignment securing such Variable Rate Bonds or otherwise existing under the Senior Bond Ordinance. See also "Series 2009C Supplemental Ordinance" below.

Notwithstanding any provisions of the Senior Bond Ordinance to the contrary, Option Bonds may only be discharged and satisfied by depositing moneys or Federal Securities which together with other moneys lawfully available therefor are sufficient at the time of such deposit to pay when due the maximum amount of principal of, premium, if any, and interest on such Option Bonds which could become payable to the owners of such Option Bonds upon the exercise of any options provided to the owner of such Option Bonds or upon the mandatory tender thereof; provided, however, that if, at the time such a deposit is made, the options originally exercisable by the owner of an Option Bond are no longer exercisable or such Option Bonds are no longer subject to mandatory tender, such Option Bond will not be considered an Option Bond for purposes of this paragraph. If any portion of the moneys deposited for the payment of the principal of, and premium, if any, and interest on Option Bonds is not required for such purpose, the City may use the amount of such excess for lawful purposes relating to the Airport System free and clear of any trust, lien, security interest, pledge or assignment securing said Option Bonds or otherwise existing under the Senior Bond Ordinance.

This provision would be changed by the Proposed Amendments. See "APPENDIX D – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE."

Modification of the Senior Bond Ordinance

The Senior Bond Ordinance may be amended or supplemented by a Supplemental Ordinance without the consent of or notice to the owners of Bonds as follows: (a) to authorize the issuance of Additional Parity Bonds and to specify and determine matters which are not contrary to or inconsistent with the Senior Bond Ordinance; (b) to cure defects in the Senior Bond Ordinance; (c) to grant any additional rights to the owners of Bonds, including, without limitation, the designation of a trustee; (d) to add covenants of the City; (e) to add limitations on the City; (f) to confirm any pledge of the Pledged Revenues or any other moneys; (g) to cause the Senior Bond Ordinance to comply with the Trust Indenture Act of 1939, as amended; and (h) to effect any other changes in the Senior Bond Ordinance which in the opinion of an attorney or firm of attorneys whose experience in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized, do not materially and prejudicially affect the rights of the owners of any Bonds.

The Senior Bond Ordinance also may be amended or supplemented by a Supplemental Ordinance adopted by the City upon the written consent of the owners of Bonds constituting more than 50% in aggregate principal amount of all Bonds then Outstanding and affected by the amendment or supplement. Notwithstanding, no such Supplemental Ordinance will have the effect of permitting without the consent of the owner of any Bond Outstanding so affected: (a) a change (other than as expressly provided for in the Supplemental Ordinance authorizing such Bond) in the maturity or in the terms of redemption of principal, or any installment of interest of any Outstanding Bond; (b) a reduction of the principal, interest rate or prior redemption premium of any Bond; (c) the creation of a lien upon or a pledge of revenues ranking prior to the lien or to the pledge created by the Senior Bond Ordinance; (d) a reduction of the principal amount or percentages of Bonds, the consent of the owners of which is required for any such amendment or modifications; (e) the establishment of priorities as between Outstanding Bonds; or (f) modifications materially and prejudicially affecting the rights of the owners of any Bonds then Outstanding.

This provision would be changed by the Proposed Amendments. See "APPENDIX D – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE."

Events of Default

The Senior Bond Ordinance provides that each of the following events is an "Event of Default": (a) the City's failure to pay when due the principal of any Bond, or any prior redemption premium in connection therewith, or both, or any failure to pay any installment of interest after it is due and payable; (b) the City is rendered incapable of fulfilling its obligations under the Senior Bond Ordinance; (c) the City's failure to perform (or begin the performance of) all acts required of it under any contract relating to the Pledged Revenues, the Airport System, or otherwise, which failure continues for 60 days after receipt of notice by the City from the owners of 10% in principal amount of all Bonds then Outstanding of such failure; (d) the City discontinues, delays, or fails to carry out the repair, reconstruction or replacement of any material part of the Airport System (which, if not promptly repaired, would have a material adverse effect on the Pledged Revenues) which is destroyed or damaged; (e) an order or decree is entered with the City's consent appointing a receiver for the Airport System or the Pledged Revenues derived therefrom, or having been entered without the consent of the City, such order or degree is not vacated, discharged, or stayed on appeal within 60 days after entry; (f) the City defaults in the due and punctual performance of any other covenants, agreements, and provisions contained in any Bonds or in the Senior Bond Ordinance on its part to be performed, and such default has continued for 60 days after written notice specifying such default and requiring the same to be remedied has been given to the City by the owners of 10% in principal amount of all Bonds then Outstanding; (g) the City files a petition pertaining to its Airport System and seeking a composition of indebtedness under the Federal Bankruptcy Law, or under any other applicable law or statute of the United States of America or the State; and (h) such other Event of Default as is set forth in any Supplemental Ordinance; provided, however, that it will not be an Event of Default under clauses (c) or (f) if the Manager determines that corrective action has been instituted within the 60-day period and is being diligently pursued. See "Series 2009C Supplemental Ordinance" below.

Remedies of Owners of Bonds

Upon the occurrence and continuance of any Event of Default (except as otherwise provided by Supplemental Ordinance with respect to Credit Enhanced Bonds), the owners of not less than 10% in principal amount of all Bonds then Outstanding may declare the principal and interest of the Bonds then outstanding due and immediately payable and proceed against the City to protect and enforce the rights of the owners of the Bonds issued under the Senior Bond Ordinance by mandamus or by other suit, action, or special proceedings in equity, or at law, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained in, or by any award of execution of any power granted in the Senior Bond Ordinance or for the enforcement of any proper legal or equitable remedy as such bond owners may deem most effectual to protect and enforce such rights, or for acceleration subject to the conditions of the Senior Bond Ordinance. No remedy specified in the Senior Bond Ordinance is intended to be exclusive of any other remedy, and each and every remedy is to be cumulative.

Upon the happening of an Event of Default, the City will perform all acts on behalf of the owners of the Bonds to protect the security created for the Bonds and to insure timely payment thereof. During the continuance of an Event of Default, subject to any limitations with respect to payment of Credit Enhanced Bonds, the City, after payment (but only out of moneys received other than pursuant to a draw on a Credit Facility) of the amounts required for reasonable and necessary Operation and Maintenance Expenses and for the reasonable renewals, repairs and replacements of the Airport System necessary in the judgment of the City to prevent a loss of Gross Revenues, will apply all moneys, securities and funds under the Senior Bond Ordinance, including, without limitation, Gross Revenues as an express trust for the owners of the Bonds and will apply the same toward the payment of principal of and interest on the Bonds in the order specified in the Senior Bond Ordinance.

Covenant Against Competing Facilities

Unless, in the opinion of an attorney or firm of attorneys of recognized standing, compliance with such covenant in a particular situation would violate federal or State antitrust laws, the City has covenanted that it will neither construct, affirmatively permit to be constructed, facilitate the construction or operation of, nor enter into any agreement permitting or otherwise facilitating the construction or operation of, other facilities to be operated by any person competing with the operation of the Airport in a manner that would materially and adversely affect the City's ability to comply with the requirements of the rate maintenance covenant, but nothing in such covenant impairs the police power of the City, and nothing therein prevents the City from participating in a joint action agency, other regional entity or as a party to any intergovernmental agreement for the acquisition, operation and maintenance of airport facilities so long as provision has been made for the repayment of all Bond Requirements of all Outstanding Bonds or so long as such acquisition, operation and maintenance of such airport facilities, in the opinion of the Airport Consultant, will not materially and adversely affect the City's ability to comply with the requirements of the rate maintenance covenant of the Senior Bond Ordinance.

Corporate Existence

The City has covenanted that it will maintain its corporate identity and existence so long as any Bonds remain Outstanding, unless another body corporate and politic, by operation of law or by contract, succeeds to the duties, privileges, powers, liabilities, disabilities, immunities, and rights of the City with respect to the Airport System without, in an attorney's opinion, adversely and materially affecting the privileges and rights of any owner of any Outstanding Bond.

Disposal of Airport Property

The City has covenanted that, except in the normal course of business and except as otherwise provided below, neither all nor a substantial part of the Airport System will be sold, leased, mortgaged, pledged, encumbered, alienated, or otherwise disposed of until all Bonds have been paid in full, or unless provision has been made therefor. The City may, however, transfer all or a substantial part of the Airport System to another body corporate and politic (including without limitation, any successor of the City) which assumes the City's obligations with respect to the Airport System, wholly or in part, if in an attorney's opinion, the privileges and rights of any owner of any Outstanding Bonds are not materially and adversely affected. In the event of any such transfer and assumption, the City is not prevented from retaining any facility of the Airport if, in an attorney's opinion, such retention will not materially and adversely affect the privileges and rights of any owner of any Outstanding Bonds.

The City may execute (with certain limitations) leases, licenses, easements, or other agreements in connection with the operation of the Airport System.

The City may sell, exchange, lease, or otherwise dispose of, or exclude from the Airport System, any Facilities constituting a part of the Airport System which have, in the opinion of the Manager, ceased to be necessary for the efficient operation of the Airport System, or which have been replaced by other Facilities of at least equal value, except to the extent the City is prevented from so doing by any contractual limitation pertaining thereto. The net proceeds of the sale of any such Facilities are to be used for the purpose of replacing Facilities at the Airport System, or are to be paid into the Capital Fund.

Tax Covenant

The City has covenanted that it will not take (or omit to take) or permit or suffer any action to be taken if the result thereof would cause any Bonds to become arbitrage bonds within the meaning of Section 148 of the Tax Code. The City further has covenanted that it will not (a) make any use of the proceeds of any Bonds, any fund reasonably expected to be used to pay the principal of or interest on any Bonds, or any other funds of the City, (b) make any use of any Facilities, or (c) take (or omit to take) any other action with respect to any Bonds, if such use, action or omission would, under the Tax Code, cause the interest on any Bonds to be included in gross income for federal income tax purposes. Notwithstanding, the City may issue Bonds the interest on which is intended to be included in gross income for federal income tax purposes.

Miscellaneous

The City has agreed that it will maintain and keep the Facilities in a sanitary condition, in good repair, in working order, and free from obstructions. The City further has agreed to maintain and operate the Facilities in a manner suitable for air transport operations. The City will make any further assurances as may be necessary with respect to the pledge of Gross Revenues of the Airport System. The City will prevent any accumulation of claims for interest after maturity.

Series 2009C Supplemental Ordinance

The undertakings, covenants, agreements, obligations, warranties and representations of the City in the Senior Bond Ordinance in respect of the Series 2009C Bonds are the undertakings, covenants, agreements, obligations, warranties and representations of the City, for and on behalf of the Department.

The Series 2009C Supplemental Ordinance provides that, in addition to the Events of Default specified in "Events of Default" above, an Event of Default will occur in respect of the Series 2009C Bonds: (1) if payment of the Purchase Price by the City in respect of any Series 2009C Bond is not made within 10 days after the date when the same becomes due and payable under the Series 2009C Supplemental Ordinance; (2) upon the receipt by the Paying Agent, the City and the Remarketing Agent of a written notice from the Series 2009C Credit Facility Provider stating that a termination under the related Series 2009C Credit Facility has occurred and declaring an Event of Default with respect to the Series 2009C Bonds under the Senior Bond Ordinance; or (3) upon the receipt by the Paying Agent of a notice of non-reinstatement of the Series 2009C Credit Facility from the Series 2009C Credit Facility Provider in accordance with such Series 2009C Credit Facility providing liquidity and/or credit support with respect to the Series 2009C Bonds pursuant to which such Series 2009C Credit Facility Provider may require a mandatory tender of the Series 2009C Bonds.

The Series 2009C Supplemental Ordinance provides that notwithstanding the provisions of the Senior Bond Ordinance, if the Series 2009C Bonds are defeased while they bear interest at a Variable Rate, the defeasance period is to end upon the first tender or redemption date for the Series 2009C Bonds and sufficient funds are to be deposited at the Maximum Rate in order to satisfy such tender or redemption, or the City receives written evidence from each Rating Agency then maintaining a rating on the Series 2009C Bonds that the ratings on the Series 2009C Bonds following such defeasance will not be withdrawn or reduced below the ratings on the Series 2009C Bonds immediately prior to such defeasance. See “Defeasance” above.

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APPENDIX D

PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE

The amendments to the Senior Bond Ordinance that have been proposed but not yet adopted are set forth below. These Proposed Amendments may become effective only upon adoption of a Supplemental Ordinance by the City Council. The City Council is under no obligation to adopt any of these Proposed Amendments, and no representation is made herein regarding which of the remaining Proposed Amendments, if any, may eventually be adopted. By purchase and acceptance of the Series 2009C Bonds, the Owners and Beneficial Owners thereof are deemed to have consented to the adoption of the Proposed Amendments, either in whole or in part, substantially in the form set forth below and to the appointment of American National Bank as their agent with irrevocable instructions to file a written consent to that effect at the time and place and in the manner provided by the Senior Bond Ordinance. The purchasers of all Senior Bonds issued by the City in 2000 and thereafter have likewise been deemed to have consented to the Proposed Amendments. See also "SECURITY AND SOURCES OF PAYMENT – Proposed Amendments to the Senior Bond Ordinance." ***The Proposed Amendments are shown in blackline.***

DEFINITIONS–Section 102 A.

The following definitions are to be amended to read as follows:

(8.1) "Balloon Maturities" means, with respect to any series of Bonds or other Obligations 50% or more of the aggregate principal amount (or stated face amount) of which is payable as a Bond Requirement in any Fiscal Year, that portion of that series which matures within that Fiscal Year. For purposes of this definition, the principal amount maturing on any date shall be reduced by the amount of those Bonds or other Obligations required to be redeemed or otherwise prepaid prior to their stated maturity date. Similar structures with respect to commercial paper, bond anticipation notes or other Short-Term/Demand Obligations shall not be Balloon Maturities for purposes of this Instrument.

(22.1) "Contract Obligations" means capital leases, installment purchase agreements, guaranty agreements, or other similar contracts, which are payable from all or any designated portion of the Net Revenues of the Airport System and secured under this Instrument. The term does not include (a) Bonds, Credit Facility Obligations, or Hedge Facility Obligations; or (b) obligations that may be treated as Operation and Maintenance Expenses under generally accepted accounting principles and obligations incurred and payable in full within a single Fiscal Year (whether or not such obligations may be so treated as Operation and Maintenance Expenses).

(47) "Minimum Bond Reserve" means **(i) so long as any Bonds issued prior to August 1, 2000 are Outstanding,** the maximum amount of Bond Requirements in any Fiscal Year, or portion thereof, during the period commencing on the date of such computation and ending on the last date on which any Bonds to which such Bond Requirements relate will be Outstanding**, and (ii) if no Bonds issued prior to August 1, 2000 are Outstanding, an amount equal to the lesser of (A) the maximum amount of Bond Requirements in any Fiscal Year, or portion thereof, during the period commencing on the date of such computation and ending on the last date on which any Bonds to which such Bond Requirements relate will be Outstanding or (B) 125% of the average annual aggregate Bond Requirements on the Bonds then Outstanding; provided that if no Bonds issued prior to August 1, 2000 remain**

Outstanding, the Minimum Bond Reserve may be reduced to the maximum amount which is permitted to be capitalized for such purpose from the proceeds of such Bonds under then current law in order to maintain the exclusion from gross income for federal income tax purposes of interest on such Bonds; and provided further that no Minimum Bond Reserve shall be required for any Short Term/Demand Obligations. With respect to any series of Bonds, ~~25%~~ **50%** or more of the aggregate principal amount (or stated face amount) of which is payable as a Bond Requirement in any Fiscal Year, if such principal (or stated face amount) is not required to be redeemed or prepaid prior to such date of payment, it shall be assumed for purposes of determining the Minimum Bond Reserve that ~~(i) such~~**(x) such** series of Bonds matures over a ~~twenty~~ **thirty**-year term from its date of issuance, ~~(ii) bears~~**(y) bears** interest at a rate determined by the Treasurer to be the rate on bonds of comparable term and credit under then existing market conditions, provided that the rate so determined shall not be less than the actual rate or rates borne by such series of Bonds, and ~~(iii) is~~**(z) is** payable on a substantially level annual debt service basis assuming the rate so determined.

(50) "Net Rent Lease" means a lease **or license** of facilities relating to the Airport System or Special Facilities entered into by the City pursuant to which the lessee or licensee agrees to pay to the City rentals **or other payments** during the term thereof **for the use of certain facilities**, and to pay in addition all operation and maintenance expenses relating to ~~the leased~~ **such** facilities, including, without limitation, maintenance costs, insurance, and all property taxes and assessments now or hereafter lawfully levied.

(56.1) "Other Defeasance Securities" means any type of security or obligation, in addition to Federal Securities, that the Rating Agencies then maintaining ratings on any Bonds to be defeased have determined are permitted defeasance securities and qualify the Bonds to be defeased thereby for a rating in the highest category of, or are otherwise approved by, such Rating Agencies; provided that such security or obligation must be a permitted investment under the City's investment policy as then in effect.

(58) The term "owner" or any similar term, when used in connection with any Bonds means the registered owner of any Bond or the owner of record as to any Bond issued in book entry form**; provided that with respect to any series of Bonds which is insured by a bond insurance policy, the term "owner" for purposes of all consents, directions, and notices provided for in this Instrument and any applicable Supplemental Ordinance, shall mean the issuer of such bond insurance policy so long as such policy issuer has not defaulted under its policy.**

(71.2) "Released Revenues" means revenues of the Airport System in respect of which the following have been filed with the Clerk:

> **(a) a certificate of the Manager describing such revenues and requesting that such revenues be excluded from the term Gross Revenues;**
>
> **(b) either (i) an Independent Accountant's certificate to the effect that Net Revenues in the two most recent completed Fiscal Years, after the revenues covered by the Manager's request are excluded, were at least equal to the larger of (A) the amounts needed for making the required deposits to the credit of the several subaccounts in the Bond Fund, the Bond Reserve Fund, and the Operation and Maintenance Reserve Account, or (B) an amount not less than 135% of the average Debt Service Requirements for each Fiscal Year during the remaining term of all Bonds that will remain Outstanding after the exclusion of such revenues; or (ii) an Airport Consultant's certificate containing the estimates required by Section 704B,**

to the effect that, based upon reasonable assumptions, projected Net Revenues for each of the three full Fiscal Years following the Fiscal Year in which such certificate is delivered, after the revenues covered by the Manager's certificate are excluded, will not be less than the larger of (A) the amounts needed for making the required deposits to the credit of the several subaccounts in the Bond Fund, the Bond Reserve Fund, and the Operation and Maintenance Reserve Account, or (B) an amount not less than 150% of the average Debt Service Requirements for each Fiscal Year during the remaining term of all Bonds that will remain Outstanding after the exclusion of such revenues;

(c) an opinion of Bond Counsel to the effect that the exclusion of such revenues from the definition of Gross Revenues and from the pledge and lien of this Instrument will not, in and of itself, cause the interest on any outstanding Bonds to be included in gross income for purposes of federal income tax; and

(d) written confirmation from each of the Rating Agencies to the effect that the exclusion of such revenues from the pledge and lien of this Instrument will not cause a withdrawal or reduction in any unenhanced rating then assigned to the Bonds.

Upon filing of such documents, the revenues described in the Manager's certificate shall no longer be included in Gross Revenues and shall be excluded from the pledge and lien of this Instrument.

(74.1) "Short-Term/Demand Obligations" means each series of Bonds issued pursuant to this Instrument, (a) the payment of principal of which is either (i) payable on demand by or at the option of the owner at a time sooner than a date on which such principal is deemed to be payable for purposes of computing Debt Service Requirements, or (ii) scheduled to be payable within one year from the date of issuance and is contemplated to be refinanced for a specified period or term either (A) through the issuance of additional Short-Term/Demand Obligations pursuant to a commercial paper or other similar program, or (B) through the issuance of long-term Bonds pursuant to a bond anticipation note or similar program, and (b) the purchase price, payment or refinancing of which is additionally secured by a Credit Facility.

(77) "Special Facilities" means facilities relating to or used in connection with the Airport System, the cost of which is financed with the proceeds of Special Facilities Bonds issued pursuant to art. VIII hereof. **The Cost of any Special Facilities may include the types of costs included herein under the definition of "Cost," and may also include indirect costs for improvements to other parts of the Airport System or public utilities and other infrastructure not owned by the City that the Manager deems necessary and desirable in connection with such Special Facilities.**

The following new subparagraphs (e), (f), and (g) are to be added to the definition of "Debt Service Requirements":

(e) The Debt Service Requirements of any series of Bonds (other than Bonds that mature within one year of the date of issuance thereof) or other Obligations all or a portion of which constitutes a Balloon Maturity shall, unless otherwise provided in the Supplemental Ordinance pursuant to which such Bonds are authorized, be calculated by assuming that principal and interest on such Balloon Maturity is to be amortized over a 30-year period, beginning on the date of

issuance or incurrence, assuming level debt service payable in each year at a rate of interest equal to the actual rate of interest of such Balloon Maturity on the date of calculation, provided that if the date of calculation is within 12 months of the final due date of such Balloon Maturity, the full amount of principal to become due shall be included in the calculation unless provision (g) of this definition then applies to such maturity.

(f) If all or any portion of an outstanding series of Bonds constitutes Short-Term/Demand Obligations, then, for purposes of determining Debt Service Requirements, each maturity that constitutes Short-Term/Demand Obligations shall, unless otherwise provided in the Supplemental Ordinance pursuant to which such Bonds are authorized, be treated as if it were to be amortized over a term of not more than 30 years and with substantially level annual debt service funding payments commencing not later than the year following the year in which such Short-Term/Demand Obligations were issued, and extending not later than 30 years from the date such Short-Term/Demand Obligations were originally issued; the interest rate used for such computation shall be that rate quoted in The Bond Buyer 25 Revenue Bond Index for the last week of the month preceding the date of calculation as published by *The Bond Buyer*, or if that index is no longer published, another similar index designated by the Manager, taking into consideration whether such Bonds bear interest which is or is not excluded from gross income for federal income tax purposes; with respect to any series of Bonds only a portion of which constitutes Short-Term/Demand Obligations, the remaining portion shall be assumed to be paid in accordance with any amortization schedule established by the Supplemental Ordinance setting forth the terms of such Bonds or shall be treated as described in such other provision of this definition as shall be applicable.

(g) Any maturity of Bonds that constitutes a Balloon Maturity as described in provision (e) of this definition and for which the stated maturity date occurs within 12 months from the date such calculation of Debt Service Requirements is made, shall be assumed to become due and payable on the stated maturity date, and provision (e) above shall not apply thereto, unless the Treasurer shall file a certificate with the Clerk stating (i) that the City intends to refinance such maturity, (ii) the probable terms of such refinancing and (iii) that City has the financial ability to successfully complete such refinancing; upon the receipt of such certificate, such Balloon Maturity shall be assumed to be refinanced in accordance with the probable terms set out in such certificate and such terms shall be used for purposes of calculating Debt Service Requirements; provided that such assumption shall not result in an interest rate lower than that which would be assumed under provision (e) above and shall be amortized over a term of not more than 30 years from the expected date of refinancing.

The following new subparagraph (i) is to be added to the definition of "Gross Revenues":

(i) Any Released Revenues in respect of which there have been filed with the Clerk a Manager's certificate, an Airport Consultant's certificate, and an opinion of Bond Counsel and the other documents contemplated in the definition of "Released Revenues."

OTHER PROVISIONS

The last paragraph of Section 603 (Deposit and Investment of Moneys) is to be amended to read as follows:

Moneys held in the Bond Fund, Capitalized Interest Account and the Bond Reserve Fund shall not be invested and reinvested in any obligations of the City included within the definition of Investment Securities. Investments of money in the Bond Reserve Fund shall mature not later than ~~ten years from the date of investment, and in no event later than~~ the final fixed maturity date of Bonds the payment of which is secured thereby. For purposes of any such investment or reinvestment, Investment Securities shall be deemed to mature at the earliest date on which the obligor **or a third party** is, on demand, obligated to pay a fixed sum in discharge of the whole of such obligations. In scheduling each such investment or reinvestment, the Treasurer may rely upon estimates of appropriate officers or employees of the City.

A new Section 709 is to be added as follows:

Section 709. Contract Obligations.

The City or the City for and on behalf of the Department may incur Contract Obligations for any Improvement Project or Refunding Project. Such Contract Obligations shall be incurred pursuant to a Supplemental Ordinance, which (i) may pledge all or any designated portion of the Net Revenues to the payment of such Contract Obligations; (ii) shall provide the terms and conditions of such Contract Obligations; (iii) shall provide for the payment of such Contract Obligations; and (iv) may provide for such other matters as the Manager and the City shall determine. Prior to the incurrence of any Contract Obligations there shall be filed with the Clerk the certificates, opinions and reports described in subsections B and C of Section 704 hereof; provided that for the purposes of such certificates, opinions and reports Contract Obligations shall be treated, as nearly as practicable, as Bonds.

A new Section 806 is to be added as follows:

Section 806. Loan Agreements for Special Facilities Bonds.

In connection with Special Facilities to be used by one or more persons, in lieu of a Net Rent Lease the City may also enter into a loan or financing agreement under which the user or users of the Special Facilities agree to pay all expenses of operation and maintenance and to make payments sufficient to pay the principal of, interest on, and any redemption premium due in connection with Special Facilities Bonds to be issued by the City to finance such Special Facilities. Except for ground rentals or payments in lieu of ground rentals to be received by the City, all or part of the payments to be made under such loan or financing agreement may be assigned by the City to secure the payment of Special Facilities Bonds issued by the City to finance such Special Facilities.

The last paragraph of Section 1101 (Defeasance) is to be amended to read as follows:

For all purposes of this section, the term "Federal Securities" shall be deemed to include those Investment Securities described in (but subject to the limitations of) § 102A(44) (b)(i) hereof **and Other Defeasance Securities.**

A new Section 1106 is to be added as follows:

Section 1106. Notice to Rating Agencies.

The Treasurer shall provide or cause to be provided to each of the Rating Agencies a copy of each notice given to owners of the Bonds, such notices to be sent to the address of each Rating Agency as filed with the Treasurer.

Paragraph (F) of Section 1303 (Amendments) is to be amended to read as follows:

F. Prejudicial Modification. ~~Modifications~~ **Other modifications** materially and prejudicially affecting the rights of the owners of ~~any~~ **some (but not all)** Bonds then Outstanding.

OTHER CHANGES

The General Bond Ordinance may be changed in other respects as necessary to implement the foregoing amendments and integrate them into the existing text of the Ordinance.

*   *   *

APPENDIX E

DTC BOOK-ENTRY SYSTEM

The information in this appendix concerning DTC and DTC's book-entry system has been obtained from DTC and contains statements that are believed to describe accurately DTC, the method of effecting book-entry transfers of securities distributed through DTC and certain related matters, but neither the City nor the Department takes any responsibility for the accuracy or completeness of such statements. Beneficial Owners should confirm the following information with DTC or the DTC Participants.

None of the City, the Department, the Paying Agent, the Registrar or the Underwriter has any responsibility or obligation to any Beneficial Owner with respect to (1) the accuracy of any records maintained by DTC or any DTC Participant, (2) the distribution by DTC or any DTC Participant of any notice that is permitted or required to be given to the Owners of the Series 2009C Bonds under the Senior Bond Ordinance, (3) the payment by DTC or any DTC Participant of any amount received under the Senior Bond Ordinance with respect to the Series 2009C Bonds, (4) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2009C Bonds or (5) any other related matter.

DTC will act as securities depository for the Series 2009C Bonds. The Series 2009C Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2009C Bond certificate will be issued for each maturity of the Series 2009C Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has S&P's highest rating: "AAA." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at http://www.dtcc.com and http://www.dtc.org. The City undertakes no responsibility for and makes no representations as to the accuracy or the completeness of the content of such material contained on such websites as described in the preceding sentence, including, but not limited to, updates of such information or links to other Internet sites accessed through the aforementioned websites.

Purchases of Series 2009C Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2009C Bonds on DTC's records. The ownership interest of each Beneficial Owner is in turn recorded on the records of Direct and Indirect Participants. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2009C Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2009C Bonds except in the event that use of the book-entry system for the Series 2009C Bonds is discontinued.

To facilitate subsequent transfers, all Series 2009C Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2009C Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2009C Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2009C Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2009C Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2009C Bonds, such as redemptions, tenders, defaults and proposed amendments to the Senior Bond Ordinance. For example, Beneficial Owners of Series 2009C Bonds may wish to ascertain that the nominee holding the Series 2009C Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of the notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Series 2009C Bonds within a maturity of the Series 2009C Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2009C Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2009C Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments with respect to the Series 2009C Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participants and not of DTC, the Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments with respect to the Series 2009C Bonds to Cede & Co., or to such other nominee as may be requested by an authorized representative of DTC, is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

A Beneficial Owner is to give notice to elect to have its Series 2009C Bonds purchased or tendered, through its Participant, to the Remarketing Agent, and is to effect delivery of such Series 2009C Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2009C Bonds, on DTC's records, to the Remarketing Agent. The requirement for physical delivery of the Series 2009C Bonds in connection with a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2009C Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2009C Bonds to the Remarketing Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Series 2009C Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2009C Bond certificates representing the Series 2009C Bonds are required to be printed and delivered as provided in the Senior Bond Ordinance.

