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 2010A 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 2010A Bonds, with which the City has certified, represented and covenanted its compliance, interest on the Series 2010A Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2010A 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 2010A Bonds, under existing law and to the extent interest on the Series 2010A 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

$171,360,000
AIRPORT SYSTEM REVENUE BONDS
SERIES 2010A

Dated: Date of Delivery **Due: November 15, as shown on the inside cover page**

The Series 2010A 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, redeeming and defeasing outstanding Airport System revenue bonds, (2) purchasing and retiring certain outstanding Airport System Revenue Bonds and (3) paying costs of issuing the Series 2010A Bonds as described herein. Capitalized terms used on this cover page are defined herein.

The Series 2010A 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 2010A Bonds. Beneficial Ownership Interests in the Series 2010A Bonds, in non-certificated book-entry only form, may be purchased in integral multiples of $5,000 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 2010A Bonds by the rules and operating procedures applicable to the DTC book-entry system as described herein.

The Series 2010A Bonds bear interest at the rates per annum set forth on the inside cover page hereof payable beginning on November 15, 2010, and semiannually thereafter on each May 15 and November 15, and mature on the dates set forth on the inside cover page hereof, subject to redemption prior to maturity as described herein.

The Series 2010A 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 2010A Bonds, and neither the full faith and credit nor the taxing power of the City is pledged to the payment of the Series 2010A Bonds. The Series 2010A 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.

The purchase and ownership of Beneficial Ownership Interests in the Series 2010A 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 2010A Bonds will be deemed to have consented to certain proposed amendments to the City's General Bond Ordinance as discussed herein.

The Series 2010A 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 to the City, and Bookhardt & O'Toole, Denver, Colorado, Bond Counsel to the City. 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; and for the Underwriters by Sherman & Howard L.L.C., Denver, Colorado, and GCR, LLP, Denver, Colorado. It is expected that delivery of the Series 2010A Bonds will be made through the facilities of DTC on or about March 9, 2010.

BARCLAYS CAPITAL **LOOP CAPITAL MARKETS, LLC**

MORGAN STANLEY

Dated: March 2, 2010

MATURITY SCHEDULE

CITY AND COUNTY OF DENVER, COLORADO

FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION

$171,360,000
AIRPORT SYSTEM REVENUE BONDS
SERIES 2010A

Maturity (November 15)	Principal Amount	Interest Rate	Yield	Price	CUSIP© No.*
2016	$ 5,210,000	5.000%	2.950%	112.348	249182 AT3
2017	5,460,000	5.000	3.250	111.809	249182 AU0
2018	8,640,000	5.000	3.530	110.906	249182 AV8
2018	2,000,000	4.000	3.530	103.484	249182 BL9
2019	14,050,000	5.000	3.710	110.408	249182 AW6
2019	1,995,000	4.000	3.710	102.336	249182 BM7
2020	18,145,000	5.000	3.820	110.266	249182 AX4
2020	1,075,000	4.000	3.820	101.562	249182 BN5
2021	35,000,000	5.000	3.900[1]	109.530[1]	249182 AY2
2022	47,965,000	5.000	4.000[1]	108.619[1]	249182 AZ9
2022	1,085,000	4.000	4.000	100.000	249182 BP0
2023	13,835,000	5.000	4.150[1]	107.269[1]	249182 BA3
2024	5,815,000	5.000	4.240[1]	106.469[1]	249182 BB1
2025	890,000	4.250	4.340	98.978	249182 BC9
2025	250,000	5.000	4.340[1]	105.588[1]	249182 BQ8
2026	100,000	4.375	4.440	99.234	249182 BD7
2026	1,775,000	5.000	4.440[1]	104.716[1]	249182 BR6
2027	100,000	4.500	4.540	99.511	249182 BE5
2027	250,000	5.000	4.540[1]	103.853[1]	249182 BS4
2028	950,000	4.500	4.630	98.380	249182 BF2
2028	250,000	5.000	4.630[1]	103.084[1]	249182 BT2
2029	365,000	4.625	4.720	98.784	249182 BG0
2029	1,630,000	5.000	4.720[1]	102.321[1]	249182 BU9
2030	825,000	4.750	4.810	99.212	249182 BH8
2030	250,000	5.000	4.810[1]	101.565[1]	249182 BV7
2031	1,730,000	4.750	4.860	98.529	249182 BJ4
2032	1,720,000	4.750	4.930	97.551	249182 BK1

*   *   *

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* None of the City, the Department or the Underwriters takes responsibility for the accuracy of the CUSIP© numbers, which are included solely for the convenience of the purchasers of the Series 2010A Bonds.

[1] The prices shown for these maturities and the corresponding yields are to the first optional redemption date for the Series 2010A Bonds. See "THE SERIES 2010A BONDS – Redemption Prior to Maturity – Optional Redemption."

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

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

PRELIMINARY NOTICES

This Official Statement does not constitute an offer to sell the Series 2010A 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 Underwriters 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 Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their respective responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do 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 Underwriters.

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 2010A 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 2010A 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 2010A 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.

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TABLE OF CONTENTS

DENVER INTERNATIONAL · AIRPORT ·

OFFICIAL STATEMENT

RELATING TO

CITY AND COUNTY OF DENVER, COLORADO

FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION

$171,360,000
AIRPORT SYSTEM REVENUE BONDS
SERIES 2010A

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 Airport System Revenue Bonds, Series 2010A, in the principal amount of $171,360,000 (the "Series 2010A Bonds"). Unless otherwise defined herein, capitalized terms used herein are defined in "APPENDIX A – GLOSSARY OF TERMS."

This Official Statement contains information that was either not available or differs from that included in the Preliminary Official Statement dated February 19, 2010, including, without limitation, the aggregate principal amount of the Series 2010A Bonds and the principal amount per maturity thereof, interest rates, offering prices, yields, CUSIP© numbers and mandatory sinking fund redemption provisions, the estimated application of the proceeds of the Series 2010A Bonds, including the determination to use a portion of such proceeds to purchase and retire certain outstanding Airport System Revenue Bonds, the price paid by the Underwriters for the Series 2010A Bonds and other terms of the Series 2010A Bonds that are dependent on these matters. Accordingly, prospective investors should read this Official Statement in its entirety.

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 statistics compiled by Airports Council International for 2008, 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 several regional/commuter airlines. In addition, several passenger charter airlines and all-cargo airlines provide service at the Airport. In 2009, the Airport served approximately 25.1 million enplaned passengers

(passengers embarking on airplanes). Approximately 54.3% of the passengers enplaned in 2009 were passengers originating their travel at the Airport and 45.7% 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 2009, however, the Airport experienced declines in passenger traffic and associated revenues. Several factors, including the global and national economic recession that began in late 2007, 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 2.0% in 2009 compared to 2008.

Prior to 2009, 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 A – 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. Operating revenues at the Airport for the first nine months of 2009 decreased 3.1% while operating expenses, exclusive of depreciation and amortization, decreased 7.0% when compared to the same period in 2008. In response to the current global and national economic conditions and the condition of the airline industry, Airport management implemented measures to reduce operating costs in the Airport's 2009 budget, and this 2009 reduced budget was 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 2010 budget, see generally "RISKS AND OTHER INVESTMENT CONSIDERATIONS," "AVIATION ACTIVITY AND AIRLINES" and "FINANCIAL INFORMATION – Historical Operations – Management's Discussion and Analysis of Financial Performance – Passenger Facility Charges."

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 35 of the existing 92 full service jet gates at the Airport, as well as a 16-gate regional jet facility. In 2008, United, together with its recently discontinued low-fare Ted brand and its United Express commuter affiliates (collectively, the "United Group"), accounted for approximately 46.3% 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. In 2008, United began to significantly reduce its consolidated domestic capacity, its consolidated overall capacity and its workforce. Such reductions continued in 2009 and are expected to continue in 2010. In 2009, the United Group accounted for approximately 46.2% of passenger enplanements at the Airport.

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 currently leases 17 gates at the Airport. In 2008, Frontier, together with its then Frontier JetExpress commuter affiliate and its subsidiary Lynx (together, the "Frontier Group"), accounted for approximately 25.5% of passenger enplanements at the Airport and approximately 14.7% of the airline rentals, fees and charges component of the Airport System's operating revenues. In 2009, the Frontier Group accounted for approximately 23.0% of passenger enplanements at the Airport. Republic Holdings recently announced that it is planning to discontinue the operations of the Lynx subsidiary of Frontier by September 2010.

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 currently leases ten gates at the Airport. In 2008, Southwest accounted for approximately 9.3% of passenger enplanements at the Airport and approximately 6.9% of the airline rentals, fees and charges component of the Airport System's operating revenues. In 2009, Southwest accounted for approximately 14.4% of passenger enplanements at the Airport.

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 2009 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 or in the first nine months of 2009.

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" and "AIRLINE BANKRUPTCY MATTERS."

The Airport Capital Program. In 2009, the City established a capital program for the Airport System that represents the City's expectations of Airport System capital needs in order to maintain, reconstruct and expand Airport facilities through 2012 (the "2009-2012 Capital Program"). Certain of these capital needs have been financed with federal grants, proceeds of the recently issued Airport System Revenue Bonds, Series 2009A (the "Series 2009A Bonds"), and Taxable Airport System Revenue Bonds, Series 2009B (Build America Bonds – Direct Payment) (the "Series 2009B Bonds," and together with the Series 2009A Bonds, the "Series 2009A-B Bonds") and other available Airport System moneys. The remaining capital projects at the Airport in the 2009-2012 Capital Program 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. See also "CAPITAL PROGRAM" and "FINANCIAL INFORMATION – Plan of Financing."

The Series 2010A Bonds

Authorization. The Series 2010A 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 effective in November 1984, as amended and supplemented (the "General Bond Ordinance"), and a supplemental ordinance (the "Series 2010A Supplemental Ordinance") to be approved by the Denver City Council (the "City Council") prior to the delivery of the Series 2010A Bonds. The General Bond Ordinance, the Series 2010A Supplemental Ordinance and any Supplemental Ordinances adopted by the City Council after the adoption of the Series 2010A Supplemental Ordinance are referred to herein collectively as the "Senior Bond Ordinance." The covenants and undertakings of the City with respect to the Series 2010A 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 2010A BONDS – Authorization," "SECURITY AND SOURCES OF PAYMENT – Proposed Amendments to the Senior Bond Ordinance," "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE" and "APPENDIX C – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE."

Purpose; Bond Purchase and Retirement. The proceeds of the Series 2010A Bonds, together with other available Airport System moneys, will be used to (1) current refund, redeem and defease all of the outstanding Airport System Revenue Bonds, Subseries 2008A2 Term Rate Bonds (the "Subseries 2008A2 Bonds"), currently outstanding in the aggregate principal amount of $111,000,000, (2) purchase and retire certain outstanding Airport System Revenue Bonds (the "Purchased Senior Bonds") and (3) pay the costs of issuing the Series 2010A Bonds. The Purchased Senior Bonds constitute portions of the City's outstanding Airport System Revenue Bonds, Subseries 2008A3 and Subseries 2008A4. Barclays Capital Inc. ("Barclays Capital") is acting as repurchasing agent for the City in connection with the purchase and retirement of the Purchased Senior Bonds. See "Plan of Financing" below, "APPLICATION OF PROCEEDS" and "FINANCIAL INFORMATION – Senior Bonds – Plan of Financing."

General Provisions. The Series 2010A Bonds will be issued in the aggregate principal amounts, bear interest at the rates per annum (computed on the basis of a 360-day year of twelve 30-day months) and mature on the dates and in the principal amounts set forth on the cover page and inside cover page hereof. Interest on the Series 2010A Bonds will accrue from the date of delivery thereof to the Underwriters and will be payable beginning on November 15, 2010, and semiannually thereafter on each May 15 and November 15 (each an "Interest Payment Date"). The Series 2010A Bonds are subject to redemption prior to maturity as described in "THE SERIES 2010A BONDS – Redemption Prior to Maturity."

Book-Entry Only System. The Series 2010A 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 2010A Bonds. Ownership interests in the Series 2010A Bonds ("Beneficial Ownership Interests"), in non-certificated book-entry only form, may be purchased in integral multiples of $5,000 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 2010A Bonds by the rules and operating procedures applicable to the DTC book-entry system as described in "THE SERIES 2010A BONDS – General Provisions" and "APPENDIX D – DTC BOOK-ENTRY SYSTEM."

Security and Sources of Payment. The Series 2010A 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." The aggregate principal amount of Senior Bonds currently outstanding is approximately $4.1 billion. The aggregate principal amount of Senior Bonds to be outstanding upon issuance of the Series 2010A Bonds is approximately $4.1 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 registered owners (the "Owners") or Beneficial Owners of the Series 2010A Bonds. Neither the full faith and credit nor the taxing power of the City is pledged to the payment of the Series 2010A Bonds. The Series 2010A 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 "SECURITY AND SOURCES OF PAYMENT – Pledge of Net Revenues."

Further Information. For further information regarding the Series 2010A Bonds, see generally "THE SERIES 2010A BONDS," "FINANCIAL INFORMATION – Senior Bonds," "APPENDIX A – GLOSSARY OF TERMS," "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE" and "APPENDIX C – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE."

Plan of Financing

Jefferies & Company, Inc. and Estrada Hinojosa & Company, Inc. (the "Financial Consultants"), as the Financial Consultants to the City, have prepared the plan of financing (the "Plan of Financing") in anticipation of the issuance of the Series 2010A Bonds. The Plan of Financing also assumes the issuance by the City, for and on behalf of the Department, of additional Senior Bonds in 2010 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 "Denver International Airport – *The Airport Capital Plan*" above, "APPLICATION OF PROCEEDS," "CAPITAL PROGRAM" and "FINANCIAL INFORMATION – Senior Bonds – Subordinate Bonds and Other Subordinate Obligations – Plan of Financing."

Tax Matters

Upon issuance of the Series 2010A 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 and assuming compliance by 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 2010A Bonds, with which the City has certified, represented and covenanted its compliance, interest on the Series 2010A Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2010A 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 2010A Bonds, under existing law and to the extent interest on the Series 2010A 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.