The City may at any time decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository) with respect to the Series 2009C Bonds. In that event, Series 2009C Bond certificates representing the Series 2009C Bonds will be printed and delivered to DTC.

* * *

APPENDIX F

ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2008 AND 2007

This appendix includes the following sections from the 2008 Annual Financial Report of the Airport System: Independent Auditors' Report (pages 7 and 8); Management's Discussion and Analysis (pages 9 through 22); Financial Statements and Notes thereto (pages 23 through 27); and Supplemental Information (pages 28 through 60). The Introduction (pages 1 through 6) and Annual Financial Information (pages 61 through 67) have not been included but are available from the sources set forth in "Request for Information" on page 22 of this appendix.

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LLP

Independent Accountants' Report on Financial Statements and Supplementary Information

Audit Committee
City and County of Denver
Denver, Colorado

We have audited the accompanying basic financial statements of City and County of Denver, Colorado Municipal Airport System (the Airport System), an enterprise fund of the City and County of Denver (the City), as of and for the years ended December 31, 2008 and 2007, as listed in the table of contents. These financial statements are the responsibility of the City and County of Denver's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the Airport System are intended to present the financial position and the changes in financial position and cash flows of only that portion of the business-type activities of the City that is attributable to the transactions of the Airport System. They do not purport to, and do not, present fairly the financial position of the City as of December 31, 2008 and 2007, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Airport System as of December 31, 2008 and 2007, and its changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 6, effective January 1, 2008 the Airport System implemented Governmental Accounting Standards Board Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*.

Wells Fargo Center 1700 Lincoln Street, Suite 1400 Denver, CO 80203-4514
303 861-4545 Fax 303 832-5705

Audit Committee
City and County of Denver
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2009, on our consideration of the Airport System's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The introductory section and supplementary information section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

BKD, LLP

June 18, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2008 and 2007

Management's Discussion and Analysis (MD&A)

The following discussion and analysis of the financial position of and activity of the Municipal Airport System (Airport System) of the City and County of Denver, Colorado (the City) provides an introduction and understanding of the basic financial statements of the Airport System as of and for the years ended December 31, 2008 and 2007. The Airport System includes the Denver International Airport (the Airport) and the former Stapleton International Airport (Stapleton). This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

Financial Highlights

Operating revenues at the Airport were $540.8 million for the year ended December 31, 2008, an increase of $10.6 million (2.0%), as compared to the year ended December 31, 2007. The increase in revenue was primarily related to the increase in passenger traffic, which led to an increase in concession, parking, fuel tax and car rental revenues. Passenger traffic increased 2.8% for the year ended December 31, 2008.

Operating expenses, exclusive of depreciation and amortization, were $373.8 million for the year ended December 31, 2008, an increase of $83.0 million (28.6%) as compared to the year ended December 31, 2007. The increase was attributable to an increase in personnel costs, shuttle buses, electricity, snow removal, and Automated Guideway Transit System (AGTS) train and major repair and maintenance expenses of construction projects.

Overview of the Financial Statements

The Airport System is an enterprise fund of the City. An enterprise fund is established to account for operations that are financed and operated in a manner similar to business-type activities, where fees are charged to external parties to cover the costs of providing goods and services. An enterprise fund uses the accrual basis of accounting, and accordingly, revenues are recognized when earned and expenses are recognized as incurred.

The Airport System's financial statements consist of its statements of net assets, statements of revenues, expenses and changes in net assets, statements of cash flows, and notes to financial statements. The statements of net assets present information on the Airport System's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets serve as a useful indicator of whether the financial position of the Airport System is improving or deteriorating. The statements of revenues, expenses, and changes in net assets present information showing how the Airport System's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

In accordance with guidance prepared by the staff of the Governmental Accounting Standards Board, because the Airport presents comparative financial statements, its MD&A is required to address both years presented in the comparative financial statements. Therefore, the Airport's MD&A presents three years of comparative data – the current year, the prior year and the year preceding the prior year (i.e. 2008, 2007 and 2006).

Summary of Revenues, Expenses, and Changes in Net Assets

The following is a summary of the revenues, expenses, and changes in net assets for the years ended December 31, 2008, 2007, and 2006 (in thousands):

	2008	2007	2006
Operating revenues	$ 540,760	$ 530,151	$ 508,307
Operating expenses before depreciation and amortization	(373,829)	(290,773)	(262,514)
Operating income before depreciation and amortization	166,931	239,378	245,793
Depreciation and amortization	(168,026)	(159,309)	(151,507)
Operating income (loss)	(1,095)	80,069	94,286
Nonoperating revenues	193,655	179,764	150,223
Nonoperating expenses	(238,643)	(228,891)	(217,994)
Capital contributions	14,393	2,426	29,188
Increase (decrease) in net assets	(31,690)	33,368	55,703
Net assets, beginning of year	873,990	840,622	784,919
Net assets, end of year	$ 842,300	$ 873,990	$ 840,622

Operating Revenues
(In thousands)

	2008	2007	2006
Operating revenues:			
Facility rentals	$ 198,138	$ 205,639	$ 197,353
Concession revenues	42,297	40,599	34,305
Parking revenues	119,284	116,326	110,535
Car rental revenues	45,618	44,998	41,641
Landing fees	94,480	87,282	92,390
Aviation fuel tax	27,012	23,385	20,211
Other sales and charges	13,931	11,922	11,872
Total operating revenues	$ 540,760	$ 530,151	$ 508,307

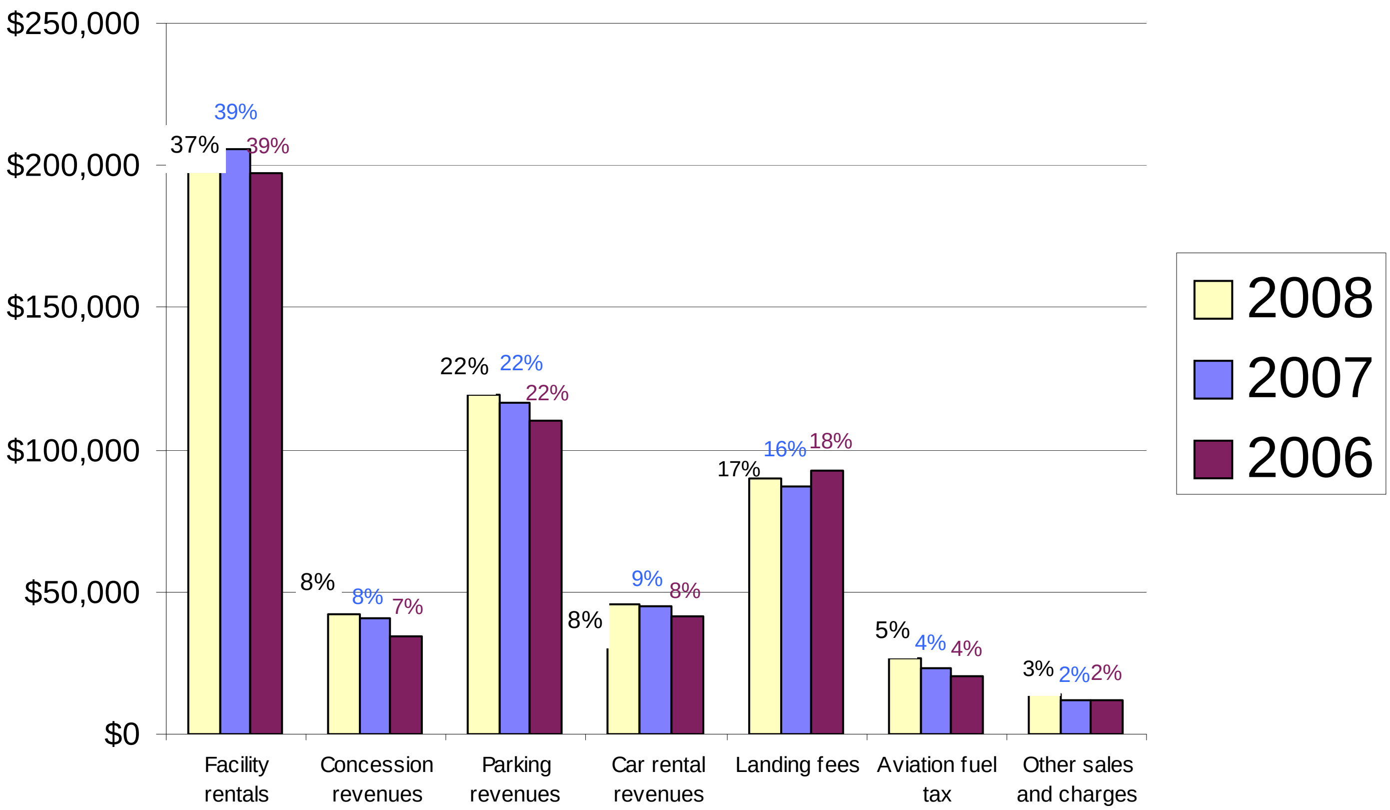
City and County of Denver, Colorado
Municipal Airport System

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2008 and 2007

Operating Revenues

% of Total Operating Revenues



In order to understand some of the variances in the Airport System financial statement changes, the analysis below explains the increase in revenues.

The Airport System's activities increased in four areas as described below and decreased in cargo for the year ended December 31, 2008 as compared to 2007 (in thousands):

	2008	2007	Percentage change
Enplanements	25,650	24,941	2.8 %
Passengers	51,245	49,863	2.8 %
Aircraft operations (1)	625	619	1.0 %
Cargo (in pounds)	553,459	589,402	(6.1) %
Landed weight (in tons)	33,251	32,834	1.3 %

(1) Aircraft operations are takeoffs, landings, or other communications with the control tower.

The Airport System's activities increased in four areas as described below and decreased in cargo for the year ended December 31, 2007 as compared to 2006 (in thousands):

	2007	2006	Percentage change
Enplanements	24,941	23,665	5.4 %
Passengers	49,863	47,327	5.4 %
Aircraft operations (1)	619	610	1.4 %
Cargo (in pounds)	589,402	621,655	(5.2) %
Landed weight (in tons)	32,834	31,848	3.1 %

(1) Aircraft operations are takeoffs, landings, or other communications with the control tower.

2008/2007

Operating revenues increased by 2.0%, to $540.8 million in 2008, from $530.2 million in 2007, primarily due to increases in parking, concession, fuel tax and car rental revenues. The parking revenues increase of $3.0 million, or 2.5%, is attributable to an increase in passenger traffic. Concession revenues between 2008 and 2007 increased by $1.7 million or 4.2%. The concession revenues increase was attributable to food and beverage service and retail concession revenue growth due to an increase in passenger traffic, and a minor increase in the spend-rate per passenger. Car rental revenues increased by $.6 million or 1.4% to $45.6 million due to an increase in originating and deplaning (O&D) passenger traffic.

Aviation fuel tax increased in 2008 by $3.6 million, or 15.5% due to the increase in usage and prices.

Landing fees increased by $7.2 million or 8.2%, which is attributable to the increase in landing fee rates per 1,000 pounds landed weight from $2.65 for signatory (an airline that has entered into a lease/use agreement with the Airport System) and $3.18 for non-signatory airlines (an airline that has entered into a Non-Signatory Airline Operating Agreement with the Airport System) in 2007 to $2.68 for signatory and $3.20 for non-signatory airlines in 2008.

Facility rentals decreased by $7.5 million or 3.6% which is attributable to the Airport in 2008 agreeing to issue the airlines credits of $10.7 million for additional monies that were identified in the state fuel tax audit. This was offset by an increase in space rent, preferential use which relates to the billing on Concourse B regional jet.

2007/2006

Operating revenues increased by 4.3% from $508.3 million in 2006 to $530.2 million in 2007, primarily due to increases in parking, concession revenues, car rentals and fuel tax. The parking revenues increase of $5.8 million or 5.2% is attributable to an increase in O&D passenger traffic. Concession revenues between 2007 and 2006 increased $6.3 million, or 18.3%. The concession revenues increase was attributable to food and beverage service and retail concession revenues growth due to an increase in passenger traffic and increase in the spend rate per passenger from $9.72 to $9.77. Car rental revenues increased by $3.4 million or 8.1%, to $45.0 million due to an increase in O&D passenger traffic. Passenger traffic increased 5.4% for the year ended December 31, 2007.

Aviation fuel tax increased in 2007 by $3.2 million, or 15.7% due to the increase in usage and prices.

Facility rentals increased by $8.3 million. The increase was attributed to an increase in the charges per square foot for space rented. An example is the preferential and non-preferential use fees increase from $85.28 to $85.90 per square foot for preferential and $102.336 to $103.08 per square foot for non-preferential.

Landing fees decreased by $5.1 million, or 5.5%, which is attributable to the reduction in landing fee rates per 1,000 pounds landed weight from $2.80 for signatory and $3.36 for non-signatory airlines in 2006 to $2.65 for signatory and $3.18 for non-signatory airlines in 2007. The rate reduction stems from a reduction in the cost recovery requirements of the airfield cost center.

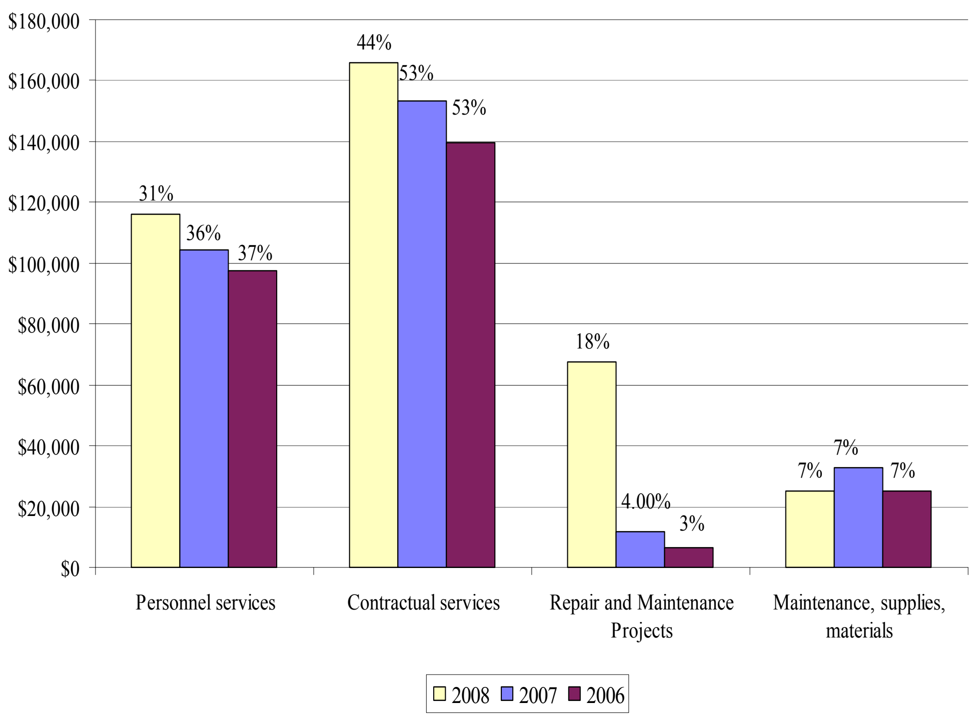
Operating Expenses Before Depreciation and Amortization

(In thousands)

		2008		2007		2006
Operating expenses before depreciation and amortization						
Personnel services	$	114,288	$	104,321	$	97,592
Contractual services		166,299		153,489		139,652
Repair and maintenance projects		67,737		11,555		6,367
Maintenance, supplies, and materials		25,505		21,408		18,903
Total operating expenses before depreciation and amortization	$	373,829	$	290,773	$	262,514

% Total Operating Expenses Before Depreciation and Amortization

(In thousands)



2008/2007

Operating expenses before depreciation and amortization increased by $83.0 million or 28.6% from $290.8 million in 2007 to $373.8 million in 2008. Personnel services increased by $10.0 million or 9.6% to $114.3 million in 2008 compared to $104.3 million in 2007. The increase in personnel costs permanent salaries was due to an increase in personnel staff and a 1% cost of living increase in 2008 for permanent salaries, overtime cost relating to snow personnel and health insurance.

The increase in contractual services in 2008 compared to 2007 of $12.8 million was due to an increase of $1.7 million for the repair and maintenance of the Automated Guideway Transportation System (AGTS) train and shuttle bus operations of $5.3 million due to an increase in the contracted maintenance rates. Additionally, there was an increase of $3.7 million in snow removal and an increase of $2.3 million for electricity.

The increase in repair and maintenance projects was due to a write-off in design work of $10.4 million related to hotel design, $3.9 million of concourse carpeting, $15.8 million of remodel of bathrooms, concourse remodel, relocation, and renovations, $5.0 million of roadways, surface repairs, $4.6 million in studies, $4.3 million in central plant relining, $3.5 million in ceiling replacements, $7.0 million of miscellaneous expenses, and $15.9 million in other costs such as inside/out communication wiring, community press room, emergency employees lodging, pond liner, and baggage repair, telecommunications and ground power replacement.

Maintenance, supplies and materials increased by $4.1 million or 19.1% to $25.5 million from $21.4 million in 2007 due to an increase in commercial snow removal chemicals and solvents, radio and electronic supplies and gasoline, diesel and natural gas costs, due to the increase in fuel costs in the first six months of 2008.

2007/2006

Operating expenses before depreciation and amortization increased by 10.8%, from $262.5 million in 2006 to $290.8 million in 2007. Personnel services increased by $6.7 million, or 6.9%, to $104.3 million in 2007 compared to $97.6 million in 2006. The increase in personnel costs permanent salaries of $6.7 million or 6.8% was due to an increase in personnel cost, permanent salaries and overtime costs, particularly relating to snow removal.

Contractual services increased in 2007 compared to 2006 by $19.0 million due principally to an increase in contractual snow removal, guard services, janitorial services and repair and maintenance costs.

Maintenance, supplies and materials increased $2.5 million, or 13.3%, to $21.4 million from $18.9 million in 2006 due to increases in road construction and janitorial supplies. An increase in gasoline, diesel and natural gas costs due to the increase in fuel costs also contributed to the increase in 2007.

Nonoperating Revenues and Expenses, Capital Grants and Capital Contributions

2008/2007

Total nonoperating expenses, net of nonoperating revenues, decreased by $4.1 million to $45.0 million in 2008. The decrease was due to an increase in investment income of $5.2 million, or 6.4%, which was due to additional proceeds from notes payable being invested during the year and the unrealized gain on investments of $23.8 million. Stapleton costs decreased $17.5 million related to the reimbursement of insurance costs to complete the remediation of certain environmental conditions at Stapleton. The reduction in total nonoperating expenses, net of nonoperating revenues, was partially offset by an increase in interest expense. The increase in interest was due to distressed auction bonds and Variable Rate Demand Notes (VRDNs) that were refunded.

In 2008 and 2007, capital grants totaled $14.0 million and $1.9 million, respectively. The increase was due to the final reimbursements of the Deicing Containment facility and Airfield pavement. In 2008, there was a capital contribution related to a hazmat vehicle.

2007/2006

Total nonoperating expenses, net of nonoperating revenues, decreased by $18.6 million to $49.1 million in 2007. The decrease was due to an increase in investment income of $26.1 million, or 46.5%, which was due to an increase in yields, additional notes payable being invested during the year and the unrealized gain on investments of $18.7 million. In addition, PFC revenues increased $3.7 million, or 3.9% due to an increase in passenger traffic. Stapleton costs decreased $5.3 million related to the reimbursement of insurance costs to complete the remediation of certain environmental conditions at Stapleton. The reduction in total nonoperating expenses, net of nonoperating revenues, was partially offset by an increase in interest expense of $12.7 million associated with the Series 2007 bonds.

In 2007 and 2006, capital grants totaled $1.9 million and $29.2 million, respectively. The decrease was due to the completion of the Explosive Detection System (EDS) in 2005, which was federally funded, and funding deceased in 2006. No grants relating to this project were received in 2007. In 2007, there was a capital contribution related to two donated airplanes.

Summary of Net Assets

The following is a summary of assets, liabilities, and net assets as of December 31, 2008, 2007, and 2006 (in thousands):

	2008	2007	2006
Assets:			
Current assets, unrestricted	$ 320,948	$ 320,616	$ 253,717
Restricted assets, current	386,568	571,245	404,650
Noncurrent investments	170,301	121,443	187,081
Long-term receivables	2,000	-	-
Capital assets, net	3,400,133	3,472,238	3,470,020
Bond issue costs, net	52,204	59,633	61,331
Deferred loss on swap termination, net	19,857	-	-
Investments - restricted	642,223	541,593	352,704
Assets held for disposition	13,073	14,095	18,807
Total assets	5,007,307	5,100,863	4,748,310
Liabilities:			
Current liabilities, unrestricted	122,371	121,258	119,152
Current liabilities payable from restricted assets	200,450	200,385	221,113
Bonds payable, noncurrent	3,767,329	3,850,321	3,500,817
Notes payable, noncurrent	69,137	49,532	61,488
Compensated absences payable, noncurrent	5,720	5,377	5,118
Total liabilities	4,165,007	4,226,873	3,907,688
Net assets (deficit):			
Invested in capital assets, net of related debt	(213,290)	(131,740)	(79,505)
Restricted	679,782	676,271	584,464
Unrestricted	375,808	329,459	335,663
Total net assets	$ 842,300	$ 873,990	$ 840,622

2008

Total assets decreased by $93.6 million in 2008, compared to 2007. This was primarily due to a decrease in unrestricted cash and cash equivalents of $38.6 million and current investments which decreased by $55.6 million in 2008, a decrease in capital assets of $72.1 million, an increase of $17.3 million in accounts receivable associated with insurance recoveries of pollution remediation, an increase of $21.1 million for the deferred loss on the 2006A swap termination and an increase in notes receivable of $3 million associated with Frontier's stipulated order.

Total liabilities decreased by $61.9 million in 2008, compared to 2007. The decrease was due to $99.7 million in payments of revenue bonds. There was an increase in other liabilities of $10 million associated with liabilities related to the pollution remediation and $21.1 million for notes payable related to the 2006A swap termination.

Of the Airport System's 2008 total net assets, 80.7% are restricted for future debt service and capital construction. The bond reserve account and bond accounts that are externally restricted for debt service represent $657.6 million and $22.2 million is restricted for capital projects.

At December 31, 2008, the remaining net assets included unrestricted net assets of $375.8 million that may be used to meet any of the Airport System's ongoing operations. Management of the Airport System has internally designated $67.3 million of its unrestricted net asset amounts as allowed in 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt covenant coverage requirements. In addition ($213.3) million represents the Airport's investment in capital assets, net of related debt. A negative investment results because the outstanding indebtedness exceeds the assets net book value.

2007/2006

Total assets increased by $352.6 million in 2007 as compared to 2006. This was primarily due to the increase in cash, cash equivalents and investments of $354 million in 2007 associated with the Series 2007 bonds and the increase in unrealized gain on investments of $18.7 million. There was also an increase in accounts receivable, capital assets, and inventories, which were offset by a decrease in grants receivable, accrued interest receivable and prepaid expenses.

Total liabilities increased $319.2 million in 2007 compared to 2006. An increase of $336.7 million was associated with the Series 2007 bonds, net of refunded debt (Note 8). There was also an increase of $16.6 million in deferred revenue related to advance rental receipts received in 2007, and an increase in restricted other liabilities of $2.8 million. The offset was related to a decrease of notes payable, vouchers payable and unrestricted other liabilities.

Of the Airport System's 2007 total net assets, 77.4% were restricted for future debt service and capital construction. The bond reserve account and bond accounts that are externally restricted for debt service represent $657.5 million and $18.8 million for capital projects, respectively.

At December 31, 2007, the remaining net assets include unrestricted net assets of $329.5 million, which may be used to meet any of the Airport System's ongoing operations. Management of the Airport System has internally designated $67.3 million of its unrestricted net asset amounts, as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt covenant coverage requirements. In addition, ($131.7) million represents the Airport's investment in capital assets, net of related debt. A negative investment results because the outstanding indebtedness exceeds the net book value of the capital assets funded by the indebtedness.

Long-Term Debt

As of December 31, 2008 and 2007, the Airport System had approximately $4.1 billion and $4.2 billion, respectively, in outstanding bonded debt (exclusive of deferred loss on bonds and unamortized premiums), both senior and subordinate, paying fixed and variable interest rates. The total annual debt service (principal and interest) was approximately $331.2 million in 2008. Since 1996, the Airport System has called or refunded over $5.2 billion in higher interest rate debt. This has resulted in cumulative present value debt service savings of approximately $719.0 million.

The Airport System's senior lien debt is currently rated by Standard & Poor's, Moody's, and Fitch at A+, A1 and A+, respectively, with stable outlooks as of December 2008.

The Airport System's governing bond ordinances (the bond ordinance) require that the Airport System's net revenues plus other available funds, as defined in the bond ordinance, be sufficient to provide debt service coverage of 125% of the annual debt service requirement on senior bonds. The debt service coverage ratio for the years ended December 31, 2008 and 2007 was 160% and 168%, respectively, of total debt service.

The Airport has restructured a significant amount of its outstanding auction and variable rate securities in order to reduce its exposure to the volatility in interest rates in the auction rate market precipitated in large part by the downgrades in the ratings of bond issuers. Interest rates on the Airport's auction rate debt subsequent to December 31, 2007, have ranged from approximately 3.75% to 12.0%. Currently, only the 2007F bonds remain in auction rate mode.

On November 2, 2008, the Airport issued $92,600,000 and $200,000,000 of Airport System Revenue bonds Series 2008C1 and 2008C2-C3 in a variable rate mode for the purpose of refunding the 2000C and 2000B bonds.

The Airport system entered into a $15.3 million Master Installment Purchase agreement with Chase Equipment Leasing Inc. on August 5, 2008, to finance capital equipment purchases, primarily snow removal equipment, based on a ten-year life.

On June 24, 2008, the Airport issued $81,800,000 of Airport System Revenue Bonds Series 2008B in a variable rate mode for the purpose of refunding Series 2005C1-C2 which were trading at above market rate because of distressed bond insurance.

The Airport drew $50 million on March 28, 2008 and $50 million on April 1, 2008 of Commercial Paper to currently refund the Series 2001C1-C2 Auction rate securities ("ARS"). On April 14, 2008 the Airport issued $221,215,000, $111,000,000, $181,965,000 and $94,660,000 2008A1-A4 bonds in a fixed rate and term rate mode for the purpose of current refunding $100,000,000 of the Series 2001C3-C4, $267,625,000 of the 2002A1-A3, $85,275,000 of the 2005B1-B2 Airport Revenue bonds that were variable rate bonds currently in an auction rate mode and to current refund $144,000,000 of the 2004A-B variable rate bonds. The Series 2001C1-C4 Airport Revenue Bonds which were Auction Rate Securities and associated with 1999, 2002, and 2007A swap agreements, were refunded on March 28, 2008, April 1, 2008 and April 14, 2008, with Commercial Paper and a portion of the Series 2008A1-A4 variable rate bonds which will bear interest initially in a term mode. The refunding transactions were necessitated by the deterioration of the credit ratings of certain bond insurers.

On December 18, 2008, the City entered into an interest rate swap agreement ("the 2008A Swap Agreement") with Royal Bank of Canada and simultaneously terminated a 2006A Swap Agreement with Lehman Brothers Special Financing. The purpose of the transaction was to replace Lehman Brothers Special Financing, which filed a voluntary petition for chapter 11 bankruptcy protection on September 15, 2008, as counterparty to $120.233 million notional amount associated with 2007-G Bonds. The swap provides for certain payment to or from Royal Bank of Canada equal to the difference between the fixed rate payable by the Airport System under the Agreement and 70% of London Interbank Offered Rate (LIBOR) for one month deposits of U.S. dollars payable to Royal Bank of Canada. The City received $21,100,000 from Royal Bank of Canada to assist in paying the settlement amount of $21,353,831 due to Lehman Brothers Special Financing. As a result of receiving the loan of $21,100,000 from Royal Bank of Canada, the loan, including interest at an implied rate of 6.519%, will be paid through the fixed rate to be paid by the City to Royal Bank of Canada.