Consent to Proposed Amendments to the Senior Bond Ordinance

Purchasers of Beneficial Ownership Interests in the Series 2010A 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 C – 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, the City will 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 G – 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 2010A 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 2010A 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 2010A 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 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 "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Forward Looking Statements."

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 Underwriters and the purchasers, Owners or Beneficial Owners of any of the Series 2010A Bonds.

APPLICATION OF PROCEEDS

The proceeds of the Series 2010A Bonds, together with other available Airport System moneys, will be used to (1) current refund, redeem and defease the Subseries 2008A2 Bonds, (2) purchase and retire the Purchased Senior Bonds and (3) pay the costs of issuing the Series 2010A Bonds. The Purchased Senior Bonds constitute portions of the City's outstanding Airport System Revenue Bonds, Subseries 2008A3 and Subseries 2008A4. Barclays Capital is acting as repurchasing agent for the City in connection with the purchase and retirement of the Purchased Senior Bonds.

Portions of the net proceeds of the Series 2010A Bonds, together with other available Airport System moneys, are to be deposited to an irrevocable escrow account (the "Subseries 2008A2 Escrow Account") to be established pursuant to an escrow agreement to be entered into by and between the City, for and on behalf of the Department, and Zions First National Bank, Denver, Colorado, as escrow agent, and utilized, together with any earnings on such deposit, to redeem and pay the Subseries 2008A2 Bonds.

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The following table presents the estimated sources and uses of funds in connection with the issuance of the Series 2010A Bonds.

Sources:	
Principal Amount of the Series 2010A Bonds	$171,360,000
Net Original Issue Premium	14,592,502
Moneys on Deposit in Bond Fund	2,918,558
	$188,871,060
Uses:	
Deposit to the Subseries 2008A2 Escrow Account	$113,913,750
Purchase and Retirement of Purchased Senior Bonds[1]	72,347,851
Deposit to the Bond Reserve Fund[2]	899,631
Payment of Related Costs of Issuance[3] and Miscellaneous	1,709,828
	$188,871,060

[1] This amount includes the purchase price of, and accrued interest on, the Purchased Senior Bonds and costs and fees associated with the purchase and retirement of such Purchased Senior Bonds.

[2] This amount will be used to fund an increase in the Minimum Bond Reserve required as a result of the issuance of the Series 2010A Bonds. See also "SECURITY AND SOURCES OF PAYMENT – Bond Reserve Fund."

[3] Includes Underwriters' discount, legal and other costs of issuance for the Series 2010A Bonds. See also "UNDERWRITING."

THE SERIES 2010A BONDS

The following is a summary of certain provisions of the Series 2010A Bonds during such time as the Series 2010A Bonds 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 2010A Bonds, including provisions applicable upon discontinuance of participation in the DTC book-entry system. See also "APPENDIX A – GLOSSARY OF TERMS," "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE" and "APPENDIX C – 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 2010A 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 2010A Bonds.

Authorization

Pursuant to the home rule article of the State 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 State 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 2010A Bonds will be issued pursuant to the Senior Bond Ordinance, including any Proposed Amendments that may be adopted after issuance of the Series 2010A Bonds. See "SECURITY AND SOURCES OF PAYMENT – Proposed Amendments to the Senior Bond Ordinance," "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE" and "APPENDIX C – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE."

The City has appointed Zions First National Bank, Denver, Colorado, to serve as paying agent (the "Paying Agent") and registrar (the "Registrar") for the Series 2010A Bonds.

DTC Book-Entry System

The Series 2010A 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 2010A Bonds. Beneficial Ownership Interests in the Series 2010A Bonds, in non-certificated book-entry only form, may be purchased in integral multiples of $5,000 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 2010A 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 D – DTC BOOK-ENTRY SYSTEM."

Principal and interest payments with respect to the Series 2010A Bonds will be made by the Paying Agent to Cede & Co., as the Owner of the Series 2010A Bonds, for subsequent credit to the accounts of the Beneficial Owners as discussed in "APPENDIX D – DTC BOOK-ENTRY SYSTEM."

None of the City, the Department, the Underwriters, the Paying Agent or the Registrar for the Series 2010A Bonds 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 2010A 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 2010A Bonds, (4) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2010A Bonds or (5) any other related matter.

General Provisions

The Series 2010A Bonds will be issued in the aggregate principal amount, bear interest at the rates per annum (computed on the basis of a 360-day year of twelve 30-day months) and mature on the dates and in the principal amounts set forth on the cover page and inside cover page hereof, and will be subject to redemption prior to maturity as described below in "Redemption Prior to Maturity." Interest on the Series 2010A Bonds will accrue from the date of delivery thereof to the Underwriters and will be payable beginning on November 15, 2010, and semiannually on each Interest Payment Date thereafter.

Principal and interest payments with respect to the Series 2010A Bonds will be payable by check or wire transfer by the Paying Agent to Cede & Co., as the Owner of the Series 2010A Bonds, for subsequent credit to the accounts of the Beneficial Owners as discussed in "APPENDIX D – DTC BOOK-ENTRY SYSTEM."

Redemption Prior to Maturity

Optional Redemption. The Series 2010A Bonds maturing on and after November 15, 2021, are subject to redemption prior to maturity at the option of the City, on any date on and after November 15, 2020, in whole or in part, in principal amounts equal to authorized denominations in such order of maturities as may be determined by the City, at a price (the "Redemption Price") equal to 100% of the principal amount of the Series 2010A Bonds to be redeemed plus accrued interest to the date of redemption (the "Redemption Date").

Partial Redemption of Series 2010A Bonds. If less than all of the Series 2010A Bonds bearing the same rate and maturing on any fixed maturity date are called for prior redemption, the Treasurer is to select the Series 2010A Bonds of such maturity (or portions thereof) to be redeemed by lot in such manner as the Treasurer deems equitable (giving proportionate weight to such Series 2010A Bonds in denominations larger than a single unit of authorized denomination).

Notice of Redemption. Notice of redemption is to be given no more than 45 days nor fewer than 30 days prior to the Redemption Date (1) by publication at least once in a newspaper of general circulation in the City and in a financial newspaper published in New York, New York, and (2) by first class mail or by telegram, telex, telecopy, overnight delivery or other telecommunication device capable of creating written notice, to the Paying Agent and the registered owner of any Series 2010A Bond to be redeemed (initially DTC or its nominee) at the address appearing on the registration books or records in the custody of the Registrar. The actual receipt by DTC or its nominee of written notice of redemption of Series 2010A Bonds is not a condition precedent to such redemption if the notice has in fact been duly given, and failure of DTC or its nominee to receive such notice will not affect the validity of the proceedings for such redemption or the cessation of interest on the Redemption Date.

If at the time any notice for the redemption of any Series 2010A Bonds is required to be given, moneys sufficient to redeem all of such Series 2010A Bonds have not been deposited as required, the notice is required to state that redemption is conditional upon the required deposit of such moneys.

Redemption of Beneficial Ownership Interests. The Registrar will be required to send notice of redemption of the Series 2010A Bonds only to Cede & Co. (or subsequent nominee of DTC) as the registered 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 D – 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 2010A Bonds properly called for redemption or any other action premised on that notice.

SECURITY AND SOURCES OF PAYMENT

Pledge of Net Revenues

The Series 2010A 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 2010A 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 2010A 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 2010A Bonds. None of the properties of the Airport System has been pledged or mortgaged to secure payment of the Series 2010A 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 by the City Council of the Supplemental Ordinance approving the issuance of the Series 2009A-B Bonds (the "Series 2009A-B Supplemental Ordinance"), no Supplemental Ordinance had included revenue from any passenger taxes or charges, including PFCs, in the definition of Gross Revenues. Under 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*. "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 A – GLOSSARY OF TERMS" and "APPENDIX B – 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 (as defined in "APPENDIX A – GLOSSARY OF TERMS") 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.*"

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 (as defined in "APPENDIX A – GLOSSARY OF TERMS") 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 A – 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 treated as a reduction in the Debt Service Requirements of Senior Bonds in the years 2010 through 2013. See also "RISKS AND OTHER INVESTMENT CONSIDERATIONS," "FINANCIAL INFORMATION – Senior Bonds – Passenger Facility Charges" and "APPENDIX B – 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 B – 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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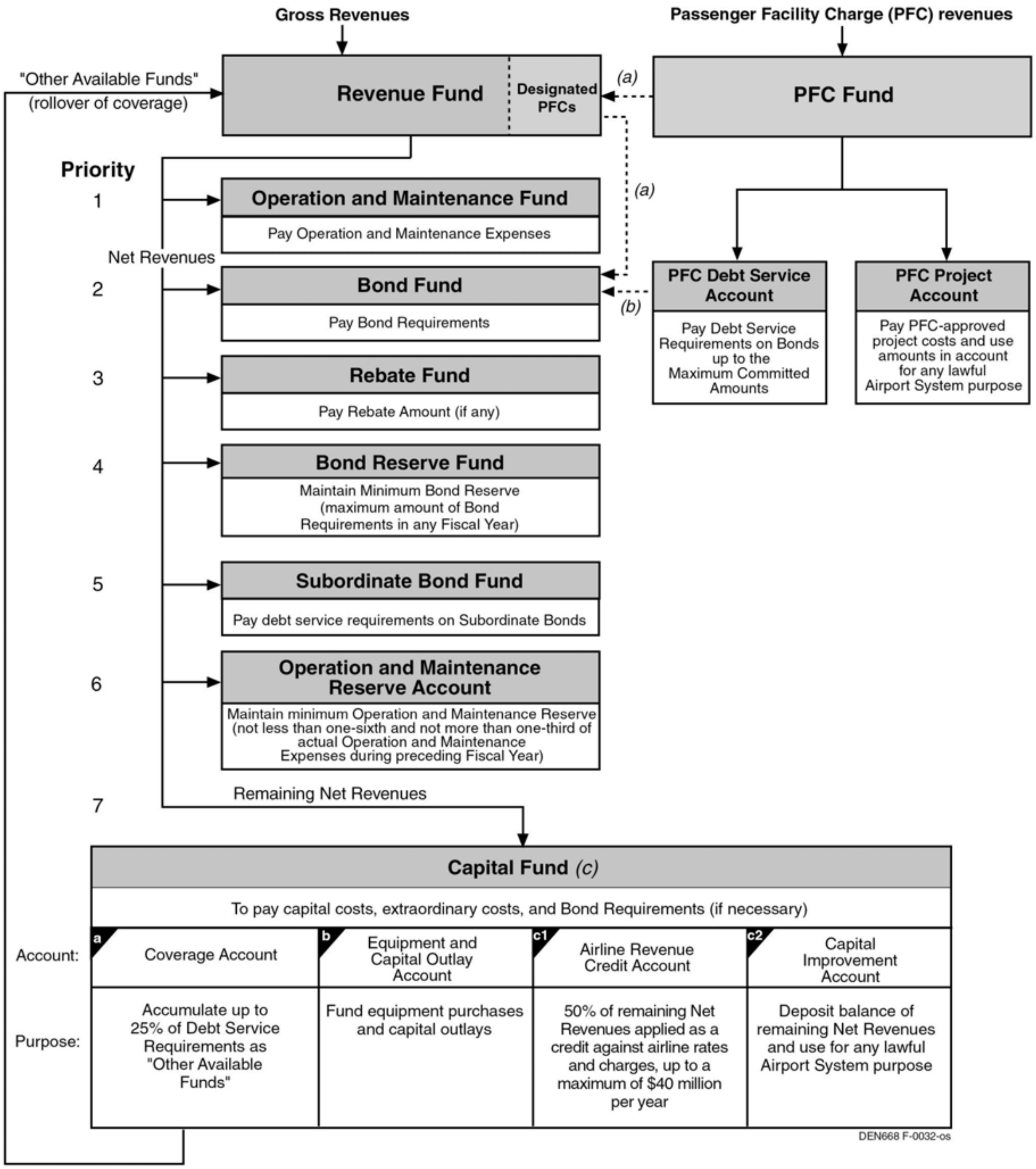
FLOW OF FUNDS UNDER THE SENIOR BOND ORDINANCE



(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.

(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 A – GLOSSARY OF TERMS" and "APPENDIX C – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE."

Upon the issuance of the Series 2010A Bonds, the amount on deposit in the Bond Reserve Fund will be 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.

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 B – 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 2010A Bonds are being issued to refund outstanding Senior Bonds and to purchase and retire the Purchased Senior Bonds, the Additional Bonds Test is not applicable to their issuance.

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 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 A – 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 A – 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: Audited 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 B – 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 C – 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 2010A 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 C – 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.

RISKS AND OTHER INVESTMENT CONSIDERATIONS

The purchase and ownership of Beneficial Ownership Interests in the Series 2010A 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 2010A Bonds.

Dependence on Levels of Airline Traffic and Activity

The Series 2010A 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 2010A 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 late 2007, 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 2.0% in 2009 compared to 2008. Future levels of aviation activity and enplaned passenger traffic at the Airport will be dependent 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."

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 2010 would have an adverse impact on the air transportation industry. See also "Dependence on Levels of Airline Traffic and Activity" above.

Financial Condition of the Airlines; Airline Mergers and Consolidations

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. Also, Republic Holdings recently announced that it is planning to discontinue the operations of the Lynx subsidiary of Frontier by September 2010. The City is not able to predict whether any mergers or consolidations will occur or the impact that any merger or consolidation may have on the operations of any merged or consolidated carriers at the Airport. See also

"Dependence on Levels of Airline Traffic and Activity – Current Economic Conditions" above and "Cost of Aviation Fuel – Risk of Airline Bankruptcies" below.

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."

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 35 of the 40 full service jet gates on Concourse B, constituting approximately 38.0% 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 (1) 48.2% of passenger enplanements at the Airport, (2) approximately 54.2% of the airline rentals, fees and charges component of the Airport System's operating revenues and (3) 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. Such reductions continued in 2009 and are expected to continue in 2010. In 2009, the United Group accounted for 46.2% of passenger enplanements at the Airport.

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. In 2009, the Frontier Group accounted for 23.0% of passenger enplanements at the Airport.