The net effect of the 2008A Swap Agreement, when considered together with the variable rate Series 2007F1-F4 and Series 2007G1-G2 bonds, is that the Airport system will effectively pay a fixed rate, plus or minus the difference between the actual rate on the Series 2007F1-F4 and Series 2007G1-G2 Bonds and 70% of LIBOR on $120.233 million of obligations.

The 2008A Swap Agreement became effective on December 18, 2008 and payment under this Agreement commenced on January 1, 2009.

On December 21, 2007, the Airport entered into interest rate swap agreements (the "2007A Swap Agreements") with two financial institutions to effectively change the amounts it receives under the 2002 Swap Agreements from a percentage of one-month London Interbank Offered Rate (LIBOR) to a percentage of ten-year LIBOR. The 2007A Swap Agreements have notional amounts of $150 million and $50 million, $100 million relate to the 2008C commercial paper, $78.8 of Series 2008B bonds and $12.2 of Series 2002C bonds and provide for certain payments to or from each financial institution equal to the difference between a percentage of one-month LIBOR payable by the Airport System and a percentage of ten-year LIBOR payable by the respective financial institutions. The net effect of the 2007A Swap Agreements, when considered together with the 2002 Swap Agreements, is that the Airport System will receive 65.55% of ten-year LIBOR, rather than 76.165% of one-month LIBOR, to offset the actual rate paid on the 2008 commercial paper, Series 2008B bonds and a portion of the Series 2002C bonds ("the 1999 Swap Agreement and Associated Debt" and "the 2002 Swap Agreements and Associated Debt"). The 2007A Swap Agreements have an effective date of May 1, 2010 and payments under these agreements have not commenced.

In November 2007, the 2006A Swap Agreements became effective ("the 2006A Swap Agreements"). The net effect of the 2006A Swap Agreements, when considered together with the variable rate Series 2007F1-F4 and Series 2007G1-G2 Bonds is that the Airport will pay a fixed rate plus or minus the difference between the variable rates on the bonds and 70% of LIBOR on $241.0 million of obligations.

On November 14, 2007, the Airport issued $208,025,000 and $148,500,000 of Airport System Revenue Bonds Series 2007F1-F4 and 2007G1-G2 bonds in auction rate mode and variable rate mode, respectively, for the purpose of current refunding a portion of the 1997E bonds.

On October 4, 2007, the Airport issued $31,950,000 and $47,400,000 of Airport System Revenue Bonds Series 2007D2 and 2007E in a fixed rate mode for the purpose of funding new money for capital improvement projects.

On October 3, 2007, the Airport substituted Letter of Credits for the 1992F, 1992G and 2002C Airport System Revenue bonds.

On August 29, 2007, the Airport issued $188,350,000, $24,250,000, and $34,635,000 of Airport System Revenue Bonds Series 2007A, 2007B, and 2007C in a fixed mode for the purpose of refunding Commercial Paper Notes, advance refunding the 2003B bonds and funding new money for capital improvement projects.

On August 29, 2007, the Airport issued $147,815,000 of Airport System Revenue Bonds Series 2007D in a fixed mode for the purpose of funding new money for capital improvement projects.

In April of 2007, the Airport drew on the Airport System Subordinate Commercial Paper 2006A notes with outstanding principal of $30 million and was refunded on August 29, 2007, with the 2007A and 2007B Series.

Additional information related to the Airport's long-term debt can be found in notes 8, 9, 10, 11 and 12.

Capital Assets

As of December 31, 2008 and 2007, the Airport System had capital assets of approximately $3.4 billion and $3.5 billion. respectively. These amounts are net of accumulated depreciation of approximately $1.7 billion and $1.6 billion, respectively.

The Airport system purchased World Port, a cargo property on March 5, 2008 for $4 million using internal funds (Capital Fund) for the acquisition.

Automated Baggage System: United discontinued use of the automated baggage system and reverted to the traditional tug and cart system on September 6, 2005. At December 31, 2004, the book value of the baggage system equipment was $49.6 million. The rates and charges associated with the system continued to be charged to United as the exclusive user of Concourse B. However, the Airport System began discussions with United and all airlines to explore ways to mitigate automated baggage system costs over time, consistent with the cost reduction goals and sources of funds outlined in the Stipulated Order. These discussions culminated with the 2005-2 Amendatory Agreement whereby the Airport System will reduce United's Rates and Charges up to $11.0 million per year, over three years, in exchange for certain concessions. Airport System management commissioned a study to determine what, if any, of the existing automated baggage system would be usable in a new system. Based upon this study, management concluded that the bulk of the automated baggage system was impaired and, as a result, management wrote off approximately $43.0 million of the baggage system during 2005, leaving a remaining book value at December 31, 2008 of $2.9 million.

2006 Amendment: In the 2006 Amendment to United's Use and Lease Agreement, the Airport System agreed to further mitigate United's baggage system charges by defeasing certain outstanding Airport System Revenue Bonds and reducing amortization charges allocated to the automated baggage system in stated amounts not to exceed $10 million per year, using available Capital Fund moneys and other legally available Airport funds to defease associated debt. The Airport System also agreed to improve the existing commuter facilities on the east end of Concourse B in order to accommodate larger regional jet aircraft and provide new and enhanced passenger amenities. These improvements, referred to herein as the Concourse B Commuter Facility Project, cost $41.3 million. The facility opened April 24, 2007.

Under the 2006 Amendment, United agreed to gradually relinquish its six leased gates on Concourse A.

Baggage Sortation System: The Airport System management commissioned Aviation and Airport Professionals (AvAirPros) to study the future baggage handling system master plan. The master plan states that, at this time, the existing concourses (A, B, and C) are configured with sortation systems that were operable with the automated baggage system discussed above; however, it is not clear whether these existing systems would be capable of being integrated into a new airport-wide baggage system in the future.

Based upon this study, management believed that the sortation systems on concourses A and C were impaired and removed the assets from the books, which resulted in a loss of $11.9 million in 2005. United continues to use a portion of the concourse B sortation system, which remains on the Airport System's books with a net book value of approximately $8.7 million. The Airport System removed the unused portion of approximately $47.0 million from its books, resulting in a loss of $21.6 million in 2005 leaving a remaining book value at December 31, 2008 of $7.4 million.

PFC: In 1992, the PFC program authorized the imposition of a fee of $3.00 per enplaned passenger and the use of this funding for approved projects, with certain qualifying airports permitted to charge a maximum PFC of $4.50. In 2000, the Federal Aviation Administration approved the Airport's application for an increase in the rate of PFC from $3.00 to $4.50, the revenues from which are to be used for qualified costs of the Airport, including associated debt service and approved capital projects. The Airport increased the PFC rate from $3.00 to $4.50 effective April 1, 2001. As of December 31, 2008, a total of $1.0 billion has been remitted to the Airport, (including interest earned on late payments), of which $105.0 million has been expended on approved projects, $922.0 million has been used to pay debt service on the Airport's general airport revenue bonds, and $6.1 million is unexpended. The Airport System's authorization to impose the PFC expires on the earlier of January 1, 2030 or upon the collection of $3.3 billion authorized maximum amount of PFC revenues.

Construction Commitments: As of December 31, 2008, the Airport System had outstanding contractual construction and professional services commitments of approximately $207.6 million and had made over $169.7 million in contractual payments for the year then ended.

The Airport's current 2008-2013 Capital Program includes approximately $987.2 million of planned projects. The Airport has also identified a number of Demand Responsive Projects that will be undertaken only if there is sufficient need of such projects and they are financially viable. The 2008-2013 Capital Programs are expected to be financed with a combination of Airport Revenue bonds, commercial paper, installment purchase agreements, federal grants, and Airport System monies.

In June of 2007, the City received several proposals from qualified participants in response to its Request for Proposal for the Hotel at Jeppesen Terminal (the "Hotel RFP"). The Hotel RFP sought proposals for the ownership, management, financing and/or construction of a first class hotel property (the "Airport Hotel") to be located immediately adjacent and attached to the terminal complex at the Airport, on land owned by the Airport. In December of 2007, the Airport selected Starwood Hotels and Resorts to construct and operate a Westin brand hotel. The various agreements relating to this project are currently being negotiated. The project is expected to be funded through the issuance by the Airport of revenue bonds payable from net revenues of the hotel, and not from Net Revenues. However, final financing arrangements have not yet been determined. In late 2008 it became apparent that the original hotel design was obsolete and was abandoned.

In addition, the fourth module of the parking garage on the west side of Jeppesen Terminal opened in January of 2008.

Additional information related to the Airport's capital assets can be found in note 5.

Economic Factors

Passenger traffic was up 2.8% in 2008 compared with a national average change of (.0%) as reported by the Airport Council International (ACI), an airport industry group. Much of this passenger growth is attributed to the increased service of low-cost carriers in the Denver market.

Southwest Airlines (Southwest) began service at the Airport in January of 2006, with an initial daily schedule of 13 departing flights, utilizing two gates on Concourse C. Effective March 1, 2006, Southwest leased a third gate and increased its schedule to 20 daily departing flights. On August 1, 2006, Southwest leased an additional gate and on November 2008, Southwest leased an additional gate bringing its total number of usage to ten gates. Southwest currently operates 107 average daily flights, to 32 nonstop destinations.

The dominant air carrier at Denver International is United. United, together with its TED low-fare unit and its United Express commuter affiliates, accounted for approximately 48.2% and 47.6% of passenger enplanements at the Airport in 2008 and for the first three months of 2009, respectively.

United recently announced that as part of planned changes to reduce mainline domestic capacity, remove older, less fuel efficient aircraft from its fleet and reduce its number of employees, it eliminated its TED unit and plans to reconfigure the TED fleet of aircraft into United's mainline operation. Frontier commenced a 17% reduction in its flight operations beginning in September of 2008 and "proportional" reduction in workforce.

On April 10, 2008, Frontier Airlines Holdings Inc., Frontier Airlines Inc., and Lynx Aviation Inc. ("Frontier") filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code. A Chapter 11 filing permits Frontier to continue operations while developing a plan of reorganization to address existing debt, capital and cost structures. Frontier Airlines accounted for approximately 25.5% and 22.7% of passenger enplanements in 2008 and 2007, respectively. Through a stipulated order signed September 9, 2008. Frontier agreed to assume an amended lease at the Airport. Frontier will streamline its operations on the A Concourse to make more efficient use of the gates it uses. As a result, Frontier has agreed to reduce the number of gates it uses on the A Concourse to 17 from 22. The airline also gave up the use of certain administrative spaces leased from DIA, including check-in counter areas in Jeppensen Terminal and office space.

On April 15, 2008, Delta Air Lines announced it had reached an agreement with Northwest Airlines to take over Northwest and create the world's largest carrier. The Delta/Northwest merger received Department of Justice approval on October 30, 2008. The combined entity has expressed interest in returning space to the Airport including a gate. An agreement has been reached to return one gate in June 2009.

As previously discussed, operating revenues were up 2.0% in 2008 compared to 2007. Operating income before depreciation and amortization of $167.0 million represented a decrease of $72.4 million compared to 2007. Revenues Available for Sharing, the net revenue that is split 50%/50% with the signatory airlines under the use and lease agreements, was over $77.3 million. The airlines will receive the maximum allocation of $40.0 million, with the balance flowing to the Airport System's Capital Fund for discretionary purposes.

Request for Information

This financial report is designed to provide a general overview of the Airport System's finances for all those with an interest. Questions concerning any of the information presented in this report or requests for additional information should be addressed to Stan Koniz, Chief Financial Officer, Denver International Airport, Airport Office Building, 8th Floor, 8500 Pena Boulevard, Denver, CO 80249-6340. Copies are available on-line at www.flydenver.com.

City and County of Denver, Colorado
Municipal Airport System

STATEMENTS OF NET ASSETS

December 31, 2008 and 2007

Assets

		2008		2007
Current assets:				
Cash and cash equivalents	$	94,817,156	$	133,419,158
Investments		155,232,557		135,544,003
Accounts receivable (net of allowance for doubtful accounts $1,025,211 and $677,336)		53,151,011		39,629,252
Accrued interest receivable		6,040,726		5,248,229
Other receivables		1,030,000		10,987
Inventories		10,054,201		6,657,720
Prepaid expenses and other		621,880		107,231
Total current unrestricted assets		320,947,531		320,616,580
Restricted assets:				
Cash and cash equivalents		218,444,354		331,500,233
Investments		142,453,247		217,788,550
Accrued interest receivable		2,151,945		1,076,117
Prepaid expenses and other		5,466,414		3,108,013
Grants receivable		9,458,785		6,067,495
Passenger facility charges receivable		8,593,038		11,704,403
Total current restricted assets		386,567,783		571,244,811
Total current assets		707,515,314		891,861,391
Noncurrent assets:				
Investments		170,301,192		121,442,838
Long-term receivable, net of current portion		2,000,000		-
Capital assets:				
Buildings		1,990,254,694		1,972,605,864
Improvements other than buildings		2,130,485,966		2,014,223,973
Machinery and equipment		683,471,238		603,385,447
		4,804,211,898		4,590,215,284
Less accumulated depreciation and amortization		(1,746,588,398)		(1,583,993,200)
		3,057,623,500		3,006,222,084
Construction in progress		47,204,134		170,710,424
Land, land rights and air rights		295,305,625		295,305,625
Total capital assets		3,400,133,259		3,472,238,133
Bond issue costs, net of accumulated amortization		52,204,523		59,632,651
Deferred loss on swap termination, net of current portion		19,857,144		-
Investments – restricted		642,222,572		541,592,871
Assets held for disposition		13,073,101		14,094,275
Total assets		5,007,307,105		5,100,862,159

City and County of Denver, Colorado
Municipal Airport System

STATEMENTS OF NET ASSETS

December 31, 2008 and 2007

Liabilities	**2008**	**2007**
Current liabilities:		
Vouchers payable	35,307,375	32,441,146
Due to other City agencies	18,072,610	18,240,600
Compensated absences payable	2,097,649	1,914,165
Other liabilities	3,051,362	4,840,609
Revenue credit payable	40,000,000	40,000,000
Deferred rent	23,842,853	23,821,526
Total current unrestricted liabilities	122,371,849	121,258,046
Current liabilities payable from restricted assets:		
Vouchers payable	13,642,042	24,754,561
Retainages payable	22,459,220	24,436,436
Accrued interest and matured coupons	24,241,055	21,517,067
Notes payable	15,611,304	12,138,729
Other liabilities	23,711,112	13,707,765
Revenue bonds	100,785,000	103,830,000
Total current liabilities payable from restricted assets	200,449,733	200,384,558
Total current liabilities	322,821,582	321,642,604
Noncurrent liabilities:		
Bonds payable:		
Revenue bonds, net of current portion	3,998,990,000	4,095,020,000
(Less) plus:		
Deferred losses on bond refundings	(295,179,410)	(303,121,171)
Net unamortized premiums	63,518,072	58,421,767
Total bonds payable, noncurrent	3,767,328,662	3,850,320,596
Notes payable	69,136,743	49,532,333
Compensated absences payable	5,720,174	5,376,998
Total noncurrent liabilities	3,842,185,579	3,905,229,927
Total liabilities	4,165,007,161	4,226,872,531
Net Assets (Deficit)		
Invested in capital assets, net of related debt	(213,290,453)	(131,739,834)
Restricted for:		
Capital projects	22,163,760	18,772,470
Debt service	657,618,225	657,498,288
Unrestricted	375,808,412	329,458,704
Total net assets	$ 842,299,944	$ 873,989,628

See accompanying notes to financial statements.

City and County of Denver, Colorado
Municipal Airport System
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Years ended December 31, 2008 and 2007

	2008	2007
Operating revenues:		
Facility rentals	$ 198,138,164	$ 205,638,720
Concession revenues	42,297,262	40,598,943
Parking revenues	119,283,478	116,326,036
Car rental revenues	45,618,135	44,998,289
Landing fees	94,479,498	87,281,898
Aviation fuel tax	27,012,242	23,385,390
Other sales and charges	13,931,468	11,921,704
Total operating revenues	540,760,247	530,150,980
Operating expenses:		
Personnel services	114,287,724	104,321,034
Contractual services	166,299,254	153,488,466
Repair and maintenance projects	67,736,821	11,555,446
Maintenance, supplies and materials	25,505,576	21,407,781
Total operating expenses, before depreciation and amortization	373,829,375	290,772,727
Operating income before depreciation and amortization	166,930,872	239,378,253
Depreciation and amortization	168,026,267	159,309,391
Operating income (loss)	(1,095,395)	80,068,862
Nonoperating revenues/(expenses):		
Passenger facility charges	96,786,406	97,191,338
Investment income	87,483,406	82,249,178
Interest expense	(238,642,827)	(220,064,282)
Grants	703,155	323,628
Other income (expense)	8,682,524	(8,826,664)
Total nonoperating expenses	(44,987,336)	(49,126,802)
Income (loss) before capital grants and contributions	(46,082,731)	30,942,060
Capital grants	13,993,410	1,894,186
Capital contributions	399,637	531,670
Change in net assets	(31,689,684)	33,367,916
Net assets, beginning of year	873,989,628	840,621,712
Net assets, end of year	$ 842,299,944	$ 873,989,628

See accompanying notes to financial statements.

City and County of Denver, Colorado

Municipal Airport System

STATEMENTS OF CASH FLOWS

Years ended December 31, 2008 and 2007

	2008	2007
Cash flows from operating activities:		
Receipts from customers	$ 555,822,784	$ 524,010,795
Payments to suppliers	(253,659,523)	(172,191,044)
Interfund activity payments to other funds	(13,131,284)	(13,417,874)
Payments to employees	(111,297,407)	(103,725,515)
Net cash provided by operating activities	177,734,570	234,676,362
Cash flows from noncapital financing activities:		
Operating grants received	66,610	382,988
Proceeds from note payable	21,100,000	-
Swap termination payment	(21,100,000)	-
Net cash provided by noncapital financing activities	66,610	382,988
Cash flows from capital and related financing activities:		
Proceeds from issuance of debt	16,832,560	480,149,783
Proceeds from note payable	15,295,480	-
Principal paid on notes payable	(13,318,496)	(27,314,424)
Principal paid on revenue bonds	(99,736,973)	(144,835,000)
Interest paid on revenue bonds	(231,452,357)	(196,002,985)
Bond issuance costs paid	(7,333,875)	(2,498,129)
Interest paid on notes payable	(2,617,141)	(3,412,816)
Capital grant receipts	11,238,665	8,260,119
Passenger Facility Charges	99,897,771	98,241,672
Purchases of capital assets	(55,483,262)	(133,131,809)
Payments of accrued expenses for capital assets	(36,720,227)	(39,669,472)
Payments to escrow for current refunding of debt	(13,813,109)	(12,307,402)
Proceeds from sale of capital assets	217,703	503,120
Net cash provided by (used in) capital and related financing activities	(316,993,261)	27,982,657
Cash flows from investing activities:		
Purchases of investments	(5,813,321,480)	(7,397,238,812)
Proceeds from sales and maturities of investments	5,743,315,098	7,216,180,995
Proceeds from sales of assets held for disposition	1,021,174	4,712,550
Payments to maintain assets held for disposal	(26,147,182)	(29,186,551)
Insurance recoveries for Stapleton environmental remediation	20,490,000	30,248,899
Interest and dividends on investments and cash equivalents	62,176,590	66,323,498
Net cash used in investing activities	(12,465,800)	(108,959,421)
Net increase (decrease) in cash and cash equivalents	(151,657,881)	154,082,586
Cash and cash equivalents, beginning of year	464,919,391	310,836,805
Cash and cash equivalents, end of year	$ 313,261,510	$ 464,919,391

(Continued)

City and County of Denver, Colorado
Municipal AirportSystem

STATEMENTS OF CASH FLOWS (CONTINUED)

Years ended December 31, 2008 and 2007

	2008	2007
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	$ (1,095,395)	$ 80,068,862
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	168,026,267	159,309,391
Miscellaneous income	3,114,333	6,749,853
Changes in assets and liabilities:		
Receivables, net of allowance	13,716,124	(12,336,048)
Inventories	(3,396,481)	(1,120,753)
Prepaid expenses and other	(1,751,993)	580,037
Vouchers and other payables	2,866,229	1,268,790
Deferred rent	21,327	16,609,021
Due to other City agencies	(167,990)	1,054,263
Compensated absences	526,660	595,519
Other operating liabilities	(4,124,511)	(18,102,573)
Net cash provided by operating activities	$ 177,734,570	$ 234,676,362

Noncash activities:

The Airport System issued bonds in the amount of $1,083,240,000 and $830,925,000 in 2008 and 2007, respectively, in order to refund debt and fund capital projects. Net bond proceeds of $1,085,033,919 and $389,846,767 for 2008 and 2007, respectively, were deposited immediately into an irrevocable trust for the defeasance of outstanding revenue bond principal, payment of a redemption premium and accrued intere amounts. Original issue premiums on bonds of $12,656,769 and $17,101,088 were realized on the issuance of bonds in 2008 and 2007, respectively.

	2008	2007
Unrealized gain on investments	$ 23,834,924	18,732,290
Capital assets added through incurrence of vouchers and retainages payable	33,228,489	36,720,227
Amortization of bond premiums, deferred losses on bond refundings, and bond costs	17,938,598	17,919,645

See accompanying notes to financial statements.

(1) Organization and Reporting Entity

(a) Nature of Operations

Pursuant to Article XX of the State of Colorado Constitution and the City and County of Denver, Colorado (the City) Charter, the City acquired, owns, operates, and maintains certain airport facilities. These facilities include Denver International Airport (Denver International) and certain assets of Stapleton International Airport (Stapleton) and are referred to herein as the City and County of Denver Municipal Airport System (the Airport System). The Airport System is operated as the Department of Aviation, with a Manager of Aviation appointed by and reporting to the Mayor.

Denver International consists of a landside terminal building, three airside concourses, six runways, roadways, and ancillary facilities on a 53-square mile site. Stapleton was closed to all air traffic on February 27, 1995. See note 6 for further discussion.

(b) Reporting Entity

The accompanying financial statements present only the Airport System enterprise fund and are not intended to present fairly the financial position of the City, and the changes in its financial position and the cash flows of its proprietary fund types in conformity with accounting principles generally accepted in the United States of America.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The Airport System is an enterprise fund of the City and, as such, is an integral part of the City. An enterprise fund is established to account for an activity that is financed with debt secured solely by a pledge of net revenues from fees and charges of the activity or when laws and regulations require that the activity's costs of providing services, including capital costs (such as depreciation or capital debt service), be recovered with fees and charges rather than with taxes or similar revenues. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP). As an enterprise fund, the Airport System uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as incurred (flow of economic resources measurement focus).

The Airport System has applied all applicable Governmental Accounting Standards Board (GASB) pronouncements, including National Council on Governmental Accounting Statements and Interpretations in effect at December 31, 2008. In implementing GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Airport System elected not to adopt Financial Accounting Standards Board pronouncements issued after November 30, 1989.

During the year ended December 31, 2008, the Airport System adopted GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations.* This statement establishes accounting and financial reporting for pollution remediation obligations. (See note 6 for the description of the impact of this standard.

(b) Cash and Cash Equivalents

Cash and cash equivalents, which the City manages, consist principally of U.S. Treasury securities, U.S. agency securities, and commercial paper with original maturities of less than 90 days.

(c) Investments

Investments, which the City manages, are reported at fair value, which is primarily determined based on quoted market prices at December 31, 2008 and 2007. The Airport System's investments are maintained in pools at the City and include U.S. Treasury securities, U.S. Agency securities, and commercial paper.

(d) Inventories

Inventories consist of materials and supplies which have been valued at the lower of cost (weighted average cost method) or market.

(e) Capital Assets

Capital assets are recorded at historical cost and consist of buildings, roadways, airfield improvements, machinery and equipment, land, and land rights at Denver International. Donated capital assets are reported at their estimated fair value at the time of acquisition plus ancillary charges, if any. Repairs and maintenance are charged to operations as incurred, unless they have the effect of improving and extending the life of an asset, in which case they are capitalized as part of the cost of the asset. Costs associated with ongoing construction activities of Denver International are included in construction in progress. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. The capitalized interest incurred for 2008 and 2007 was $8,594,909 and $1,581,504, respectively.

Depreciation is recorded using the straight-line method over the following estimated useful lives:

Buildings	20 – 40 years
Roadways	30 – 40 years
Runways/taxiways	35 – 40 years
Other improvements	15 – 40 years
Major system equipment	15 – 25 years
Vehicles and other equipment	5 – 10 years

(f) Bond Issue Costs, Deferred Losses on Bond Refundings, and Unamortized Premiums (Discounts)

Bond issue costs, deferred losses on bond refundings, and unamortized premiums (discounts) are deferred and amortized over the life of the old bonds, or the remaining life of the refunding bonds, whichever is shorter, using the effective interest rate method. Bond issue costs are recorded as deferred charges. Unamortized premiums on bond refundings are recorded as an addition to the face amount of the bonds payable. Unamortized discounts and deferred losses on bond refundings are recorded as a reduction of the face amount of the bonds payable.

(g) Assets Held for Disposition

Assets held for disposition consist of the Stapleton assets. Depreciation is not recorded on those assets held for sale. Ongoing maintenance and redevelopment costs are expensed as incurred. See note 6 for further discussion.

(h) Compensated Absences Payable

Accumulated vested sick and vacation benefits are recorded as an expense and a liability as benefits accrue to employees. The Airport System uses the vesting method for estimating sick leave compensated absences payable.

(i) Deferred Rent

Deferred rent is recorded when rental payments are received by the Airport System prior to a legal claim to them. Included in deferred rent are customer credits and deposits.

(j) Net Assets

2008

The Airport System assets exceeded liabilities by $842,299,944 as of December 31, 2008, a $31,689,684 decrease in net assets from the prior year end. Of the Airport System's 2008 net assets, 80.7% are restricted for future debt service and capital construction. The bond reserve account and bond accounts represent $657,618,225 and are externally restricted for debt service. The net assets restricted for capital projects represent $22,163,760.

The remaining net assets include unrestricted net assets of $375,808,412 which may be used to meet any of the Airport System's ongoing operations. Management of the Airport System has internally designated $67,267,320 of its unrestricted net asset amount, as allowed for in the 1984 Airport System General Bond Ordinance, as supplemented and amended, to help meet debt covenant coverage requirements. In addition, ($213,290,453) represents the Airport System's investment in capital assets, less the related indebtedness outstanding used to acquire those capital assets.

2007

The Airport System's assets exceeded liabilities by $873,989,628 as of December 31, 2007, a $33,367,916 increase in net assets from the prior year-end. Of the Airport System's 2007 net assets, 77.4% are restricted for future debt service and capital construction. The bond reserve account and bond accounts represent $657,498,288 which is externally restricted for debt service and $18,772,470 which is restricted for capital projects.

The remaining net assets include unrestricted net assets of $329,458,704 which may be used to meet any of the Airport System's ongoing operations. Management of the Airport System has internally designated $67,267,320 of its unrestricted net asset amounts, as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt covenant coverage requirements. In addition, ($131,739,834) represents the Airport System's investment in capital assets, less the related indebtedness outstanding used to acquire those capital assets.

(k) Restricted and Unrestricted Resources

Use of restricted and unrestricted resources are made on a case-by-case basis by management depending on overall requirements. Generally, management applies restricted resources and then unrestricted resources when both restricted and unrestricted resources are available to pay an expense.

(l) Operating Revenues and Expenses

The statement of revenues, expenses, and changes in net assets distinguish operating revenues and expenses from nonoperating activity and capital contributions. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with Denver International's principal ongoing operations. The principal operating revenues of the Airport System are charges to airline tenants for facility rentals, landing fees and parking. Operating expenses include the cost of providing services, administrative costs, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions. Such items include Passenger

Facility Charges (PFCs), interest expense, interest income, and grants from the federal government and Stapleton demolition and remediation expenses.

(m) Governmental Grants

The Airport System periodically receives grant revenues from federal agencies which are either for capital projects or operating purposes. Revenue is considered earned as the related approved capital outlays or expenses are incurred by the Airport System. Revenues from capital grants are reported as capital contributions on the statements of revenue, expenses and changes in net assets and revenues from operating grants are reported as nonoperating revenues.

(n) Rates and Charges

The Airport System establishes annually, as adjusted semi-annually, airline facility rentals, landing fees, and other charges sufficient to recover the costs of operations (excluding certain debt service payments), maintenance, and debt service related to the airfield and the space rented by the airlines. Any differences between amounts collected from and actual costs allocated to the airlines' leased space are credited or billed to the airlines. As of December 31, 2008 and 2007, the Airport System had accrued a liability to the airlines, included in current other liabilities, of $1,184,259 and $1,489,409, respectively.

For the years ended December 31, 2000 through 2005, 75% of Net Revenues (as defined by the bond ordinance) remaining at the end of each year were to be credited in the following year to the passenger airlines signatory use and lease agreements; and thereafter it is 50%, capped at $40,000,000 for all years. The Net Revenues credited to the airlines totaled $40,000,000 for both 2008 and 2007. Liabilities for these amounts were accrued as of December 31, 2008 and 2007, respectively, and are reported in the statement of net assets as revenue credit payable.

(o) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates.

(p) Reclassifications

Certain 2007 balances have been reclassified to conform to the 2008 financial statements presentation.

(3) Cash, Cash Equivalents, and Investments

(a) Deposits

The Airport System's deposits are commingled with the City's and are subject to, and are in accordance with, the State of Colorado's Public Deposit Protection Act (the PDPA). In addition, the City's investment policy requires that Certificates of Deposit be purchased from institutions that are certified as eligible public depositories. Under the PDPA, all uninsured deposits exceeding the amount insured by the FDIC, are to be fully collateralized with specific approved securities identified in the act valued at 102% of the deposits. The eligible collateral pledged must be held in custody by any Federal Reserve Bank, or branch thereof, or held in escrow by some other bank in a manner as the banking commissioner shall prescribe by rule and regulation, or may be segregated from the other assets of the eligible public depository and held in its own trust department. All collateral so held must be clearly identified as being security maintained or pledged for the aggregate amount of public deposits accepted and held on deposit by the eligible public depository. Deposits collateralized under the PDPA are considered collateralized with securities held by the pledging financial institution's trust department or agent in the "City's name." At December 31, 2008, the amount of the Airport System's deposits was

$15,332,553. In addition, the Airport System had $10,863,733 in uncashed payroll and vendor warrants at December 31, 2008.

Custodial credit risk is the risk that in the event of a failure of a financial institution or counterparty, the Airport System would not be able to recover its deposits, investments, or collateral securities. St. Paul/Travelers Insurance (St. Paul) manages an owner-controlled insurance plan on behalf of the Airport System. St. Paul pays claims from an escrow account held in the Airport System's name that is uninsured, uncollateralized, and subject to custodial credit risk. The balance of the account at December 31, 2008 was $188,569. All other deposits are not subject to custodial credit risk since they are deposited in certified eligible public depositories under the PDPA.

(b) Investments

The Airport System's investments are managed by the City and are subject to the Investment Policy of the City. It is the policy of the City to invest its funds in a manner which will provide for the highest investment return consistent with the preservation of principal and provision of the liquidity necessary for daily cash flow demands. The City's Investment Policy applies to all investment activity of the City under the control of the Chief Financial Officer (CFO), including investments of certain monies related to business-type activities, and trust and agency funds. The City's investment policy does not apply to the investments of the deferred compensation plan or component units. Other monies that may from time to time be deposited with the CFO for investment shall also be administered in accordance with the Investment Policy.

The City Charter, Section 2.5.3(c), and Denver Revised Municipal Code, Section 20-21, authorizes the type of investments that the City can hold. The Investment Policy generally requires that investments shall be managed in accordance with portfolio theory management principles to compensate for actual or anticipated changes in market interest rates. To the extent possible, investment maturity will be matched with anticipated cash flow requirements of each investment pool. Additionally, to the extent possible, investments will be diversified by security type and institution. This diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. Deviations from expectations shall be reported in a timely fashion and appropriate action taken to control adverse developments.

At December 31, 2008 and 2007, respectively, the Airport System's cash, cash equivalents, and investment balances were as follows (in thousands):

		December 31, 2008		December 31, 2007
Cash Equivalents	$	35,539	$	12,473
Local government investment pools		72,503		40,454
Municipal auction securities		72,561		—
Commercial paper		443,630		425,980
State & Local Government Securities		15,135		15,291
U.S. Treasury securities		34,761		90,768
U.S. Agency securities		749,342		896,322
	$	1,423,471	$	1,481,288

A reconciliation of cash, cash equivalents, and investment balances as shown in the basic financial statements as of December 31, 2008 and 2007, is as follows (amount expressed in thousands).

		December 31, 2008		December 31, 2007
Cash on hand	$	—	$	104
Cash and cash equivalents		94,817		133,419
Investments		325,534		256,987
Restricted cash equivalents		218,444		331,396
Restricted investments		784,676		759,382
	$	1,423,471	$	1,481,288

Interest Rate Risk: Interest rate risk is the risk that changes in the financial market rates of interest will adversely affect the value of an investment. The City manages interest rate risk for the investment under the control of the CFO Manager by limiting the maximum maturity of investments. Bond reserve proceeds that are invested in U.S. Treasury and U.S. Agency securities can have a maximum maturity of ten years. All other U.S. Treasury and U.S. Agency securities can have a maximum maturity of five years.

At December 31, 2008, the Airport System's investment balances and maturities, in years, for those investments subject to interest rate risk were as follows (amounts are expressed in thousands):

				Investments maturity in years						
Investment type		Fair value		Less than 1		1-5		6-10		Greater than 10**
Discount Commercial Paper	$	443,630	$	443,630	$	—	$	—	$	—
U.S. Treasury securities		34,761		—		5,919		—		28,842
U.S. Agency securities		749,342		101,577		392,721		—		255,044
Total	$	1,227,733	$	545,207	$	398,640	$	—	$	283,886

**The CFO is authorized to waive certain portfolio constraints when such action is deemed to be in the best interest of the City. The CFO has waived the maximum maturity for certain investments in U.S. Agency securities that are part of the Denver Airport System structured pool created to facilitate an economic defeasance of a portion of the future debt service payments due on certain Airport System bonds.

The Airport System's portfolio of U.S. agency securities includes callable securities with scheduled interest changes. If a callable investment is purchased at a discount, the maturity date is assumed to be the maturity date of the investment. If the investment is bought at a premium, the maturity date is assumed to be the call date. As of December 31, 2008, the Airport System owned callable securities with a fair value of $401,974,659. Of these, securities with scheduled increases to predetermined interest rates had a fair value of $37,849,552.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to a debt security will not fulfill its obligation to the City. National rating agencies assess this risk and assign a credit quality rating for most investments. Obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not assigned credit quality ratings. Of the City's investments of December 31, 2008, commercial paper, municipal auction rate securities and local government investment pools were subject to credit quality risk. The City's Investment Policy requires that commercial paper and bankers' acceptances be rated by at least two of the recognized rating agencies and have a minimum rating of A-1, P-1, and F-1 from Standard & Poor's, Moody's, and Fitch, respectively, at the time of purchase. Municipal auction rate securities must have an underlying issuer rating from at least one of the three rating agencies of at least A from Standard & Poor's and Fitch and A2 from Moody's at the time of acquisition. Local government investment pools must either have over $1 billion in assets or have a rating of AAAm-g, AAAm, or AAA by Standard & Poor's of Aaa, Aa1 or Aa2 by Moody's

As of December 31, 2008, all of the City's investments subject to credit quality risk were in compliance with the City's investment policy.

Custodial Credit Risk: Custodial credit risk for investments is the risk that, in the event of failure, the Airport System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the City's name, and are held by either the counterparty to the investment purchase or are held by the counterparty's trust department or agent but not held in the City's name. None of the Airport System's investments owned at December 31, 2008, were subject to custodial credit risk.

Concentration of Credit Risk: Concentration of credit risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's Investment Policy states that a maximum of 5% of the portfolio may be invested in commercial paper or certificates of deposit issued by any one provider. The City's Investment Policy also limits investments in money market funds to 25% of total investments and investment in municipal securities to 15% of total investments. As of December 31, 2008, all investments in commercial paper money markets funds and municipal securities were in compliance with this policy.

(4) Accounts Receivables

Management of the Airport System reviews accounts receivables periodically and an allowance for doubtful accounts has been established based upon management's assessment of the probability of collection. As of December 31, 2008 and 2007, an allowance of $1,025,211 and $677,336, respectively, had been established.

(5) Capital Assets

Changes in capital assets for the years ended December 31, 2008 and 2007 were as follows (in thousands):

	2008				
	January 1, 2008	Additions	Transfers of completed projects	Retirements and impairments	December 31, 2008
Depreciable:					
Buildings	$ 1,972,606	$ 5,038	$ 23,611	$ (11,000)	$ 1,990,255
Improvements other than buildings	2,014,224	4,865	111,397	-	2,130,486
Machinery and equipment	603,385	33,218	48,201	(1,333)	683,471
	4,590,215	43,121	183,209	(12,333)	4,804,212
Less accumulated depreciation and amortization	(1,583,993)	(168,026)	-	5,431	(1,746,588)
	3,006,222	(124,905)	183,209	(6,902)	3,057,624
Nondepreciable:					
Construction in progress	170,710	89,009	(183,209)	(29,306)	47,204
Land, land rights, and air rights	295,306	-	-	-	295,306
Total capital assets	$ 3,472,238	$ (35,896)	$ -	$ (36,208)	$ 3,400,134

	2007				
	January 1, 2007	Additions	Transfers of completed projects	Retirements and impairments	December 31, 2007
Depreciable:					
Buildings	$ 1,913,160	$ -	$ 73,723	$ (14,277)	$ 1,972,606
Improvements other than buildings	1,996,859	33	20,093	(2,761)	2,014,224
Machinery and equipment	584,537	22,266	7,731	(11,149)	603,385
	4,494,556	22,299	101,547	(28,187)	4,590,215
Less accumulated depreciation and amortization	(1,440,595)	(159,309)	-	15,911	(1,583,993)
	3,053,961	(137,010)	101,547	(12,276)	3,006,222
Nondepreciable:					
Construction in progress	120,753	151,504	(101,547)	-	170,710
Land, land rights, and air rights	295,306	-	-	-	295,306
Total capital assets	$ 3,470,020	$ 14,494	$ -	$ (12,276)	$ 3,472,238

(6) Assets Held for Disposition

The City ceased aviation operations at Stapleton upon the opening of Denver International on February 28, 1995, and is continuing to dispose of the Stapleton property. Certain portions of Stapleton were acquired with proceeds from federal grants, which provide for the return of certain federal funds. In addition, certain portions of the property are also subject to deed restrictions, under which the property would revert to the United States government. The City is able to seek releases from the grant assurances and deed restrictions from the Secretary of Transportation as dispositions occur, provided that: 1) the property is sold at fair market value, and 2) the proceeds are used to develop, improve, and construct Denver International. The City intends to continue to seek such releases and, in accordance with certain use and lease agreements, use any net proceeds from sales of Stapleton to retire or defease subordinate debt.

The City and Denver International Airport implemented GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, effective January 1, 2008. The effect on net assets as of January 1, 2008 and 2007 as a result of adopting GASB 49 is not material to the financial statements. A liability of $19,365,644 and $7,154,592 and a receivable of $32,256,896 and $2,000,000 have been recorded under GASB 49 as of December 31, 2008 and 2007, respectively, as described below.

In 1999, as the land that comprised the former Stapleton International Airport ("SIA") was being prepared for sale, the City purchased from American International Specialty Lines Insurance AISLIC a Pollution Legal Liability Policy ("PLL") to cover unknown environmental conditions at SIA. AISLIC is a subsidiary of AIG Commercial Group, Inc. Beginning in 2003, certain areas of SIA were found to have friable asbestos in the soil, and the City filed Notices of Loss with AISLIC as asbestos continued to be found in new sites. Originally, AISLIC accepted the claims under the PLL. As the claims climbed into the tens of millions of dollars, however, AISLIC reconsidered and began denying claims on the basis that the City's remediation choices exceeded what was required by law. AISLIC has made over $60 million in payments for asbestos remediation it agrees is covered, but an additional $16 million in existing claims remains disputed, and several additional remediation projects with potential costs of $18-$20 million are on hold pending the outcome of discussions among the various stakeholders with an interest in the property. The parties are negotiating, and have reached some common interpretation of the PLL, but there are significant differences in position and litigation is possible. If the matter proceeds to litigation, the City will pursue all available remedies, but if the City does not successfully recover on all its claims, it is possible that the loss through denial of coverage will be in excess of the materiality limits.

The carrying value of Stapleton was $13,073,101 and $14,094,275 at December 31, 2008 and 2007, respectively. The current and anticipated costs accrued for environmental liability for Stapleton was $19,365,644 and $7,154,592 at December 31, 2008 and 2007, respectively. The Airport has accrued $32,256,896 and $2,000,000 of insurance recoveries at December 31, 2008 and 2007, respectively. The Airport has received two AIG payments for insurance recovery totaling $4,750,115 in 2009.

(7) Due to Other City Agencies

The City provides various services to the Airport System, including data processing, investing, financial services, budgeting, and engineering. Billings from the City, both direct and indirect, during 2008 and 2007 totaled $13,131,284 and $13,417,874, respectively, and have been included in operating expenses.

In addition to the above services, the Airport System also pays directly salaries and wages for police, fire and other city personnel which are reflected as personnel services expenses. The total services paid for City service and personnel are $38,394,714 and $40,349,033 at December 31, 2008 and 2007, respectively. The outstanding liability to the City and its related agencies in connection with these services totaled $18,072,610 and $18,240,600 at December 31, 2008 and 2007, respectively.

(8) Bonds Payable

Changes in long-term debt for the years ended December 31, 2008 and 2007 were as follows (in thousands):

	2008					
	January 1, 2008	Additions	Refunded debt	Retirements	December 31, 2008	Amounts due within one year
Airport System revenue bonds	$ 4,002,742	$ 1,083,240	$ (1,079,100)	$ (99,737)	$ 3,907,145	$ 97,115
Economic defeasance	54,880	-	-	-	54,880	-
Baggage defeasance	141,228	-	-	(3,478)	137,750	3,670
Less deferred loss on bonds	(303,121)	(13,000)	-	20,942	(295,179)	-
Plus unamortized premiums	58,422	12,656	-	(7,560)	63,518	-
Total bond debt	$ 3,954,151	$ 1,082,896	$ (1,079,100)	$ (89,833)	3,868,114	$ 100,785
Less current portion					(100,785)	
Noncurrent portion					$ 3,767,329	

	2007					
	January 1, 2007	Additions	Refunded debt	Retirements	December 31, 2007	Amounts due within one year
Airport System revenue bonds	$ 3,737,642	$ 860,925	$ (488,740)	$ (107,085)	$ 4,002,742	$ 100,352
Economic defeasance	54,880	-	-	-	54,880	-
Baggage defeasance	77,263	71,715	-	(7,750)	141,228	3,478
Less deferred loss on bonds	(301,054)	(22,223)	-	20,156	(303,121)	-
Plus unamortized premiums	39,170	17,102	8,429	(6,279)	58,422	-
Total bond debt	$ 3,607,901	$ 927,519	$ (480,311)	$ (100,958)	3,954,151	$ 103,830
Less current portion					(103,830)	
Noncurrent portion					$ 3,850,321	

The Airport System has issued bonds, paying fixed and variable interest rates, collateralized by and payable from Airport System Net Revenues, as defined in the 1984 Airport System General Bond Ordinance as supplemented and amended (Bond Ordinance) and the 1990 Airport System General Subordinate Bond Ordinance as supplemented and amended (Subordinate Bond Ordinance). Interest is payable semi-annually. The variable rate bonds are issued in weekly mode. Auction rate bonds carry interest rates that are periodically reset for either 7 or 35-day periods. As such, the actual interest rate on the bonds will vary weekly, based on market conditions in the short-term tax-exempt bond market. The maturity dates, interest rates, and principal amounts outstanding as of December 31, 2008 are as follows:

Bond	Maturity	Interest Rate	Amount Outstanding
Airport system revenue bonds			
Series 1991D			
Term bonds	November 15, 2013	7.75%	$ 69,210,752
Series 1992F,G*	November 15, 2025	.90%	45,400,000
Series 1995C			
Term bonds	November 15, 2012	6.50%	10,625,000
Series 1997E			
Serial bonds	Annually November 15, 2011 and 2013	6.00%	34,461,718
Series 1998A			
Term bonds	November 15, 2025	5.00%	175,990,000
Series 1998B			
Term bonds	November 15, 2025	5.00%	103,395,000
Series 2000A			
Serial bonds	Annually November 15, 2009 to 2019	4.80-6.00%	201,775,000
Term bonds	November 15, 2023	5.625%	31,495,000
Series 2001A			
Serial bonds	Annually November 15, 2009 to 2017	5.00-5.625%	206,912,115
Series 2001B			
Serial bonds	Annually November 15, 2013 to 2016	4.70-5.50%	16,675,000
Series 2001D			
Serial bonds	Annually November 15, 2009 to 2024	5.00-5.50%	53,510,000
Series 2002C*	November 15, 2024	.90%	38,400,000
Series 2002E			
Serial bonds	Annually November 15, 2009 to 2023	4.00-5.50%	152,440,000
Series 2003A Term bonds	November 15, 2026 and 2031	5.00%	161,965,000
Series 2003B Term bonds	November 15, 2033	5.00-5.75%	75,460,000

Bond	Maturity	Interest Rate	Amount Outstanding
Series 2005A Serial bonds	Annually November 15, 2011 to 2025	4.00-5.00%	224,510,000
Series 2006A Serial bonds	Annually November 15, 2015 to 2025	4.00-5.00%	279,585,000
Series 2006B Serial bonds	Annually November 15, 2009 to 2015	5.00%	133,555,000
Series 2007A Serial & term bonds	Annually November 15, 2023, 2024, 2026, 2027 and 2030	5.00%	188,350,000
Series 2007B Term bonds	November 15, 2032	5.00%	24,250,000
Series 2007C Term bonds	Annually November 15, 2016, 2017 and 2023	5.00%	34,635,000
Series 2007D Serial bonds	Annually November 15, 2016 to 2023	5.25-5.50%	147,815,000
Series 2007D2 Serial bonds	Annually November 15, 2014 to 2015	5.00%	31,950,000
Series 2007E Term bonds	November 15, 2032	5.00%	47,400,000
Series 2007F1-4*	November 15, 2025	2.99%-3.25%	208,025,000
Series 2007G1-2*	November 15, 2025	2.0%	148,500,000
Series 2008A1 Serial bonds	Annually November 15, 2009 to 2017	5.00-5.50%	201,830,000
Series 2008A2-A4 Term rate bonds	November 15, 2032	5.00-5.25%	387,625,000
Series 2008B*	November 15, 2025	1.45%	78,800,000
Series 2008C1*	November 15, 2025	.95%	92,600,000
Series 2008C2-C3*	November 15, 2025	1.00%	200,000,000
Airport System subordinate revenue bonds			
Series 2008A-B* Commercial Paper	November 15, 2022	1.10%	100,000,000
Economic defeasance	November 15, 2013, 2024 and 2025	6.125-7.75%	54,880,000
LOI 1998/1999			
ABS baggage defeasance	November 15, 2009 to 2025	5.00-7.75%	137,750,415
Total revenue bonds			4,099,775,000
Less current portion			(100,785,000)
Net unamortized premiums			63,518,072
Deferred loss on refundings			(295,179,410)
Total bonds payable noncurrent			$3,767,328,662

* Variable rates are as of December 31, 2008

Most of the Airport term bonds are subject to certain mandatory redemption requirements and most of the Airport System bonds are subject to certain optional redemption provisions. Certain of the Airport System bonds are subject to certain mandatory sinking fund redemption requirements.

Economic Defeasances

On November 1, 1999, the Airport System entered into an economic defeasance of $54,880,000 through the use of certain 1998 and 1999 federal grant proceeds from the United States Department of Transportation under a 1990 Letter of Intent. These funds were set aside in special escrow accounts (Escrow A and Escrow B) held by the City. Escrow A proceeds will be used to defease $40,080,000 of the Series 1992C Bonds maturing on November 15, 2025. Escrow B proceeds will be used to defease $14,800,000 of the Series 1991D Bonds maturing on November 15, 2013. These bonds are considered defeased for bond ordinance purposes; however, the defeasance was not considered a legal defeasance or an in-substance defeasance under accounting principles generally accepted in the United States of America and, therefore, the bonds remain outstanding in the accompanying financial statements.

On December 27, 2006, the Airport entered into an economic defeasance of $90,000,000 funded by PFC and net revenues. These funds were set aside in a special escrow account (ABS Baggage System defeasance) held by the City. The proceeds will be used to defease a portion of the Airport System Revenue bonds related to the ABS baggage system. On December 12, 2007, the Airport added an additional $85,000,000 to the ABS Baggage System defeasance escrow.

Bond Issuances

On November 2, 2008 the Airport issued $92,600,000 and $200,000,000 of Airport System Revenue bonds Series 2008C1 and 2008C2-C3 in a variable rate mode for the purpose of refunding the 2000C and 2000B bonds.

On June 24, 2008, the Airport issued $81,800,000 of Airport System Revenue bonds Series 2008B in a variable rate mode for the purpose of refunding series 2005C1-C2 bonds which were trading at above market rate because of distressed bond insurance.

The Airport drew $50 million on March 28, 2008 and $50 million on April 1, 2008 of Commercial Paper to currently refund the series 2001C1-C2 Auction Rate Securities (“ARS”). On April 14, 2008 the Airport issued $221,215,000, $111,000,000, $181,965,000 and $94,660,000 of 2008A1-A4 bonds in a fixed rate and term rate mode for the purpose of current refunding $100,000,000 of the Series 2001C3-C4, $267,625,000 of the Series 2002A1-A3, $85,275,000 of the 2005B1-B2, Airport Revenue bonds that were variable rate bonds currently in an auction rate mode and to current refund $144,000,000 of the 2004A-B variable rate bonds. The Series 2001C1-C4 Airport Revenue Bonds which were Auction Rate Securities and associated with 1999, 2002, and 2007A swap agreements, were refunded on March 28, 2008, April 1, 2008 and April 14, 2008, with Commercial Paper and a portion of the Series 2008A1-A4 variable rate bonds which will bear interest initially in a term mode. The refunding transactions were necessitated by the deterioration of the credit rating of certain bond insurers.

On November 14, 2007, the Airport issued $208,025,000 and $148,500,000 of Airport System Revenue Bonds Series 2007F1-F4 and 2007G1-G2 bonds in auction rate mode and variable rate mode, respectively, for the purpose of current refunding a portion of the 1997E bonds.

On October 4, 2007, the Airport issued $31,950,000 and $47,400,000 of Airport System Revenue Bonds Series 2007D2 and 2007E in a fixed mode for the purpose of funding new money for capital improvement projects.

On October 3, 2007, the Airport substituted Letter of Credits for the 1992F, 1992G and 2002C Airport System Revenue Bonds.

On August 29, 2007, the Airport issued $188,350,000, $24,250,000, and $34,635,000 of the Airport System Revenue Bonds Series 2007A, 2007B, and 2007C in a fixed rate mode for purposes of refunding Commercial Paper Notes, advance refunding the 2003B Bonds and funding new money for capital improvements.

On August 29, 2007, the Airport issued $147,815,000 of the Airport System Revenue Bonds Series 2007D in a fixed rate mode for the purpose of funding new money for capital improvements.

In April 2007, the Airport drew on the Airport System Subordinate Commercial Paper 2006A notes with outstanding principal of $30 million and was refunded on August 29, 2007, with the 2007A and 2007B Series Bonds.

Deferred Refunding

The proceeds of the 2008A1-A4, 2008B, 2008C1, and 2008C2-C3 bonds were used, together with other Airport monies, to currently refund all the outstanding Series 2001C3-C4, 2002A1-A3, 2004A-B, 2005B1-B2, 2005C1-C2, 2000B and 2000C Airport Revenue Bonds. Series 2008A1-A4, 2008B, 2008C1 and 2008C2-C3 debt service maturities approximately match the principal amortization of the refunded bonds, and debt service. The current refunding resulted in a defeasance of debt between the reacquisition price of $979,100,000 and the net carrying amount of the old debt of $966,099,416, and the recognition of a deferred loss on refunding in the amount of $13,000,584. The deferred loss on refunding is being amortized over the remaining life of the old debt. Debt service savings and economic gains resulting from the refunding transactions are not meaningful because all debt was variable rate debt.

The proceeds of the 2007C, 2007F1-F4 and 2007G1-G2 bonds were used together with other Airport monies, to advance refund a portion of the 2003B and currently refund a portion of the 1997E bonds. The 2007C, 2007F1-F4 and 2007G1-G2 bonds are structured to provide the Airport with approximately level annual debt service savings. Debt service savings for the refunding is estimated to be $47,333,002. The economic gain resulting from the transaction is estimated to be $29,847,653. The current refunding resulted in a defeasance of debt between the reacquisition price of $392,900,294 and the net carrying amount of the old debt of $370,677,222, and the recognition of a deferred loss on refunding in the amount of $22,223,072. The deferred loss on refunding is being amortized over the remaining life of the old debt.

Defeased Bonds

The Airport System has defeased certain revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the accompanying financial statements. As of December 31, 2008 and 2007, respectively, $65,720,000 and $65,720,000 of bonds outstanding are considered defeased.

(9) Bond and Notes Payable Debt Service Requirements

(a) Bonds Payable

Bond debt service requirements of the Airport System for bonds payable to maturity as of December 31, 2008 are as follows:

		Principal		Interest
Year:				
2009	$	97,114,611	$	175,174,903
2010		105,784,263		169,425,083
2011		128,549,389		161,996,356
2012		135,811,839		153,715,110
2013		133,409,483		146,096,346
2014 – 2018		772,345,000		618,111,810
2019 – 2023		1,081,395,000		422,947,134
2024 – 2028		1,134,300,000		160,858,472
2029 – 2033		318,435,000		45,456,250
Total	$	3,907,144,585	$	2,053,781,464

Debt service requirements for the economic defeasance LOI of the Airport System to maturity as of December 31, 2008, are as follows:

		Principal		Interest
Year:				
2009	$	-	$	3,601,900
2010		-		3,601,900
2011		-		3,601,900
2012		-		3,601,900
2013		14,800,000		3,601,900
2014 – 2018		-		12,274,500
2019 – 2023		-		12,274,500
2024 – 2025		40,080,000		3,436,125
Total	$	54,880,000	$	45,994,625

Debt service requirements for the economic defeasance ABS Baggage system of the Airport System to maturity as of December 31, 2008, are as follows:

		Principal		Interest
Year:				
2009	$	3,670,389	$	7,713,840
2010		6,610,737		7,511,970
2011		7,650,611		7,086,762
2012		8,148,161		6,594,013
2013		11,425,517		6,105,209
2014 – 2018		46,800,000		21,802,824
2019 – 2023		43,520,000		8,707,923
2024 – 2025		9,925,000		565,500
Total	$	137,750,415	$	66,088,041

(b) Notes Payable

The Airport System entered into two Master Installment Purchase Agreements on March 15, 2004, one with Siemens Financial Services for $20 million and one with GE Capital Public Finance Inc. for $13 million, to finance various capital equipment purchases at rates and terms of 3.46% and 3.6448% based on a 30/360 calculation for 2004. Payments are due semiannually to Siemens Financial Services and quarterly to GE Capital Public Finance. The Airport System entered into three Master Installment Purchase Agreements on October 26, 2006, and one on August 1, 2006. These include two agreements with Koch Financial Corporation for $23.0 million and $2.0 million, for a total of $25.0 million, and two agreements with GE Capital Public Finance for $9.0 million and $20.0 million for a total of $29.0 million. These transactions will finance capital equipment purchases at rates and terms of 4.34%, 4.22%, 4.16% and 4.67% based on a 30/360 calculation for 2007. The Airport System entered into a $15.3 million Master Installment Purchase Agreement with Chase Equipment Leasing Inc. on August 5, 2008, to finance capital equipment purchases, at a rate of 3.329% based on 30/360 calculation for 2008.

Additionally, in connection with the termination of the 2006A Swap Agreement with Lehman Brothers Special Financing, the Airport System entered into a new swap agreement (the 2008A Swap Agreement – see Note 12) with Royal Bank of Canada. Under the 2008A Swap Agreement, the City received $21,100,000 from Royal Bank of Canada to assist in paying the settlement amount due at termination of the 2006A Swap Agreement. The $21,100,000 will be repaid monthly, including interest at an implied rate of 6.519%, commencing January 1, 2009 through November 15, 2025. The loss on termination of the 2006A Swap Agreement has been deferred and will be amortized over the remaining life of the debt which matures November 15, 2025.