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. In 2009, Southwest accounted for 14.4% of passenger enplanements at the Airport.

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 2009 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."

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.

Risk of Airline Bankruptcies

Since 2001, several airlines with operations at the Airport, including United, Frontier and Mesa Air Group, Inc., with its subsidiary Mesa Airlines, Inc. (together, "Mesa Airlines"), have filed for bankruptcy protection, although with the exception of Midway Airlines and Vanguard Airlines, which eventually ceased operations, and Mesa Airlines, which filed for bankruptcy protection on January 5, 2010, and is continuing 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 2010A 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 2010 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, potentially 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*."

November 2010 Statewide Ballot Initiatives

The State constitution provides that the people of the State reserve to themselves the power to propose laws and amendments to the State constitution ("initiatives") and to enact or reject such initiatives by a vote of the people by Statewide ballot. The Colorado Secretary of State has certified a number of citizen initiatives to be submitted to the Colorado voters on November 2, 2010. One such initiative, designated Amendment 61, provides that after 2010, all borrowings of local governments, including those of enterprises such as the Department, would require the prior approval of the electors of the local government. This initiative purports to apply to borrowings regardless of form, including bonds, notes, lease-purchase agreements and related certificates of participation, annually appropriated obligations, *etc.*, the term of such borrowings or their source of payment. Amendment 61 also requires that voter approval may be sought only at elections held in November, that the ballot title specify the use of the funds, which may not be changed, that any new borrowing must be in the form of bonded debt, must mature within ten years, may be prepaid at any time without penalty and may not continue past its original term. Another of the initiatives, designated Amendment 60, may be construed to require, among other things, that enterprises such as the Department, pay property taxes.

The wording of these initiatives is broad and unclear, and therefore, if one or more of these initiatives are approved by Colorado's voters, it is not possible to predict with any certainty the ultimate interpretation of the various provisions of these initiatives or the impact that these initiatives would have on the operations, finances and capital program of the Airport. See "CAPITAL PROGRAM" and "FINANCIAL INFORMATION – Continued Qualification as an Enterprise."

Forward Looking Statements

This Official Statement 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.

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 State 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 International Airport ("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 statistics compiled by Airports Council International for 2008, 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 "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., which currently serves as 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 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. 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 145 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. See "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 has been put on hold. The parties are discussing an amended and restated lease that would address the project's late start and resolve several outstanding matters, but have not yet reached an agreement.

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. If the Airport Hotel is determined to be financially feasible, construction is expected to commence in 2011. See also "CAPITAL PROGRAM – Additional Proposed Projects."

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

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 following table. 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.

All of the projects in the 2009-2012 Capital Program implemented in 2009 and certain of the projects or portions of the projects in the 2009-2012 Capital Program planned to be implemented in 2010 have been or will be funded with $12.7 million received by the City in 2009 from federal grants and proceeds from prior Senior Bonds, including the Series 2009A-B Bonds issued for Airport capital improvement purposes. The 2009-2010 Projects include improvements to (1) the airfield and the terminal and concourse complex, (2) existing roads and parking and ground transportation facilities and (3) the Airport baggage system and automated guideway transit system or "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.

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, regarding which the City and RTD are currently negotiating an intergovernmental agreement, 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 statistics compiled by Airports Council International for 2008, 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.

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.

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 2009, the Airport served approximately 25.1 million enplaned passengers (passengers embarking on airplanes). Approximately 54.3% of the passengers enplaned in 2009 were passengers originating their travel at the Airport and 45.7% 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 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 late 2007, 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 and in the first nine months of 2009. The following table sets forth the history of enplaned passengers for the Airport.

Year	Enplaned Passengers (millions)	Percent Change
1995	15.62	--
1996	16.18	3.6%
1997	17.53	8.4
1998	18.44	5.2
1999	19.03	3.2
2000	19.39	1.9
2001	18.05	(6.9)
2002	17.83	(1.2)
2003	18.76	5.2
2004	21.14	12.7
2005	21.70	2.6
2006	23.67	9.0
2007	24.94	5.4
2008	25.65	2.8
2009	25.13	(2.0)

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."

The following table sets forth the number of enplaned passengers at the Airport by type of airline for the past five years.

Enplaned Passengers by Airline Type[1]

	Major/National Airlines[2]		Regional/Commuter Airlines		Charter/Miscellaneous Airlines		Total Airlines	
Year[3]	Enplaned Passengers	Percent Change	Enplaned Passengers	Percent Change	Enplaned Passengers	Percent Change	Enplaned Passengers	Percent Change
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
2009	20,646,529	(4.0)	4,239,139	7.4	242,365	27.3	25,128,033	(2.0)

[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 and ceased reporting separate enplanement data for Ted commencing with August 2008. Republic Holdings recently announced that it is planning to discontinue the operations of the Lynx subsidiary of Frontier by September 2010.

[3] See above for a discussion of factors affecting enplanements since 2004.

Source: Department of Aviation management records.

The following table sets forth the percentage of enplaned passengers at the Airport by airline for the past five years.

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

Airline	2005	2006	2007	2008	2009
	Calendar Year				
United	35.8%	35.3%	33.4%	32.6%	32.5%
Ted[1]	7.8	8.5	7.8	4.3	--
United Express[2]	12.8	12.6	12.1	11.3	13.7
Total United Group	56.4	56.4	53.3	48.2	46.2
Frontier[3]	17.3	18.7	20.5	22.7	20.6
Lynx[3]	--	--	0.1	2.0	2.4
Frontier JetExpress[4]	2.2	2.0	2.1	0.8	--
Total Frontier Group	19.4	20.7	22.7	25.5	23.0
American Airlines[5]	4.1	3.8	3.5	3.3	2.8
America West Airlines[6]	1.7	1.2	--	--	--
Continental[5]	2.4	2.3	2.2	2.0	2.0
Delta[5,7]	3.4	2.4	2.3	2.3	2.4
Northwest[7]	2.8	1.9	2.1	1.8	1.8
Southwest[8]	--	3.3	5.3	9.3	14.4
US Airways[6]	1.8	1.3	2.2	1.8	2.2
Other	8.0	6.6	6.4	5.7	5.2
	24.2	22.9	24.0	26.3	30.8
Total	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 and ceased reporting separate enplanement data for Ted commencing with August 2008.

[2] Includes Chautauqua Airlines, GoJet, Mesa Airlines, Shuttle America, SkyWest Airlines, Trans States Airlines in 2005 and Air Wisconsin through 2006. Mesa Airlines filed for bankruptcy protection on January 5, 2010, and is continuing operations. See "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Risk of Airline Bankruptcies."

[3] Frontier emerged from bankruptcy on October 1, 2009, and is continuing operations as a subsidiary of Republic Holdings. See "INTRODUCTION – Denver International Airport – *Major Air Carriers Operating at the Airport*" and "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Financial Condition of the Airlines; Airline Mergers and Consolidations – Risk of Airline Bankruptcies." Lynx, a Frontier subsidiary, commenced service at the Airport in December 2007. Republic Holdings recently announced that it is planning to discontinue the operations of the Lynx subsidiary of Frontier by September 2010.

[4] On June 30, 2008, Republic Airlines ceased operating at the Airport as Frontier JetExpress. See "Airline Information – *Frontier*" below.

[5] Does not include commuter affiliates.

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

[7] Delta and Northwest merged on October 29, 2008, with Northwest becoming a wholly owned subsidiary of Delta. Effective January 1, 2010, the two airlines operate under a single air carrier operating certificate.

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

Source: Department of Aviation management records.

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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. Totals may not add due to rounding.

	Calendar Year[1]				
	2005	**2006**	**2007**	**2008**	**2009**
Enplaned Passengers (millions)					
United	7.775	8.365	8.324	8.361	8.165
Ted[2]	1.690	2.011	1.955	1.105	--
United Express	2.776	2.971	3.018	2.906	3.438
Total United Group	12.241	13.347	13.297	12.372	11.603
Frontier[3]	3.749	4.427	5.118	5.812	5.181
Lynx[3]	--	--	0.017	0.504	0.602
Frontier JetExpress[4]	0.468	0.478	0.533	0.216	--
Total Frontier Group	4.217	4.904	5.668	6.531	5.782
Southwest[5]	--	0.790	1.322	2.379	3.614
Other	5.244	4.624	4.654	4.369	4.129
Total	21.702	23.665	24.941	25.650	25.128
Percent Change from Prior Year	2.6%	9.1%	5.4%	2.8%	(2.0)%
Total Originating Passengers (millions)	11.984	13.250	14.243	14.335	13.656
Percent of Total Enplaned	55.2%	56.0%	57.1%	55.9%	54.3%
United Group Percent of Total Originating	40.3%	41.2%	38.9%	34.9%	31.2%
Frontier Group Percent of Total Originating	19.0%	21.0%	22.7%	23.0%	21.0%
Southwest Percent of Total Originating	--	5.8%	8.8%	14.0%	20.0%
Total Connecting Passengers (millions)	9.718	10.415	10.698	11.315	11.472
Percent Connecting of Total Enplaned	44.8%	44.0%	42.9%	44.1%	45.7%
United Group Percent of Total Connecting	76.2%	75.7%	72.5%	65.2%	64.0%
Frontier Group Percent of Total Connecting	20.0%	20.3%	22.7%	28.6%	25.4%
Southwest Percent of Total Connecting	--	0.2%	0.6%	3.3%	7.7%
United Group Passengers:[2]					
Percent Originating	39.5%	40.9%	41.6%	40.4%	36.8%
Percent Connecting	60.5%	59.1%	58.4%	59.6%	63.2%
Frontier Group Passengers:					
Percent Originating	54.0%	56.8%	57.1%	50.5%	49.5%
Percent Connecting	46.0%	43.2%	42.9%	49.5%	50.5%
Southwest Passengers:[5]					
Percent Originating	--	97.9%	95.2%	84.4%	75.5%
Percent Connecting	--	2.1%	4.8%	15.6%	24.5%
Average Daily Departures:					
Passenger Airlines:					
United and Ted[2]	213	230	229	207	171
United Express	182	191	194	192	216
Frontier	107	125	137	167	158
Frontier JetExpress[4]	25	24	28	10	--
Southwest[5]	--	24	39	78	108
Other	194	179	179	160	149
Total Passenger Airlines	722	772	806	814	802
All-Cargo Airlines	30	28	27	26	25
Total	752	801	833	840	827
Percent Change from Prior Year	0.4%	6.4%	4.1%	0.8%	(1.6)%
Landed Weight (billion pounds):					
Passenger Airlines:					
United and Ted[2]	12.254	13.364	12.808	11.790	10.469
United Express	3.282	3.512	3.636	3.616	4.200
Frontier	5.222	6.087	6.695	7.342	6.768
Frontier JetExpress[4]	0.616	0.617	0.699	0.263	--
Southwest[5]	--	1.058	1.781	3.508	4.817
Other	6.734	5.776	5.851	5.406	5.195
Total Passenger Airlines	28.108	30.415	31.471	31.925	31.448
All-Cargo Airlines	1.541	1.430	1.363	1.325	1.250
Total	29.649	31.844	32.834	33.250	32.699
Enplaned Cargo (million pounds)[6]	312.663	280.534	262.724	248.122	221.1444
Percent Change from Prior Year	(2.7)%	(10.3)%	(6.4)%	(5.6)%	(10.8)%
Total Aircraft Operations (Landings/Take-Offs):					
Air Carriers	384,552	428,794	451,228	460,311	456,675
Air Taxi/Commuter/Military/General Aviation	183,006	180,723	168,086	165,533	155,302
Total	567,558	609,517	619,314	625,844	611,977
Percent Change from Prior Year	0.2%	7.4%	1.6%	1.1%	(2.2)%

1 See "Aviation Activity – *Passengers and Revenue Information*" above for a discussion of factors affecting enplanements.

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

[Footnotes continued on next page]

[3] Frontier emerged from bankruptcy on October 1, 2009 and is continuing operations as a subsidiary of Republic Holdings. See "INTRODUCTION – Denver International Airport – *Major Air Carriers Operating at the Airport*" and "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Financial Condition of the Airlines; Airline Mergers and Consolidations – Risk of Airline Bankruptcies." Lynx, a Frontier subsidiary, commenced service at the Airport in December 2007. Republic Holdings recently announced that it is planning to discontinue the operations of the Lynx subsidiary of Frontier by September 2010.

[4] On June 30, 2008, Republic Airlines ceased operating at the Airport as Frontier JetExpress. See "Airline Information – *Frontier*" below.

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

[6] 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.

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 2009, approximately 11.47 million passengers (45.7%) of the approximately 25.13 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 subsidiary Lynx. The United Group and the Frontier Group accounted for approximately 64.0% and 25.4%, respectively, of the connecting passengers at the Airport in 2009. See "Aviation Activity – *Summary of Aviation Activity*" above.

Airlines Serving the Airport

As of January 2010, 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/Northwest[1]	Mesa Airlines[3] (operating as United Express and US Airways Express)	Mexicana
Frontier[2]	Mesaba Airlines (operating as Northwest Airlink and Delta Connection)	
JetBlue Airways	Shuttle America (operating as United Express)	
Midwest Airlines	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. Effective January 1, 2010, the two airlines operate under a single air carrier operating certificate.

[2] Frontier emerged from bankruptcy on October 1, 2009 and is continuing operations as a subsidiary of Republic Holdings. See "INTRODUCTION – Denver International Airport – *Major Air Carriers Operating at the Airport*" and "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Financial Condition of the Airlines; Airline Mergers and Consolidations – Risk of Airline Bankruptcies." Lynx is a subsidiary of Frontier. Republic Holdings recently announced that it is planning to discontinue the operations of Lynx by September 2010.

[3] Mesa Airlines filed for bankruptcy protection on January 5, 2010, and is continuing operations. See "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Risk of Airline Bankruptcies."

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 35 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." 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, 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.

United Group Percent of Airport Operations

	Fiscal Year				
	2005	2006	2007	2008	2009
Percent of Total Enplanements at the Airport	56.4%	56.4%	53.3%	48.2%	46.2%
United Group Percent Originating Passengers	39.5	40.9	41.6	40.4	36.8
United Group Percent Connecting Passengers	60.5	59.1	58.4	59.6	63.2
Percent of Airport Originating Passengers	40.3	41.2	38.9	34.9	31.2
Percent of Airport Connecting Passengers	76.2	75.7	72.5	65.2	64.0
Percent of Airline Rentals, Fees and Charges Component of Operating Revenues	58.6	59.3	57.6	54.2	N/A
Percent of Airport System Gross Revenues	33.5	31.8	28.8	28.0	N/A

Source: Department of Aviation management records.

United discontinued Ted in 2008 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. Such reductions continued in 2009 and are expected to continue in 2010. 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."

Frontier. Frontier has the second largest market share at the Airport, which serves as Frontier's only hub. The Frontier Group, currently consisting of Frontier and Lynx, a subsidiary of Frontier, 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, 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. The Frontier Group had included Frontier JetExpress as Frontier's commuter affiliate operated by Republic Airlines. In connection with its bankruptcy proceedings as described below, Frontier rejected its Airline Service Agreement with Republic Holdings, under which Republic Airlines operated at the Airport as Frontier JetExpress. Under its agreement with Frontier, Republic Airlines ceased operating at the Airport as Frontier JetExpress on June 30, 2008.

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.

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 will maintain normal operations at the Airport as a subsidiary of Republic Holdings. However, Republic Holdings recently announced that it is planning to discontinue the operations of the Lynx subsidiary of Frontier by September 2010. 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 annual and 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.

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."

Frontier Group Percent of Airport Operations

	Fiscal Year				
	2005	2006	2007	2008	2009
Percent of Total Enplanements at the Airport	19.4%	20.7%	22.7%	25.5%	23.0%
Frontier Group Percent Originating Passengers	54.0	56.8	57.1	50.5	49.5
Frontier Group Percent Connecting Passengers	46.0	43.2	42.9	49.5	50.5
Percent of Airport Originating Passengers	19.0	21.0	22.7	23.0	21.0
Percent of Airport Connecting Passengers	20.0	20.3	22.7	28.6	25.4
Percent of Airline Rentals, Fees and Charges Component of Operating Revenues	12.1	13.0	15.1	14.7	N/A
Percent of Airport System Gross Revenues	6.9	6.9	7.6	7.6	N/A

Source: Department of Aviation management records.

Southwest. Southwest has the third largest market share at the Airport and currently leases ten gates at the Airport. When Southwest commenced service at the Airport in January 2006, it served ten cities from Denver, compared to the 31 cities to which it currently provides nonstop service from Denver. Southwest 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 four years, 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 four years. See also "Aviation Activity – Originating and Connecting Passengers" in this section.

Southwest Percent of Airport Operations

	Fiscal Year			
	2006	**2007**	**2008**	**2009**
Percent of Total Enplanements at the Airport	3.3%	5.3%	9.3%	14.4%
Southwest Percent Originating Passengers	97.9	95.2	84.4	75.5
Southwest Percent Connecting Passengers	2.1	4.8	15.6	24.5
Percent of Airport Originating Passengers	5.8	8.8	14.0	20.0
Percent of Airport Connecting Passengers	0.2	0.6	3.3	7.7
Percent of Airline Rentals, Fees and Charges Component of Operating Revenues	2.6	4.1	6.9	N/A
Percent of Airport System Gross Revenues	1.4	2.1	3.6	N/A

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 2009, American accounted for approximately 2.8% of passenger enplanements at the Airport, and Delta, Continental, Northwest and US Airways accounted for approximately 2.4%, 2.0%, 1.8% and 2.2%, respectively, of passenger enplanements at the Airport in 2009. 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 Underwriters undertakes any responsibility for, and none of them makes any 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 77 leased gates, 15 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	35	B	February 2025
US Airways	2	C	December 2010
	77		

[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 Mergers and Consolidations – 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. 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 its Use and Lease Agreement 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. In December 2009, the United Use and Lease Agreement was again amended to temporarily reduce, for a period of six years ending December 31, 2015, the number of gates leased by United on Concourse B by five gates. As a result, United is currently leasing 35 of the 40 full service gates and the 16-gate regional jet facility located on Concourse B. See also "AVIATION ACTIVITY AND AIRLINES – Airline Information – *United*." The City is currently in negotiations to relocate certain airlines currently using gates on Concourses A and C to these five released full service gates on Concourse B. While amendments to the use and lease agreements of such airlines have not been finalized, the City anticipates that certain airlines currently serving the Airport and belonging to the Star Alliance airline network (to which United also belongs) will be consolidated on Concourse B. This anticipated consolidation, together with any relocation of other airlines from Concourse C to Concourse A, will make available gates on Concourse C to accommodate the increased service of Southwest at the Airport. 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."

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 the 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.

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.

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 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. The City expects that United will not meet its Base Hub Commitment in 2009.

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, Federal Express Corporation, Key Lime Air Corporation 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 materially 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 Gross Revenues. The following is a brief description of some of these additional agreements. 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 Gross Revenues in 2007 and approximately 6.7% of 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 145 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 Gross Revenues in 2007 and approximately 17.7% of 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 Gross Revenues in 2007 and approximately 7.2% of 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 nine months of 2008 and 2009. See also "APPENDIX E – ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2008 AND 2007," "APPENDIX F – UNAUDITED FINANCIAL STATEMENTS OF THE AIRPORT SYSTEM FOR THE NINE MONTHS ENDED SEPTEMBER 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]					Nine Months Ended September 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	$150,775	$153,046
Concession income	30,638	32,566	34,304	40,599	42,297	32,260	31,087
Parking income	88,411	97,919	110,535	116,326	119,283	90,735	85,212
Car rentals	33,780	37,175	41,641	44,998	45,618	35,245	32,574
Landing fees	88,741	94,695	92,390	87,282	94,479	68,811	76,034
Aviation fuel tax	15,402	20,245	20,211	23,385	27,012	22,625	12,612
Other sales and charges	10,232	11,341	11,872	11,922	13,931	10,997	8,309
Total operating revenues	477,665	497,741	508,307	530,151	540,760	411,448	398,875
Operating expenses:							
Personnel services	90,005	92,979	97,592	104,321	114,288	80,231	78,966
Contractual services[3]	117,091	130,469	146,019	165,044	234,036	146,564	133,110
Maintenance, supplies and materials	14,117	15,956	18,903	21,408	25,506	17,395	15,087
Total operating expenses	221,214	239,405	262,514	290,773	373,829	244,190	227,162
Operating income before depreciation and amortization and asset impairment	256,451	258,336	245,792	239,378	166,931	167,257	171,713
Depreciation and amortization[4]	130,379	191,650	151,506	159,309	168,026	123,439	132,934
Impairment losses[5]	18,007	85,286	--	--	--	--	--
Operating income	108,065	(18,600)	94,286	80,069	(1,095)	43,819	38,779
Nonoperating revenues (expenses)							
Passenger facility charges[6]	62,040	84,000	93,510	97,191	96,786	76,898	75,880
Investment income	22,486	35,823	56,147	82,249	87,483	42,683	18,079
Interest expense	(221,296)	(205,142)	(207,385)	(220,064)	(238,643)	(162,948)	(161,836)
Grants	241	241	566	324	703	556	--
Other revenue (expense)[7]	(2,051)	(22,187)	(10,609)	(8,827)	8,683	(12,916)	(4,259)
Net nonoperating revenues (expenses)	(138,581)	(107,265)	(67,772)	(49,127)	(44,987)	(55,727)	(72,135)
Change in net assets before capital contributions	(30,515)	(125,865)	26,514	30,942	(46,083)	(11,909)	(33,357)
Capital contributions:							
Capital grants[8]	42,083	31,547	29,188	1,894	13,993	10,833	29,295
Capital contributions[9]	--	196,795	--	532	400	400	1,494
Capital passenger facility charges[6]	20,122	--	--	--	--	--	--
Change in net assets	$ 31,690	$102,477	$ 55,702	$ 33,368	$ (31,690)	$ (677)	$ (2,568)

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 nine 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 nine months ended September 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 nine months ended September 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.

Nine Months Ended September 30, 2009 vs. Nine Months Ended September 30, 2008. Operating revenues at the Airport were $398.9 million for the nine month period ending September 30, 2009, a decrease of $12.6 million (3.1%) as compared to the nine months ended September 30, 2008. This decrease in operating revenues was primarily related to a decrease in aviation fuel tax revenues resulting from reductions in fuel use and lower fuel prices. The decrease in operating revenues was also related to decreases in parking, car rental and concession revenues resulting from a decrease in passenger traffic. The decrease in operating revenues was offset by an increase in facility rentals and landing fees. Passenger traffic decreased 2.5% for the nine month period ending September 30, 2009.

Operating expenses, exclusive of depreciation and amortization, were $227.2 million for the nine month period ending September 30, 2009, a decrease of $17.0 million (7.0%), as compared to September 30, 2008. This decrease was attributable to lower personnel costs relating to snow removal overtime and decreases in repair and maintenance expenses and expenses for snow removal, electricity, gas, supplies and materials. This decrease was offset by an increase in expenses for shuttle buses and janitorial services.

Total nonoperating expenses, net of nonoperating revenues, increased by $16.4 million to $72.1 million in the first nine months of 2009 as compared to 2008. This increase resulted from a decrease in investment income of $24.6 million, or 57.6%, which was due to lower investment yields and an unrealized loss on investments of $12.0 million. PFC revenues decreased by $1.0 million due to a decrease in passenger traffic. Costs related to the reimbursement of insurance costs to complete the remediation of certain environmental conditions at Stapleton also decreased. See "Stapleton" below.

A more detailed discussion and analysis by Airport management of the financial performance and activity of the Airport System for the first nine 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 F – UNAUDITED FINANCIAL STATEMENTS OF THE AIRPORT SYSTEM FOR THE NINE MONTHS ENDED SEPTEMBER 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 E – 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 to be outstanding upon the issuance of the Series 2010A Bonds, the related current refunding and defeasance of the Subseries 2008A2 Bonds and the purchase and retirement of the Purchased Senior Bonds. See also "INTRODUCTION – The Series 2010A Bonds – *Purpose; Bond Purchase and Retirement* – Plan of Financing" and "Plan of Financing" below.

Outstanding Senior Bonds

Issue	Prior to Issuance of the Series 2010A Bonds	After Issuance of the Series 2010A Bonds
Series 1991D Bonds[1, 2]	$ 74,460,000	$ 74,460,000
Series 1992C Bonds[2]	40,080,000	40,080,000
Series 1992F Bonds[3]	24,000,000	24,000,000
Series 1992G Bonds[3]	19,900,000	19,900,000
Series 1995C Bonds	10,625,000	10,625,000
Series 1997E Bonds	54,470,000	54,470,000
Series 1998A Bonds	128,695,000	128,695,000
Series 1998B Bonds	103,395,000	103,395,000
Series 2000A Bonds	228,080,000	228,080,000
Series 2001A Bonds	244,655,000	244,655,000
Series 2001B Bonds	16,675,000	16,675,000
Series 2001D Bonds	50,305,000	50,305,000
Series 2002C Bonds[3, 5]	37,000,000	37,000,000
Series 2002E Bonds	142,690,000	142,690,000
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[5]	279,585,000	279,585,000
Series 2006B Bonds	111,170,000	111,170,000
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	29,200,000	29,200,000
Series 2007E Bonds	47,400,000	47,400,000
Subseries 2007F1 Bonds[3, 5, 6]	51,500,000	51,500,000
Subseries 2007F2 Bonds[3, 5, 6]	52,000,000	52,000,000
Subseries 2007F3 Bonds[3, 5, 6]	52,000,000	52,000,000
Subseries 2007F4 Bonds[3, 5, 6]	51,525,000	51,525,000
Subseries 2007G1 Bonds[3, 5]	73,900,000	73,900,000
Subseries 2007G2 Bonds[3, 5]	73,900,000	73,900,000
Subseries 2008A1 Bonds	181,465,000	181,465,000
Subseries 2008A2 Bonds[3, 4]	111,000,000	--
Subseries 2008A3 Bonds[3, 7]	181,965,000	122,060,000
Subseries 2008A4 Bonds[3, 7]	79,850,000	72,350,000
Series 2008B Bonds[3, 5]	75,700,000	75,700,000
Subseries 2008C1 Bonds[3, 5]	92,600,000	92,600,000
Subseries 2008C2 Bonds[3, 5]	100,000,000	100,000,000
Subseries 2008C3 Bonds[3,5]	100,000,000	100,000,000
Series 2009A Bonds	170,190,000	170,190,000
Series 2009B Bonds	65,290,000	65,290,000
Series 2009C Bonds[3]	104,655,000	104,655,000
Series 2010A Bonds	--	171,360,000
	$4,136,140,000	$4,129,095,000

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. Annually since 2006, the City used Airport Net Revenues and revenues from PFCs to establish an escrow to defease or call 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 All of the outstanding Subseries 2008A2 Bonds are planned to be current refunded with the proceeds of the Series 2010A Bonds. See "APPLICATION OF PROCEEDS" and "Plan of Financing" below.

5 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.

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.

7 A portion of these Senior Bonds constitute the Purchased Senior Bonds and will be purchased and retired with proceeds of the Series 2010A Bonds and other available Airport System moneys. See "APPLICATION OF PROCEEDS."

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

All or certain of the maturities of certain 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 2010A Bonds, the related current refunding and defeasance of the Subseries 2008A2 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 Requirements[1, 2, 3]
(Totals may not add due to rounding)

Year	Prior to Issuance of the Series 2010A Bonds	After Issuance of the Series 2010A Bonds
2010	$ 326,447,582	$ 326,500,567
2011	342,131,162	342,768,650
2012	341,080,059	341,979,690
2013	352,603,178	353,502,809
2014	355,939,902	356,839,533
2015	355,902,028	356,801,659
2016	361,731,671	361,876,302
2017	354,255,562	354,393,205
2018	353,280,812	353,289,593
2019	365,099,205	365,105,374
2020	359,026,947	359,034,065
2021	342,584,117	345,156,410
2022	356,991,060	357,286,166
2023	353,969,591	354,390,223
2024	364,667,276	364,611,295
2025	374,536,621	373,459,265
2026	103,453,526	103,147,969
2027	103,367,913	101,531,357
2028	103,277,638	102,361,207
2029	103,194,613	103,105,057
2030	103,604,776	102,583,963
2031	103,517,401	103,187,026
2032	103,431,376	103,095,951
2033	64,374,413	64,374,413
2034	22,843,151	22,843,151
2035	22,842,126	22,842,126
2036	22,856,476	22,856,476
2037	22,853,808	22,853,808
2038	22,857,393	22,857,393
2039	22,857,727	22,857,727
	$6,585,579,107	$6,587,492,430

[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.