The payment schedule relating to note requirements as of December 31, 2008 is as follows:

		Principal		Interest
Year:				
2009	$	15,611,304	$	3,613,057
2010		15,933,815		3,020,328
2011		13,749,745		2,336,765
2012		8,248,010		1,864,514
2013		6,975,423		1,506,039
2014-2018		18,359,167		3,844,475
2019-2023		5,181,794		987,938
2024-2025		688,789		40,657
	$	84,748,047	$	17,213,773

Changes in notes payable for the years ended December 31, 2008 and 2007 were as follows:

		Balance January 1, 2008		Additions		Retirements		Balance December 31, 2008		Amounts due within one year
Notes payable	$	61,671,062	$	36,395,480	$	(13,318,495)	$	84,748,047	$	15,611,304
Less current portion								(15,611,304)		
Noncurrent portion							$	69,136,743		

	Balance January 1, 2007	Additions	Retirements	Balance December 31, 2007	Amounts due within one year
Notes payable	$ 88,985,486	$ -	$ (27,314,424)	$ 61,671,062	$ 12,138,729
Less current portion				(12,138,729)	
Noncurrent portion				$ 49,532,333	

(10) Demand Bonds

Included in long-term debt are $45,400,000 for Series 1992F, G; $38,400,000 of Series 2002C, $78,800,000 of Series 2008B, $92,600,000 of Series 2008C1, $200,000,000 of Series 2008C2-C3, $100,000,000 of 2008 Series Commercial Paper and $148,500,000 for Series 2007G1-G2 of Airport System Revenue Bonds Series, respectively, which bear interest at flexible or weekly rates and are subject to mandatory redemption upon conversion of the interest rate to a different rate type or rate period. If the bonds are in a weekly (or monthly) mode, the bonds are subject to purchase on demand of the holder at a price of par plus accrued interest. Each series has an irrevocable letter of credit or standby bond purchase agreement which the remarketing agent for the bonds can draw upon to purchase the bonds. If the bonds purchased by the remarketing agent could not be resold within a designated period of time, each irrevocable letter of credit and standby bond purchase agreement contains provisions for a take out agreement which would convert the obligation to an installment loan with the provider of that agreement. If the take out agreement were to be exercised, the Airport System would be required to pay interest amounts on the loan that are expected to be higher than the interest amount on the bonds.

Irrevocable letters of credit and standby bond purchase agreements (SBPA) were issued as collateral for the Series 1992F, 1992G, 2002C, 2007G, 2008B, 2008C1, 2008C2-C3 and 2008 Commercial paper revenue bonds in the amounts as follows:

Bonds	Par amount outstanding	Letter of credit or SBPA amount *	Annual commitment fee	Letter of credit or SBPA expiration date
Series 1992F	$ 24,800,000	$ 25,183,211	0.163%	October 2, 2014
Series 1992G	20,600,000	20,918,312	0.163%	October 2, 2014
Series 2002C	38,400,000	38,993,359	0.163%	October 2, 2014
Series 2007G1-G2	148,500,000	150,208,767	0.28%	November 13, 2014
Series 2008B	78,800,000	79,706,740	0.80%	June 30, 2011
Series 2008C1	92,600,000	93,909,085	1.10%	November 4, 2011
Series 2008C2-C3	200,000,000	202,827,398	0.80%	November 3, 2011
2008 Commercial paper	100,000,000	127,200,000	0.280%	August 17, 2010

*As of December 31, 2008 and 2007 no amounts have been drawn under any of the existing agreements.

(11) Bond Ordinance Provisions

Additional Bonds

The Airport System may issue additional parity and subordinate bonds, subject to certain coverage and other provisions, for the purpose of acquiring, improving or equipping facilities related to the Airport System.

Airport System Revenue Bonds

Under the terms of the Bond Ordinance, all bond series, except for the 2008 Commercial Paper, (the Senior Bonds) are collateralized by a first lien on the Net Revenues of the Airport System. Under the terms of the Subordinate Bond Ordinance, the 2008 Commercial Paper are collateralized by Net Revenues of the Airport System subordinate to the Senior Bonds.

The Airport System is required by the Bond Ordinance to set and collect rates and charges sufficient, together with other available funds, to provide for the payment of all operating and maintenance expenses for the current fiscal year plus 125% of the aggregate principal and interest payments of the Senior Bonds for such fiscal year prior to the issuance of additional bonds. Management believes the Airport System is in compliance with the bond covenants listed in the bond ordinance.

Summary of Interest Rate Swap Transactions

(12) Swap Agreements

The Airport System has entered into interest rate swap agreements in order to protect against rising interest rates. In accordance with US GAAP, the fair value of swap agreements is not reported in the financial statements.

Counterparty	Trade date	Effective date	Notional amount (in millions)	Bond/Swap termination date	Associated debt series	Payable swap rate	Variable receivable swap rate	Fair values December 31, 2008
1998 Swap Agreements:								
Goldman Sachs Capital Markets, L.P.	1/22/98	10/4/00	$ 100	11/15/25	2008C2-C3	4.7600%	Bond rate	$ (32,001,733)
Societe Generale, New York, Branch	1/22/98	10/4/00	100	11/15/25	2008C2-C3	4.7190	Bond rate	(31,527,230)
Lehman Brothers Special Financing Inc. (1)	1/22/98	10/4/00	100	11/15/25	2008C1	4.7600	Bond rate	(13,852,974)
1999 Swap Agreements:								
Goldman Sachs Capital Markets, L.P.	7/22/99	10/4/01	100	11/1/22	(2)	5.6179	BMA	(30,961,569)
Merrill Lynch Capital Services, Inc.	7/22/99	10/4/01	50	11/1/22	(2)	5.5529	BMA	(15,139,447)
RPC, LTD.	7/22/99	10/4/01	50	11/1/22	(2)	5.6229	BMA	(15,507,041)
2002 Swap Agreements:								
Goldman Sachs Capital Markets, L.P.	4/11/02	4/15/02	100	11/01/22	(2)	BMA	76.33% LIBOR	(6,627,995)
RPC, LTD.	4/11/02	4/15/02	100	11/01/22	(2)	BMA	76.00% LIBOR	(6,720,572)
2005 Swap Agreements								
Royal Bank of Canada	4/14/05	11/15/06	55.917	11/15/25	2006A	3.6560	70% LIBOR	(11,308,623)
JP Morgan Chase Bank, N.A.	4/14/05	11/15/06	55.917	11/15/25	2006A	3.6874	70% LIBOR	(11,505,806)
Jackson Financial Products, LLC	4/14/05	11/15/06	111.834	11/15/25	2006A	3.6560	70% LIBOR	(22,617,245)
Piper Jaffray Financial Products, Inc.	4/14/05	11/15/06	55.917	11/15/25	2006A	3.6560	70 % LIBOR	(11,308,623)
2006B Swap Agreements								
Royal Bank of Canada	8/9/06	11/15/06	55.917	11/15/25	2006A	BMA	4.0855%	8,331,840
JP Morgan Chase Bank, N.A.	8/9/06	11/15/06	55.917	11/15/25	2006A	BMA	4.0855%	8,331,840
Jackson Financial Products, LLC	8/9/06	11/15/06	111.834	11/15/25	2006A	BMA	4.0855%	16,663,680
Piper Jaffray Financial Products, Inc.	8/9/06	11/15/06	55.917	11/15/25	2006A	BMA	4.0855%	8,331,840
2006A Swap Agreements								
Bear Stearns Capital Markets Inc. (3)	6/1/06	11/15/07	180.850	11/15/25	2007F-G	4.0085	70% LIBOR	(39,723,787)
GKB Financial Services Corp.	6/1/06	11/15/07	60.117	11/15/25	2007F-G	4.0085	70% LIBOR	(13,241,262)
2007A Swap Agreements								
Bear Stearns Capital Markets Inc. (3)	12/21/07	05/01/10	150.000	11/01/22	(2)	76.165% 1M LIBOR	65.55%10Y LIBOR	190,706
Royal Bank of Canada	12/21/07	05/01/10	50.000	11/01/22	(2)	76.165% 1M LIBOR	65.55% 10Y LIBOR	63,659
2008A Swap Agreements								
Royal Bank of Canada	12/18/08	12/18/08	120.233	11/15/25	2007F-G	1.8100	1 Month 70%LIBOR	(5,854,573)
Total								$ (225,984,915)

(1) The 1998 swap with Lehman Brothers Special Financing Inc. was replaced with the 2008B swap agreement that had an effective date of January 8, 2009.
(2) Swaps are currently associated with Commercial paper, Series 2008B bonds and a portion of Series 2002C bonds.
(3) On May 30, 2008, the Bear Stearns Companies Inc. merged with JPMorgan & Company. JPMorgan & Company has indicated its intention to, with agreement from the City, novate the swap with Bear Stearns Capital Markets Inc. to JPMorgan Chase Bank, N.A. As of December 31, 2008, this novation has yet to occur.

Payments by the Airport System to counterparties relating to these swap agreements, including termination payments, are Subordinate Obligations, subordinate to debt service payments on the Airport System's Senior Bonds, and on parity with the Airport System's Subordinate Bonds. The year-end fair values were calculated using the mid-market LIBOR and BMA swap curves as of December 31, 2008. Fair values represent the difference between the present value of the fixed payments and the present value of the floating payments, at forward floating rates as of December 31, 2008. When the present value of payments to be made by the Airport System exceeds the present value of payments to be received, the swap has a negative value to the Airport System. When the present value of payments to be received by the Airport System exceeds that of payments to be made, the swap has a positive value to the Airport System.

Risks Associated with the Swap Agreements

The following risks are generally associated with swap agreements:

Credit Risk – All of the Airport System's swap agreements rely upon the performance of swap counterparties. The Airport System is exposed to the risk of these counterparties being unable to fulfill their financial obligations to the Airport System. The Airport System measures the extent of this risk based upon the credit ratings of the counterparty and the fair value of the swap agreement. If the Airport System delivers a surety policy or other credit support document guaranteeing its obligations under the swap agreement that is rated in the highest rating category of either Standard & Poor's, Moody's Investors Service or Fitch, for any swap agreement, the counterparty to that agreement is obligated to either be rated, or provide credit support securing its obligations under the swap agreement rated in the highest rating category of either Standard & Poor's, Moody's Investors Service or Fitch; or, under certain circumstances, provide collateral. The Airport System is obligated, under the swap agreements, to provide such surety policy or credit support if the unsecured and unenhanced ratings of the Airport System's Senior Bonds is below any two of BBB by Standard & Poor's, Baa2 by Moody's Investors Service or BBB by Fitch. As of December 31, 2008, the ratings of the Airport System's Senior Bonds were A+ by Standard & Poor's (with a stable outlook), A1 by Moody's Investors Service (with a stable outlook) and A+ by Fitch (with a stable outlook). Therefore, no surety policy or credit has been provided to the counterparties by the Airport System. Failure of either the Airport System or the counterparty to provide credit support or collateral, as described in the swap agreements, is a termination event under the swap agreements (see termination risk below).

The ratings of the counterparties, or their credit support providers, as of December 31, 2008 are as follows:

	Ratings of the counterparty or its credit support provider		
Counterparty (credit support provider)	S&P	Moody's	Fitch
Goldman Sachs Capital Markets, L.P.			
(Goldman Sachs Group, Inc.)	A	A1	AA-
JP Morgan Chase Bank, N.A.	AA-	Aaa	AA-
LOOP Financial Products, LLC			
(Deutsche Bank, AG, New York Branch)	A+	Aa1	AA-
Merrill Lynch Capital Services, Inc.			
(Merrill Lynch & Co., Inc.)	A	A2	A+
Royal Bank of Canada	AA-	Aaa	AA
Societe Generale, New York Branch	AA-	Aa2	AA-
Lehman Brothers Special Financing	NR	NR	NR
Jackson Financial Products, LLC (Merrill Lynch & Co., Inc.)	A	A2	A+
Bear Stearns Capital Markets Inc. (Bear Stearns			
Companies) (JP Morgan & Company)	A+	Aa2	AA-
GKB Financial Services Corporation II, Inc. (Societe			
Generale New York Branch)	AA-	A1	A+
Piper Jaffray Financial Products, Inc. (Morgan			
Stanley Capital Services, Inc.)	A	A2	A

As of December 31, 2008 and, there was no risk of loss for the swap agreements that had negative fair values. For the swap agreements that had positive fair values, the risk of loss is the amount of the derivatives' fair value.

Termination Risk – Any party to the Airport System's swap agreements may terminate the swap if the other party fails to perform under the terms of the contract. Additionally, the Airport System may terminate any of its swap agreements at any time at its sole discretion. Further, certain credit events can lead to a termination event under the swap agreements (see Credit Risk above). If, at the time of termination, the swap has a negative fair value, the Airport System could be liable to the counterparty for a payment equal to the swap's fair value. If any of the Airport System's swap agreements are terminated, the associated variable rate bonds would either no longer be hedged with a synthetic fixed interest rate or the nature of the basis risk associated with the swap agreement may change. The Airport System is not aware of any existing event that would lead to a termination event with respect to any of its swap agreements.

Basis Risk – Each of the Airport System's swap agreements are associated with certain debt obligations or other swaps. The Airport System pays interest at variable interest rates on some of the associated debt obligations and associated swaps. The Airport System receives variable payments under some of its swap agreements. To the extent the variable rate on the associated debt or the associated swap paid by the Airport System is based on an index different than that used to determine the variable payments received by the Airport System under the swap agreement, there may be an increase or decrease in the synthetic interest rate intended under the swap agreement. The nature of this risk for each of the Airport System's series of swaps is discussed more specifically in the descriptions of these swap agreements below.

Description of the Swap Agreements and Associated Debt

The 1998 Swap Agreements and Associated Debt – On January 1, 1998, the Airport System entered into interest rate swap agreements ("the 1998 Swap Agreements") with three financial institutions in order to take advantage of and secure prevailing interest rates in contemplation of the future refunding of certain senior bonds through the Airport System's issuance of variable rate bonds on or before October 4, 2000. One of these agreements, with Lehman Brothers Special Financing Inc., was terminated on January 8, 2009 and replaced with a 2008B swap agreement with Loop

Financial Products described below. Each 1998 Swap Agreement has a notional amount of $100 million and provides for certain payments to or from each financial institution equal to the difference between a fixed rate payable by the Airport System under each Agreement and the prevailing variable rate on certain of the Airport System's variable rate bonds payable by the respective financial institutions. Upon the occurrence of certain events, a counterparty to a 1998 Swap Agreement may elect to apply an alternative variable rate, 70% of the London Interbank Offered Rate for one-month deposits of U.S. dollars (LIBOR) plus 0.10%, instead of the variable rate payable on the associated debt. Events that could trigger the right of the counterparty to apply the alternative rate include, among other things, a downgrade of the short-term ratings of the associated debt to below A-1+ by S&P, VMIG-1 by Moody's or F-1+ by Fitch or the long-term ratings of the bonds are downgraded to below one of the highest two rating categories of any two of S&P, Moody's or Fitch, or an event of taxability. An event of taxability includes, among other things, a change in tax law that causes the relationship between the Bond Markets Association Index (BMA) and LIBOR such that the daily average BMA Index as a percentage of daily average LIBOR exceeds 80% for a period of 90 consecutive days or 75% for a period of 120 consecutive days. The effect of a counterparty applying the alternative rate would be to increase the basis risk for the swap. There would be a greater likelihood of differences between the variable rate paid by the Airport System on the associated debt and variable payments received from the counterparty under the swap. There was no such taxability event nor a downgrade of the short-term ratings for the year ended December 31, 2008. The short-term ratings of Series 2000B and 2000C Bonds were downgraded by Moody's Investors Service on June 19, 2008, triggering an alternative rate event. This alternative event was cured, effective December 1, 2008, with the issuance of the Series 2008C2-C3 refunding bonds.

In August 2000, the Airport System issued the Series 2000B and the Series 2000C Bonds in order to refund a portion of the Series 1990A Bonds, and treated such 1998 Swap Agreements as relating to the payments due on the Series 2000B Bonds and the Series 2000C Bonds (the associated debt), thereby effectively converting the floating rates of the Series 2000B Bonds and the Series 2000C Bonds to a fixed interest rate. The Series 2000B and Series 2000C Bonds were refunded in 2008, by the Series 2008C1-C3 bonds. The Series 2008C2-C3 Bonds are currently associated debt with the 1998 swaps. The aggregate weighted average fixed rate payable by the Airport System under the 1998 Swap Agreements is 4.7463%. The 1998 Swap Agreements became effective on October 4, 2000, and payments under these 1998 Swap Agreements commenced on November 1, 2000.

The 1999 Swap Agreements and Associated Debt – On July 28, 1999, the Airport System entered into interest rate Swap Agreements ("the 1999 Swap Agreements") with three financial institutions in order to take advantage of and secure prevailing interest rates in contemplation of the future refunding of a portion of the Series 1991A Bonds and Series 1991D Bonds through the Airport System's issuance of variable rate bonds on or before October 4, 2001. The 1999 Swap Agreements have notional amounts of $100 million, $50 million and $50 million, respectively, and provide for certain payments to or from each financial institution equal to the difference between a fixed rate payable by the Airport System under each Agreement and the BMA Index payable by the respective financial institutions. Historically, average BMA Index has been lower than the variable interest rate the Airport System pays on the associated debt. The Airport System attributes this difference to the fact that the associated debt is subject to the alternative minimum tax. This means that, on average, the Airport System pays more in interest on the associated debt than it receives under the 1999 Swap Agreements. This basis risk is modified when the 1999 Swap Agreements and associated debt are considered together with the 2002 Swap Agreements and 2007A Swap Agreements.

On October 4, 2001, the Airport System issued the Series 2001 C1-C4 to refund a portion of the Series 1991A Bonds and Series 1991D Bonds. The Series 2001C1-C4 Bonds were refunded by commercial paper and Series 2008A1-A4 Bonds in April 2008. Because the Series 2008A1-A4 were initially issued in a fixed rate mode, the 1999 Swap Agreements were subsequently associated with the commercial paper, Series 2008B Bonds and a portion of the Series 2002C Bonds. The net effect of the 1999 Swap Agreements, when considered together with the associated bonds, is that the Airport System will effectively pay a fixed rate, plus or minus the difference between the actual rate on the associated bonds and the Bond Market Association Index, on $200 million of obligations. The aggregate weighted average fixed rate payable by the Airport System under the 1999 Swap Agreements is 5.6029%. The 1999 Swap

Agreements became effective on October 4, 2001, and payments under these Agreements commenced on November 1, 2001.

The 2002 Swap Agreements and Associated Debt – On April 11, 2002, the Airport System entered into interest rate Swap Agreements ("the 2002 Swap Agreements") with two financial institutions in order to effectively change the amounts it receives under the 1999 Swap Agreements from the Bond Market Association Index (BMA) to a percentage of the London Interbank Offered Rate for one-month deposits of U.S. dollars (LIBOR). The 2002 Swap Agreements have a notional amount of $200 million, relate to the 1999 Swap Agreements and provide for certain payments to or from each financial institution equal to the difference between BMA payable by the Airport System and a percentage of LIBOR payable by the respective financial institutions. The net effect of the 2002 Swap Agreements, when considered together with the 1999 Swap Agreements, is that the Airport System will receive 76.165% of LIBOR, rather than BMA, to offset the actual rate paid on the associated bonds. (See "the 1999 Swap Agreements and Associated Debt").

The Airport System is exposed to basis risk under the 1999 and 2002 Swap Agreements, due to the differences in indices between the variable interest rate it pays on the associated debt and 76.165% of LIBOR received under the 2002 Swap Agreements. This basis risk is modified when the 1999 Swap Agreements and associated debt and the 2002 Swap Agreements are considered together with the 2007A Swap Agreements. The 2002 Swap Agreements became effective on April 15, 2002 and payments under these Agreements commenced on May 1, 2002.

The 2005 Swap Agreements – In April 2005, the Airport System entered into interest rate Swap Agreements ("the 2005 Swap Agreements") with four financial institutions in order to take advantage of and secure prevailing interest rates in contemplation of the future refunding of a portion of the Series 1996A Bonds and Series 1996D Bonds through the Airport System's issuance of variable rate bonds on or before November 15, 2006. On August 9, 2006, the Airport System amended the 2005 Swap Agreements. The notional amounts of the 2005 Swap Agreements are approximately $56 million, $56 million, $112 million and $56 million, respectively, and provide for certain payments to or from each financial institution equal to the difference between a fixed rate payable by the Airport System under each Agreement and 70% of the London Interbank Offered Rate for one-month deposits of U.S. dollars (LIBOR) payable by the respective financial institutions.

In August 2006, the Airport System issued the Series 2006A bonds in order to refund the Series 1996A and 1996D bonds, and entered into the 2006B Swap Agreements (described below under *"The 2006B Swap Agreements").* The net effect of the 2005 Swap Agreements, when considered together with the fixed rate Series 2006A bonds and the 2006B Swap Agreements is that the Airport System will pay a fixed rate plus or minus the difference between the BMA index and 70% of 1-month LIBOR on $280 million of obligations.

The aggregate weighted average fixed rate payable by the Airport System under the 2005 Swap Agreements is 3.66%. The Airport System is exposed to basis risk under the 2005A Swap Agreements, due to the difference in indices between BMA paid on the associated 2006B Swap Agreements and 70.0% LIBOR received under the 2005 Swap Agreements. The 2005 Swap Agreements became effective on November 15, 2006 and payments under the Agreements commenced on December 1, 2006.

The 2006A Swap Agreements – On June 1, 2006, the City entered into interest rate swap agreements ("the 2006A Swap Agreements") with three financial institutions in order to take advantage of and secure prevailing interest rates in contemplation of the future refunding of the Series 1997E bonds through the Airport System's issuance of variable rate bonds on or before November 15, 2007. One of these agreements, with Lehman Brother Special Financing was terminated on December 18, 2008 and replaced with a 2008A swap agreement with Royal Bank of Canada described below. The remaining 2006A Swap Agreements have notional amounts of approximately $180.4 million and $60.1 million, respectively, and provide for certain payments to or from each financial institution equal to the difference between the fixed rate payable by the Airport System under each Agreement and 70% of London Interbank Offered Rate (LIBOR) for one month deposits of U.S. dollars payable for the respective financial institutions.

On November 14, 2007, the Airport System issued the Series 2007F1-F4 and Series 2007G1-G2 Bonds to refund a portion of the Series 1997E Bonds. The net effect of the 2006A Swap Agreements, when considered together with the variable rate Series 2007F1-F4 and Series 2007G1-G2 bonds, is that the Airport System will effectively pay a fixed rate, plus or minus the difference between the actual rate on the Series 2007F1-F4 and Series 2007G1-G2 Bonds and 70% of LIBOR on $241.0 million of obligations.

The Airport System is exposed to basis risk under the 2006A Swap Agreements, due to the differences between the variable interest rate it pays on the associated debt and 70% of LIBOR received under the 2006A Swap Agreements. The aggregate weighted average fixed rate payable by the Airport System under the 2006A Swap Agreements is 4.0085%. The 2006A Swap Agreements became effective on November 15, 2007 and payments under these Agreements commenced on December 1, 2007.

The 2006B Swap Agreements - On August 9, 2006 the Airport System entered into interest rate swap agreements ("the 2006B Swap Agreements") with four financial institutions in order to synthetically create variable rate debt in association with the refunding of the Series 1996A and 1996D bonds on August 17, 2006. The 2006B Swap Agreements have notional amounts of approximately $56.0 million, $56.0 million, $112.0 million and $56.0 million, respectively, and provide for certain payments to or from each financial institution equal to the difference between a variable rate based on the Bond Market Association Index payable by the Airport System under each Agreement and a fixed rate payable by the respective financial institutions.

In August 2006, the Airport System issued the Series 2006A bonds in order to refund the Series 1996A and 1996D bonds. The net effect of the 2006B Swap Agreements, when considered together with the fixed rate Series 2006A bonds, is that the Airport System will effectively pay a variable rate based on BMA plus or minus the difference between the fixed rate on the Series 2006A bonds and the fixed rate received under the 2006B Agreements on $280.0 million of obligations. In November 2006, the 2005 Swap Agreements became effective. The net effect of the 2005 Swap Agreements, when considered together with the fixed rate Series 2006A bonds and the 2006B Swap Agreements is that the Airport System will pay a fixed rate plus or minus the difference between the BMA index and 70.0% of 1-month LIBOR, minus the difference of the fixed receiver rate on the 2006B Swap and the weighted average fixed payor rate on the 2005 Swap on $280.0 million of obligations.

The aggregate weighted average fixed rate payable by the financial institutions under the 2006B Swap Agreements is 4.09%. The 2006B Swap Agreements became effective on November 15, 2006 and payments under these Agreements commenced on December 1, 2006.

The 2007A Swap Agreements - On December 21, 2007, the City entered into interest rate swap agreements ("the 2007A Swap Agreements") with two financial institutions to effectively change the amounts it receives under the 2002 Swap Agreements from a percentage of the London Interbank Offered Rate (LIBOR) for one-month deposits of U.S. dollars ("one-month LIBOR") to a percentage of LIBOR for ten-year deposits of U.S. dollars ("ten-year LIBOR"). The 2007A Swap Agreements have notional amounts of $150.0 million and $50.0 million, $100 million relate to the 2008C commercial paper, $78.8 of Series 2008B bonds and $12.2 of Series 2002C bonds and provide for certain payments to or from each financial institution equal to the difference between a percentage of one-month LIBOR payable by the Airport System and a percentage of ten-year LIBOR payable by the respective financial institutions. The net effect of the 2007A Swap Agreements, when considered together with the 2002 Swap Agreements, is that the Airport System will receive 65.55% of ten-year LIBOR, rather than 76.165% of one-month LIBOR, to offset the actual rate paid on the 2008 Commercial paper, Series 2008B bonds and a portion of the Series 2002C bonds (see "the 1999 Swap Agreements and Associated Debt" and "the 2002 Swap Agreements and Associated Debt").

The Airport System is exposed to basis risk under the 1999, 2002 and 2007A Swap Agreements, due to the differences in indices between the variable rate it pays on the associated debt and 65.55% of ten-year LIBOR received under the 2007A Swap agreements. The 2007A Swap Agreements have an effective date of May 1, 2010 and payments under these agreements have not commenced.

The 2008A Swap Agreement – On December 18, 2008, the City entered into an interest rate swap agreement ("the 2008A Swap Agreement") with Royal Bank of Canada and simultaneously terminated a 2006A Swap Agreement with Lehman Brothers Special Financing. The purpose of the transaction was to replace Lehman Brothers Special Financing, which filed a voluntary petition for chapter 11 bankruptcy protection on September 15, 2008, as counterparty to $120.233 million notional amount associated with 2007-G Bonds. The swap provides for certain payment to or from Royal Bank of Canada equal to the difference between the fixed rate payable by the Airport System under the Agreement and 70% of London Interbank Offered Rate (LIBOR) for one month deposits of U.S. dollars payable to Royal Bank of Canada. The City received $21,100,000 from Royal Bank of Canada to assist in paying the settlement amount of $21,353,831 due to Lehman Brothers Special Financing. As a result of receiving the loan of $21,100,000 from Royal Bank of Canada, this loan, including interest at an implied rate of 6.519%, will be paid through the fixed rate to be paid by the City to Royal Bank of Canada.

The net effect of the 2008A Swap Agreement, when considered together with the variable rate Series 2007F1-F4 and Series 2007G1-G2 bonds, is that the Airport system will effectively pay a fixed rate, plus or minus the difference between the actual rate on the Series 2007F1-F4 and Series 2007G1-G2 Bonds and 70% of LIBOR on $120.233 million of obligations.

The Airport System is exposed to basis risk under the 2008A Swap Agreement, due to the differences between the variable interest rate it pays on the associated debt and 70% of LIBOR received under the 2008A Swap Agreement. The fixed rate payable by the Airport System under the 2008A Swap Agreement is 4.0085%. The 2008A Swap Agreement became effective on December 18, 2008 and payment under this Agreement commenced on January 1, 2009.

The 2008B Swap Agreement – On January 8, 2009, the City entered into an interest rate swap agreement ("the 2008B Swap Agreement") with Loop Financial Products I LLC and simultaneously terminated a 1998 Swap Agreement with Lehman Brothers Special Financing. The purpose of the transaction was to replace Lehman Brothers Special Financing, which filed a voluntary petition for chapter 11 bankruptcy protection on September 15, 2008, as counterparty to $100 million notional associated with the 2008C1 Bonds outstanding in the amount of $92.6 million. The swap provides for certain payment to or from Loop Financial Products I LLC equal to the difference between the fixed rate payable by the Airport System under the Agreement and 70% of London Interbank Offered Rate (LIBOR) for three month deposits of U.S. dollars payable by Loop Financial Products I LLC. The City received $22,100,000 from Loop Financial Products I LLC to assist in paying the settlement amount of $22,213,550 due to Lehman Brothers Special Financing. As a result of receiving $22,100,000 from Loop Financial Product I LLC, the fixed rate to be paid by the City to Loop Financial Products I LLC will take into account such payments and will be above the market rate.

The net effect of the 2008B Swap Agreement, when considered together with the variable rate Series 2008C1 bonds, is that the Airport System will effectively pay a fixed rate on $100 million, plus or minus the difference between the actual rate on $92.6 million of the Series 2008C1 Bonds and 70% of three month LIBOR on $100 million notional amount of swaps.

The Airport System is exposed to basis risk under the 2008B Swap Agreement, due to the differences between the variable interest rate it pays on the associated debt and 70% of three month LIBOR received under the 2008B Swap Agreement. The fixed rate payable by the Airport System under the 2008B Swap Agreement is 4.76%. The 2008B Swap Agreement became effective on January 8, 2009 and payments under this Agreement commenced on February 1, 2009.

Swap Payments and Associated Debt

Interest Rate Swap Profile (all rates as of December 31, 2008)

Associated Debt	**CP, 2002C, 2008B (1)**	**2006A**	**2007F-G**	**2008C2-3**	**2008C1 (2)**
Payment to Counterparty:	6.503%	4.562%	1.810%	4.740%	4.760%
Payment from Counterparty:	1.232%	4.391%	0.305%	1.000%	0.405%
Net Swap Payment:	5.271%	0.171%	1.505%	3.740%	4.355%
Associated Bond Interest Rate:	1.217%	4.950%	2.617%	1.000%	0.950%
Net Swap & Bond Payment:	6.488%	5.121%	4.122%	4.740%	5.305%

(1) Swaps currently associated by the Airport with $100 million CP, $78.8 million Series 2008B, and a portion of the Series 2002C Bonds

(2) Associated 1998 Swap with Lehman was terminated January 8, 2009 and replaced with 2009 Swap Agreement. Not reflected here.

As rates vary, variable rate bond interest payments and net swap payments will vary. As of December 31, 2008, debt service requirements of the related variable rate debt and net swap payments, assuming current interest rates remain the same, for their terms, were as follows:

	Principal	Interest	Interest rate swaps net	Total
Year:				
2009	$ 5,575,000	$ 28,461,937	$ 33,690,968	$ 67,727,905
2010	1,730,000	28,386,523	33,536,637	63,653,160
2011	2,385,000	28,355,242	33,503,964	64,244,206
2012	2,540,000	28,397,371	33,662,290	64,599,661
2013	6,750,000	28,229,049	33,343,911	68,322,960
2014-2018	251,005,000	128,596,282	159,063,751	538,665,033
2019-2023	604,930,000	82,533,318	87,235,245	774,698,563
2024-2025	253,795,000	10,035,971	9,404,732	273,235,703
Total	$ 1,128,710,000	$ 362,995,693	$ 423,441,498	$ 1,915,147,191

Variable Rate Bonds and Swap payments are calculated using rates in effect on December 31, 2008.

(13) Denver International Special Facility Revenue Bonds

To finance the acquisition and construction of various facilities at Denver International, the City issued three series of Special Facility Revenue Bonds. These bonds are special limited obligations of the City, payable and secured by a pledge of certain revenues to be received from lease agreements for these facilities. The bonds do not constitute a debt or pledge of the full faith and credit of the City or the Airport System, and accordingly, have not been reported in the accompanying financial statements. As of December 31, 2008 and 2007, Special Facility Revenue Bonds outstanding totaled $309,905,000 and $315,700,000, respectively.

(14) Compensated Absences

Employees may accumulate earned but unused benefits up to specified maximum. The changes in compensated absences for 2008 and 2007 are as follows:

	Balance January 1, 2008	Additions	Retirements	Balance December 31, 2008	Amounts due within one year
Compensated absences payable	$ 7,291,163	$ 845,577	$ (318,917)	$ 7,817,823	$ 2,097,649
Less current				(2,097,649)	
Noncurrent portion				$ 5,720,174	

	Balance January 1, 2007	Additions	Retirements	Balance December 31, 2007	Amounts due within one year
Compensated absences payable	$ 6,695,644	$ 798,233	$ (202,714)	$ 7,291,163	$ 1,914,165
Less current				(1,914,165)	
Noncurrent portion				$ 5,376,998	

(15) Pension Plan

Substantially all of DIA's employees are covered under the City and County of Denver's pension plan, the Denver Employees Retirement Plan.

Plan Description

The following are brief descriptions of the retirement plan. Plan participants should refer to the appropriate source documents or publicly available financial reports for more complete information on the plans.

The Denver Employees Retirement Plan (DERP) is a cost-sharing multiple-employer defined benefit plan established by the City to provide pension and post-retirement health benefits for its employees. The DERP is administered by the DERP Retirement Board in accordance with sections 18-401 through 18-430.7 of the City's Revised Municipal Code. Amendments to the plan are made by ordinance. These Code sections establish the plan, provide complete information on the DERP, and vests the authority for the benefit and contribution provisions with the City Council. The DERP Retirement Board acts as the trustee of the plan's assets. As of January 1, 2008, the date of the last actuarial valuation, the plan was under-funded; however, there is no Net Pension Obligation reported because the actuarial valuation adjusts contributions in the ensuing year to fully fund the Plan. The Board monitors the Plan continually to ensure an appropriate level of funding.

The plan issues a publicly available financial report that includes financial statements and required supplementary information of that plan. Those reports are available by contacting:

Denver Employees Retirement Plan
777 Pearl Street
Denver, Colorado 80203

Pension Plans' Funding Policy and Annual Pension Cost

For DERP, the City contributes 8.50% of covered payroll and employees make a pre-tax contribution of 2.50% in accordance with Section 18-407 of the Revised Municipal Code of the City. The City's contributions to DERP for the years ended December 31, 2008, 2007 and 2006 were approximately $41,313,000, $38,862,000, and $36,036,000, respectively, which equaled the required contributions each year. DIA's share of the City's contributions for the years ended December 31, 2008, 2007 and 2006 were approximately $5,676,000, $5,311,000 and $4,629,000, respectively.

(16) Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employees or other beneficiary) held in trust by the City for the exclusive benefit of the participants and their beneficiaries. It is the opinion of the City's legal counsel that the City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

(17) Commitments and Contingencies

(a) Commitments

At December 31, 2008, the Airport System has the following contractual commitments for construction and professional services:

Construction projects	$	94,482,271
Construction projects to be funded by bonded debt		95,250,100
Projects related to remediation – Stapleton		17,878,264
Total commitments	$	207,610,635

(b) Noise Litigation

The City and Adams County entered into an intergovernmental agreement for Denver International dated April 21, 1988 (the Intergovernmental Agreement). The Intergovernmental Agreement establishes maximum levels of noise that should not be exceeded on an average annual basis at various grid points surrounding the Airport. Penalties must be paid to Adams County when these maximums are exceeded.

As of December 31, 2007, the Airport System had accrued $.5 million in the accompanying financial statements for noise violations and penalties. There is no noise penalty due for 2008.

(c) *Claims and Litigation*

The Airport System is involved in several other claims and lawsuits and is the subject of certain other investigations. The Airport System and its legal counsel estimate that the ultimate resolution of these matters will not materially affect the accompanying financial statements of the Airport System.

(d) *Denver International Assets under Operating Leases*

The Airport leases portions of its buildings and improvements to airline and concession tenants under noncancelable operating leases. Lease terms vary from 1 to 30 years. The operating leases with the concession tenants require rental payments equal to the greater of a fixed minimum amount per square foot or percentage of gross receipts. Rental income under operating leases for 2008 and 2007 was $71,582,216 and $69,411,719, respectively.

Minimum future rentals due from concession tenants are as follows for the years ending December 31:

2009	$	51,806,266
2010		50,115,283
2011		47,618,740
2012		45,901,116
2013		44,037,244
2014-2017		25,954,409
Total minimum future rentals	$	265,433,058

The United lease provides that it can be terminated by the airline if the airline's cost per enplaned passenger exceeds $20 in 1990 dollars. Current costs per enplaned passenger did not approach this limit for either 2008 or 2007. Rental rates for airlines are established under a ratemaking methodology whereby a compensatory method is used to set terminal rental rates and a residual method is used to set landing fees. Rentals, fees, and charges must generate gross revenues together with other available funds sufficient to meet the rate maintenance covenant per the Bond Ordinance.

(e) *Federal grants*

Under the terms of the Federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. The Airport System management believes disallowances, if any, will be immaterial to its financial position and activities of the Airport.

(18) Insurance

The Airport System is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Airport System has purchased commercial insurance for the various risks.

Employees of the City (including all DIA employees) are covered by the City's insurance policies. Effective October 1, 1989, the City established a workers' compensation self-insurance trust in accordance with State statutes, to be held for the benefit of the City's employees.

The City's Workers' Compensation Internal Service Fund compensates City employees, or their eligible dependents, for injuries as authorized by the State Workers' Compensation law or City ordinances. The administrators of the fund provide safety training and enhancement programs, in addition to maintaining in-house records of claims. On August 1, 1991, a separate insurance program was established by the City to insure all contract labor working on-site at Denver International. The program provides medical and indemnity payments as required by law for on-the-job related injuries for all non-City employees and builders' risk, general liability, and professional liability for all applicable construction and consulting firms working on-site at the Denver International Airport. The insurance program covers only incidents incurred prior to September 1994.

Deductibles under this insurance program are: (1) workers' compensation liability of $250,000 per occurrence; and (2) general liability, builders' risk, and professional liability insurance of $25,000, $100,000, and $1,000,000 per occurrence, respectively.

Settled claims for these risks have not exceeded this commercial coverage in any of the past three fiscal years.

(19) Significant Concentration of Credit Risk

The Airport System derives a substantial portion of its operating revenues from airline's landing and facility rental fees (airline operating revenue). For each of the years ended December 31, 2008 and 2007, United Airlines represented approximately 56% of the Airport System's airline operating revenue. Frontier Airlines represented 15% in 2008 and 2007 of the Airport System's airline operating revenue in both years. No other airline represented more than 10% of the Airport System's airline operating revenues. The Airport System requires performance bonds to support airlines and concession accounts receivables.

(20) United Airlines

The dominant air carrier at Denver International Airport is United Airlines, one of the world's largest airlines. The Airport currently is the second largest connecting hub in United's route system, both in terms of passengers and flight operations. Pursuant to the United Use and Lease Agreement, United currently leases 43 of the 95 full-service gates at the Airport. In addition, United together with its United Express commuter affiliates, accounted for 48.2% and 47.6% of enplaned passengers at the Airport in 2008 and through March of 2009, respectively.

In the 2005-2 Amendment to the United Use and Lease Agreement, the Airport System agreed to a reduction in United's rates and charges associated with the automated baggage system of $4.9 million in 2006, $8.5 million in 2007 and $11.0 million in 2008 through 2025, the last year of the term of the United Use and Lease Agreement in exchange for United's agreement to grow the Denver hub. This agreed reduction will be achieved by defeasing outstanding debt with Airport System equity and available $1.50 PFCs.

In the 2006 Amendment, the Airport System agreed to further mitigate United's baggage system charges by defeasing certain outstanding Airport System Revenue Bonds and reducing amortization charges allocated to the automated baggage system in stated amounts not to exceed $10.0 million per year, using available Capital Fund moneys and other legally available Airport funds. The Airport System also agreed to improve the existing commuter facilities on the east end of Concourse B in order to accommodate larger regional jet aircraft and provide new enhanced passenger amenities. These improvements, referred to herein as the Concourse B Commuter Facility Project, to cost approximately $41.5 million. The Concourse B Commuter Facility Project was completed April 23, 2007.

Under the 2006 Amendment, United gradually relinquished its six leased gates on Concourse A. Frontier or other airlines leased, or used on a non-preferential basis, the gates relinquished by United. In 2007, the Airport assisted United in refinancing its Special Facility bond obligations in the amount of $270,000,000.

City and County of Denver, Colorado
Municipal Airport System

SCHEDULE OF COMPLIANCE WITH RATE MAINTENANCE COVENANT
AS DEFINED IN THE 1984 AIRPORT SYSTEM GENERAL BOND ORDINANCE
AIRPORT REVENUE ACCOUNT

Year ended December 31, 2008

Gross revenue:		
Facility rentals	$	254,540,320
Concession income		42,297,262
Parking income		119,283,478
Car rental income		45,618,135
Landing fees		90,230,611
Aviation fuel tax		27,012,242
Other sales and charges		13,777,458
Interest income		41,204,270
Miscellaneous income		1,643,329
Gross revenues as defined in the ordinance		635,607,105
Operation and maintenance expenses:		
Personnel services		114,287,724
Contractual services		166,041,277
Maintenance, supplies and materials		25,052,711
Miscellaneous expense		—
Operation and maintenance expenses as defined in the ordinance		305,381,712
Net revenue		330,225,393
Other available funds		53,575,160
Net revenue plus other available funds as defined in the ordinance	$	383,800,553
Debt service requirements as defined in the ordinance (1)	$	240,027,931
Coverage ratio (net revenue plus other available funds as a percentage of debt service requirements)		160%

(1) Net of irrevocably committed Passenger Facility Charges of $68,953,821 applied under Supplemental Bond Ordinance.

City and County of Denver, Colorado
Municipal Airport System

SCHEDULE OF REQUIRED DEPOSITS TO THE BOND ACCOUNT, BOND RESERVE ACCOUNT, AND THE OPERATION AND MAINTENANCE RESERVE ACCOUNT AS DEFINED IN THE 1984 AIRPORT SYSTEM GENERAL BOND ORDINANCE (UNAUDITED)

Year ended December 31, 2008

(1) Bond Account

There shall be credited to the Bond Account, in the following order of priority:

(a) Interest Account

Required deposit monthly to the Bond Interest Account, commencing on the first day of the month immediately succeeding the issuance of any bonds, an amount which if made in substantially equal installments thereafter would be sufficient to pay the next maturing installment of interest on such series of bonds.

Bond series	Interest payment date		Balance interest due		Required interest account balance at December 31, 2008
Series 1991D	05/15/09	$	2,681,917	$	446,986
Series 1992F-G	01/01/09		38,271		38,271
Series 1995C	05/15/09		345,313		57,552
Series 1997E	05/15/09		1,033,851		172,309
Series 1998A	05/15/09		4,399,750		733,292
Series 1998B	05/15/09		2,584,875		430,813
Series 2000A	05/15/09		6,882,390		1,147,065
Series 2001A	05/15/09		5,689,830		948,305
Series 2001B	05/15/09		456,563		76,094
Series 2001D	05/15/09		1,417,238		236,206
Series 2002C	01/01/09		32,370		32,370
Series 2002E	05/15/09		3,945,313		657,552
Series 2003A	05/15/09		4,049,125		674,854
Series 2003B	05/15/09		1,886,500		314,417
Series 2005A	05/15/09		5,610,500		935,083
Series 2006A	05/15/09		6,920,350		1,153,392
Series 2006B	05/15/09		3,338,875		556,479
Series 2007A	05/15/09		4,708,750		784,792
Series 2007B	05/15/09		606,250		101,042
Series 2007C	05/15/09		865,875		144,313
Series 2007D	05/15/09		3,924,319		654,053
Series 2007D2	05/15/09		798,750		133,125
Series 2007E	05/15/09		1,185,000		197,500
Series 2007F1-F4	01/01/09		398,192		398,192
Series 2007G1-G2	01/01/09		543,871		543,871
Series 2008A	05/15/09		15,105,575		2,517,596
Series 2008B	01/01/09		98,509		98,509
Series 2008C1	01/01/09		77,679		77,679
Series 2008C2-C3	01/01/09		195,463		195,463
				$	14,457,175

SCHEDULE OF REQUIRED DEPOSITS TO THE BOND ACCOUNT, BOND RESERVE ACCOUNT, AND THE OPERATION AND MAINTENANCE RESERVE ACCOUNT AS DEFINED IN THE 1984 AIRPORT SYSTEM GENERAL BOND ORDINANCE (UNAUDITED)

Year ended December 31, 2008

(b) Principal Account

Required deposit monthly to the Bond Principal Account, commencing on the first day of the month immediately succeeding the issuance of any Serial Bonds, or commencing one year prior to the first fixed maturity date of such Serial Bonds, whichever date is later, an amount which if made in substantially equal installments thereafter would be sufficient to pay the next maturing installment of principal of such Serial Bonds.

Bond series	Principal payment date		Balance principal due		Required principal account balance at December 31, 2008
Series 1991D	11/15/09	$	15,395,000	$	1,282,917
Series 1992 F, G	11/15/09		1,500,000		125,000
Series 2000A	11/15/09		13,905,000		1,158,750
Series 2001A	11/15/09		9,614,611		801,218
Series 2001D	11/15/09		3,205,000		267,083
Series 2002C	11/15/09		1,400,000		116,667
Series 2002E	11/15/09		12,000,000		1,000,000
Series 2006B	11/15/09		19,730,000		1,644,167
Series 2007F1-F4	11/15/09		500,000		41,667
Series 2007G1-G2	11/15/09		400,000		33,333
Series 2008A	11/15/09		20,365,000		1,697,083
Series 2008B	11/15/09		3,100,000		258,333
Total principal account requirement				$	8,426,218

(c) Sinking Account

Required deposit monthly, to the Bond Sinking Account, commencing on the first day of the twelfth calendar month prior to the date on which the City is required to pay any Term Bonds, one twelfth of the amount necessary to pay the redemption price or principal of such Term Bonds scheduled to be retired in any year by mandatory redemption, at fixed maturity or otherwise, except to the extent any other monies, including without limitation, monies in any escrow account, are available therefore. The 1991D Series are subject to mandatory sinking fund redemption requirements.

(d) Redemption Account

Required deposit to the Bond Redemption Account, on or prior to any date on which the Airport System exercises its option to call for prior redemption of any Bonds, an amount necessary to pay the redemption price of such bonds on such Redemption Date, except to the extent any other monies, including without limitation, monies in any escrow account, are available therefore.

As of December 31, 2008, the redemption account had a balance of $17.2 million for the sixth runway and baggage system.

(e) Bond Account Summary

The sum of the required bond account balances described in items (a) through (d) above is as follows:

Aggregate required Bond Account balance	$	22,883,393
Bond Account balance at December 31, 2008		22,883,389
Overfunded	$	4

(2) Bond Reserve Account

The City is required, after making required monthly deposits to the Interest, Principal, Sinking Account, and Redemption accounts of the Bond Account, to apply Net Revenues to fund the Bond Reserve Account, in an amount equal to the maximum annual interest and principal payable on all outstanding Senior Bonds of the Airport System, as defined in the General Bond Ordinance. The amount deposited to the Bond Reserve Account at December 31, 2008 is $360,313,576. The minimum Bond Reserve Account requirement is $360,313,576.

(3) Operation and Maintenance Reserve Account

The operation and maintenance reserve account is an amount equal to two times the monthly average operating and maintenance costs of the preceding year. The Airport System is required to make equal monthly transfers sufficient to fully fund the Operations and Maintenance Reserve Account by January 1, 2009.

Computation of minimum operation and maintenance reserve:

2007 Operation and Maintenence expenses	$	290,772,727
Minimum operations and maintenance reserve requirement for 2007	$	48,462,121
Operation and maintenance reserve account balance at December 31, 2008		59,733,489
Overfunded	$	11,271,368

(1) Under the Supplemental Bond Ordinance effective September 9, 2003, the City may increase the operating and maintenance reserve account balance to an amount equal to three times the prior year's monthly average.

APPENDIX G

UNAUDITED FINANCIAL STATEMENTS OF THE AIRPORT SYSTEM FOR THE SIX MONTHS ENDED JUNE 30, 2009 AND 2008

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City and County of Denver, Colorado
Municipal Airport System
Management's Discussion and Analysis
For the Six Months Ended June 30 2009
(Unaudited)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial performance of and activity of the Municipal Airport System (Airport System) of the City and County of Denver, Colorado (the City) provides an introduction and understanding of the basic financial statements of the Airport System as of and for the six months ended June 30, 2009 and 2008 and for year ended December 31, 2008. The Airport System includes the Denver International Airport (the Airport) and the former Stapleton International Airport (Stapleton). This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

FINANCIAL HIGHLIGHTS

Operating revenue at the Airport were $135.3 million, an increase of $2.9 million (2.2%) for the three month period ending June 30, 2009, as compared to three months ended June 30, 2008. The increase in revenue was primarily related to the increase in facility rentals and landing fees which were offset by a decrease in car rental, concession and parking due to the decrease in passenger traffic. Passenger traffic decreased 3.9% for the three month period ended June 30, 2009.

Operating revenue at the Airport were $265.3 million, an increase of $1.1 million (.4%) for the six month ended June 30, 2009 and the increase in revenue was primarily related to an increase in facility rentals, and landing fees which were offset by decrease in parking, car rental and concession revenues, due to a decrease in passenger traffic. Passenger traffic decreased 4.7 % for the six month period ended June 30, 2009.

Operating expenses, exclusive of depreciation, and amortization increased to $89.3 million for the three month period ending June 30, 2009, an increase of $10.8 million (14%) as compared to June 30, 2008. The increase was attributable to an increase in contractual services primarily related to shuttle buses, janitorial services, repairs and maintenance projects and maintenance supplies and materials.

Operating expenses, exclusive of depreciation and amortization decreased to $152.5 million for the six month period ending June 30, 2009, a decrease of $4.6 million (2.9%) as compared to June 30, 2008. The decrease was attributable to a decrease in personnel costs related to snow overtime, repair and maintenance projects and maintenance supplies and materials which were offset by an increase in shuttle buses and janitorial services.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Airport System is an enterprise fund of the City. An enterprise fund is established to account for operations that are financed and operated in a manner similar to business-type activities, where fees are charged to external parties to cover the costs of providing goods and services. An enterprise fund uses the accrual basis of accounting, and accordingly, revenues are recognized when earned and expenses are recognized as incurred.

The Airport System's financial statements consist of its statement of net assets, statements of revenues, expenses and changes in net assets, statements of cash flows, and notes to financial statements. The statement of net assets present information on the Airport System's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets serve as a useful indicator of whether the financial position of the Airport System is improving or deteriorating. The statement of revenues, expenses and changes in net assets presents information showing how the Airport System's net assets changed during the period. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

Summary of Revenues, Expenses, and Changes in Net Assets

The following is a summary of the revenues, expenses and changes in net assets for the six month period ending June 30, 2009, 2008 and 2007 (in thousands):

	2009	2008	2007
Operating revenues	265,289	264,238	254,831
Operating expenses before depreciation and amortization	(152,550)	(157,122)	(128,561)
Operating income before depreciation and amortization	112,739	107,116	126,270
Depreciation and amortization	(88,002)	(82,075)	(74,716)
Operating income	24,737	25,041	51,554
Nonoperating revenues	56,184	81,064	76,479
Nonoperating expenses	(111,003)	(118,293)	(118,869)
Capital contributions	8,499	1,820	0
Increase (decrease) in net assets	(21,583)	(10,368)	9,164
Net assets, beginning of period (1/1)	842,300	873,990	840,622
Net assets, end of period (6/30)	$ 820,717	$ 863,622	$ 849,786

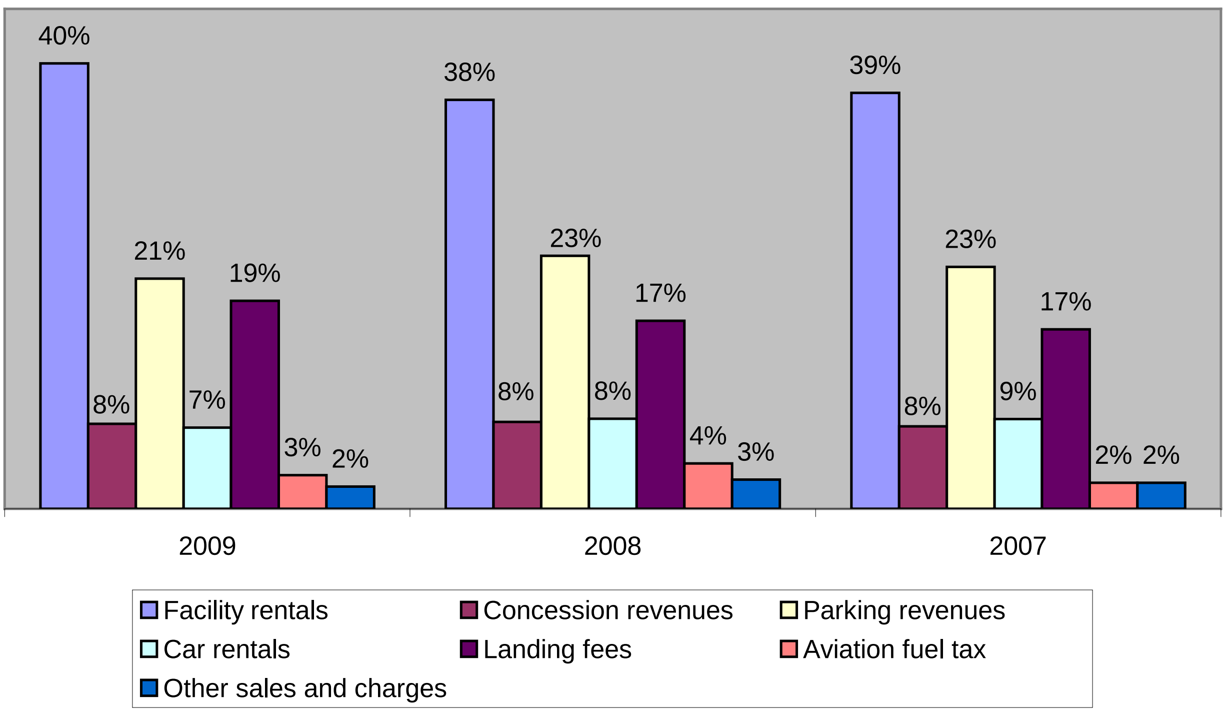
City and County of Denver, Colorado
Municipal Airport System
Management's Discussion and Analysis
For the Six Months Ended June 30, 2009
(Unaudited)

OPERATING REVENUES

(In thousands)

	2009	2008	2007
Operating Revenues:			
Facility rentals	106,919	98,182	99,846
Concession revenues	20,378	20,817	19,814
Parking revenues	55,225	60,691	58,092
Car rentals	19,460	21,577	21,551
Landing fees	49,910	45,150	43,050
Aviation fuel tax	8,033	10,846	6,256
Other sales and charges	5,364	6,975	6,222
Total Operating Revenues	$ 265,289	$264,238	$254,831

% of Total Operating Revenues



In order to understand some of the variances in the Airport System financial statement changes for the six months ending June 30, the analysis below explains the decrease in revenues:

The Airport System's activities decreased in all five areas for the six months ending June 30, 2009 as compared to 2008 (in thousands):

	2009	2008	Percentage Change
Enplanements	12,202	12,810	(4.7%)
Passengers	24,338	25,551	(4.7%)
Aircraft Operations (1)	303	315	(3.8%)
Cargo (in pounds)	236,133	283,123	(16.6%)
Landed Weight (in thousands)	16,266	16,636	(2.2%)

(1) Aircraft operations are takeoffs, landings or other communications with the control tower.

The Airport System's activities increased in four areas and decreased in cargo for the six months ending June 30, 2008 as compared to 2007 (in thousands):

	2008	2007	Percentage Change
Enplanements	12,810	12,275	4.4%
Passengers	25,551	24,495	4.3%
Aircraft Operations (1)	315	304	3.6%
Cargo (in pounds)	283,123	289,354	(2.2%)
Landed Weight (in thousands)	16,636	16,172	2.8%

(1) Aircraft operations are takeoffs, landings or other communications with the control tower.

2009

Operating revenues increased by .4% to $265.3 million in 2009, from $264.2 million in 2008, primarily due to the increase in landing fees and facility rentals, which were offset by a decrease in concessions, parking, car rental and aviation fuel tax.

Landing fees increased by $4.7 million or 10.5%, which is attributable to the increase in landing rate fees per 1,000 pounds landed weight from $2.73 for signatory and $3.28 for non-signatory airlines in June 2008 to $3.06 for signatory and $3.67 for non-signatory in June 2009.

Facility rentals increased by $8.7 million or 8.9% which is attributable to the Airport expecting the 2009 year-end revenue credit which is accrued quarterly to be $32 million and not meeting the $40 million cap for the first time in several years and a decrease in estimated revenue credit for 2008 taken as of June 30th.

Aviation fuel tax decreased in 2009 by $2.8 million or 26.0% due to a decrease in fuel price and usage.

The parking revenue decreased $5.5 million or 9.0% is attributable to the decrease in passenger traffic. Concession revenues between 2009 and 2008 decreased by $.4 million or 2.1%. The concession revenues decrease was attributed to food and beverage service and rental concession decline due to decrease in passenger traffic and a decrease in spend rate per passenger from $9.79 in 2008 to $9.60 in 2009. Car rentals revenue decreased by $2.1 million or 9.8% to $19.5 million, due to a decrease in originating and deplaning (O&D) passenger traffic.