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. A portion of the recently issued Series 2009C Bonds was used to current refund and defease all then outstanding Airport System Subordinate Commercial Paper Notes, Series A. There currently are no Series A-B Subordinate Commercial Paper Notes outstanding, however, the City may issue additional Series A-B Subordinate Commercial Paper Notes in the future as described in "Plan of Financing" below. 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%), however, because there are currently no Series A-B Subordinate Commercial Paper Notes outstanding, the stated principal amount of this letter of credit has been reduced to zero ($0).

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, 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. Also since the date of the financial statements, four swap agreements have been terminated. In January 2010, the City terminated its 1999 and 2002 swap agreements with RFPC, LLC, which had credit support from Ambac Assurance Corporation, and entered into a replacement swap agreement with Loop Financial Products I LLC in respect of the 1999 swap agreement. This replacement swap agreement was designated the 2009A Swap Agreement. The 2002 swap agreement was not replaced. In February 2010, the City terminated its 2007 swap agreements with JPMorgan Chase Bank, N.A. and Royal Bank of Canada, respectively. Neither swap agreement was replaced. See "Master Derivatives Policy" below and "APPENDIX E – 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 $23,950,000. 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., as the Financial Consultants, have prepared the Plan of Financing in anticipation of the issuance of the Series 2010A Bonds. The Plan of Financing assumes (1) the issuance of the Series 2010A Bonds for the purpose of current refunding and defeasing the Subseries 2008A2 Bonds and (2) the issuance by the City, for and on behalf of the Department, of additional Senior Bonds in 2010 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. The issuance of such additional Senior Bonds and Commercial Paper Notes as assumed in the Plan of Financing will depend 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 2010A Bonds – *Purpose; Bond Purchase and Retirement*," "CAPITAL PROGRAM" and "Senior Bonds – Subordinate Bonds and Other Subordinate Obligations – *Subordinate Commercial Paper Notes*" above.

Capital Fund

The amount on deposit in the Capital Fund as of September 30, 2009, was approximately $217.8 million. Such amount has been designated for use by the City as follows: (1) $67.1 million for the Coverage Account (constituting Other Available Funds); (2) $15.0 million to cover existing obligations and contingencies; and (3) $135.7 million for any lawful Airport System purpose. 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 nine months of 2009, however, decreased 0.4% and 1.3%, respectively, compared to the corresponding prior periods. See also "APPENDIX A – GLOSSARY OF TERMS" and "APPENDIX B – 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 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 A – 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 the City expects to deposit in the PFC Debt Service Account are less than the Maximum Committed Amounts in each of the years 2009 through 2013. See also "APPENDIX B – 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 the amounts resulting from the collection of the Additional $1.50 PFC 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 will be irrevocably committed to pay Debt Service Requirements on such identified Bonds and would 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" and "APPENDIX A – GLOSSARY OF TERMS."

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, Part II (Public Law 111-116), extends FAA authority to provide AIP grants until March 31, 2010. 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 was completed in late 2009. Rehabilitation of the airport ramps has commenced and is ongoing. 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.

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 2009, and no noise contour violations in any of those five 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 A – 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 sublimits. 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 liability 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, Frontier and Mesa Airlines, have filed for bankruptcy protection, although with the exception of Midway Airlines and Vanguard Airlines, which eventually ceased operations, and Mesa Airlines, which filed for bankruptcy protection on January 5, 2010 and is continuing 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 2010A 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.

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.

RATINGS

Moody's Investors Service, Inc., Standard & Poor's Ratings Service, Inc. and Fitch, Inc. have published ratings of "A1," "A+" and "A+," respectively, with respect to the Series 2010A Bonds, in each case with a rating outlook of "stable."

The City has furnished to these rating agencies the information contained in this Official Statement and certain other materials and information relating to the Series 2010A Bonds and the Airport System, 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, including any related outlook with respect to potential changes in such rating, reflects only the view of the agency assigning such rating and is not a recommendation to buy, sell or hold the Series 2010A 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 is likely to have an adverse effect on the market price of the Series 2010A Bonds.

UNDERWRITING

The Series 2010A Bonds are being purchased from the City by the underwriters set forth on the cover page hereof (the "Underwriters") at a price equal to $184,978,415.05, being the aggregate principal amount of the Series 2010A Bonds plus a net original issue premium of $14,592,501.85 and less an underwriting discount of $974,086.80. Pursuant to a Bond Purchase Agreement by and between the City, for and on behalf of the Department, and Barclays Capital, as representative of the Underwriters (the "Series 2010A Bond Purchase Agreement"), the Underwriters agree to accept delivery of and pay for all of the Series 2010A Bonds if any are delivered. The obligation to make such purchase is subject to certain terms and conditions set forth in the Series 2010A Bond Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions.

Loop Capital Markets, LLC ("Loop"), one of the Underwriters, has entered into an agreement (the "Distribution Agreement") with UBS Financial Services Inc. ("UBS") for the retail distribution of certain municipal securities offerings, including the Series 2010A Bonds, at the original issue price. Pursuant to the Distribution Agreement, Loop will share a portion of its underwriting compensation with respect to the Series 2010A Bonds with UBS.

Morgan Stanley, parent company of Morgan Stanley & Co. Incorporated, one of the Underwriters, has entered into a retail brokerage joint venture (the "Joint Venture") with Citigroup Inc. As part of the Joint Venture, Morgan Stanley & Co. Incorporated will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. As part of this arrangement, which became effective on June 1, 2009, Morgan Stanley & Co. Incorporated will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2010A Bonds.

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, in order to provide certain continuing disclosure with respect to the Series 2010A Bonds in accordance with 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, the City will deliver a Continuing Disclosure Undertaking in which it will agree to provide or cause to be provided annually to EMMA certain additional financial information and operating data concerning the Airport System and other obligated persons and to provide notice of certain enumerated events, if determined to be material. See "APPENDIX G – 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 2010A 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 R. Fine, Esq., City Attorney, and Peck, Shaffer & Williams LLP, Denver, Colorado, Special Counsel to the City; and for the Underwriters 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 2010A Bonds and of certain federal and State income tax considerations that may be relevant to prospective purchasers of Series 2010A 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 2010A 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 2010A Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2010A 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 2010A 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 2010A Bonds to be included in gross income, or could otherwise adversely affect such opinions, retroactive to the date of issuance of the Series 2010A 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 2010A Bond is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State.

Bond Counsel to the City have further advised the City and the Underwriters that under existing law and to the extent interest on any Series 2010A Bonds is excluded from gross income for federal income tax purposes, any original issue discount on such Series 2010A Bonds will be treated as interest that is excluded from gross income for federal income tax purposes with respect to such holder, and will increase such holder's tax basis in any such Series 2010A Bonds. Generally, original issue discount is the excess of the stated redemption price at maturity of any Series 2010A Bond over the issue price of the Series 2010A Bond. Purchasers of any such Series 2010A Bonds should consult with their own tax advisors regarding the proper computation and accrual of original issue discount.

If a holder purchases a Series 2010A Bond for an amount that is greater than its stated redemption price at maturity, such holder will be considered to have purchased the Series 2010A Bond with "amortizable bond premium" equal in amount to such excess. A holder must amortize such premium using a constant yield method over the remaining terms of the Series 2010A Bond, based on the holder's yield to maturity. As bond premium is amortized, the holder's tax basis in such Series 2010A Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or other disposition of the Series 2010A Bond prior to its maturity. No federal income tax deduction is allowed with respect to amortizable bond premium on a Series 2010A Bond. Purchasers of Series 2010A Bonds with amortizable bond premium should consult with their own tax advisors regarding the proper computation of amortizable bond premium and with respect to state and local tax consequences of owning such Series 2010A Bonds.

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 2010A Bonds. Prospective purchasers of the Series 2010A Bonds should be aware, however, that the Code contains numerous provisions under which receipt of interest on the Series 2010A 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 2010A Bonds or, in the case of financial institutions, that portion of a holder's interest expense allocated to interest on the Series 2010A 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 2010A Bonds; (3) interest on the Series 2010A Bonds earned by certain foreign corporations doing business in the United States of America could be subject to a branch profits tax imposed by Section 884 of the Code; (4) passive investment income, including interest on the Series 2010A 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 2010A 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 2010A Bonds will be audited. If an audit is commenced, under current Service procedures the holders of the Series 2010A Bonds may not be permitted to participate in the audit process. Moreover, public awareness of an audit of the Series 2010A 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 2010A Bonds, the exclusion of interest on the Series 2010A Bonds from gross income, alternative minimum taxable income, state taxable income, or any combination from the date of issuance of the Series 2010A Bonds or any other date, or that such changes will not result in other adverse federal or state tax consequences.

Prospective purchasers of Series 2010A 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 2010A 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 2010A Bonds and in such capacity have prepared the Plan of Financing.

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 E – 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 E 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 E 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.

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 2010A 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

* * *

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APPENDIX A

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 C – 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 2010A 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 term does 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.

"*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).

"*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.

"*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.

"*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 2010A Bonds.

"*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.

"*Event of Default*" means each of the events declared an "event of default" under the General Bond Ordinance or the Series 2010A 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.

"*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.

"*General Bond Ordinance*" means the General Bond Ordinance passed by the City Council on November 26, 1984, and approved by the Mayor on November 29, 1984, as amended and supplemented prior to the adoption of the Series 2010A 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, with respect to the Series 2010A Bonds, each November 15 and May 15, commencing November 15, 2010.

"*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.

"*Manager*" means the manager of the City's Department of Aviation, or his or her designee and successor in functions, if any.

"*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 C – 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.

"*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 C – 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 passed by the City Council on November 26, 1984, and approved by the Mayor 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; the Series 2010A Supplemental Ordinance, Ordinance No. 107, Series of 2010; 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 Bank 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 2010A Bonds, initially being Zions First National Bank, Denver, Colorado, and any successor or assign thereof for the Series 2010A Bonds.

"*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 C – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE."

"*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.

"*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.

"*Redemption Date*" means the date fixed by the City for the mandatory or optional redemption or required tender of any Bonds prior to their respective fixed maturity dates.

"*Redemption Price*" means, when used with respect to a current interest Bond, the principal amount thereof, plus the applicable premium, if any, payable on a Redemption Date, or when used with respect to a Capital Appreciation Bond, the accreted value, plus the applicable premium, if any, payable on a Redemption Date.

"*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 2010A 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.

"*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 2010A Bonds, and includes any nominee or successor thereof.

"*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 2010A Supplemental Ordinance.

"*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, and additionally secured by a liquidity facility, in the original aggregate principal amount of $30,000,000.

"*Series 1992G Bonds*" means the Airport System Revenue Bonds, Series 1992G, issued on September 24, 1992, as variable rate bonds, and additionally secured by a liquidity facility, in the original aggregate principal amount of $25,000,000.

"*Series 1995C Bonds*" means the Airport System Revenue Bonds, Series 1995C, issued on November 28, 1995, and additionally secured by municipal bond insurance (except for Series 1995C Bonds maturing in 2016), in the original aggregate principal amount of $107,585,000.

"*Series 1997E Bonds*" means the Airport System Revenue Bonds, Series 1997E, issued on August 28, 1997, and additionally secured by municipal bond insurance, in the original aggregate principal amount of $415,705,000.

"*Series 1998A Bonds*" means the Airport System Revenue Bonds, Series 1998A, issued on December 1, 1998, and additionally secured by municipal bond insurance, in the original aggregate principal amount of $206,665,000.

"*Series 1998B Bonds*" means the Airport System Revenue Bonds, Series 1998B, issued on December 1, 1998, and additionally secured by municipal bond insurance, in the original aggregate principal amount of $103,395,000.

"*Series 2000A Bonds*" means the Airport System Revenue Refunding Bonds, Series 2000A, issued on August 24, 2000, and additionally secured by municipal bond insurance, in the original aggregate principal amount of $330,625,000.

"*Series 2001A Bonds*" means the Airport System Revenue Refunding Bonds, Series 2001A, issued on June 28, 2001, a portion of which is additionally secured by municipal bond insurance, in the aggregate original principal amount of $395,635,000.

"*Series 2001B Bonds*" means the Airport System Revenue Refunding Bonds, Series 2001B, issued on June 28, 2001, and additionally secured by municipal bond insurance, in the aggregate original principal amount of $16,675,000.

"*Series 2001D Bonds*" means the Airport System Revenue Refunding Bonds, Series 2001D, issued on August 6, 2001, and additionally secured by municipal bond insurance, in the original aggregate principal amount of $70,540,000.

"*Series 2002C Bonds*" means the Airport System Revenue Refunding Bonds, Series 2002C, issued on October 9, 2002, as variable rate bonds, and additionally secured by a liquidity facility, in the original aggregate principal amount of $49,000,000.

"*Series 2002E Bonds*" means the Airport System Revenue Refunding Bonds, Series 2002E, issued on October 9, 2002, and additionally secured by financial guaranty insurance policies, in the original aggregate principal amount of $203,565,000.

"*Series 2003A Bonds*" means the Airport System Revenue Bonds, Series 2003A, issued on May 1, 2003, and additionally secured by municipal bond insurance, in the original aggregate principal amount of $161,965,000.

"*Series 2003B Bonds*" means the Airport System Revenue Bonds, Series 2003B, issued on May 1, 2003, certain maturities of which are additionally secured by municipal bond insurance, in the original aggregate principal amount of $125,000,000.

"*Series 2005A Bonds*" means the Airport System Revenue Bonds, Series 2005A, issued on August 25, 2005, and additionally secured by municipal bond insurance, in the original aggregate principal amount of $227,740,000.