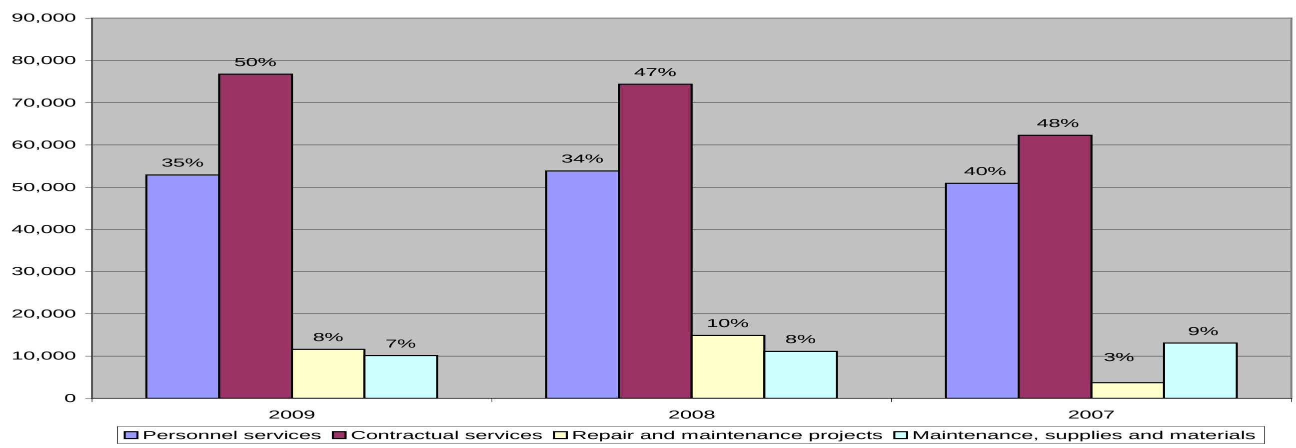
2008

Operating revenues increased by 3.7%, to $264.2 million in 2008 from $254.8 million in 2007, primarily due to increases in parking, concession, fuel tax and car rental revenues. The parking revenue increase of $2.6 million, or 4.5%, is attributable to an increase in (O&D) passenger traffic. Concession revenues between 2008 and 2007 increased by $1.0 million or 5.1%. The concession revenue increase was attributable to food and beverage service and retail concession revenue growth due to an increase in passenger traffic and an increase in the spend rate per passenger from $9.75 to $9.79, an increase in aviation fuel tax of $4.6 million is attributable to the increase in fuel costs and an audit in 2007 that identified fuel costs not previously reported to the Airport.

Operating Expenses before Depreciation and Amortization
(In thousands)

	2009	2008	2007
Operating Expenses:			
Personnel services	52,886	53,832	50,890
Contractual services	76,748	74,345	62,273
Repair and maintenance projects	12,789	16,434	3,716
Maintenance, supplies and materials	10,127	12,511	11,682
Total Operating Expenses, before Depreciation and amortization	$ 152,550	$157,122	$ 128,561

% Total Operating Expenses Before Depreciation and Amortization



2009

Operating expenses before depreciation and amortization decreased by $4.6 million or 2.9%, from $157.1 million in 2008 to $152.5 million in 2009. Personnel services decreased $1.0 million or 1.8% in 2009 which was due to a decreased in overtime costs relating to regular and snow overtime and direct labor and benefits associated with the two furloughs taken by personnel.

Repair and maintenance projects decreased by $3.6 million or 22.2% because of the review of all construction projects and the clean up of all prior years' projects were completed in 2008.

Maintenance, supplies and materials decreased by $2.4 million or 19.1% to $10.1 million from $12.5 million in 2008, due to the decrease in commercial snow removal chemicals and solvents, road construction, runway lighting, natural gas, gasoline and diesel.

The increase in contractual services in 2009 compared to 2008 of $2.4 million or 3.2% was due to a decrease in management services, and snow removal, which were partially offset by an increase in shuttle buses and janitorial services.

2008

Operating expenses before depreciation, and amortization increased by $28.6 million or 22.2% from $128.6 million in 2007 to $157.1 million in 2008. The increase in contractual services in 2008 compared to 2007 of $12.1 million was due to an increase of $1.2 million the repair and maintenance of the Automated Guideway Transportation System (AGTS) train due to an increase in the contracted maintenance rates. Additionally an increase of $3.7 million in snow removal, an increase of $3.8 million shuttle bus operations, and an increase of $1.2 million engineering services. An increase of $12.7 million resulted from the reclassification of costs as repair and maintenance projects. The increase in personnel services of $2.9 million was due to an increase in personnel costs, permanent salaries and overtime costs related to snow removal.

Nonoperating Revenues and Expenses, Capital Grants and Capital Contributions

2009

Total nonoperating expenses, net of nonoperating revenues, increased by $17.6 million to $54.8 million in the first six months of 2009 as compared to 2008. The increase was due to a decrease in investment income of $22.2 million or 79.2% which was due to a decrease in investment yields and an unrealized loss on investments of $15.5 million. Passenger Facility Charges decreased by $2.5 million due to the decrease in passenger traffic. A slight increase in interest expense related to swap payments was partially offset by a decrease in Stapleton costs related to the reimbursement of insurance costs to complete the remediation of certain environmental conditions at Stapleton.

2008

Total nonoperating expenses, net of operating revenues, decreased by $5.2 million, or (12.2%) to $37.2 million in the first six months of 2008 as compared to 2007. This decrease was due to an increase in investment income of $3.8 million, or 15.4%, which was due to an increase in cash, and unrealized gain on investments. In addition, Passenger Facility Charges revenue increased $.8 million, or 1.6%, due to an increase in passenger traffic. Lastly, there was a decrease in other expenses due to a decrease in environmental costs associated with remediation of Stapleton.

Summary of Net Assets

The following is a summary of the net assets as of June 30, 2009 and December 31, 2008 and 2007 (in thousands):

	2009	2008	2007
Assets:			
Current assets	$ 264,848	$ 320,948	$ 320,616
Restricted assets, current	547,938	386,568	571,245
Noncurrent investments	208,345	170,301	121,443
Long-term receivables	2,000	2,000	-
Capital assets	3,356,909	3,400,133	3,472,238
Bond issue costs, net	50,361	52,204	59,633
Deferred loss on swap termination, net	41,045	19,857	-
Investments restricted	478,275	642,223	541,593
Assets held for disposition	13,073	13,073	14,095
Total assets	4,962,794	5,007,307	5,100,863
Liabilities:			
Current liabilities	109,321	122,371	121,258
Current liabilities payable from restricted assets	202,048	200,450	200,385
Bonds payable	3,742,339	3,767,329	3,850,321
Notes payable	83,122	69,137	49,532
Compensated absences	5,247	5,720	5,377
Total liabilities	4,142,077	4,165,007	4,226,873
Net Assets (Deficit):			
Invested in capital assets, net of related debt	(273,288)	(213,290)	(131,740)
Restricted	719,444	679,782	676,271
Unrestricted	374,561	375,808	329,459
Total net assets	$ 820,717	$ 842,300	$ 873,990

2009

Total assets decreased by $44.5 million in June of 2009 compared to December of 2008. This was primarily due to the decrease in restricted investments, decrease in capital assets due to depreciation expenses and a decrease in unrestricted cash and investments. This is offset by an increase in deferred loss on swap termination of $22.1 million on the 1998A Swap termination, an increase in restricted cash.

Total liabilities decreased by $22.9 million in June 30, 2009 compared to December 31, 2008. The decrease was due to a decrease in vouchers payable, due to other city agencies, compensated absences and other liabilities. This is offset by an increase in the recording of $22.1 million for notes payable related to the 1998A Swap termination, and an increase of $16 million for the revenue credit being accrued for the second quarter of 2009.

Of the Airport System's 2009 total net assets, 87.7% are restricted for future debt service and capital construction. The bond reserve account and bond accounting that are externally restricted for debt service represent $705.9 million and $13.5 million is restricted for capital projects.

At June 30, 2009, the remaining net assets included unrestricted net assets of $374.6 million that may be used to meet any of the Airport System's ongoing operations. Management of the Airport system has internally designated $67.3 million of its unrestricted net asset amounts as allowed in 1984 Airport System General Bond ordinance as supplemented and amended, to help meet debt covenant coverage requirements. In addition ($273.3) million represents the Airport's investment in capital assets, net of related debt. A negative investment results because the outstanding indebtedness exceeds the assets net book value.

2008

Total assets decreased by $93.6 million in 2008, compared to 2007. This was primarily due to a decrease in unrestricted cash and cash equivalents of $38.6 million and current investments which decreased by $55.6 million in 2008, a decrease in capital assets of $72.1 million, an increase of $17.3 million in accounts receivable associated with insurance recoveries of pollution remediation, an increase of $21.1 million for the deferred loss on the 2006A swap termination and an increase in notes receivable of $3 million associated with Frontier's stipulated order.

Total liabilities decreased by $61.9 million in 2008, compared to 2007. The decrease was due to $99.7 million in payments of revenue bonds. There was an increase in other liabilities of $10 million associated with liabilities related to the pollution remediation and $21.1 million for notes payable related to the 2006A swap termination.

Of the Airport System's 2008 total net assets, 80.7% are restricted for future debt service and capital construction. The bond reserve account and bond accounts that are externally restricted for debt service represent $657.6 million and $22.2 million is restricted for capital projects.

At December 31, 2008, the remaining net assets included unrestricted net assets of $375.8 million that may be used to meet any of the Airport System's ongoing operations. Management of the Airport System has internally designated $67.3 million of its unrestricted net asset amounts as allowed in 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt covenant coverage requirements. In addition ($213.3) million represents the Airport's investment in capital assets, net of related debt. A negative investment results because the outstanding indebtedness exceeds the assets net book value.

Long-Term Debt

As and June 30, 2009 and December 31, 2008, the Airport System had approximately $4.1 billion and $4.1 billion, respectively, in outstanding bonded debt (exclusive of deferred loss on bonds and unamortized premiums), both senior and subordinate, paying fixed and variable interest rates. The total annual debt service (principal and interest) was approximately $331.2 million in 2008. Since 1996, the Airport System has called or refunded over $5.2 billion in high interest rate. This has resulted in a cumulative present value debt service savings of approximately $719.0 million.

The Airport System's senior lien debt is currently rated by Standard & Poor's, Moody's, and Fitch at A+, A1 and A+, respectively, with stable outlooks, as of June 2009.

The Airport System's governing bond ordinances (the bond ordinance) require that the Airport System's net revenues plus other available funds, as defined in the bond ordinance, be sufficient to provide debt service coverage of 125% of the annual debt service requirement on senior bonds. The debt service coverage ratio for the year ended December 31, 2008 and 2007 was 160% and 168%, respectively, of total debt service.

The Airport has restructured a significant amount of its outstanding auction and variable rate securities in order to eliminate its exposure to the volatility in interest rates in the auction rate market precipitated in large part by the downgrades in the ratings of bond issuers and letter of credit banks. Interest rates on the Airport's auction rate debt subsequent to December 31, 2007, have ranged from approximately 3.75% to 12.0%. Currently only the 2007F bonds remain in auction rate mode. and are currently trading at rational levels.

On January 8, 2009, the City entered into an interest rate swap agreement ("the 2008B Swap Agreement") with Loop Financial Products I LLC and simultaneously terminated a 1998 Swap Agreement with Lehman Brothers Special Financing. The purpose of the transaction was to replace Lehman Brothers Special Financing, which filed a voluntary petition for chapter 11 bankruptcy protection on September 15, 2008, as counterparty to $100 million notional associated with the 2008C1 Bonds outstanding in the amount of $92.6 million. The swap provides for certain payment to or from Loop Financial Products I LLC equal to the difference between the fixed rate payable by the Airport System under the Agreement and 70% of London Interbank Offered Rate (LIBOR) for three month deposits of U.S. dollars payable by Loop Financial Products I LLC. The City received $22,100,000 from Loop Financial Products I LLC to assist in paying the settlement amount of $22,213,550 due to Lehman Brothers Special Financing. As a result of receiving $22,100,000 from Loop Financial Product I LLC, the fixed rate to be paid by the City to Loop Financial Products I LLC will take into account such payments and will be above the market rate.

The net effect of the 2008B Swap Agreement, when considered together with the variable rate Series 2008C1 bonds, is that the Airport System will effectively pay a fixed rate on $100 million, plus or minus the difference between the actual rate on $92.6 million of the Series 2008C1 Bonds and 70% of three month LIBOR on $100 million notional amount of swaps.

The Airport System is exposed to basis risk under the 2008B Swap Agreement, due to the differences between the variable interest rate it pays on the associated debt and 70% of three month LIBOR received under the 2008B Swap Agreement. The fixed rate payable by the Airport System under the 2008B Swap Agreement is 4.76%. The 2008B Swap Agreement became effective on January 8, 2009 and payments under this Agreement commenced on Swap Agreement became effective on January 8, 2009 and payments under this Agreement commenced on February 1, 2009.

On December 18, 2008, the City entered into an interest rate swap agreement ("the 2008A Swap Agreement") with Royal Bank of Canada and simultaneously terminated a 2006A Swap Agreement with Lehman Brothers Special Financing. The purpose of the transaction was to replace Lehman Brothers Special Financing, which filed a voluntary petition for chapter 11 bankruptcy protection on September 15, 2008, as counterparty to $120.233 million notional amount associated with 2007-G Bonds. The swap provides for certain payment to or from Royal Bank of Canada equal to the difference between the fixed rate payable by the Airport System under the Agreement and 70% of London Interbank Offered Rate (LIBOR) for one month deposits of U.S. dollars payable to Royal Bank of Canada. The City received $21,100,000 from Royal Bank of Canada to assist in paying the settlement amount of $21,353,831 due to Lehman Brothers Special Financing. As a result of receiving the loan of $21,100,000 from Royal Bank of Canada, the loan, including interest at an implied rate of 6.519%, will be paid through the fixed rate to be paid by the City to Royal Bank of Canada.

The net effect of the 2008A Swap Agreement, when considered together with the variable rate Series 2007F1-F4 and Series 2007G1-G2 bonds, is that the Airport system will effectively pay a fixed rate, plus or minus the difference between the actual rate on the Series 2007F1-F4 and Series 2007G1-G2 Bonds and 70% of LIBOR on $120.233 million of obligations.

The 2008A Swap Agreement became effective on December 18, 2008 and payment under this Agreement commenced on January 1, 2009.

On November 2, 2008 the Airport issued $92,600,000 and $200,000,000 of Airport System Revenue bonds Series 2008C and 2008C2-C3 in a variable rate mode for the purpose of refunding the 2000C and 2000B bonds.

The Airport system entered into a $15.3 million Master Installment Purchase agreement with Chase Equipment Leasing Inc. on August 5, 2008, to finance capital equipment purchases, primarily snow removal equipment, based on a ten-year life.

On June 24, 2008, the Airport issued $81,800,000 of Airport System Revenue Bonds Series 2008B in a variable rate mode for the purpose of refunding Series 2005C1-C2 which was trading at above market rate because of distressed bond insurance.

The Airport drew $50 million on March 28, 2008 and $50 million on April 1, 2008 of Commercial Paper to currently refund the Series 2001C1-C2 Auction rate securities ("ARS"). On April 14, 2008 the Airport issued $221,215,000, $111,000,000, $181,965,000 and $94,660,000 2008A1-A4 bonds in a fixed rate and term rate mode for the purpose of current refunding $100,000,000 of the Series 2001C3-C4, $267,625,000 of the 2002A1-A3, $85,275,000 of the 2005B1-B2 Airport Revenue bonds that were variable rate bonds currently in an auction rate mode and to current refund $144,000,000 of the 2004A-B variable rate bonds. The Series 2001C1-C4 Airport Revenue Bonds which were Auction Rate Securities and associated with 1999, 2002, and 2007A swap agreements, were refunded on March 28, 2008, April 1, 2008 and April 14, 2008, with Commercial Paper and a portion of the Series 2008A1-A4 variable rate bonds which will bear interest initially in a term mode. The refunding transactions were necessitated by the deterioration of the credit ratings of certain bond insurers.

Capital Assets

As of June 30, 2009 and December 31, 2008, the Airport System had capital assets of approximately $3.4 billion and $3.4 billion, respectively. These amounts are net of accumulated depreciation of approximately $1.8 billion and $1.7 billion, respectively.

The Airport system purchased World Port, a cargo property, on March 5, 2008 for $4 million using internal funds (Capital Fund) for the acquisition.

In addition, the fourth module of the parking garage on the west side of Jeppesen Terminal opened in January of 2008.

Passenger Facility Charges: In 1992, the PFC program authorized the imposition of a fee of $3.00 per enplaned passenger and the use of this funding for approved projects, with certain qualifying airports permitted to charge a maximum PFC of $4.50. In 2000, the Federal Aviation Administration approved the Airport's application for an increase in the rate of PFC from $3.00 to $4.50, the revenues from which are to be used for qualified costs of the Airport, including associated debt service and approved capital projects. The Airport increased the PFC rate from $3.00 to $4.50 effective April 1, 2001. As of June 30, 2009, a total of $1.1 billion has been remitted to the Airport, (including interest earned on late payments), of which $105.0 million has been expended on approved projects, $966.5 million has been used to pay debt service on the Airport's general airport revenue bonds, and $8.2 million is unexpended. The Airport System's authorization to impose the PFC expires on the earlier of January 1, 2030 or upon the collection of $3.3 billion authorized maximum amount of PFC revenues.

Construction Commitments: As of June 30, 2008, the Airport System had outstanding contractual construction and professional services commitments of approximately $207.6 million and had made over $169.7 million in contractual payments for the year then ended.

The Airport's current 2009-2012 Capital Program includes approximately $584.5 million of potential projects. The 2009-2012 Capital Programs are expected to be financed with a combination of Airport Revenue bonds, commercial paper, installment purchase agreements, federal grants, and Airport System monies.

ECONOMIC FACTORS

The first six months of 2009, passenger traffic level decreased to 24.3 million passengers or 4.7% over the first six months of 2008. Much of this passenger decline is attributed to the economic downturn.

Southwest Airlines (Southwest) began service at the Airport in January of 2006, with an initial daily schedule of 13 departing flights, utilizing two gates on Concourse C. Southwest currently, leases 10 gates and operates 108 average daily flights, to 34 nonstop destinations.

The dominant air carrier at Denver International is United. United, together with its TED low-fare unit and its United Express commuter affiliates, accounted for approximately 48.2% and 46.9% of passenger enplanements at the Airport in 2008 and for the first six months of 2009, respectively

United recently announced that as part of planned changes to reduce mainline domestic capacity, remove older, less fuel efficient aircraft from its fleet and reduce its number of employees, it eliminated its TED unit and plans to reconfigure the TED fleet of aircraft into United's mainline operation.

On April 10, 2008, Frontier Airlines Holdings Inc., Frontier Airlines Inc., and Lynx Aviation Inc. ("Frontier") filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code. A Chapter 11 filing permits Frontier to continue operations while developing a plan of reorganization to address existing debt, capital and cost structures. Frontier Airlines accounted for approximately 25.5% and 22.7% of passenger enplanements in 2008 and 2007, respectively. Through a stipulated order signed September 9, 2008. Frontier agreed to assume an amended lease at the Airport. Frontier will streamline its operations on the A Concourse to make more efficient use of the gates it uses. As a result, Frontier has agreed to reduce the number of gates it uses on the A Concourse to 17 from 22. The airline also gave up the use of certain administrative spaces leased from DIA, including check-in counter areas in Jeppensen Terminal and office space.

On June 22, 2009 Frontier Airlines Holdings, Inc announced it has entered into an investment agreement with Republic Airways Holdings, Inc. by which Republic will serve as equity sponsor for Frontier's plan of reorganized company for $108.75 million. The plan sponsorship agreement is subject to bankruptcy court approval and various conditions.

On August 13, 2009 Frontier Airlines Hold, Inc. announced that Republic Airways Holding Inc. has been declared tie winning bidder in the auction to acquire Frontier. The auction was conducted under procedures established in Frontier's chapter 11 bankruptcy cases. The acquisition is expected to be finalized in September 2009.

On April 15, 2008, Delta Air Lines announced it had reached an agreement with Northwest Airlines to take over Northwest and create the world's largest carrier. The Delta/Northwest merger received Department of Justice approval on October 30, 2008. The combined entity has expressed interest in returning space to the Airport including a gate. An agreement has been reached to return one gate in June 2009.

As previously discussed, operating revenues were up .4% in 2009 compared to 2008. Operating income before depreciation and amortization of $112.5 million represented an increase of $5.6 million compared to 2008. Revenues Available for Sharing, the net revenue that is split 50%/50% with the signatory airlines under the use and lease agreements, was over $77.3 million for 2008 and the airlines are expected to receive the maximum allocation of $40.0 million. For 2009 the allocation to the airlines is expected to drop to $32 million.

Request for Information

This financial report is designed to provide a general overview of the Airport System's finances for all those with an interest. Questions concerning any of the information presented in this report or requests for additional information should be addressed to Stan Koniz, Chief Financial Officer, Denver International Airport, Airport Office Building, 8th Floor, 8500 Pena Boulevard, Denver, CO 80249-6340. Copies are available on-line at www.flydenver.com.

City and County of Denver, Colorado
Municipal Airport System
Statements of Net Assets
As of June 30, 2009 and December 31, 2008
(Unaudited)

Assets	June 30, 2009	December 31, 2008
Current assets:		
Cash and cash equivalents	$ 58,181,138	$ 94,817,156
Investments	146,656,697	155,232,557
Accounts receivable (net of allowance for for doubtful accounts $855,234 and 1,025,211)	43,316,737	53,151,011
Accrued interest receivable	1,805,931	6,040,726
Other long-term receivables	1,075,000	1,030,000
Inventories	10,059,395	10,054,201
Prepaid expenses and interest	3,752,709	621,880
Total current unrestricted assets	264,847,607	320,947,531
Restricted assets:		
Cash and cash equivalents	399,816,379	218,444,354
Investments	128,888,643	142,453,247
Accrued interest receivable	1,126,934	2,151,945
Prepaid expenses and interest	4,694,129	5,466,414
Grants Receivable	829,224	9,458,785
Passenger facility charges receivable	12,582,811	8,593,038
Total current restricted assets	547,938,120	386,567,783
Total current assets	812,785,727	707,515,314
Non-current assets:		
Investments	208,344,743	170,301,192
Long term receivable	2,000,000	2,000,000
Capital assets:		
Buildings	1,990,688,828	1,990,254,694
Improvements other than buildings	2,132,012,363	2,130,485,966
Machinery and equipment	684,114,720	683,471,238
	4,806,815,911	4,804,211,898
Less accumulated depreciation and amortization	(1,826,750,235)	(1,746,588,398)
	2,980,065,676	3,057,623,500
Construction in progress	81,537,877	47,204,134
Land, land rights and air rights	295,305,625	295,305,625
Total capital assets	3,356,909,178	3,400,133,259
Bond issue costs, net of accumulated amortization	50,360,501	52,204,523
Deferred loss on swap termination, net of current	41,045,474	19,857,144
Investments – restricted	478,274,783	642,222,572
Assets held for disposition	13,073,101	13,073,101
Total assets	$ 4,962,793,507	$ 5,007,307,105

City and County of Denver, Colorado
Municipal Airport System
Statements of Net Assets, continued
As of June 30, 2009 and December 31, 2008
(Unaudited)

	June 30, 2009	December 31, 2008
Liabilities		
Current liabilities:		
Vouchers payable	$ 25,215,586	$ 35,307,375
Due to other City agencies	10,040,000	18,072,610
Compensated absences payable	1,871,733	2,097,649
Other liabilities	2,766,862	3,051,362
Revenue credit payable	56,000,000	40,000,000
Deferred rent	13,426,564	23,842,853
Total current unrestricted liabilities	109,320,745	122,371,849
Current liabilities payable from restricted assets:		
Vouchers payable	17,435,767	13,642,042
Retainages payable	20,302,993	22,459,220
Accrued interest and matured coupons	24,450,979	24,241,055
Notes payable	16,419,934	15,611,304
Other liabilities	22,653,172	23,711,112
Revenue bonds	100,785,000	100,785,000
Total current liabilities payable from restricted assets	202,047,845	200,449,733
Total current liabilities	311,368,590	322,821,582
Noncurrent liabilities:		
Bonds payable:		
Revenue bonds, net of current portion	3,967,515,000	3,998,990,000
Less: deferred loss on bond refunding	(284,411,500)	(295,179,410)
Less: unamortized premiums	59,235,858	63,518,072
Total bonds payable, noncurrent	3,742,339,358	3,767,328,662
Notes payable	83,121,482	69,136,743
Compensated absences payable	5,247,400	5,720,174
Total noncurrent liabilities	3,830,708,240	3,842,185,579
Total liabilities	4,142,076,830	4,165,007,161
Net Assets (Deficit)		
Invested in capital assets, net of debt	(273,288,132)	(213,290,453)
Restricted for:		
Capital projects	13,534,199	22,163,760
Debt service	705,909,864	657,618,225
Unrestricted	374,560,746	375,808,412
Total net assets	$ 820,716,677	$ 842,299,944

See accompanying notes to financial statements.

City and County of Denver, Colorado
Municipal Airport System
Statements of Revenues, Expenses and Changes in Net Assets
For the Six Months Ended June 30, 2009 and 2008
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Operating revenues:				
Facility rentals	$ 53,259,001	$ 46,802,323	$ 106,919,190	$ 98,182,350
Concession revenues	10,956,515	10,259,050	20,378,076	20,816,774
Parking revenues	29,271,469	32,318,498	55,224,923	60,691,485
Car rental revenues	9,287,968	9,754,760	19,459,763	21,577,230
Landing fees	25,285,951	23,071,961	49,909,963	45,149,794
Aviation fuel tax	4,973,853	6,474,296	8,032,480	10,845,946
Other sales and charges	2,275,194	3,694,471	5,364,185	6,974,518
Total operating revenues	135,309,951	132,375,359	265,288,580	264,238,097
Operating expenses:				
Personnel services	28,278,241	28,185,192	52,885,575	53,831,804
Contractual services	44,293,211	39,850,306	76,747,718	74,344,523
Repair and Maintenance Projects	10,285,608	4,489,314	12,789,306	16,434,442
Maintenance, supplies and materials	6,399,328	5,935,025	10,126,912	12,511,513
Total operating expenses before depreciation and amortization	89,256,388	78,459,837	152,549,511	157,122,282
Operating income before depreciation and amortization	46,053,563	53,915,522	112,739,069	107,115,815
Depreciation and amortization	45,372,658	41,194,418	88,002,406	82,075,232
Operating income	680,905	12,721,104	24,736,663	25,040,583
Non-operating revenues (expenses):				
Passenger facility charges	25,582,243	26,647,886	50,341,960	52,820,346
Interest on Investment	5,526,088	1,300,371	5,841,745	28,079,798
Interest expense	(53,963,452)	(52,990,144)	(107,794,418)	(105,941,114)
Grant income	-	(235,381)	-	164,256
Other revenue expense	(2,145,493)	(9,192,846)	(3,208,714)	(12,351,752)
Total non-operating revenues (expenses), net	(25,000,614)	(34,470,114)	(54,819,427)	(37,228,466)
Income (loss) before capital contributions	(24,319,709)	(21,749,010)	(30,082,764)	(12,187,883)
Capital Contributions:				
Capital grants	7,844,991	-	7,844,991	1,420,577
Capital contributions	654,506	-	654,506	399,637
Change in net assets	(15,820,212)	(21,749,010)	(21,583,267)	(10,367,669)
Net assets, beginning of year	842,299,944	873,989,628	842,299,944	873,989,628
Net assets, end of period	$ 826,479,732	$ 852,240,618	$ 820,716,677	$ 863,621,959

See accompanying notes to the financial statements.