"*Series 2006A Bonds*" means the Airport System Revenue Bonds, Series 2006A, issued on August 17, 2006, and additionally secured by municipal bond insurance, in the original aggregate principal amount of $279,585,000.

"*Series 2006B Bonds*" means the Airport System Revenue Bonds, Series 2006B, issued on August 17, 2006, and additionally secured by municipal bond insurance, in the original aggregate principal amount of $170,005,000.

"*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 2008C1-C3 Bonds*" means the Airport System Revenue Bonds, Series 2008C1-C3, issued in three subseries on November 4, 2008 (Subseries 2008C2 and Subseries 2008C3), and November 7, 2008 (Subseries 2008C1), as variable rate bonds and additionally secured by individual Credit Facilities, in the original aggregate principal amount of $292,600,000.

"*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 Bonds*" means the Series 2009A Bonds and the Series 2009B Bonds.

"*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 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, issued on November 6, 2009, in the original aggregate principal amount of $104,655,000 as variable rate bonds and additionally secured by a direct-pay letter of credit constituting a Credit Facility providing both credit and liquidity support.

"*Series 2010A Bonds*" means the Airport System Revenue Bonds, Series 2010A, in the original aggregate principal amount of $171,360,000, offered pursuant to this Official Statement.

"*Series 2010A Supplemental Ordinance*" means the "Series 2010A 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 2010A 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 C – 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 to 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.

"*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.

"*Treasurer*" means the City's Manager of the Department 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.

"*Underwriters*" means, with respect to the Series 2010A Bonds, the underwriters identified on the cover of the Official Statement to which this Appendix A is attached.

"*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.

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APPENDIX B

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 2010A BONDS."

Several of the provisions and defined terms used in this summary would be changed by the Proposed Amendments. See "APPENDIX C – 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 2010A 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 36th 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:

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 (1) or (2) are to be expended for PFC eligible projects. All amounts credited to such Escrow Accounts pursuant to clause (2) in the previous sentence 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.

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.

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 C – 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 C – 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.

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 2010A Supplemental Ordinance

The undertakings, covenants, agreements, obligations, warranties and representations of the City in the Senior Bond Ordinance in respect of the Series 2010A Bonds are the undertakings, covenants, agreements, obligations, warranties and representations of the City, for and on behalf of the Department.

* * *

APPENDIX C

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 2010A 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 D

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 Underwriters 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 2010A 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 2010A Bonds, (4) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2010A Bonds or (5) any other related matter.

DTC will act as securities depository for the Series 2010A Bonds. The Series 2010A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered bond certificate will be issued for each maturity of the Series 2010A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. The Series 2010A Bonds may in the future be registered in such other name as may be requested by an authorized representative of 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 2010A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2010A 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 2010A 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 2010A Bonds except in the event that use of the book-entry system for the Series 2010A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2010A 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 2010A 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 2010A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2010A 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 2010A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2010A Bonds, such as redemptions, tenders, defaults and proposed amendments to the Senior Bond Ordinance. For example, Beneficial Owners of Series 2010A Bonds may wish to ascertain that the nominee holding the Series 2010A 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 2010A Bonds within a maturity of the Series 2010A 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 2010A 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 2010A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments with respect to the Series 2010A 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 2010A 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.

DTC may discontinue providing its services as securities depository with respect to the Series 2010A 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, certificates representing the Series 2010A 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 2010A Bonds. In that event, certificates representing the Series 2010A Bonds will be printed and delivered to DTC.

* * *

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APPENDIX E

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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BKD 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. 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

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):

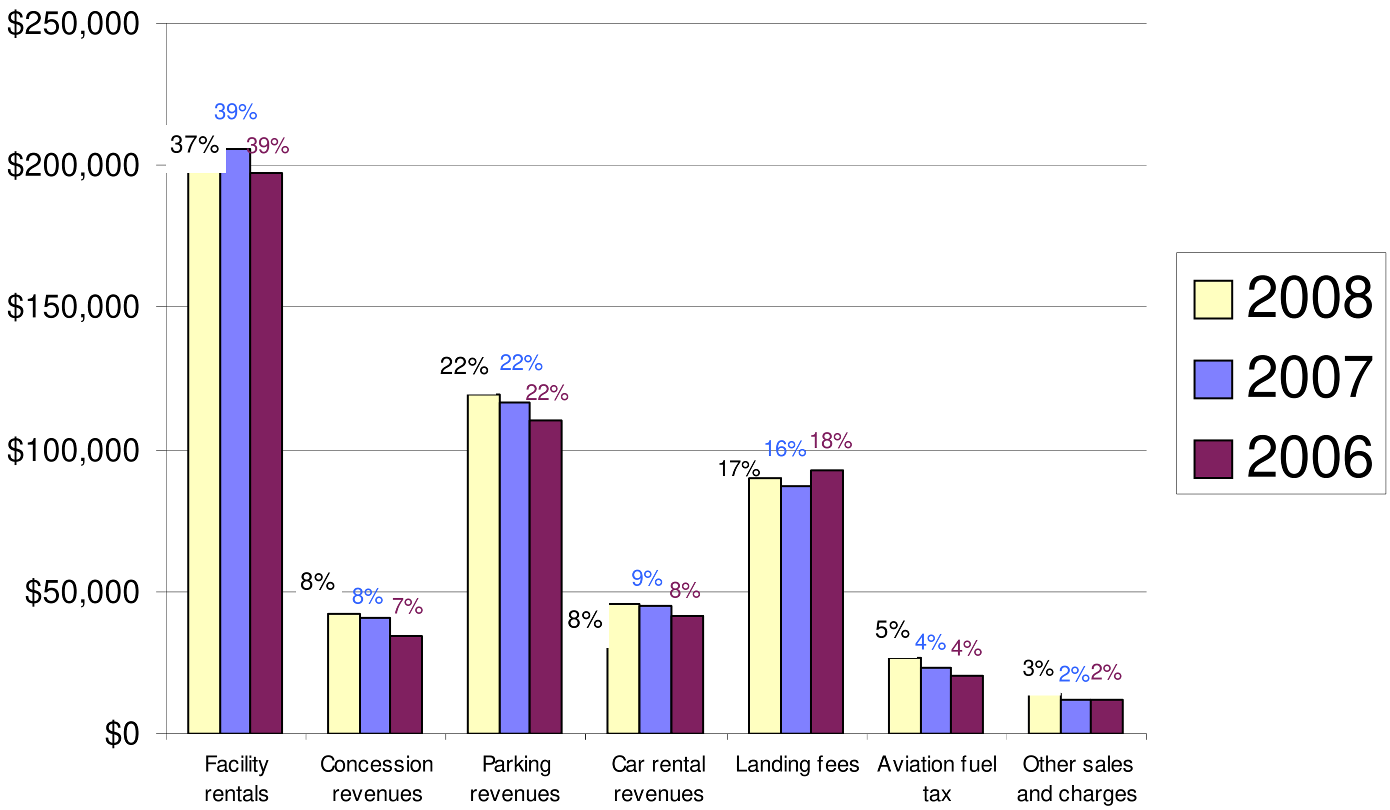
	2008	2007	2006
Operating revenues	$ 540,760	$ 530,151	$ 508,307
Operating expenses before depreciation and amortization	(373,829)	(290,773)	(262,514)
Operating income before depreciation and amortization	166,931	239,378	245,793
Depreciation and amortization	(168,026)	(159,309)	(151,507)
Operating income (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

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.

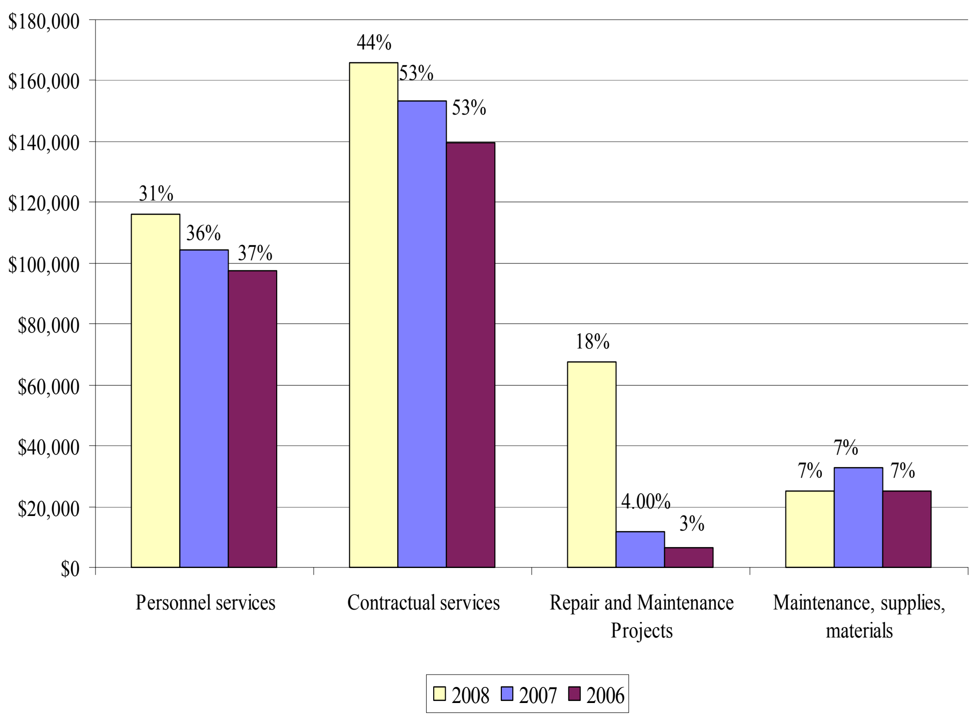
Operating Expenses Before Depreciation and Amortization

(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):

	January 1, 2008	Additions	2008 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

	January 1, 2007	Additions	2007 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

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

(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.

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

(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 F

UNAUDITED FINANCIAL STATEMENTS OF THE AIRPORT SYSTEM FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008

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City and County of Denver, Colorado
Municipal Airport System
Management's Discussion and Analysis
For the Nine Months Ended September 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 three and nine months ended September 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 revenues at the Airport were $133.6 million, a decrease of $13.6 million (9.3%) for the three month period ended September 30, 2009, as compared to three months ended September 30, 2008. The decrease in revenue was primarily related to the decrease in facility rentals, aviation fuel tax, car rental, concession and parking due to the decrease in passenger traffic for the year which were offset by an increase in landing fees. Passenger traffic decreased 2.5% for the nine month period ended September 30, 2009.

Operating revenues at the Airport were $398.9 million, a decrease of $12.6 million (3.1%) for the nine month period ended September 30, 2009 and the decrease in revenue was primarily related to a decrease in parking, car rental and concession revenues, due to a decrease in passenger traffic, which were offset by an increase in facility rentals and landing fees. Passenger traffic decreased 2.5 % for the nine month period ended September 30, 2009.

Operating expenses, exclusive of depreciation, and amortization decreased to $74.6 million for the three month period ended September 30, 2009, a decrease of (14.3%) as compared to September 30, 2008. The decrease was attributable to a decrease in personnel, contractual services primarily related to snow removal, gas, electricity, management services, repairs and maintenance projects.

Operating expenses, exclusive of depreciation and amortization decreased to $227.2 million for the nine month period ended September 30, 2009, a decrease of $17.0 million (7.0%) as compared to September 30, 2008. The decrease was attributable to a decrease in personnel costs related to snow overtime, repair and maintenance projects, snow removal, electricity, gas 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

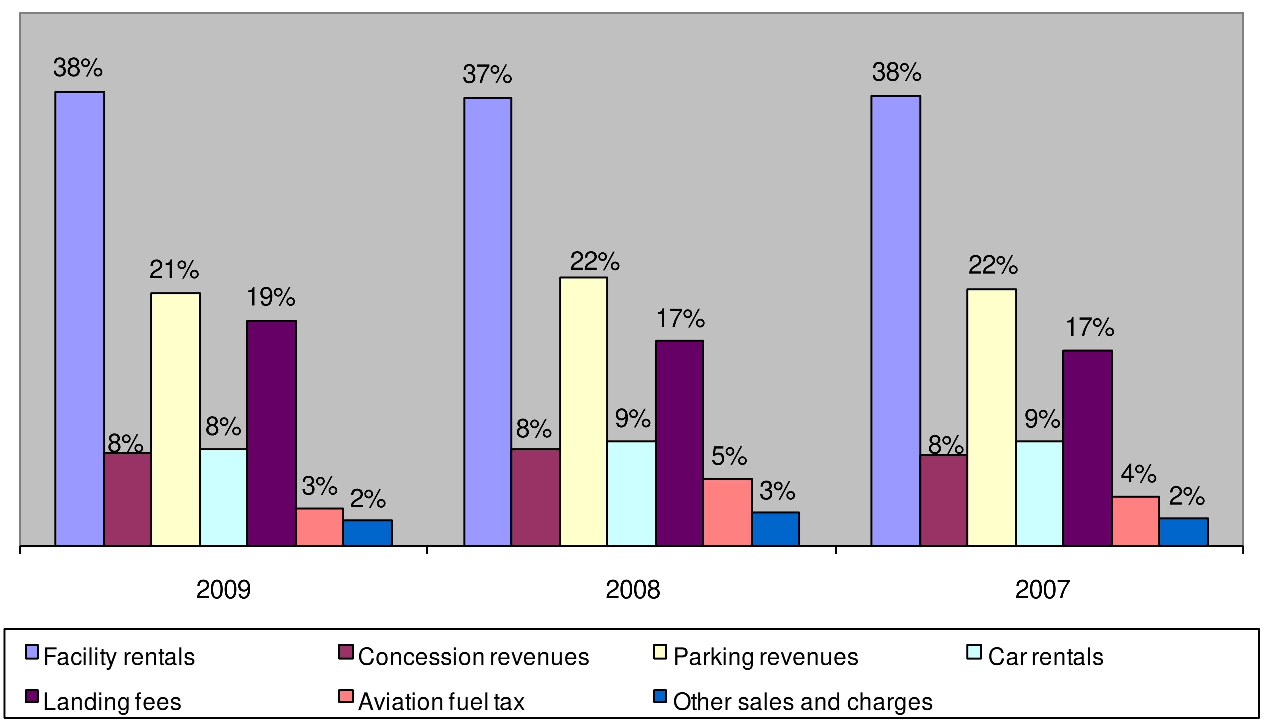
The following is a summary of the revenues, expenses and changes in net assets for the nine month period ended September 30, 2009, 2008 and 2007 (in thousands):

	2009	2008	2007
Operating revenues	398,875	411,448	395,341
Operating expenses before depreciation and amortization	(227,162)	(244,190)	(203,267)
Operating income before depreciation and amortization	171,713	167,258	192,074
Depreciation and amortization	(132,934)	(123,439)	(115,844)
Operating income	38,779	43,819	76,230
Nonoperating revenues	93,959	120,136	127,731
Nonoperating expenses	(166,095)	(175,864)	(169,165)
Capital contributions	30,789	11,232	1,488
Increase (decrease) in net assets	(2,568)	(677)	36,284
Net assets, beginning of period (1/1)	842,300	873,990	840,622
Net assets, end of period (9/30)	$ 839,732	$ 873,313	$ 876,906

OPERATING REVENUES
(In thousands)

	2009	2008	2007
Operating Revenues:			
Facility rentals	153,046	150,775	151,517
Concession revenues	31,087	32,260	30,269
Parking revenues	85,212	90,735	86,715
Car rentals	32,574	35,245	35,093
Landing fees	76,034	68,811	65,876
Aviation fuel tax	12,613	22,625	16,693
Other sales and charges	8,309	10,997	9,178
Total Operating Revenues	$ 398,875	$ 411,448	$ 395,341

% of Total Operating Revenues



In order to understand some of the variances in the Airport System financial statement changes for the nine months ended September 30, the analysis below explains the decrease in revenues.

The Airport System's activities decreased in all five areas for the nine months ended September 30, 2009, as compared to 2008 (in thousands):

	2009	2008	Percentage Change
Enplanements	19,216	19,707	(2.5%)
Passengers	38,335	39,338	(2.5%)
Aircraft Operations (1)	463	477	(3.0%)
Cargo (in pounds)	357,530	420,231	(14.9%)
Landed Weight (in thousands)	24,774	25,179	(1.6%)

(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 nine months ended September 30, 2008, as compared to 2007 (in thousands):

	2008	2007	Percentage Change
Enplanements	19,707	19,012	3.7%
Passengers	39,338	37,958	3.6%
Aircraft Operations (1)	477	465	2.5%
Cargo (in pounds)	420,231	438,650	(4.2%)
Landed Weight (in thousands)	25,179	24,673	2.1%

(1) Aircraft operations are takeoffs, landings or other communications with the control tower.

2009

Operating revenues decreased by 3.1% to $398.9 million in 2009, from $411.4 million in 2008, primarily due to the decrease in concessions, parking, car rental and aviation fuel tax, which were offset by an increase in landing fees and facility rental.

Landing fees increased by $7.2 million or 10.5%, which is attributable to the increase in landing rate fees per 1,000 pounds landed weight from $2.68 for signatory and $3.216 for non-signatory airlines in September 2008 to $3.061 for signatory and $3.673 for non-signatory in September 2009.

Facility rentals increased by $2.3 million or 1.5% which is attributable to the Airport expecting the 2009 year-end revenue credit, which is accrued quarterly, to be $32.0 million and not meeting the $40.0 million cap for the first time in several years.

Aviation fuel tax decreased in 2009 by $10.0 million, or 44.3%, due to a decrease in fuel price and usage.

The parking revenue decline of $5.5 million, or 6.1%, is attributable to the decrease in originating and destination traffic. Concession revenues between 2009 and 2008 decreased by $1.2 million, or 3.6%, primarily due to the decrease in passenger traffic. Additionally, there was a decrease in spend rate per enplaned passenger from $9.96 in 2008 to $9.80 in 2009. Car rentals revenue decreased by $2.7 million, or 7.6%, to $32.6 million, due to a decrease in originating and destination (O&D) passenger traffic.

2008

Operating revenues increased by 4.1% to $411.4 million in 2008, from $395.3 million in 2007, primarily due to the increases in parking, concession, fuel tax and landing fees. The parking revenue increase of $4.0 million, or 4.6%, is attributable to an increase in originating and destination (O&D) passenger traffic.

Concession revenues between 2008 and 2007 increased by 1.9 million or 6.6%. 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 to $9.96 from $9.88, an increase in aviation fuel tax of $5.9 million is attributable to the increase in fuel costs and an audit in 2007 that identified fuel costs not previously reported to the Airport.

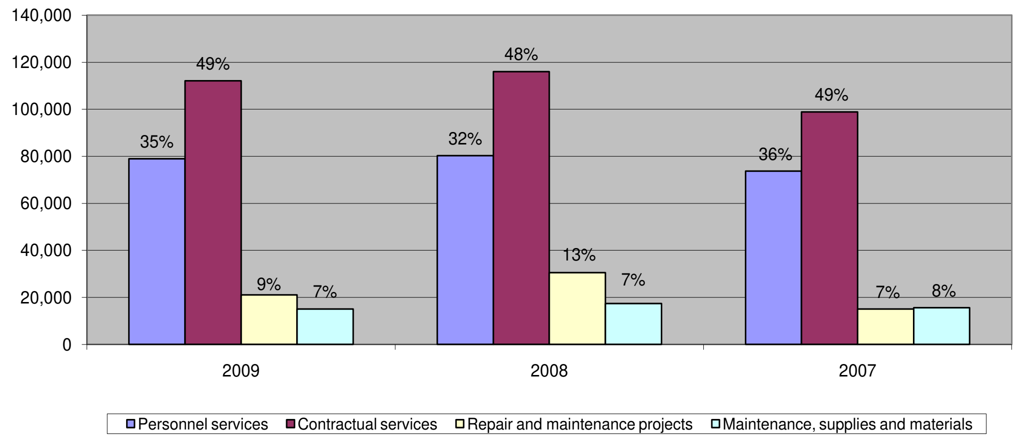
Landing fees increased, by $2.9 million, or 4.5 %, which is attributable to the increase in landing fee rates per 1000 pounds landed weight from $2.65 for signatory and $3.18 for non-signatory airlines in 2007 to $2.68 for signatory and $3.216 for non-signatory airlines in 2008.

Facility Rentals decreased by $.7 million, or .4%, 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 audit. This was offset by an increase in space rent, preferential use which relates to the billing on concourse B regional jet.

Operating Expenses before Depreciation and Amortization
(In thousands)

	2009	2008	2007
Operating Expenses:			
Personnel services	78,966	80,231	73,660
Contractual services	112,086	116,050	98,915
Repair and maintenance projects	21,024	30,514	15,033
Maintenance, supplies and materials	15,086	17,395	15,659
Total Operating Expenses, before depreciation and amortization	$ 227,162	$ 244,190	$ 203,267

% Total Operating Expenses Before Depreciation and Amortization



2009

Operating expenses before depreciation and amortization decreased by $17.0 million, or 7.0%, from $244.2 million in 2008 to $227.2 million in 2009. Personnel services decreased $1.3 million, or 1.6%, in 2009 which was due to a decrease in overtime costs relating to regular and snow overtime and direct labor and benefits associated with the furloughs taken by personnel.

Repair and maintenance projects decreased by $9.5 million, or 31.1%, because of the review of all construction projects and the cleanup of all previous years' projects that were completed in 2008.

Maintenance, supplies and materials decreased by $2.3 million, or 13.2%, to $15.1 million due to the decrease in commercial snow removal chemicals and solvents, road construction, runway lighting, natural gas, gasoline and diesel.

The decrease in contractual services in 2009 compared to 2008 of $4.0 million, or 3.4%, was due to a decrease in management services, electricity, gas, guard services and snow removal, which were partially offset by an increase in shuttle buses, medical services and janitorial services.

2008

Operating expenses before depreciation and amortization and impairment losses increased by $40.9 million or 20.1% from $203.3 million 2007 to $244.2 million in 2008. The increase in contractual services in 2008 compared to 2007 of $32.6 million was due to an increase of $1.2 million for 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 $5.0 million in snow removal, and an increase of $3.8 million in shuttle bus operations, an increase of $1.5 million for guard services, an increase of $2.0 million in electricity costs, and project costs increase of $16.2 million, or 8.9%, resulting from the classification of major maintenance project costs as operating expenses.

The increase in personnel services of $6.6 million or 8.9% was due to an increase in permanent salaries of 1.0% of wages granted to all employees, merit increases averaging 3%, the addition of 24 full time equivalent employees, overtime associated with Denver's hosting of the Democratic National Convention and overtime costs related to snow removal.

Maintenance supplies and materials increased $1.7 million, or 11.1%, to $17.4 million from $15.7 million primarily due to an increase in commercial chemical solvents used for snow removal.

Nonoperating Revenues and Expenses, Capital Grants and Capital Contributions

2009

Total nonoperating expenses, net of nonoperating revenues, increased by $16.4 million or 29.4% to $72.1 million in the first nine months of 2009 as compared to 2008. The increase was due to a decrease in investment income of $24.6 million or 57.6% which was due to a decrease in investment yields and an unrealized loss on investments of $12.0 million. Passenger Facility Charges decreased by $1.0 million or 1.3% due to the decrease in passenger traffic. Lastly there was 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, increased by $14.3 million, or 34.5%, to $55.7 million in the first nine months of 2008 as compared to 2007. This increase was due to a decrease in investment income of $8.4 million, or 16.4%, which was due to a decrease in average yields of 1.3% and unrealized losses on investments. Also, there was an increase in other expenses due to an increase in environmental costs associated with remediation of Stapleton. An increase in interest expense $5.7 of 3.4% related to rates on auction, and variable debt, due to the volatility of the market.

In 2009 and 2008, capital grants totaled $29.3 million and $10.8 million, respectively.

Summary of Net Assets

The following is a summary of the net assets as of September 30, 2009 and December 31, 2008 and 2007 (in thousands):

	2009	2008	2007
Assets:			
Current assets	$ 286,959	$ 320,948	$ 320,616
Restricted assets, current	241,727	386,568	571,245
Noncurrent investments	372,529	170,301	121,443
Long-term receivables	2,000	2,000	-
Capital assets	3,362,619	3,400,133	3,472,238
Bond issue costs, net	49,392	52,204	59,633
Deferred loss on swap termination, net	41,045	19,857	-
Investments restricted	661,058	642,223	541,593
Assets held for disposition	13,073	13,073	14,095
Total assets	5,030,402	5,007,307	5,100,863
Liabilities:			
Current liabilities	114,316	122,371	121,258
Current liabilities payable from restricted assets	245,766	200,450	200,385
Bonds payable	3,745,582	3,767,329	3,850,321
Notes payable	80,245	69,137	49,532
Compensated absences	5,760	5,720	5,377
Total liabilities	4,191,669	4,165,007	4,226,873
Net Assets (Deficit):			
Invested in capital assets, net of related debt	(289,349)	(213,290)	(131,740)
Restricted	752,472	679,782	676,271
Unrestricted	375,610	375,808	329,459
Total net assets	$ 838,733	$ 842,300	$ 873,990

2009

Total assets increased by $23.1 million in September of 2009 compared to December of 2008. This was primarily due to the increase in unrestricted investments and an increase in deferred loss on swap termination of $22.1 million on the 1998A Swap termination. This is offset by a decrease in restricted investments and cash, and a decrease in capital assets due to depreciation expenses.

Total liabilities increased by $26.6 million in September 30, 2009 compared to December 31, 2008. The increase was primarily due to recording of $22.1 million for notes payable related to the 1998A Swap termination, and an increase interest payable which reflects 4 ½ months interest. An increase in other liabilities which reflects the year-end settlement, this is offset by a decrease in vouchers payable, due to other city agencies, and deferred rent.

Of the Airport System's 2009 total net assets, 89.7% are restricted for future debt service and capital construction. The bond reserve account and bond accounting that are externally restricted for debt service represent $733.3 million. $19.2 million is restricted for capital projects.

At September 30, 2009, the remaining net assets includes unrestricted net assets of $375.6 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 the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt covenant coverage requirements. In addition ($289.3) 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 $3.0 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 $10.0 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. $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 the 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 of September 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 September 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 September 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 $1.9 billion and $1.7 billion, respectively.

The Airport System purchased WorldPort, 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 September 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, $992.3 million has been used to pay debt service on the Airport's general airport revenue bonds, and $8.3 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 September 30, 2008, the Airport System had outstanding contractual construction and professional services commitments of approximately $208.6 million and had made over $223.1 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 nine months of 2009, passenger traffic level decreased to 38.3 million passengers, or 2.5%, over the first nine months of 2008.

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. Southwest has stated that Denver is their fastest growing city in their history and will have 127 flights with their announced increases in the Spring of 2010.

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 45.7% of passenger enplanements at the Airport in 2008 and for the first nine 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 has the second-largest market share at the Airport, which serves as Frontier's only hub, which accounted for approximately 25.5% of passenger enplanements and 19.7% at the Airport in 2008 and nine months of 2009 respectively.

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. Frontier has announced two new cities to be served from Denver.

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, as part of its reorganization proceedings. To cure their debt owed to the Airport prior to filing for bankruptcy, Frontier issued and delivered to the City its $3.0 million promissory note payable in three equal installments plus interest thereon at 3% per annum. 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 $3.0 million as security for its obligations under the terms of its Use and Lease Agreement.

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 was reached to return one gate in June 2009.