City and County of Denver, Colorado
Municipal Airport System
Statements of Cash Flows
For the Six Months Ended June 30, 2009 and 2008
(Unaudited)

		June 30, 2009		June 30, 2008
Cash flows from operating activities				
Receipts from customers	$	277,141,856	$	265,594,369
Payments to suppliers		(111,303,995)		(114,874,209)
Interfund activity payments to other funds		(5,000,000)		(5,000,000)
Payments to employees		(53,584,265)		(53,660,225)
Net cash provided by operating activities		107,253,596		92,059,935
Cash flows from noncapital financing activities				
Proceeds from note payable		22,100,000		-
Swap termination payment		(22,100,000)		-
Operating grants received		-		472,507
Net cash used by noncapital financing activities		-		472,507
Cash flows from capital and related financing activities				
Proceeds from issuance of debt		-		16,832,560
Proceeds from notes payable		-		-
Principal paid on notes payable		(7,306,623)		(5,989,152)
Interest paid on notes payable		(1,243,988)		(1,267,164)
Principal paid on revenue bonds		(31,475,000)		-
Interest paid on revenue bonds		(106,625,970)		(86,276,054)
Bond issuance costs paid		(279,082)		(1,199,416)
Capital grant receipts		17,129,058		1,420,577
Passenger facility charges		46,352,187		52,666,064
Purchases of capital assets		(34,207,418)		(54,739,478)
Payments from accrued expenses for capital assets		(10,518,431)		(13,884,650)
Payments to escrow for current refunding of debt		-		(2,748,216)
Proceeds from sale of capital assets		1,047,711		24,315
Net cash used in capital and related financing activities		(127,127,556)		(95,160,614)
Cash flows from investing activities				
Purchases of investments		(5,747,366,007)		(7,187,849,249)
Proceeds from sales and maturities of investments		5,879,906,277		7,062,098,107
Proceeds from sale of assets held for disposition		-		269,107
Payments to maintain assets held for disposal		(22,173,601)		(10,878,131)
Insurance recoveries for Stapleton environmental remeditiation		27,506,781		26,804,616
Investment income		26,736,517		33,633,645
Net cash provided by investing activities		164,609,967		(75,921,905)
Net increase (decrease) in cash and cash equivalents		144,736,007		(78,550,077)
Cash and cash equivalents, beginning of the year		313,261,510		464,919,391
Cash and cash equivalents, end of the year	$	457,997,517	$	386,369,314

City and County of Denver, Colorado
Municipal Airport System
Statements of Cash Flows
For the Six Months Ended June 30, 2009 and 2008
(Unaudited)

		June 30, 2009		June 30, 2008
Reconciliation of Operating Income to Net Cash Provided By Operating Activities				
Operating Income	$	24,736,663	$	25,040,583
Adjustments to reconcile Operating income to net cash provided by operating activities:				
Depreciation and amortization		88,002,406		82,075,232
Miscellaneous revenue		1,514,906		(323,969)
Change in assets and liabilities				
Receivables, net of allowance		5,039,159		6,197,754
Inventories		(5,194)		115,195
Prepaid expenses		2,335,585		(1,386,550)
Accounts and other payables		(10,007,459)		(9,613,836)
Deferred rent		(10,416,289)		(2,081,312)
Due to other city agencies		(8,032,610)		(5,700,600)
Compensated absences		(698,690)		171,579
Accrued expenses		14,785,119		(2,434,141)
Net cash provided by operating activities	$	107,253,596	$	92,059,935

Non cash activities

The Airport System issued bonds in the amount of $0 and $790,640,000 June 30, 2009 and June 30, 2008, in order to refund debt. Net bond proceeds of $0 and $782,233,929 for June 30, 2008 and 2007, respectively, were deposited immediately into an irrevocable trust for the defeasance of outstanding revenue bonds principal, payment of redemption premium and accrued interest amounts. Original issue premium on bonds of $0 and $12,656,769 were realized on the issuance of bonds in June 30, 2009 and 2008.

Unrealized gain/(loss) on investments	$	(15,504,432)	$	(3,782,920)
Amortization of bond premiums, deferred Loss on refunding and bond costs		6,485,697		7,302,078
Capital Assets added through incurrence of vouchers and retainages payable		22,909,453		34,677,666

(1) Organization and Reporting Entity

(a) Nature of Operations

Pursuant to Article XX of the State of Colorado Constitution and the City and County of Denver, Colorado (the City) Charter, the City acquired, owns, operates, and maintains certain airport facilities. These facilities include Denver International Airport (Denver International) and certain assets of Stapleton International Airport (Stapleton) and are referred to herein as the City and County of Denver Municipal Airport System (the Airport System). The Airport System is operated as the Department of Aviation, with a Manager of Aviation appointed by and reporting to the Mayor.

Denver International consists of a landside terminal building, three airside concourses, six runways, roadways, and ancillary facilities on a 53 square mile site. Stapleton was closed to all air traffic on February 27, 1995.

(b) Reporting Entity

The accompanying financial statements present only the Airport System enterprise fund and are not intended to present fairly the financial position of the City, and the changes in its financial position and the cash flows of its proprietary fund types in conformity with accounting principles generally accepted in the United States of America.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The Airport System is an enterprise fund of the City, and, as such, is an integral part of the City. An enterprise fund is established to account for an activity that is financed with debt secured solely by a pledge of net revenues from fees and charges of the activity or when laws and regulations require that the activity's costs of providing services, including capital costs (such as depreciation or capital debt service), be recovered with fees and charges rather than with taxes or similar revenues. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt services).

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP). As an enterprise fund, the Airport System uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as incurred (flow of economic resources measurement focus).

The Airport System has applied all applicable Governmental Accounting Standards Board (GASB) pronouncements, including National Council on Governmental Accounting Statements and Interpretations in effect at December 31, 2008. In implementing GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the Airport System elected not to adopt Financial Accounting Standards Board pronouncements issued after November 30, 1989

During the year ended December 31, 2008, the Airport system adopted GASB Statement No.49. "*Accounting and Financial reporting for Pollution Remediation Obligations*." This statement establishes accounting and financial reporting pollution remediation obligations

(b) Cash and Cash Equivalents

Cash and cash equivalents, which the City manages, consist principally of U.S. Treasury securities, U.S. agency securities, and commercial paper with original maturities of less than 90 days.

(c) Investments

Investments, which the City manages, are reported at fair value, which is primarily determined based on quoted market prices at June 30, 2009 and December 31, 2008. The Airport System's investments are maintained in pools at the City and include U.S. Treasury Securities, U.S. Agency Securities, and commercial paper.

(d) Inventories

Inventories consist of materials and supplies, which have been valued at the lower of cost (weighted average cost method) or market.

(e) Capital Assets

Capital assets are recorded at historical cost and consist of buildings, roadways, airfield improvements, machinery and equipment land and land rights at Denver International. Donated capital assets are reported at their estimated fair value at the time of acquisition plus ancillary charges, if any. Repairs and maintenance are charged to operations as incurred unless they have the effect of improving and extending the life of an asset, in which case they are capitalized as part of the cost of the asset. Costs associated with ongoing construction activities of Denver International are included in construction in progress. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. The capitalized interest incurred for the three months ending June 30, 2009 and December 31, 2008 was $6,640,626 and $8,594,909, respectively.

Depreciation is recorded using the straight-line method over the following estimated useful lives:

Buildings	20-40 years
Roadways	30-40 years
Runways/taxiways	35-40 years
Other improvements	15-40 years
Major system equipment	15-25 years
Vehicles and other equipment	5-10 years

(f) Bond Issue Costs, Deferred Losses on Bond Refundings, and Unamortized Premium (Discounts)

Bond issue costs, deferred losses on bond refundings, and unamortized premium (discounts) are deferred and amortized over the life of the bonds, or the remaining life of the refunding bonds, whichever is shorter, using the effective interest rate method. Bond issue costs are recorded as deferred charges. Unamortized premiums of bond refunding are recorded as an addition to the face amount of the bonds payable. Unamortized discounts and deferred losses on bond refundings are recorded as a reduction of the face amount of the bonds payable.

(g) Assets Held for Disposition

Assets held for disposition consist of the Stapleton assets. Depreciation is not recorded on those assets held for sale. Ongoing maintenance and redevelopment costs are expensed as incurred.

(h) Compensated Absences Payable

Accumulated vested sick and vacation benefits are recorded as an expense and a liability as benefits accrue to employees. The Airport System uses the vesting method for estimating sick leave compensated absences payable.

(i) Deferred Rent

Deferred rent is recorded when rental payments are received by the Airport System prior to a legal claim to them. Included in deferred rent are customer credits and deposits.

(j) Net Assets

2009

The Airport System assets exceeded liabilities by $820,716,677 as of June 30, 2009, a $21,583,267 decrease in net assets from the prior year end. Of the Airport System's 2009 net assets, 87.7% are restricted for future debt service and capital construction. The bond reserve account and bond accounts represent $705,909,864 and are externally restricted for debt service. The net assets restricted for the Stapleton capital projects represent $13,534,199.

The remaining net assets include unrestricted net assets of $374,560,746 which may be used to meet any of the Airport System's ongoing operations. Management of the Airport System's internally designated $67,267,320 of its unrestricted net asset amount, as allowed for in the 1984 Airport System General Bond Ordinance, as supplemented and amended, to help meet debt covenant coverage requirements. In addition, ($273,288,132) represents the Airport System's investment in capital assets, less the related indebtedness outstanding, used to acquire those capital assets.

2008

The Airport System's assets exceeded liabilities by $842,299,944 as of December 31, 2008, a $31,689,684 decrease in net assets from the prior year end. Of the Airport System's 2008 net assets, 80.7% are restricted for future debt service and capital construction. The bond reserve account and bond accounts represent $657,618,225 that was externally restricted for debt service. The net assets restricted for the capital projects represent $22,163,760.

The remaining net assets include unrestricted net assets of $375,808,412 which may be used to meet any of the Airport System's ongoing operations. Management of the Airport System's internally designated $67,267,320 of its unrestricted net asset amounts, as allowed for in the 1984 Airport System General Bond Ordinance, as supplemented and amended, to help meet debt covenant coverage requirements. In addition, ($213,290,453) represents the Airport System's investment in capital assets, less the related indebtedness outstanding, used to acquire those capital assets.

(k) Restricted and unrestricted Resources

Uses of restricted and unrestricted resources are made on a case-by-case basis by management depending on overall requirements. Generally, management applies restricted resources then unrestricted resources when both restricted and unrestricted resources are available to pay an expense.

(l) Operating Revenues and Expenses

The statement of revenues, expenses and changes in net assets distinguish operating revenues and expenses from nonoperating activity and capital contributions. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with Denver International's principal ongoing operations. The principal operating revenues of the Airport System are charges to airline and other tenants for facility rentals, landing fees and parking. Operating expenses include the cost of providing services, administrative costs, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions. Such items include Passenger Facility Charges (PFCs), interest expense, interest income and grants from the federal government and Stapleton demolition and remediation expenses.

(m) Governmental Grants

The Airport System periodically receives grant revenues from federal agencies which are either for capital projects or operating purposes. Revenue is considered earned as the related approved capital outlays or expenses are incurred by the Airport System. Revenues from Capital Grants are reported as capital contributions on the statements of revenue, expenses and changes in net assets and revenues from operating grants are reported as nonoperating revenues.

(n) Rates and Charges

The Airport System establishes annually, and adjusts semi-annually, airline facility rentals, landing fees, and other charges sufficient to recover the costs of operations (excluding certain debt service payments), maintenance, and debt service related to the airfield and the space rented by the airlines. Any differences between amounts collected from and actual costs allocated to the airlines' leased space are credited or billed to the airlines. As of December 31, 2008 and December 2007, the Airport System had accrued a liability, included in current other liabilities, of $1,184,259 and $1,487,409, respectively.

For years ending after December 31, 2005, 50% of Net Revenues (as defined by the bond ordinance) remaining at the end of each year is to be credited in the following year to the passenger airlines signatory (lease agreement signed) to use and lease agreements, capped at $40,000,000 for all years. The Net Revenues credited to the airlines totaled $40,000,000 for 2008. Liabilities for these amounts were accrued as of December 31, 2008. For 2009, the Airport System expects the credit to airlines to be $32,000,000; therefore, for the six month period ending June 30, 2009, an additional accrual of $16,000,000 was recognized, increasing the revenue credit payable to $56,000,000.

(o) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates.

(p) Reclassifications

Certain 2008 balances have been reclassified to conform to the 2009 financial statements presentation.

(3) Interest Income

Investment income earned on the Airport System's pool cash and investment is allocated to the participating Airport System's funds based upon the average investment balances of each fund. Investment income for June 30, 2009 and 2008, is comprised of interest income and an unrealized gain (loss) on investments of ($15,504,432) and ($3,772,920), respectively.

(4) Accounts Receivables

Management of the Airport System reviews accounts receivables periodically and an allowance for doubtful accounts has been established based upon management's assessment of the probability of collection. As of June 30, 2009 and December 31, 2008, an allowance of $855,234 and $1,025,211, respectively, had been established.

(5) Denver International Special Facility Revenue Bonds

To finance the acquisition and construction of various facilities at Denver International, the City issued three series of Special Facility Revenue Bonds. These bonds are special limited obligations of the City, payable and secured by a pledge of certain revenues to be received from lease agreements for these facilities. The bonds do not constitute a debt or pledge of the full faith and credit of the City or the Airport System, and accordingly, have not been reported in the accompanying financial statements. As of June 30, 2009 and December 31, 2008, Special Facility Revenue Bonds outstanding totaled $304,260,000 and $309,905,000, respectively.

(6) Significant Concentration of Credit Risk

The Airport System derives a substantial portion of its operating revenues from airlines' landing and facility rental fees (airline operating revenue). For the six months ending June 30, 2009 and for the year ending December 31, 2008, United Airlines represented approximately 52% and 56%, respectively, of the Airport System's airline operating revenue. Frontier Airlines represented 13% and 15% respectively, of the Airport System's airline operating revenue. Southwest Airlines represented 9% and 7% respectively of the Airport System's airline operating revenue. No other airline represented more than 10% of the Airport System's airline operating revenues. The Airport System requires performance bonds to support airlines and concession accounts receivables.

(7) United Airlines

The dominant air carrier at Denver International Airport is United Airlines, one of the world's largest airlines. The Airport currently is the second largest connecting hub in United's route system, both in terms of passengers and flight operations. Pursuant to the United Use and Lease Agreement, United currently leases all of the gates on Concourse B 40 of the 92 full service gates at the Airport. In addition, United together with its United Express commuter affiliates, accounted for 48.2% and 46.9% of enplaned passengers at the Airport in 2008 and the six months of 2009, respectively.

(8) Subsequent Events

On August 13, 2009 Frontier Airlines Hold, Inc. announced that Republic Airways Holding Inc. has been declared the winning bidder in the auction to acquire Frontier. The auction was conducted under procedures established in Frontier's chapter 11 bankruptcy cases. The acquisition is not yet final, but is expected to be in September.

APPENDIX H

FORM OF CONTINUING DISCLOSURE UNDERTAKING

THIS CONTINUING DISCLOSURE UNDERTAKING (this "**Disclosure Undertaking**") is executed and delivered by the CITY AND COUNTY OF DENVER, COLORADO (the "**City**"), in connection with the issuance of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2009C," in the aggregate principal amount of $104,655,000 (the "**Bonds**"), by the City, for and on behalf of its Department of Aviation (the "**Department**"). The Bonds are being issued pursuant to Ordinance No. 626, Series of 1984, as heretofore amended and supplemented and as further supplemented by Ordinance No. 577, Series of 2009, adopted by the City Council of the City on October 12, 2009 (collectively, the "**Ordinance**").

In consideration of the purchase of the Bonds by the Participating Underwriters (as defined below), the City covenants and agrees as follows:

Section 1. Definitions. The definitions set forth in the Ordinance apply to any capitalized term used in this Disclosure Undertaking unless otherwise defined in this Section. As used in this Disclosure Undertaking, the following capitalized terms shall have the following meanings:

"*Annual Financial Information*" means the financial information or operating data with respect to the City, the Airport System and any Obligated Person, delivered at least annually pursuant to Section 2 hereof, substantially similar to the type set forth in the Official Statement as described in Schedule 1 hereto. Annual Financial Information may, but is not required to, include Audited Financial Statements and may be provided in any format deemed convenient by the City.

"*Audited Financial Statements*" means the annual financial statements for the Airport System, prepared in accordance with generally accepted accounting principles as in effect from time to time, audited by a firm of certified public accountants.

"*Bondowner*" or "*Owner of the Bonds*" means the registered owner of the Bonds, and so long as the Bonds are required to be registered through the Securities Depository in accordance with the Ordinance, any beneficial owner of Bonds on the records of said Securities Depository or its participants, or any person who, through any contract, arrangement or otherwise, has or shares investment power with respect to the Bonds, which includes the power to dispose, or direct the disposition, of the Bonds identified to the satisfaction of the City.

"*Commission*" means the Securities and Exchange Commission.

"*EMMA*" means the MSRB's Electronic Municipal Market Access System, with a portal at http://emma.msrb.org.

"*Events*" means any of the events listed in Section 3(a) of this Disclosure Undertaking.

"*MSRB*" means the Municipal Securities Rulemaking Board. The current address of the MSRB is 1900 Duke Street, Suite 600, Alexandria, Virginia 22314; telephone (703) 797-6600; fax (703) 797-6700.

"*Obligated Person*" means the City, for and on behalf of the Department, and each airline or other entity using the Airport System under a lease or use agreement extending for more than one year from the date in question and including bond debt service as part of the calculation of rates and charges, under which lease or use agreement such airline or other entity has paid amounts equal to at least 20% of the Gross Revenues of the Airport System for the prior two Fiscal Years of the City.

"*Official Statement*" means the final Official Statement dated October 29, 2009, together with any supplements thereto prior to the date the Bonds are issued, delivered in connection with the original issue and sale of the Bonds.

"*Participating Underwriters*" has the meaning given thereto under the Rule, or any successors to such Underwriters known to the Treasurer.

"*Rule*" means Rule 15c2-12 adopted by the Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"*Treasurer*" means the Manager of Finance of the City's Department of Finance, *ex officio* Treasurer of the City, or his or her designee, and successor in functions, if any.

Section 2. Provision of Annual Financial Information.

(a) Commencing with respect to the Fiscal Year ended December 31, 2009, and each Fiscal Year thereafter while the Bonds remain outstanding under the Ordinance, the Treasurer shall provide or cause to be provided to EMMA, Annual Financial Information and Audited Financial Statements with respect to the City and the Airport System. No such provision of any Annual Financial Information shall be deemed an official act of the City without the approval of the Treasurer.

(b) Such Annual Financial Information with respect to the Airport System shall be provided not later than 270 days after the end of each Fiscal Year. If not provided as a part of the Annual Financial Information, the Audited Financial Statements with respect to the Airport System will be provided when available, but in no event later than 270 days after the end of each Fiscal Year.

(c) The Treasurer may provide or cause to be provided Annual Financial Information and Audited Financial Statements with respect to the City and the Airport System by specific cross-reference to other documents which have been submitted to EMMA or other repositories in accordance with the Rule or filed with the Commission. If the document so referenced is a final official statement within the meaning of the Rule such final official statement must be available from the MSRB. The Treasurer shall clearly identify each such other document provided by cross reference.

(d) The City acknowledges that United Airlines ("**United**"), which includes itself and its United Express commuter affiliates, is the only Obligated Person other than the City, at present, that is required by federal law to file Annual Financial Information with the Commission. The City and the Treasurer take no responsibility for the accuracy or completeness of such filings by United or by any future Obligated Person. Unless no longer required by the Rule to do so, the City and the Treasurer agree to use their reasonable best efforts to cause United (to the extent United is not otherwise required under federal law to do so), and any future Obligated Person, to make Annual Financial Information available as contemplated by this Section 2. Any change in Obligated Persons shall be reported by the Treasurer in connection with the Annual Financial Information.

Section 3. Reporting of Events.

(a) This Section 3 shall govern the giving of notices of the occurrence of any of the following Events with respect to the Bonds, if material:

(i) principal and interest payment delinquencies;

(ii) nonpayment related defaults;

(iii) unscheduled draws on the Bond Reserve Fund created by the Ordinance or any surety bond relating thereto reflecting financial difficulties;

(iv) unscheduled draws on any credit enhancement relating to the Bonds reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions or other event affecting the tax exempt status of the Bonds;

(vii) modifications to rights of the owners of the Bonds;

(viii) notice of optional or unscheduled redemption of any Bonds;

(ix) defeasance of the Bonds or any portion thereof;

(x) release, substitution or sale of property securing repayment of the Bonds; and

(xi) rating changes.

(b) Whenever the Treasurer obtains knowledge of the occurrence of an Event, the Treasurer shall as soon as possible determine if such Event would constitute material information for owners of Bonds, provided, that any Event under subsection (a)(viii), (ix) or (xi) will always be deemed to be material.

(c) If the Treasurer determines that knowledge of the occurrence of an Event would be material information for owners of Bonds, the Treasurer shall file or cause to be filed, in a timely manner, a notice of such occurrence with EMMA, and no such notice shall be deemed an official notice from the City without the approval of the Treasurer. Notwithstanding the foregoing, notice of Events described in subsections (a)(viii) and (ix) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds pursuant to the Ordinance.

(d) At any time the Bonds are outstanding under the Ordinance, the Treasurer shall provide or cause to be provided, in a timely manner, to EMMA, notice of any failure of the City to timely provide the Annual Financial Information and Audited Financial Statements as specified in Section 2 hereof. No such notice shall be deemed an official notice from the City without the approval of the Treasurer.

Section 4. Term. This Disclosure Undertaking shall be in effect from and after the issuance and delivery of the Bonds and shall extend to the earlier of (a) the date all principal and interest on the Bonds shall have been deemed paid pursuant to the terms of the Ordinance; (b) the date that the City or the Department shall no longer constitute an "obligated person" with respect to the Bonds within the meaning of the Rule; and (c) the date on which those portions of the Rule which require this Disclosure Undertaking are determined to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds, which determination shall be evidenced by an Attorney's Opinion selected by the City, a copy of which opinion shall be given to the representative of the Participating Underwriters. The Treasurer shall file or cause to be filed a notice of any such termination with EMMA.

Section 5. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the City may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, (a) if such amendment occurs prior to the actual original issuance and delivery of the Bonds and the Participating Underwriters consent thereto, (b) if such amendment is consented to by the owners of no less than a majority in aggregate principal amount of the Bonds obtained in the manner prescribed by the Ordinance, or (c) if such amendment or waiver is otherwise required by the Rule or permitted by the Rule without Bondowner consent. Written notice of any such amendment or waiver shall be provided by the Treasurer to EMMA, and the Annual Financial Information shall explain the reasons for the amendment and the impact of any change in the type of information being provided.

Section 6. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other annual information or notice of occurrence of an event which is not an Event, in addition to that which is required by this Disclosure Undertaking; provided that the City shall not be required to do so. No such information shall be deemed an official notice from the City without the approval of the Treasurer. If the City chooses to include any information or notice of occurrence of an event in addition to that which is specifically required by this Disclosure Undertaking, the City shall have no obligation under this Disclosure Undertaking to update such information or notice or include its disclosure in any future annual filing or notice of occurrence of an Event.

Section 7. Default and Enforcement. If the City or the Treasurer fail to comply with any provision of this Disclosure Undertaking, any Bondowner may take action in the District Court for the Second Judicial District of the State of Colorado to seek specific performance by court order to compel the City or the Treasurer to comply with its obligations under this Disclosure Undertaking; provided that any Bondowner seeking to require compliance with this Disclosure Undertaking shall first provide to the Treasurer at least 30 days' prior written notice of the City's or the Treasurer's failure, giving reasonable details of such failure, following which notice the City and the Treasurer shall have 30 days to comply. A default under this Disclosure Undertaking shall not be deemed an Event of Default under the Ordinance or the Bonds, and the sole remedy under this Disclosure Undertaking in the event of any failure of the City or the Treasurer to comply with this Disclosure Undertaking shall be an action to compel performance.

Section 8. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the City, the Participating Underwriters and Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

* * *

Schedule 1

"*Annual Financial Information*" means the financial information and operating data with respect to the City, the Airport System and any Obligated Person substantially similar to the type set forth in the Official Statement under the headings "CAPITAL PROGRAM" and "AVIATION ACTIVITY AND AIRLINES – Aviation Activity," and data concerning outstanding debt, fund balances and results of operations of the type included under the heading "FINANCIAL INFORMATION."

* * *

APPENDIX I

FORM OF OPINION OF BOND COUNSEL

Hogan & Hartson LLP
and
Bookhardt & O'Toole
Denver, Colorado

City and County of Denver, Colorado
for and on behalf of its Department of Aviation
City and County Building
Denver, Colorado 80202

Piper Jaffray & Co.
1200 17th Street, Suite 1250
Denver, Colorado 80202

City and County of Denver, Colorado
for and on behalf of its Department of Aviation
Airport System Revenue Bonds
Series 2009C - $104,655,000

Ladies and Gentlemen:

We have acted as bond counsel to the City and County of Denver, Colorado (the "City"), in connection with the City's issuance, for and on behalf of its Department of Aviation (the "Department"), of $104,655,000 aggregate principal amount of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2009C" (the "Series 2009C Bonds") pursuant to Ordinance No. 626, Series of 1984, as supplemented and amended by certain supplemental ordinances, including Ordinance No. 577, Series of 2009 (collectively, the "Ordinance"). All capitalized terms used and not defined herein shall have the same meanings set forth in the Ordinance.

The Series 2009C Bonds are being issued as fully registered bonds and are dated the date of issuance. The Series 2009C Bonds mature, bear interest, are payable and are subject to redemption and tender prior to maturity, in the manner and upon the terms set forth therein and in the Ordinance.

We have examined the law and such certified proceedings and other instruments as we deem necessary to form an appropriate basis for us to render this opinion, including, without limitation, Article XX of the Colorado Constitution, the Supplemental Public Securities Act, title 11, article 57, part 2, Colorado Revised Statutes, as amended (the "Supplemental Public Securities Act"), the Charter of the City, Ordinance No. 755, Series of 1993, designating the Department as an "enterprise" within the meaning of Section 20, Article X of the Colorado Constitution, the resolution of the Manager of the Department authorizing, approving, and requesting the issuance of the Series 2009C Bonds, a certified transcript of the record of proceedings of the City Council of the City taken preliminary to and in the authorization of the Series 2009C Bonds, the form of the Series 2009C Bonds, and certificates of officers of the City (specifically including a tax certificate and a pricing certificate) and of others delivered in connection with the issuance of the Series 2009C Bonds.

We have not been engaged and have not undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2009C Bonds, and we express no opinion herein relating to such matters. As to questions of fact material to our opinion, we have relied upon the representations of the City and other parties contained in the Ordinance, certified proceedings, reports, certificates and other instruments (and have assumed the genuineness of signatures, the legal capacity of all natural persons, the accuracy, completeness and authenticity of original documents and the conformity with original documents of copies submitted to us) without undertaking to verify the same by independent investigation.

Based on the foregoing, it is our opinion that, as of the date hereof and under existing law:

1. The City validly exists as a body corporate and politic and political subdivision of the State of Colorado (the "State"), with the power to adopt the Ordinance and issue the Series 2009C Bonds for and on behalf of the Department.

2. The Ordinance has been duly adopted by the City and constitutes a valid and binding obligation of the City, for and on behalf of the Department, enforceable against the City in accordance with its terms.

3. The Series 2009C Bonds have been duly authorized, executed and delivered by the City, for and on behalf of the Department, and are valid and binding special obligations of the City, for and on behalf of the Department, payable solely from the sources provided therefor in the Ordinance.

4. The Ordinance creates, pursuant to the home rule powers of the City under Article XX of the Colorado Constitution and the Supplemental Public Securities Act, an irrevocable and first lien (but not necessarily an exclusive lien) on the Net Revenues of the Airport System for the benefit of the Series 2009C Bonds, on a parity with the lien thereon of Bonds (and any Obligations in respect thereof) heretofore or hereafter issued by the City, or by the City, for and on behalf of the Department.

5. The interest on the Series 2009C Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2009C Bonds are held by a person who is a "substantial user" of the Airport System or a "related person," as those terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and is not a specific preference item or included in a corporation's adjusted current earnings for purposes of the alternative minimum tax. The forgoing opinion assumes compliance by the City with certain requirements of the Code that must be met subsequent to the issuance of the Series 2009C Bonds in order that the interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with such requirements of the Code. Failure to comply with such requirements could cause the interest on the Series 2009C Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2009C Bonds. We express no opinion herein regarding other federal tax consequences arising with respect to the Series 2009C Bonds.

6. To the extent interest on the Series 2009C Bonds is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State. We express no opinion regarding other State or local tax consequences arising with respect to the Series 2009C Bonds, including whether interest on the Series 2009C Bonds is exempt from taxation under the laws of any jurisdiction other than the State.

It is to be understood that the rights of the owners of the Series 2009C Bonds and the enforceability of the Series 2009C Bonds and the Ordinance may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted; and may also be subject to and limited by the exercise of judicial discretion, procedural and other defenses based on particular factual circumstances and equitable principles in appropriate cases, to the reasonable exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State, and to the exercise by the United States of powers delegated to it by the United

States Constitution; and while certain remedies and other provisions of the Ordinance are subject to the aforesaid exceptions and limitations and, therefore, may not be enforceable in accordance with their respective terms, such unenforceability would not preclude the enforcement of the obligations of the City, for and on behalf of the Department, to pay the principal of, and premium, if any, and interest on, the Series 2009C Bonds from the Net Revenues of the Airport System.

We are advised that JPMorgan Chase Bank, National Association ("JPMorgan") has issued an irrevocable transferable letter of credit (the "Letter of Credit") in support of the Series 2009C Bonds. We express no opinion as to the validity of the Letter of Credit, the protections afforded thereby, or any other matters pertaining thereto.

We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this opinion.

Respectfully submitted,

* * *

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CITY AND COUNTY OF DENVER

SEAL