As previously discussed, operating revenues were down 3.1% in 2009 compared to 2008. Operating income before depreciation and amortization of $38.8 million represented a decrease of $5.0 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. For 2009, the airlines are not expected to receive the maximum allocation of $40.0 million; the allocation to the airlines is expected to drop to $32.0 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 Patrick Heck, Acting Deputy Manager of Finance & Administration, Denver International Airport, Airport Office Building, 9th 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 September 30, 2009 and December 31, 2008
(Unaudited)

Assets		September 30, 2009		December 31, 2008
Current assets:				
Cash and cash equivalents	$	108,078,126	$	94,817,156
Investments		121,559,108		155,232,557
Accounts receivable (net of allowance for for doubtful accounts $1,335,732 and 1,025,211)		40,619,709		53,151,011
Accrued interest receivable		1,853,519		6,040,726
Other long-term receivables		1,095,425		1,030,000
Inventories		10,327,841		10,054,201
Prepaid expenses and interest		3,425,873		621,880
Total current unrestricted assets		286,959,601		320,947,531
Restricted assets:				
Cash and cash equivalents		131,175,800		218,444,354
Investments		91,750,941		142,453,247
Accrued interest receivable		1,083,420		2,151,945
Prepaid expenses and interest		4,564,837		5,466,414
Grants receivable		855,324		9,458,785
Passenger facility charges receivable		12,296,672		8,593,038
Total current restricted assets		241,726,994		386,567,783
Total current assets		528,686,595		707,515,314
Non-current assets:				
Investments		372,528,704		170,301,192
Long term receivable		2,000,000		2,000,000
Capital assets:				
Buildings		1,991,193,464		1,990,254,694
Improvements other than buildings		2,136,695,932		2,130,485,966
Machinery and equipment		688,187,250		683,471,238
		4,816,076,646		4,804,211,898
Less accumulated depreciation and amortization		(1,869,979,675)		(1,746,588,398)
		2,946,096,971		3,057,623,500
Construction in progress		121,216,395		47,204,134
Land, land rights and air rights		295,305,625		295,305,625
Total capital assets		3,362,618,991		3,400,133,259
Bond issue costs, net of accumulated amortization		49,391,822		52,204,523
Deferred loss on swap termination, net of current		41,045,474		19,857,144
Investments – restricted		661,057,755		642,222,572
Assets held for disposition		13,073,101		13,073,101
Total assets	$	5,030,402,442	$	5,007,307,105

City and County of Denver, Colorado
Municipal Airport System
Statements of Net Assets, continued
As of September 30, 2009 and December 31, 2008
(Unaudited)

	September 30, 2009	December 31, 2008
Liabilities		
Current liabilities:		
Vouchers payable	$ 20,882,727	$ 35,307,375
Due to other City agencies	12,420,000	18,072,610
Compensated absences payable	2,322,619	2,097,649
Other liabilities	42,168,968	3,051,362
Revenue credit payable	24,000,000	40,000,000
Deferred rent	12,521,485	23,842,853
Total current unrestricted liabilities	114,315,799	122,371,849
Current liabilities payable from restricted assets:		
Vouchers payable	18,174,736	13,642,042
Retainages payable	21,033,557	22,459,220
Accrued interest and matured coupons	66,630,094	24,241,055
Notes payable	16,536,137	15,611,304
Other liabilities	22,606,315	23,711,112
Revenue bonds	100,785,000	100,785,000
Total current liabilities payable from restricted assets	245,765,839	200,449,733
Total current liabilities	360,081,638	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	(279,027,544)	(295,179,410)
Less: unamortized premiums	57,094,751	63,518,072
Total bonds payable, noncurrent	3,745,582,207	3,767,328,662
Notes payable	80,245,337	69,136,743
Compensated absences payable	5,759,981	5,720,174
Total noncurrent liabilities	3,831,587,525	3,842,185,579
Total liabilities	4,191,669,163	4,165,007,161
Net Assets (Deficit)		
Invested in capital assets, net of debt	(289,349,308)	(213,290,453)
Restricted for:		
Capital projects	19,178,660	22,163,760
Debt service	733,294,142	657,618,225
Unrestricted	375,609,785	375,808,412
Total net assets	$ 838,733,279	$ 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 Three & Nine Months Ended September 30, 2009 and 2008
(Unaudited)

	Three Months Ended		Six Months Ended	
	September 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
Operating revenues:				
Facility rentals	$ 46,127,182	$ 52,592,579	$ 153,046,372	$ 150,774,929
Concession revenues	10,708,582	11,443,268	31,086,658	32,260,042
Parking revenues	29,987,231	30,043,289	85,212,154	90,734,774
Car rental revenues	13,114,186	13,668,155	32,573,949	35,245,385
Landing fees	26,123,966	23,660,990	76,033,929	68,810,784
Aviation fuel tax	4,579,974	11,779,078	12,612,454	22,625,024
Other sales and charges	2,945,000	4,022,130	8,309,185	10,996,648
Total operating revenues	133,586,121	147,209,489	398,874,701	411,447,586
Operating expenses:				
Personnel services	26,080,047	26,398,712	78,965,622	80,230,516
Contractual services	35,338,364	41,705,680	112,086,082	116,050,203
Repair and maintenance projects	8,234,521	14,079,616	21,023,827	30,514,058
Maintenance, supplies and materials	4,959,637	4,883,984	15,086,549	17,395,497
Total operating expenses before depreciation and amortization	74,612,569	87,067,992	227,162,080	244,190,274
Operating income before depreciation and amortization	58,973,552	60,141,497	171,712,621	167,257,312
Depreciation and amortization	44,931,547	41,363,580	132,933,953	123,438,812
Operating income	14,042,005	18,777,917	38,778,668	43,818,500
Non-operating revenues (expenses):				
Passenger facility charges	25,538,407	24,077,818	75,880,367	76,898,164
Interest on Investment	12,237,101	14,602,777	18,078,846	42,682,575
Interest expense	(54,041,503)	(57,006,986)	(161,835,921)	(162,948,100)
Grant income	-	391,094	-	556,160
Other revenue expense	(1,049,868)	(564,515)	(4,258,582)	(12,916,267)
Total non-operating revenues (expenses), net	(17,315,863)	(18,499,812)	(72,135,290)	(55,727,468)
Income (loss) before capital contributions	(3,273,858)	278,105	(33,356,622)	(11,908,968)
Gain before capital contributions				
Capital contributions:				
Capital grants	21,450,405	9,412,191	29,295,396	10,832,768
Capital contributions	839,055	-	1,493,561	399,637
Change in net assets	19,015,602	9,690,296	(2,567,665)	(676,563)
Net assets, beginning of year	842,299,944	873,989,628	842,299,944	873,989,628
Net assets, end of period	$ 861,315,546	$ 883,679,924	$ 839,732,279	$ 873,313,065

See accompanying notes to the financial statements.

City and County of Denver, Colorado
Municipal Airport System
Statements of Cash Flows
For the Nine Months Ended September 30, 2009 and 2008
(Unaudited)

		September 30 , 2009		September 30, 2008
Cash flows from operating activities				
Receipts from customers	$	419,276,960	$	426,063,523
Payments to suppliers		(157,723,694)		(161,756,994)
Interfund activity payments to other funds		(7,500,000)		(7,500,000)
Payments to employees		(78,700,845)		(80,168,288)
Net cash provided by operating activities		175,352,421		176,638,241
Cash flows from noncapital financing activities				
Proceeds from note payable		22,100,000		-
Swap termination payment		(22,100,000)		-
Operating grants received		-		66,610
Net cash used by noncapital financing activities		-		66,610
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		(10,066,564)		(10,243,264)
Interest paid on notes payable		(1,755,450)		(2,015,178)
Principal paid on revenue bonds		(31,475,000)		-
Interest paid on revenue bonds		(117,121,056)		(122,065,777)
Bond issuance costs paid		(363,969)		2,197,122
Capital grant receipts		37,671,857		3,811,596
Passenger facility charges		72,176,733		74,351,677
Purchases of capital assets		(95,880,515)		(96,458,239)
Payments from accrued expenses for capital assets		(36,557,591)		(4,625,695)
Payments to escrow for current refunding of debt		-		(2,748,216)
Proceeds from sale of capital assets		682,365		179,586
Net cash used in capital and related financing activities		(182,689,190)		(140,783,828)
Cash flows from investing activities				
Purchases of investments		(5,912,230,850)		(7,317,719,622)
Proceeds from sales and maturities of investments		5,787,559,963		7,062,098,407
Proceeds from sale of assets held for disposition		-		269,107
Payments to maintain assets held for disposal		(3,887,293)		6,234,119
Insurance recoveries for Stapleton environmental remeditiation		26,383,500		(11,010,054)
Investment income		35,503,865		48,812,000
Net cash provided by investing activities		(66,670,815)		(211,316,043)
Net increase (decrease) in cash and cash equivalents		(74,007,584)		(175,395,013)
Cash and cash equivalents, beginning of the year		313,261,510		464,919,391
Cash and cash equivalents, end of the year	$	239,253,926	$	289,524,378

City and County of Denver, Colorado
Municipal Airport System
Statements of Cash Flows
For the Nine Months Ended September 30, 2009 and 2008
(Unaudited)

		September 30, 2009		September 30, 2008
Reconciliation of Operating Income to Net Cash Provided By Operating Activities				
Operating Income	$	38,778,668		43,818,500
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization		132,933,953		123,438,812
Miscellaneous revenue		2,013,540		2,143,708
Change in assets and liabilities				
Receivables, net of allowance		6,592,481		8,900,942
Inventories		(273,640)		(177,725)
Prepaid expenses		3,191,868		(364,672)
Accounts and other payables		(14,424,648)		1,124,673
Deferred rent		(11,321,368)		(13,578,707)
Due to other city agencies		(5,652,610)		(5,700,600)
Compensated absences		264,777		62,228
Accrued expenses		23,249,400		16,971,082
Net cash provided by operating activities	$	175,352,421	$	176,638,241

Non cash activities

The Airport System issued bonds in the amount of $0 and $790,640,000 September 30, 2009 and September 30, 2008, in order to refund debt. Net bond proceeds of $0 and $782,233,929 for September 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 September 30, 2009 and 2008.

Unrealized gain/(loss) on investments	$	(12,016,053)	$	(4,708,256)
Amortization of bond premiums, deferred	$	12,889,240	$	11,577,445
Loss on refunding and bond costs				
Capital Assets added through incurrence of vouchers and retainages payable	$	35,347,683	$	48,316,102

(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 September 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 nine months ended September 30, 2009 and December 31, 2008 was $10,003,505 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 $838,733,279 as of September 30, 2009, a $2,567,665 decrease in net assets from the prior year end. Of the Airport System's 2009 net assets, 89.7% are restricted for future debt service and capital construction. The bond reserve account and bond accounts represent $733,294,142 and are externally restricted for debt service. The net assets restricted for the Stapleton capital projects represent $19,178,660.

The remaining net assets include unrestricted net assets of $375,609,785 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, ($289,349,308) 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 September 31, 2009 and December 2008, the Airport System had accrued a liability, included in current other liabilities, of $3,632,368 and $1,487,409, respectively.

For years ended 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 nine month period ending September 30, 2009, an additional accrual of $24,000,000 was recognized.

(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 September 30, 2009 and 2008, is comprised of interest income and an unrealized gain (loss) on investments of ($12,016,053) and ($4,708,256), 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 December 30, 2009 and December 31, 2008, an allowance of $1,335,732 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 September 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 nine months ending September 30, 2009 and for the year ending December 31, 2008, United Airlines represented approximately 55% and 56%, respectively, of the Airport System's airline operating revenue. Frontier Airlines represented 15% and 15% respectively, of the Airport System's airline operating revenue. Southwest Airlines represented 10% 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 45.7% of enplaned passengers at the Airport in 2008 and the nine months of 2009, respectively.

(8) Subsequent Events

On October 1, 2009, Frontier companies emerged from bankruptcy, as a subsidiary of Republic Airways Holdings, Inc. ("Republic Holdings").

On October 6, 2009, an agreement was reached between the Airport and United Airlines. United will provide the Airport 5 gates on B concourses which the Airport will lease initially to UA Alliance Partners. The Airport will compensate United Airlines for these gates.

On October 28, 2009, the Airport issued $170,190,000 and $65,290,000 of Airport System Revenue bonds Series 2009A and 2009B (taxable "Build America Bonds") in a fixed rate mode for the purpose of retiring portions of the Series 2006B, Series2007D-2, and Subseries 2008A-4, and the funding new money for capital improvement projects.

On November 6, 2009, the Airport issued $104,655,000 of Airport System Revenue bonds, in a variable rate mode for the purpose of refunding the Airport's System Subordinate Commercial paper note.

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APPENDIX G

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 2010A," in the aggregate principal amount of $171,360,000 (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. 107, Series of 2010 adopted by the City Council of the City on February 22, 2010 (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 March 2, 2010, 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, Chief Financial Officer, *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, 2010, 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."

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APPENDIX H

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

Loop Capital Markets, LLC
Penobscot Building
Detroit, Michigan 48226

Barclays Capital Inc.
745 Seventh Avenue, 19th Floor
New York, New York 10019

Morgan Stanley & Co. Incorporated
1400 16th Street, Suite 400
Denver, Colorado 80202

City and County of Denver, Colorado
for and on behalf of its Department of Aviation
Airport System Revenue Bonds
Series 2010A - $171,360,000

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 $171,360,000 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 2010A" (the "Series 2010A Bonds") pursuant to Ordinance No. 626, Series of 1984, as supplemented and amended by certain supplemental ordinances, including Ordinance No. 107, Series of 2010 (collectively, the "Ordinance"). All capitalized terms used and not defined herein shall have the same meanings set forth in the Ordinance.

The Series 2010A Bonds are being issued as fully registered bonds and are dated the date of issuance. The Series 2010A Bonds mature, bear interest, are payable and are subject to redemption 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 2010A 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 2010A Bonds, the forms of the Series 2010A 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 2010A 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 2010A 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 2010A 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 2010A 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 2010A 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 2010A Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2010A 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 2010A 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 2010A Bonds to be includable in gross income for federal income tax purposes, or could otherwise adversely affect such opinions, retroactive to the date of issuance of the Series 2010A Bonds. We express no opinion herein regarding other federal tax consequences arising with respect to the Series 2010A Bonds.

6. To the extent interest on the Series 2010A 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 2010A Bonds, including whether interest on the Series 2010A 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 2010A Bonds and the enforceability of the Series 2010A 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 2010A Bonds from the Net Revenues of the Airport System.

We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this opinion.

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CITY AND COUNTY OF DENVER

SEAL